



Finance and Facilities Committee
September 12, 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 9:53 AM on Thursday, September 12, 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; Alberto R. Taño; and Roger Tovar, *Board Chair*.

Trustee Natasha Lowell was excused.

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

Committee Chair Sarnoff welcomed all Trustees and members of the University administration. On behalf of the Committee, he recognized the Committee's past Chair, Trustee Carlos A. Duart, for his service.

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 June 5, 2024. Hearing none, a motion was made and unanimously passed to approve the minutes of the Finance and Facilities Committee meeting held on June 5, 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) *Google and Meta; and (2) Blackbaud, Inc.*

Senior Vice President for Finance and Administration and Chief Financial Officer Aime Martinez presented for Committee review and approval the contracts with Google and Meta and Blackbaud, Inc. She indicated that the contracts with Google and Meta were requested by the College of Business for advertising services to promote graduate programs and attract prospective students. She added that the contracts are for one (1) year and that \$1.4M spending authority is being requested for each vendor. Sr. VP and CFO Martinez stated that approval is being requested to proceed with the

second three-year contract renewal with Blackbaud, Inc. for Raiser's Edge NXT, the FIU Foundation's data base for donors and alumni. She indicated that while the estimated contract amount for the three-year term is \$595K, FIU Board of Trustees approval is required given that the contract started in 2018 and the anticipated spend will exceed the \$1M threshold.

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. Approval of Contracts greater than or equal to \$3,000,000: (1) *Elsevier B.V.*; (2) *Accurate Background, LLC.*; (3) *Mythics, Inc.*; (4) *Oracle America, Inc.*; (5) *Catering Services*

Sr. VP and CFO Martinez presented for Committee review the contracts greater than or equal to \$3M. She commented on the four (4)-year \$4.6M contract renewal with Elsevier B.V. for Science Direct which includes e-journal subscriptions for effective scientific research to be conducted at R1 research universities. She added that said contract is a State University System (SUS) contract where the University of Florida led the negotiations on behalf of the SUS. Sr. VP and CFO Martinez stated that the piggyback agreement with Accurate Background, LLC was requested by the Division of Human Resources to comply with background check requirements. She noted that the contract began on December 1, 2021 and ends June 30, 2026 with an estimated total cost of \$6.2M. She indicated that said agreement may be renewed eight (8) times for a period of one (1) year each.

Sr. VP and CFO Martinez pointed out that the contracts with Mythics, Inc. and Oracle America were previously approved by the Board of Trustees in 2022. She stated that the Division of Information Technology is requesting additional budget authority of \$836K for Mythics, Inc. and \$800K for Oracle America for the 2024-25 fiscal year, to allow for growth due to additional CPU and storage that were enabled in the cloud environment that were not part of the original scope. Sr. VP and CFO Martinez commented on the contracts for catering services. She noted that contracts for catering services have not previously been approved by the Board of Trustees. She pointed out that the Office of Business Services issued a competitive solicitation, and the evaluation committee recommended awarding to nine (9) respondents. Sr. VP and CFO Martinez stated that the contract for catering services is for three (3) years in addition to two (2) three (3)-year renewals, for a total of nine (9) years with an estimated cost of approximately \$1M per year. She indicated that while Chartwells will continue to have the bulk of the share of the catering services on FIU's campuses, the nine (9) awarded suppliers will provide variety for different events and price points.

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. Approval of 2024-25 Education and General Carryforward Spending Plan, Fixed Capital Outlay Budget, and Related Certification

Sr. VP and CFO Martinez explained that the University is required to obtain Board of Trustees approval for Education and General (E&G) carryforward expenditures in accordance with Florida Statutes and Florida Board of Governors (BOG) Regulation. She added that once the Board of Trustees has approved the Carryforward Spending Plan, it is submitted to the BOG for review and approval. Sr. VP and CFO Martinez commented that the proposed spending plan is for E&G fund balances in excess of the seven percent (7%) statutory reserve. She noted that each university is required to maintain a seven percent (7%) statutory reserve at all times which can only be tapped into with approval by the Board of Trustees and BOG. She indicated that carryforward balances may be used for operating expenses that support the University mission, for certain fixed capital expenditures, repair, maintenance and remodeling projects, and contributions to maintenance reserve escrow accounts.

