



Finance and Facilities Committee
November 21, 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 Marc D. Sarnoff at 9:18 AM on Thursday, November 21, 2024.

General Counsel Carlos B. Castillo conducted roll call of the Finance and Facilities Committee members and verified a quorum. Present were Trustees Marc D. Sarnoff, *Committee Chair*; Dean C. Colson, *Committee Vice Chair*; Alan Gonzalez; Francis A. Hondal; Natasha Lowell; Alberto R. Taño; and Roger Tovar, *Board Chair*.

The following Board members were also in attendance: Trustees Noël C. Barengo, Francesa Casanova, Yaffa Popack, and Gene Prescott.

Committee Chair Sarnoff welcomed all Trustees and members of the University administration.

2. Approval of Minutes

Committee Chair Sarnoff asked if there were any additions or corrections to the minutes of the Finance and Facilities Committee meeting held on September 12, 2024. Hearing none, a motion was made and unanimously passed to approve the minutes of the Finance and Facilities Committee meeting held on September 12, 2024.

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

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

Perfect Solutions Consulting Group Inc.; and 2) 4Imprint, Inc.

Senior Vice President for Finance and Administration and Chief Financial Officer Aime Martinez presented for Committee review and approval the contract with Perfect Solutions Consulting Group Inc. She indicated that Perfect Solutions provides executive and multi-level coaching, training, strategic development, leadership retreat and consulting services. She added that the contract with Perfect Solutions was part of a University-wide competitive solicitation completed in 2020 and awarded to seven (7) companies for a three (3) year term plus two (2) one (1) year renewal periods. Sr. VP and CFO Martinez stated that Board of Trustees approval is being requested to cover the second renewal term from February 27, 2024 to February 2025 and an extension term for one (1) additional year through February 2026 if the solicitation has not been completed by the end of the second term. She noted that the University is requesting additional spend authority, estimated at

\$300K, due to anticipated increased need for these services. She pointed out that the total contract spend since 2020 is slightly above \$1M.

There were no questions from the Committee regarding the contract with 4Imprint, Inc.

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, as listed and described in the Board materials, the University entering into the contracts, purchase orders, and/or change orders to the purchase orders and (ii) authorize the University President or his designee to execute, on behalf of the University, the aforementioned contracts, purchase orders, and/or change orders.

4. Action Items

FF1. FIU Campus Master Plan Update 2015-2035

Sr. VP and CFO Martinez presented the 2015-2035 FIU Campus Master Plan Update. She commented that the campus master plan is a vision for the University's growth and transformation over the next decade, reflects collective aspirations for FIU's campuses that are more inclusive and vibrant, and creates spaces where students, faculty, and staff can thrive in a connected and inspiring environment. She remarked that the campus master plan reflects both immediate needs and long-term goals and is resources unconstrained. Sr. VP and CFO Martinez stated that the campus master plan shapes the physical and social environment to better serve FIU's constituents while being a responsible member of the broader community. She mentioned that the development of the campus master plan has been a collaborative effort. She indicated that the campus master plan was introduced to the Board of Trustees at its June 15, 2023 meeting and that following said meeting, Board Chair Roger Toyar formed an ad hoc committee to ensure that the Board participated in the development of the plan. She thanked the ad hoc committee's chair, Trustee Natasha Lowell, and the ad hoc committee members, comprised of Trustees, including the student representative on the Board, and administrators. Sr. VP and CFO Martinez noted that the ad hoc committee held five (5) workshops and are recommending the campus master plan that is currently being presented for the Board's review and approval. She added that two rounds of public hearings were held on the Modesto A. Maidique Campus (MMC) and Biscayne Bay Campus (BBC). Sr. VP and CFO Martinez further stated that the campus master plan was also distributed to host and affected local governments and public agencies for formal review and revised to reflect and address relevant comments that were submitted to FIU. She introduced consultant Krisan Osterby of the DLR Group.

Ms. Osterby provided an overview of the major master planning goals, including supporting the University's 2030 strategic plan, developing a sustainable campus environment, developing better options with transportation and access, establishing better connectivity with neighboring communities, meeting enrollment needs for academic and research facilities and for housing, and optimizing development with land use constraints. She highlighted the 2030 strategic plan foundation pillars, namely the FIU experience – student and faculty and staff success, research excellence, and strategic alliances. Ms. Osterby presented the illustrative and land use plans and

three-dimensional diagram for MMC. She commented on areas for future development, such as the continuing expansion of the Academic Health Center, revitalizing the historic core, and continued flexibility for partnerships and development on the perimeter, including housing initiatives. Ms. Osterby indicated that the land use plan does not encompass architectural design but provides the University flexibility going forward when each project is going through specific detailed programming and design to continue to refine the area and how this aligns with the campus master plan as a whole and the campus experience. She remarked on space needs projections. Ms. Osterby presented the illustrative and land use plans and three-dimensional diagram for the Engineering Center (EC). She commented on the opportunity to continue to enhance EC with unfolding programming, such as the Cold Spray Lab and the addition to the Wall of Wind. She presented the illustrative and land use plans and three-dimensional diagram for the BBC. She remarked on investments primarily in communication and environmental programs.

