



**FLORIDA INTERNATIONAL UNIVERSITY  
BOARD OF TRUSTEES  
FINANCE AND FACILITIES COMMITTEE  
MINUTES  
FEBRUARY 26, 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 9:10 am on Wednesday, February 26, 2020 at the FIU, Modesto A. Maidique Campus, Graham Center Ballrooms.

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*; Cesar L. Alvarez; Dean C. Colson; Natasha Lowell; Joerg Reinhold; and Marc D. Sarnoff.

Trustees Gerald C. Grant, Jr., Donna J. Hrinak, T. Gene Prescott, and Sabrina L. Rosell and University President Mark B. Rosenberg also were in attendance.

Committee Chair Boord welcomed all Trustees and University faculty and staff to the meeting.

**2. Approval of Minutes**

Committee Chair Boord asked that the Committee approve the Minutes of the meeting held on December 5, 2019. A motion was made and unanimously passed to approve the Minutes of the Finance and Facilities Committee meeting held on Thursday, December 5, 2019.

**3. Follow-up to Item from Previous Meeting**

Committee Chair Boord welcomed Founding Executive Director for CasaCuba Maria Carla Chicuen, noting that she would be addressing a request from the December 5, 2019 meeting, namely, the request for a comprehensive CasaCuba fundraising update. Ms. Chicuen explained that CasaCuba has launched the pillars campaign, a fundraising effort led by the CasaCuba Board of Advisors to help meet the facility construction timeline. She indicated that since the last report to the Committee on December 5, 2019, CasaCuba has engaged in active solicitations for multiple, major, and principle gifts. She pointed out that Bacardi USA announced a \$5M donation to the Chaplin School of Hospitality and Tourism Management and CasaCuba to create the Bacardi Center of Excellence, which includes \$500,000 to support CasaCuba programs. She described recent giving commitments, namely, that one member of the CasaCuba Board of Advisors is in the process of signing a gift agreement for \$500,000, that another board member is preparing to make an announcement of a seven figure gift, and that another donor has verbally committed to a gift between half a million to \$1M. She added that CasaCuba is also preparing to launch its first annual giving campaign and has developed new donor materials, and more specifically a new donor

sponsorship package. Ms. Chicuen commented that the advertisement for Architect/Engineer was posted on December 17, 2019 and that a review of the 15 qualification submissions is underway.

In response to Trustee Cesar L. Alvarez, Ms. Chicuen explained that the goal for the construction project is \$37.3M with a planned endowment of approximately \$15M. Trustee Roger Tovar shared his concerns regarding competing interests in terms of other University projects and the fundraising progress to-date. He pointed out that potential donors should be made aware of the sense of urgency in terms of giving. Trustee Dean C. Colson stated that while he is supportive of the project, that without a lead donor, it would be unlikely that the necessary funding for the project be secured in a timely manner. In response to Committee Chair Board's inquiry, Senior Vice President of Administration and Chief Financial Officer Kenneth A. Jessell explained that it is the expectation that in or approximately June, the University may reach the point of entertaining a contract with the architect. Sr. VP and CFO Jessell added that the University will not move forward until such time that the Board of Trustees has reviewed and approved said contract. Trustee Marc D. Sarnoff commented on the need to identify lead donors, noting that the Board may not be inclined to expending additional resources without significant fundraising progress. In response to Trustee Natasha Lowell's inquiry, Senior Vice President of University Advancement Howard R. Lipman described interest from prominent members of the Cuban-American community, and indicated that, generally, impactful gifts are a major commitment of time and that donor cultivation requires time.

#### **4. Action Items**

##### **FF1. Approval of Purchase Order 198394, vendor: Oracle America, Inc. and Contract/Purchase Order #PUR-02866, vendor W.W. Grainger, Inc**

Sr. VP and CFO Jessell explained that in terms of the Oracle America purchase order, the term continues through 2021 and that pertaining to the W.W. Grainger, Inc. contract, the partnership is an optimal option for the University.

A motion was made and unanimously passed that the FIU Board of Trustees Finance and Facilities Committee recommend that pursuant to the Delegations of Authority from the Florida International University Board of Trustees (the BOT) to the University President, as reflected in the Resolution on the President's Powers and Duties approved by the BOT on March 4, 2019, (i) recommend that the BOT approve the University entering into the purchase order and contract as listed and described in the agenda materials and (ii) authorize the University President or his designee to execute, on behalf of the University, the aforementioned contract.

