



**FLORIDA INTERNATIONAL UNIVERSITY  
BOARD OF TRUSTEES  
FINANCE AND FACILITIES COMMITTEE  
MINUTES  
MARCH 4, 2019**

**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 9:03 am on Monday, March 4, 2019 at the Modesto A. Maidique Campus, MARC 290, Earlene and Albert Dotson Pavilion.

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*; Rogelio Tovar, *Vice Chair*; Cesar L. Alvarez; Dean C. Colson; Natasha Lowell; Joerg Reinhold; and Marc D. Sarnoff.

Board Chair Claudia Puig, Trustees Gerald C. Grant, Jr., Michael G. Joseph, Justo L. Pozo, 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. He also welcomed FIU Foundation, Inc. Board of Directors Treasurer, Andre L. Teixeira.

**2. Approval of Minutes**

Committee Chair Boord asked that the Committee approve the Minutes of the meeting held on December 5, 2018. A motion was made and unanimously passed to approve the Minutes of the Finance and Facilities Committee meeting held on Wednesday, December 5, 2018.

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

Committee Chair Boord explained that in response to a request from the Committee's December 2018 meeting, Senior Vice President of Administration and Chief Financial Officer Kenneth A. Jessell would present a prioritized schedule of deferred maintenance/infrastructure projects. Sr. VP and CFO Jessell explained that the cumulative total of all pending projects is approximately \$71M and that this included \$8.2M in critical one-year infrastructure/deferred maintenance projects. He indicated that based on a request from the Florida Board of Governors, every institution completed an evaluation of their university facilities, adding that these are now included as part of a System-wide database where facility and infrastructure conditions are documented and indexed. He described the database as a resource in aiding institutions to predict elements that are most vulnerable.

Sr. VP and CFO Jessell presented a historical overview of maintenance funding, noting that the current levels of increased deferred maintenance can be attributed to unaddressed issues from prior

years, a larger plant, and declining state revenues. He indicated that in terms of addressing the funding shortages, the University will continue the discussions with the Board of Governors and the State Legislature. He stated that Trustee Roger Tovar has dedicated time and efforts in meeting with University leadership to personally review the deferred maintenance issues within the University. Sr. VP and CFO Jessell stated that through the use of carryforward funds, the University has been able to address projects such as lab renovations and that under the carryforward Statute, these funds can be utilized to address repairs and renovations of facilities.

Board Chair Claudia Puig commended Trustee Tovar's leadership. Trustees engaged in a substantive discussion on deferred maintenance and infrastructure projects. Trustee Tovar requested a review of deferred maintenance projects in order to identify the historical issues and then subsequently develop a plan on how to address and fund. He also requested information on how efficiently the University utilizes its space. To aid in the discussions with state legislators, Trustee Marc D. Sarnoff requested a brief listing of critical deferred maintenance issues that also describes the University's space utilization. Committee Chair Boord requested a comprehensive analysis that describes square footage, percentage of maintenance completed, and level of deferred maintenance. Sr. VP and CFO Jessell stated that the University is in the process of reviewing the space utilization analysis recently completed by the Florida Legislature's Office of Program Policy Analysis and Government Accountability (OPPAGA), as this will provide the foundation for a consistent method of analysis in comparing the University to the other System institutions.

In response to Trustee Lowell's inquiry, Senior Vice President for University Advancement Howard R. Lipman explained that donors generally are not inclined to give towards operational expenses.

#### **4. Action Item**

##### **FF1. Puerto Rico and the Virgin Islands Tuition Waiver Extension**

Provost and Executive Vice President Kenneth G. Furton presented the Puerto Rico and the Virgin Islands tuition waiver extension for Committee review, noting that the waiver covers approximately 230 undergraduate and 20 graduate students. He explained that in response to Hurricane Maria in September 2017, the University waived out-of-state fees and charged in-state tuition beginning in Spring 2018 through Spring 2019 for students from Puerto Rico and the Virgin Islands. He indicated that the request consists of extending the waiver through Summer 2022 and that students who meet the criteria can continue to receive in-state tuition rates through Summer 2022 as long as they remain continuously enrolled.

A motion was made and unanimously passed that the FIU Board of Trustees Finance and Facilities Committee recommend to the FIU Board of Trustees approval to extend granting in-state tuition rates for students from Puerto Rico and the Virgin Islands who were impacted by Hurricane Maria.

