



Finance and Facilities Committee
February 29, 2024
FIU, Modesto A. Maidique Campus, Graham Center Ballrooms

MINUTES

1. Call to Order and Chair's Remarks

The Florida International University Board of Trustees' Finance and Facilities Committee meeting was called to order by Committee Chair Carlos A. Duarte at 9:53 AM on Thursday, February 29, 2024.

General Counsel Carlos B. Castillo conducted roll call of the Finance and Facilities Committee members and verified a quorum. Present were Trustees Carlos A. Duarte, *Committee Chair and Board Vice Chair*; Cesar L. Alvarez (*joined after roll call*); Dean C. Colson; and Roger Tovar, *Board Chair*.

Committee Vice Chair Marc D. Sarnoff and Trustee Natasha Lowell were excused.

The following Board members were also in attendance: Noël C. Barengo, Francis A. Hondal, Yaffa Popack, Gene Prescott, and Alexander P. Sutton.

Committee Chair Duarte welcomed all Trustees and members of the University administration. He also welcomed the University community and general public accessing the meeting via the University's webcast.

2. Approval of Minutes

Committee Chair Duarte asked if there were any additions or corrections to the minutes of the Finance and Facilities Committee meeting held on December 7, 2023. Hearing none, a motion was made and unanimously passed to approve the minutes of the Finance and Facilities Committee meeting held on December 7, 2023.

3. Action Items

FF1. Approval of the Construction of a Stand-Alone Food Service Facility in the Housing Area of the Modesto A. Maidique Campus

Senior Vice President for Finance and Administration and Chief Financial Officer Aime Martinez indicated that FIU's food program has been ranked number 1 in Best College Food in the State of Florida since 2018 by Niche and in 2024 ranked number 10 in America. She added that Niche is the market leader in connecting colleges and schools with students and families and over 50M people used Niche last year. She noted that the proposed stand-alone food service facility in the housing area of the Modesto A. Maidique Campus was included in the 2015-2030 campus master plan and committed to when the University awarded the bid to food service partner Chartwells in 2018. Sr.

VP and CFO Martinez stated that the project was delayed due to the pandemic and revenue issues. She introduced Mr. Roger Clegg, Assistant Vice President for Business Services.

AVP Clegg presented the request for the construction of a stand-alone food service facility in the housing area of the Modesto A. Maidique Campus for Committee review. He explained that a residential dining facility is typically a food court or food hall designed to serve the campus community seven days a week, at least three meals a day, and is the primary location where prepaid meal plans are redeemed. He added that, currently, FIU has only one residential dining facility located in the Graham Center, which is the 8th Street Campus Kitchen. He indicated that the stand-alone dining facility project will be designed to be an innovative food hall, a center for student engagement, will increase food service offerings late night and on weekends, and ease the current demand of 8th Street Campus Kitchen. AVP Clegg pointed out that the facility will be under 11,000 square feet, contain four to five unique food venue venues, and include over 200 indoor and outdoor seats. He commented on considerations to include one anchor national brand in the facility to drive traffic and student demand with the remaining venues to be based on menu flexibility and feedback received from student surveys. He noted that the proposed location for the facility is between Lakeview and University Tower halls, which is currently a high traffic walking path for housing residents. He mentioned that Lakeview Hall is a freshman housing facility with 800 residents who all have meal plans as part of FIU's room and board program.

AVP Clegg stated that up to \$14M is being requested for the facility, however, the budget, based on current scope is \$12M. He commented that the facility will be funded from a \$4M capital commitment from Chartwells as part of its contract with the University and the rest will be funded by the Office of Business Services fund balance. He indicated that the Office of Business Services currently has all of the funds necessary for the dining facility in their fund balance. He further stated that up to \$14M is being requested and \$2M will be held in contingency to ensure that the University can provide the necessary services to its housing residents. AVP Clegg commented that upon Board of Trustees approval, the University will begin vendor selection immediately with construction anticipated to begin spring 2025, with a completion of the project in fall 2026. He noted that the Board of Trustees will be updated as to the project's timeline. He presented initial design concepts, which have been provided by Chartwells. He also highlighted a campus map and photos depicting the facility's proposed location. In response to Committee Chair Duarte, Sr. VP and CFO Martinez indicated that there are approximately 3,500 students living in the immediate area of the proposed location for the dining facility. AVP Clegg commented that the space being proposed for the facility is currently occupied by walking paths, grass areas, and a loading area for University Towers and the Breezeway Market. He added that the proposed location is convenient, and the facility's one-story design is appropriate for the location.

