



Finance and Facilities Committee  
September 22, 2022  
FIU, Modesto A. Maidique Campus, Graham Center Ballrooms

MINUTES

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**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 Roger Tovar at 9:30 a.m. on Thursday, September 22, 2022.

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 Chair and Board Vice Chair*; Jose J. Armas, *Committee Vice Chair*; Cesar L. Alvarez; Deanne Butchey; Dean C. Colson, *Board Chair*; Natasha Lowell; and Chanel T. Rowe.

Trustee Marc D. Sarnoff was excused.

Trustees Carlos A. Duarte, Cristhofer E. Lugo, and Gene Prescott, and Interim University President Kenneth A. Jessell also were in attendance.

Committee Chair Tovar welcomed all Trustees and members of the University administration. He also welcomed the University community and general public accessing the meeting via the University's webcast.

**2. Approval of Minutes**

Committee Chair Tovar asked if there were any additions or corrections to the minutes of the Finance and Facilities Committee meeting held on June 16, 2022. Hearing none, a motion was made and unanimously passed to approve the minutes of the Finance and Facilities Committee meeting held on June 16, 2022.

Committee Chair Tovar pointed out that Board of Trustees members are thoroughly briefed in anticipation of every Board meeting.

**3. Follow-Up from Previous Meeting**

Associate Vice President of Operations, Compliance and Systems for the Division of Human Resources Carlos Flores commented on turnover trends, challenges with attracting talent, and retention efforts. He stated that the nine-month faculty turnover rate is trending downward and the average turnover rate is flat for 12-month faculty. In terms of administrative employees, he indicated that the turnover rate is trending upwards. He added that the University has been able to reduce the turnover rate, from 17% in 2021 to 14.43% in 2022 for staff. Mr. Flores mentioned that applicant pool averages for administrative employees and staff have declined by almost half since the

pandemic and is reflective of an industry trend in higher education with State University System institutions experiencing the same trend. He commented that said trend can be primarily attributed to labor market shortages, upward pressure of salaries, and losing talent to competitors with higher salaries and flexible work arrangements. He remarked that retention efforts in 2021 and 2022 included market adjustments and retention increases.

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

##### **FF1. Approval of 2022-23 Education and General Carryforward Spending Plan, Fixed Capital Outlay Budget, and Related Certification**

Interim Chief Financial Officer and Senior Vice President for Finance and Administration Aime Martinez presented, for Committee review, the 2022-23 Education and General Carryforward spending plan, Fixed Capital Outlay (FCO) budget, and related certification. She explained that the University's carryforward beginning balance totaled \$88.15M. She commented that the \$44.87M carryforward spending plan amount reflects a reduction of \$3.48M in encumbrances and the 7% statutory reserve reduction of \$39.80M. Interim CFO and Sr. VP Martinez indicated that of the \$44.87M, \$20.53M is the unspent balance of prior year carryforward and \$24.34M are new carryforward funds from the 2021-22 fiscal year. She stated that 45% of the carryforward spending plan amount is allocated towards non-recurring operating expenditures, including \$7.19M for faculty research support, \$3.92M for employee bonuses per the collective bargaining agreements, and \$1.57M for Network Management System hardware refresh. Interim CFO and Sr. VP Martinez mentioned that 55% of the carryforward spending plan amount is allocated towards fixed capital outlay maintenance, repair, and renovation projects. She highlighted key elements of the 2022-23 new \$24.34M carryforward spending plan: faculty and staff bonuses, \$3.92M; funding for post-docs and graduate assistants, \$3.15M; research faculty start-up, \$3.09M; merit-based scholarships, \$0.85M; micro-credentialing initiatives, \$0.20M; and supplemental funding for the Engineering Building Phase I, \$4.30M.

Interim CFO and Sr. VP Martinez pointed out that the Herbert Wertheim College of Medicine (HWCOM) carryforward beginning balance totaled \$20.68M and that the carryforward spending plan amount is \$16.61M, which reflects a reduction of \$4.45M in encumbrances and the 7% statutory reserve reduction of \$3.62M. She remarked that of the \$16.61M, \$7.1M is the unspent balance of previously allocated carryforward balances and \$9.51M is new carryforward from the 2021-22 budget. Interim CFO and Sr. VP Martinez mentioned that 68% of the carryforward spending plan amount is allocated towards non-recurring operating expenditures, including \$3.95M for the Primary Care Residency Program, \$3.06M for media equipment, \$2.07M for student financial aid, and \$1.42M for start-up funding for research faculty. She indicated that 32% of the carryforward spending plan amount is allocated toward fixed capital outlay expenditures. She highlighted key elements of the 2022-23 new \$9.51M carryforward spending plan: renovations for the medical library and various rooms in Academic Health Center 2, \$1.39M; Academic Health Center 2 anatomy lab renovation, \$2.94M; and other expenses, such as professional development, repairs and maintenance of classrooms, furniture and fittings for classrooms and labs, \$2.9M.

