



STATE  
UNIVERSITY  
SYSTEM  
*of* FLORIDA  
**Board of Governors**

# Agenda and Meeting Materials March 27-28, 2013

Grand Ballroom, Student Union  
Florida A&M University  
Tallahassee, Florida 32307

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STATE  
UNIVERSITY  
SYSTEM  
of FLORIDA  
Board of Governors

ACTIVITIES  
BOARD OF GOVERNORS MEETINGS

Grand Ballroom, Student Union  
Florida A&M University  
Tallahassee, Florida 32307  
March 27-28, 2013

By Telephone Conference Call  
Dial-in Number: 888-670-3525; Participant Code: 4122150353#  
All participants using this code will be muted at dial-in.

Wednesday, March 27, 2013

2:00 - 2:45 p.m.	<b>Academic and Student Affairs Committee</b> .....9 Chair: Mr. Norm Tripp; Vice Chair: Ms. Wendy Link Members: Bennett, Carter, Chopra, Frost, Huizenga, Webster, Whatley
2:45 - 3:45 p.m.	<b>Audit and Compliance Committee</b> .....49 Chair: Mr. Alan Levine; Vice Chair: Mr. Ed Morton Members: Carter, Kuntz, Lautenbach, Webster
3:45 - 4:00 p.m.	Break
4:00 - 4:45 p.m.	<b>Facilities Committee</b> .....79 Chair: Mr. Dick Beard; Vice Chair: Mr. H. Wayne Huizenga, Jr. Members: Carter, Chopra, Levin, Link, Morton
5:00 p.m.	Welcome Reception

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Thursday, March 28, 2013

9:00 – 9:30 a.m.	<b>Budget and Finance Committee</b> .....207 Chair: Mr. Tom Kuntz; Vice Chair: Mr. Ned Lautenbach Members: Beard, Colson, Huizenga, Levine, Rood, Tripp, Whatley
9:30 – 10:00 a.m.	<b>Trustee Nominating and Development Committee</b> .....245 Chair: Mr. Mori Hosseini; Vice Chair: Mr. Tom Kuntz Members: Colson, Link, Rood, Tripp, Webster
10:00 a.m. - 12:00 p.m.	<b>Board of Governors – Regular Meeting</b> .....259 Chair: Mr. Dean Colson; Vice Chair: Mr. Mori Hosseini All Board members
12:00 p.m.	<b>Lunch will be provided</b>

*Please note that this schedule may change at the Chair's privilege.*

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## CONSTITUTION OF THE STATE OF FLORIDA

AS REVISED IN 1968 AND SUBSEQUENTLY AMENDED

### ARTICLE IX

#### EDUCATION

##### SECTION 7. State University System.--

(a) **PURPOSES.** In order to achieve excellence through teaching students, advancing research and providing public service for the benefit of Florida's citizens, their communities and economies, the people hereby establish a system of governance for the state university system of Florida.

(b) **STATE UNIVERSITY SYSTEM.** There shall be a single state university system comprised of all public universities. A board of trustees shall administer each public university and a board of governors shall govern the state university system.

(c) **LOCAL BOARDS OF TRUSTEES.** Each local constituent university shall be administered by a board of trustees consisting of thirteen members dedicated to the purposes of the state university system. The board of governors shall establish the powers and duties of the boards of trustees. Each board of trustees shall consist of six citizen members appointed by the governor and five citizen members appointed by the board of governors. The appointed members shall be confirmed by the senate and serve staggered terms of five years as provided by law. The chair of the faculty senate, or the equivalent, and the president of the student body of the university shall also be members.

(d) **STATEWIDE BOARD OF GOVERNORS.** The board of governors shall be a body corporate consisting of seventeen members. The board shall operate, regulate, control, and be fully responsible for the management of the whole university system. These responsibilities shall include, but not be limited to, defining the distinctive mission of each constituent university and its articulation with free public schools and community colleges, ensuring the well-planned coordination and operation of the system, and avoiding wasteful duplication of facilities or programs. The board's management shall be subject to the powers of the legislature to appropriate for the expenditure of funds, and the board shall account for such expenditures as provided by law. The governor shall appoint to the board fourteen citizens dedicated to the purposes of the state university system. The appointed members shall be confirmed by the senate and serve staggered terms of seven years as provided by law. The commissioner of education, the chair of the advisory council of faculty senates, or the equivalent, and the president of the Florida student association, or the equivalent, shall also be members of the board.

**History.**--Proposed by Initiative Petition filed with the Secretary of State August 6, 2002; adopted 2002.

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STATE  
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Board of Governors

**AGENDA**  
**Academic and Student Affairs Committee**  
**Grand Ballroom, Student Union**  
**Florida A&M University**  
**Tallahassee, Florida**  
**March 27, 2013**  
**2:00 p.m. – 2:45 p.m.**

**Chair: Mr. Norman Tripp; Vice-Chair: Ms. Wendy Link**  
**Members: Bennett, Carter, Chopra, Frost, Huizenga, Webster, Whatley**

- 1. Call to Order and Opening Remarks** **Governor Norman Tripp**
- 2. Approval of Committee Meeting Minutes** **Governor Tripp**  
Minutes, November 7, 2012
- 3. Academic Program Approval Process** **Dr. Jan Ignash**  
**in the State University System** *Vice Chancellor,*  
*Academic and Student Affairs*  
*Board of Governors*
- 4. Update on the Academic Program** **Dr. Tony Waldrup**  
**Coordination Workgroup** *Provost,*  
*University of Central Florida*
- 5. Limited Access Status for the Bachelor of Social Work** **Governor Tripp**  
**at the University of North Florida**

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**6. Student Affairs Updates**

A. Florida Student Association

**Governor Cortez Whatley**

B. SUS Council for Student Affairs

**Dr. Kevin Bailey**  
*Vice President for Student Affairs*  
*University of West Florida*

**7. Closing Remarks and Adjournment**

**Governor Tripp**

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**STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS  
Academic and Student Affairs Committee  
March 27, 2013**

**SUBJECT:** Approval of Minutes of November 7, 2012 Committee Meeting

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**PROPOSED COMMITTEE ACTION**

Approval of summary minutes of the meeting held on November 7, 2012, at the New College of Florida.

**AUTHORITY FOR BOARD OF GOVERNORS ACTION**

Article IX, Section 7, Florida Constitution

**BACKGROUND INFORMATION**

Board committee members will review and approve the summary minutes of the meeting held on November 7, 2012, at the New College of Florida.

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**Supporting Documentation Included:** Minutes, November 7, 2012

**Facilitators/Presenters:** Governor Norman Tripp

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MINUTES  
STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS  
ACADEMIC AND STUDENT AFFAIRS COMMITTEE  
NEW COLLEGE OF FLORIDA  
SARASOTA, FLORIDA  
NOVEMBER 7, 2012

*Video or audio archives of the meetings of the Board of Governors  
and its Committees are accessible at <http://www.flbog.edu/>.*

Governor Norman Tripp, Chair, convened the meeting of the Academic and Student Affairs Committee at 3:30 p.m. Members present were Matthew Carter, Patricia Frost, Manoj Chopra, Cortez Whatley, and Gus Stavros.

1. Call to Order and Opening Remarks

Chairman Tripp called the meeting to order.

2. Approval of Minutes from September 12, 2012

Governor Frost moved that the Committee approve the minutes of the meeting held September 12, 2012, as presented. The motion was seconded by Governor Whatley and members of the Committee concurred.

3. Strategies for Student Retention: Academic Tracking Systems

Chairman Tripp stated the intention of this agenda topic was to discuss student retention strategies in place across the State University System in order to improve graduation rates.

a. Academic Mapping Systems: Is Mapping Enough?

Dr. Karen Laughlin, Dean of Undergraduate Studies at the Florida State University (FSU), called mapping a critical piece of the overall retention strategy in place at FSU and emphasized the need to tailor any mapping system to the structure of a particular university. At FSU, every major has an academic map accessible from the Mapping Systems portal. Maps include a sample schedule by semester, milestones a student must meet each semester, and career and employment information by major and are adjusted by each department. Milestone identification helps manage course demand as well. Dr. Laughlin stressed the importance of strong student-advisor relationships and outlined FSU's Advising First program. Advising First structures the advising support system to include success coaches and notices to advisors when a student falls out of

alignment with his or her academic map. Dr. Laughlin explained the usefulness of FSU's Exploratory program, which redesigns the undecided major designation by including mandatory requirements a student must meet every semester. Exploratory students undergo self-exploration, major exploration, and career exploration. Ninety-two percent of students utilizing the Exploratory program select their major within three semesters. For transfer students, mapping coordinators review all transfer student credentials and provide guidance prior to a transfer student's arrival on campus. Dr. Laughlin mentioned FSU was still waiting on full graduation rate data because the Academic Mapping Systems plan was initiated in 2005. Dr. Laughlin summarized FSU's strategy, which includes a campus-wide advising group, student outreach, late-night and weekend advising at the library, attendance policy evaluation, Freshman Interest Groups and Learning Communities. FSU also evaluated the effects of on-campus residency, the impact of tutoring, and the success of coaching at-risk students.

Governor Tico Perez asked about the average number of advisors at the top 50 public universities and how FSU compares. Dr. Laughlin said the recommended ratio was 400 students to 1 advisor, and FSU's ratio is 520 students to 1 advisor. Governor Frost asked about the cost of the program. Dr. Laughlin said she did not have a number off the top of her head but that a program like FSU's was definitely an investment. Governor Mori Hosseini asked what Dr. Laughlin thought it would take to push FSU from its 42<sup>nd</sup> place ranking among national public universities to a higher ranking within the top 25. Dr. Laughlin answered that a larger budget would positively impact faculty hires, research and student engagement. Dr. Eric Barron, President of FSU, added that FSU improved in all grading metrics used in the rankings except for faculty resources. He also addressed biases inherent in reputational rankings, such as peer and high school counselor assessment, though reputational rankings heavily impact ranking against other national public universities. Governor Hosseini asked about student-faculty ratio. President Barron said while FSU was at 25:1, the top 30 universities are generally at 20:1. Governor Hosseini requested clarification on how underclassmen enrollment impacts these numbers and proposed that the focus be on transfer students, and President Barron replied that he felt the university would experience a negative impact if FSU made it any harder for freshmen to gain acceptance. Governor Hosseini questioned how an increase in national ranking would impact freshmen admissions. President Barron emphasized the importance of FSU's retention strategies to the quality of education. Dr. Chopra asked if mapping was only included for undecided students and if students were ever audited on progress. Dr. Laughlin clarified that every student is mapped until graduation, that advising is done at the departmental level, and that GPA expectations are provided.

b. A Universal Tracking System



Ms. Roxanne Barnett, Senior IT Expert at the University of Florida's (UF) Office of Undergraduate Affairs, began her presentation by explaining the precursor to the Universal Tracking System, MAP (Monitoring Academic Progress), which ran from 1992-1996. MAP had criteria established by departmental faculty and monitored students at 30, 45, and 60 credit hours. In 1996, UF had each department develop an 8-semester plan and identify essential courses. With the Universal Tracking System, UF monitors around 20,000 students each period. An average of 20% of those monitored at a given time are off-track. Faculty, advisors, and students use an online web program to view degree audit information for graduation requirements and employ a separate audit for critical benchmarks a student needs to meet in his or her first five semesters. UF implemented the Universal Tracking System with existing staff.

Governor Dean Colson asked for the number of advisors per student, and Ms. Barnett answered that in the College of Liberal Arts & Sciences, 10 to 12 advisors serve 2,000 students. Chairman Tripp asked if UF saw any other universities reaching out to them. Ms. Barnett answered that not many universities within Florida have approached UF for tracking system information and assistance.

c. Student Retention: A Campus-level Focus

Dr. Kevin Bailey, Vice President for Student Affairs at the University of West Florida (UWF), asked the Committee to shift its thinking to younger universities such as UWF. He explained UWF's efforts to provide a more traditional experience to its students, including on-campus housing and student services, and the university's plans to collect data on admitted students in order to better formulate graduation and retention strategies. UWF has not implemented mapping systems but it is observing patterns and emphasizing attention to retention strategies across the board. Governor Colson noted that professional advisors are important because it is cheaper to retain a student than to recruit a new one.

Chancellor Brogan brought up summer work plan discussions and their focus on retention rates, commending university efforts toward improving those rates. Chairman Tripp suggested a funding request to the legislature for UF to provide Universal Tracking System technology to the other SUS institutions. Dr. Judy Bense, President at UWF, mentioned that UWF takes pride in its attention to access, but that if the SUS wants the focus to be on graduation rates for performance indicators then access will experience a decline. Dr. Judy Genshaft, President at USF, added that the purpose of differential tuition was to allow for unique graduation and retention plans at each university, and President Barron concurred. Chancellor Brogan affirmed the Access and Attainment Committee was created to evaluate these best practices and statewide educational structure. He suggested the necessity of revisiting policies between state universities and state colleges regarding student readiness. State universities cannot be expected to provide the readiness function that state colleges

provide as well as continue to improve performance metrics. With proper organization, access to higher education, which is especially needed in state's experiencing population growth, can be met without sacrificing academic quality. Mr. Carter emphasized the usefulness of the 2+2 plan in Florida. Chairman Tripp said the system was a few years away from fully addressing this issue. Governor Hosseini asked President Bense to clarify UWF's graduation rate, and she responded that the rate was around 43-44%. She expressed agreement that attention needed to be given to matching students to the appropriate institution and level of academia if graduation rates were to improve.

d. A System Overview: Survey Results

Jon Rogers explained that the survey of all state universities on academic tracking systems revealed that all universities are allocating resources toward systemwide planning upgrades.

4. Student Affairs Updates

a. Florida Student Association

Governor Whatley outlined the recent meeting of the Florida Student Association, where it reviewed the Task Force on Higher Education report. The FSA set April 2-3 for the Rally in Tally dates and January 28-30 for the DC lobbying dates. The FSA is drafting packets focused on the Aim Higher Initiative and higher education support in the state.

The FSA is establishing a Board of Advisors to improve functionality, as student leadership frequently changes, and to find external funding, given they did not charge dues this year. Chairman Tripp asked Governor Whatley to reach out to every university again to affirm commitment to FSA participation and to ensure that no university fails to participate for any reason, political or otherwise. Governor Whatley assured Chairman Tripp of the positive, productive environment of this year's FSA. President Barron clarified that FSU students were the only ones who chose not to participate due to objections concerning the requirement that FSA dues must be collected in order to for an institution's students' to have the opportunity of representation on the Board of Governors. If dues were not required, the issue would disappear. He then commended that move toward progress by the FSA.

Governor Ava Parker asked why FSU's students chose to hire their own lobbyist outside of the FSA, and President Barron pointed out that UF students have their own lobbyist for student needs as well, and that FSU students see this as an issue of civic duty. President Barron then added that, although he does think FSU students have a point in standing against the idea of charging dues for the possibility of representation

on the BOG, that either way it was the students' decision, and not his, to make. Governor Whatley informed Governor Parker that UCF's students also had a lobbying firm on retainer to deal with institution-specific issues.

b. SUS Council for Student Affairs

Dr. Bailey, Chair for the SUS Council for Student Affairs, asked committee members to refer to reports on the anti-hazing summits held in September within their materials. Between the summit hosted at UF and the summit hosted by Florida Atlantic University and Florida International University at FIU, a total of 155 persons participated, including students, faculty, and staff within Student Affairs departments, General Counsels, and attendees from other states. Summit recommendations included moving the summit outside of Anti-Hazing Week and creating an interdisciplinary anti-hazing team on campus. Dr. Bailey reminded the Committee of the annually updated Anti-Hazing Matrix provided to the BOG. Chairman Tripp said the Committee was currently learning the damaging effects hazing can have on a university's leadership.

5. Update: FSU's Bachelor of Fine Arts in Animation and Digital Arts

Before beginning the presentation Chairman Tripp let the Committee know that President Barron had given him assurance that, should anything progress in regards to this issue, FSU would report back to the BOG for consideration.

Dr. Frank Patterson, Dean of FSU's College of Motion Picture Arts, stated that FSU was in a holding pattern with the degree program so long as court proceedings with Digital Domain are ongoing. Dr. Patterson has been working on an internal assessment process with Provost Garnett Stokes and President Barron to determine the best path forward, with a report back in January.

Governor Colson asked if new students would be admitted before the assessment process was complete. Dr. Patterson clarified that the admissions process for the College of Motion Picture Arts began in February so they were planning accordingly. President Barron added that FSU is working hard to operate in the best interests of the students, including attention to elements involved with the Digital Domain Institute. Governor Frost requested clarification as to why FSU began a program so close to FAU and what would happen to the students currently in the program now that Digital Domain is bankrupt. President Barron answered that the requirements behind a BA and a BFA were very different, and the programs at FSU and FAU were very different. He went on to explain that FSU had to be legally silent in regards to Digital Domain, but that with accreditation coming from SACS a minimum of a two-year teach-out was to be implemented. He assured Governor Frost that the students' needs would be met before they graduate and that FSU would provide the BOG with its assessment of the situation during the January meeting. Chairman Tripp reflected on the inherent issues

in a private-public partnership, but stated that he was satisfied with the information FSU had thus far provided.

6. Adjournment

Having no further business, Chairman Tripp adjourned the meeting at 5:00 p.m.

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Norm Tripp, Chair

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Melissa Giddings,  
Student Intern

**STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS  
Academic and Student Affairs Committee  
March 27, 2013**

**SUBJECT:** Academic Program Approval Process in the State University System

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**PROPOSED COMMITTEE ACTION**

For information

**AUTHORITY FOR BOARD OF GOVERNORS ACTION**

Article IX, Section 7, Florida Constitution

**BACKGROUND INFORMATION**

Board staff will provide an overview of the academic program approval process established pursuant to Board Regulations 8.011, 8.012, 8.013, and 8.014. Information will also be provided regarding the academic program coordination process established in Regulation 8.004(1).

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**Supporting Documentation Included:** Regulations 8.004, 8.011, 8.012, 8.013, and 8.014

**Facilitators / Presenters:** Jan Ignash

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#### 8.004 Academic Program Coordination

(1) To facilitate collaboration, articulation, and coordination of academic program delivery across the State University System, the Office of the Board of Governors shall coordinate with the Council of Academic Vice Presidents to conduct an annual review of all current academic degree program offerings, as well as university plans regarding the addition or termination of any degree programs. The review shall be designed to inform both institutional and System-level strategic planning and shall assess:

- (a) Whether appropriate levels of postsecondary access are provided for students across the State of Florida to enable citizens to pursue degrees in selected fields;
- (b) Opportunities for the collaborative design and delivery of degree programs utilizing shared resources across multiple State University System institutions;
- (c) Whether academic program duplications are warranted; and
- (d) Potential impacts of any proposed academic program closure.

(2) When a state university desires to offer a college-credit degree or certificate program, or substantial parts of a program, that requires a substantial physical presence, at a location in Florida other than an existing Main Campus, Type I Campus, Type II Campus, or Type III Campus, the university shall provide to the Chancellor and the Chair of the Board of Governors a letter of intent to expand program offerings as soon as practicable. Prior to providing a letter of intent, the university may engage in planning activities designed to assess whether the proposed program furthers an educational or workforce need; whether sufficient student demand exists for the proposed program; and whether the proposed program can be implemented within existing university resources or, if not, an assessment of the anticipated cost of the new program and its impact on the university's existing resources.

- (a) The Chancellor, in consultation with the Chair and affected institutions within the System, will have twenty business days to consider a university's letter of intent to determine whether the proposed program is market-driven, mission-justified, and would not constitute an unnecessary duplication of academic programs or a waste of state resources. If the Chancellor determines that the proposed program meets these criteria, then the program may be implemented.
- (b) The Board of Governors Office shall maintain a list of programs developed in conjunction with the Council of Academic Vice Presidents which shall be used to expedite the approval process.
- (c) If the Chancellor, in consultation with the Chair and affected institutions, determines that the proposed program does not meet the criteria specified in subparagraph (2)(a), the Chancellor shall notify the

university and, within five business days from such notification, the university may request reconsideration of its program proposal by the Board's Appeals Committee, which shall consist of the Chair and the Chair of each Board committee. The Board of Governors Appeals Committee will review a university's request for reconsideration and issue a decision within twenty business days.