AVP Clegg indicated that the on campus residential population has grown by 26% with the opening of Tamiami Hall and as will be discussed later in the meeting, there are plans to grow said population by over 800 residents. He commented on the growth of First-Time-In-College (FTIC) students living on campus. He stated that an additional 300 FTIC students are expected in fall 2024. He noted that all freshmen students have a mandatory meal plan as part of FIU's room and board program and tend to use the campus dining more than upper classmen. AVP Clegg mentioned the growth in the off-campus housing community. He remarked that residential food service demand

has grown as the total number of meal plans sold has increased by 44% and meals eaten in the 8th Street Campus Kitchen have increased by 45%. He pointed out that studies have shown a significant demand for an additional residential dining facility and students have requested to increase food service in the residential neighborhood. He added that studies also found a high demand for expanded late night and weekend food services.

In response to Trustee Dean C. Colson, AVP Clegg indicated that while the additional dining facility is expected to reduce the late-night and weekend services at the 8th Street Campus Kitchen, both facilities will still be utilized and needed. Further responding to Trustee Colson, AVP Clegg stated that the additional dining facility is not expected to free up space in the Graham Center. AVP Clegg noted that comparable State University System (SUS) institutions have two or three residential dining facilities. In response to Trustee Colson regarding considerations of including the proposed dining facility within the first floor of the proposed new student residence facility, AVP Clegg commented on the importance of locating retail and food venues along high traffic walking paths. AVP Clegg further stated that utilities needed for a food service operation are not shared with a residential housing facility and therefore, while there might be a small savings in the shell of a building, it is not significant enough to overcome the decrease in revenue and traffic.

Trustee Colson and Committee Chair Duarte concurred that the contract with Chartwells was signed when a majority of the Trustees were not serving on the Board and that it is important to inform the Board members of major projects, such as the proposed dining facility, in advance of presenting for approval. In response to Committee Chair Duarte, AVP Clegg commented that revenues are anticipated at a growth of \$1.8M to \$2M initially when the proposed dining facility is opened and at a range of \$4.5M to \$5M when the planned new student residence facility is opened. University President Kenneth A. Jessell explained that as part of the University's 2020-2025 strategic plan, the Board of Trustees approved an enrollment plan, which reduced FTICs and increased associate degree transfers. He added that conditions have changed giving greater importance to said dining facility today than in 2018 when negotiating the Chartwells contract. He noted that the University considered incorporating a food venue in Tamiami Hall at the time, but it was deemed too far from where the bulk of the students are. President Jessell stated that the dining facility will provide convenience in a high traffic area.

In response to Board Chair Tovar, AVP Clegg noted that mandatory meal plans for freshmen housing students range in price from approximately \$1,700 to \$2,200. Further responding to Board Chair Tovar, AVP Clegg stated that if a new student residence facility is constructed, not all residents will be freshmen. AVP Clegg added that approximately 76% of FIU students living on campus have a meal plan.

Board Chair Tovar suggested to Committee Chair Duarte that, if he and the Committee were in agreement, that the Committee recommend the proposed dining facility for Board of Trustees approval to move forward with the design process with the following contingencies: 1. inclusion of additional national brand anchor tenant(s) that will draw in customers with construction not to begin until Chartwells provides the names of said tenants to the Board of Trustees; 2. negotiation of terms with Chartwells for the University to receive a larger commission when revenues exceed the anticipated \$2M and that at the conclusion of the negotiations, the administration is to provide the

updated terms to the Board of Trustees; and 3. Board of Trustees approval for \$12M without the additional \$2M in contingencies.

In response to Trustee Colson, President Jessell stated that a tall building would not be appropriate for the proposed site as it will negatively impact the light, air, and open space of the adjacent buildings. In response to Board Chair Tovar, President Jessell stated that the University administration will accommodate the contingencies he referenced and while initially there may be cannibalization, incremental revenues are expected as gains in capturing individuals that will now participate because of the proximity and convenience that the new dining facility will offer. President Jessell commented that investments in the student experience, while not always a positive return on investment, are critical to student success. He added that the initial investment from Chartwells was \$6M but \$2M was redirected to the construction of the stadium kitchen. Board Chair Tovar reiterated the importance of ensuring a positive student experience and that appropriate revenue streams reinforce the need and demand for the facility. Trustee Alexander P. Sutton commented on his personal experience living on campus and attests to how the proposed dining facility will provide a convenience, will bolster the student experience, and responds to the existing demand.

