



Finance and Facilities Committee
June 5, 2024
FIU, Modesto A. Maidique Campus, FIU Stadium, Stadium Club

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. Duart at 9:12 AM on Wednesday, June 5, 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. Duart, *Committee Chair and Board Vice Chair*; Marc D. Sarnoff, *Committee Vice Chair*; Dean C. Colson; Natasha Lowell; and Roger Tovar, *Board Chair*.

Trustee Cesar L. Alvarez was excused.

The following Board members were also in attendance: Noël C. Barengo, Francesa Casanova, Alan Gonzalez, Francis A. Hondal, Yaffa Popack, and Gene Prescott.

Committee Chair Duart welcomed all Trustees and members of the University administration. He also welcomed Mr. Gerald C. Grant, Jr., Trustee Emeritus, Vice Chair of the FIU Foundation, Inc. Board of Directors, and Chair of the University's Investment Committee. Committee Chair Duart also welcomed Mr. Marcel L. Navarro, Treasurer of the FIU Foundation, Inc. Board of Directors.

2. Approval of Minutes

Committee Chair Duart asked if there were any additions or corrections to the minutes of the Finance and Facilities Committee meeting held on April 25, 2024. Hearing none, a motion was made and unanimously passed to approve the minutes of the Finance and Facilities Committee meeting held on April 25, 2024.

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

3.1 Approval of Contract greater than or equal to \$1,000,000 and less than \$3,000,000: *Ascend Learning Holdings, LLC*. Senior Vice President for Finance and Administration and Chief Financial Officer Aime Martinez presented for Committee review and approval the contract amendment with Ascend Learning Holdings, LLC. She indicated that said contract is amended annually as next fiscal year's updated vendor cost are accounted for in the projected new student cohorts. She added that Ascend Learning Holdings, LLC is an industry leader that provides students and faculty with the best resources to facilitate first time pass rates of the National Council Licensure Examination for nursing. Sr. VP and CFO Martinez pointed out that 83% of all nursing programs nationwide use

said vendor. She commented on the improvement in the first-time pass rates, from 91.67% in 2022 to 94.44% in 2023 and 98.39% in 2024. She stated that the cost for the term of spring 2023 to summer 2026 is \$1.5M.

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.

3. Action Items

FF1. Approval of Contracts greater than or equal to \$3,000,000:

1. *Great Waste & Recycling Services LLC*
2. *Toshiba America Business Solutions, Inc.*

Sr. VP and CFO Martinez presented for Committee review the contracts greater than or equal to \$3M. She indicated that the contract with Great Waste & Recycling Services LLC will serve as a University-wide service provider for solid waste removal services and single-stream recycling services. She noted that this was the second competitive solicitation for said services. She added that three (3) responses were received, and that of said responses one was not aligned with the scope of work. Sr. VP and CFO Martinez stated that the remaining two companies were Waste Management, the current provider, and Great Waste & Recycling Services LLC. Sr. VP and CFO commented that Great Waste & Recycling Services LLC serves Miami-Dade County Public Schools, City of Key Biscayne, Miami-Dade County Internal Services Department, City of Opa Loca, and Village of Biscayne Park. She pointed out that the committee's recommendation of Great Waste & Recycling Services LLC was based on factors that included experience, capacity to manage the FIU account, and a significant difference in pricing of just over \$3M.

There were no questions or comments regarding the contract with Toshiba America Business Solutions, Inc.

Board Chair Roger Tovar pointed out that Trustees are thoroughly briefed prior to each Board of Trustees meeting.

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 contracts and purchase orders and/or change orders to the purchase orders, 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.

FF2. Investment Policy Amendment

Committee Chair Duart welcomed Mr. Shawn Bowen, Senior Vice President/Consultant with Meketa Investment Group. Mr. Grant presented for Committee review the proposed revisions to the University's Investment Policy. He stated that the proposed revisions aim to make the portfolio less volatile while also optimizing returns. He explained that the original investment consultant, Wilshire Consulting, was hired in March 2005, and helped write the original investment policy, which was approved by the Board of Trustees in 2005. He added that the University's current consultant, which was hired in 2016, is Meketa and Regions Trust is the University's custodian.