- (d) For the purpose of this regulation, substantial physical presence means maintaining continuously beyond the length of a single course, for any purpose related to offering a degree or certificate program, a physical location away from the main or additional campuses, to include classrooms, teaching laboratories, or other facilities for student instruction. Externships, internships, residencies, clinical rotations, student fieldwork, and other similar educational experiences do not constitute a substantial physical presence. The convening of students for orientation, testing, practica, and group seminars or projects does not constitute a physical presence if no more than twenty percent of the course in which they are enrolled is delivered face-to-face at that location.
- (e) The activities of Florida land grant cooperative extension services that do not include college credit degree or certificate programs will continue to be the responsibility of the Institute of the Food and Agricultural Sciences of the University of Florida and the College of Engineering Sciences, Technology and Agriculture of Florida Agriculture and Mechanical University and are not subject to the requirements of this regulation. Also not subject to the requirements of this regulation is any graduate degree program that directly supports research being conducted at an approved research and education center in which the program is proposed to be offered.

Authority: Section 7(d), Art IX, Fla. Const.; History: New 11-10-11



## **8.011 Authorization of New Academic Degree Programs and Other Curricular Offerings.**

(1) New Academic Degree Program Authorization - To ensure that new academic programs implemented by a state university are of the highest quality and are aligned with the Board of Governors and university strategic plans, the following criteria and processes for new academic program authorization are established.

(2) Definitions - Within the context of this regulation, academic degree programs are defined as follows:

(a) Degree Program – An organized curriculum leading to a degree in an area of study recognized as an academic discipline by the higher education community, as demonstrated by assignment of a Classification of Instructional Programs (CIP) code by the National Center for Educational Statistics or as demonstrated by the existence of similar degree programs at other colleges and universities. An argument may also be made for a truly unique degree program, based upon emerging research trends or occupational demand. Each degree program shall have designated faculty effort and instructional resources and shall be assigned a CIP code and included in the State University System Academic Degree Program Inventory. Each degree program shall include at least one program major as defined in paragraph (2) (b), but may have multiple majors.

(b) Program Major – An organized curriculum offered as part or all of an existing or proposed degree program. A program major shall be reasonably associated with the degree program under which it is offered and shall share common core courses with any other majors within the same degree program. Although in some cases the major and the degree program names are synonymous, only the degree program shall be assigned a CIP Code and shall be included in the State University System Academic Degree Program Inventory as a stand-alone program. The number of credit hours for a program major for each degree level shall be established by the university within the parameters of paragraph (3) (a) 6c.

(3) Criteria for New Degree Program Approval – A proposal for a new degree program shall be approved by a university board of trustees and the Board of Governors only if it meets the following criteria:

(a) Institutional and State-Level Accountability

1. *The Program is Consistent with the State University System Strategic Plan, and the University Mission, University Strategic Plan, and University Work Plan.* – The proposal shall demonstrate that the goals of the program are consistent with current State University System strategic planning goals by identifying which of the goals the program will directly advance. Additionally, the proposal shall demonstrate that the program goals are aligned with the university's mission and strategic planning goals and relate to specific institutional strengths, and that the program is consistent with the

program list provided in the university work plan required by Board of Governors Regulation 2.002.

2. *There is a Demonstrated Need for Program Graduates, Research, and/or Service.* – The proposal shall demonstrate a need for more individuals to be educated in the program at the level proposed, provide an estimate of the headcount and full-time equivalent (FTE) for students who will major in the program, and indicate steps to be taken to achieve a diverse student body. If an argument is made for the program based upon research or service need, then specific supporting information shall be provided. In analyzing the need for the proposed program, the university shall consider whether similar programs are offered at other postsecondary institutions in Florida and what impact, if any, such programs may have on the proposed program, and shall include this analysis in the proposal to substantiate the need for the program.

3. *The Program Does Not Unnecessarily Duplicate Existing State University System Degree Programs.* – If the program duplicates another degree program at a state university in Florida which has a substantially similar curriculum, evidence shall be provided that the university has investigated the potential impact on that program, has discussed opportunities for collaboration with the affected university, and can substantiate a need for duplication. If the proposed program curriculum substantially duplicates an existing program at a historically black university in the State University System, an analysis shall be conducted to determine whether the proposed program may adversely affect that university's ability to achieve or maintain student diversity in its existing program.

4. *Financial Planning and Resources are Sufficient for Implementation.* – The proposal shall include a complete budget for the program which is comparable in cost to similar existing programs, reflects the purpose of the proposal, and provides evidence that, in the event resources within the institution are redirected to support the new program, such a redirection will not have an unjustified negative impact on other programs.

5. *There is a Sufficient Projected Benefit of the Program to the University, Local Community, and State.* – The proposal shall describe the projected benefit to the university, local community, and the State if the program is implemented. The proposal should demonstrate efficient use of resources and justification for the investment. The projected benefit may be both quantitative (data driven) and qualitative in nature.

6. *Access and Articulation are Maintained for All Programs.*

a. In a proposal for a baccalaureate program, all prerequisite courses shall be consistent with common prerequisites for similar degree programs within the State University System and the Florida College System, or an exception shall be sought through the Articulation Coordinating Committee in accordance with Board Regulation 8.010.

b. In a proposal for a baccalaureate program, if limited access status is sought in accordance with Board Regulation 8.013, adequate justification shall exist for such a

designation, and evidence shall be provided that diversity, articulation, and workforce issues are appropriately addressed.

c. In a proposal for a baccalaureate program, the total number of credit hours shall not exceed 120, or an exception shall be sought from the Board of Governors in accordance with Board Regulation 8.014.

d. A proposal for any degree level shall include a plan to achieve a diverse student body in the program.

(b) Institutional Readiness

1. *The Institution Demonstrates an Ability to Implement a High-Quality Program.* - The proposal shall provide evidence that the institution has the resources in place, or will make the necessary investments, to ensure that the proposed program will be of high quality. If appropriate, the proposal shall provide evidence that the proposed program will specifically relate to existing institutional strengths such as other academic programs that have achieved national recognition, or related institutes and centers. If program reviews or accreditation activities in the discipline pertinent to the proposed program or in related disciplines have included recommendations affecting the proposed program, the proposal shall provide evidence that progress has been made in implementing those recommendations.

2. *The Curriculum is Appropriate for the Discipline and Program Level.* - The proposal shall describe a sequenced course of study with expected student learning outcomes, including any appropriate industry-driven competencies for advanced technology and related disciplines, as well as a strategy for assessing student learning. Admissions and graduation criteria shall be clearly specified and appropriate. The course of study and credit hours required should include a timeframe consistent with similar programs. In cases in which specialized accreditation is available, evidence shall be provided that the program will seek accreditation, or a rationale shall be provided as to why the program will not seek specialized accreditation as required by Regulation 3.006 .

3. *Sufficient Qualified Faculty is Available.* - The proposal shall demonstrate that sufficient qualified faculty is available to initiate the program based on estimated enrollments, and that, if appropriate, there is a commitment to hire additional faculty in later years. The proposal shall demonstrate that the academic unit or units associated with this new degree have been productive in teaching, research, and service. For a research or professional doctoral program, evidence shall be provided that the faculty in the aggregate has the necessary instructional experience, as well as research and grant activity, to sustain a doctoral program.

4. *Sufficient Institutional Resources are Available.* - The proposal shall demonstrate that the necessary library volumes and serials; classroom, teaching laboratory, research laboratory, office, and any other type of physical space; equipment; and appropriate clinical and internship sites shall be available to implement the program. For a graduate-level program, the proposal shall indicate whether

appropriate fellowships, scholarships, and graduate assistantships are in place, or if the university has made sufficient plans for their existence when student support is the norm in similar programs in the discipline.

(4) New Degree Program Approval Authority and Process –

(a) *Professional and Research Doctoral Degree Programs* - Each university board of trustees shall approve new research and professional doctoral degree programs for submission to the Board of Governors for authorization, in accordance with the criteria outlined in section (3) of this regulation. In approving a new doctoral degree program, the Board of Governors shall consider the sufficiency of the university proposal evaluation process, the distinctive mission of the university, alignment with the State University System and university strategic plans, and the extent to which the program will contribute to the economic development of the local community and the state as demonstrated by its alignment with the Areas of Programmatic Strategic Emphasis adopted as part of the State University System Strategic Plan.

1. A proposal that is complete and has been determined by Board staff to meet all criteria for new program authorization shall be considered by the Board of Governors for approval and, subsequent to a program's approval, an institution may offer the new program at a date no sooner than that specified in the proposal.

2. If a university contemplates implementing a master's or specialist program and a doctoral program in the same discipline simultaneously, a single proposal for both degree levels should be developed, differentiating elements within the proposal as necessary. Both degree levels shall be approved by the university board of trustees prior to submitting the doctoral program proposal to the Board of Governors for consideration.

3. New doctoral programs shall be considered by the Board of Governors only at the June and November meetings, unless extenuating circumstances justify the need for Board consideration during a different timeframe. The Chancellor shall establish deadlines for university submission of new degree proposals for consideration.

(b) *Bachelor's, Master's, Advanced Master's, Specialist and other Non-Doctoral Degree Programs* - Each university board of trustees shall approve for implementation new degree programs at the bachelor's, master's, advanced master's, and specialist levels in accordance with sections (3) and (5) of this regulation.

(c) *University Policies for New Degree Program Authorization* - Each university board of trustees shall ensure that university policies for new degree program planning and approval are consistent with this regulation and provide a copy of the policies to the Board of Governors Office. The university policies shall include at a minimum:

1. A formal process for determining degree programs that the university will explore for implementation over the period covered by the university strategic plan and the university work plan;

2. A formal process for review and approval of proposed programs by the appropriate curriculum, financial, and administrative entities of the university;

3. A formal written review of doctoral program proposals by a qualified external consultant prior to consideration of the proposal by the board of trustees. Alternatively, institutions may utilize a cross-section of visiting experts who contribute to the proposal development process. Their contribution to the process must be documented and described in the proposal;

4. A process for final consideration by the board of trustees that includes review of the proposed program by the full board or a designated committee with regard to Board of Governors approval criteria and implementation costs; and

5. Adoption of a common State University System new degree proposal format developed by Board staff in collaboration with university academic affairs officers.

(d) *State University System Academic Degree Program Inventory -*

1. The Board Office shall maintain a State University System Academic Degree Program Inventory that will identify the approved degree programs for each university and that will be used by the universities for reporting enrollments, degree completions, and other information related to instructional delivery. Within four weeks of approval of a bachelor's, master's, specialist, or advanced master's degree by the university board of trustees, a university shall notify the Board of Governors Office in writing and provide an electronic copy of the proposal for each program, along with related board of trustees approval documents. For baccalaureate programs, the notification shall include any request for approval of limited access status, exceptions to the 120 credit hours to degree, and exceptions to the established statewide common prerequisite courses. A CIP code for each program shall be assigned by the Board of Governors Office in consultation with the university.

2. Upon resolution of any outstanding issues regarding the program, it shall be added to the State University System Academic Degree Program Inventory and a letter of notification shall be provided to the university.

(5) Independent Degree Programs at Branch Campuses and Off-Campus Sites - Complete degree programs, or substantially complete degree programs, having designated faculty lines with independent curricular decision-making authority, designated facilities and instructional resources, and a designated student body, shall not be implemented at a branch campus or other off-campus instructional location unless approved by the university board of trustees, even if the university already has authority to offer the degree program at another location. Each such program shall meet the Board of Governors' new degree program approval criteria and follow the same approval process as other new program offerings at the university. This requirement does not apply to programs currently approved for one location that share faculty and students between or among instructional locations.

(6) Each university shall establish policies for academic degree program offerings away from the main campus, including degree programs offered through continuing

education or outreach, degree programs offered under contract as sponsored credit for an external public or private entity, degree programs offered in other states, and degree programs offered in foreign countries.

(7) Authorization of Other Academic Curricular Offerings - Each university board of trustees shall ensure that the university has policies consistent with this regulation and applicable accreditation standards for the approval, implementation, and review of other types of academic curricular offerings as defined in sections (7) (a)-(c) of this regulation. Copies of each university's policies for approving other academic curricular offerings shall be provided to the Board of Governors Office.

(a) Program Minor, Concentration, Area of Emphasis, Track, or a similar curricular offering. - Any organized curriculum that is offered as part of a degree program and enhances or complements the degree to be awarded in a manner which leads to specific educational or occupational goals. Such a curricular offering shall be as defined by the university with the credit-hour length set in accordance with university policy, except that the number of credit hours shall not equal or exceed the number of credit hours established for a program major at the same degree level.

(b) College Credit Certificate Program - An organized curriculum of college credit courses offered as a distinct area of study that leads to specific educational or occupational goals, and for which the university awards a certificate, diploma, or similar form of recognition upon completion. College credit certificate programs may consist of courses that are part of a degree program or distinct courses that are created outside of any degree program. The number of credit hours for a college credit certificate program shall be set by the university within guidelines established by this regulation.

(c) Non-College-Credit Certificate - An organized curriculum of study of any length that is offered for non-college credit (as measured through clock hours, continuing education units, competency exams, etc.), that leads to specific educational or occupational goals, and for which the university awards a certificate or diploma upon completion. The length of a non-college-credit certificate program shall be set by the university.

Authority: Section 7(d), Art. IX, Fla. Const.; History: 3-27-07, Amended 3-24-11.

## **8.012 Academic Program Termination**

(1) To ensure the efficient use of state resources and maintain the quality and relevancy of academic programs offered within the State University System, programs may be terminated. Reasons for terminating programs may include but are not limited to the following:

- (a) Enrollments are no longer sufficient to justify the cost of instruction, facilities, and equipment; or the program duplicates other offerings at the university.
- (b) The program is no longer aligned with the mission or strategic goals of the university, or is no longer aligned with the strategic goals of the Board of Governors.
- (c) The program no longer meets the needs of the citizens of Florida in providing a viable education or occupational objective.

(2) Each University Board of Trustees must adopt policies and procedures for degree program termination, with copies provided to the Board of Governors, Office of Academic and Student Affairs. The policies will include at a minimum:

- (a) A formal process for determining degree programs that are candidates for termination that includes review by the appropriate curriculum, financial, and administrative councils of the university; and
- (b) A plan to accommodate any students or faculty who are currently active in a program that is scheduled to be terminated; and
- (c) A process for evaluation and mitigation of any potential negative impact the proposed termination may have on the current representation of females and ethnic minorities within the faculty and students.

(3) Each University Board of Trustees has the responsibility and authority to approve termination of degree programs at the bachelor's, master's, advanced master's, and specialist level in accordance with BOG Regulation 6C-8.012 (1) and subsection (2). Upon termination of a degree program, the university will notify the Board of Governors, Office of Academic and Student Affairs within four weeks of the University Board of Trustees decision.

(4) Each University Board of Trustees has the responsibility and authority to recommend termination of degree programs at the professional and doctoral level to the Board of Governors in accordance with BOG Regulation 6C-8.012 (1) and subsection (2). In its request for termination of a program the university will provide documentation that it has followed its established policies, including those related to faculty affected by program termination, and that there is a plan in place to accommodate any students who are currently active in the program.

Authority: Section 7(d), Art. IX, Fla. Const.; History: New 3-29-07.

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### 8.013 Limited Access

(1) The Board of Governors may declare certain degree programs as limited access programs, upon request by university board of trustees. University degree programs may be approved as limited access programs for the following reasons:

- (a) The number of students who have met all the requirements for admission to the university and to the program in excess of available resources (examples are: space, equipment or other instructional facilities; clinical facilities; adequate faculty to meet acceptable student-faculty ratios; fiscal or other resource limitations). In the case of such programs, selection for admissions shall be competitive. The selection criteria may vary from term to term depending on the number of student spaces available and the quality of the applicant pool. The selection criteria shall be published in the university catalogue along with the standards used for admissions decisions at the time the catalogue is published.
- (b) The program is of such nature (normally in the fine or performing arts) that applicants must demonstrate through an audition or submission of a portfolio that they already have the minimum skills necessary for them to benefit from the program.
- (c) The program is of such nature that in order to demonstrate potential for success in the program, applicants must attain a grade point average (GPA) and/or other standards e.g. standardized test scores) that are above those required for admission to the university offering the program. [Note: Teacher preparation programs are mandated by Section 1004.04 (4) (b), F.S., to maintain certain admission requirements, and, therefore, will be classified and reported as limited access programs only if enrollment is limited for reasons (e.g. limited resources) that exceed statutory requirements. Teacher preparation programs will be monitored for compliance with requirements of Subsection 1004.04 (4) (b), F.S., through a report which is separate from the limited access reports.
- (d) When an institution has exceeded its upper-level FTE enrollment limit as assigned by the Legislature by more than five percent, programs which have not normally been designated as limited access programs may need to limit enrollment. If the institution's actual student credit hour productivity exceeds the institution's funded enrollment to this extent, the institution may take corrective actions in subsequent terms such as limiting admission of new students into upper level programs, limiting course loads of enrolled students and/or other measures as may be necessary to stay within funded enrollment levels.

- (e) In the case of programs for which prerequisite courses are required for admission, the prerequisites, and grades for the prerequisite courses determined acceptable by the program, by themselves, will not cause a program to be declared limited access. That is, if all the applicants completing prerequisite courses, with any specified grade requirement, are admitted to the program, the program need not be designated a limited access program. Associate in Arts graduates from Florida public community colleges and universities who have not completed prerequisite courses for a given major shall be admitted to a university in order to complete those prerequisite courses, after which program admission can be determined.

(2) Programs assigned limited access status will be reviewed by the university in the course of its cyclical program review process to determine if there is a need for the program to remain limited access. The university will report to the Board of Governors by October 1 each year with a list of all limited access programs, the minimum admissions standards for each program, the reasons the program is designated as limited access, and a copy of the most recent review demonstrating the need for retention of limited access status.

(3) Selection criteria for admission into limited access programs shall be appropriate indicators of academic ability, creativity, or talent to perform required work within the program and of the potential for success.

- (a) Such criteria shall not discriminate against community college transfers with Associate in Arts degrees from Florida public community colleges in favor of SUS students who are applying for admission or plan to continue enrollment after completion of 60 semester credits at the lower division level.
- (b) Selection criteria for limited access programs shall be publicized in catalogues, counseling manuals, and other appropriate publications with sufficient time for prospective students to adjust programs to meet criteria.
- (c) Where necessary to achieve established equal access enrollment goals, up to ten percent of the students may be admitted to a limited access program with different criteria.
- (d) Each university shall advise students who meet the minimum requirements for admission to the upper division of a state university, but are denied admission to limited access programs, of the availability of similar programs at other State University System institutions and the admission requirements of such programs.

- (e) Florida community colleges Associate in Arts graduates and university students who have successfully completed 60 semester credit hours of course work, including the 36 credit hour General Education Requirement, and met the requirements of Section 1008.29, F.S., shall receive priority for admission to such limited access programs over out-of-state and transfer students from private institutions.

Authority: Section 7(d), Art. IX, Fla. Const.; History: New 3-29-07

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#### **8.014 Bachelors' Degree Exceptions to 120 Credit Hours Requirement**

(1) In accordance with the requirements of Section 1007.25, F.S., the Board of Governors may approve a request by a university board of trustees for a bachelor's degree program to exceed 120 credit hours to degree. Programs may be approved for the following reasons:

- (a) Additional courses are required to meet specialized accreditation standards for program content and such accreditation is expected or required for program graduates to become employed in the profession for which they are being prepared (e.g. Engineering, Architecture); or
- (b) Additional courses are required to meet state or federal mandated criteria for professional licensing (e.g., Teacher Education).
- (c) The degree program offers a unique and innovative learning experience, such as honors programs, individualized study, and other non-traditional approaches to education.

Authority: Section 7(d), Art. IX, Fla. Const., 1007.25, F.S.; History: New 3-29-07.

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**STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS  
Academic and Student Affairs Committee  
March 27, 2013**

**SUBJECT:** Update on the Academic Program Coordination Workgroup

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**PROPOSED COMMITTEE ACTION**

For information

**AUTHORITY FOR BOARD OF GOVERNORS ACTION**

Article IX, Section 7, Florida Constitution

**BACKGROUND INFORMATION**

An update will be provided on the efforts of the Council of Academic Vice Presidents (CAVP) to implement the provisions of Board Regulation 8.004 (1), Academic Program Coordination. To facilitate coordination of academic program delivery across the State University System and guard against unnecessary duplication, the CAVP appointed an Academic Program Coordination Workgroup. The Workgroup has been reviewing degree programs listed in the university annual work plans for implementation in the next three years and making recommendations back to the individual universities.