Interim CFO and Sr. VP Martinez commented that the FCO budget includes Board of Trustees and Florida Board of Governors previously approved and authorized projects and Capital Improvement Trust Fund (CITF) projects. She presented an overview of new FCO Carryforward projects:

supplemental funding for Engineering Building Phase I, \$4.3M; Academic Health Center 2 anatomy lab renovation, \$2.94M; Modesto A. Maidique Campus north recreation fields support building, \$2.49M from CITF funds; Trish and Dan Bell Chapel and East Loop Road realignment, \$3.52M; Green Library restroom renovations, \$4M; and multiple deferred maintenance projects, \$23.28M. She highlighted new FCO non-appropriated projects: student health center renovation and expansion, \$12.68M; Lakeview housing south building interior refresh, \$4.9M; Graham University Center new flooring, \$2.7M; and HVAC upgrades and renovations, \$28.10M from Higher Education Emergency Relief Fund (HEERF) grant allocation.

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 Florida International University Education and General 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 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; authorization for 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, 2022 and the Fixed Capital Outlay budget; and authorization for 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.

## **FF2. Authorization to Increase Project Budget for the Trish and Dan Bell Chapel and East Loop Road Realignment from \$15.44M to \$28.55M**

Interim CFO and Sr. VP Martinez presented, for Committee review, the request to increase the project budget for the Trish and Dan Bell Chapel and East Loop Road realignment from \$15.44M to \$28.55M. She indicated that the previously approved project budget is \$15,444,286 and approval of an additional \$13,101,359 is being requested. She mentioned that Trish and Dan Bell, as the principal donors, have actively participated in the design process with the Architect/Engineer (A/E), Gurri-Matute. Interim CFO and Sr. VP Martinez indicated that, at the advanced schematic design stage, Moss Construction provided an increased construction cost estimate and as a result the Bells increased their donation from \$7M to \$14M. She noted that the estimated project completion date is December 2023.

Interim CFO and Sr. VP Martinez highlighted the proposed funding sources for the increased project budget of \$28.55M: private funding, \$18.6M; unrestricted treasury auxiliary fund balances, \$3.4M; CITF East Loop Road realignment, \$3M; and deferred building maintenance and infrastructure, \$3.5M. She added that to-date, \$16M in cash and pledges have been received. She commented on the shortfall of \$2,581,704, noting that the FIU Foundation has committed to covering the gap with additional philanthropic fundraising.

Interim CFO and Sr. VP Martinez presented a map depicting the Chapel's location at the Modesto A. Maidique Campus and design concepts.

In response to Board Chair Dean C. Colson and Committee Chair Tovar, Interim University President Kenneth A. Jessell stated that the anticipated revenues will cover the operating costs of the facility and the facility will be operated as a separate auxiliary. Board Chair Colson requested that the Committee receive a detailed listing of the naming opportunities associated with the project.

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 authorization to increase the project budget for the Trish and Dan Bell Chapel and East Loop Road Realignment from \$15,444,286 to \$28,545,645.

**FF3. Approval of Contracts greater than \$3,000,000:**

1. PUR-05758, *Anthony Travel LLC and PUR-05759, Uniglobe Travel Designers*
2. PUR-05770, *Fisher Scientific Company LLC*
3. PUR-05731, *Arthur J. Gallagher Risk Management*

There were no questions or comments from the Committee members.

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

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

**FF4. Approval of Contracts greater than or equal to \$1,000,000 and less than \$3,000,000:**

1. *Purchase Orders 244246 and 244638, Google and Purchase Orders 244231 and 244633, Facebook (known as Meta)/Instagram*
2. *PUR-05713, Springer Nature Service Center LLC*
3. *Purchase Order 243819, Apple, Inc.*
4. *Purchase Order 245064, Google*
5. *Purchase Order 245518 and Contract, Agency 21 Consulting, LLC*
6. *Various Sales Orders, Purchase Orders, and renewal with Honorlock*

Interim CFO and Sr. VP Martinez presented contracts greater than or equal to \$1,000,000 and less than \$3,000,000 for Committee review. She mentioned that the agenda item relates to purchase orders with Google and Facebook/Instagram for the College of Business and FIU Online for advertising services, contract with Springer Customer Service Center LLC for FIU University Libraries and Herbert Wertheim College of Medicine Library for periodicals and journals under a new State University System Master License Agreement, purchase order with Apple, Inc. for Panther TECH for computer equipment and peripherals, purchase order and contract with Agency 21 Consulting, LLC for sponsorship solicitation and management services for the Food Network South Beach Wine & Food Festival, and renewal with Honorlock, Inc. for University-wide proctoring 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, (i) a motion was made and unanimously passed that the FIU Board of Trustees Finance and Facilities Committee approve, as listed and described in the Board materials, the University entering into the contracts and purchase orders and/or change orders to the purchase orders and (ii) authorize the University President or his designee to execute, on behalf of the University, the aforementioned contracts and/or purchase orders.