Mr. Grant commented that Florida statutes require a written investment policy and that said policy prioritize safety of capital and liquidity with the optimization of return secondary. He added that Florida statutes also require prudent and ethical standards. He stated, that as a result of said requirements, the University investment Committee is requesting an adjustment to the US, International and Private Equity asset allocations. Mr. Grant indicated that the FIU investment program had a market value of \$543M at the end of March 2024. He remarked that for March year-to-date, the investment program has returned 5.1% and has outperformed the Special Purpose Investment Account (SPIA), adding value and impact to the University and resulting in \$98M in contribution to the University's unrestricted net position.

Mr. Grant indicated that if the University would have invested its funds in SPIA as most other institutions have done, FIU's investment portfolio would have contributed (\$9M) to the University's unrestricted net positions. He noted that FIU's investment program has outperformed the SPIA since 2010. He stated that the proposed amendment to decrease private equity simplifies the portfolio, adds liquidity, and is in line with prior adjustments.

A motion was made and unanimously passed that the FIU Board of Trustees Finance and Facilities Committee recommend FIU Board of Trustees adoption of revisions to the University's Investment Policy.

FF3. Tuition for Master of Science in Financial and Quantitative Analysis Self-Supporting Program, 2024-25 Academic Year

Provost and Executive Vice President Elizabeth M. Bejar presented for Committee review the tuition for the Master of Science in Financial and Quantitative Analysis self-supporting program, 2024-25 academic year. She indicated that the proposed 36-credit degree program will emphasize the development of analytical skills needed for managing large financial data sets using machine learning and artificial intelligence-based tools and techniques. She pointed out that while the Academic Policy and Student Affairs Committee will review the entire breadth of the program from an academic program perspective, the Finance and Facilities Committee is reviewing the tuition independently. Provost Bejar added that the tuition for the 36-credit, one-year Master of Science and Financial and Quantitative Analysis program is set at \$900 per credit. She noted that Florida Board of Governors (BOG) Regulation requires that tuition and fees charged for all self-supporting college credit programs must be sufficient to offset the full instructional and administrative costs serving the student and shall not exceed the existing approved tuition and out of state fee waivers for similar level courses.

A motion was made and unanimously passed that the FIU Board of Trustees Finance and Facilities Committee recommend FIU Board of Trustees approval of the self-supporting tuition of \$900 per credit for a total of \$32,400 for 36 credits for the Master of Science in Financial and Quantitative Analysis beginning academic year 2024-25 pending program approval by the Board of Trustees.

FF4. Proposed 2024-2025 University and Direct Support Organizations Operating Budget

Sr. VP and CFO Martinez explained that FIU follows government accounting standards and report by the various funds that the University manages. She added that the DSOs' (FIU Athletics Finance Corp., FIU Foundation, Inc., and FIU Research Foundation, Inc.) and the FIU Health Care Network, Inc.'s budgets are incorporated into the University's operating budget and have been approved by their respective boards, with the exception of the FIU Foundation, Inc. which is scheduled for Foundation Board of Directors review on June 8, 2024. Sr. VP and CFO Martinez presented an overview of the University's operating budget by funding source and how the expenditure budget for the upcoming year compares to the budget of the current fiscal year. She indicated that the proposed operating expense budget totals \$1.9B, an increase of \$118.5M or 6.8% over the current 2023-24 fiscal year, which represents the largest budget in FIU's history.

Sr. VP and CFO Martinez pointed out that E&G continues to be the largest funding source for the University at 34% or 37% when including the Herbert Wertheim College of Medicine (HWCOM). She commented that approximately 66% of the total budget serves FIU students through E&G appropriations, tuition, financial aid and student loans. She added that if academic auxiliaries are included, approximately 80% of the University's budget is tied to student instruction. Sr. VP and CFO Martinez remarked that the area with the largest growth is student financial aid which is tied to changes to the Free Application for Federal Student Aid, commonly known as FAFSA. She mentioned that, under the new guidelines, student applications will be evaluated against a Student Aid Index instead of the EFC or Estimated Family Contribution. Sr. VP and CFO Martinez noted that the change is intended to grow the number of students submitting a FAFSA and provides an additional formula which allows students to receive up to 150% over the maximum Pell award of \$7,395 or \$11,093. She further stated that the higher E&G budget of \$27.9M includes FIU's first ever year of funding under preeminent status, and an allocation for the Adam Smith Center for Economic Freedom. She also commented on other budgetary highlights, including the Baptist Health South Florida affiliation agreement reflected in the DSO and Contracts and Grants funds, and contributions to construction projects by the FIU Foundation, Inc.