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**Supporting Documentation Included:** Regulation 8.004 provided with previous agenda item.

**Facilitators / Presenters:** Dr. Tony Waldrup, Provost, UCF

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**STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS  
Academic and Student Affairs Committee  
March 27, 2013**

**SUBJECT:** Limited Access Status for the Bachelor of Social Work at the University of North Florida

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**PROPOSED COMMITTEE ACTION**

Consider Limited Access Status for the Bachelor of Social Work at University of North Florida, CIP Code 44.0701.

**AUTHORITY FOR BOARD OF GOVERNORS ACTION**

Article IX, Section 7, Florida Constitution; Board of Governors Regulation 8.013

**BACKGROUND INFORMATION**

The University of North Florida requests Limited Access status for the new Bachelor of Social Work (CIP 44.0701). The rationale for Limited Access status is that the program's accrediting body, the Council for Social Work Education, requires the faculty to student ratio to not exceed 1:25. Additionally, high student demand, limited number of supervised internship experiences, limited resources, and the desire to deliver a high quality program for the students, are also reasons for requesting Limited Access status for the Bachelor of Social Work.

New admission requirements would be a GPA of 2.5 or better, the completion of common prerequisite courses with a C or better, and the submission of a personal essay describing the applicant's interest in the field of social work.

These requirements will not affect the ability of Florida College System associate of arts degree program graduates to compete for program space. If approved, Limited Access status will be implemented in the fall term of 2013.

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**Supporting Documentation Included:** University Request

**Facilitators/Presenters:** Governor Norman Tripp

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**Board of Governors, State University System of Florida**

Limited Access Program Request

Reference: BOG Regulation 6.001, Admissions

<b>University:</b>	University of North Florida	<b>Degree(s) offered:</b>	Bachelor of Social Work
<b>Program:</b>	Social Work	<b>Six digit CIP code:</b>	44.0701

1. Will the entire program be limited access or only a specific track?  
\_\_Entire Program\_\_
2. If only a track is limited access, please specify the name of the track  
\_\_\_\_\_
3. How many students will the program plan to accommodate?  
Fall\_40\_\_\_\_\_ Spring\_0\_\_\_\_\_ Academic Year Total \_40\_\_\_\_\_
4. When do you propose to initiate limited access?  
\_\_Fall 2013 (first semester program will be offered)\_\_\_\_\_
5. What is the justification for limiting access?

We anticipate a high demand for the BSW program and must retain the 1:25 faculty-to student ratio requirements of Council for Social Work Education, the program's accrediting body

6. By what means will access be limited? Please provide a description of the program's admissions requirements and procedures, and indicate how these requirements and procedures ensure equal access for Florida community college Associate of Arts degree graduates in the competition for available space in the program.

Admission to the UNF BSW program will depend upon students' academic records and their demonstration of suitability for the profession of social work, commitment to the program, and level of preparation.

Students who wish to be admitted to the UNF BSW program must meet the following admission requirements:

- Acceptance to UNF;
- An AA from a public Florida college or university or successful completion of UNF general education requirements;
- A minimum cumulative GPA of 2.5;
- Completion of 15 hours of common pre-requisites with a C or better; and

- Submission of a personal essay describing the applicant's interest in the field of social work and experiences working with or for persons who are different from one's self.

All applications to the UNF BSW Program will first be screened by the Program Director for the minimum qualifications. Applicants who do not meet the minimum requirements will not be considered further. Applications reflecting the minimum qualifications will be further reviewed by a committee chaired by the Program Director and including two other Social Work faculty and/or faculty from the Department's sociology program. The committee will review and score the personal essays from qualified applicants based on suitability to the profession of social work, commitment to the program, and level of preparation. Based on the personal essay scores and the student's academic record, applicants will be ranked and then notified via email that they are either accepted to the program, wait listed (students will be told their place on the wait list and notified via email if and when an admitted applicant declines his or her place), or not accepted. Students who are waitlisted or not accepted will be invited to apply the following year, and will be advised regarding other BSW programs in the SUS and of the admission criteria for these programs.

7. Present the current race and gender profiles of the students in the program. Discuss the impact of the proposed action on the race and gender profiles. Cite sources used for discussion. What strategies, should they be necessary, will be used to promote diversity in the program?

Our current Social Welfare programs serve a diverse student population. Relative to UNF as a whole, these programs include more minority students and more women.<sup>1</sup>

#### **Race/Ethnicity and Gender of Social Welfare Program and UNF Students**

	Percent Non-White	Percent Female
Social Welfare Concentration	41.4	89.2
Social Welfare Minor	34.9	86.0
University of North Florida	26.4	56.0

We also collected demographic information from students who responded to a survey conducted by the Department of Sociology & Anthropology as part of our efforts to assess program demand. Survey respondents were also majority female (87%), and 61% reported their race as white.<sup>2</sup> We anticipate that the Bachelor of Social Work degree will attract students with a similar demographic. In addition, UNF's Disability Resource Center provides assistive services and technologies that will allow students with disabilities to participate in the program.

1 Sources: Banner SIS Reports retrieved October 26, 2011; UNF 2010 Fast Facts "University Profile" [http://www.unf.edu/ia/pr/marketing\\_publications/factsheet/2010/University\\_Profile.aspx](http://www.unf.edu/ia/pr/marketing_publications/factsheet/2010/University_Profile.aspx)

2 Department of Sociology & Anthropology Student Survey, November 21, 2011.

The GPA requirement should not impede admission of a diverse cohort of students. At present, 82% of white lower division students in our social welfare programs exceed this GPA, and 100% of minority students. For upper division students in the social welfare programs, 74% of upper division minority students exceed the minimum GPA and 91% of white students.<sup>3</sup> Sixty-nine percent of respondents to our survey of Social Welfare students reported transferring from another school,<sup>4</sup> and we anticipate that the BSW will also appeal to transfer students. In addition, we anticipate that the personal essay will emphasize to students the program's commitment to diversity and the important role that respect for all persons plays in social work practice.

As part of our accreditation process through the Council for Social Work Education (CSWE), we will need to maintain a learning environment that honors many forms of diversity ("age, class, color, culture, disability, ethnicity, gender, gender identity and expression, immigration status, political ideology, race, religion, sex, and sexual orientation"<sup>5</sup>). Our accreditation application demands compliance with the following standards:

**3.1.1** The program describes the specific and continuous efforts it makes to provide a learning environment in which respect for all persons and understanding of diversity and difference are practiced.

**3.1.2** The program describes how its learning environment models affirmation and respect for diversity and difference.

**3.1.3** The program discusses specific plans to improve the learning environment to affirm and support persons with diverse identities.<sup>6</sup>

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3 Data reported by UNF Office of Institutional Research, September 2011.

4 Department of Sociology & Anthropology Student Survey, November 21, 2011.

5 Council on Social Work Education 2008 Educational and Policy Accreditation Standards, Educational Policy 3.1, Diversity.

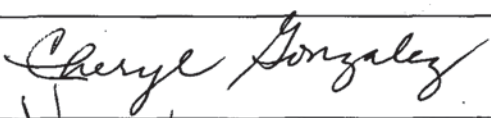

6 Ibid.

We are strongly committed to these efforts, as well as to the University's mission, goals and policies regarding diversity and equal opportunity.

Finally, a respect for diversity and capacity to work with diverse populations are among the core competencies required of CSWE for all accredited social work program graduates. We anticipate that by foregrounding these issues in the curriculum, our program will attract and retain students from differing backgrounds and who harbor respect for all persons regardless of background or status.

8. Are the graduates of the program in high demand? If so, and if the program is to be limited due to lack of adequate resources, provide a justification for limiting access to the program rather than reallocating resources from programs with low market demand.

The justification for a limited access despite high student demand is threefold. First, faculty-student ratios must be kept low per the accrediting body and the demands of the program curriculum, which requires a supervised internship experience. To meet this requirement, we have already reallocated substantially within the College of Arts and Sciences. This has not generated sufficient resources to make new lines available. Instead, our reallocations have allowed us to continue to meet student demands in existing programs, and we are not able to stretch these resources to fund this new program in a way that could accommodate unlimited growth. Second, developing the capacity for high-quality internship placements for BSW students will take some time. UNF's Social welfare program currently has agreements with 42 local human services agencies, but some of these may not meet the requirements specified by the BSW program's accrediting body (CSWE). The program's Field Education Director will spend substantial time during Year 1 evaluating and renegotiating existing agency agreements and recruiting additional placement agencies, particularly those that provide opportunities that are otherwise not available to our students. Finally, it is also likely that as a new program there will be merit in constricting its growth to be certain that high quality is maintained at every step of its expansion.

Request Initiated by:	Krista Paulsen, Chair, Department of Sociology & Anthropology
EEO Officer's Signature:	
Provost's Signature:	

Send the completed form to:

Dr. Dorothy J. Minear  
Sr. Associate Vice Chancellor, Academic and Student Affairs  
Board of Governors  
State University System of Florida  
325 West Gaines Street, Suite 1614  
Tallahassee, Florida 32399-1950

**STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS  
Academic and Student Affairs Committee  
March 27, 2013**

**SUBJECT:** Student Affairs Reports and Updates

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**PROPOSED COMMITTEE ACTION**

For information.

**AUTHORITY FOR BOARD OF GOVERNORS ACTION**

Article IX, Section 7, Florida Constitution

**BACKGROUND INFORMATION**

Governor Cortez Whatley, President of the Florida Student Association, will update the Committee on recent Association activities and plans for 2013-14.

In addition, Dr. Kevin Bailey, Chair of the State University System (SUS) Council for Student Affairs, will provide an update on current student affairs issues on SUS campuses.

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<b>Supporting Documentation Included:</b>	None
<b>Facilitators / Presenters:</b>	Governor Cortez Whatley Dr. Kevin Bailey, Chair, SUS Council for Student Affairs

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STATE  
UNIVERSITY  
SYSTEM  
of FLORIDA  
Board of Governors

**AGENDA**  
**Audit and Compliance Committee**  
**Grand Ballroom, Student Union**  
**Florida A&M University**  
**Tallahassee, Florida**  
**March 27, 2013**  
**2:45 p.m. – 3:45 p.m.**

**Chair: Mr. Alan Levine; Vice Chair: Mr. Ed Morton**  
**Members: Carter, Kuntz, Lautenbach, Webster**

1. **Call to Order** **Governor Alan Levine**
2. **Approval of Committee Meeting Minutes** **Governor Levine**
  - a. Minutes, November 7, 2012
  - b. Minutes, January 16, 2013
3. **Discussion: Florida A&M University** **Chancellor Frank T. Brogan**  
**Corrective Action Plan**
4. **Discussion: Audit Committee Responsibilities** **Mr. Derry Harper**  
**and OIG Functions, Overview** *Inspector General and*  
*Director of Compliance,*  
*Board of Governors*
  - a. Audit and Compliance Committee Dashboard
  - b. OIG Summary Work Plan
5. **Concluding Remarks and Adjournment** **Governor Levine**

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**STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS  
Audit and Compliance Committee  
March 27, 2013**

**SUBJECT:** Approval of Minutes of Meetings held November 7, 2012 and January 16, 2013

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**PROPOSED COMMITTEE ACTION**

Approval of Minutes of meeting held on November 7, 2012, at New College of Florida, Sarasota; and Minutes of the meeting held on January 16, 2013, at the University of Florida, Gainesville.

**AUTHORITY FOR BOARD OF GOVERNORS ACTION**

Article IX, Section 7, Florida Constitution

**BACKGROUND INFORMATION**

Board members will review and approve the Minutes of meeting held on November 7, 2012, at New College of Florida, Sarasota; and Minutes of the meeting held on January 16, 2013, at the University of Florida, Gainesville.

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**Supporting Documentation Included:** Minutes: November 7, 2012; and January 16, 2013

**Facilitators/Presenters:** Governor Levine

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MINUTES  
BOARD OF GOVERNORS  
STATE UNIVERSITY SYSTEM OF FLORIDA  
AUDIT AND COMPLIANCE COMMITTEE  
NEW COLLEGE OF FLORIDA  
SARASOTA, FLORIDA  
NOVEMBER 7, 2012

*Video or audio archives of the meetings of the Board of Governors  
and its Committees are accessible at <http://www.flbog.edu/>.*

The chair, Ava Parker, convened the meeting of the Audit and Compliance Committee at 1:33 p.m., at the Sudakoff Conference Center, New College of Florida, in Sarasota, Florida. The following members were present: Matthew Carter, Patricia Frost, Tom Kuntz, Gus Stavros, John Temple, and Elizabeth Webster.

1. Call to Order

Ms. Parker called the meeting to order.

2. Approval of Minutes

Mr. Carter moved that the Committee approve the Minutes of the meeting of the Board of Governors Audit and Compliance Committee (Audit Committee) held June 21, 2012, as presented. Mr. Kuntz seconded the motion. The Minutes were approved.

3. Report: Florida A&M University Division of Audit and Compliance Corrective Action Plan

Mr. Derry Harper introduced an invited speaker, Mr. Rick Givens, the Vice President for Audit and Compliance at Florida A&M University (FAMU), to present the University's corrective action plan as requested by the Board last year. At the Committee's last meeting, June 21, 2012, Mr. Givens described FAMU's corrective action plan in response to a Whistle-blower investigation that the former Vice President for Audit and Compliance had submitted to the board of trustees and the Board of Governors audit summaries of audits that did not exist. The Committee invited Mr. Givens to today's meeting to provide them with an update of the University's further response to findings.

Mr. Givens covered the following topics in his presentation:

- A. **Background.** As a result of findings that FAMU's Division of Audit and Compliance did not follow professional standards governing the performance of

internal auditing services, the University contracted with Ernst & Young to redo eight audits or reviews that were identified in the earlier investigative report into this matter by Sniffen & Spellman, P.A. Ernst & Young was also tasked with assessing investigations to determine if they were performed objectively and in accordance with applicable professional standards and that they were adequately documented.

- B. **Audit 1: Bank Reconciliations.** Mr. Givens reported five findings: 1) procedures need to be strengthened; 2) monthly reconciliations were not completed in a timely manner, and preparation and approval dates were not consistently documented; 3) there were outstanding checks in excess of 365 days, and procedures for handling them need to be strengthened; 4) there were two occurrences of deposits outstanding greater than 30 days; and 5) reconciling items spanned more than one period, and sometimes they went across the entire fiscal year. Also, supporting documentation was not consistently maintained.

**Audit 2: Athletics Revenue.** Mr. Givens reported seven findings: 1) adequate documentation was not maintained for revenue collected from parking, concessions, and sponsorships; 2) there were inadequacies found on the inventory control sheets used to document program/parking sales, and the change in/out worksheets used to document cash given to employees to be used as change; 3) revenue accounts were not designed to consistently identify game revenue. The A-receipts report used to document deposits sent to the cashier's office did not agree to the game day support or the general ledger; 4) revenue recorded on the General Ledger is not reconciled to the revenue journal entry prepared by the Athletics Department; 5) duties are not adequately segregated among the collection of cash, preparation of deposits, and preparation of cash journal entries to be posted to the GL; 6) the vending permit contract does not consistently document standard rate per game or payment amounts due; 7) the University's contract with Sodexo may be unfavorable and an opportunity may exist to improve the contract's terms and impact on the University.

**Audit 3: Technology Fee.** Mr. Givens reported three findings: 1) technology fee funds spent are not monitored and compared to the amount budgeted for approved projects; 2) there was not a control in place to validate that recipients of the Florida Bright Futures Scholarship do not pay technology fees with scholarship funds; and 3) one project funded from Technology fees did not evidence the approval of the University President or Provost. Management was unable to provide the approval form.

**Audit 4: Textbook Affordability.** Mr. Givens reported six findings: 1) approximately one-third of the textbooks were not adopted and posted by the deadlines established by Board of Governors regulation; 2) textbooks were posted without the ISBN, copyright date, or published date; 3) the University

does not perform a reconciliation of textbooks and information posted to the Text Aid System and Barnes & Noble web portal; 4) course book request forms were not retained for a fall 2010 and spring 2011. Textbook requests are submitted through various methods, including online, fax, and outdated forms; 5) the Course Book Request form does not capture sufficient information to provide justification for the use of new editions; and 6) University policies and procedures do not document the textbook voucher limit of \$799 per student per semester, and PeopleSoft is not designed to limit the receipt per semester.

**Audit 5: Sub-recipient Monitoring.** Mr. Givens reported three findings: 1) policies and procedures could be strengthened by adding or enhancing particular areas of A-133 reporting and monitoring for compliance, among other things; 2) the Office of Sponsored Programs and Division of Audit and Compliance do not consistently maintain, review findings from, or ensure corrective action of findings on the A-133 reports; and 3) two sub-recipient payments did not evidence approval prior to payment. These invoices did not follow the standard procedures and were sent directly to the department sub-contracting the work rather than the Office of Sponsored Programs.

**Audit 6: Contracts and Grants Expenditures.** Mr. Givens reported one finding: policies and procedures could be strengthened by updating the purchasing department's roles and responsibilities; updating the responsibilities for maintenance of documentation; updating the names of the Financial Status reports for A-133; updating the process for review and approval of final technical reports; and updating the process for monitoring A-133 audit compliance.

**Audit 7: Insurance Coverage on Buildings.** Mr. Givens reported two findings: 1) the insurable value calculation did not evidence review and approval of the Director. The approval is informal and not documented; and 2) policies and procedures do not address the process for determining insurable values, frequency of the computation, or the addition or removal of assets.

**Audit 8: Investigations.** Mr. Givens reported five findings: 1) policies and procedures governing the conduct of investigations did not exist, creating a lack of consistency; 2) files did not include original complaint and investigator name, or certification of the investigator's independence and objectivity; 3) work papers were not clearly and completely documented to support findings in the reports; 4) the review of policies, procedures, controls, and contracts applicable to the investigation was not consistently documented in work papers; and 5) two reports were not finalized.

Mr. Givens stated that the University has corrective actions in place in response to the findings and recommendations.

[Presentation paused at 1:53 p.m. for Governor Rick Scott's presentation to the Board of Governors. Committee meeting resumed at 3:10 p.m.]

C. Presentation from Karl White, Chair of the University Board of Trustees Audit Committee. Mr. White addressed the Board of Governors to offer the Board of Trustees perspective on this matter. He said the problems fall into the following categories:

i. Issues with opportunities to improve policies.

Mr. White said the report revealed a need for more automation and staff training. He said they are working with Ernst & Young on improvements to policies, across the University. Additionally, the Board of Trustees has asked Ernst & Young to provide training for the audit committee at their next meeting.

Regarding the Athletics Department, at the last Budget & Finance Committee meeting, they asked the Athletics Director to talk with his counterparts at Florida State University and other institutions to learn about the best ways to implement their policies and procedures.

ii. Issues with opportunities to ensure policies are adhered to.

Mr. White said policies were properly in place but not adhered to. The Board of Trustees asked Dr. Robinson at their last meeting to report to them at a future meeting with a more in-depth report of how they can ensure staff training is properly done.

As a result of one of the reports regarding the spending of Student Government Association funds, they determined staff training needs to take place annually because students in SGA leadership positions change each year.

iii. More investment is needed in technology and efficiencies.

Mr. White said the Board of Trustees would like to communicate to the Board of Governors that they are aware these are occurring. They have charged themselves and President Robinson with ensuring corrective actions are implemented for each area of concern.

Mr. Kuntz said the Ernst & Young report is sobering; there are a lot of issues. He asked Mr. White what their plan is to go back later and ensure policies and procedures are in place and that these problems have really been fixed. Is there a time specific date for someone to check that the corrective action plan has been implemented and that it's been effective? Mr. White said they are trying to have realistic deliverables. Regarding the Bank Reconciliations audit, there were policies and procedures in place, but over time, they fell by the wayside. The solution is to have the right policy in place as well as



the right people in place and to have the right training occurring. The Board of Trustees and President have to be accountable for ensuring these things occur.

Mr. White said the Ernst & Young report revealed the University's processes are mostly manual. They need to invest more in technology. They are trying to reach a point where they can determine a definitive date of completion, but Mr. White said he doesn't have that date now.

Mr. Kuntz suggested they establish some target dates for completion and follow-up. Without that, there could be some "slippage."

Mr. Hosseini said the University's work new plan presented by Dr. Robinson was very realistic. The one before that was a disaster. Mr. Hosseini said there should be some accountability among the Trustees; the Board of Governors trusts Trustees to look at University Work Plans and to question the President. If they had done so with the first work plan, they would not have let the President submit it to them. Mr. White said, "Point well-taken."