At the request of Committee Chair Duart, General Counsel Castillo read the amended proposed action. Committee Chair Duart reiterated the contingencies referenced by Board Chair Tovar.

President Jessell commented that specifics will be identified before moving forward and that he, along with Sr. VP and CFO Martinez and AVP Clegg will meet with Board Chair Tovar and Committee Vice Chair Duart to review and obtain their concurrence prior to moving forward.

A motion was made and unanimously passed that the FIU Board of Trustees Finance and Facilities Committee recommend Florida International University Board of Trustees (i) approval of the design and construction of a stand-alone food service facility in the housing area of the Modesto A. Maidique Campus, and (ii) authorization for the University President or his designee to execute, on behalf of the University, all documents, and take all actions, that may be necessary to effectuate the transactions described herein, contingent upon the inclusion of additional national brand anchor tenant(s) that will draw in customers with construction not to begin until Chartwells provides the names of said tenants to the Board of Trustees; negotiation of terms with Chartwells for the University to receive a larger commission when revenues exceed the anticipated \$2M and that at the conclusion of the negotiations, the administration is to provide the updated terms to the Board of Trustees; and Board of Trustees approval for \$12M without the additional \$2M in contingencies.

Sr. VP and CFO Martinez presented related agenda items, FF2. Authorization of Proposed Housing Rate Increases in FY 2024-25 through FY 2028-29 and FF3. Authorization for the Issuance of Debt to Finance the Construction of a Student Residence Facility at the University's Modesto A. Maidique Campus, jointly, for Committee review.

FF2. Authorization of Proposed Housing Rate Increases in FY 2024-25 through FY 2028-29

Sr. VP and CFO Martinez noted that housing rate increases are needed in order to continue to maintain the quality of the University's current housing system, and to be able to build up the reserves necessary to construct an additional residential facility. She commented that FIU managed

its housing system very efficiently and without significant rate increases in the last 10 years, despite the COVID pandemic and inflationary challenges. She referred to the housing analysis report by Brailsford and Dunlavey at the Committee's last meeting and that based on their analysis, if FIU does not raise rates now, the University will have further declining debt service coverage of the housing system that will require even higher increases to future students. Sr. VP and CFO indicated that, based on the analysis by Brailsford and Dunlavey, the University is requesting a multi-year increase as listed in the Board materials, which includes a weighted average for year 1 of 4.7% to be followed by a 6% increase per year for three years and in 2028-2029, a 3% increase. She referenced the current rates per room type and calculated rates through fiscal year 2027-28, the year the new housing facility would be opening. Sr. VP and CFO Martinez noted that an updated schedule has been provided, which now correctly displays the values of two cells where the formula previously had an error. She indicated that in year one, the majority of the room types will be increasing by \$90 to \$172 per semester with the exception of five room types, studios and rooms with private bathrooms, which will have slightly larger increases ranging from \$250 and \$446 for the semester. She pointed out that the average increase is \$179 and that the following year the average increase is \$231 per semester. Sr. VP and CFO Martinez stated that future housing rates in 2027-2028 were compared to those off-campus and across the State University System (SUS). She remarked that the University would be below market for its one- and two-bedroom studios and comparable to the off-campus facilities for its four-bedroom studios. She further stated that FIU ranks fourth among the SUS in pricing.

A motion was made and unanimously passed that the FIU Board of Trustees Finance and Facilities Committee recommend Florida International University Board of Trustees approval of the proposed housing rate increases for fiscal years 2024-25 through fiscal year 2028-29 to ensure the University housing system is sufficiently capitalized for future expansion, capital investments are made in existing facilities, and increasing operating cost are not subsidized.

FF3. Authorization for the Issuance of Debt to Finance the Construction of a Student Residence Facility at the University's Modesto A. Maidique Campus

Sr. VP and CFO Martinez indicated that FIU has very limited on campus housing, with only 7% or 3,800 student living on campus. She noted that this represents the lowest ratio in the SUS. She pointed out that at the start of the fall semester, 837 students were on the waiting list for on-campus housing. Sr. VP and CFO commented that, as previously reported, Brailsford and Dunlavey estimated that the immediate demand was for an additional 1,400 beds despite the six off campus housing facilities. She noted that FIU houses 10% of its total undergraduate population, which is the lowest in the SUS and tied for the lowest percentage in the SUS in terms of full-time undergraduate students.