Sr. VP and CFO Martinez presented the 2024-25 Education and General Carryforward Spending Plan and Fixed Capital Outlay Budget for Committee review. She remarked that in addition to new planned expenditures for fiscal year 2024-25, the Carryforward Spending Plan includes previously approved and authorized expenditures for items that have not yet been completed, but will have expenditures in the 2024-25 fiscal year. She added that said items are mainly related to Fixed Capital Outlay projects. Sr. VP and CFO Martinez pointed out that the University's E&G carryforward fund balance as of July 1, 2024, net of accounts receivables, accounts payables, and deferred student tuition and fees, totals \$113.2M. She added that the \$64.5M Carryforward Spending Plan amount reflects a reduction of \$2.6M in encumbrances and the seven percent (7%) statutory reserve reduction of \$46.2M. She noted that the reserve is calculated based on the University's base budget, which includes appropriations and tuition revenues. Sr. VP and CFO Martinez indicated that of the \$64.5M, \$13.4M is committed with prior year, multi-year expenses, previously approved by the Board of Trustees and BOG, or a roll-over from prior years that has not been spent. She stated that of the \$64.5M, \$51.1M are new carryforward expenditures. She commented that the allocations include; \$17.6M (or 27% of the total) for critical deferred maintenance projects; \$13.8M (or 21% of the total) for items that are restricted by appropriations and include initiatives such as faculty recruitment and retention incentives and Linking Industry to Nursing Education (LINE) funds; \$13.0M for operating requirements of which employee bonuses, strategic communications including marketing and media campaigns, and building maintenance and repairs cover the majority of the total amount; \$4.2M for the Adam Smith Center for Economic Freedom; student financial aid with athletics scholarships and institutional aid; IT network system infrastructure refresh and a project management system for Facilities construction projects; replacement radios for University police and adjuncts and faculty overloads; and \$800K in contingency funding in the event of a state of emergency such as a hurricane.

Board Chair Roger Tovar commended the University's efforts in terms of utilizing carryforward funds to make strategic investments and to address deferred maintenance.

Sr. VP and CFO Martinez pointed out that the Herbert Wertheim College of Medicine carryforward beginning balance totaled \$22.70M and that the Carryforward Spending Plan amount is \$18.1M, which reflects a reduction of \$.94M in encumbrances and the 7% statutory reserve reduction of \$3.6M. She noted that of said \$18.1M, the largest allocation of \$4.7M is directed toward start-up funding for research faculty. She commented that other allocations include: \$3.9M for student financial aid; \$3.5M for primary care residency programs; \$2.6M for employee bonuses, classroom repairs and maintenance, media, furniture and fittings, and professional services; \$2.4M for fixed capital outlay/maintenance, repair and renovation projects; \$0.62M for faculty professional development and workforce management initiatives; and \$.50M for technology equipment, repairs, and software upgrades.

Trustee Dean C. Colson commented on the carryforward allocation for athletics scholarships. He added that said allocation should not be considered as recurring and should free up Athletics' budget to make proportional investments for the benefit of all student athletes. Sr. VP and CFO Martinez confirmed that units understand that carryforward allocations are not to be considered recurring. University President Kenneth A. Jessell remarked on recent fundraising progress, including the naming of the FIU football stadium as Pitbull Stadium. He added that as previously requested by Board Chair Tovar, a workshop on Athletics will be scheduled for the fall to continue the discussion. Committee members commented that the University's proportion of carryforward funds is among the lowest, if not the lowest, in the SUS and is reflective of an institution that is a good steward of taxpayer dollars. Committee members commended the University's efforts and remarked that said funds create opportunities to make strategic investments and help fund critical needs.

Sr. VP and CFO Martinez presented an overview of new Fixed Capital Outlay (FCO) projects, which include one carryforward project, the Steven and Dorothea Green Library elevators and repairs/upgrades. She commented that non-appropriated projects totaled \$265.5M and included the Wolfsonian-FIU expansion, Biscayne Bay Campus Coastal Conservation and Restoration Robotics Building, University student housing, and Panther Residence Hall repairs.