Mr. Colson said he spent a couple of hours with President Robinson last week in anticipation of this meeting. Mr. Colson said Universities have to rely on their Presidents. He said he's impressed with President Robinson's commitment. Mr. White responded they have to have the right people in the job.

Chancellor Brogan said institutional control is essential. Institutional Controls means having appropriate policies, practices, and procedures in place and to ensure that they are expressed to all staff. People are then held responsible for implementing them. Lastly, the Chancellor said the University needs to ensure they have people in place who are capable of implementing them.

Ms. Parker asked Mr. White to work with Rick Givens to ensure, as Mr. Kuntz suggested, timelines are added to the corrective action plan and to let the audit committee know what they are.

Ms. Parker said our Board Chair spoke to the Board of Trustee Chair to ensure they had appropriate resources to provide the appropriate oversight. Mr. White said he believes they do have sufficient resources and that they have requested training for the Board of Trustees audit committee from Ernst & Young.

Mr. White said they understand they need to take a more active role as a Board.

#### 4. Discussion of Pending Investigations

Mr. Harper said the information he will provide to Committee members today is an update from what the Chancellor provided to Board members a couple of months

ago. The time table in that communication indicated we would be done with our investigation at about this time. The investigation began earlier this year. However, we were bound by two or three different circumstances to coordinate our investigation with the pending criminal investigation of the matters that occurred on November 19, 2011. Additionally, there was a second criminal investigation into band finances at the University.

We began our active investigation and interviews in mid-July. We have the full cooperation of the University, and are gathering additional information. At this time, Mr. Harper said we anticipate a preliminary report on institutional and internal controls issues as well as the allegations made by individuals in the next two to three weeks. The University will have 15 days to respond in writing. We will make any changes to report based upon the University's response and then will issue the final report at that time.

5. Concluding Remarks and Adjournment

The meeting of the Audit Committee was adjourned at 3:48 p.m.

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Ava Parker, Chair

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Lori Clark,  
Compliance Analyst

MINUTES  
BOARD OF GOVERNORS  
STATE UNIVERSITY SYSTEM OF FLORIDA  
AUDIT AND COMPLIANCE COMMITTEE  
UNIVERSITY OF FLORIDA  
GAINESVILLE, FLORIDA  
JANUARY 16, 2012

*Video or audio archives of the meetings of the Board of Governors  
and its Committees are accessible at <http://www.flbog.edu/>.*

Board Chair, Dean Colson, convened the meeting of the Audit and Compliance Committee at 1:42 p.m., at the Emerson Alumni Hall, at the University of Florida, in Gainesville, Florida. As the Committee Chair and Vice Chair positions are currently vacant, Mr. Colson convened the meeting as a Committee of the Whole. The following members were present: Dean Colson, Mori Hosseini, Dick Beard, Matthew Carter (by phone), Manoj Chopra, Patricia Frost, Wayne Huizenga, Alan Levine, Wendy Link, Ed Morton, John Rood, Norman Tripp, and Cortez Whatley.

1. Call to Order

Mr. Colson called the meeting to order and explained that because the Chair and Vice Chair positions are vacant, he will preside over the meeting with the Board as a Committee of the Whole. The minutes from the Audit Committee's last meeting, November 7, 2012, will not be considered for approval at this meeting, nor will there be any action items.

2. Discussion: Florida A&M University Anti-Hazing Program Investigation (OIG Complaint No. 2011-038)

Mr. Colson explained that as a result of the death of a FAMU student on November 19, 2011, the then Chair of the Board of Governors, Ava Parker, directed the Chancellor to initiate an investigation to be conducted by the Inspector General. A copy of the Preliminary Report of Investigation has been provided for each Board member in his or her agenda packet. Members also received a copy of Chancellor Brogan's report that summarizes the results of several investigations and audits into FAMU's operations that were conducted in the last 13 months. FAMU will submit its written response to the Preliminary Report of Investigation by January 23, 2013.

Mr. Derry Harper, Inspector General for the Board of Governors, stated that former Chair Parker's November 29, 2011 letter to FAMU's Board of Trustees Chair identified several issues that defined the scope of our investigation. The Chancellor instructed us to develop a plan to address these issues:

Did FAMU, from 2007-2011, have in place an effective anti-hazing program designed to prevent, detect, deter and discipline students engaged in hazing activities that included effective institutional and internal controls?

Did FAMU staff, from January 2010 to December 2011, fail to adequately address complaints of hazing, including investigating, and when appropriate, imposing appropriate discipline on students?

Did FAMU senior administrative staff fail to respond to hazing complaints reported by the former Director of Bands on or about November 8, 2011; and if so, does that demonstrate a reckless indifference or disregard for applicable law or regulations?

Mr. Harper explained that the investigative team was asked to look at the design and implementation of the University's anti-hazing program. We also looked at a specific allegation, which if true, would have been in violation of Board and University Regulations as well as the state Statute.

On page 53 of the Board members' agenda packet, there is a copy of the Preliminary Report of Investigation. Mr. Harper then went through the list of preliminary recommendations and findings. He summarized them as described on slide four of his presentation:

FAMU failed to implement an anti-hazing program that complied with Board of Governors regulations, University regulations or applicable state law due to a lack of effective institutional and internal controls designed to prevent, detect, deter, and discipline students involved in hazing.

Mr. Harper stated that we define "Institutional Controls" as a design program adequate to comply with the governing directives, such as regulations and state statutes, and to demonstrate that those regulations, statutes, policies and procedures were enforced. "Internal Controls" are the policies and procedures put in place and if they are effective. (Refer to slide five of Mr. Harper's presentation for a written definition.)

In terms of institutional controls, Mr. Harper explained that our investigative team concluded there was no internal or programmatic review of the interaction, in this case, between law enforcement and student affairs.

[Referring to Slide Five] At the internal controls level (were there policies and procedures in place and were they effective?), the Division of Bands had a specific directive that set forth particular steps to be taken by staff and faculty of the Marching

100. We concluded that the Directive, issued in 1998, had not been reviewed. The University could not demonstrate that key provisions were being followed.

[Referring to Slide Six] The former Director of Bands alleged that the senior administrative staff failed to respond to incidents of hazing reported to them on or about November 8, 2011 that he brought to their attention. If true, did such failure demonstrate a reckless indifference or disregard of applicable state law, Board of Governors, or University regulations? We concluded that while there were deficiencies in institutional and internal controls, this particular allegation could not be demonstrated. For example, the key November 16, 2011 meeting that formed the basis of his (the former Director of Bands) primary allegation of reckless indifference resulted in the University initiating an investigation of the hazing allegations that allegedly had occurred during the Homecoming game in October 2011. In addition, there was a difference in testimony in our interviews about whether or not the University considered suspending the band before the Florida Classic. Our investigation concluded that suspending the band before the Florida Classic was discussed, but that it did not represent a reckless indifference or disregard.

Mr. Harper reviewed the key dates as reflected on slides seven and eight. He explained that in the beginning, we were not able to actively investigate until the investigation by the Florida Department of Law Enforcement was completed. We began, therefore, by reviewing documents. We began holding interviews of University staff in July 2012. Mr. Harper acknowledged the cooperation of Florida A&M University's Board of Trustees Chair Solomon Badger, Interim University President Larry Robinson, and the University's senior staff were crucial to the successful completion of the investigation. For the investigation, Mr. Harper stated we held 35 interviews and reviewed approximately 7,000 pages of documents (see slide ten).

Mr. Harper explained that the Office of the Inspector General is required to follow certain standards. We have the *Audit and Compliance Committee Charter* and Section 20.055, Florida Statutes, and certain investigative standards we have to meet. With that in mind, Mr. Harper stated that we did not do all the investigative work ourselves: we were able to enlist the assistance of three state agency Offices of Inspector General. Several investigators were temporarily assigned to our office to work on this investigation with us.

To ensure our methodology was valid, valuable, and supportive of our conclusions, Mr. Harper said we relied on internal staff as well as subject matter experts such as Student Affairs Directors at other universities. The investigation was conducted in accordance with the Association of Inspector General Standards. Standards require that we commit sufficient resources, and that we are able to demonstrate due diligence as well as independence and objectivity.

Mr. Harper explained that we looked at a five-year period as we thought that using a five-year period would provide sufficient information to determine if institutional and internal controls were effective. It was not our objective to examine what happened on November 19, 2011. We tested the (anti-hazing) program in place at that time. We interviewed the former Chief of Police, the former President, and the former Interim President of the University for a historical perspective on the University's anti-hazing program in place.

Our recommendations at this time are preliminary (see slides 11 and 12). For example, the Office of Student Affairs should strengthen the Student Code of Conduct to incorporate language that explicitly states the University reserves the right to proceed under the Code prior to, concurrent with or subsequent to any other criminal or civil proceeding. We also recommend that staff be increased in the Office of Judicial Affairs.

Slides 13 and 14 list the University's corrective actions to date. Some of them are underway or have already been completed. For example, Mr. Harper highlighted that the University has implemented a new membership intake procedure that requires "recertification" of student organizations. Additionally, students are required to sign an anti-hazing pledge.

In closing his presentation, Mr. Harper expressed his appreciation for the support of our internal staff, Chancellor Brogan, Board of Trustees Chair Solomon Badger, Interim President Larry Robinson, and FAMU staff.

The team we assembled for this investigation came from the Department of Education (two investigators), the Department of Corrections (one investigator), and the Department of Environmental Protection (two investigators). Once we receive the University's response to the Preliminary Report of Investigation, we will determine if any changes are needed in our report before we issue the final report.

Chancellor Brogan informed Board members and the audience that the Preliminary Report of Investigation and related materials are available on our website.

The Chancellor acknowledged that the question of why the tragic death of Robert Champion led to an investigation when there have been other student deaths at other universities. He reminded the audience that this investigation was not a criminal one. There were other allegations, some whistle-blower, that surrounded the Robert Champion death. The Chancellor explained that this investigation was conducted to examine a possible lack of institutional control, which may have led to the death of a student.

The Chancellor explained that several firms (Sniffen & Spellman, Accretive Solutions, Ernst & Young, and the Southern Association of Colleges and Schools) have

recently reviewed FAMU's institutional controls in various areas (financial, personnel, internal communications, etc.). He said our office has reviewed all the executive summaries of these reports to find common findings. We will develop an organized action plan to work with the university in addressing those areas of concern.

Chancellor Brogan expressed his appreciation to President Robinson, Chair Badger, and the Board of Trustees for their cooperation in the OIG investigation just concluded. They have been open and honest with our staff in working on this project.

For next steps, the Chancellor said positive changes have already begun to address findings from the various reviews. He proposed to the Board of Governors that he be charged, as the Chancellor, to work with Dr. Robinson and his staff to address all findings from the various reviews and to report back to the Board's Audit Committee with the University's progress and success in the corrective action.

Chair Badger recognized that a "chain is only as strong as its weakest link." The problems in the weakest link need to be addressed. The University, the Inspector General and the other entities who have conducted recent reviews have brought attention to some of the problem areas they need to remedy. The University has every intention to move as swiftly as possible. He expressed his appreciation to the University's leadership staff for the way in which they have responded to these points or problematic areas.

Chair Badger also expressed his appreciation to the Board's staff for their professionalism and their work in the progress the University has made so far. If we know what ails us, we know how to fix it.

President Robinson said he will not speak about the University's response to the OIG report as they are preparing their formal response, which will be submitted by the January 23<sup>rd</sup> deadline. He thanked the investigative team for their hard work and professionalism. He also thanked the Chancellor for his collaborative spirit and for allowing the University to apply the internal talent they have while working with Board staff in addressing the problem areas.

President Robinson provided an update of the University's actions during the past year in response to findings from the investigative report as well as the others the Chancellor mentioned:

- The Board of Trustees revised the University's anti-hazing regulation to include a non-retaliation clause as well as a more-timely reporting requirement.
- At the March 2012 Board of Governors meeting, the Council of Student Affairs presented a matrix of anti-hazing program best practices. FAMU has now implemented all 16 of the strategies listed on the matrix.

- The University developed a comprehensive anti-hazing plan that includes enhanced eligibility requirements for band participation, strengthened membership criteria for clubs and organizations, and revised procedures for group travel.
- They hired Ernst & Young to look at corrective action strategies for findings in the FDLE report.
- They hired a new Vice President for the Division of Audit and Compliance.
- They hired Sniffen and Spellman to redo the 15 internal audits identified as needing to be redone.
- They are implementing a corrective action plan that he has already shared with the Chancellor and Board staff.
- They have enhanced the management and oversight of the oversight of the use of Purchase Cards and have conducted a mandatory training class for all users.
- The travel department will enhance the approval process for band travel for distributing travel funds.
- They have clarified the reporting process for hazing incidents, and they have created a new position for a Special Assistant to the President for Anti-Hazing, who will ensure incidents of hazing are investigated and fully resolved. The individual selected for the position will begin February 1<sup>st</sup>.
- They created two new positions in the Division of Student Affairs: a Director of Judicial Affairs (the new hire will begin February 1<sup>st</sup>), and a Coordinator of Judicial Affairs.
- The University has developed a new website about anti-hazing as a resource for information and as an avenue for reporting and seeking assistance.
- The duties of the Director of Bands and Chair of the Music Department have been separated to allow for better checks and balances.
- The academic requirements for band membership have been codified and include a minimum grade point average and progression requirements (like the NCAA requirements).
- There is a limit to the number of years a student can be a band member and the number of hours they can practice so that the emphasis is on being a student first.
- They have identified a new position of a Music Compliance Officer who will report directly to the Special Assistant to the President, who reports directly to the President. The Compliance Officer will report immediately any instances of non-compliance and that students meet requirements to be in the band and that travel requirements are met. They are in the final stages of the hiring process for this position.
- Training on these requirements for all band students is underway, and the information has been included in the handbook, which is available online.

Lastly, President Robinson assured the Audit Committee that the University is addressing the issues identified in the recent report from the Southern Association of



Colleges and Schools (SACS), from FDLE, and the other audit reports already mentioned in today's meeting. The University needs to convince SACS that they have the ability to show that these procedures have been enforced and that they are achieving what they have been designed to do.

Mr. Colson tasked the Audit Committee with following up on these issues and making certain that FAMU is following through on them. He encouraged the Audit Committee to stay engaged and involved. He asked the President to let the Board know if he needs additional resources in the corrective action plan.

Mr. Morton asked if the SACS report to the University has been posted online. President Robinson responded that at the meeting with SACS last December, they identified four issues the University must address. The University is expecting the full report from SACS this week. When they receive it, they will disseminate it to Chancellor Brogan. As of yesterday, they had not received it.

Mr. Levine recognized that bad things can happen at any campus. Universities must have clarity in policies and be in compliance with them to mitigate risk. He asked President Robinson and Chair Badger to speak specifically to the role of the University's governing body in future reports to the Board of Governors regarding FAMU's corrective actions on these issues. They also need to ensure they institutionalize the implementation of these new policies. What role will the governing body play in ensuring policies are clearly articulated in any high-risk area (not just hazing), ensuring mandatory reporting of any non-compliance and describe the reporting process (via the Audit Committee, for example), and ensuring that there is governing accountability. He requested specific attention to the issue of governance when next addressing the Board of Governors.

## 5. Concluding Remarks and Adjournment

Mr. Colson thanked Chair Badger and President Robinson for their hard work and cooperation. The meeting of the Audit Committee was adjourned at 2:25 p.m.

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Dean Colson, Chair

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Lori Clark,  
Compliance Analyst

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**STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS  
Audit and Compliance Committee  
March 27, 2013**

**SUBJECT:** Discussion: Florida A&M University Corrective Action Plan

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**PROPOSED COMMITTEE ACTION**

Information only

**AUTHORITY FOR BOARD OF GOVERNORS ACTION**

Article IX, Section 7, Florida Constitution

**BACKGROUND INFORMATION**

Chancellor Brogan will update the Committee on the status of Florida A&M University's corrective action plan.

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**Supporting Documentation Included:** Draft Template

**Facilitators/Presenters:** Frank T. Brogan, Chancellor

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## FAMU Corrective Action Plan 2013

### (A) Audit and Compliance Issues

**FAMU Staff Contact:** Rick Givens, VP of Audit and Compliance  
**BOG Staff Contact:** Derry Harper, Inspector General

**BOT Cmte Chair:** Karl White  
**BOG Cmte Chair:** Alan Levine

✓	Completed
●	Good Progress
●	Slow Progress
●	Poor Progress

Issue	Update	Progress Indicator
<b><u>Compliance with Institute of Internal Auditors Standards (IIA)</u></b>		
<b>(A1)</b> Adopt new Audit Committee and Division of Audit and Compliance (DAC) Charters that conform to IIA Standards.		●
<b>(A2)</b> Revise operating procedures manual so that it complies with IIA Standards and take all necessary steps to train staff for implementation.		●
<b>(A3)</b> Establish a quality assurance and improvement program as required by IIA Standards and conduct a self-assessment following first year of operations in compliance with IIA Standards. Schedule a quality assurance review (QAR) conducted by an external auditing firm one year later.		●
<b>(A4)</b> Conduct all internal audits and risk assessments in conformance with IIA Standards.		●
<b><u>Reporting to Audit Committee and President</u></b>		
<b>(A5)</b> Ensure that annual performance reports are presented to the Audit Committee and President on the DAC's effectiveness, staff proficiency and productivity, including results of self-assessment referenced above and results of subsequent QAR.		●
<b>(A6)</b> Submit annual audit plan based on risk assessment results to Audit Committee and President, together with a budget that provides sufficient resources to address high risk areas in a timely manner.		●
<b>(A7)</b> Implement a project timekeeping system and ensure that DAC staff receives appropriate training.		●

<b>(A8)</b> Increase level of involvement with the Enterprise Information Technology function and review external assessments of EIT function to better identify risks, and to keep Audit Committee and President informed of risks and actions being taken to reduce risk.		●
<b><u>Investigations</u></b>		
<b>(A9)</b> Establish procedures for conducting internal investigations and train staff on new procedures. Include a mechanism for centralized tracking of complaints.		●
<b>(A10)</b> Conduct a self-assessment of DAC's compliance with the new procedures and report results to Audit Committee and President after the first year of conducting investigations under the new procedures.		●

## **(B) Finance**

**FAMU Contact:** Joe Bakker, Interim CFO  
**BOG Contact:** Tim Jones, CFO

**BOT Cmte Chair:** Rufus Montgomery  
**BOG Cmte Chair:** Tom Kuntz

<b>Issue</b>	<b>Update</b>	<b>Status</b>
<b><u>Banking</u></b>		
<b>(B1)</b> Reconcile bank accounts by the 20 <sup>th</sup> of each month, and reconciliations need to be reviewed and certified by the FAMU Comptroller and sent electronically to the Board General Office.		●
<b>(B2)</b> Review accounting regulations and procedures over bank deposits and outstanding checks and provide proposed enhancements to the Board Office for review. Such review should include consideration of best practices at other SUS institutions.		●
<b><u>Revenue Collection/Athletic Department</u></b>		
<b>(B3)</b> Maintain adequate documentation to verify revenues collected for football games and ensure segregation of duties as between collection, deposits, journal entries, and reconciliations.		●
<b>(B4)</b> Reconcile revenues recorded on the General Ledger by the Cashier's office to the revenue journal entries prepared by the Athletics Department.		●
<b>(B5)</b> Review Sodexo concessions contract and determine reason for lack of revenue generation. Take all reasonable steps to increase revenue generation under the contract.		●
<b>(B6)</b> Prepare report of operating expenses of Athletics Department and cost-saving mechanisms that can be used to reduce deficit in the auxiliary enterprise account for intercollegiate athletics. Present report to the Board of Trustees and President for consideration. Amend Five-Year Deficit Reduction Plan to implement appropriate cost-saving mechanisms.		●

<b><u>Travel Reimbursement</u></b>		
<b>(B7)</b> Review internal controls relating to travel reimbursement.		●
<b><u>Expenditure of Student Fees</u></b>		
<b>(B8)</b> Establish procedures to ensure that tuition differential fees are expended in accordance with law, Board regulations, and plans as presented to the Board of Governors.		●
<b>(B9)</b> Establish procedures to ensure that projects being financed by the technology fee are monitored and compared to the project budgets.		●

