



Finance and Facilities Committee

December 8, 2021

FIU, Modesto A. Maidique Campus, Graham Center Ballrooms and via Zoom

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 Roger Tovar at 9:23 a.m. on Wednesday, December 8, 2021.

General Counsel Carlos B. Castillo conducted roll call of the Finance and Facilities Committee members and verified a quorum. Present were Trustees Roger Tovar, *Committee Chair and Board Vice Chair*; Jose J. Armas, *Committee Vice Chair*; Cesar L. Alvarez; Dean C. Colson, *Board Chair*; Natasha Lowell; Joerg Reinhold; Chanel T. Rowe (*via Zoom*); and Marc D. Sarnoff.

Trustees Carlos A. Duarte, Donna J. Hrinak, Gene Prescott, Alexander Rubido, and Carlos Trujillo and University President Mark B. Rosenberg also were in attendance.

2. Approval of Minutes

Committee Chair Tovar asked that the Committee approve the minutes of the meeting held on September 14, 2021. A motion was made and unanimously passed to approve the minutes of the Finance and Facilities Committee meeting held on September 14, 2021.

Committee Chair Tovar pointed out that Board of Trustees members are thoroughly briefed in anticipation of every Board meeting.

3. Action Items

FF1. FIU Direct Support Organizations Financial Audits, FY 2020-21

Committee Chair Tovar requested that all components of agenda item FF1 be voted on in one motion. There were no objections.

Senior Vice President for Administration and Chief Financial Officer Kenneth A. Jessell explained that the annual financial audits of the component units will be reflected on the University's financial audit that is currently underway by the State of Florida Auditor General, adding that the financial activities of the FIU Research Foundation, Inc. are not included in the University financial audit due to immateriality. He presented the FIU Direct Support Organizations FY 2020-21 financial audits for Committee review. He reported that James Moore Certified Public Accountants and Consultants performed the financial audits for the following entities: Florida International University Foundation, Inc.; Florida International University Research Foundation, Inc.; Florida International University Athletics Finance Corp; and 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 the respective entities. 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. Sr. VP and CFO Jessell mentioned that all DSOs within the State University System are undergoing an internal control review, stating that the results of said review will be presented to the Board of Trustees and Florida Board of Governors upon completion. He referred to the executive summary 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. Florida International University Foundation Inc., Financial Audit, 2020-21 -

Accept the Florida International University Foundation, Inc. Financial Audit for the 2020-21 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. Florida International University Research Foundation Inc., Financial Audit, 2020-21-

Accept the Florida International University Research Foundation, Inc. Financial Audit for the 2020-21 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. Florida International University Athletics Finance Corporation Financial Audit, 2020-21 - Accept the Florida International University Athletics Finance Corporation Financial Audit for the 2020-21 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. Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. Financial Audit, 2020-21 - Accept the Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. Financial Audit for the 2020-21 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. Authorization to Select a Construction Manager for the Trish and Dan Bell Chapel and East Loop Road Realignment

Sr. VP and CFO Jessell presented the request for authorization to select a construction manager for the Trish and Dan Bell Chapel and East Loop Road realignment for Committee review. He pointed out that on December 3, 2020, the FIU Board of Trustees approved the budget for the East Road realignment, the naming of The Trish and Dan Bell Chapel, and the architect engineer. He explained that the request for construction manager was not included at that time because all the funds were

not identified, stating that the Bells agreed to increase their \$5M gift to \$7M conditional upon an FIU Foundation challenge match program. Sr. VP and CFO Jessell indicated that said challenge match was received, noting that on October 22, 2021, the FIU Foundation formally approved the resolution to advance the \$7M because the Bell gift is to be received over time. He remarked that negotiations for architectural/engineering services have been finalized and the contract with the selected design firm, Gurri Matute PA, has been signed. He commented that advertisement for the competitive selection of construction manager services has been placed and, conditional upon BOT approval, it is anticipated that the University will enter into a contract with the selected construction manager in early 2022 and a groundbreaking is subsequently expected for fall 2022.

Committee Chair Tovar referred to the agenda materials, noting the total project cost is \$15,444,286, commenting that the total cost for the Chapel is \$9M and an additional \$6M is required for a road realignment. Sr. VP and CFO Jessell added that the repositioning of the road to the west will accommodate additional space for the Chapel on the east side and also allow for the future expansion of the University Graham Center. In response to Board Chair Dean C. Colson, Sr. VP and CFO Jessell remarked that conceptual drawings are expected within the next several months. Responding to Committee Chair Tovar, Sr. VP and CFO Jessell mentioned that the Chapel should be complete within the next two (2) years, adding that project updates will be included as part of the quarterly Facilities and Construction updates.

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 authorization to select a Construction Manager for the Trish and Dan Bell Chapel and East Loop Road Realignment and delegate to the University President the authority to negotiate and enter into the contract on behalf of the University.

FF3. Engineering Building Phase I—Second Amendment to Prior Budget Approval

Sr. VP and CFO Jessell presented the second amendment to prior budget approval for Engineering Building Phase I for Committee review. He commented on the groundbreaking ceremony for the Engineering Building Phase I, which was held on September 9, 2021, adding that Engineering Phase I will be located on the northeast corner of campus and is currently in design. He added that the architect is Perkins + Will and DPR Construction is the construction manager. He indicated that the original program and construction budget for a new engineering building at FIU, as approved by the Board of Trustees and the Florida Board of Governors (BOG), was a single building to be constructed in two phases: Engineering I and II. He added that the approved budget request was \$150M, with \$105M to be funded with State funds and \$45M to be funded from University matching funds and philanthropy. He presented design renderings, noting that a request to the Board of Trustees in terms of carryforward expenditures for walkways and pathways will be made in the future as these are currently not included in the budget.

