



FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND FACILITIES COMMITTEE
MINUTES
DECEMBER 3, 2020

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 Leonard Boord at 9:00 AM on Thursday, December 3, 2020 via Zoom.

General Counsel Carlos B. Castillo conducted roll call of the Finance and Facilities Committee members and verified a quorum. Present were Trustees Leonard Boord, *Chair*; Roger Tovar, *Vice Chair*; Dean C. Colson, *Board Chair*; Natasha Lowell; Joerg Reinhold; and Marc D. Sarnoff.

Trustee Cesar L. Alvarez was excused.

Trustees Jose J. Armas, Gerald C. Grant, Jr., Donna J. Hrinak, Gene Prescott, Claudia Puig, and Alexandra Valdes and University President Mark B. Rosenberg also were in attendance.

2. Approval of Minutes

Committee Chair Boord asked that the Committee approve the Minutes of the meeting held on September 9, 2020. A motion was made and unanimously passed to approve the Minutes of the Finance and Facilities Committee meeting held on September 9, 2020.

3. Action Items

FF1. FIU Direct Support Organizations Financial Audits, FY 2019-20

Sr VP and CFO Jessell presented for Committee review the FIU Direct Support Organizations (DSO) FY 2019-20 Financial Audits. He reported that James Moore Certified Public Accountants and Consultants performed the financial audits for: the Florida International University Foundation, Inc.; the Florida International University Research Foundation, Inc.; the Florida International University Athletics Finance Corp; and the Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc.

Sr. VP and CFO Jessell indicated that the audits have been approved by the Boards of each DSO, adding that Board of Trustees approval is necessary as the DSO audits will be incorporated into the Financial Statement Audit of the University. He pointed out that the annual financial audits of three of the component units will be reflected on the University's financial audit that is currently underway by the State of Florida Auditor General, noting that the financial activities of the FIU Research

Foundation, Inc. are not included in the University financial audit because total assets and operating revenues of that entity represent less than one percent of the total aggregate component units' assets and operating revenues. He further reported that all of the audits received an Unmodified Opinion, explaining that the results of the respective audits did not identify any weaknesses in internal control over financial reporting that were considered to be material weaknesses. He noted that the results of the audits disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. He referred to the executive summary that is included as part of the agenda materials.

A motion was made and unanimously passed that the FIU Board of Trustees Finance and Facilities Committee recommend that the Board of Trustees:

FF1-A. FIU Foundation Inc., Financial Audit, 2019-20 - Accept the Florida International University Foundation, Inc. Financial Audit for the 2019-20 Fiscal Year and authorize the CEO of the Florida International University Foundation, Inc. to take all actions necessary pertaining to this Financial Audit, including filing the report with the Auditor General.

FF1-B. FIU Research Foundation Inc., Financial Audit, 2019-20 - Accept the Florida International University Research Foundation, Inc. Financial Audit for the 2019-20 Fiscal Year and authorize the President of the Florida International University Research Foundation, Inc. to take all actions necessary pertaining to this Financial Audit, including filing the report with the Auditor General.

FF1-C. FIU Athletics Finance Corporation Financial Audit, 2019-20 – Accept the Florida International University Athletics Finance Corporation Financial Audit for the 2019-20 Fiscal Year and authorize the Executive Director of the Florida International University Athletics Finance Corp. to take all actions necessary pertaining to this Financial Audit, including filing the report with the Auditor General.

FF1-D. FIU Academic Health Center Health Care Network Faculty Group Practice, Inc. Financial Audit, 2019-20 - Accept the Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. Financial Audit for the 2019-20 Fiscal Year and authorize the President of the Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. to take all actions necessary pertaining to this Financial Audit, including filing the report with the Auditor General.

FF2. Trish and Dan Bell Chapel and East Loop Road Realignment—Naming and Approval of Design

Sr. VP and CFO Jessell described the proposed FIU Board of Trustees (BOT) Finance and Facilities Committee actions relating to the Trish and Dan Bell Chapel and east loop road realignment, specifically to recommend for BOT approval the naming of the Trish and Dan Bell Chapel (“Chapel”), the design of Chapel, the design of roadway improvements on the east side of campus to accommodate the Chapel and future Graham Center expansion, and the amendment to the 2010-20 Modesto A. Maidique (MMC) Campus plan to include the Chapel and roadway improvements. He commented that Trish and Dan Bell made a \$5M gift in January 2019 to support the design and

construction of a non-denominational chapel for the needs of FIU students and FIU alumni, faculty, and staff, adding that Mr. and Mrs. Bell made an additional \$2M challenge match gift in November 2020. Sr. VP and CFO Jessell commented on the University's active Multi-Faith Council. He pointed out that, as is reflected in the gift agreement, the Chapel is to be named The Trish and Dan Bell Chapel and the Chapel bell tower as the Bell Tower in accordance with the FIU Donative Naming Policy. He stated that the naming of the Chapel was approved by the FIU Foundation, Inc. Board of Directors on June 8, 2019. He remarked that the Chapel contains 12,659 gross square feet and has an estimated total cost of \$8.97M, including estimated design/survey costs of \$470,000 and that the Chapel will contain a 250-person sanctuary, a 100-person multi-purpose room, a prayer room, offices, multi-faith counseling rooms and conference rooms. He noted that BOT approval is requested only for the design, which will be funded from the \$500,000 initial payment from Mr. and Mrs. Bell and that BOT approval of the construction and Capital Improvement Plan (CIP) will be requested in June 2021.