## **(C) Academics and Accreditation**

**FAMU Contact:** Dr. Rodner Wright, Interim Provost  
**BOG Contact:** Dr. Jan Ignash, Vice Chancellor

**BOT Cmte Chair:** Marjorie Turnbull  
**BOG Cmte Chair:** Norm Tripp

<b>Issue</b>	<b>Update</b>	<b>Status</b>
<b><u>Compliance with SACS Standards</u></b>		
<b>(C1)</b> Provide SACS with evidence of compliance with the standards identified in SACS letter dated January 15, 2013.		●
<b>(C2)</b> Provide a report to the Board of Trustees and the Board Office regarding implementation of academic goals established in FAMU's revised work plan.		●
<b>(C3)</b> Provide to the Board Office a copy of all university correspondence with SACS.		●
<b>(C4)</b> Provide a plan to the Board of Trustees and the Board Office regarding how the university will address Law School accreditation concerns raised by the ABA.		●
<b>(C5)</b> Provide a plan to the Board of Trustees and the Board Office regarding how the university will address IT and data management findings in the AG report.		●

## (D) Facilities and Construction

**FAMU Contact:** Joseph Bakker, Assoc. VP. Construction  
**BOG Contact:** Chris Kinsley, Director of Finance and Facilities  
 Ken Ogletree, Board Architect

**BOT Cmte Chair:** Spurgeon McWilliams  
**BOG Cmte Chair:** Dick Beard

Issue	Update	Status
<b><u>Procurement Process &amp; Contract Negotiations</u></b>		
(D1) Prohibit the use of design-build contracts.		●
(D2) Provide a report to the Board of Trustees and the Board Office regarding implementation of facilities-related goals established in FAMU's revised work plan.		●
<b><u>Monitoring Construction Projects</u></b>		
(D4) Enhance procedures for monitoring construction payment requests, insurance requirements for design professionals, and for verifying contractor and subcontractor licensure status.	<i>Until such time as FAMU can enhance its procedures, and adequately staff the appropriate control positions, it should utilize the services of Duane Jackson to monitor all major construction projects— reporting directly to the President.</i>	●

## (E) Hazing and Student Code of Conduct

**FAMU Contact:** Dr. William Hudson, VP for Student Affairs  
 Bryan Smith, Special Assistant to the President  
**BOG Contact:** Dr. Jan Ignash, Vice Chancellor

**BOT Cmte Chair:** Torey Alston  
**BOG Cmte Chair:** Norm Tripp

Issue	Update	Status
<b><u>Anti-Hazing Program</u></b>		
(E1) Implement the anti-hazing program to ensure: (i) communication of anti-hazing policy to students and staff once per semester, and execution of anti-hazing agreements by students; (ii) continuation of anti-hazing prevention week events and anti-hazing website; (iii) completion of re-certification of all student organizations, including review of new intake procedures for members; (iv) continuation of anti-hazing instruction in the freshman studies course; (v) updating of the handbook and published anti-hazing policies to incorporate new procedures; (vi) implementation of System Anti-Hazing Best Practices, as appropriate; and (vii) maintenance of 24/7 hazing reporting hotline.		●



<p><b>(E2)</b> Implement an operational plan for the Office of Judicial Affairs and Department of Public Safety to ensure:</p> <ul style="list-style-type: none"> <li>(i) timely referral of all alleged conduct violations to Judicial Affairs by the Department of Public Safety per new Department of Public Safety policy (Departmental General Order 2, Chapter 11);</li> <li>(ii) timely investigation and adjudication of all alleged conduct violations by Judicial Affairs and timely investigation of hazing allegations by Department of Public Safety;</li> <li>(iii) adequate staffing and training of Judicial Affairs personnel;</li> <li>(iv) development of a centralized data base for tracking conduct code complaints.</li> </ul>		●
<p><b>(E3)</b> Present an annual update on the Anti-Hazing Program to the FAMU Board of Trustees and Board of Governors Academic and Student Affairs Committee.</p>		●
<p><b><u>Student Conduct Code</u></b></p>		
<p><b>(E4)</b> Revise the Student Conduct Code to allow for university disciplinary action concurrent with or subsequent to other criminal or civil proceedings.</p>		●

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**STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS  
Audit and Compliance Committee  
March 27, 2013**

**SUBJECT:** Discussion: Audit Committee Responsibilities and OIG Functions,  
Overview

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**PROPOSED COMMITTEE ACTION**

Information only

**AUTHORITY FOR BOARD OF GOVERNORS ACTION**

Article IX, Section 7, Florida Constitution

**BACKGROUND INFORMATION**

The Inspector General and Director of Compliance will review the draft “Audit and Compliance Committee Dashboard” that summarizes the Audit Committee’s primary duties and briefly describe the OIG’s activities in key areas such as investigations; internal audits; work plans; and Annual Report, as set forth in the Summary Work Plan.

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**Supporting Documentation Included:** Audit Committee Dashboard

**Facilitators/Presenters:** Derry Harper

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**State University System of Florida Board of Governors**  
**Audit and Compliance Committee**  
**Dashboard**  
**July 1, 2012 – June 30, 2013**

**Board Lead:** Alan Levine  
**Additional Board Members:** Matt Carter, Tom Kuntz,  
 Ned Lautenbach, Ed Morton (VC), Elizabeth Webster

**Lead Staff:** Derry Harper/Lori Clark  
 Office of the Inspector General and  
 Director of Compliance (OIGC)

Goals and Deliverables	Lead	Planned Completion Date
I. Annual Review of Audit and Compliance Committee Work Plan/Dashboard	Levine	3/27/13
II. Develop and Approve SUS Compliance Program	Morton	TBD
III. Approve Office of the Inspector General and Director of Compliance (OIGC) Policies and Procedures	Lautenbach/Kuntz	6/18/13
IV. Annual Review of OIGC Work Plan	Levine	6/18/13
V. Adopt Procedures for Monitoring University Audit and Compliance Activities	Webster	TBD
VI. Approve Board Office Internal Audit Work Plan	Morton	6/18/13
VII. Review OIGC Annual Report	Levine/Carter	11/7/12
VIII. Annual Review of AACC and OIGC Charters	Levine	6/18/13

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STATE  
UNIVERSITY  
SYSTEM  
of FLORIDA  
Board of Governors

**AGENDA**  
**Facilities Committee**  
**Grand Ballroom, Student Union**  
**Florida A&M University**  
**Tallahassee, Florida**  
**March 27, 2013**  
**4:00 p.m. – 4:45 p.m.**

**Chair: Mr. Dick Beard; Vice-Chair: Mr. H. Wayne Huizenga, Jr.**  
**Members: Carter, Chopra, Levine, Link, Morton**

1. **Call to Order** **Governor Dick Beard**
2. **Approval of Committee Meeting Minutes** **Governor Beard**
  - a. Minutes, November 7, 2012
  - b. Minutes, January 16, 2013
3. **State University System Debt Guidelines Discussion** **Governor Beard**
4. **Debt Approvals** **Mr. Chris Kinsley**  
*Director, Finance & Facilities*  
*Board of Governors*
  - a. Resolution of the Board of Governors Requesting the Division of Bond Finance of the State Board of Administration to issue revenue bonds on behalf of Florida State University to finance construction of a student residence facility

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- b. Resolution of the Board of Governors Requesting the Division of Bond Finance of the State Board of Administration to issue revenue bonds on behalf of Florida International University to finance construction of a parking garage

5. **Legislative Budget FY21 Yr Update**

**Mr. Kinsley**

6. **Concluding Remarks and Adjournment**

**Governor Beard**

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**STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS  
Facilities Committee  
March 27, 2013**

**SUBJECT:** Minutes of Meetings held November 7, 2012 and January 16, 2013

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**PROPOSED COMMITTEE ACTION**

Approval of minutes of the meetings held on November 7, 2012 at New College of Florida, and January 16, 2013 at the University of Florida.

**AUTHORITY FOR BOARD OF GOVERNORS ACTION**

Article IX, Section 7, Florida Constitution

**BACKGROUND INFORMATION**

Board members will review and approve the minutes of the meetings held on November 7, 2012 at New College of Florida, and January 16, 2013 at the University of Florida.

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**Supporting Documentation Included:** Minutes: November 7, 2012; January 16, 2013

**Facilitators/Presenters:** Governor Dick Beard

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MINUTES  
STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS  
FACILITIES COMMITTEE  
NEW COLLEGE OF FLORIDA  
SARASOTA, FLORIDA  
November 7, 2012

*Video or audio archives of the meetings of the Board of Governors  
and its Committees are accessible at <http://www.flbog.edu/>.*

Chairman Dick Beard convened the Board of Governors Facilities Committee meeting at 1:04 p.m., November 7, 2012, at the New College of Florida. The following members were present: Matt Carter, Manoj Chopra and John Temple.

1. Call to Order

Governor Beard called the meeting of the Facilities Committee to order.

2. Approval of Minutes of the Meeting of the Facilities Committee held September 13, 2012

Governor Carter moved that the Committee approve the Minutes of the Meeting of the Facilities Committee held September 13, 2012. Mr. Temple seconded the motion, and members of the Committee concurred.

3. FAMU Housing Update.

Chris Kinsley provided an update to the Committee on the contractor issues that FAMU was having on their latest housing project. He also updated them on the status of an audit of those issues. Dr. Robinson from FAMU thanked the Board staff and the Division of Bond Finance staff for their assistance and support. He stated that FAMU's Board of Trustees had recently authorized him to enter into a contract with the low bid firm.

4. A Resolution of the Board of Governors Requesting the Division of Bond Finance of the State Board of Administration to Issue Revenue Bonds on behalf of Florida Atlantic University to Finance the Construction of a Parking Facility on the Main Campus of Florida Atlantic University.

Mr. Kinsley reviewed Florida Atlantic University's proposal to issue debt to construct a new parking facility. Mr. Temple moved that the Committee approve the request. Mr. Carter seconded the motion. The committee unanimously approved the resolution as presented.

5. Facility Task Force Update

President Judy Bense presented the final report and recommendations of the Facility Task Force.

6. Review and Approve the 2013-14 SUS Fixed Capital Outlay Legislative Budget Request

Mr. Beard asked the Committee to consider the four parts of the Legislative Budget Request (LBR), \$200 Million for CITF, \$50 Million for Maintenance, \$100 Million for Courtelis and \$32 Million for CITF Debt Service. Mr. Temple moved that the Committee approve the request. Mr. Carter seconded the motion. The committee unanimously approved the LBR as presented.

7. Concluding Remarks and Adjournment

There being no further business, the meeting adjourned at 1:32 p.m., November 7, 2012.

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Dick Beard, Chair

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Stephanie Stapleton,  
Financial Analyst, Finance & Facilities

MINUTES  
STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS  
FACILITIES COMMITTEE  
UNIVERSITY OF FLORIDA  
GAINESVILLE, FLORIDA  
January 16, 2013

*Video or audio archives of the meetings of the Board of Governors  
and its Committees are accessible at <http://www.flbog.edu/>.*

Chairman Dick Beard convened the Board of Governors Facilities Committee meeting at 1:04 p.m., January 16, 2013, at the University of Florida. The following members were present: Matthew Carter, Manoj Chopra.

1. Call to Order

Governor Beard called the meeting of the Facilities Committee to order. It was noted during roll call that they did not have a quorum present and therefore would not be able to take an action.

2. Amend the 2013-14 Fixed Capital Outlay Legislative Budget Request

Governor Beard asked Chris Kinsley to review the Fixed Capital Outlay Budget Request (LBR). Mr. Kinsley provided additional detail on the Capital Improvement Fee projects and the process for proceeding with those projects. He also reviewed the deferred maintenance list created by the Universities in response to the Facilities Task Force, and the list of projects requiring approval because they require General Revenue funds to operate and maintain.

3. Annual Energy Report.

Mr. Kinsley presented the annual energy report that details what the universities are doing to cut utility costs.

4. Completed Projects Report

Mr. Kinsley presented the annual report on projects completed at the state universities.

5. Concluding Remarks and Adjournment

There being no further business, the meeting adjourned at 1:41 p.m., January 16, 2013.

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Dick Beard, Chair

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Stephanie Stapleton,  
Financial Analyst, Finance & Facilities

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**STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS  
Facilities Committee  
March 27, 2013**

**SUBJECT:** State University System Debt Guidelines Discussion

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**PROPOSED COMMITTEE ACTION**

Information only

**AUTHORITY FOR BOARD OF GOVERNORS ACTION**

Article IX, Section 7, Florida Constitution

**BACKGROUND INFORMATION**

The Committee will discuss the Governor's February 18, 2013 letter to Chair Colson as well as the Board's Debt Management Guidelines.

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<b>Supporting Documentation Included:</b>	1. Governor's Letter 2. Colson Letter 3. Debt Management Guidelines
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<b>Facilitators/Presenters:</b>	Chris Kinsley
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**RICK SCOTT**  
GOVERNOR

February 18, 2013

Chairman Dean Colson  
Colson Hicks Eidson  
255 Alhambra Circle, Penthouse  
Coral Gables, Florida 33134

Dear Chairman Colson:

As Governor, the Cabinet and I are often asked to vote on whether to approve bond issuances for university construction projects. When reviewing potential bond deals, my view is simple: borrowing must be thoroughly scrutinized because overreliance on debt will push the cost of a university education beyond the reach of many Florida families.

I know that universities share these concerns and are constantly evaluating ways to reduce costs and improve quality. This includes working together to determine the need for additional facilities and the best way to finance them. In particular, universities and the Board of Governors have a joint responsibility to critically evaluate and justify the use of debt as a financing tool. Quantitative metrics must be used to ensure that each dollar borrowed is essential to our universities' core mission of educating tomorrow's leaders.

Accordingly, projects financed through the issuance of bonds, certificates of participation, long-term leases, or similar contractual arrangements must clearly provide tangible benefits to students. Before advancing such projects, universities should:

- Review quantitative metrics justifying the need for construction;
- Calculate a return-on-investment for revenue-generating projects and other appropriate measures for non-revenue-generating projects; and
- Assess whether the private sector can offer a comparable alternative at a lower cost.

Further, in order to enhance accountability, those using debt to finance construction should compare the projections used during the evaluation and approval process with the actual results achieved. These policies should apply whether facilities are financed directly by universities or through direct support organizations.

THE CAPITOL  
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Chairman Dean Colson

February 18, 2013

Page Two

Since taking office, I have consistently called on universities to lower costs and increase efficiencies. I believe that our goal of ensuring that college remains both affordable and high-quality is achievable if universities focus on their core mission and on creating operational efficiencies.

Sincerely,

A handwritten signature in blue ink, appearing to read "Rick Scott", with a large, stylized initial "R" and a long horizontal flourish extending to the right.

Rick Scott  
Governor

cc: Chancellor Frank Brogan, Florida Board of Governors



February 27, 2013

The Honorable Rick Scott  
Governor of Florida  
The Capitol  
Tallahassee, Florida 32399

Dear Governor Scott:

Thank you for your letter of February 18, 2013 regarding university bond deals. Such construction projects are critical to the State University System's core mission and thus receive our utmost scrutiny. I share your dedication to vigilance in this matter, as I too must affix my signature to each bond offering. Likewise, the Board of Governors shares your commitment to keeping Florida's universities among the most affordable in the nation.

In the face of the precipitous decline in state support for the fixed capital outlay budget, the pressure on the universities to bond from internal sources has increased tremendously. These factors led to the creation of the State University System Facilities Task Force, with whose work you are familiar. The Board and all stakeholders interested in the welfare of our state universities are keenly aware of the challenge. While we must make the most of the opportunity provided by historically low interest rates and cost of construction – which provides lowest lifecycle costs – we understand that this must not be done at the expense of current students. Of equal weight is our objective to align all bond requests with our strategic plan goals.

The Board of Governors will discuss this matter at its March 27-28, 2013 meeting, with the expectation that the Facilities Committee will direct the Chancellor and his staff – along with representatives from the universities – to begin the process of incorporating the concepts outlined in your letter into the State University System's Debt Guidelines. We certainly will welcome participation from you and your staff, as well as that of the State Board of Administration's Division of Bond Finance in the amendment process.

February 28, 2013

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In the interim, Chancellor Brogan and his staff will assist those schools that have deals that are mid-way through the approval process to incorporate the additional information you recommended, so that this data will be available to both you and the Board prior to authorization of any further debt issuance.

We appreciate your commitment to our shared goal of creating a more efficient and effective high-quality university system for the people of Florida.

Sincerely,

A handwritten signature in black ink, appearing to read 'L. Colson', with a long horizontal flourish extending to the right.

Dean L. Colson  
Chair



STATE  
UNIVERSITY  
SYSTEM  
*of* FLORIDA  
Board of Governors

## DEBT MANAGEMENT GUIDELINES

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# ***DEBT MANAGEMENT GUIDELINES FOR CAPITAL OUTLAY PROJECTS***

## ***I. INTRODUCTION***

### ***The Need for and Purpose of Debt Management Guidelines***

The state universities of Florida and their direct support organizations (“DSOs”) have funded significant investments in infrastructure, such as buildings, equipment, land, and technology, to meet the needs of a growing student population and to upgrade and maintain existing capital assets. A significant amount of the funding for this investment in infrastructure has been provided through the issuance of debt by the State for the benefit of the state universities and by the state universities’ direct support organizations (“DSOs”).

The purpose of these guidelines is to confirm that the state universities and their DSOs must engage in sound debt management practices and, to that end, the Board of Governors (“Board”) has formalized guiding principles for the issuance of debt by the state universities and their DSOs. Each state university shall adopt a debt management policy which is consistent with these guidelines and which shall be approved by the Board.

The following guidelines set forth guiding principles regarding state university and DSO debt-related decisions related to:

- a) The amount of debt which may prudently be issued.
- b) The purposes for which debt may be issued.
- c) Structural features of debt being issued.
- d) The types of debt permissible.
- e) Compliance with securities laws and disclosure requirements.
- f) Compliance with federal tax laws and arbitrage compliance.

These principles will facilitate the management, control and oversight of debt issuances, for the purpose of facilitating ongoing access to the capital markets which is critical to the financing of needed infrastructure.

In furtherance of this objective, the provisions of these guidelines shall be followed in connection with the authorization, issuance and sale of university and DSO debt. However, exceptions to the general principles set forth herein may be appropriate under certain circumstances. Also, additional guidelines and policies may be necessary as new financial products and debt structures evolve over time.

For purposes of these guidelines:

- i) “debt” means bonds, loans, promissory notes, lease-purchase agreements, certificates of participation, installment sales, leases, or any other financing mechanism or financial arrangement, whether or not a debt for legal purposes, for financing or refinancing, for or on behalf of a state university or a direct support organization, the acquisition, construction, improvement or purchase of capital outlay projects;
- ii) “capital outlay project” means (i) any project to acquire, construct, improve or change the functional use of land, buildings, and other facilities, including furniture and equipment necessary to operate a new or improved building or facility, and (ii) any other acquisition of equipment or software; and
- iii) “financing documents” means those documents and other agreements entered into by the state university or the DSO establishing the terms, conditions and requirements of the debt issuance.
- iv) “auxiliary enterprise” means any activity defined in section 1011.47(1), Florida Statutes, and performed by a university or a direct-support organization.

## **II. DEBT AFFORDABILITY AND CAPITAL PLANNING**

### ***Concept of Affordability***

One of the most important components of an effective debt management policy is an analysis of what level of debt is affordable given a particular set of circumstances and assumptions. More comprehensive than simply an analysis of the amount of debt that may be legally issued or supported by a security pledge, the level of debt should be analyzed in relation to the financial resources available to the university and its DSOs, on a consolidated basis, to meet debt service obligations and provide for operating the university.

An analysis of debt affordability should address the impact of existing and proposed debt levels on an issuer’s operating budget and offer guidelines or ranges to policymakers for their use in allocating limited resources within the guidelines.

