



FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND FACILITIES COMMITTEE
MINUTES
FEBRUARY 23, 2021

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 9:20 a.m. on Tuesday, February 23, 2021, at the FIU, Modesto A. Maidique Campus, Graham Center Ballrooms and 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, *Committee Chair*; Roger Tovar, *Committee Vice Chair and Board Vice Chair*; Cesar L. Alvarez (*via Zoom*); Dean C. Colson, *Board Chair*; Natasha Lowell; Joerg Reinhold; and Marc D. Sarnoff.

Trustees Jose J. Armas, Donna J. Hrinak, Gene Prescott, Claudia Puig, Chanel T. Rowe, and Alexandra Valdes and University President Mark B. Rosenberg also were in attendance.

Committee Chair Boord welcomed all Trustees and members of the University administration. He also welcomed Trustees, University administrators, and staff attending via the virtual environment and the University community and general public accessing the meeting via the University's webcast.

2. Approval of Minutes

Committee Chair Boord asked that the Committee approve the minutes of the meetings held on October 28, 2020 and December 3, 2020. A motion was made and unanimously passed to approve the minutes of the Finance and Facilities Committee meetings held on October 28, 2020 and December 3, 2020.

3. Action Items

FF1. Proposed Regulation FIU-1115 Lost/Abandoned Property

Senior Vice President of Administration and Chief Financial Officer Kenneth A. Jessell presented the proposed Regulation FIU-1115 Lost/Abandoned Property for Committee review. He commented that the proposed regulation is consistent with statutory requirements and provides the general procedure for the University to dispose of abandoned property. Sr. VP and CFO Jessell described the proposed regulation's key provisions, including that any report regarding missing, lost, stolen, or abandoned property must be made to the University Police Department, that all lost/abandoned property must be delivered to the Property Custodian where it will be retained until disposed of according to the regulation, and that the Property Custodian must make reasonable

efforts to contact and notify the rightful owner and determine means to release the property. He remarked that the owners of several abandoned vehicles at FIU were contacted and are not interested in picking up their vehicles. He added that the proposed regulation enables the University to sell said vehicles at auction.

A motion was made and unanimously passed that the FIU Board of Trustees Finance and Facilities Committee recommend that the Board of Trustees approve Regulation FIU-1115 Lost/Abandoned Property, and delegate authority to the University President to approve any subsequent non-material amendments based on comments to the Regulation received from the Florida Board of Governors or as a result of the regulation-making process.

FF2. FDOT-FIU Locally Funded Agreement, Transfer of \$9,125,364 Settlement Funds for Design and Construction of Pedestrian Bridge and Associated Improvements

Sr. VP and CFO Jessell presented the Florida Department of Transportation (FDOT)-Florida International University (FIU) Locally Funded Agreement (LFA), the transfer of \$9,125,364 settlement funds for the design and construction of the pedestrian bridge and associated improvements for Committee review. He remarked that, as reported to the Board of Trustees at its September meeting, Florida Governor Ron DeSantis lifted the hold on the TIGER Grant, thereby allowing funds to be used for a new pedestrian bridge. He added that FDOT has accepted responsibility for completing the new bridge and administering the design and construction contracts. Sr. VP and CFO Jessell indicated that the United States Department of Transportation (USDOT) also approved an amendment to the TIGER Grant Agreement, which assigned the responsibility for the pedestrian bridge and associated improvements to FDOT. He noted that FIU is no longer a party to this part of the Agreement. Sr. VP and CFO Jessell pointed out that FIU was responsible for, and successfully completed, other components of the Grant, which were not impacted by the changes to the LFA. He stated that the LFA between FIU and FDOT specifies the amount of funding to be transferred to FDOT to design and construct the bridge and associated improvements and the responsibilities of FIU and FDOT.

Sr. VP and CFO Jessell delineated the key provisions of the LFA. He remarked that FIU will transfer \$9,125,364 to FDOT to cover the cost of design and construction, which is funded from the original unexpended FIU Match Funds of \$560,139, City of Sweetwater funds of \$5,560 held by FIU, and settlement funds of \$8,559,665. He added that FIU may be required to transfer additional funding to FDOT to cover project costs due to unknown conditions or changes as required by applicable laws and regulations, similar to the obligation FIU would have had if the project remained under FIU control. Sr. VP and CFO Jessell described risk mitigation, including that FIU has participated in pre-design and scope of services development; FIU has the right to approve the Guaranteed Maximum Price of the project; the construction contract will include a contingency mutually agreeable to FIU and FDOT, which is estimated at five percent, or approximately \$550,000; FIU has retained an additional \$200,000 from settlement funds for project contingency, plus approximately \$40,000 in investment earnings; FDOT will invest the funds in the State Treasury with all investment earnings, approximately \$275,000, staying with the project; and eliminating budgeted items, such as large tree landscaping, all of which could be used to cover unforeseen costs if needed.