Trustee Noël C. Barengo thanked the ad hoc committee for its work and extended his gratitude to Sr. VP and CFO Martinez and Associate Vice President for Facilities Management, John Cal for presenting the campus master plan to the Faculty Senate. Trustee Barengo noted that the Faculty Senate supports the campus master plan with one exception, which pertains to the proposed location of the aquatic center. He added that the Faculty Senate believes said location will have a significant negative impact on the Stocker Astroscience Center. Trustee Barengo commented that as there is currently neither a project nor funding in place for the aquatic center, the Faculty Senate trusts that future leadership within the University, Faculty Senate and the Board of Trustees will work collaboratively to determine an appropriate location. He stated that the decision should account for future circumstances, and any changes that may arise over time, ensuring the best outcomes for all stakeholders.

Board Chair Tovar conveyed his gratitude to Trustee Lowell for serving as chair of the ad hoc committee and thanked the external consultants who advised the ad hoc committee. He noted that a considerable amount of time, effort, and energy was put into the master planning process. Board Chair Tovar commented that the ad hoc committee unanimously supported the proposed campus master plan. Committee Chair Sarnoff also extended his gratitude to Trustee Lowell. Trustee Francis A. Hondal requested clarification on the Board's approval, specifically whether said approval of the campus master plan would leave the specific location of either a recreational pool or aquatic center to further discussion once a financial plan was in place. In response to Trustee Hondal, Board Chair Tovar stated that while a placeholder is necessary, if the decision is made to move forward with a pool or pools, there will be additional discussion, and the Board of Trustees will have the ability to move it. He added that while the proposed location of the aquatic center does add to the campus, the Board of Trustees is not bound to that location. In response to Trustee Lowell, Ms. Osterby stated that the proposed location for the aquatic center is a multi-purpose site on campus. Board Chair Tovar commented that given the University's limited footprint, decisions may not be ideal for everyone involved.

A motion was made and unanimously passed that the FIU Board of Trustees Finance and Facilities Committee recommend Board of Trustees approval of the Florida International University 2015-2035 Campus Master Plan Update.

FF2. Approval of an Increase to the Construction of Foundational Infrastructure on the Engineering Center for the Installation of Wind-Only Physical Design Testbed Equipment, and to Enter into Amendments to an Existing Agreement with Aerolab Research Wind Tunnel, Inc.

Sr. VP and CFO Martinez presented the increase to the construction of foundational infrastructure on EC for 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. She noted that at its February 29, 2024 meeting, the Board of Trustees approved the construction of a foundational infrastructure on EC to support the installation of a wind-only physical design testbed, which is part of the Mid-scale RI-1: National Full-Scale Testing Infrastructure for Community Hardening in Extreme Wind, Surge, and Water Events (NICHE). Sr. VP and CFO Martinez indicated that said project is being funded by the National Science Foundation (NSF) who awarded the University \$12.8M. She added that additional budget authority of \$29,000 is being requested for the construction budget and \$126,794 for the Aerolab Research Wind Tunnel Inc. equipment and service contract. She stated that flexibility is also being requested to allow the team to allocate the project contingency of \$242,000, if needed, between the construction component of the project or the Aerolab contract for services and equipment manufacturing. She pointed out that the incremental spend is being fully funded by the grant. Sr. VP and CFO Martinez commented that construction is scheduled to be completed by February 2025, to be followed by testing for six (6) months. She remarked that the University hopes to secure a separate NSF grant worth approximately \$500M for the construction of the full-scale facility. She presented a rendering of the project and recent photo, which reflects that the foundation is near completion. She also presented a rendering of the potential full-scale project, which would be located five (5) miles away from MMC on land owned by the FIU Foundation.

A motion was made and unanimously passed that the FIU Board of Trustees Finance and Facilities Committee recommend FIU Board of Trustees (i) approval of an increase to 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, as amended on February 13, 2024 and May 10, 2024; (iii) authorization to allocate the remaining contingency, which will not exceed \$242,000, to either the construction component or to the Aerolab Research Wind Tunnel, Inc independent contractor agreement as necessary by the Office of Research and Economic Development without further Board action; and (iv) 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.