### *Debts That May Be Issued Without Board of Governors' Approval*

The following types of financings may be engaged in by the state universities and their DSOs, as applicable, without Board approval:

- o Universities may finance the acquisition of equipment and software provided such financings are accomplished in accordance with the deferred-purchase provisions in Chapter 287, Florida Statutes.
- o DSOs may finance the acquisition of equipment and software financings provided the overall term of the financing, including any extension, renewal or refinancings, hereof, does not exceed five years or the estimated useful life of the equipment or software, whichever is shorter.
- o DSOs may issue promissory notes and grant conventional mortgages for the acquisition of real property. However, no mortgage or note shall exceed 30 years.
- o University and DSO debt secured solely with gifts and donations and pledges of gifts so long as the maturity of the debt, including extensions, renewals and refundings, does not exceed five years and so long as the facilities being financed have been included in the university's five-year capital improvement plan that has been approved by the Board.
- o Refundings for debt service savings where final maturities are not extended.
- o Fully collateralized lines of credit intended to be used for temporary cash flow needs.
- o Energy Performance-Based Contracts, in accordance with the provisions of section 1013.23, Florida Statutes, not to exceed \$10,000,000.
- o Universities may borrow up to \$20,000,000 from a university DSO on a non-recourse basis to finance a capital project. The term of the borrowing may not exceed thirty (30) years, and the interest rate, if any, may not exceed current market interest rates. The university retains legal title to any capital project financed in whole or in part by such loan irrespective of whether the loan is repaid. The DSO is prohibited from transferring the note or any other instrument associated with the borrowing to any other entity.

### **III. GENERAL DEBT ISSUANCE GUIDELINES**

#### ***Process for Submitting Debt for Approval***

*Timing.* The submission of proposed debt for approval by the Board shall be governed by the following process<sup>1</sup>:

- a) The university shall formally transmit to the Board Office a request for debt approval no later than 60 days prior to the next regularly scheduled meeting of the Board. The university shall also provide a copy to the State Division of Bond Finance ("DBF"). The formal transmittal to the Board Office shall be in duplicate, hard copy, and bound in a three-ring binder, and include all the information required by these guidelines. Electronic copies of supporting documentation should be provided to the Board Office and the DBF, to the extent available. The formal letter of transmission must be signed by the official point of contact for the university, and any exceptions to these Debt Guidelines shall be noted and explained. If the university board of trustees has not yet formally approved the debt being requested, the proposed board of trustees meeting date shall be provided.
- b) During the review period, the Board Office shall review the information submitted for compliance with these Guidelines and State law, analyze general credit issues associated with the proposed indebtedness, and review any analysis provided by DBF staff.
- c) Board and DBF staff shall jointly discuss with the university or DSO any issues, concerns or suggestions resulting from the review during the review period. As a result of these discussions, the university may amend the information submitted or explain why the suggestions were not incorporated. The Board Office will advise the university if it believes that any amended information is so significant that re-authorization by the board of trustees and/or DSO is required. During this period, if the debt being requested for approval is to be issued by DBF on behalf of a state university, DBF shall submit to the Board Office a form of a resolution for adoption requesting that DBF issue the debt.
- d) After the review period, the Board Office shall submit the agenda item with supporting documentation and all appropriate and required analyses to the Board for consideration at its next meeting. Supporting documentation for the agenda item shall also include the resolution to be adopted by the Board

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<sup>1</sup> Although not required, universities are encouraged to consult with the Board Office and the State Division of Bond Finance 30 days prior to formal approval of debt by the university board of trustees or the DSO, particularly for any debt with unusual features.

requesting issuance of the debt by DBF or a resolution approving issuance of the debt by the DSO.

*Information Required for Submission.* The following information shall be submitted to the Board Office in support of a request for approval of the issuance of debt. Additionally, the university or DSO shall complete the “Checklist of Information Required for Submission to the Board Pursuant to Debt Management Guidelines,” and provide any additional information requested by the Board Office or DBF staff in connection with review of any proposed debt issuance.

- a) A resolution of the DSO board of directors approving the debt issuances, if applicable, and a resolution of the university board of trustees approving the debt issuance and authorizing the university to request Board approval of the debt issuance. For debt to be issued by DBF, at the request of the university, DBF staff will work with the university to determine a not-to-exceed amount of debt to be included in the board of trustees requesting resolution to the Board and in preparing required debt service and source-and-use schedules.
- b) The project program, feasibility studies or consultant reports (if available), and an explanation of how the project being proposed is consistent with the mission of the university.
- c) Estimated project cost, with schedules drawn by month and including start and completion dates, estimated useful life, and the date bond proceeds are required.
- d) The sources-and-uses of funds, clearly depicting all costs, funding sources expected to be used to complete the project and the estimated amount of the debt to be issued.
- e) An estimated debt service schedule with the assumed interest rate on the debt clearly disclosed. If the proposed debt service is not structured on a level debt service basis, an explanation shall be provided which gives the reason why it is desirable to deviate from a level debt structure.
- f) One consolidated debt service schedule separately showing all outstanding debt related to or impacting the debt being proposed, the proposed debt and the new estimated total debt service.
- g) A description of the security supporting the repayment of the proposed debt and the lien position the debt will have on that security. If the lien is junior to any other debt, the senior debt must be described. Furthermore, a description of why the debt is proposed to be issued on a junior lien basis must be provided. A statement citing the legal authority for the source of revenues securing repayment must also be provided.

- h) If debt is to be incurred on a parity basis with outstanding debt, a schedule showing estimated compliance with any additional bonds requirement set forth in the documents governing the outstanding debt. The applicable provisions of the documents for bonds of DSOs should be provided.
- i) Financial statements for five years, if available, for the auxiliary, if auxiliary revenues are pledged.
- j) A five-year history, if available, and five-year projection of the revenues securing payment and debt service coverage. To the extent applicable, the projections must be shown on the individual project as well as the entire system. All revenue items securing repayment must be clearly set forth as separate line items. An explanation must be provided with regard to growth assumptions, and to the amount and status of approval of any rate increases. The effect of the rate increases on the projections and expected revenues and expenses for the new facility should be clearly set forth as a separate line item. If rate increases are necessary, a commitment must be made to increase rates to the needed levels. Major categories of any operating expenses should be set forth as separate line items with an explanation of assumptions regarding increases or decreases.
- k) Evidence that the project is consistent with the university's master plan or a statement that the project is not required to be in the master plan.
- l) For variable rate debt proposals:
  - i) the expected reduction in total borrowing costs based on a comparison of fixed versus variable interest rates;
  - ii) a variable rate debt management plan that addresses liquidity and interest rate risks and provides, at a minimum: a description of budgetary controls, a description of liquidity arrangements, a discussion of why the amount of variable rate debt being proposed is appropriate, and a plan for hedging interest rate exposure. If interest rate risks are to be mitigated by the use of derivatives, then evidence that the counterparty has a long term rating of at least an A/A2 and a swap management plan as set forth in the Board's Debt Management Guidelines must be submitted;
  - iii) a pro forma showing the fiscal feasibility of the project using current market interest rates plus 200 basis points;
  - iv) the total amount of variable rate debt including the proposed debt as a percentage of the total amount of university and DSO debt outstanding; and

- v) the individual or position that will be responsible for the reporting requirements for variable rate debt as set forth in these guidelines.
- m) If all or any portion of the financing is contemplated to be done on a taxable basis, then evidence demonstrating that the issuance of taxable debt is in the best interest of the university must be submitted.
- n) A statement explaining whether legislative approval is required, and if required, an explanation as to when legislative approval will be sought or evidence that legislative approval has already been obtained.
- o) A statement that the debt issuance is in accordance with the university's debt management policy or, if not, an explanation of the specific variances as well as the reasons supporting the variances.
- p) If a request is made to employ a negotiated method of sale, an analysis must be provided supporting the selection of this method that includes a discussion of the factors set forth in section IV of these Guidelines.
- q) A description of the process used to select each professional engaged in the transaction, showing compliance with the competitive selection process required by these Guidelines. Specific contact information for each selected professional, must be included, and at a minimum, should disclose the professional's name, firm name, address, email address, phone number and facsimile number.
- r) The most recent annual variable rate debt report.

*Approval.* The Board will consider the following factors in connection with its review and approval of university or DSO debt issuance.

- a) The debt is to provide funding for needed infrastructure of the university for purposes consistent with the mission of the university.
- b) The debt is being issued in compliance with the principles and guidelines set forth herein.
- c) The project information submitted is reasonable and supportable.
- d) The five-year projection of pledged revenues available to pay debt service should provide debt service coverage of at least 1.20x for both outstanding parity debt and for the proposed new debt for all years within the five-year projection period after giving credit for any capitalized interest and other revenues available for payment.

- e) Any requirements for the issuance of additional parity debt can be reasonably expected to be met.

### ***Purposes For Which Debt May Be Issued***

Debt may be issued only to finance or refinance capital outlay projects as defined in these guidelines, including equipment and software; debt may not be approved to finance or refinance operating expenses of a university or a DSO.

Refunding bonds may be issued to achieve debt service savings. Refunding bonds may also be issued to restructure outstanding debt service or to revise provisions of Financing Documents if it can be demonstrated that the refunding is in the best interest of the university.

### ***Committing University Resources for Debt Issued by Direct Support Organizations***

There may be occasions where the university considers committing its financial resources on a long-term basis in support of debt issued by a DSO or other component unit. While the nature of the commitment may not constitute a legal debt obligation of the university, it may affect the university's debt position and its available financial resources. Therefore, the university should evaluate the long-term fiscal impact upon the university's debt position and available resources before authorizing any such financial commitment. Additionally, the debt of any DSO may not be secured by an agreement or contract with the university unless the source of payments under such agreement or contract is limited to revenues that the university is authorized to use for the payment of debt service. Any such contract or agreement shall also be subject to the requirements set forth under "Security Features – Pledged Revenues" herein.

### ***Credit Ratings***

In order to access the credit markets at the lowest possible borrowing cost, it is recognized that credit ratings are critical. Therefore, for all publicly offered debt:

- a) For existing bond programs, universities and DSOs shall strive to maintain or improve current credit ratings without adversely impacting the amount of debt which may be issued for any particular program.
- b) For all new financings, the university or DSO shall seek to structure the transaction to achieve a minimum rating of "A" from at least two nationally recognized rating agencies. Credit enhancement may be used to achieve this goal.



## *Tax Status*

The universities have traditionally issued tax exempt debt which results in significant interest cost savings compared with the interest cost on taxable debt. Accordingly, all university and DSO debt should be issued to take advantage of the exemption from federal income taxes unless the university demonstrates that the issuance of taxable debt is in the university's best interest. With respect to debt which has a management contract with a private entity as part of the security feature, the management contract should comply, to the greatest extent practical, with tax law requirements to obtain tax exemption for the debt.

## *Security Features*

*Pledged Revenues.* The debt issued by universities and their DSOs may only be secured by revenues (including fund balances and budget surpluses) authorized for such purpose. The revenues which may secure debt include the following:

- a) Activity and Service Fee, subject to the limitation that annual debt service payable from these fees does not exceed five percent of the revenues derived therefrom.
- b) Athletic Fee, subject to the limitation that annual debt service payable from these fees does not exceed five percent of the revenues derived therefrom.
- c) Health Fee.
- d) Transportation Access Fee.
- e) Hospital Revenue.
- f) Licenses and Royalties for facilities that are functionally related to the university operation or DSO reporting such royalties and licensing fees.
- g) Gifts and Donations for debt not longer than five years.
- h) Overhead and indirect costs and other monies not required for the payment of direct costs of grants.
- i) Assets of University Foundations and DSOs and earnings thereon.
- j) Auxiliary Enterprise Revenues, e.g., housing, parking, food service, athletic, retail sales, research activities.

Revenues which are not enumerated above may not be pledged to secure debt unless authorized by law for such purpose. In the case of university-issued debt, the

pledge of revenues which secures debt should specifically identify the sources pledged and not use general or vague terms such as “lawfully available revenues.” Specifically identifying revenues used to secure debt will provide certainty and transparency as to the revenues that are encumbered and avoid ambiguity or uncertainty as to the issuer’s legal liability and universities and their DSOs should take this into consideration when determining the nature of the security it will provide in connection with a debt issuance. The guidelines for pledging revenues and securing debt shall also apply to debt structures which involve an agreement, contract or lease with a university or its DSOs, i.e., the revenues being pledged to secure debt must be specifically identified and lawfully available for such purpose. It is preferable, whenever possible, to secure debt with system pledges comprised of multiple facilities within a system, e.g., housing and parking, rather than stand-alone project finances.

*Functional Relationships.* Revenues from one auxiliary enterprise (a “Supporting Auxiliary Enterprise”) may not be used to secure debt of another auxiliary enterprise unless the Board, after review and analysis, determines that the facility being financed (the “Facility”) is functionally related to the Supporting Auxiliary Enterprise’s revenues being used to secure such debt. The Board must determine whether a functional relationship exists whenever revenues from a Supporting Auxiliary Enterprise will be used to pay or secure the debt of a Facility or when proceeds of bonds issued by a Supporting Auxiliary Enterprise will be used, directly or indirectly, to pay costs relating to a Facility. When a functional relationship is established between a Facility and a Supporting Auxiliary Enterprise, only that portion of the Supporting Auxiliary Enterprise’s revenues that exceed its operating requirements and debt service, if any, may be pledged to secure such debt; provided that such pledge may be on parity with outstanding debt if permitted by the covenants and conditions of the outstanding debt.

A functional relationship exists when a nexus is established between the Facility and the Supporting Auxiliary Enterprise’s revenues. Whether a Facility is functionally related to the Supporting Auxiliary Enterprise’s revenues must be determined on a case by case basis, taking into consideration the unique facts and circumstances surrounding each individual situation.

Examples of functional relationships include, but are not limited to, a parking facility intended to provide parking to residents of a student housing facility and located within reasonably close proximity to a student housing facility; a food services facility intended to serve residents of a student housing facility and located within reasonably close proximity to a student housing facility; or shared infrastructure (e.g. water lines, sewer lines, utilities, plaza areas) located within reasonably close proximity to both the Facility and the Supporting Auxiliary Enterprise. While representations that a Facility will provide general benefits to or enhance the experience of the student body are desirable, this factor alone is not determinative in and of itself to establish a functional relationship between the Facility and the Supporting Auxiliary Enterprise’s revenues.

*Lien Status.* All bonds of a particular program should be secured by a first lien on specified revenues. Additionally, bonds should generally be equally and ratably secured by the revenues pledged to the payment of any outstanding bonds of a particular bond program. However, the creation of a subordinate lien is permissible if a first lien is not available or circumstances require.

*Reserve Fund.* Debt service reserve requirements may be satisfied by a deposit of bond proceeds, purchase of a reserve fund credit facility, or funding from available resources over a specified period of time. In the submission of a request for debt issuance, it is preferred, though not required, that the bond size for the proposed debt include provisions for funding a reserve from bond proceeds. This will ensure that in the event the university is unable to obtain a reserve fund credit facility it will still have an authorized bond amount sufficient to fund its needs. Debt service reserve requirements may also be satisfied with cash balances.

*Credit Enhancement.* Credit enhancement is used primarily to achieve interest cost savings. Accordingly, the state universities and their DSOs should consider the cost effectiveness of bond insurance or other credit enhancements when evaluating a debt issuance and the overall cost thereof. Any bond insurance or credit enhancement should be chosen through a competitive selection process analyzing the cost of the insurance or credit enhancement and the expected interest cost savings to result from their use. The primary determinant in selecting insurance or other credit enhancement should be price and expected interest cost savings; however, consideration may also be given to the terms of any arrangement with the provider of insurance or other credit enhancement.

*Capitalized Interest.* Capitalized interest from bond proceeds is used to pay debt service until a revenue producing project is completed or to manage cash flows for debt service in special circumstances. Because the use of capitalized interest increases the cost of the financing, it should only be used when necessary for the financial feasibility of the project.

### ***Structural Features***

*Length of Maturity.* In addition to any restriction on the final maturity imposed by the constitution or laws of the State, as a general guideline, the final maturity on bonds should not exceed thirty years.

Debt secured by gifts and donations shall not be considered long-term financing but may be used as a temporary or construction loan to accelerate construction of facilities. Accordingly, the maturity of debt secured by gifts and donations shall not exceed five years, including roll-overs or refinancings except refinancings to implement permanent financing. Debt issued to finance equipment and software may not be longer than five years or the useful life of the asset being financed, whichever is shorter.

Lastly, the final maturity of the debt should not exceed the estimated useful life of the assets being financed.

*Debt Service Structure.* Generally, debt should be structured on a level debt basis, i.e., so that the annual debt service repayments will, as nearly as practicable, be the same in each year. A deviation from these preferences is permissible if it can be demonstrated to be in the university's best interest, such as restructuring debt to avoid a default and not to demonstrate feasibility of a particular project.

*Redemption Prior to Maturity.* A significant tool in structuring governmental bonds is the ability to make the bonds callable after a certain period of time has elapsed after issuance. This provides the advantage of enabling the issuer to achieve savings through the issuance of refunding bonds in the event interest rates decline. Although the ability to refund bonds for a savings is advantageous, there may be situations where a greater benefit of lower interest rates may be realized by issuing the bonds as non-callable. Accordingly, there is a strong preference that bonds issued by a university or DSO be structured with the least onerous call features as may be practical under then prevailing market conditions. Bonds of a particular issue may be sold as non-callable if it is shown to be in the best interest of the university or DSO.

*Debt Issued With a Forward Delivery Date.* Debt issued by a university or DSO may be issued with a delivery date significantly later than that which is usual and customary. This debt typically carries an interest rate penalty associated with the delay in delivery. There are also additional risks that delivery will not occur. Debt with a forward delivery date may be issued if the advantages outweigh the interest rate penalty which will be incurred and the university and DSO are protected from adverse consequences of a failure to deliver the debt.

### ***Interest Accrual Features***

*Fixed Rate, Current Interest Debt.* Fixed rate debt will continue to be the primary means of financing infrastructure and other capital needs. However, there may be circumstances where variable rate debt is more appropriate, in which case, the state university or DSO shall provide documentation as noted in these guidelines for such debt.

*Derivatives.* Alternative financing arrangements, generally referred to as derivatives, are available in the market as an alternative to traditional bonds. Under certain market conditions, the use of alternative financing arrangements may be more cost effective than the traditional fixed income markets. However, these alternative financing instruments, such as floating to fixed swap agreements, have characteristics and carry risks peculiar to the nature of the instrument which are different from those inherent in the typical fixed rate financing. Although the universities and their DSOs should normally continue issuing conventional fixed rate bonds, alternative financing instruments may be used when the inherent risks and additional costs are identified

and proper provision is made to protect the Board, the university, and the DSO from such risks. In determining when to utilize alternative financing arrangements, the availability of the requisite technical expertise to properly execute the transaction and manage the associated risks should be evaluated along with any additional ongoing administrative costs of monitoring the transaction. Also, a comprehensive derivatives policy should be established by the university or their DSOs and approved by the Board prior to approving transactions using derivatives products.

*Capital Appreciation Bonds.* Normally capital appreciation bonds, which do not require current debt service payments, should not be used. However, when a compelling university interest is demonstrated, capital appreciation bonds may be issued.