**FF5. Approval of Contract for Soil Disposal on Doral Property owned by Foundation Enterprise Holdings V, LLC (FEH V), an affiliate of FIU Foundation, Inc.**

Senior Vice President of University Advancement Howard R. Lipman presented, for Committee review, the contract for soil disposal on the Doral property owned by Foundation Enterprise Holdings V, LLC (FEH V), an affiliate of FIU Foundation, Inc. He stated that on October 27, 2017, the FIU Foundation acquired the Doral Property, comprised of 62.5 acres. He added that the current market value ranges from \$14.1M to \$15.6M once remaining environmental issues have been remediated. Sr. VP Lipman mentioned that following the removal and disposal of the solid waste on the Doral property, Miami-Dade County's Department of Environmental Resources Management (DERM) approved the Certificate of Completion with the condition that the FIU Foundation agree to a one-year groundwater and surface water monitoring period on 4.7 acres of the Doral property. He pointed out that in January 2022, after review of two consecutive quarterly water quality reports, DERM concluded that the testing demonstrated the presence of naturally occurring hazardous material exceeding the groundwater cleanup target levels and instructed the FIU Foundation to remove and dispose of approximately 21,000 cubic yards of the soil that has been screened.

Sr. VP Lipman indicated that, as a result of DERM's directive, an Invitation-to-Bid was issued and the lowest responsive and responsible bid was provided by Diversified Professional Services Corp. in an amount equal to \$1,240,150. He stated that any and all amounts paid pursuant to and in accordance with the soil removal contract shall come from FIU Foundation funds. He stated that on September 16, 2022, both the Executive Committee and Finance Committee of the FIU Foundation approved the award of the soil removal work, the payment of the soil removal expenses by the FIU Foundation, and the execution and delivery of the soil removal contract by the FIU Foundation.

In response to Trustee Natasha Lowell, Sr. VP Lipman stated that once the remediation is complete, the FIU Foundation will explore options for highest and best use of the Doral property. In response to Committee Chair Tovar, Mr. Roger Simon of Langan Engineering and Environmental Services, Inc., commented that because the property is within a well field, after the removal of the soil, monitoring will occur for a minimum of two (2) quarters to verify that that the groundwater quality is suitable.

A motion was made and passed that the FIU Board of Trustees Finance and Facilities Committee approve the request from the FIU Foundation, Inc., a direct support organization of Florida International University, to approve the purchase of services by the FIU Foundation in an amount equal to \$1,240,150, in connection with the removal and disposal of approximately 21,000 cubic yards of soil at the real property ultimately owned by the FIU Foundation and located west of the

Florida Turnpike and south of N.W. 41<sup>st</sup> Street in Doral, as required by Section 7(a)(ii) of FIU Regulation 1502, Direct Support Organizations.

Trustee Natasha Lowell voted against the motion.

## **5. Discussion Item**

### **5.1 Financial Performance Review, FY 2021-22**

Interim CFO and Sr. VP Martinez presented the University's financial performance review for the fourth quarter of FY 2021-22. She indicated that operating revenues are above estimates by \$25.3M or 2% and that operating expenses are below estimates by \$57.4M or 4%, with a net favorable variance of \$82.7M. She pointed out that the University's total investment portfolio returned -3.9% as of June 30, 2022. She noted that the largest driver of the favorable variance is University auxiliaries, which included \$15.4M in HEERF lost revenues, Chartwells contribution of \$2M for the stadium kitchen project, Management and Advanced Research Center (MARC) building reserves, higher enrollments in academic programs, and higher housing occupancy. Interim CFO and Sr. VP Martinez noted that said higher auxiliaries were offset by lower parking and student health fees due to lower enrollment. She pointed out that the \$57.4M savings in operating expenses is driven largely by HEERF savings and lower expenses.

## **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; Procurement Report; CasaCuba Building Update; and Florida International University Annual Bonus Plan Report. Committee Chair Tovar noted that the FIU Bonus Plan report certifies that bonuses paid during the prior fiscal year have complied with the criteria in the Bonus Plan and that the bonuses were within the University's budget. He added that the Bonus Plan Report includes the Board of Trustees required certification and provides the total amount of funds paid for performance, recruitment, retention, and other bonuses.

## **7. New Business**

No new business was raised.

## **8. Concluding Remarks and Adjournment**

With no other business, Finance and Facilities Committee Chair Roger Tovar adjourned the meeting of the Florida International University Board of Trustees Finance and Facilities Committee on Thursday, September 22, 2022 at 10:24 a.m.