FF3. Updated Procurement Parameters for Construction Managers for Major Construction Projects

Sr. VP and CFO Martinez presented the updated procurement parameters for construction managers (CM) for major construction projects over \$7.5M for Committee review. She added that the Florida statute that governs the acquisition of professional architectural, engineering, landscape architectural, or surveying and mapping services was changed and exempted state universities from restrictions

from considering price as part of competitive solicitations. She added that the Florida Board of Governors subsequently updated Regulation 14.008 Competitive Selection and Negotiation, which now allows the Board of Trustees to prescribe the incorporation of price, cost or fees to the evaluation criteria when bidding out jobs. She explained that firms were previously evaluated based on parameters such as qualifications, understanding of the project, and approach, and pricing occurred after a firm was selected.

Sr. VP and CFO Martinez provided an overview of the eight (8) step process FIU proposes in order to incorporate price as a selection parameter for construction managers for major construction projects: 1. establish a baseline fee, which will be set by the President or his designee, based on the nature and need of the project and historical data from past CM projects at FIU, President or designee will then rank weight percentages based on the project needs and nature, incorporate the baseline fee and the weighted percentages in the project public announcement which is listed in the facilities website and the Florida Administrative Register, and receive the submissions from the CMs for distribution to the selection committee; 2. selection committee convenes to review the submittals and subsequently shortlists the top firms based on their qualifications and the firms are notified and invited for interviews and presentations; 3. selection committee convenes to review the CM request for quote (RFQ) submittals and shortlisted CM firms are notified and invited for interviews and presentations; 4. selection committee convenes to hear the presentations by the shortlisted firms and interviews are graded and applicants are ranked by the selection committee following the interviews; 5. during the shortlist presentations, applicants submit their fee proposals in a sealed envelope and after the interview rankings have concluded, the sealed envelopes are opened, and fee proposal discounts are announced; 6. fee proposals are ranked based on the proposed percentage discount off the baseline fee published within the legal advertisement; 7. fee rank points are combined with the interview rank points to determine the final overall ranking and the final selection is based on the firms qualifications and cost proposals; and 8. at the conclusion of the rankings, all selection committee members will sign the final score sheet.

Sr. VP and CFO Martinez stated that the proposed process will meet the objectives set out by the Florida Board of Governors and is believed to provide clarity to the firms when FIU projects are published.

A motion was made and unanimously passed that the FIU Board of Trustees Finance and Facilities Committee recommend FIU Board of Trustees (i) approval of the updated procurement parameters for construction managers 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.

5. Discussion Items

5.1 Financial Performance Review, First Quarter FY 2024-2025

Sr. VP and CFO Martinez commented that operating revenues were below estimates by \$11.1M or 2.2% and that operating expenses were below estimates by \$21.3M or 5.2% with an overall net favorable variance of \$10.3M. She indicated that total investment earnings for the University and

Direct Support Organizations were \$40.5M or \$29.8M above plan. She commented on the University's and FIU Foundation's returns for the quarter, which were 3.2% and 4.26% respectively. In terms of revenues, Sr. VP and CFO Martinez commented that student financial aid was below expectations, primarily due to the shortfall of \$20.9M in Pell grant awards. She noted that Pell grant budget estimates were based off the Student Aid Index (SAI) modeling tool which is created by the National Association of Student Financial Aid Administrators (NASFAA). Sr. VP and CFO Martinez indicated that the tool had some weaknesses in forecasting as the formula was taking in assets not used in prior years which resulted in a lower number of eligible students. She pointed out that this issue was not isolated to FIU. She stated that the University budgeted awards for 22,287 students and only 19,057 students were eligible for summer and fall 2024. In response to Committee Chair Sarnoff and Trustee Lowell regarding the reason for the overestimation, Provost and Executive Vice President Elizabeth M. Bejar remarked that while the SAI tool forecasted differently, there was no actual impact to the award as the number of students who received Pell grants this year is consistent with the prior year. Sr. VP and CFO Martinez further stated that the overestimation did not have an impact on enrollment as the overall student headcount is up .04% when compared to budget and up .87% when compared to prior year actuals and Full-Time Equivalent (FTE) hours are also up 1.4% when compared to budget and 1% to actuals. She mentioned higher sponsored research revenues, higher student credit hour enrollment, and greater revenues in the Athletics Finance Corp due to the new Pitbull stadium naming rights.