Sr. VP and CFO Jessell presented an aerial view of the Chapel's proposed location and Chapel design concepts. He described the design of the east loop road realignment, noting that the east loop road on 108 Avenue will be realigned in order to accommodate the Chapel and the Capital Improvement Trust Fund (CITF) Graham Center expansion included in FIU's CIP. He pointed out that the road realignment also enhances traffic flow on the east side of campus by eliminating a hard-right turn and stop sign and improving turning radius for service vehicles at the Graham Center. Sr. VP and CFO Jessell indicated that the road realignment has an estimated total cost of \$6.49M, including estimated design/survey costs of \$405,000 and that BOT approval is requested only for the design, which will be funded from unrestricted treasury auxiliary fund balances. He explained that BOT approval of the construction and CIP will be requested in June 2021. He presented design concepts for the east loop road realignment.

Sr. VP and CFO Jessell commented that the Chapel and east loop road alignment components will be combined as a single capital project with a single architect/engineer and construction manager, with each component having a separate guaranteed maximum price. He added that combining the components will ensure an integrated approach to the project, accelerate project delivery, and provide some project savings. He remarked that the total combined project funding is \$15.4M, specifically private funding (\$9M), unrestricted Treasury Auxiliary Fund Balance (\$3.4M), and CITF appropriations (\$3M). Sr. VP and CFO Jessell indicated that an amendment to the 2010-20 MMC Campus Master Plan is requested to include the Chapel and roadway improvements and that the Campus Master Plan amendment will change 1.4 acres from athletics/recreation/open space designation to support space. He presented a picture of Mr. and Mrs. Bell with University President Mark B. Rosenberg at the proposed Chapel location.

In response to Board Chair Dean C. Colson, Sr. VP and CFO Jessell commented on the additional parking spaces that parking garage 6 provides, adding that students are also increasingly relying on alternative transportation options in lieu of utilizing their own cars and parking on campus.

A motion was made and unanimously passed that the Florida International University Board of Trustees (BOT) Finance and Facilities Committee recommend to the BOT approval of the naming of The Trish and Dan Bell Chapel ("Chapel"), the design of the Chapel, the design of roadway

improvements on the east side of the FIU Modesto A. Maidique Campus (MMC) necessary to accommodate the construction of the Chapel and the future expansion of the Graham Center, and recommend to the BOT an amendment to the 2010-20 University MMC Campus Master Plan to include the Chapel and roadway improvements as contemplated in the proposed 2015-2030 University MMC Campus Master Plan. Upon approval by the BOT, the Chapel and roadway improvements capital budget requests will be submitted to the Florida Board of Governors (BOG) for approval in accordance with BOG Regulation 14.003.

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

FF3. Approval of the second five-year renewal option to be evidenced by an amendment to the existing lease agreement for the FIU Miami Beach Urban Studios (MBUS), reflecting a reduction in space from 16,000 to 7,500 square feet; and delegate to the University President the authority to negotiate and execute a Second Amendment to the lease agreement on behalf of the University

Sr. VP and CFO Jessell pointed out that at its February 2020 meeting, the Committee reviewed and approved the request for the relocation of the Miami Beach Urban Studios (MBUS) from the fourth floor of the building located 420 Lincoln Road, Miami Beach, Florida to ground floor space in said building. He commented on the high costs associated with the code requirements, noting that the ground floor space would require that restrooms be added and was not designed for holding classes. He remarked that the plans developed for the smaller ground floor footprint would also work well for the fourth floor, stating that the second five-year renewal option reflects a reduction in space from 16,000 to 7,500 square feet. Sr. VP and CFO Jessell referred Trustees to the agenda materials for space configuration specifications. He explained that part of the request included a delegation of authority to the University President, or designee, to execute the second amendment on behalf of the University and all other documents that may be necessary to effectuate the transactions contemplated in the second amendment.

Sr. VP and CFO Jessell indicated that the lease for MBUS' current location was entered into on May 13, 2011 for 10 years, adding that the existing space has a student headcount of 63, annual operating expenses of \$1.2M, and seven employees. He pointed out that the new space plan offers MBUS the ability to retain the core teaching, research, and entrepreneurial hub on the fourth floor of the building while gaining significant cost-savings. He commented that the new space also provides MBUS with essential storefront gallery and event space at no incremental cost. He stated that the annual cost will be reduced from \$473,076 to \$251,775, noting that the cost per square foot increases slightly, from \$29.56 currently to \$33.57. Sr. VP and CFO Jessell mentioned that the landlord has agreed to a six-month rent abatement, which effectively lowers the annual cost per square foot over the five-year lease. He mentioned that the total savings in rental cost over the five-year renewal term is approximately \$1.37M.

