

INDEX OF MINUTES
FLORIDA BOARD OF GOVERNORS
BY TELEPHONE CONFERENCE CALL
TALLAHASSEE, FLORIDA
DECEMBER 21, 2005

<u>ITEM</u>	<u>PAGE</u>
1. Consideration of Proposed 2006-2007/2008-2009 Three-Year PECO Project List	1
2. Adjournment.....	6

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The Chair, Carolyn K. Roberts, convened the meeting of the Florida Board of Governors by telephone conference call, 1605 Turlington Building, Tallahassee, Florida, at 10:00 a.m., December 21, 2005, with the following members present: John Dasburg, Vice Chairman; Dr. Akshay Desai; Ann Duncan; Dr. Stanley Marshall; Bill McCollum; Sheila McDevitt; Gerri Moll; Lynn Pappas; Ava Parker; Dr. Martha Peláez; Peter Rummell; John Temple; Commissioner John Winn; and Dr. Zach Zachariah.

1. Consideration of Proposed 2006-2007/2008-2009 Three-Year PECO Project List

Mrs. Roberts thanked Board members for their willingness to participate on this conference call so close to the holidays. She said this was the first Board meeting for the new Chancellor, and she welcomed Dr. Mark Rosenberg. She said she was learning that he worked the same long hours she did.

Dr. Rosenberg extended best wishes for the holidays. He noted that all the universities had held graduation ceremonies over the past few days, awarding 20,000 degrees. He said he was very pleased to be working with an outstanding and professional staff. He said he was delighted with his new job and excited to face the many challenges ahead.

Commissioner Winn said he and the Chancellor had had a good first meeting and he was optimistic about the future. He commented that one of the degrees awarded by USF was a Masters in Public Health to Mrs. Kathy Winn.

Mrs. Roberts invited Ms. Ava Parker, Chair of the Facilities Committee, to describe the process and the proposed revisions to the 2006-2007/2008-2009 Three Year PECO Project List. Ms. Parker thanked Dr. Rosenberg and staff for getting these lists assembled very quickly. She reminded Board members that they had adopted the Guidelines for the development of these lists in April. She said the proposed list was developed following the Guidelines. She said it was not possible to satisfy all the university requests, but that she had attempted to meet university needs. She said there would be another Revenue Estimating Conference in March 2006, at which time the lists might be further modified. She said she was fairly confident there would be additional revenue for the SUS after that estimate.

Dr. Rosenberg said the Strategic Plan laid out significant enrollment and degree objectives for the SUS. He said at least 75,000 new students were anticipated in the next decade, in addition to serving the demands of students already enrolled. He said there were choices to be made, whether to provide space for new faculty or to provide

the space needs for a high quality education. He estimated that by 2011, the System would need an additional 10 million net assignable square feet. He said these lists allocated a total of \$346 million in the first year for continuing and new construction projects. He said he was satisfied that the recommendations were consistent with the Guidelines adopted in April.

He said Commissioner Winn had advised him on November 17, 2005, of the possibility of an additional allocation.

Mr. Temple inquired about the previous allocation. Dr. Rosenberg responded that the Board had recommended an allocation of \$136 million for these PECO projects in September 2005. The project list now before the Board for consideration allocated an additional \$210 million.

Ms. Parker invited comments and questions. President Merwin said he had no questions about the process. He said the Chancellor and staff had done an excellent job in addressing the needs of each campus. He said it was vital to add buildings to his young and growing campus.

Dr. Lawrence Davenport, Executive Vice President, FAU, raised an objection to the revised list. He said FAU had only received \$2 million in the new allocation. Mr. Bob Friedman, VP and University Architect, FAU, said he did not understand the formula that had been used for the allocation of the additional monies.

Dr. Rosenberg said he had not heard these objections prior to the conference call. He said conceptually, equitable is desirable, but equitable had different dimensions. He said the Board had many discussions about Fixed Capital Outlay over the past six months; the Board had received recommendations from the Provosts and from the Presidents on ways to improve/revise the process. He said he did not believe that the issue of "equity" had been a part of those discussions.

