



FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND FACILITIES COMMITTEE
MINUTES
JUNE 16, 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 Board Chair and Finance and Facilities Committee member Dean C. Colson at 9:21 a.m. on Wednesday, June 16, 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 Roger Tovar, *Committee Vice Chair and Board Vice Chair (via Zoom)*; Cesar L. Alvarez (*via Zoom*); Dean C. Colson, *Board Chair*; Natasha Lowell (*via Zoom*); Joerg Reinhold; and Marc D. Sarnoff.

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

2. Approval of Minutes

Board Chair Colson asked that the Committee approve the minutes of the meeting held on April 21, 2021. A motion was made and unanimously passed to approve the minutes of the Finance and Facilities Committee meeting held on April 21, 2021.

3. Action Items

FF1. Proposed 2021-22 University and DSO Operating Budgets

Senior Vice President and Chief Financial Officer Kenneth A. Jessell presented, for Committee review, the University and Direct Support Organizations (DSOs) Operating Budgets, totaling \$1,723.2M. He explained that increases over the prior year in terms of student financial aid and contracts and grants totaled approximately \$111M, primarily the result of Coronavirus Aid, Relief, and Economic Security (CARES) Act/Higher Education Emergency Relief Fund (HEERF) funding. He added that all other budgetary components remained relatively flat when compared to the final 2020-21 budget. He commented on legislative highlights, primarily that there was no budget reduction, salaries for faculty in non-strategic areas were capped at \$200,000, three new tuition and fee waivers were implemented, the Bright Futures \$300 semester book allowance was eliminated, and increases in employer paid retirement contributions were not funded.

Sr. VP and CFO Jessell indicated that Educational and General (E&G) funds are comprised of state appropriations and tuition and fees and that projected E&G expenditures totaled \$538.3M for the University and \$51.4M for the Herbert Wertheim College of Medicine (HWCOM). He presented an overview of University and HWCOM E&G State appropriations, noting, that while the legislature did not increase performance-based funds for the State University System (SUS), the University is slated to receive a net increase of \$600,000 over the prior year, pending Board of Governors (BOG) approval, as a result of its ranking among the SUS in terms of performance-based funding. Sr. VP and CFO Jessell mentioned that the proposed operating budget does not include increases in tuition or related fees. He delineated a historical overview of State appropriations and tuition in terms of Full-time Equivalent (FTE) student adjusted by the Consumer Price Index, highlighting that although current funding per FTE is lower than it was in 2007-08, student enrollment and graduation rates have increased as a result of the dedicated efforts of FIU faculty, staff and students.

Sr. VP and CFO Jessell remarked that the University's E&G and HWCOM's carryforward balances, less the 7% statutory requirement and the continuation of projects previously approved by the Board of Trustees is estimated at \$27M and \$9M, respectively. He added that the proposed carryforward expenditure plans for the University and HWCOM will be presented for Board of Trustees approval at the next regularly scheduled meeting. Sr. VP and CFO Jessell provided a detailed summary of key aspects of each budgetary component. He pointed out that the projected expenditure increase of \$68M in student financial aid is primarily due to the third allocation of HEERF II and that more students are eligible for Bright Futures awards. He commented on the legislative changes impacting Bright Futures eligibility requirements, adding that approximately 42,500 students will receive financial aid, including 11,800 Pell recipients.

Sr. VP and CFO Jessell reported that the increase in Auxiliary expenditures is primarily the result of growth in academic auxiliary programs, and he mentioned that sponsored research grants revenue is slightly lower than the prior year as the Office of Research and Economic Development projects less state and private funded sponsored research. He commented on Intercollegiate Athletics, noting that the increase of \$2.6M in expenditures is primarily due to additional scholarships for the basketball team and debt service interest payments. He described University support of Athletics, specifically \$2M for out-of-state waivers, \$800,000 in financial aid, and \$500,000 for Title IX programs, stating that excess of expenditures over revenue will be covered with available fund balances. Sr. VP and CFO Jessell highlighted the Activity and Service Fee, Technology Fee, Board Approved Fees, and Concessions. In response to Trustee Marc D. Sarnoff, Sr. VP and CFO Jessell explained that the Technology Fee is not subsidized and that while timing issues may delay expenditures, all related revenues will be expended. Board Vice Chair and Committee Vice Chair Roger Tovar recommended that, moving forward, the fund balances be included as part of the University budget presentations.

In terms of the requirements delineated under Florida Statutes Section 1004.28 and FIU Regulation 1502 pertaining to resources and space utilized by the University's DSOs, Sr. VP and CFO Jessell indicated that approximately 137.7 FTE of personal services and approximately 15,151 square feet of space, valued at \$414K, are utilized. Also relating to the DSOs, he added that projected expenditures are estimated at \$15.6M, of which \$6.3M will be reimbursed by the DSOs. He pointed

out that the University will provide \$1.5M in personnel and other expense support to the capital campaign in fiscal year 2021-22, noting that this represented a reduction of \$3M from the prior year.