Sr. VP and CFO Martinez indicated that in terms of tuition revenues, an incremental \$1.1M in net tuition revenues is expected. She added that the increase of \$7.5M in the out-of-state mix is offset by a reduction in student enrollment versus the prior year of \$3.5M, less incidental revenues of \$500K, and the discontinuation of one-year international dual degree programs of \$2.4M. She pointed out that the total projected enrollment of 54,488 students in fall 2024 versus 55,252 in fall 2023 represents a net reduction of 764 students or 1.3%. Sr. VP and CFO Martinez added that there is no change in HWCOM's enrollment as their enrollment is capped at 120 students.

Sr. VP and CFO Martinez noted that the state's 2024-25 budget is pending the governor's approval. She thanked the Governor and the Legislature for their support of FIU and to the Board of Trustees for the resources allocated every year. Sr. VP and CFO Martinez commented that FIU

received \$16M out of the \$359M allocated for operational support, \$1M of which is non-recurring. She noted that, as previously mentioned, said funds are to support the Adam Smith Center for Economic Freedom. She stated that the Legislature allocated \$100M for preeminence and that FIU received \$25M as one of the four preeminent institutions in the state. She remarked that, as part of the state's budget, the current level of performance-based funding was maintained at \$645M for the State University System (SUS). Sr. VP and CFO Martinez indicated that with the University's ranking of #1 in the Performance Funding Model, FIU can retain its performance funds and receive an additional \$0.7M of state investment funding, which brings FIU's share of the \$350M state investment to \$40.3M. She mentioned that the Legislature approved \$100M of non-recurring performance-based funds for recruitment and retention incentives for faculty and that FIU's share is \$10.2M. Sr. VP and CFO Martinez noted that there are no tuition increases being proposed. She remarked that the Legislature allocated \$2.8M for a Traffic Analytic Solution to be carried out by the FIU Metropolitan Center. She further stated that the Capital Improvement Trust Fund (CITF) request of \$6.3M was granted and that as a result of the affiliation with Baptist Health, the HWCAM Academic Health Sciences/Clinical Facility project was allocated \$100M with a total state funding to-date of \$105M.

Sr. VP and CFO Martinez provided a preliminary estimate of the E&G fund balances or carry forward for the University and HWCAM. She noted that the University's beginning fund balance for fiscal year 2024-25 is estimated at \$113M, which results in an estimated balance of \$66M after the 7% statutory reserve. She added that of the \$66M, it is anticipated that \$51M will be allocated to new initiatives in support of unspent faculty recruitment and retention incentives, research start-up, student financial aid and scholarships for student-athletes, information technology infrastructure support, and deferred maintenance. She indicated that HWCAM's estimated beginning fund balance is \$22M, which results in an estimated balance of \$18M after the 7% statutory reserve.

Sr. VP and CFO Martinez pointed out that a key initiative that will utilize the incremental unrestricted E&G allocations is salary increases for outstanding faculty and staff. She noted that the University has been working on various scenarios and once confirmation that the governor has approved the budget is received, the proposals will be shared with the Board of Trustees. Sr. VP and CFO Martinez commented on plans to redeploy existing resources in support of investments in instruction and research, student support, incremental athletics scholarships, IT infrastructure and security. She added that the redeployment of existing resources includes reallocating diversity, equity, and inclusion funding to support human resources, data analytics, student success, and marketing.

In terms of the requirements delineated under Florida Statutes Section 1004.28 and FIU Regulation 1502 pertaining to resources and space utilized by the University's DSOs, Sr. VP and CFO Martinez indicated that expenditures are projected at \$18M, of which \$5.6M will be reimbursed by the FIU Foundation, Inc. She added that said expenditures will support approximately 149.9 full time equivalent (FTE) personnel and the University will provide \$3.5M, an increase of \$0.9M over the prior year, in personnel and other expense support.

Trustees engaged in a discussion regarding topics related to Athletics, including budget, conference realignment, sports, and Name, Image, and Likeness. Trustees requested a fall workshop to continue

a broader strategic conversation related to Athletics. Board Chair Tovar stated that he will be meeting with University President Kenneth A. Jessell and Athletic Director Scott Carr to discuss a path forward and will report back to the Board of Trustees at its next regularly scheduled meeting.

A motion was made and unanimously passed that the FIU Board of Trustees Finance and Facilities Committee recommend that the Florida International University Board of Trustees (the BOT) approve the FIU 2024-25 University and Direct Support Organizations Operating Budgets, and authorization for the University President to amend the budgets consistent with Legislative, Board of Governors' and BOT directives and guidelines.