Dr. Rosenberg said there were two additional projects for FAU in the first year, projects at Port St. Lucie and the Davie Facility. He said the recommendations were responsive to FAU's stated priorities. Mr. Friedman said the projects were originally prioritized based on a different funding expectation.

Provost Abele said FSU had raised the issue of the FAMU-FSU College of Engineering in a letter sent on November 1, 2005. President Bryant inquired whether there was a separate list for these joint-use facilities. Dr. Rosenberg said the FAMU-FSU College of Engineering did not appear on a request list from FSU and was requested as the number 12 priority for FAMU. Provost Abele said the College of Engineering was on FSU's list for the year, 2008-2009.

Dr. Rosenberg said the project list before the Board identified the priority ranking of the projects as they were requested by the universities. He said the recommended funding to each university attempted to be responsive to its stated priorities and concerns.

Mr. Temple asked that the Chancellor describe each university's increased funding, over the proposed three years, 2006-2007 through 2008-2009, from the Priority List adopted by the Board in September.

Dr. Rosenberg explained the increases, as follows: UF, an increase from \$47 million to \$101 million; FSU, an increase from \$30 million to \$63 million; FAMU, an increase from \$17 million to \$39 million; USF, an increase from \$52 million to \$88 million; FAU, an increase from \$21 million to \$48 million; UWF, an increase from \$26 million to \$40 million; UCF, an increase from \$29 million to \$65 million; FIU, an increase from \$19 million to \$89 million; UNF, an increase from \$22 million to \$40 million; FGCU, an increase from \$19 million to \$56 million; and New College, an increase from \$7 million to \$22 million. He said he had carefully adhered to the universities' priority lists, and the recommended projects were consistent with the Board's Strategic Plan and certified space needs of the System. He commented that he was often able to fund the university requests down through the sixth priority. He added that funds were likely to increase by the year 2007-2008, noting that the current list provided \$346 million in year one, \$175 million in year two, and \$137 million in year three.

Provost Abele said that FSU still had questions about the recommendations. Dr. Davenport noted that there were restrictions imposed as to the way the universities could recommend alternative project funding.

Ms. Pappas said these recommendations would always require certain judgment calls. She said the recommendations for the first year appeared to be consistent with both desirability and need.

Dr. Rosenberg said the recommendations were consistent with the Strategic Plan and with data on the percentage of 2011-2012 space needs being met. He said there were some allocations to universities in the first year where they were below the median of classroom/laboratory space needs.

Dr. Bryant said FAMU did receive an increase. She noted that her initial request included no new dollars for new buildings, but focused on renovation and repair needs.

President Delaney said he appreciated the balancing act involved in making these recommendations. He said he hoped the available money would increase in the second year of the list. Provost Abele said he would be interested in the Chancellor's data on space assessment and needs. President Genshaft said she would also be interested in that list. She said USF was growing rapidly and needed more space. She inquired how the proposed new medical schools would be considered on this list, while USF considered expansion of its medical school. Dr. Rosenberg said that no space was funded relating to either of the new medical school initiatives.

President Cavanaugh said there were continuing needs at all the universities. He said the dialogue would continue.

Ms. Parker thanked the Board members and the Presidents for their comments. She moved that the Board accept the revised 2006-2007/2008-2009 Three-Year PECO Project List, as distributed. Mr. McCollum seconded the motion.

Mrs. Roberts noted that this was a difficult process; no university was happy having its needs unmet. She said, however, the proposed list was fiscally responsible.

Mr. Temple inquired about \$22 million allocated for a Graduate Classroom Building at FIU. He said he was unsure how this fit into the Board's Strategic Plan priorities. Dr. Rosenberg responded that FIU had the lowest percentage of classroom space in the System, at 38 percent. He said the System average for classroom space was at 60 percent. Mr. Temple also inquired about the funds allocated to UNF for land acquisition. Dr. Rosenberg said that UNF was eager to acquire property adjacent to the campus, and this property was identified in the UNF Campus Master Plan. Dr. Rosenberg explained that funds were provided to FGCU for classrooms/offices/labs, as they were the next to the last in percent of classroom space. He explained the addition of the remodeling of Jones Hall at FAMU because although it was FAMU's fifth priority, it could be fully funded in the first year without any funding implications for the next two years.