*Variable Rate Bonds.* Variable rate debt may be issued where, considering the totality of the circumstances, such bonds can reasonably be expected to reduce the total borrowing cost to the university or the DSO over the term of the financing. The availability of the requisite technical expertise to properly manage the risks and execution of the variable rate transaction should be evaluated along with any additional ongoing administrative costs of monitoring the transaction. There should be a solid understanding of the liquidity risk and interest rate risks associated with variable rate debt. Further, there should be a debt management plan that mitigates, to the extent possible, these risks over the life of the debt. The following guidelines should apply to the issuance of variable rate debt:

- a) *Expected reduction in total borrowing cost.* In determining reasonably expected savings, a comparison should be made between a fixed rate financing at then current interest rates and a variable rate transaction, based on an appropriate floating rate index. The cost of the variable rate transaction should take into account all fees associated with the borrowing which would not typically be incurred in connection with fixed rate bonds, such as tender agent, remarketing agent, or liquidity provider fees.
- b) *Limitation on variable rate debt.* The amount of variable rate debt and interest derivative exposure is dependent on several factors associated with these types of debts. Included in the factors associated with these instruments are the university's/DSO's operating flexibility and tightness of budget, access to short and long term capital, the likelihood of a collateral call or termination payment, and the university's/DSO's financial expertise. The level to which universities may utilize variable rate debt obligations ("VRDO") and interest derivatives (like swaps, collars, and caps) is subject to an understanding of the risks associated and a debt policy that adequately addresses the additional risks.
- c) *Budgetary controls.* To avoid a situation in which debt service on variable rate bonds exceeds the annual amount budgeted, the following guidelines should be followed in establishing a variable rate debt service budget:

- i) A principal amortization schedule should be established, with provisions made for payment of amortization installments in each respective annual budget;
  - ii) Provide for payment of interest for each budget year using an assumed budgetary interest rate which allows for fluctuations in interest rates on the bonds without exceeding the amount budgeted. The budgetary interest rate may be established by: (1) using an artificially high interest rate given current market conditions; or (2) setting the rate based on the last 12 months actual rates of an appropriate index plus a 200 basis point cushion or spread to anticipate interest rate fluctuations during the budget year. The spread should be determined by considering the historical volatility of short-term interest rates, the dollar impact on the budget and current economic conditions and forecasts; or, (3) any other reasonable method determined by the university or DSO and approved by the Board;
  - iii) The amount of debt service actually incurred in each budget year should be monitored monthly by the university or DSO to detect any significant deviations from the annual budgeted debt service. Any deviations in interest rates which might lead to a budgetary problem should be addressed immediately; and
  - iv) As part of the effort to monitor actual variable rate debt service in relation to the budgeted amounts and external benchmarks, the university or DSO should establish a system to monitor the performance of any service provider whose role it is to periodically reset the interest rates on the debt, i.e., the remarketing agent or auction agent.
- d) *Establish a hedge with short-term investments.* In determining the appropriate amount of variable rate debt which may be issued by the universities or their DSOs, consideration should be given to mitigating the variable interest rate risk by creating a hedge with short-term investments. This “hedge” mitigates the financial impact of debt service increases due to higher interest rates because, as debt service increases, the university’s or DSO’s earnings on short-term investments also increases. Appropriate personnel should monitor the hedge monthly. Short-term investment as a hedge is one of several methods of mitigating interest rate risk. The ratio of such short-term investments to variable debt needs to be examined in conjunction with other interest rate risk hedging, striking an overall balance to minimize interest rate risk.
- e) *Variable interest rate ceiling.* The bond documents should include an interest rate ceiling of no greater than 12%.
- f) *Mitigating interest rate risks with derivatives.* Universities and DSOs are allowed to use various derivatives to mitigate the risk of rising interest rates on

variable rate debt. However, the introduction of these derivatives also presents other risks for which the university must mitigate. These risks include rollover risk, basis risk, tax event risk, termination risk, counterparty credit risk and collateral posting risk. At a minimum, a university/DSO engaging in this type of interest rate risk mitigation must provide:

- i) Evidence that the counterparty has a long term rating of at least an A/A2; and
- ii) A swap management plan that details the following:
  - a) Why the university is engaging in the swap and what the objectives of the swap are.
  - b) The swap counterparty's rating.
  - c) An understanding by the issuer of the cash flow projections that detail costs and benefits for the swap.
  - d) The plan of action addressing the aforementioned risks associated with swaps.
  - e) The events that trigger an early termination (both voluntary and involuntary) under the swap documents, the cost of this event and how such would be paid.
  - f) The method for rehedging variable rate exposure should early termination be exercised.
  - g) A list of key personnel involved in monitoring the terms of the swap and counterparty credit worthiness.
- g) *Liquidity*. One of the features typical of variable rate debt instruments is the bondholder's right to require the issuer to repurchase the debt at various times and under certain conditions. This, in theory, could force the issuer to repurchase large amounts of its variable rate debt on short notice, requiring access to large amounts of liquid assets. There are generally two methods for addressing this issue. With the first method, issuers that do not have large amounts of liquid assets may establish a liquidity facility with a financial institution which will provide the money needed to satisfy the repurchase. The liquidity provider should have a rating of A1/P1 or higher. The liquidity agreement does not typically run for the life of long-term debt. Accordingly, there is a risk that the provider will not renew the agreement or that it could be renewed only at substantially higher cost. Similar issues may arise if the liquidity provider encounters credit problems or an event occurs which

results in early termination of the liquidity arrangement; in either case the issuer must arrange for a replacement liquidity facility. With the second method, issuers with significant resources may choose to provide their own liquidity. This approach eliminates the costs that would be charged by a third party liquidity provider and could mitigate the renewal/replacement risk. If a university/DSO chose to provide its own liquidity, the institution must maintain liquid assets or facilities equal to 100% of the outstanding VRDOs.

- h) *Submission of periodic reports.* The university will prepare and submit to the board of trustees and the Board an annual variable rate debt report showing the position during the previous period of the university or DSO variable rate debt with respect to the following measures:
  - i) the total principal amount of variable rate debt to principal amount of total debt;
  - ii) the amount of debt service accrued during the reporting period in relation to the pro-rata amount of annual budgeted debt service for the reporting period. If the amount of debt service which accrued during the reporting period exceeded the pro-rata amount of annual budgeted debt service for the period, the university shall explain what actions were taken to assure that there would be sufficient revenues and budget authority to make timely payments of debt service during the subsequent years; and
  - iii) the amount of variable rate debt in relation to the amount of the university's and/or DSO's short-term investments, and any other strategies used to hedge interest rate risk.

### ***Other Types of Financings***

*Refunding Bonds.* Generally, refunding bonds are issued to achieve debt service savings by redeeming high interest rate debt with lower interest rate debt. Refunding bonds may also be issued to restructure debt or modify covenants contained in the bond documents. Current tax law limits to one time the issuance of tax-exempt advance refunding bonds to refinance bonds issued after 1986. There is no similar limitation for tax-exempt current refunding bonds. The following guidelines should apply to the issuance of refunding bonds, unless circumstances warrant a deviation therefrom:

- a) Refunding bonds should be structured to achieve level annual debt service savings.
- b) The life of the refunding bonds should not exceed the remaining life of the bonds being refunded.



- c) Advance refunding bonds issued to achieve debt service savings should have a minimum target savings level measured on a present value basis equal to 5% of the par amount of the bonds being advance refunded. The 5% minimum target savings level for advance refundings should be used as a general guide to guard against prematurely using the one advance refunding opportunity for post-1986 bond issues. However, because of the numerous considerations involved in the sale of advance refunding bonds, the 5% target should not prohibit advance refundings when the circumstances justify a deviation from the guideline.
- d) Refunding bonds which do not achieve debt service savings may be issued to restructure debt or provisions of bond documents if such refunding serves a compelling university interest.

*Certificates of Participation and Lease-Type Financing.* The universities or their DSOs may utilize these financing structures for all purposes, but it shall be considered as debt for the purposes of these guidelines and the universities shall always budget and make available monies necessary to pay debt service, notwithstanding the right to cancel the lease. Additionally, for lease purchase financings of equipment, universities and DSOs should consider using the State's consolidated equipment financing program if it will reduce costs and ensure a market interest rate on the financing.

*Conversions of existing variable rate debt.* A conversion between interest rate modes pursuant to the provisions of variable rate financing documents does not require Board approval. However, ten days prior to the conversion, the universities or their DSOs must notify the Board Office of a conversion and provide a summary of the terms of (i.e. interest rate, debt service schedule, etc.) and reasons for the conversion. The universities and DSOs should answer all questions and provide any additional information that the Board deems necessary to fully understand the conversion.

#### **IV. METHOD OF SALE AND USE OF PROFESSIONALS**

##### ***Analysis of Method of Sale***

It is in the best interests of the universities and their DSOs to use the method of sale for their debt that is expected to achieve the best sale results. Based upon the facts and circumstances with regard to each individual financing, it may be more appropriate to sell debt through either a competitive sale or through negotiation. Accordingly, the universities and their DSOs may utilize either a competitive or negotiated sale. If, however, a request is made for a DSO to sell debt using a negotiated sale, the university must provide the Board with an analysis showing that a negotiated sale is desirable. The analysis should include, but not necessarily be limited to, a consideration of the following factors:

a) Debt Structure

- i) pledged revenues – strong revenue stream vs. limited revenue base;
- ii) security structure – conventional resolution, cash flow, rate and coverage covenants vs. unusual or weak covenants;
- iii) debt instrument – traditional serial and term bonds vs. innovative, complex issues requiring special marketing; and
- iv) size – a smaller transaction of a size which can be comfortably managed by the market vs. a large size which the market cannot readily handle.

b) Credit Quality

- i) ratings – “A” or better vs. below single “A”; and
- ii) outlook – stable vs. uncertain.

c) Issuer

- i) type of organization – well-known, general purpose vs. special purpose, independent authority;
- ii) frequency of issuance – regular borrower vs. new or infrequent borrower; and
- iii) market awareness – active secondary market vs. little or no institutional awareness.

d) Market

- i) interest rates – stable; predictable vs. volatile;
- ii) supply and demand – strong investor demand, good liquidity vs. oversold, heavy supply; and
- iii) changes in law – none vs. recent or anticipated

Bonds may also be sold through a private or limited placement, but only if it is determined that a public offering through either a competitive or negotiated sale is not in the best interests of the university or DSO.

### *Allocation of Bonds*

In the event a negotiated sale by a DSO is determined by the university to be in the university's best interest, syndicate rules shall be established which foster competition among the syndicate members and ensure that all members of the syndicate have an opportunity to receive a fair and proper allocation of bonds based upon their ability to sell the bonds.

### *Report on Sale of Bonds*

The university or DSO shall prepare a report on the sale of bonds or anytime it incurs debt. The report shall be prepared and provided to the Board as soon as practicable but in no event later than one month after closing the transaction, in the format and manner provided by the Board, which at a minimum shall include the following:

- a) The amount of the debt.
- b) The interest rate on the debt.
- c) A final debt service schedule or estimated debt service schedule if a variable rate debt or the interest rate is subject to adjustment.
- d) Any aspect of the transaction that was different from the transaction submitted for approval.
- e) Itemized list of all fees and expenses incurred on the transaction, including legal fees.
- f) For negotiated sale of bonds:
  - i) the underwriters' spread detailing the management fee;
  - ii) takedown by maturity and aggregate takedown;
  - iii) any risk component and an itemized list of the expense component;
  - iv) orders placed by each underwriter and final bond allocation;
  - v) total compensation received by each underwriter; and
  - vi) any report or opinion of the financial advisor.
- g) Final official statement for publicly offered bonds.

- h) Bond insurance or any other form of credit enhancement and the terms thereof.
- i) Credit rating reports.

### ***Selection of Financing Professionals***

The use of underwriters for negotiated financings and the use of financial advisors for negotiated and competitive offerings is necessary to assist in the proper structuring and sale of debt. To assure fairness and objectivity in the selection of professionals and to help select the most qualified professional, the selection of underwriters and financial advisors should be accomplished through a competitive selection process. A competitive selection process allows the universities and their DSOs to compare more professionals and obtain the best price and level of service.

## **V. DISCLOSURE**

### ***Primary Disclosure***

Universities and DSOs shall use best practices in preparing disclosure documents in connection with the public offer and sale of debt so that accurate and complete financial and operating information needed by the markets to assess the credit quality and risks of each particular debt issue is provided.

The disclosure recommendations of the Government Finance Officers Association's "Disclosure for State and Local Governments Securities," and the National Federation of Municipal Analysts' "Recommended Best Practices in Disclosure for Private Colleges and Universities" should be followed to the extent practicable, specifically including the recommendation that financial statements be prepared and presented according to generally accepted accounting principles.

### ***Continuing Disclosure***

DSOs shall fulfill all continuing disclosure requirements set forth in the transaction documents and as required under Rule 15c2-12 of the Securities and Exchange Commission.

## **VI. POST-ISSUANCE CONSIDERATIONS**

### ***Investment of Proceeds of Debt Issued by DSOs***

*Construction Funds.* Funds held for payment of debt service and all other funds held as required by the documents of any financing shall be invested consistent with the terms of the Financing Documents.

### ***Arbitrage Compliance***

The university will comply with federal arbitrage regulations. Any arbitrage rebate liabilities should be calculated and funded annually.

## **VII. EFFECT**

The foregoing guidelines shall be effective immediately and may be modified from time to time by the Board as circumstances warrant. The guidelines are intended to apply prospectively to all university and DSO debt, and not to adversely affect any university or DSO debt currently outstanding or projects approved by the Board or board of trustees prior to, or existing, as of January 26, 2006.

Authority: Section 7(d), Art. IX, Fla. Const., History: New 4-27-06, Amended 9-16-10.

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**STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS  
Facilities Committee  
March 27, 2013**

**SUBJECT:** Resolution of the Board of Governors Requesting the Division of Bond Finance of the State Board of Administration of Florida (the "Division of Bond Finance") to issue revenue bonds on behalf of Florida State University (the "University") to finance construction of a student residence facility on the main campus of the University

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**PROPOSED COMMITTEE ACTION**

Adoption of a resolution approving the issuance of fixed rate, tax-exempt revenue bonds, by the Division of Bond Finance on behalf of the University, in an amount not to exceed \$51,400,000 (the "Bonds") for the purpose of financing the construction of the New Dorman Complex on the main campus of the University ("the Project").

Staff of the Board of Governors, State University System of Florida, and the Division of Bond Finance, State Board of Administration of Florida, have reviewed this resolution and all supporting documentation. Based upon this review, it appears that the proposed financing is in compliance with Florida Statutes governing the issuance of university debt and the debt management guidelines adopted by the Board of Governors. Accordingly, staff of the Board of Governors recommends adoption of the resolution and authorization of the proposed financing.

**AUTHORITY FOR BOARD OF GOVERNORS ACTION**

Article IX, Section 7, Florida Constitution; Section 1010.62, Florida Statutes; and Florida Board of Governors Debt Management Guidelines

**BACKGROUND INFORMATION**

Florida State University has submitted a proposal for financing and construction of a new Student Residence Facility on the main campus of the University, at the southeast corner of Woodward Avenue and Traditions Way. This site is located in close proximity to academic and student services buildings and completes the chain of residence halls on the east side of campus. The proposed project will consist of two buildings of approximately 193,116 square feet each with approximately 431 beds per

building, for a total of approximately 862 beds, arranged in suite-style double rooms with a connecting bathroom. The Project is consistent with the University's Campus Master Plan. The construction of the proposed residence halls is estimated at a total cost of \$55,500,000. Construction costs are estimated at \$51,198,442 with planning estimated at \$2,971,558 and equipment estimated at \$1,330,000.

The project will be financed with a \$10 million cash contribution from excess funds within the housing system Building Maintenance and Equipment Reserve Fund and a fixed rate, tax-exempt revenue bond issue in an amount not exceeding \$51,400,000 issued by the Division of Bond Finance. The bonds will finance a portion of the cost of the project, fund a debt service reserve account (if necessary) and pay costs of issuance. The bonds will mature twenty (20) years after issuance with level annual debt service payments.

Net housing system revenues will be pledged for the payment of debt service. These revenues are derived primarily from rental income, after deducting operating expenses. The bond series for construction of the new halls will be issued on parity with the outstanding Florida State University Housing Facility and Dormitory Revenue Bonds currently outstanding in the aggregate principal amount of \$128,355,000.

Projections provided by the University indicate that sufficient net revenues will be generated to pay debt service on the Series 2013A Bonds and the outstanding parity bonds.

The Florida State University Board of Trustees, at its January 11, 2013 meeting, approved the Project and the financing thereof.

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**Supporting Documentation Included:**

1. Requesting Resolution
2. University Cover Letter
3. Project Summary
4. Attachment I – Estimated Sources and Uses of Funds
5. Attachment II – Historical and Projected Pledged Revenues and Debt Service Coverage
6. Attachment III - Feasibility Study

**Facilitators/Presenters:** Chris Kinsley



**A RESOLUTION REQUESTING THE DIVISION OF BOND FINANCE OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA TO ISSUE REVENUE BONDS ON BEHALF OF FLORIDA STATE UNIVERSITY TO FINANCE THE CONSTRUCTION OF A STUDENT RESIDENCE FACILITY ON THE MAIN CAMPUS OF FLORIDA STATE UNIVERSITY IN AN AMOUNT NOT TO EXCEED \$51,400,000; AND PROVIDING AN EFFECTIVE DATE.**

The duly acting and appointed Board of Governors (the "Board of Governors") of the State of Florida at a meeting duly held pursuant to notice and a quorum being present do hereby make the following resolutions:

**BE IT RESOLVED:**

**1. Findings.** The Board of Governors hereby finds as follows:

(A) Pursuant to Article IX, Section 7 of the Florida Constitution, the Board of Governors is vested with the power to operate, regulate, control and manage the State University System of Florida. The Board of Governors is further vested with the authority to approve the issuance of revenue bonds by a state university pursuant to Section 1010.62(2), Florida Statutes.

(B) The Board of Trustees of Florida State University (the "University") has requested approval from the Board of Governors for the Division of Bond Finance to issue revenue bonds in an amount not exceeding \$51,400,000 (the "Bonds") for the purpose of financing (i) the construction of the New Dorman Complex (the "Project") on the main campus of the University; (ii) a debt service reserve fund, if necessary, and (iii) certain costs associated with issuing the Bonds. The foregoing plan to finance the Project is collectively referred to herein as the "Financing Plan".

(C) The project will be part of the housing system at the University.

(D) Upon consideration of the Financing Plan, the Board of Governors further finds that the issuance of the Bonds is for a purpose that is consistent with the mission of the University; is structured in a manner appropriate for the prudent financial management of the University; is secured by revenues adequate to provide for all debt service payments; has been properly analyzed by the staffs of the Board of Governors and the Division of Bond Finance; and is consistent with the Board of Governors' Debt Management Guidelines.

(E) The Board of Governors declares that the Project will serve a

public purpose by providing housing and other necessary facilities at the University.

(F) The Project is included in the master plan of the University.

**2. Approval of the Project.** The Project is approved by the Board of Governors as being consistent with the strategic plan of the University and the programs offered by the University.

**3. Approval of the Bonds.** The Board of Governors hereby approves and requests the Division of Bond Finance of the State Board of Administration of Florida (the "Division") to issue the Bonds for the purpose of financing the construction of the Project. Proceeds of the Bonds may be used to pay the costs of issuance of such Bonds, to provide for capitalized interest, if any, to provide for a municipal bond insurance policy, if any, and to fund a reserve account or provide debt service reserve insurance, if necessary. The Bonds are to be secured by the net revenues of the housing system of the University. The Division shall determine the amount of the Bonds to be issued and the date, terms, maturities, and other features of a fiscal or technical nature necessary for the issuance of the Bonds. Proceeds of the Bonds and other legally available monies shall be used for the Project, which is authorized by Section 1010.62, Florida Statutes. The issuance of Bonds by the Division for the purpose of reimbursing the University for capital expenditures paid for the Project from legally available funds of the University is hereby authorized.

**4. Refunding Authority.** Authority is further granted for the issuance of bonds for the purpose of refunding all or a portion of any bonds secured by the revenues described, if it is deemed by the Division to be in the best financial interest of the State. The limitation on the amount authorized for the Bonds in Section 1 above shall not apply to such refunding bonds. Other terms of this resolution shall apply to any such refunding bonds as appropriate.

**5. Compliance.** The Board of Governors will comply, and will require the University to comply, with the following:

(A) All federal tax law requirements upon advice of bond counsel or the Division as evidenced by a "Certificate as to Tax, Arbitrage and Other Matters" or similar certificate to be executed by the Board prior to the issuance of the Bonds.

(B) All other requirements of the Division with respect to compliance with federal arbitrage law, pursuant to Section 215.64 (11), Florida Statutes.

(C) All requirements of federal securities law, state law, or the Division, relating to continuing secondary market disclosure of information regarding

the Bonds, the University, and the University's housing system, including the collection of the revenues pledged to the Bonds. Such requirements currently provide for the disclosure of information relating to the Bonds, the University, and the University's housing system, including the collection of the revenues pledged to the Bonds, on an annual basis and upon the occurrence of certain material events.

(D) All covenants and other legal requirements relating to the Bonds.

**6. Fees.** As provided in Section 215.65, Florida Statutes, the fees charged by the Division and all expenses incurred by the Division in connection with the issuance of the Bonds (except for periodic arbitrage compliance fees, if any, which shall be paid from other legally available funds) shall be paid and reimbursed to the Division from the proceeds of the sale of such Bonds. If for any reason (other than a reason based on factors completely within the control of the Division) the Bonds herein requested to be authorized are not sold and issued, the Board agrees and consents that such fees, charges and expenses incurred by the Division shall, at the request of the Division, be reimbursed to the Division by the University from any legally available funds of the University.

**7. Authorization.** The Division is hereby requested to take all actions required to issue the Bonds.

**8. Reserve and Insurance.** If determined by the Division to be in the best interest of the State, the Board of Governors may cause to be purchased a debt service reserve credit facility and/or municipal bond insurance, issued by a nationally recognized bond insurer.

