



FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND FACILITIES COMMITTEE
MINUTES
SEPTEMBER 9, 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 8:38 AM on Wednesday, September 9, 2020 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, *Chair*; Roger Tovar, *Vice Chair*; Cesar L. Alvarez (*joined after roll call*); Dean C. Colson; Natasha Lowell; Joerg Reinhold; and Marc D. Sarnoff.

Trustees Jose J. Armas, Gerald C. Grant, Jr., Donna J. Hrinak, Gene Prescott, Claudia Puig, and Alexandra Valdes and University President Mark B. Rosenberg also were in attendance.

2. Approval of Minutes

Committee Chair Boord asked that the Committee approve the Minutes of the meetings held on June 16, 2020 and July 23, 2020. A motion was made and unanimously passed to approve the Minutes of the Finance and Facilities Committee meetings held on June 16, 2020 on July 23, 2020.

3. Follow-up from Previous Meeting

Vice President for Information Technology and Chief Information Officer Robert Grillo presented a comprehensive overview on how FIU is leveraging its enterprise applications, cloud infrastructure, and technology to facilitate remote work and instructional capabilities. He added that at the February 26, 2020 meeting, the Board approved the purchase of the Oracle software license and that the Oracle PeopleSoft enterprise application supports the University in a number of areas, including campus solutions, contracts and grants, finance, human resources, business intelligence, and databases. He explained that Oracle pricing models are based on student and employee full-time equivalents and that technology applications are, generally, based on usage. He remarked that the University is currently migrating the Oracle architecture infrastructure to a cloud solution, adding that this allows for increased scalability, redundancy, and ability to access new and emerging technology. He pointed out that the migration can also result in potential annual savings moving forward.

VP Grillo indicated that the net present value of FIU's IT infrastructure is \$2,573,347. He commented on currently used cloud products, noting that said products have enabled the Division of IT to pivot quickly, scale, and program to meet the needs of the University. He remarked on the increased consumption of cloud services during the recent period. He pointed out that a critical aspect of remote work and instruction is safeguarding resources and managing the associated risks, adding that the Division of IT collaborates with each college to perform a risk assessment. He remarked on endpoint security, namely, that encryption, threat prevention, patch management, two-factor authentication, and call center support allow for users to be protected while learning and working from home. VP Grillo explained that the Division of IT actively tracks the number of enrolled users in two-factor authentication and that University-wide cybersecurity training continues to be emphasized. He mentioned the 21 active call centers and that said call centers support academic advisors, enrollment services, university operators, FIU Health and FIU Online among others, noting that since the launch of remote services, nearly 260,000 calls were handled within the call centers. In terms of telehealth, he commented on enhanced capacity, adding that sustained level of quality care has been especially active in the discipline of psychiatry. He added that telehealth delivers a safe environment for participants and providers and that reimbursements for telehealth visits are the same as in-person visits.

Committee Chair Boord commented on the increased relevance of technology and proposed that for the next regularly scheduled Board meetings, the Board Chair and Board Vice Chair consider integrating IT into the strategic plan.

4. Action Items

FF1. Approval of Educational and General Carryforward Spending Plan, Fixed Capital Outlay Budget, and Related Certification

Senior Vice President and Chief Financial Officer Kenneth A. Jessell provided an update on the 2020-21 budget reduction plan, noting that State of Florida Governor Ron DeSantis authorized a 23.5% release of authorized appropriations as part of his June 29, 2020 veto message. Sr. VP and CFO Jessell commented that as notified by the Florida Board of Governors (BOG), 2021-22 Legislative Budget Requests (LBR) instructions provided by the Governor require the identification of recurring/nonrecurring appropriations to address a potential revenue shortfall of 8.5% of General Revenue and Lottery funding. He described FIU's reduction amounts under the 6% and 8.5% scenarios, namely, that under the 6% scenario, reductions could total \$18.13M for the University and \$1.97M for the Herbert Wertheim College of Medicine (HWCOM), and that under the 8.5% scenario, reductions could total \$25.73M for the University and \$2.79M for HWCOM. He explained that as reported at the June Board of Trustees meeting, the 2020-21 Operating Budget was developed with a 2.5% budget reduction on total funds. Sr. VP and CFO Jessell added that the identified reductions to the 2020-21 Operating Budget total \$15M and that in order to achieve the 6% hold-back, \$3.13M in Carryforward funding will be utilized and that to achieve the 8.5% reduction, an additional \$7.6M in Carryforward funding will be utilized. He mentioned that HWCOM will utilize Carryforward funding, only if necessary, to achieve reductions within the 2020-21 Operating Budget. He stated that FIU continues to carefully monitor spending and only essential positions are being replaced, adding that a Special Legislative Session to address budget reductions will not likely take place until after the Presidential election.