Sr. VP and CFO indicated that the request before the Board of Trustees for approval consisted of plans to build 816 beds of which 796 will be revenue generating. She noted that the University proposes to locate the building, as is contemplated on the current campus master plan, behind the Patricia and Phillip Frost Art Museum and southeast of Tamiami Hall. She commented that construction is planned to start December 2025 with an estimated delivery date of June 2027 and a fall 2027 opening. Sr. VP and CFO indicated that the University is estimating costs to be approximately \$184.5M to be funded by the issuance of \$177M worth of revenue bonds and \$20M

contribution from the housing reserves. She noted that assumptions are conservative as prescribed by the Division of Bond Finance ensuring that the University can still meet its obligations even under worst case scenarios. Sr. VP and CFO Martinez commented on the assumptions, specifically 5.25% interest rate at the time of issuance and 2% for issuance costs on 30-year fixed tax-exempt debt. She added that the University is also accounting for two years of capitalized interest from the proceeds while the housing facility is under construction. She remarked that said bonds would be issued by July of 2025 and the Division of Bond Finance has agreed with said timeline. She commented that revenue projections for year one are \$10.7M and \$11.3M by 2029-2030. Sr. VP and CFO Martinez further stated that the rate and cost of construction are the drivers for the excess expenditures over revenues as reflected in the debt service coverage not meeting the target 1.2 coverage as a stand-alone project. She mentioned that the assumptions are based on 95% occupancy levels. She explained that, as a housing system, the University does exceed its debt service coverage. She added that the University's debt service is currently 1.82% and that following the opening of Tamiami Hall, the debt service coverage dropped to 1.45% but then increased to 1.60% the following year. Sr. VP and CFO Martinez pointed out that while the cost of \$226k per bed is currently the highest in the SUS, when adjusted to 2027 prices, the recent housing project at the University of Florida would be comparable in terms of pricing. She added that FIU is located in South Florida where pricing differs. She stated that while contingencies have been built into the pricing, the design process has not yet begun. She reiterated the University's commitment to ensuring that the project is as affordable as possible.

In response to Committee Chair Duart, Sr. VP and CFO Martinez stated that the cost per square foot is \$626. Board Chair Tovar encouraged Trustee Sutton to share a message with the students that while the Board of Trustees does not take lightly the issue of raising housing rates, it is necessary to meet student demand for more on-campus housing. Trustee Sutton stated that he will relay the message to the student body and concurred that the housing rate increase makes possible the addition of more on-campus housing to meet the student demand. In response to Trustee Colson, Sr. VP and CFO Martinez stated that the 5.25% interest rate is based on the recommendation from the Division of Bond Finance. Trustees concurred that the interest rate may be likely be lower at the time of bond issuance. Further responding to Trustee Colson, Sr. VP and CFO Martinez stated that the Florida Board of Governors (BOG) considers that debt should be secured with system pledges rather than stand-alone project finances. In response to Trustee Francis A. Hondal, Sr. VP and CFO Martinez stated that on-campus housing rental rates do not differentiate for in and out of state students. Trustee Noël C. Barengo commented that off-campus housing may also provide opportunities for new and incoming faculty. He added that this is an important component of the hiring process given the rising housing costs in Miami.

A motion was made and unanimously passed that the FIU Board of Trustees Finance and Facilities Committee recommend Florida International University Board of Trustees authorization of a request to the Florida Board of Governors to request the Division of Bond Finance of the State Board of Administration to issue revenue bonds on behalf of Florida International University to finance construction of a student residence facility on the Modesto A. Maidique campus of the University.

Sr. VP and CFO Martinez noted that, upon approval by the Full Board, the next step in the process is to present the student residence facility to the BOG in June for their review and approval.

FF4. Approval of the Construction of Foundational Infrastructure on the Engineering Center to Support the Installation of Wind-Only Physical Design Testbed Equipment, and to enter into Amendments to an Existing Agreement with Aerolab Research Wind Tunnel, Inc.

