MINUTES

STATE UNIVERSITY SYSTEM OF FLORIDA

BOARD OF GOVERNORS

FACILITIES COMMITTEE

UNIVERSITY OF NORTH FLORIDA

JACKSONVILLE, FLORIDA

September 15, 2010

Chairman Charlie Edwards convened the Board of Governors Facilities Committee meeting at 3:26 p.m., September 15, 2010, in the Ballroom, West Building, Student Union Complex at the University of North Florida. The following members were present: Dick Beard, Dean Colson, Frank Martin, Tico Perez, John Temple and Rick Yost. Gus Stavros attended via telephone. Also present were Ann Duncan, Gallop Franklin, Patricia Frost, Stanley Marshall, John Rood and Norman Tripp.

1. Call to Order

Governor Edwards welcomed the new Committee member Dr. Rick Yost from the Advisory Council of Faculty Senates of Florida. Mr. Edwards then asked Chris Kinsley for an update on two additional projects the 2010 Legislature asked the Board to take on. Mr. Kinsley briefed the members on the student life survey and the utility cost survey and stated that they were both being completed by the universities. Mr. Kinsley said he expected a report on both items would be drafted for the November Board meeting for review.

2. Approval of Minutes of the Meeting of the Facilities Committee held June 18, 2010

Mr. Perez moved that the Committee approve the Minutes of the Meeting of the Facilities Committee held June 18, 2010. Mr. Colson seconded the motion, and members of the Committee concurred.

3. Revised Debt Management Guidelines

Chair Edwards introduced a discussion of the revised debt management guidelines document. He pointed out that a replacement page 12 was in the member packets and asked Mr. Kinsley to give some background on the revisions. Mr. Kinsley stated that the need for functional relationship criteria was brought to the attention of the Board with the FAU Housing project in January. The Board directed staff to work with the State Division of Bond Finance to come up with some criteria as well as to make some technical clarifications to the existing guidelines. Mr. Kinsley explained that two versions of the functional relationship criteria were in the packets for members to consider, one containing detailed factors and the other without the factors. He also explained the change to Page 12, and said that Board staff planned to obtain more information regarding university DSO mortgage activity.

Governor Edwards recognized Ben Watkins, Director, Division of Bond Finance, State Board of Administration of Florida, and thanked him for attending the meeting. Ben thanked the Vice Presidents at the universities for being flexible and for working collaboratively with Board staff on the revisions to the guidelines. He specifically thanked David Kian, the general counsel at FAU, for his assistance. He stated that for the record he preferred version B of the functional relationship criteria.

Chair Edwards opened discussion on the revised guidelines. There was none. Governor Perez moved to adopt the revised guidelines with Version B of the functional relationship criteria. The motion was seconded by Mr. Temple. All members of the Committee voted in favor.

4. 2011-2012 Fixed Capital Outlay Legislative Budget Request

Governor Edwards pointed out that the adoption of a PECO project list was being deferred until the January 2011 Board meeting. He said that in order to meet statutory requirements a fixed capital outlay budget still had to be adopted and asked Mr. Kinsley to review the various components. Mr. Kinsley detailed the pieces. Governor Temple asked for specifics on the difference in PECO Sum-of-digits dollars being allocated this year as compared to last year. Mr. Kinsley explained that the amount was statutorily prescribed and the bump last year was due to a one-time increase in capacity.

Governor Tripp asked the Committee to consider referring the issue of prior year’s unfunded Courtelis match to Frank Martin’s Strategic Planning Committee for a possible presentation to the legislature. Governor Duncan pointed out the importance of the program in possible job creation for the state and Chair Edwards concurred. Chancellor Brogan talked about how terrific he thought the program was and how critical it would be to illustrate to the Legislature the impact of not funding that item. Governor Temple moved to adopt the Fixed Capital Outlay Budget, as presented. Mr. Perez seconded the motion and all members of the Committee concurred.