Sr. VP and CFO Jessell presented the Educational and General Carryforward spending plan, Fixed Capital Outlay Budget, and related certification for Committee review. He pointed out that FIU has prepared the plan in accordance with BOG instructions, guidelines, and regulations, and Florida Statute, adding that Carryforward fund balances in excess of the statutory 7% minimum may be used for non-recurring operating expenditures that support the university mission and for certain fixed capital expenditures as authorized by law. He indicated that the University's plan includes Board of Trustees and BOG previously approved and authorized non-recurring expenditures, including fixed capital expenditures that have not yet been completed, and will have planned expenditures for 2020-21. Sr. VP and CFO Jessell added that the plan also includes new project expenditures and maintenance, repair, remodeling, and renovation projects with planned expenditures for 2020-21 and that Carryforward expenditures will only be made upon approval of the Board of Trustees and BOG and upon the availability of funding. He explained that the University's Carryforward beginning balance totaled \$90.15M and that the Carryforward spending plan amount is \$51.18M, which reflects a 7% statutory reserve reduction of \$38.97M. He mentioned that of the \$51.8M, \$22.23M is the unspent balance of previously approved multi-year expenditures and \$28.95M reflects new Carryforward from the 2019-20 budget and that the unspent carryforward of \$2.63M from the 2019-20 Carryforward spending plan has been added to the BOT reserve for potential budget reductions in 2020-21. Sr. VP and CFO Jessell described key elements of the 2020-21 new \$28.95M Carryforward spending plan. He pointed out that HWCOC's Carryforward beginning balance totaled \$16.59M and that the Carryforward spending plan amount is \$12.99M, which reflects a 7% statutory reserve reduction of \$3.6M. He remarked that of the \$12.99M, \$5.4M is the unspent balance of previously approved multi-year expenditures and \$7.59M is new Carryforward from the 2019-20 budget. He highlighted key elements of the 2020-21 new \$7.59M HWCOC Carryforward spending plan.

Board Chair Dean C. Colson relayed his support of the Carryforward spending plan, adding that moving forward, the University could consider opportunities where the one-time funds can create major impact. Board Vice Chair Tovar commented that Carryforward funds are providing critical funding for repair and maintenance projects that have not been funded by the legislature for a number of years. Sr. VP and CFO Jessell explained that there are limits restricting the amount of Carryforward funding that can be spent on any infrastructure project.

Sr. VP and CFO Jessell commented that the Fixed Capital Outlay budget includes Board of Trustees and BOG previously approved and authorized PECO projects, CITF projects, and authorized projects from Education and General Revenue Carryforward. He highlighted the \$38.9M PECO request for the Engineering I building and described Carryforward minor projects contingent upon available funding, namely, the Wolfsonian building envelope repairs and roof replacement, surplus/receiving warehouse replacement, Biscayne Bay Campus (BBC) Academic 2 water intrusion/structural repairs, Wertheim Conservatory restoration, Owa Ehan building restrooms renovation and ADA accessibility, and BBC Academic 1 exterior doors replacement/water intrusion. He highlighted Carryforward major projects, contingent upon available funding, specifically, College of Arts, Sciences, and Education envelope repairs due to Hurricane Irma and the Primera Casa fire alarm system upgrade.

A motion was made and unanimously passed to recommend to the Florida International University Board of Trustees (the BOT) approval of the Florida International University (FIU) Educational and General (E&G) expenditure plan for carryforward funds in accordance with State University System of Florida Board of Governors (BOG) Regulation 9.007 *State University Operating Budgets and Requests* and Florida Statute 1011.45 *End of Year Balance of Funds*; approval of the FIU Fixed Capital Outlay Budget in accordance with BOG Regulation 14.003 *Fixed Capital Outlay Projects – University Budgeting Procedures*; and authorize the University Chief Financial Officer to certify the unexpended amount of funds appropriated to the University from the General Revenue Fund, the Educational Enhancement Trust Fund, and the Education/General Student and Other Fees Trust Fund as of June 30, 2020 and the Fixed Capital Outlay budget; and authorize the University President to amend the BOT carryforward expenditure plan and fixed capital outlay budget as necessary and report to the BOT and the BOG any amendments to the spending plans in a format prescribed by the BOG Office of University Budgets.

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

Sr. VP and CFO Jessell explained that the Change Order and Contracts, *under FF2-FF4*, were reviewed by Procurement and the General Counsel's office, adding that all are funded from auxiliary sources.

FF2. Approval of Change Order to Purchase Order 213780, vendor: Apple, Inc.

Sr. VP and CFO Jessell indicated that the change order pertains to institutional purchases under the State of Florida's contract with Apple Inc., specifically, products that are resold in PantherTECH.

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 by the FIU Board of Trustees Finance and Facilities Committee to (i) approve the Change Order to increase Purchase Order #213780 as specified in the Board materials and (ii) authorize the University President or his designee to execute, on behalf of the University, the aforementioned contracts.

FF3. Approval of Contract #PUR-03286, vendor Key Government Finance, LLC

Sr. VP and CFO Jessell pointed out that the proposed contract with Key Government Finance, LLC relates to a five-year financing agreement for the Palo Alto appliance border firewalls at a cost of \$1,595,280.00 at 0 % interest.