Senior Vice President for Research and Economic Development and Dean of the University Graduate School Andres G. Gil presented the construction of foundational infrastructure on the Engineering Center to support the installation of wind-only physical design testbed equipment, and to enter into amendments to an existing agreement with Aerolab Research Wind Tunnel, Inc. for Committee review. He noted that the project is funded by the National Science Foundation (NSF). He added that the Board of Trustees approval is being requested to construct the Wind-Only Physical Design Testbed (WOPDT), which is the preamble for the Mid-scale RI-1: National Full-Scale Testing Infrastructure for Community Hardening in Extreme Wind, Surge and Wave Events (NICHE) project. Sr. VP and Dean Gil indicated that the WOPDT addresses the needs of the NSF in terms of testing facilities for hurricanes that go beyond the capabilities of the Wall of the Wind. He stated that 40% of the U.S. population is in coastal counties and, as such, there is a pressing need for research on infrastructure and facilities that can address what is referred to as category six hurricanes. Sr. VP and Dean Gil pointed out that the Wall of Wind, the current wind-driven rain, and debris testing facility located at the University's Engineering Center, can reach speeds up to 150 miles per hour. He added that the Wall of Wind receives \$1M annually in federal funding along with funding from several state agencies. He mentioned that the WOPDT is funded by a \$12.8M award from the NSF, and if approved, will be located downwind from the Wall of Wind and will serve as a physical prototype for testing certain novel components at full scale which will be included in a full-scale NICHE facility. Sr. VP and Dean Gil pointed out that the full-scale NICHE facility would be located elsewhere and the current maximum cost estimate for the construction is \$450M to be funded by the NSF. He remarked that partners for the cooperative agreement include the University of Florida, Oregon State University, Stanford University, the University of Notre Dame, the Georgia Institute of Technology, the University of Illinois at Urbana-Champaign, Colorado State University, and Wayne State University.

Sr. VP and Dean Gil pointed out that the project will include the construction of a concrete slab and that once the testing is complete, the facility will be integrated with the Wall of Wind, which is then expected to reach capacity of producing 200 mile per hour winds. He added that the Wall of Wind has 12 fans that eventually will need to be replaced and that the proposed project eliminates the need to replace said fans resulting in a cost savings of \$5M. He noted that the new facility when integrated with the Wall of Wind will need an additional fan.

Sr. VP and CFO Martinez indicated that the funding for the project is 100% funded either from grant funds or the finance and administration indirects known as F&A funds received from grants that are being derived from the project itself or accumulated over time by the Office of Sponsored Research to make future investments. She indicated that FIU Board of Trustees approval is being requested for the construction project totaling \$8.3M. Sr. VP and CFO Martinez explained that the foundational infrastructure has a cost of \$3.6M and is being built by Stobs Construction and

designed by Perkins and Will. She added that the motor will be purchased directly from the vendor for \$438k. She noted that the equipment/prototype that Aerolab is designing and building costs \$4.1M. She explained that because the request exceeds \$5M, it will also be presented to the BOG for their approval. Sr. VP and CFO Martinez stated that FIU Board of Trustees approval is also being requested for payment to Aerolab for their services and to fund the remaining amendments to their contract that total \$3M. She explained that the \$4.161M of Aerolab construction expenses is already included in the \$6M contract.

A motion was made and unanimously passed that the FIU Board of Trustees Finance and Facilities Committee recommend Florida International University Board of Trustees (i) approval of the construction of foundational infrastructure on the Engineering Center to support the installation of wind-only physical design testbed equipment, which is part of the Mid-scale RI-1: National Full-Scale Testing Infrastructure for Community Hardening in Extreme Wind, Surge and Wave Events (NICHE) project funded by a \$12.8 million award from the National Science Foundation; (ii) approval of the amendments to an existing agreement with Aerolab Research Wind Tunnel, Inc., executed on March 20, 2023; and (iii) authorization for the University President or his designee to execute, on behalf of the University, all documents, and take all actions, that may be necessary to effectuate the transactions described herein.

FF5. Amendment to FY23-24 Fixed Capital Outlay Plan, Non-Appropriated Projects

Sr. VP and CFO Martinez presented the amendment to FY23-24 Fixed Capital Outlay Plan, non-appropriated projects for Committee review. She indicated that the proposed amendment includes two new projects (the food service facility in the housing area of the Modesto A. Maidique Campus and the new student residence facility at the University's Modesto A. Maidique Campus), updating the estimated project cost of the student residence facility to \$184,492,445, and increasing the value for the Engineering Center Campus WOPDT project.

A motion was made and unanimously passed that the FIU Board of Trustees Finance and Facilities Committee recommend Florida International University Board of Trustees (BOT) (i) approval of an amendment to the FY23-24 Fixed Capital Outlay (FCO) Plan in the category of Non-Appropriated Projects, and (ii) authorization for the University President or his designee to execute, on behalf of the University, all documents, and take all actions, that may be necessary to effectuate said amendment.