A motion was made and unanimously passed that the FIU Board of Trustees Finance and Facilities Committee recommend that the Board of Trustees (i) approve the Locally Funded Agreement (LFA) between FDOT and FIU, (ii) authorize the transfer in the amount of \$9,125,364 of FIU Funds to FDOT for the design and construction of the UniversityCity Prosperity Project pedestrian bridge and associated plaza, walkway and roadway improvements, and (iii) delegate to the University President, or his designee, the authority to execute the LFA and to amend the LFA to accommodate any technical changes requested by FDOT in accordance with the terms of the LFA.

FF3. Approval of Commencement Conditions Addendum for Hotel, Conference Center, and Alumni Center

Sr. VP and CFO Jessell presented the Commencement Conditions Addendum for the Hotel, Conference Center, and Alumni Center for Committee review. He indicated that as a result of the COVID-19 pandemic, the hotel developer advised FIU that the market for users of the hotel and conference center and the debt and equity markets are all materially impaired and would not support the development of the project at the current time. He added that, consequently, the developer requested that the parties agree on a procedure to delay the effective date of the hotel sublease, which is the date that triggers the developer's due diligence period and other critical dates in the construction timeline. Sr. VP and CFO Jessell pointed out that under the addendum, the effective date of the hotel sublease will be triggered by the satisfaction of seven conditions, all of which relate to the lifting of COVID restrictions and FIU returning materially to normal operations. He stated that FIU's President would sign a written certification once all of the conditions have been satisfied and that if the commencement conditions have not been satisfied, or waived, within 36 months of the date of the addendum, either party can terminate the hotel sublease. He delineated the commencement conditions as follows: FIU has lifted domestic travel restrictions and material international travel restrictions for faculty, staff, and students; administration and staff required to work from office space on campus have returned to campus; required faculty have returned to campus and are conducting in-person classes; students that attend in-person classes have returned to campus and are attending in-person classes; athletics programs have resumed competition without COVID-related restrictions on attendance; in-person public lectures, conferences, meetings, academic symposia, banquets, and other similar events are being hosted on campus without COVID-related restrictions; and mandatory face mask mandates on campus are not being imposed by governmental agencies. Sr. VP and CFO Jessell remarked on the development schedule, stating that once the commencement conditions are satisfied and establish the effective date, this will trigger the developer's due diligence period and other critical dates in the project's timeline.

Trustees engaged in substantive discussion regarding the request for approval of the commencement conditions addendum for the project. Trustee Marc D. Sarnoff commented on the reasons why he has been opposed to the project since its inception, namely, the allocation of space, dated design concepts, and lack of confidence in the developer. He pointed out that while he is not opposed to a hotel and conference center at FIU, he is opposed to moving forward with the current developer. In response to Trustee Natasha Lowell's remarks pertaining to the commencement conditions, Sr. VP and CFO Jessell stated that the project is geared toward FIU involvement, that on-campus events will encourage the use of the hotel and conference center, and that it is challenging to obtain debt and equity financing when the institution that the hotel and conference center is being built to serve is not materially at pre-COVID conditions. He added that the University is the party that will be

making the determination on when and if the commencement conditions have been met. In response to Board Vice Chair Roger Tovar, Sr. VP and CFO Jessell confirmed that should the Board of Trustees approve the commencement conditions on the project, the University will be ready to present the sublease to the Trustees of the Internal Improvement Trust Fund and the Board of Governors for their respective approvals. In response to Board Chair Dean C. Colson, Sr. VP and CFO Jessell remarked that if the Board of Trustees decided to revisit the matter at a later date, the presentation of the sublease to the Trustees of the Internal Improvement Trust Fund and the Board of Governors would also be delayed. Trustee Joerg Reinhold conveyed his support of the project, commenting that the project would allow the University to address specific challenges as they relate to hosting visitors. Committee Chair Boord remarked that the developer could potentially disagree with the President's signed certification, thereby shifting the burden to the University to submit documentation that formed the basis of FIU's conclusions and that this possibly could result in litigation and further delays. FIU Foundation, Inc. Board of Directors Treasurer Andre L. Teixeira remarked that the project provides a critical component in student success and faculty collaboration, adding that the multi-layered approval process has resulted in additional changes to the project. Board Vice Chair Tovar remarked on his support of the project, but disagreed with Director Teixeira's comments, adding that the Board of Trustees has not made any requests for changes to the project.