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 FIU Education and General (E&G) Expenditure Plan for carryforward funds in accordance with State University System of Florida Board of Governors (BOG) Regulation 9.007 State University Operating Budgets and Florida Statute 1011.45 End of Year Balance of Funds; approval of the FIU Fixed Capital Outlay Budget in accordance with BOG Regulation 14.003; and authorize the University Chief Financial Officer to certify the unexpended amount of funds appropriated to the University from the General Revenue Fund, the Educational Enhancement Trust Fund, and the E&G Student and Other Fees Trust Fund as of June 30, 2024 and the Fixed Capital Outlay budget; and authorize the University President to amend the BOT Carryforward Expenditure Plan and Fixed Capital Outlay Budget as necessary and report to the BOT and BOG any amendments to the spending plans in a format prescribed by the Chancellor of the BOG.

FF3. Approval of Self-supporting and Market Tuition Rate College-Credit Programs Annual Report, 2023-24

Executive Vice President and Provost Elizabeth M. Bejar presented the 2023-24 Self-supporting and Market Tuition Rate College-Credit Programs Annual Report for Committee review. She indicated that the BOG requires Board of Trustees approval prior to submission of the Annual Report. She stated that FIU employs market rate and self-supporting programs to broaden access for working professionals and non-traditional students to advance skills and meeting business and professional development needs in alignment with global market demands. Provost Bejar pointed out that market rate programs are only offered at the graduate level and are competitively aligned with comparable public and private programs, located nationally and within Florida. She commented that new market rate programs have not been approved since 2015. She added that there was a four (4)-year opportunity window that the BOG provided to institutions across the SUS to establish market rate programs and this resulted in the approval of 20 graduate programs with market rate status. She noted that the BOG has not solicited new market rate proposals since 2015 and has not approved tuition increases for said programs since their original inception.

Provost Bejar stated that self-supporting programs require full cost recovery of all indirect and direct costs. She commented that FIU has implemented 44 self-supporting programs since the year 2000. She remarked that BOG Regulation 8.002 sets forth the requirements of what is to be submitted in the annual report. Provost Bejar provided a summary of the annual report. She indicated that market rate programs generated higher revenues over the past year, but also incurred higher expenditures compared to self-supporting programs. Provost Bejar mentioned that in the aggregate, at the college and school level, revenues decreased by 1% and expenditures increased. She noted that the main factor impacting the increase in expenditures is program delivery costs, including cost of living adjustments for staff and faculty across the University. Provost Bejar commented that the programs have accumulated enough fund balances to cover the operational costs in years wherein enrollment fluctuates and or like this year, that expenditures have increased again, particularly for the market rate programs. She recognized the academic planning and finance teams, Continuing Education, and the Deans and leaders of the programs for their work throughout the year to ensure the financial efficacy of said programs.

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 FIU Self-supporting and Market Tuition Rate College-Credit Programs Annual Report for 2023-24 in accordance with State University System of Florida Board of Governors Regulation 8.002(4)(c) *Self-supporting and Market Tuition Rate Program and Course Offerings*.

FF4. FIU Athletics Finance Corporation Debt Restructure

Sr. VP and CFO Martinez presented the FIU Athletics Finance Corporation debt restructure for Committee review. She explained that when the FIU football stadium (now known as Pitbull Stadium) was built, the Athletics Finance Corporation issued tax exempt debt. She added that the Internal Revenue Service (IRS) limits certain activities including namings and private rentals. She stated that the deal to name the stadium as Pitbull Stadium caused said limits to be exceeded and triggered the need to restructure a portion of the debt to taxable debt within 90 days of signing the deal. Sr. VP and CFO Martinez commented on working with BOG staff and the Florida Division of

Bond Finance. She noted that BMO Law and Hilltop Financial Advisors were engaged. She indicated that the outstanding balance is \$19.3M and has two components. She added that one portion of the debt totaling \$13.4M is variable rate and synthetically fixed at 5% and the second portion of the debt totaling \$5.9M is a fixed rate tax-exempt instrument at 2.8%. She pointed out that current loan also has a swap instrument or derivative that as of August 31, 2024 had a value of \$758K.