FF6. Approval of the Updated Procurement Parameters for Architects and Engineers for Major Construction Projects

Sr. VP and CFO Martinez presented the updated procurement parameters for architects and engineers for major construction projects for Committee review. She pointed out that the BOG recently updated its Regulation 14.008, Competitive Selection and Negotiation. She explained that said Regulation adjusted the selection process to now incorporate pricing as a parameter by which to evaluate eligible firms. She added that previously pricing was not a criterion. She commented that the University is recommending that pricing for architects and engineers is incorporated for major projects greater than \$4M. Sr. VP and CFO Martinez added that the University will continue using continuing services contracts for projects that are under \$4M, which do not have pricing evaluated. She commented on plans to seek out Trustee input and hold working sessions with construction

management firms to receive their input before returning to the FIU Board of Trustees with an updated procedure to evaluate construction management firms.

Sr. VP and CFO Martinez described the University's selection process for architects and engineers. She remarked that the University receives qualification submittals in response to advertisement of a project. She stated that then the selection committee is identified, and meetings are held in the public and recorded and retained for public records requests. She indicated that the committee then shortlists the top three firms, at a minimum, based on their qualifications and each shortlisted firm presents qualifications in closed sessions with the Committee. Sr. VP and CFO Martinez added that the selection committee publicly ranks shortlisted firms based on the interviews, a minimum of three firms is preferred. She noted that the new process incorporates the weighting of qualifications versus the fee proposal, which is predetermined and posted in the legal advertisement. She pointed out that the weighting will be predetermined by the University President, or his designee, based on the nature and the needs of the project. Sr. VP and CFO Martinez remarked that after publicly ranking shortlisted firms, sealed envelopes containing the fee proposals are opened and shortlisted firms are publicly ranked based on the fee discount. She added that if a fee is not provided, the University will utilize the Florida Department of Management Services fee curve. She mentioned that ranking of qualifications is integrated with the fee discount to determine final ranking. She stated that the standard process ends with final ranking based on qualifications and fee proposals.

In response to Committee Chair Duarte, Sr. VP and CFO Martinez stated that the updated parameters specifically address provisions relating to federal funding (Please note that if a particular project triggers the provisions of the Federal Acquisition Regulation or any other federal law, order or regulation that prohibits consideration of pricing when selecting an A/E, then such solicitation shall be qualifications based only.)

A motion was made and unanimously passed that the FIU Board of Trustees Finance and Facilities Committee recommend Florida International University Board of Trustees (i) approval of the updated procurement parameters for architects and engineers for major construction projects, and (ii) authorization for the University President or his designee to execute, on behalf of the University, all documents, and take all actions, that may be necessary to effectuate the competitive selections and negotiations pursuant to said updated parameters.

FF7. Proposed Naming of Field Located at FIU Soccer Stadium as the "Leyva Family Field"

Athletic Director Scott Carr presented the proposed naming of the field located at the FIU soccer stadium for Committee review. He commented that the Leyva family has agreed to make a pledge of \$500,000 to name the soccer field as the Leyva Family Field. He added that the proposed naming is for the field only and does not extend to the stadium or the facility. He pointed out that soccer fields, generally, are not sold very often in college athletics.

A motion was made and unanimously passed that the FIU Board of Trustees Finance and Facilities Committee recommend Florida International University Board of Trustees approval of the naming of the playing field located at FIU Soccer Stadium on the Modesto A. Maidique Campus of Florida International University (the "University"), as the "Leyva Family Field," in accordance with a

separate gift and naming rights agreement related thereto and the University's and the FIU Foundation, Inc.'s Donative Naming Policy.

FF8. Approval of Gift of Real Property to The Florida International University Healthcare Network, Inc.

Senior Vice President for Health Affairs and Dean of the Herbert Wertheim College of Medicine (HWCOC) Juan C. Cendan presented the gift of real property to the FIU Healthcare Network, Inc. for Committee review. Dean and Sr. VP Cendan explained that a clinician from the community is retiring and had conversations with a clinical department Chair at HWCOC regarding gifting his clinical practice. Dean and Sr. VP Cendan indicated that the property is located at 7300 SW 62 Place adjacent to South Miami Baptist Hospital and was built in 1973. He noted that the donor is Dr. Paul Wetter, a retiring obstetrician gynecologist, who purchased the condo in 1984. Dean and Sr. VP Cendan pointed out that the office is the third largest unit in the building with approximately 2,500 sq. ft. and four parking spaces. He commented that the unit has a taxable value of \$918,000 based on the most recent property appraisal and the building is occupied essentially by all physician offices.