Commissioner Winn commented that the allocation process was driven by the three-year allocation of PECO dollars. The allocation is driven by a formula that divides the money between the public schools, the community colleges and the universities. He noted that UCF had teamed with Valencia Community College to offer baccalaureate degrees and sought funding for a joint-use facility. He said this project was not high on the priorities of Valencia Community College. He said that both President Sandy Shugart, Valencia CC, and President Hitt, UCF, had agreed to take \$1 million from their budgets to fund this joint-use facility. He offered an amendment to Ms. Parker's motion to include \$1 million out of UCF's allocation for the Physical Sciences Building, for this joint-use project. He said he would offer a similar motion to the State Board for an allocation from a project funded for Valencia Community College for the joint-use project. Dr. Peláez seconded the motion. Provost Hickey, UCF, said he would be happy to see this happen.

Dr. Rosenberg responded that it was a challenge to add placeholders for any project. Since PECO funds in the "out" years are not identified, partial funding puts projects at risk; it could not be known how such a project would be funded in 2007-2008. He said his problem with this recommendation was that he had received similar requests from other universities. He was concerned about creating a precedent that would be difficult for the Board to manage. He said he hoped to address this issue in March, if there is a prediction of additional out-year funding. He said the challenge was how to request that other institutions not make these types of requests in order to maintain some order in the process. He said this project could come back to the Board for further consideration in March. Mrs. Roberts added that she fully understood the importance of joint-use projects.

Commissioner Winn said he appreciated the Chancellor's concern, but this would be a good opportunity to show collaboration between the State Board of Education and the Board of Governors. He suggested that the Board approve the amendment and then revisit the list, if necessary, in March. He said this would enhance the regional agreement to create additional baccalaureates through UCF and community college partnerships. Dr. Rosenberg said he had already indicated to several institutions that he was not putting placeholders on the list. He said he agreed with the importance of joint-use facilities, but he needed to understand the universities' priorities.

Ms. Parker said she was sensitive to the need for joint-use facilities, but she would recommend that the Board not accept this amendment at this time. She said the Board needed to develop a process for all the universities.

Dr. Peláez inquired how a delay would impact students. Commissioner Winn said the dollars would be planning money. Any delay puts off the facility for at least another year.

Mr. Dasburg called the question on the amendment. On a roll-call vote, members voting against: Mr. Dasburg, Ms. Duncan, Dr. Marshall, Ms. Moll, Ms. Pappas, Ms. Parker, Mr. Rummell, and Mr. Temple. Members voting in favor: Dr. Desai, Mr. McCollum, Dr. Peláez, and Commissioner Winn. The amendment failed on a vote of 8 to 4.

Mrs. Roberts commented that the Board had clearly expressed its commitment to joint-use facilities, which would be further considered at the Board's March meeting. The vote reflected a vote on process, not on the merits of the project.

Mrs. Roberts then called for a vote on Ms. Parker's main motion to accept the Chancellor's recommendations on the revised Three-Year PECO Project List. Members concurred unanimously in the recommendations.

Mr. Temple said he would be interested in further information. He said he was not clear why the estimates had been so limited when the Board had considered this list in September. He said he was also interested in a trendline of PECO allocations over the past several years. He inquired whether the Chancellor had considered alternatives in case these funds did not materialize. Dr. Rosenberg said the Guidelines for the allocation process were as transparent as possible. The recommendations were built according to formulas of space need and institutional priorities. He said that it was not an easy process.

2. Adjournment

Having no further business, the Chair, Mrs. Roberts, adjourned the telephone conference call meeting of the Florida Board of Governors at 11:15 a.m., December 21, 2005.

Carolyn K. Roberts,
Chair

Mary-Anne Bestebreurtje,
Corporate Secretary