##### **FF2. Investment Policy Amendment**

Sr. VP and CFO Jessell presented the University Investment Policy amendment for Committee review, noting that the proposed changes were approved by the University Investment Committee on February 11, 2020. He explained that certain proposed changes to the Investment Policy are based upon recommendations made by the University's Office of Internal Audit in its October 2019 audit report. He pointed out that said changes would codify the University's current practice of using a third-party custodian for the holding of University investment assets and that appropriate University staff maintain a system of internal controls documented by written operational procedures. He added that the proposed revisions also change the current long-term strategic asset

allocation for the Strategic and Reserve Pool to include allocation to an International Equity asset class that is not limited to Developed Markets.

A motion was made and unanimously passed that the FIU Board of Trustees Finance and Facilities Committee recommend to the FIU Board of Trustees adoption of revisions to the University's Investment Policy.

### **FF3. Amendment to the 2019-2020 Fixed Capital Outlay and Carryforward Budgets**

Sr. VP and CFO Jessell presented the amendment to the 2019-2020 Fixed Capital Outlay and Carryforward Budgets for Committee review. He explained that the request relates to the third floor of the Owa Ehan (OE) building, noting that the building has experienced a significant amount of indoor air quality issues over the course of time. He pointed out that the existing air-handling units are not sized adequately, have exceeded their life expectancy, and their performance has been degraded. He indicated that the third floor has been prone to high humidity due to failure of controls and HVAC and that this failure has resulted in increased humidity and condensation, which has directly impacted the classroom and University environment.

Sr. VP and CFO Jessell pointed out that the Board of Trustees approved the Facilities Management Project 181207, "OE 3rd Floor HVAC Upgrades" with an estimated budget amount of \$1.5M and approval to spend \$79,675 for design. He indicated that due to the complexities associated with undertaking the project in an occupied building, the University would like to begin this project at the end of April 2020 in order to achieve completion during the summer. Sr. VP explained that carryforward funding of \$1M that was budgeted for new Facilities Project Management Software, as approved by the Board of Trustees and Florida Board of Governors (BOG), will be used to fund the project. He stated that the Facilities Project Management Software has not started and will be postponed until next fiscal year.

In response to Trustee Lowell's inquiry, Sr. VP and CFO Jessell pointed out that FIU has consulted with BOG staff on the amendment to the FCO and Carryforward budgets and no additional BOG approval will be required.

A motion was made and unanimously passed that the FIU Board of Trustees Finance and Facilities Committee recommend to the FIU Board of Trustees an amendment to the 2019-20 Florida International University Fixed Capital Outlay and Carryforward Budgets in order to complete necessary Heating, Ventilation and Air Conditioning upgrades in the Owa Ehan building.

Relating to the damage caused by the humidity and condensation issues in the OE building, Trustee Tovar urged that the related repairs be executed in an expeditious manner.

## **5. Discussion Item**

### **5.1 Financial Performance Review, Second Quarter FY 2019-20**

Sr. VP and CFO Jessell presented the University's Financial Performance Review for the second quarter of FY 2019-20. He explained that operating revenues are above estimates by \$12.8M and that operating expenses are above estimates by (\$4.2M) with a net favorable variance of \$8.6M. He described the primary drivers, noting that the University experienced higher private and state

sponsored research revenues, higher sponsored research administrative revenues, and higher undergraduate enrollment and larger percentage of out-of-state students. In terms of the University's operating expenses, he pointed out that \$8.2M in vacant position savings are offset by higher risk management insurance premium and higher in-unit expenses. He delineated higher operating expenses, namely sponsored research, research support, and non-research reimbursement.

In response to Trustee Alvarez's inquiry, Sr. VP and CFO Jessell explained that, in terms of University auxiliaries, favorable net variances present opportunities for program and facility investments and for the reduction and/or postponement of planned increases.

At the request of Trustee Sarnoff, Sr. VP and CFO Jessell described the unauthorized use of appropriated funds for Fixed Capital Outlay projects at the University of Central Florida. He described Education and General (E&G) revenue governing guidelines, noting that E&G funds are used for operating activities only and that ending fund balances, or carryforward, must be used for operating activities only except where expressly allowed by law. He explained that Board of Trustees approval of carryforward funds is required under Florida Statute and BOG Regulation, noting that the BOG reviews university carryforward plans. Trustee Sarnoff commented on the Board of Trustees-approved Funding Certification Form, stating that the Form certifies the appropriate use of funds. General Counsel Castillo referred the Trustees to the supplemental materials, which contained the completed Funding Certification Forms for agenda items FF1 and FF3.

## **6. 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; Foundation Report; Safety and Environmental Compliance Report; Treasury Report; and Procurement Report.

## **7. New Business**

For the next regularly scheduled Committee meeting, Committee Chair Boord requested that Vice President for Information Technology Robert Grillo provide a comprehensive analysis on the PeopleSoft module deployment and usage.