Dean and Sr. VP Cendan presented a map depicting the building's location. He also presented a diagram of the office's space layout, which is typical for a doctor's office. He noted that the office has a dedicated x-ray space. He remarked that instead of replacing one of HWCOC's three mobile clinics that are over 10 years old, the gift provides the opportunity to establish a pilot brick-and-mortar setting for the NeighborhoodHELP program. Dean and Sr. VP Cendan added that currently, said program provides over 400 primary care visits to the South Miami community. He stated that the gift also provides the opportunity to transition the current mammography mobile clinic, which is also reaching end of service life, to a brick-and-mortar building with proximity to a hospital.

Dean and Sr. VP Cendan indicated that FIU Health will be able to sell the office space after the five-year holding period that is stipulated in the gift agreement. He added that in the first five years, consultation from Dr. Wetter would be required as the gift is not intended to serve as a real estate transaction. Dean and Sr. VP Cendan pointed out that it costs approximately \$91,000 per year to operate each of the mobile clinics while the annual costs associated with the office space is \$30,000, which is for condo maintenance fees. He remarked that the replacement cost for one mobile clinic can range from \$500,000 to \$700,000. He stated that the one-time closing costs are \$50,000. Dean and Sr. VP Cendan commented on the associated risks. He explained that as the suite's owner, FIU Health would be responsible for 12.5% of the special assessments. He added that potential assessments relating to the building's roof and Heating, Ventilation, and Air Conditioning (HVAC), are estimated to range from \$41,000 to \$126,200. He pointed out that known risks for special assessments pertain to the second deck of the building's parking structure, which is currently closed and under evaluation due to excessive wear. He mentioned that the estimated risk ranges from \$7,200 to \$172,000. He further stated that the worst-case scenario assumes a new garage with FIU Health's responsibility at approximately \$172,000 with other worst-case scenarios at about \$300,000.

Dean and Sr. VP Cendan indicated that Newmark has appraised the unit's as-is market value at \$1.36M. He pointed out that no material findings resulted from the inspections conducted by Langan Engineering and Environmental Services. He stated that issues such as asbestos and lead-based paint may be encountered as the unit undergoes remodeling.

In response to Committee Chair Duarte, Dean and Sr. VP Cendan confirmed that the building has undergone its 40-year inspection. Board Chair Tovar noted that the gift was approved by the FIU Healthcare Network Board of Directors and that given the possible contingencies, he and President Jessell agreed to present the item to the Board of Trustees in full transparency despite Board of Trustees approval not being required.

A motion was made and unanimously passed that the FIU Board of Trustees Finance and Facilities Committee recommend Florida International University Board of Trustees approval of the (i) the acceptance of a gift of real property, a commercial condominium unit, located at 7330 SW 62 Place, Suite 410, Miami, Florida, by the Florida International University Healthcare Network, Inc. (the FIU-HCN); and (ii) the delegation of authority to the University President, or the President's respective designee, and to the Senior Vice President for Health Affairs to execute on behalf of the University and/or the FIU-HCN, as applicable, all other documents that may be necessary to effectuate the transactions contemplated herein.

FF9. Approval of Contract greater than \$3,000,000: *Citrus Health Network Inc.*

Sr. VP and Dean Gil presented the contract with Citrus Health Network, Inc. for Committee review. He indicated that the request pertains to the renewal of the agreement executed on March 20, 2019, which continues to provide health services to individuals with intellectual disabilities or neurodevelopmental disorders and their families who are participants in programs provided by the FIU Embrace Center for Advancing Inclusive Communities. He stated that Citrus Health Network is a federally qualified health center that has been providing services for this population, in partnership with FIU, for five years. Sr. VP and Dean Gil explained that the purchase is exempted under BOG Regulation 18.001. He noted that the proposed renewal will continue through June 30, 2029 and that upon expiration of the initial term, there are ten option periods of one year each. He pointed out that the total estimated cost is \$8.1M to be funded by Education and General (E&G). He added that Embrace funds \$507,000 per year and the total cost including the lease of the location is \$995,000 annually. He stated that Citrus Health serves approximately 300 Embrace program participants by providing services including, health screening, primary care, gynecology, and psychiatric counseling.

Pursuant to the Delegations of Authority from the Florida International University Board of Trustees to the University President, as reflected in the Resolution on the President's Powers and Duties approved by the Board of Trustees on March 4, 2019, a motion was made and unanimously passed that the FIU Board of Trustees Finance and Facilities Committee recommend Florida International University Board of Trustees (i) approval of the University entering into the contract as listed and described in the Board materials, and (ii) authorization for the University President or his designee to execute, on behalf of the University, the aforementioned contracts and/or purchase orders.