A motion was made and passed that the FIU Board of Trustees Finance and Facilities Committee table the approval of Commencement Conditions Addendum for the Hotel, Conference Center, and Alumni Center.

Trustee Sarnoff opposed the motion.

FF4. Approval of Contract greater than or equal to 3,000,000:

PUR-00964 for Elsevier ScienceDirect Subscription Renewal, Vendor: Elsevier B.V.

There were no questions from the Trustees regarding the request for approval of the contract with Elsevier ScienceDirect.

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 that the Board of Trustees (i) approve the University entering into the contract as 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 (Committee Action; Full Board Information Only)

FF5. FIU @ DC Lease of Space

There were no questions from the Trustees regarding the request for approval of the FIU @ DC lease of space.

A motion was made and unanimously passed that the FIU Board of Trustees Finance and Facilities Committee approve (1) the negotiation and execution of a letter of intent and a lease agreement

for a new location for FIU in Washington, D.C. at 601 New Jersey Avenue, NW Washington, D.C; (2) the delegation of authority to the University President, or designee, to negotiate the letter of intent and the lease agreement; and (3) the delegation of authority to the University President, or designee, to execute the letter of intent and the lease agreement on behalf of the University and all other documents that may be necessary to effectuate the transactions contemplated therein.

FF6. Approval of Contracts greater than or equal to \$1,000,000 and less than \$3,000,000:

- **PUR-03744 for Chiller Plant Services, Vendor: Carrier Corporation**
- **PUR-03858 for Software Licensing, Vendor: salesforce.com inc.**
- **Approval of Change Order to:**
 - *PO: 214098 Vendor: Google*
 - *PO: 214062 Vendor: Facebook/Instagram for Marketing Advertising*

There were no questions from the Trustees regarding the contracts with Carrier Corporation and with salesforce.com inc., and the change orders to PO: 214098 with Google and PO: 214062 with Facebook/Instagram.

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

4. Discussion Items

4.1 Review of FIU Financial Statement Audit for Fiscal Year Ended June 30, 2020

Sr. VP and CFO Jessell pointed out that the State of Florida Auditor General issued FIU's Audited Financial Statements for the year ending June 30, 2020 on December 17, 2020. He explained that given that the University is currently undergoing the comprehensive 10-year review of accreditation with the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC), the State auditor prioritized and expedited FIU's Financial Statement Audit. Sr. VP and CFO Jessell mentioned that the University received an unmodified, or unqualified opinion, indicating that the financial statements presented fairly, in all material respects, the respective financial position of FIU and of its aggregate discretely presented component units as of June 30, 2020, and the respective changes in financial position and cashflows. He stated that the State's auditors did not identify any deficiencies in internal control over financial reporting considered to be a material weakness or any instances of non-compliance or other matters required to be reported under Government Auditing Standards. Sr. VP and CFO Jessell commented that the financial statements include the following component units of the University: FIU Foundation, Inc. and its subsidiaries; FIU Athletics Finance Corporation; and FIU Academic Health Center HealthCare Network Faculty Group Practice, Inc. He added that, due to materiality, the financial activities of the FIU Research Foundation, Inc. are not included in the University's financial statements.

4.2 Financial Performance Review, Second Quarter FY 2020-21

Sr. VP and CFO Jessell presented the University's financial performance review for the second quarter of FY 2020-21, reporting that operating revenues were below estimates by \$29.9M and that operating expenses were below estimates by \$32.3M with a net unfavorable variance of \$2.4M. He also described the key drivers.

4.3 Foundation Report

Director Teixeira reiterated his respect for the role of the Board of Trustees. He provided the Foundation Report, reporting that, for the first six months of the fiscal year, \$33.4M was raised, adding that of said philanthropy, \$6.3M was collected from outright gifts, \$20M from pledges, \$1.2M from planned gifts, and \$5.8M from gifts in kind. He indicated that, for the first six months of the fiscal year, investments returned \$46M, or 15.2%, and operating expenses were below estimates by \$1.3M.

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

President Rosenberg referred to the supporting materials relating to agenda item FF4. PUR-00964 for Elsevier ScienceDirect subscription renewal, noting that said materials consisted of over 200 pages of journal and library collection data. He solicited feedback from the Committee regarding how they wish to receive similar types of supporting materials in the future. In response to the President, Committee Chair Boord and Committee Vice Chair Tovar agreed that an executive summary to be included as part of the agenda materials and an online link to the full supporting material will suffice.

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 Tuesday, February 23, 2021 at 10:24 a.m.