5. Bond Resolutions

Mr. Kinsley previewed a summary of potential debt transactions for the November meeting. Mr. Kinsley then reviewed the three requests before the Committee for approval.

1. Resolution of the Board of Governors Authorizing the Florida Gulf Coast University Financing Corporation to Issue Debt to Finance the Acquisition of Student Residences, Phase XI, and Associated Improvements, Main Campus, FGCU

Mr. Kinsley then reviewed the Florida Gulf Coast University request to issue housing debt. He pointed out that it was slightly unusual because the University was asking permission to acquire an existing off-campus student residence property, but stated that it would allow them to realize significant savings. He stated that the University was still experiencing very strong demand for student housing. President Bradshaw stressed what an exceptional opportunity it was for Florida Gulf Coast University. Mr. Colson moved to approve the resolution, as presented, and the motion was seconded by Mr. Perez. All members voted in favor.

1. Resolution of the Board of Governors Authorizing the University South Florida Financing Corporation to Issue Debt to Finance the Construction of a medical Conference Facility, Tampa, Florida

Mr. Kinsley reviewed the debt request from the University of South Florida for their Center for Advanced Medical Learning and Simulation (CAMLS) project in downtown Tampa, Florida. He stated that the University currently had no dedicated facility for their existing medical conferencing entity and that they saw this as an opportunity to grow that program. Mr. Kinsley acknowledged that the current revenues of the program would not be sufficient to support the debt service and that the entity had to show growth to succeed. He recognized that this was a new type of project for the system. Chair Edwards questioned the possibility of relying on additional revenue sources from the University to cover any shortfalls and asked the University to explain how the project fit the educational environment. Provost Wilcox said that the project would be close to the University’s primary teaching hospital and would provide training and research facilities for those students and faculty. He stated that the University board of trustees had determined that it fit with the University strategic plan as well as with the New Florida Initiative. He said it would bring a high-tech contingent to the city and said he was confident they could grow the entity and cover the debt service with ease. Governor Beard pointed out that he was chair of the board of trustees when the project was conceived and he was sure due diligence had been done. He said it was not as risky as it may appear. Governor Beard made a motion to approve the resolution, as presented, and the motion was seconded by Mr. Colson. Governor Temple said he would be more comfortable if staff had reviewed the studies from the consultants but all member of the Committee approved the motion.

1. Resolution of the Board of Governors Authorizing the Florida Atlantic University Financing Corporation to Issue Debt to Finance the Construction of an Athletic Stadium, Main Campus, FAU

Mr. Kinsley introduced a request by Florida Atlantic University to issue debt to construct an athletic stadium. He said that this was the first time it was being brought to the Board but that staff had been working on the project for months. Mr. Kinsley reviewed the documents and the functional relationship to the housing debt that had been previously approved by the Board at the January 2010 meeting. Mr. Edwards mentioned that he had been to the site and said he felt that Innovation Village was a tremendous concept and he was satisfied that the current proposal addressed all questions. Nancy Blosser, Chair, Board of Trustees, Florida Atlantic University and Mary Jane Saunders, President, Florida Atlantic University, thanked the Board for the opportunity to share the project and strategic plan. Governor Tripp stated his support for the project and said it had been subjected to a tremendous amount of scrutiny at the university level. Governor Frost asked if the stadium could be used for other things and if the parking was adequate. She also asked if this was something the university wanted to take on at the same time that they were building a medical school. Chair Edwards pointed out that the financing wasn’t connected to the medical school at all and had a completely different source of repayment. President Saunders answered that other uses were built into the stadium and that the university hoped to do many things well. Governor Perez clarified that the previously approved housing bonds were only being pledged for housing and not the stadium. Mr. Perez moved to approve the resolution for debt to finance the FAU Stadium project, as presented. Mr. Temple seconded the motion and all members concurred.

6. Concluding Remarks and Adjournment

There being no further business, the meeting adjourned at 4:36 p.m., September 15, 2010.