3. Action Item (*Committee Action; Full Board Information Only*)

FF10. Approval of Contract greater than or equal to \$1,000,000 and less than \$3,000,000:

Honorlock Renewal Agreement

Sr. VP and CFO Martinez presented the renewal agreement with Honorlock for Committee review and approval. She explained that the piggyback agreement for University-wide proctoring services

with Honorlock is for a term of three years at a cost of \$1.2M, funded primarily by E&G and academic auxiliaries

Trustee Sutton commented on a student survey regarding Honorlock and other proctoring services used at FIU, including LockDown Browser and ProctorU. He mentioned that the results showed that 73% of the survey respondents had a poor or very poor user experience with Honorlock and 99% responded that it increases test anxiety. He added that 63 survey respondents reported that they had been falsely flagged by Honorlock on their exam, and 75% of the survey respondents stated that it is not user friendly. Trustee Sutton stated that when polled on other proctoring services, such as LockDown Browser, survey respondents replied with more favorable experiences. He remarked on a petition, which was created in 2020 and has since gained 7,949 signatures asking the University to stop using Honorlock. He added that also in 2020, the Student Senate passed a resolution asking the University to find alternatives for test proctoring instead of Honorlock. Trustee Sutton referenced the recent opinion article in the student paper. He noted that in said article it is stated that Honorlock does invasion of privacy, requires students to grant access to their webcam microphone and screen during examinations, essentially turning their personal devices into surveillance tools, and that technical glitches because the software relies on algorithms to detect suspicious behavior can incorrectly flag innocent actions as signs of cheating. Trustee Sutton quoted another article where a student stated, "I'm a single mom so it's really hard for me to take exams without having my child playing around and making noise in the background. Honorlock has flagged me before because my kid was playing with his toys." He further stated that he made it a campaign promise to follow up on student concerns regarding Honorlock. He requested that, if the Finance and Facilities Committee approves the renewal of the contract with Honorlock, the University Provost and Division of IT work with student government to determine how best to address the issues that students have identified or decide to replace Honorlock with another proctoring service when the contract expires.

In response to Committee Chair Duart, Trustee Sutton indicated that while only 105 students responded to the survey, the petition has 7,949 signatures. Provost and Executive Vice President Elizabeth M. Bejar stated that the University has utilized Honorlock across over 41,000 exams in fall 2022 and spring 2023. She added that Honorlock uses artificial intelligence tools to flag and in the case of multiple flags, a live pop in proctor shows up on the screen to have a discussion with the student taking the exam. She indicated that Honorlock currently is one of the state-of-the-art systems that the University can utilize for students who are taking online quizzes or exams. Board Chair Tovar urged Trustee Sutton to work with Provost Bejar to discuss the matter further but cautioned that the small survey respondent size pointed to Honorlock as not posing an issue to most students.

Pursuant to the Delegations of Authority from the Florida International University Board of Trustees to the University President, as reflected in the Resolution on the President's Powers and Duties approved by the Board of Trustees on March 4, 2019, a motion was made and unanimously passed that the FIU Board of Trustees Finance and Facilities Committee (i) approve the University entering into the contract as listed and described in the Board materials and (ii) authorize the University President or his designee to execute, on behalf of the University, the aforementioned contract.

4. Discussion Item

4.1 Financial Performance Review, Second Quarter FY 2023-24

Sr. VP and CFO Martinez presented the University's financial performance review for the second quarter of FY 2023-24. She indicated that, as of December 31, 2023, operating revenues were above estimates by \$19.3M or 2.2% and that operating expenses were below estimates by \$3.1M or 0.4% with an overall net favorable variance of \$22.4M. In terms of revenues, Sr. VP and CFO Martinez commented that student credit hour enrollment and the correlated student fees exceeded expectations. She added that the \$10M received as a result of the affiliation agreement with Baptist Health was slightly offset by lower management fees in the FIU Healthcare Network. She added that greater Pell Grant and Bright Futures awards and higher tuition differential revenue exceeded expectations. Sr. VP and CFO Martinez commented that savings can be primarily attributed to vacant positions. She indicated that the University's portfolio is up 3.6%.

5. Reports

There were no questions from the Committee members in terms of the reports included as part of the agenda materials: Athletics; Business Services; Emergency Management; Facilities and Construction; Safety and Environmental Compliance; Treasury; Procurement; CasaCuba Building; and Foundation.

6. New Business

No new business was raised.

7. Concluding Remarks and Adjournment

With no other business, Finance and Facilities Committee Chair Carlos A. Duart adjourned the meeting of the Florida International University Board of Trustees Finance and Facilities Committee on Thursday, February 29, 2024 at 11:46 AM.