Sr. VP and CFO Jessell commented that in order to meet the space needs of the building program, the budget has increased to \$75M, and as such, an increase of \$12M in budget authority is being requested. He explained that approximately \$4M of the budget increase is the result of higher construction costs in the marketplace. He remarked that the additional \$12M in funding was included in the FIU 2021-22 Fixed Capital Outlay Budget approved September 14, 2021, conditional

upon subsequent approval of the \$12 million funding plan. He mentioned that the Fixed Capital Outlay Budget was approved by the BOG on November 4, 2021. Sr. VP and CFO Jessell pointed out that to fund the \$12M increase, \$6.7M in auxiliary funding will be used, stating that this amount is from the early payment of a loan to the Health Care Network Faculty Group Practice Plan that was originally scheduled to mature in 2036. He added that the remaining amount of \$5.3M will be funded from unrestricted treasury auxiliary balances and that philanthropy will be repaying the treasury loan.

Committee Chair Tovar encouraged Senior Vice President for Advancement Howard R. Lipman and his team to fundraise aggressively for the project, noting that its prominent location presents promising philanthropic opportunities.

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 approval of the request to expand the size and budget of Engineering Building Phase I from the currently approved budget of \$63.4M to \$75.4M, including \$15M in subsequent build-out of shell space for research laboratories from Sponsored Research Overhead Funds, to accommodate updated programmatic and space needs and shell space for sponsored research.

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

FF4. Riccardo Silva Stadium Kitchen Project

Sr. VP and CFO Jessell presented the Riccardo Silva Stadium kitchen project for Committee review, explaining that approval is being requested to begin a capital project of approximately \$2M for a kitchen to support FIU Athletics and the Riccardo Silva Stadium. He indicated that the kitchen will be located to the south of the Stadium Club and will be a separate freestanding building and highlighted collaborations with leadership within FIU Athletics to ensure that the project meets the needs of the student-athletes. Sr. VP and CFO Jessell mentioned that the kitchen was initially to be designed and constructed by Chartwells, adding that the design phase is completed and FIU will undertake the construction management.

In response to Trustee Marc D. Sarnoff, Sr. VP and CFO Jessell explained that the kitchen is approximately over 1,600 sq. ft. He noted that Chartwells will cover the costs to build the kitchen as part of their contractual obligation with the University. Committee Chair Tovar remarked that the kitchen would not only serve to ensure the nutritional aspect of student-athlete competition but also enhance the game-day experience. Trustee Jose J. Armas requested benchmarks and target dates for completion. Further responding to Trustee Sarnoff, Sr. VP and CFO Jessell pointed out that key components of a commercial kitchen, such as equipment, exhaust and ventilation, fire suppression, and grease traps add to the total project cost. In response to Trustee Natasha Lowell, Sr. VP and CFO Jessell mentioned that options for an optimal food program for student-athletes are currently being reviewed in collaboration with the Athletics Department. Committee Chair Tovar commented that student-athletes must have appropriate access to meals, adding that the matter is of the utmost importance.

A motion was made and unanimously passed that the FIU Board of Trustees Finance and Facilities Committee approve a capital project to build a full-service kitchen at the south end of the stadium

between Gates 2 and 3 and delegate to the University President the authority to negotiate and enter into the contract on behalf of the University.

FF5. Approval to Issue Change Orders for Purchase Orders greater than or equal to \$1,000,000 and less than \$3,000,000:

- *PO: 228023 Vendor: Google*
- *PO: 227828 Facebook/Instagram*

There were no questions from the Committee members.

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 issuing 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.

FF6. Ratification of the Independent Contractor Agreement with the vendor Logistics Management Group, and approval of the purchase orders that may be issued under this Agreement

Sr. VP and CFO Jessell presented the ratification of the independent contractor agreement with Logistics Management Group for Committee review. He indicated that under the proposed agreement, Logistics Management Group, will provide a wide array of event management services and source necessary items for the various events organized by the Food Network & Cooking Channel South Beach Wine & Food Festival presented by Capital One, for the 2022 and 2023 Festivals. He explained that most expenses are pass-through and reimbursed by the University once approved by festival staff, incurred, and invoiced by the vendor. He indicated that the contractor fee is \$130,000, combined, for both 2022 and 2023 Festivals and paid for from Festival proceeds.

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) ratify the University entering into the contract as listed and described in the Board materials, and (ii) authorize the University President or his designee to issue purchase orders pursuant to the executed contract up to the total amount listed in the Board materials.

4. Discussion Item

4.1 Financial Performance Review, First Quarter FY 2021-22

Sr. VP and CFO Jessell presented the University's financial performance review for the first quarter of FY 2021-22, noting that operating revenues were above estimates by \$1.7M and that operating expenses were below estimates by \$1.8M with a net favorable variance of \$3.5M. He also described the key drivers, including lower revenues associated with lower enrollments and lower expenses due to salary savings.

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; CasaCuba Building Update; and Foundation Report.

In response to Trustee Lowell, Sr. VP and CFO provided an update on the pedestrian bridge project (University City Prosperity Project), noting that the Florida Department of Transportation (FDOT) is managing the design and construction, 30% design submittal was submitted for review, and all comments were addressed. He remarked on regular reports and meetings and ongoing collaboration between agencies.

6. New Business

No new business was raised.

7. Concluding Remarks and Adjournment

With no other business, Finance and Facilities Committee Chair Roger Tovar adjourned the meeting of the Florida International University Board of Trustees Finance and Facilities Committee on Wednesday, December 8, 2021, at 10:19 a.m.