Sr. VP and CFO Martinez remarked on the actions available to the University, including prepaying the effected \$7M bonds or partially or entirely refunding the variable tranches of the bonds, which requires the approval of the Athletics Finance Corporation Board of Directors, Board of Trustees, and BOG. She stated that the University is recommending to restructure the entire variable debt, terminate the swap and include it as part of the new issued debt, providing Athletics with approximately \$900K in additional capacity for naming revenues or 125 days of private usage, or a combination of both. Sr. VP and CFO Martinez indicated that the Athletics Finance Corporation Board of Directs met September 11, 2024 and approved the University's recommendation. She added that if the Board of Trustees approves, the University will present to the BOG at their October 2024 meetings.

Sr. VP and CFO Martinez compared details of the current loan versus the proposal. She noted that the outstanding balance would increase to \$20.5M, due to the termination of the swap and the cost of issuances. She stated that the blended rate would be 4.47%, only slightly higher than the current rate of 4.4%. She noted that the University will cover the remaining debt at the end of the loan's maturity by using \$3.0M in cash reserves that are mandated today as part of the bond. Sr. VP and CFO Martinez added that this will keep the debt service payments close to what they are today and not impact operations for the next eight (8) years. She commented that the debt service coverage ratio would range from 1.4 to 1.8 over the life of the loan and was based on conservative assumptions, including \$1.2M in naming rights for only five (5) years, despite the option for renewal of an additional five (5) years.

Sr. VP and CFO Martinez indicated that Board of Trustees approval is being requested to authorize the Athletics Finance Corporation to issue debt, and request BOG approval to refinance the outstanding rate for an amount not to exceed \$14.6M to cover the outstanding loan balance, the swap termination fee and issuance costs. She added that the debt will mature in 2032 and is secured by pledged revenues as defined in the bond documents.

Board Chair Tovar commented on the opportunities and flexibility that the debt restructure provides.

A motion was made and unanimously passed that the FIU Board of Trustees Finance and Facilities Committee recommend FIU Board of Trustees approval of resolution authorizing the issuance of debt and requesting the Florida Board of Governors to approve the issuance of such debt to refinance a portion of the outstanding Miami-Dade County Industrial Development Authority Revenue Bonds, Series 2009A Bonds with a debt obligation issued by the FIU Athletics Finance Corporation which will bear interest at a taxable rate in order to remediate the effect of entering into a naming rights and sponsorship agreement related to the Florida International University athletic program; providing an effective date.

5. Follow-up From Previous Meeting

5.1 Graham University Center Expansion Plan and Vision

Assistant Vice President for Academic and Student Affairs, Sanyo Mathew relayed his personal and professional experience with the Graham Center. He introduced a video where members of the University community shared what the Graham Center represented to them. Mr. Mathew commented that the Graham Center provides exceptional University facilities and positively impacts student success and the student experience. He delineated a comparison of student centers among the SUS preeminent insitutions. He added that the Graham Center was last expanded in 2006 and has less than half of the average meeting and event space when compared to the other SUS insitutions. Mr. Mathew provided an overview of the expansion plan, which includes a new ballroom, breakout spaces, student lounges, back-of-house, and a Veteran and Military Affairs and Reserve Officers' Training Corps (ROTC) suite. Mr. Mathew noted that the proposed expansion is east of the existing ballrooms. He commented on the completion of the East Loop Road realignment. He presented conceptual renderings and a project timeline, with completion expected by September 2027 for a total cost of \$46.3M, comprised of \$42.5M in Capital Improvement Trust Fund (CITF) allocations and \$3.8M from private donors. Mr. Mathew pointed out that \$29.7M in CITF funds are currently available with two (2) additional allocations needed.

Trustees commented on the efficient use of the Graham Center, referred to the Graham Center as the epicenter of the student experience, and requested that the expansion include spaces with windows. Board Chair Tovar conveyed his preference to expedite the project if the decision is made to move forward with the expansion. Trustee Francesca Casanova commented on the need for additional meeting and event spaces.

6. Discussion Items

6.1 Financial Performance Review, FY 2023-24

Sr. VP and CFO Martinez commented that operating revenues are above estimates by \$36.7 or 2.4% and that operating expenses are below estimates by \$21.4M or 1.4% with an overall net favorable variance of \$58.1M. She indicated that total investment earnings for the University and Direct Support Organizations was \$77.3M or \$38.6M above plan.

7. 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 the reports section of the agenda also included the required FIU Annual Bonus Plan Report.

8. New Business

No new business was raised.

9. 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, September 12, 2024 at 11:01 AM.

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