Senior Vice President for Academic and Student Affairs Elizabeth M. Bejar introduced Ms. Gabriela De Jesus, President of the FIU Puerto Rican Student Association. Ms. De Jesus discussed the importance of forming a community in terms of adapting and succeeding academically.

## **5. Discussion Items**

### **5.1 Financial Performance Review – Second Quarter FY 2018-19**

Sr. VP and CFO Jessell presented the Financial Performance Review for the second quarter of 2018-19 and reported that the University and direct support organizations' operating revenues were above estimates by \$11.1M (or 1 percent) and explained that this was primarily attributed to higher research grants and contracts and higher direct support organizations revenues and international student program enrollment. He indicated that operating expenses were below estimates by \$3.3M (or 1 percent), stating that lower Educational & General expenses, lower risk management insurance premium, and other savings were offset by higher student financial aid expenses and higher sponsored research and unit research support expenses

### **5.2 Operating Funds Investment Program**

Sr. VP and CFO Jessell introduced University Treasurer Benjamin "Powell" Jarrell. Sr. VP and CFO Jessell welcomed Mr. Gustavo Bikkesbakker, Senior Vice President of Meketa Investment Group, noting that Meketa was hired as the University investment advisors in September 2016. Sr. VP and CFO Jessell added that Trustee Gerald C. Grant, Jr. serves as the Board of Trustees liaison to the University's Investment Committee.

Mr. Jarrell provided an overview of FIU's investment program and its governance and history, and explained that prior to its implementation in 2006, all investments were in the Special Purpose Investment Account (SPIA) operated by the Florida State Treasury. He also described the Program's diversification, noting that the value of FIU's portfolio as of January 31, 2019 was \$429.2M and that the portfolio has broad exposure across several asset classes. Mr. Jarrell indicated that the working capital pool is focused on safety and liquidity and that as of January 31, 2019 has a market value of \$209.8M. He stated that the strategic capital and reserve pools focus on diversification and risk-adjusted returns for funds not needed in the short term and that as of January 31, 2019 these pools have a market value of \$219.4M.

Mr. Jarrell presented data that compared FIU's performance in relation to SPIA and the benchmarks which are based upon target asset allocation. He stated that FIU has consistently outperformed both SPIA and the benchmarks since inception, indicating that since 2010, the Program has added approximately \$115M in total value to the University.

Trustees engaged in a substantive discussion on the University's Investment Program. Trustee Grant described the investment approach in terms of the portfolio as one that is both rigorous and conservative. In response to Trustee Dean C. Colson's inquiry, a complete review of the University's Investment Program beginning with its inception will be provided to the Committee. In response to Trustee Cesar L. Alvarez' inquiry relating to the University's outperformance of SPIA, Sr. VP and CFO Jessell explained that diversification is a critical part of the process. Trustee Grant added that funds are invested in different allocations were fixed instruments generate stable returns with low associated risks along with a strategic mix of long-term investments. In response to Trustee Tovar's inquiry regarding risks and how these could be mitigated in the case of a potential market downturn, Trustee Grant explained that a 20-year forward looking study was conducted and this revealed very minimal risk.

Mr. Jarrell described the University's approach, noting that risk identification precedes the development of the portfolio. Mr. Bikkesbakker explained that risks can be considered individually, but also collectively as part of a portfolio, stating that the latter can yield lower overall risk with a higher expected return. Committee Chair Boord requested to continue the discussion on the risks and yields in terms of the University's Investment Program for the next regularly scheduled Finance and Facilities Committee meeting. Sr. VP and CFO Jessell stated that the last agenda and related meeting materials of the University's Investment Committee would be shared with the Finance and Facilities Committee, adding that variations in market performance have been modeled for where significant reductions can be absorbed.

## **6. Reports**

There were no questions from the Committee members in regards to 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; and Treasury Report.

## **7. New Business**

*No new business was raised.*

## **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 Monday, March 4, 2019 at 10:12 am.

## **Trustee Requests**

1. *In terms of deferred maintenance/infrastructure projects, the Committee requested the following:*
  - *A review of deferred maintenance projects in order to identify the historical issues and then subsequently develop a plan on how to address and fund; and*
  - *Information on how efficiently the University utilizes its space.*
2. *Committee Chair Boord requested to continue the discussion on the risks and yields in terms of the University's Investment Program for the next regularly scheduled Finance and Facilities Committee meeting.*