In terms of expenses, Sr. VP and CFO Martinez indicated that the University realized savings of \$21.3M when compared to budget. She noted that Sponsored Research exceeded planned expenditures by \$9.3M and that of the \$9.3M, \$7.4M was driven by higher federal research expenditures and \$2.8M represented higher commitments and investments made from Facilities and Administration (F&A) funds. Sr. VP and CFO Martinez added that the negative variances were offset by savings in financial aid, Education & General (E&G), auxiliaries, and the FIU Foundation from vacant positions and lower expenses totaling \$9M. She noted that said savings represented approximately 306 net vacancies of FTE personnel. In response to Committee Chair Sarnoff, Sr. VP and CFO Martinez and University President Kenneth A. Jessell commented on recruitment challenges relating to the University's location within a high cost of living area and a competitive job market and stated that the University is working diligently to fill vacant positions.

5.2 Review of Operational Audit

Sr. VP and CFO Martinez explained that the Operational Audit is conducted by the Auditor General's Office once every two (2) or three (3) years. She noted that the scope of the current Operational Audit covered calendar year 2023 and evaluated management's performance in establishing and maintaining internal controls, including controls designed to prevent fraud, waste and abuse. Sr. VP and CFO Martinez added that the Auditor General's Office also follows up on prior audit findings and ensures that statutory and fiscal changes recommended by the legislature have been followed. She referred to the Operational Audit, which lists all of the areas that were covered. She indicated that FIU received only one recommendation and it was to enhance procedures to ensure that purchasing cards are promptly canceled upon a cardholder's termination from University employment. Sr. VP and CFO Martinez added that the University did not timely cancel the purchasing cards for 19 employees after the cardholders' last employment date. She pointed out that no transactions were processed after the employees were no longer employed by

the University and there were no fraudulent activities. She commented that the University has strengthened procedures and training in the Controller's Office and communications were forwarded to department heads, supervisors, and human resources liaisons in those departments to make them aware of the need to immediately report when purchasing card holders are no longer with FIU. Sr. VP and CFO Martinez remarked on University-wide communications to all units that have purchasing card holders reminding them of their responsibilities. She thanked the staff within the Auditor General's Office for their efforts to ensure FIU has proper controls in place.

5.3 FIU Direct Support Organizations Financial Audits FY 2023-2024:

- 1. FIU Foundation, Inc.*
- 2. FIU Research Foundation, Inc.*
- 3. FIU Athletics Finance Corporation*
- 4. FIU Health Care Network, Inc.*

Sr. VP and CFO Martinez referred to the agenda materials which includes an executive summary of the financial position and performance for the four (4) entities, the FIU Foundation, Inc., FIU Research Foundation, Inc., FIU Athletics Finance Corporation, and the FIU Health Care Network. She indicated that the audits were completed by James Moore & Co. CPA Tax Accountants and Auditors, and were presented to and approved by the respective boards in October 2024. She reported that all of the audits received an "Unmodified Opinion" meaning the financial statements presented fairly, in all material respects, the financial positions of the entities as of June 30, 2024. Sr. VP and CFO Martinez added that the auditors did not identify any weaknesses in internal controls that they considered material and there were no instances of non-compliance or other matters identified that are required to be reported under Government Auditing Standards. She commented that when combined, all of the entities' assets totaled \$528.7M, with the FIU Foundation being the largest representing \$483.8M. She pointed out that there were \$38.6M in total liabilities, of which \$22M related to the football stadium bonds and the associated derivative liability. Sr. VP and CFO Martinez indicated that revenues totaled \$103.9M and expenses were \$71.3M with a net favorable position of \$485.4M. She mentioned that the increase in the net position of the FIU Health Care Network was due to the affiliation agreement with Baptist Health South Florida.

6. 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. Committee Chair Sarnoff pointed out that, as required by section 1001.741 subsection 4 of the Florida statutes, the reports section of the Committee's agenda includes a summary of the report to the Board of Trustees presented by the University President. Committee Chair Sarnoff added that said report contains the results of the performance evaluations and associated annual salaries for all FIU evaluated academic and administrative personnel earning an annual salary of \$200K or more. Committee Chair Sarnoff noted that the Florida Board of Governors requested that FIU's 2024-25 Fixed Capital Outlay Plan be amended to include the addition of \$182.2M in housing bonds, which was previously approved in February 2024. He indicated that other non-substantive changes included grammatical revisions, and adding the full name of the funding sources. He stated that FIU's amended 2024-25 Fixed Capital Outlay Plan was also included as part of the reports section of the Committee's agenda.

7. New Business

No new business was raised.

8. Concluding Remarks and Adjournment

With no other business, Finance and Facilities Committee Chair Marc D. Sarnoff adjourned the meeting of the Florida International University Board of Trustees Finance and Facilities Committee on Thursday, November 21, 2024 at 10:11 AM.

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