



**FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
FULL BOARD MEETING
JULY 24, 2018
MINUTES**

1. Call to Order and Chair's Remarks

Board Chair Claudia Puig convened the meeting of the Florida International University Board of Trustees at 1:03 pm on Tuesday, July 24, 2018, via conference call.

General Counsel Carlos B. Castillo conducted roll call of the Florida International University Board of Trustees and verified a quorum. Present were Claudia Puig, *Chair*; Jose J. Armas, *Vice Chair*; Cesar L. Alvarez; Leonard Boord; Dean C. Colson; Gerald C. Grant, Jr.; Michael G. Joseph; Natasha Lowell; Jose L. Sirven, III; Roger Tovar; and Kathleen L. Wilson.

Trustees Justo L. Pozo and Marc D. Sarnoff were excused.

Chair Puig stated that the Board's Bylaws provide that the Board Chair may, in consultation with the Corporate Secretary, allow an item to be presented to the Full Board without prior consideration by a Board committee when circumstances warrant. Chair Puig added that she and President Rosenberg were in agreement that to proceed directly to a Full Board meeting without a prior Committee Meeting would provide the most expeditious and efficient means by which to review this time-sensitive matter.

2. Public Appearances

There were no public appearances.

Trustees Cesar L. Alvarez and Natasha Lowell respectively filed a Form 8A Memorandum of Voting Conflict for State Officers with the Board of Trustees office.

Trustee Lowell disclosed that the matter before the Board of Trustees inured to the special gain or loss of her spouse, John Lowell, Jr., employee of Colliers International. She added that Colliers International is engaged with Global City Development, the developer of the University Bridge project, and noted that as a result, she would abstain from any ensuing discussion and voting.

Trustee Alvarez disclosed that the matter before the Board of Trustees inured to the special gain or loss of his employer, Greenberg Traurig and/or his partners. He added that Greenberg Traurig, where he is a shareholder and employee, is bond counsel for the transaction related to the matter being considered by the Board. He indicated that while an ethical conflict is not present because

Greenberg Traurig does not represent FIU, if the transaction is completed with bond financing, Greenberg Traurig would receive customary fees then totaling \$190,000 for professional representation and as such, he would abstain from any ensuing discussion and voting.

3. Action Item

Approval of a Student Housing Agreement (“Agreement”) between the Florida International University Board of Trustees (“BOT”) and University Bridge, LLC (“Owner”)

Senior Vice President of Administration and Chief Financial Officer Kenneth A. Jessell presented the request for approval of a Student Housing Agreement between the Florida International University Board of Trustees and University Bridge, LLC for Board review and approval. He noted that on May 19, 2018, representatives from University Bridge, LLC (“Owner”) first approached the University with a request to enter into a Student Housing Agreement (“Agreement”) with the Florida International University Board of Trustees (“BOT”). He stated that Atlantic Housing Foundation, Inc., a 501(c)(3) organization, is the sole member of University Bridge, LLC, that Global City Development is the developer of the project, and that Brian Pearl and Diego Procel are the principals of Global City Development.

Sr. VP and CFO Jessell provided an overview of the benefits to the Owner, indicating that by establishing a 501(c)(3) with charitable purposes, the student housing component of the project may be financed by tax-exempt debt and the entire project may be exempt from the payment of ad valorem property taxes. He explained that tax-exempt financing is estimated to save over \$50 million in interest over the 40-year term of the loan and that ad valorem property tax savings is estimated to save approximately \$2.7 million annually. He indicated that the Owner has agreed to a Payment in Lieu of Taxes for City of Sweetwater municipal taxes.

Sr. VP and CFO Jessell presented an overview of the benefits to FIU, stating that at FIU’s option, FIU will receive the land and improvements at the end of the 40-year financing period, or sooner if the debt is retired, free of encumbrances and that also at FIU’s option, the Owner will demolish improvements at the end of term at the Owner’s expense. He mentioned that the Owner has agreed to fund a Land Restoration Account under the financing agreement. He stated that FIU will receive a minimum of 20 housing scholarships/beds each year, no longer subject to available net cash flow, and that FIU will receive annual FIU scholarships from net cash flows, initially estimated in the project proforma at \$1 million per year.

Sr. VP and CFO Jessell explained that FIU is not assuming any design, financing, development, operating, leasing, marketing, maintenance or any other obligations of the project and that financing will be designed so that it will have no impact on the balance sheet or credit capacity of FIU. He indicated that FIU is allowing the project to advertise to FIU students on the University’s off-campus housing website and that FIU will display materials for the project once FIU on-campus housing is full.

Sr. VP and CFO Jessell noted that the Agreement offers greater benefits and fewer responsibilities than the comparable UF agreement, including that FIU has included an indemnification provision. He added that the Owner is responsible for all costs to transfer ownership of the property to FIU,

that FIU has the right to terminate the Student Housing Agreement upon the Owner's default, and that FIU is not obligated to reimburse the Owner for any expenses incurred by the Owner in the event of default.

At the request of Trustee Leonard Boord, Sr. VP and CFO Jessell provided an overview of the revisions to the Student Housing Agreement, noting that FIU will receive a minimum of 20 housing scholarships/beds each year not subject to available net cash flow.

In response to Trustee Roger Tovar's concern over the matter's urgent need for BOT approval, Sr. VP and CFO Jessell noted that the BOT's prompt approval was needed for construction to begin as soon as reasonably practicable in order to achieve a completion date of August 2020. In response to Trustee Michael G. Joseph's inquiry, Sr. VP and CFO Jessell noted that an update to the BOT would not have not been feasible at the earlier meetings in May and June given the item's preliminary state. Trustee Boord concurred with Trustees Joseph and Tovar, noting that the Board could have benefited from having access to more information relating to the project.

Chair Puig stated that the FIU community would benefit from increased options in terms of desirable student housing accommodations. Trustee Dean C. Colson stated that the BOT should not take action on the matter given the uncertainty that some Trustees expressed. Board Vice Chair Jose J. Armas recommended that the BOT revisit the matter at the Board's next regularly scheduled Board meeting.

University President Mark B. Rosenberg recognized the vision and efforts of those involved with the project.

Trustee Jose L. Sirven, III noted that the University should explore opportunities with the Owner that would bring greater benefits to the University in terms of more housing scholarships/beds. He stated that FIU's establishment and oversight of the Residential Life Program in the facility could help ensure positive student experiences.

A motion was made and passed by the FIU Board of Trustees to table the approval of a Student Housing Agreement between the Florida International University Board of Trustees and University Bridge, LLC.

Trustee Sirven voted against the motion.

4. New Business

No new business was raised.

5. Concluding Remarks and Adjournment

With no other business, Board Chair Claudia Puig adjourned the meeting of the Florida International University Board of Trustees Full Board meeting on Tuesday, July 24, 2018 at 2:15 pm.

There were no Trustee requests.

Claudia Puig
Chair
FIU Board of Trustees

Mark B. Rosenberg
Corporate Secretary
FIU Board of Trustees

MB 7.25.18