A motion was made and unanimously passed that the FIU Board of Trustees Finance and Facilities Committee recommend that the Florida International University Board of Trustees (the BOT) approve the FIU 2021-22 University and Direct Support Organizations Operating Budgets and authorize the University President to amend the budgets consistent with Legislative, Board of Governors and BOT directives and guidelines.

In response to Trustee Natasha Lowell, Sr. VP and CFO Jessell confirmed that the E&G expenditure plan for carryforward funds will be presented to the Board of Trustees for approval at its September meeting and if approved, then to the Board of Governors.

FF2. Proposed 2021-22 Fixed Capital Outlay Budget/Capital Improvement

Sr. VP and CFO Jessell presented the proposed 2021-22 Fixed Capital Outlay Budget/Capital Improvement request for Committee review. He indicated that FIU's request for 2021-22 Public Education Capital Outlay Projects (PECO)/Capital Improvement projects totaled \$7,150,00 for the remodeling and renovation of the College of Arts, Sciences and Education building. He remarked that Capital Improvement Trust Fund (CITF) projects are paid for with the fees that students pay as part of their tuition and that said fees are designed to go to capital projects that support students. He highlighted the four CITF projects that are part of the 2021-22 request, specifically the East Loop realignment, Panther Promenade, Graham University Center expansion, and recreation fields support building.

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 (the BOT) approval of Florida International University's 2021-22 Fixed Capital Outlay Budget and authorize the University President to amend the budget as necessary, consistent with Legislative, Florida Board of Governors' and BOT directives and guidelines.

FF3. Request for Approval of Florida International University's 2022-23 Fixed Capital Outlay Legislative Budget Request Consisting of the five-year Capital Improvement Plan

Sr. VP and CFO Jessell presented FIU's 2022-23 Fixed Capital Outlay (FCO) Legislative Budget Request consisting of the five-year Capital Improvement Plan for Committee review. He explained that the BOG's process has changed, noting that universities now can only request funding for projects that have already been approved as part of the Educational Plant Survey. He stated that the BOG will only consider for funding the top two priorities for each university, adding that FIU's priorities are Engineering Building Phase II and the Honors College. Sr. VP and CFO Jessell mentioned that FIU is presenting a total of five projects to the Board of Trustees, highlighting the remaining three projects included in the approved Educational Plant Survey, specifically the Graham University Center expansion/renovation, wellness and recreation field support building, and the wellness and recreation facilities improvements. He pointed out that the Student Government Association had approved the proposed FCO Legislative Budget Request.

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 (the BOT) approval of FIU's 2022-23 Fixed Capital Outlay Legislative Budget Request, consisting of the five-year Capital Improvement Plan and authorize the University President to amend the Legislative Budget Request as necessary, consistent with Florida Board of Governors and BOT directives and guidelines.

FF4. Engineering Building Phase I—Amendment to Prior Budget Approval

Sr. VP and CFO Jessell presented the amendment to the prior budget approval for phase I of the Engineering Building for Committee review. He explained that phase I of the Engineering Building will be located on the northeast corner of the Modesto A. Maidique Campus and is currently in design, adding that the architect is Perkins + Will and DPR Construction is the construction manager. He commented that the total project cost of \$53.9M is comprised of \$38.9M in state appropriations and \$15M in University sponsored research and philanthropy funds. Sr. VP and CFO Jessell explained that the building, as currently designed, will contain 87,795 gross square feet on five floors and approximately 63 percent of the building will be shell space.

Sr. VP and CFO Jessell remarked that, in order to achieve FIU's planned research expenditures through 2024-25, additional research space is needed, noting that the University would like to add a sixth floor while the project is still in the design phase. He mentioned that the additional floor will provide approximately 21,080 gross square feet of shell space that will be built-out over time with sponsored research overhead funds, adding that when construction is completed, the building will contain 108,875 gross square feet. Sr. VP and CFO Jessell indicated that to accommodate the additional research space, \$9.5M in unrestricted treasury auxiliary balances will be added to the Engineering Building Phase I budget for design and construction, taking the approved budget from \$53.9M to \$63.4M. He commented that the Educational Plant Survey that was approved by the Board of Trustees (on April 21, 2021), will be amended to reflect the additional space for Engineering Building Phase I, which will be considered for BOG approval (on June 23, 2021). Sr. VP and CFO Jessell pointed out that if the amendment is approved by the BOT, it will be presented to the BOG for approval (as part of the Fixed Capital Budget approval process).