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 by the FIU Board of Trustees Finance and Facilities Committee to (i) approve the University entering into Contract #PUR-03286 as specified in the Board materials and (ii) authorize the University President or his designee to execute, on behalf of the University, the aforementioned contracts.

FF4. Approval of Contract #PUR-03328, vendor Huntington Technology Finance, Inc.

Sr. VP and CFO Jessell commented that the proposed contract with Huntington Technology Finance, Inc. pertains to a five-year financing agreement for Infoblox, the infrastructure upgrade, licenses, and support.

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 by the FIU Board of Trustees Finance and Facilities Committee to (i) approve the University entering into Contract #PUR-03328 as specified in the Board materials and (ii) authorize the University President or his designee to execute, on behalf of the University, the aforementioned contracts.

Committee Chair Boord commented on his meeting with Provost and Executive Vice President Kenneth G. Furton to discuss FIU's patent inventory, noting that in 2014, the University held two patents and that within the prior year, the University elected not to proceed with 30 patent applications.

5. Discussion Items

5.1 Financial Performance Review, Fourth Quarter FY 2019-20

Sr. VP and CFO Jessell presented the University's financial performance review for the fourth quarter of FY 2019-20, noting that operating revenues were above estimates by \$50.7M and that operating expenses were above estimates by \$9.3M with a net favorable variance of \$41.4M. He also described the key drivers.

5.2 Facilities and Construction Update

Sr. VP and CFO Jessell provided an update on the University City Prosperity Project Pedestrian Bridge, noting that in May 2020, Governor DeSantis lifted the hold on the TIGER Grant, thereby allowing said funds to be used for a new pedestrian bridge. He referred to the Florida Department of Transportation (FDOT) press release announcing plans to work with the City of Sweetwater and FIU to provide pedestrians a safe and accessible crossing to and from the University. He pointed out that since May 13, 2020, FIU and the City of Sweetwater have been collaborating with FDOT and their consultant AECOM on the development of the scope of services. He described the timeline, explaining that design services will be advertised on October 5, 2020 and that the final construction and project completion is expected for August 2024. Sr. VP and CFO Jessell pointed out that the project budget is \$14,909,067, noting that an increase of \$2,799,798 over the prior budget is a result of \$9.5M in settlement funds and an additional contribution of \$251,773 by FDOT. He highlighted budget details, specifically, \$3.3M in reauthorized expired TIGER funds; FDOT Equity Bonus, Transportation Alternatives, Enhancement Funds, \$2,214,002; FDOT Local Funds, \$281,119; FIU Settlement Funds and Original Match Funds (\$560,139), \$9,119,804; and City of Sweetwater Funds, \$5,560. He explained that FIU is also retaining \$200,000 in project contingency and \$398,370 for demolition of existing improvements and permit close-out. He presented project design concepts. With respect to Additive Alternate 1, Sr. VP and CFO Jessell commented that walkways, plazas, landscaping and lighting were removed from the new TIGER

Grant Agreement, including the associated funding. He explained that said projects are included in previous and current Fixed Capital Outlay and Carryforward budgets.

Sr. VP and Jessell also commented on the Parkview II residence hall project, explaining that at the request of the Division of Bond Finance, the University delayed the issuance of debt until after the start of the fall semester. He presented aerial photographs depicting the in-progress construction. He remarked on the Engineering I building, stating that the project has \$38.9M in authorized PECO funding and requires an estimated additional \$15M in fundraising/research overhead to fully complete the build out. Sr. VP and CFO Jessell indicated that the facility program was completed in June 2020 and that the groundbreaking is anticipated for June 30, 2021. He mentioned that the SIPA II project was approved by the Board of Trustees in 2018, noting that an agreement has been reached on the guaranteed maximum price and that site preparation is expected to begin September 14, 2020 with an estimated completion by May 2022.

In response to Committee Chair Boord's request, Sr. VP and CFO Jessell referred to the CasaCuba Building Update that is included as part of the agenda materials, and described highlights since the last report, namely, that cash increased by approximately \$207,668 and that verbal commitments for gifts were made.

Trustee Marc D. Sarnoff commended the efforts and progress relating to the UniversityCity Prosperity Project Pedestrian Bridge.

In response to Board Vice Chair Tovar, Dean of HWCOP and Senior Vice President for Health Affairs Robert Sackstein commented that the Engineering building is critical in that it will leverage institutional resources and allow for the seamless integration of engineering and health sciences. Provost Furton added that it will also support the University's strategic plan goal of achieving \$300M in research expenditures. Board Vice Chair Tovar remarked on the lack of fundraising progress relating to CasaCuba, noting the need to create a sense of urgency. Committee Chair Boord mentioned the acceleration of the digitization of content and its impact on higher education's business model.

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; Foundation Report; Safety and Environmental Compliance Report; Treasury Report; Procurement Report; and CasaCuba Building Update.

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 Wednesday, September 9, 2020 at 9:51 AM.