In terms of the yearly operating expenses, Trustee Marc D. Sarnoff inquired as to how MBUS was relevant to the University's mission. Provost and Executive Vice President Kenneth G. Furton commented on the number of programs that operate at MBUS, in particular the newest doctoral program, the Doctor of Design.

A motion was made and unanimously passed that the Florida International University Board of Trustees Finance and Facilities Committee approve (1) the second five-year renewal option to be evidenced by an amendment to the existing lease agreement for the FIU Miami Beach Urban Studios, reflecting a reduction in space from 16,000 to 7,500 square feet; (2) the delegation of authority to the University President, or designee, to negotiate a Second Amendment to Lease Agreement (“Second Amendment”) to that certain Lease, dated May 13, 2011, as amended, between the Florida International University Board of Trustees and 420 Lincoln Road Associates Ltd. (“Lease”); and (3) the delegation of authority to the University President, or designee, to execute the Second Amendment on behalf of the University and all other documents that may be necessary to effectuate the transactions contemplated in the Second Amendment.

FF4. Approval of Contracts #PUR-00846, vendor Office Depot, Inc. and #PUR-00628, vendor ARAMARK Management Services Limited

There were no further questions or comments from the Committee members regarding the contracts with Office Depot, Inc. and ARAMARK Management Services Limited.

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 Florida International University Board of Trustees Finance and Facilities Committee (i) approve the University entering into the contracts listed as No. 1 and No. 2 and described in the materials and (ii) authorize the University President or his designee to execute, on behalf of the University, the aforementioned contracts.

4. Discussion Items

Committee Chair Boord referenced two informational summaries that were provided via e-mail to the Trustees, noting that both summaries related to payments of funds under federal government sponsored research contracts to participating sub-awardee universities. He pointed out that said universities are Yale University and Temple University and that consistent with the approach of other members of the State University System, board of trustees approval of these types of payments under sponsored research contracts typically is not required. Committee Chair Boord commented that funds to sub-awardees derive from the direct funds of the research grants rather than University funds. He added that, given the typical low risk of institutional counter parties, particularly universities, the administration will be providing to the Finance and Facilities Committee on a quarterly basis written notice, after the fact, of these types of payments. He pointed out that this will be subject to a more formal discussion and potential clarification of the existing BOT-approved Delegations of Authority to the President and that it is anticipated that such a discussion will occur in the first quarter of 2021.

Referring to the Facilities and Construction Update, specifically the School of International and Public Affairs (SIPA) Phase II project, Committee Chair Boord requested, for the next regularly scheduled Board of Trustees meetings, that Provost Furton facilitate a presentation on the FIU Online facility.

4.1 Financial Performance Review, First Quarter FY 2020-21

Sr. VP and CFO Jessell presented the University's financial performance review for the first quarter of FY 2020-21, noting that operating revenues were below estimates by \$14.2M and that operating expenses were below estimates by \$8.8M with a net unfavorable variance of \$5.4M. He also described the key drivers.

In response to Committee Chair Boord, Sr. VP and CFO Jessell explained that the financial outlook is dependent on the spring semester and the related student presence on campus and the operations of services. Sr. VP and CFO Jessell added that the University is also closely monitoring expenses and making reductions, wherever possible.

4.2 Foundation Report

FIU Foundation, Inc. Board of Directors Treasurer Andre L. Teixeira provided the Foundation Report. He indicated that philanthropy is tracked using the CASE (Council for Advancement and Support of Education) standard. He described the four types of philanthropy (i.e., cash, pledges, planned gifts, and gifts in kind) and highlighted gift totals for said areas over the last several fiscal years. He indicated that cash gifts are outright gifts; pledges are a commitment to give over a period of years (generally five to seven years), which also may include a cash component at the initial time of the pledge; planned gifts are testamentary gifts; and gifts in kind are non-cash gifts in the form of art, book collections, materials and supplies, and real estate. Director Teixeira commented that, in the prior fiscal year, the Foundation generated \$75.9M in philanthropy, noting that this represented a record year in fundraising. He reported that, for the three-month period ending September 30, 2020, the sum of donor designated cash contributions and unrestricted contributions totaled \$5.2M.

In response to Board Vice Chair Roger Tovar, Director Teixeira commented that the Foundation is moving forward with the \$79M fundraising goal, with a \$33M cash gift goal, for the 2020-21 fiscal year. In response to Trustee Sarnoff, Director Teixeira remarked that the Foundation's operating expenses, in the prior fiscal year, totaled approximately \$18M.

5. Reports

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

6. New Business

No new business was raised.

7. Concluding Remarks and Adjournment

With no other business, Committee Chair Leonard Boord adjourned the meeting of the Florida International University Board of Trustees Finance and Facilities Committee on Thursday, December 3, 2020 at 9:55 AM.