Trustee Colson reaffirmed his support of the CasaCuba project, commenting that the University's aspiration of becoming the premiere source of Cuban history and heritage can be achieved without the development of a cultural center on campus.

### **FF4. Approval of relocation of the Miami Beach Urban Studios**

Provost and Executive Vice President Kenneth G. Furton presented, for Committee review, the new business item pertaining to the request for the relocation of the Miami Beach Urban Studios (MBUS). He described current lease terms, namely, an annual cost of \$473,076 for 16,000 square feet of space on the fourth floor of the building located at 420 Lincoln Road, Miami Beach, Florida. He explained that MBUS wishes to relocate to a new and smaller space that will connect the two storefronts, 1620 Washington Avenue and 1622 Washington Avenue. He pointed out that the new space, containing approximately 7,742 square feet, has an annual rental cost of \$394,037 and will provide more flexible space and will enhance visibility for the University, while greatly easing access

for the public. He indicated that in addition to the 60 3D printers housed in the current space, the new space will also accommodate current course offerings. He stated that the owner will provide \$100,000 in funding for build-out of the space to meet University needs.

Provost Furton introduced Dean of the FIU College of Communication, Architecture, + Arts, Brian Schriener. In response to Committee Chair Boord's inquiry, Dean Schriener explained that a relocation to the ground floor will provide opportunities for increased auxiliary revenue and includes additional square footage that is not part of the lease. Dean Schriener pointed out that with the visibility of the storefronts, the result will be a greatly enhanced public-facing and engaged experience that supports student success. In response to Trustee Sarnoff, Dean Schriener indicated that auxiliary revenues, for year one at the new space, are projected at \$30,000 and by year five, revenues are projected at approximately \$52,000. In response to Trustee Tovar's comments regarding allowing more time for the review of the request for relocation and addressing at an upcoming meeting, Trustee Lowell urged Trustees to visit MBUS. She relayed her positive experiences during multiple visits to MBUS and added that the ground-level space will further University marketing efforts given the greater exposure. University President Mark B. Rosenberg pointed out that the relocation request responds to the University's approach to a more impactful presence on Miami Beach and that given the opportunity and need to act swiftly, the item is being presented as new business. Trustee Tovar stated that he was in agreement with moving forward with the request.

A motion was made and passed that the FIU Board of Trustees Finance and Facilities Committee approve (1) the Miami Beach Urban Studio relocating to ground floor space in its current building comprised of 7,742 square feet located at 1620 Washington Avenue and 1622 Washington Avenue, Miami Beach, Florida; (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.; 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.

Committee Chair Boord voted against the motion.

## **5.2 Update on Torrey Pines Agreement**

Provost Furton provided an update on the Torrey Pines agreement, noting that on January 30, 2020 the BOG approved, pending the submission of a collaboration report between FAU and FIU, the proposal to establish Torrey Pines at FIU as a special purpose center. In terms of recent developments that occurred since the last Board of Trustees meetings, Provost Furton pointed out that the renter on the third floor of the Torrey Pines facility has vacated the space and that said renter represented \$830,000 in rental revenue. He explained that the vacancy produces a higher continuing net cost until the University acquires Torrey Pines and that an additional \$250,000, approximately, will be needed at closing.

In response to Committee Chair Boord, Vice President for Research and Economic Development Andres G. Gil indicated that it is the preference to provide the now-vacant space to FIU faculty with research grant funding, noting that indirect grant expenses can be redirected towards rent and thereby mitigate the rental revenue shortfalls. He stated that because BOG authorization is still pending, the University cannot move forward with the hiring of additional faculty for Torrey Pines. VP Gil explained that the additional \$250,000 due at closing is a transition amount to cover the seller's legal fees, vacation payouts for departing staff, and closing costs. Committee Chair Boord noted that there are changes to the terms of what was previously approved as part of the Torrey Pines acquisition, namely, the \$250,000 shortfall on closing costs and other related expenses and the \$830,000 shortfall in rental revenue projections that will be mitigated by either grants or new tenants. President Rosenberg indicated that recent developments also include the research partnership with the Cleveland Clinic, noting that the hospital will take over the lease of the adjacent VGTI building.

At the request of Committee Chair Boord, General Counsel Carlos B. Castillo read the proposed motion. A motion was made and unanimously passed that the FIU Board of Trustees Finance and Facilities Committee recommend that the Board of Trustees affirm moving forward with the Torrey Pines transaction, notwithstanding the closing costs and revenue side developments.

#### **8. 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 Wednesday, February 26, 2020 at 10:30 a.m.

*Trustee request:*

*For the next regularly scheduled Committee meeting, Committee Chair Boord requested that Vice President for Information Technology Robert Grillo provide a comprehensive analysis on the enterprise resource planning deployment and on PeopleSoft module usage.*