In response to Board Chair Colson, Sr. VP and CFO Jessell indicated that the \$9.5M additional request would reduce the total balance of the University's unrestricted treasury auxiliaries from \$85M to approximately \$75M.

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 (the BOT) approval of the request to expand the size and budget of the Engineering Building Phase I from the currently approved budget of \$53.9 million to \$63.4 million to accommodate shell space for sponsored research; and recommend to the BOT approval of adjustments to the Educational Plant Survey that were approved by the BOT on April 21, 2021,

FF5. Amendment to Signature Authority - Authorization to Sign Checks for the University

Sr. VP and CFO Jessell presented Amendment to Signature Authority, Authorization to Sign Checks for the University, for Committee review. He indicated that the amendment removes Ms. Katharine A.

Brophy, FIU's current Associate Vice President and University Controller, as a legally authorized signer of checks and adds Ms. Alexandra Mirabal, Interim University Controller and Associate Vice President.

A motion was made and unanimously passed that the FIU Board of Trustees Finance and Facilities Committee recommend that the Florida International University Board of Trustees amend the Signature Authority-Authorization to sign checks to pay the legal obligations of the University from any and all designated University depositories to reflect the following changes:

Remove: Katharine A. Brophy, Associate Vice President and University Controller
Approve: Alexandra Mirabal, Interim University Controller

Sr. VP and CFO Jessell introduced Ms. Mirabal.

FF6. Approval of Contract #PUR-04000 for Grounds Maintenance, Vendor: Aramark Management Services Limited Partnership

Sr. VP and CFO Jessell presented the approval of contract #PUR-04000 for grounds maintenance with vendor Aramark Management Services Limited Partnership for Committee review. He remarked that FIU Procurement Services initiated an Invitation to Negotiation for grounds maintenance and that the (annual) cost differential between the Aramark contract and the company ranked second was nearly \$400,000.

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 Florida International University Board of Trustees (i) approve the University entering into the contract as listed and described in the Board materials, and (ii) authorize the University President or his designee to execute, on behalf of the University, the aforementioned contract and all of the documents, and take all actions, that may be necessary to effectuate the transactions contemplated in the contract.

FF7. Approval of Contracts:

- 1. #PUR-02645, Vendor: Computer Discount Warehouse (CDW-G)**
- 2. #PUR-03076, Vendor: Honorlock**
- 3. US-OMA-1375238, Vendor: Oracle America, Inc.**

Sr. VP and CFO Jessell presented the approval of the contracts with vendors Computer Discount Warehouse (CDW-G), Honorlock, and Oracle America, Inc. for Committee review and approval. He commented that FIU is issuing a PO to CDW-G for Cisco Systems SMARTnet extended service agreement that covers maintenance and support of FIU's network equipment, the piggyback agreement with Honorlock is for University-wide proctoring services, and Oracle America is providing FIU's technical support services.

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 as listed and described in the Board materials, and (ii) authorize the University President or his designee to execute, on behalf of the University, the aforementioned contracts and all of the documents, and take all actions, that may be necessary to effectuate the transactions contemplated in the contracts.

FF8. Approval of the exercise of the five-year renewal option for the FIU Downtown on Brickell leased premises to be evidenced by an amendment to the existing lease agreement; and delegate to the University President the authority to negotiate and execute a Fourth Amendment to the lease agreement on behalf of the University

Sr. VP and CFO Jessell presented the five-year renewal option for the FIU Downtown on Brickell leased premises for Committee review and approval. He indicated that as part of the renewal process, the College of Business wishes to reduce the size of the leased premises by approximately 15,709 square feet, from 60,373 to 44,664. He pointed out that the annual base rent payment will decrease from \$2.36M to \$1.75M.

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 approve (1) the renewal of that certain Office Lease, dated January 12, 2011, as amended, between the Florida International University Board of Trustees and TWJ 1101, LLC, for space occupied by FIU's College of Business at 1101 Brickell Avenue, Miami, Florida; (2) simultaneous with the renewal, a reduction in the square footage of the leased premises by approximately 15,709 square feet to a new total square footage of 44,664 square feet; and (3) the delegation of authority to the University President, or designee, to negotiate and execute a Fourth Amendment on behalf of the University and all other documents that may be necessary to effectuate the transactions described above.

4. Discussion Item

4.1 Financial Performance Review, Third Quarter FY 2020-21

Sr. VP and CFO Jessell presented the University's financial performance review for the third quarter of FY 2020-21, noting that operating revenues were below estimates by \$14.4M and that operating expenses were below estimates by \$53M with a net favorable variance of \$38.6M. He also described the key drivers.

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; Foundation Report; 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, Board Chair and Finance and Facilities Committee member Dean C. Colson adjourned the meeting of the Florida International University Board of Trustees Finance and Facilities Committee on Wednesday, June 16, 2021, at 10:40 a.m.