FF5. Proposed 2024-25 Appropriated Fixed Capital Outlay Budget/Capital Improvement
(Pending Governor's approval)

Sr. VP and CFO Martinez presented for Committee review the proposed 2024-25 Fixed Capital Outlay Budget/Capital Improvement. She indicated that FIU's request for 2024-25 Public Education Capital Outlay Projects (PECO) projects totaled \$100M for the HWCAM Academic Health Sciences Clinical Facility. She pointed out that the University's request for CITF projects totaled \$6.3M, which included \$5.8M for the Graham University Center expansion/renovation and \$500,000 for the aquatic center.

A motion was made and unanimously passed that the FIU Board of Trustees Finance and Facilities Committee recommend to The Florida International University Board of Trustees (the BOT) approval of Florida International University's 2024-25 Fixed Capital Outlay Budget and authorize the University President to amend the budget as necessary, consistent with Legislative, Florida Board of Governors' and BOT directives and guidelines.

FF6. Request for Approval of Florida International University's 2025-26 Fixed Capital Outlay Legislative Budget Request Consisting of the five-year Capital Improvement Plan

Sr. VP and CFO Martinez presented for Committee review FIU's 2024-25 Fixed Capital Outlay Legislative Budget Request consisting of the five-year Capital Improvement Plan. She noted that the PECO-eligible project requests are listed in priority order. She added that the top priority is the \$107M request to complete the funding for the HWCAM Academic Health Sciences Clinical Facility. Sr. VP and CFO Martinez stated that the second priority is the Honors College and that funding for said project will be completed if the requested funding is received over the next two (2) fiscal years. She indicated that the third, fourth, and fifth projects, respectively, are the Science Laboratory Complex, the Academic Health Center Study Complex, and the remodeling/renovation of the Deuxieme Building.

Committee Chair Duart noted that a study analysis has been requested for the Deuxieme Building.

Sr. VP and CFO Martinez commented on FIU's CITF project requests, which totaled \$6.3M for the Graham University Center expansion. She indicated that \$6.5M is being requested in 2027-28 for the Aquatic Center, resulting in a \$16M funding gap. She added that the request for improvements to the wellness and recreation facilities has been moved to 2028-29 and 2029-30 due to anticipated need. She stated that the back of bill request totals \$135M for workforce housing.

Board Chair Tovar requested a presentation for the next regularly scheduled meeting on the plans and vision for the Graham University Center expansion.

A motion was made and unanimously passed that the FIU Board of Trustees Finance and Facilities Committee recommend to the Florida International University Board of Trustees (the BOT) approval of FIU's 2025-26 Fixed Capital Outlay Legislative Budget Request, consisting of the five-year Capital Improvement Plan and authorization for the University President to amend the Legislative Budget Request as necessary, consistent with Florida Board of Governors and BOT directives and guidelines.

4. Discussion Items

4.1 Financial Performance Review, Third Quarter FY 2023-24

Sr. VP and CFO Martinez commented that operating revenues are above estimates by \$20.4M or 1.8% and that operating expenses are below estimates by \$5M or 0.4% with an overall net favorable variance of \$25.4M.

4.2 Campus Master Plan 2015-2030 Update

Sr. VP and CFO Martinez provided an update on the University's Campus Master Plan. She noted that public hearings were held on May 29 and 30, 2024. As part of the 90-day public comment period, she invited the University community to share comments with angpaz@fiu.edu. Sr. VP and CFO Martinez added that the second round of public hearings will be held on October 21 and 22, 2024. She indicated that Board of Trustees approval is anticipated for November 2024.

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.

In response to Committee Chair Duart, Lydia "Lili" Betancourt Space, CasaCuba Executive Director, indicated that to-date \$26M in pledges have been received for the construction of the CasaCuba building. She commented on the upcoming release of rendered designs which are expected to positively impact fundraising efforts. In response to Committee Vice Chair Marc D. Sarnoff, Ms. Betancourt Space stated that the projected construction cost is just under \$40M. Board Chair Tovar commented that the new architecture and design firm has aligned design concepts and budget with the University's vision.

6. New Business

Committee Chair Duart suggested that the creation of a Chief Strategic Officer position be discussed at a future meeting of the Board of Trustees.

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 Wednesday, June 5, 2024 at 10:21 AM.