**9. Repealing Clause.** All resolutions of the Board of Governors or parts thereof, in conflict with the provisions herein contained, to the extent they conflict herewith, are, to the extent of such conflict, hereby superseded and repealed.

**10. Authorization of Further Actions Consistent Herewith.** The members of the Board of Governors, attorneys, or other agents or employees of the Board of Governors are hereby authorized and directed to do all acts and things required of them by this resolution or desirable or consistent with the requirements hereof, to assure the full, punctual and complete performance of all the terms, covenants and agreements contained in the Bonds and this resolution; including execution of such documents, certificates, contracts and legal opinions and other material delivered in connection with the construction or financing of the Project for use by the University, the issuance of the Bonds or as necessary to preserve the exemption from the taxation of interest on any of the Bonds which are tax-exempt, in such form and content as the Chair, Vice Chair or authorized officers executing the same deem necessary, desirable

or appropriate.

**11. Effective Date.** This resolution shall become effective immediately upon its adoption.

Adopted this 28th day of March, 2013.

## **CERTIFICATE OF THE CORPORATE SECRETARY**

The undersigned, Corporate Secretary of the Board of Governors, does hereby certify that the attached resolution relating to the issuance of Bonds by the Division of Bond Finance of the State Board of Administration of Florida is a true and accurate copy as adopted by the Board of Governors on March 28, 2013, and said resolution has not been modified or rescinded and is in full force and effect on the date hereof.

**BOARD OF GOVERNORS  
OF THE STATE UNIVERSITY  
SYSTEM OF FLORIDA**

Dated: \_\_\_\_\_, 2013

By: \_\_\_\_\_  
Corporate Secretary

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THE FLORIDA STATE UNIVERSITY  
DIVISION OF STUDENT AFFAIRS  
*University Housing*

February 22, 2013

Mr. Chris Kinsley  
Director, Finance and Facilities  
Board of Governors  
325 W. Gaines Street  
Tallahassee, FL 32399

Dear Mr. Kinsley:

University Housing at Florida State University (FSU) respectfully submits the following reports in support of our bond financing request for the Dorman/Deviney Replacement Project. FSU commissioned a full facility audit of the existing Dorman and Deviney facilities by the ISES Corporation and a financial and market analysis study by Brailsford and Dunlavey to provide supplemental material demonstrating the need and feasibility of the proposed project. The findings of both reports are contained in the attached documents.

The ISES Corporation, the leading provider of Facility Condition Assessment (FCA) services for Facilities Capital Planning purposes, conducted a comprehensive review of the condition of the current Dorman and Deviney facilities: ISES placed the Facility Condition Number Index (FCNI) for Deviney and Dorman at 0.56 and 0.52 respectively. These numbers indicate that the facilities are in "poor condition - total renovation required" and are at the risk of moving into the "complete facility replacement indicated" category if major renovation does not occur within the next few years. ISES estimates the projected costs to address the needs of the current facilities to be in excess of \$22,000,000.

University Housing commissioned a study by Brailsford & Dunlavey (B&D), a nationally recognized leader in the field of campus housing market analysis with a diverse experiential portfolio including approximately 250 student housing clients and more than 350 student housing projects. Through their thorough review of the operation of University Housing and the plans for the Dorman/Deviney Replacement Project, B&D found the following:

- "...on campus housing remains the preferred option for students, and B&D believes that an increase in student housing on campus will be absorbed by students who want to live on campus that have been pushed to the off campus market due to space constraints."



- "...privately owned [off campus] facilities are not in direct competition with the residences and the experiences that FSU and University Housing aspire to provide for its on-campus residents."
- "Even with conservative assumptions for a full replacement scenario, B&D believes that the FSU housing system should be able to support the replacement of [aging facilities] while still maintaining a system wide debt coverage ratio of more than 1.50x in any given year."
- "...it is beneficial for the University to develop, own, and operate the Project. While public-private partnerships can help reduce the burden of balance sheet utilization, the credit rating agencies (such as Moody's) have all placed strict rules and regulations to insure that most student housing will remain on the University's credit."

Focusing predominantly on housing first-time-in-college (FTIC) students, University Housing provides exceptional living opportunities for students to succeed academically. The Dorman/Deviney Replacement project will construct 862 new, state of the art, suite-style beds in the core of the campus proper, insuring the intentional connection of FTIC residents to the academic and co-curricular resources of FSU. Through 100-year quality building construction, professional staffing, innovative programming, and academic partnerships through Living Learning Communities, the Dorman/Deviney Replacement Project represents the completion of the Eastside residential campus community and a center of student growth, development, academic persistence, and success for years to come.

Please feel free to contact me if we can provide any additional information or clarification of these materials.

Sincerely,



Adrienne Otto Frame, Ed.D.

Director, University Housing

Florida State University



**STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS  
Project Summary  
Florida State University  
Student Residences  
New Dorman Complex**

**Project Description:** The proposed project will consist of two buildings of approximately 193,116 square feet each and approximately 431 beds per building, for a total of approximately 862 beds, arranged in suite-style double rooms with a connecting bathroom (the “Project”). The purpose of the Project is to replace existing aging housing facilities with more desirable accommodations to meet the needs of today’s students. The design of the facility is comparable to the other suite-style facilities on campus including Broward, Bryan, Cawthon, DeGraff, Gilchrist, Jennie Murphree, Landis, Reynolds and Wildwood Halls. The normal support spaces associated with this kind of facility such as common student lounge, recreation room, TV lounge, furniture storage and administrative offices are also included. Laundry and vending service areas are also expected to be added.

In addition to the amenities typically associated with residence halls, FSU offers student life programming that includes one Resident Assistant per 45 students and two classrooms for academically generated living-learning communities. This ratio of 45:1 is comparable to staffing in the other FSU halls. A residence coordinator, an administrator and a professional position will provide live-in staffing of the Project. The coordinator, assisted by a grad student, is available 24 hours a day to respond to emergencies, coordinate programs, distribute information to students, and provide referral services. The Project will be administered by Florida State University.

**Facility Site Location:** The Project will be located on the main campus of the Florida State University (FSU) at the southeast corner of Woodward Avenue and Traditions Way. This site is located in close proximity to academic and student services buildings and completes the chain of residence halls on the east side of campus. This location is consistent with the campus master plan.

**Projected Start and Opening Date:** It is anticipated that construction will begin in August 2013. The Project is scheduled to open for the fall term in August 2015.

## Quantitative Demand and

**Construction Analysis:** The Project will house undergraduate students, focusing primarily on first-time-in-college (FTIC) students. The current capacity of the housing system is 6,408. Total enrollment for Fall 2012 was 41,110, including 31,943 undergraduates, of which 5,736 were FTIC students. Approximately 90% of undergraduates attend full-time, and although 89% of students are from Florida, a majority of in-state students are from central and south Florida rather than the Tallahassee area. The FSU Master Plan includes a goal to house 20% of both undergraduate and graduate students. University housing also has an informal goal to house all FTIC students who desire to live on-campus. The 6,408 beds for undergraduate students plus an additional 972 beds in two University apartment facilities that are not part of the system and house graduate and non-FTIC students, provide a combined 7,380 beds. This is enough to accommodate all FTIC students and approximately 18% of all University students; however, existing demand for on-campus housing by students exceeds the number of beds available.

FSU does not have a policy requiring any students to live on campus, so students are free to choose living accommodations. Even though FSU does not mandate that students live on campus, there has been strong demand for participation in its first-year housing experience. Over the past ten years, occupancy rates for the undergraduate halls have exceeded 100% to begin each fall term. Waiting lists are developed and students are placed in temporary housing until permanent assignments can be identified through attrition. The waiting list for Fall 2012 exceeded 600 at the end of May. Due to the length of the waiting list, housing applications were not accepted after May 1<sup>st</sup>. FSU estimates several hundred students are turned away from applying for on-campus housing due to this deadline.

Completion of this Project and subsequent demolition of Deviney and Dorman will increase the housing system beds by a net 338, for total beds of 6,746 in 2015-16. Of the current on-campus housing facilities, 1615 beds are in four aging facilities that FSU believes will need to be replaced over time. This Project will enable FSU to replace two of those older traditional, community-style dormitories, Deviney and Dorman (combined student capacity of 524), while maintaining cash flow and service to students. FSU made the determination to replace Deviney and Dorman, built in 1952 and 1959, respectively, on the basis of a building assessment performed

by the ISES Company. A detailed review of building systems and components by ISES indicated that the cost to restore each building was between 50 and 60% of building value. Given the age and configuration of these facilities, replacement was identified as the most cost-effective option. FSU has renovated several historic residence halls on campus, but does not characterize these two halls as historic. FSU is planning a second phase of their efforts to replace aged dormitories after completion of the Project. The second phase would include the construction of another suite-style residence facility to replace Kellum and Smith Halls (combined student capacity of 1,091). The second phase would represent a decrease of approximately 229 student beds. The capacity increase resulting from the completion of both phases would be approximately 109 beds, if fully implemented as currently planned.

Focusing predominantly on housing first-time-in-college (FTIC) students, University housing provides exceptional living opportunities for students to succeed academically, therefore contributing directly to the overall academic mission of the institution. On-campus housing offers enhanced safety and security and the convenience of not having to find parking on campus each day.

#### **Available Private Sector Alternatives:**

FSU retained the firm of Brailsford and Dunlavy (B&D) to conduct an independent student housing analysis (Attachment 3). This report confirms that a complementary relationship exists between suite-style rooms available on campus and the apartment-style units available off campus. Approximately 73% of on-campus housing is suite-style, and FSU plans to replace the remaining inventory of traditional community-style dorms. With the exception of two complexes, the off-campus market consists of apartments. In the past, several private residence halls were available, but these have gradually been converted to apartments or other uses. With the exception of the two units mentioned, comprised of 700 beds, the local market is focused on providing apartment-style housing that typically appeals more to the needs of upperclassmen and graduate students. Of the two off-campus private halls, the larger, with 500 beds, has equivalent rental rates to on-campus housing and strong demand. The smaller, private loft-style has lower rental costs than on-campus housing, but no residential life programming.

B&D found that the Tallahassee off-campus housing market is robust; however, these apartment-style facilities are not in direct competition with the residences and the experiences offered by FSU Housing to its on-campus residents. This finding is evidenced by the fact the new facilities currently under construction in the off-campus market are all apartment-style units and is also supported by the reduction of the number of privately-owned dormitories by approximately 50% over the past five years.

National studies have shown that students who live on campus are more connected to the institution, do better academically, and persist to graduation. According to a recent study conducted by FSU's Office of Institutional Research, retention and 4-year graduation rates for student living on campus during their first semester at FSU were nearly 8% higher than students who lived off-campus.

University Housing at FSU provides a unique student residential experience that is fundamentally different from any other living environment available in the Tallahassee off-campus housing market. The masters level live-in professional staff, coupled with live-in graduate and undergraduate staff are extremely well trained and prepared to respond to individual student needs from adjustment issues associated to the transition to college life to management of more serious individual student crises. Parents want their children to reside on campus particularly during their first year for quality of service, convenience, safety and resources provided.

Through the replacement of aging beds with community-style baths with modern suite-style rooms that meet the needs of today's students, FSU will position itself to continue to provide an exemplary on-campus living experience and ensure continued demand and the successful persistence of its students through graduation, therefore contributing to the FSU's overall academic mission.

While FSU has the opportunity to engage the private market for the establishment of a public-private partnership, it would be required to give up financial benefit, building design, and/or operational control. University ownership provides long-term strategic and financial benefits, as well as increased flexibility for FSU.

**Project Cost and  
Financing Structure:**

The construction of the Project is estimated at a total cost of \$55,500,000. Construction costs are estimated at \$51,198,442, with

planning and design estimated at \$2,971,558 and equipment estimated at \$1,330,000.

The Project will be financed with a \$10 million cash contribution from excess funds within the housing system and a fixed rate, tax-exempt revenue bond issue in an amount not exceeding \$51,400,000 issued by the Division of Bond Finance. The bonds will finance a portion of the cost of the Project, fund a debt service reserve account, if necessary, and pay costs of issuance. The bonds will be structured with a 20-year final maturity and level annual debt service payments with the first principal payment occurring May 1, 2016 and a final maturity date of May 1, 2033.

(See Attachment 1 for an estimated sources and uses of funds).

**Security/Lien Structure:** Net housing system revenues will be pledged for the payment of debt service. These revenues are derived primarily from rental income, after deducting operating expenses. The bonds will be issued on parity with the Florida State University Housing Facility and Dormitory Revenue Bonds currently outstanding in the aggregate principal amount of \$128,355,000. All costs of the housing program at FSU are completely funded without the use of any state funding.

**Pledged Revenues,  
Debt Service Coverage  
and Return on Investment:**

During the past five years from fiscal year 2007-08 to 2011-12, pledged revenues grew from \$15.3 million to \$19.2 million. These revenues produced debt service coverage ratios ranging from a high of 1.96x to a low of 1.59x. For fiscal year 2012-13, pledged revenues are projected at \$21 million, producing an estimated debt coverage ratio of 2.14x. Pledged revenues are projected to be \$22 million and \$23.5 million for 2013-14 and 2014-15, with debt service coverage expected to be 1.79x and 1.85x in those years, including interest payments due on the new bonds. The full annual debt service payments for the new bonds, including principal and interest, will begin in fiscal year 2015-16. Pledged revenues for that year are projected to be \$27.7 million with debt service coverage projected to be 1.91x.

The Project is expected to significantly increase operating revenue of the housing system. The projected rental rate for the Project is \$3,370 per semester, per bed. The rate projection is based on the current

suite-style rate, with annual 5% increases until the year of completion. Revenue and expense projections assume a 98% occupancy rate for Fall and Spring, and are based on historical collections for Summer. Revenues and expenses of the system are based on assumed 5% annual increases in rental rates, 2% increases in personnel expenses, 3% increases in general operating expenses and 4% increases in utilities. Debt service payments on the new bonds have been estimated using a 5.75% interest rate.

The Project is also expected to provide a positive return with an internal rate of return estimated at 7.76%, based upon the assumptions provided by FSU.

(See Attachment 2 for a table of historical and projected pledged revenues and debt service coverage prepared based upon revenue and expense information supplied by FSU).

**Type of Sale:**

The Division of Bond Finance will make a determination to sell the bonds through either a competitive or a negotiated sale based upon market conditions and financing options available at the time of sale.

**Analysis and  
Recommendation:**

Staff of the Board of Governors and the Division of Bond Finance has reviewed the information provided FSU with respect to the request for Board of Governors approval for the subject financing. System Revenues have historically generated positive debt service coverage and are projected to continue to provide adequate debt service coverage in the future based on what appear to be reasonable assumptions as to revenue and expenditure growth. Also, it appears that the proposed financing is in compliance with the Florida Statutes governing the issuance of university debt and the Board of Governors Debt Management Guidelines. Accordingly, staff of the Board of Governors recommends adoption of the resolution authorizing the proposed financing.

STATE OF FLORIDA, BOARD OF GOVERNORS  
FLORIDA STATE UNIVERSITY  
DORMITORY REVENUE BONDS, SERIES 2013A

Estimated Sources and Uses of Funds

**Sources of Funds**

<b>Bond Par Amount</b>	<b>\$ 51,400,000</b>	<b>Estimated bond sale amount based on an interest rate of 5.75% for 20 years.</b>
<b>Cash Contribution from Housing System</b>	<b>10,000,000</b>	
<b>Less: Underwriter's Discount</b>	<b>(1,028,000)</b>	<b>Estimated at 2% of par.</b>
<b>Total Sources of Funds</b>	<b><u>\$ 60,372,000</u></b>	

**Basis for Amounts**

**Uses of Funds**

<b>Project Cost</b>	<b>\$ 55,500,000</b>	<b>Planning, Design, Construction &amp; Equipment</b>
<b>Reserve Fund (if needed)</b>	<b>4,660,500</b>	<b>Estimated maximum annual debt service on the bonds.</b>
<b>Costs of Issuance</b>	<b>163,030</b>	<b>Estimated Bond Counsel (\$15,000); arbitrage compliance (\$10,280), DBF Fees (\$94,400); Ratings (\$37,050); and other misc. (\$6,300).</b>
<b>Bond Sizing Contingency</b>	<b>48,470</b>	
<b>Total Uses of Funds</b>	<b><u>\$ 60,372,000</u></b>	

**HISTORICAL DEBT SERVICE COVERAGE FROM PLEDGED REVENUES**

											ATTACHMENT II
STATE UNIVERSITY SYSTEM OF FLORIDA											
BOARD OF GOVERNORS											
FLORIDA STATE UNIVERSITY											
HISTORICAL AND PROJECTED DEBT SERVICE COVERAGE											
	Historical					Projected					
	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	
<b>Operating Revenues<sup>1</sup></b>											
Existing Housing, excluding Deviney and Dorman	\$ 27,435,355	\$ 28,376,554	\$ 30,151,953	\$ 31,508,799	\$ 32,993,034	\$ 35,370,393	\$ 37,138,913	\$ 38,995,858	\$ 40,956,689	\$ 43,004,524	
Deviney & Dorman Existing Facilities	\$ 1,942,772	\$ 1,984,833	\$ 2,086,832	\$ 2,189,202	\$ 2,291,583	\$ 2,406,162	\$ 2,526,470	\$ 2,652,794			
New Dorman Complex									\$ 5,620,320	\$ 5,901,336	
<b>Total Operating Revenue</b>	\$ 29,378,127	\$ 30,361,387	\$ 32,238,785	\$ 33,698,001	\$ 35,284,617	\$ 37,776,555	\$ 39,665,383	\$ 41,648,652	\$ 46,577,009	\$ 48,905,860	
<b>Operating Expenses<sup>2</sup></b>											
Existing Housing, excluding Deviney and Dorman	\$ 13,458,036	\$ 15,061,786	\$ 14,902,600	\$ 14,429,378	\$ 15,068,323	\$ 15,694,578	\$ 16,520,707	\$ 16,904,089	\$ 17,624,180	\$ 18,034,010	
Deviney & Dorman Existing Facilities	\$ 1,262,896	\$ 1,413,391	\$ 1,398,453	\$ 1,354,046	\$ 1,347,406	\$ 1,397,682	\$ 1,471,253	\$ 1,505,395			
New Dorman Complex									\$ 1,625,117	\$ 1,670,393	
<b>Total Operating Expenses</b>	\$ 14,720,932	\$ 16,475,177	\$ 16,301,053	\$ 15,783,424	\$ 16,415,729	\$ 17,092,260	\$ 17,991,960	\$ 18,409,484	\$ 19,249,297	\$ 19,704,403	
<b>Net Operating Revenue</b>	\$ 14,657,195	\$ 13,886,210	\$ 15,937,732	\$ 17,914,577	\$ 18,868,888	\$ 20,684,295	\$ 21,673,423	\$ 23,239,168	\$ 27,327,712	\$ 29,201,457	
<b>Investment Income<sup>3</sup></b>	628,592	213,246	431,976	347,133	354,039	300,000	310,000	320,000	330,000	340,000	
<b>Pledged Revenues</b>	\$ 15,285,787	\$ 14,099,456	\$ 16,369,708	\$ 18,261,710	\$ 19,222,927	\$ 20,984,295	\$ 21,983,423	\$ 23,559,168	\$ 27,657,712	\$ 29,541,457	
<b>Annual Debt Service</b>											
Outstanding Parity Bonds	\$ 8,847,219	\$ 8,843,069	\$ 8,843,447	\$ 9,690,729	\$ 9,812,690	\$ 9,792,075	\$ 9,795,375	\$ 9,780,819	\$ 9,788,456	\$ 9,789,169	
Proposed 2013A Bonds	-	-	-	-	-	-	2,462,882	2,955,500	4,660,500	4,657,463	
	\$ 8,847,219	\$ 8,843,069	\$ 8,843,447	\$ 9,690,729	\$ 9,812,690	\$ 9,792,075	\$ 12,258,257	\$ 12,736,319	\$ 14,448,956	\$ 14,446,632	
<b>Pledged Revenues after Debt Service and Available for other Expenses/Transfers</b>	\$ 6,438,568	\$ 5,256,387	\$ 7,526,261	\$ 8,570,981	\$ 9,410,237	\$ 11,192,220	\$ 9,725,166	\$ 10,822,849	\$ 13,208,756	\$ 15,094,826	
<b>Maximum Annual Debt Service</b>	\$ 8,847,219	\$ 8,843,447	\$ 8,843,447	\$ 9,992,841	\$ 9,812,690	\$ 9,795,375	\$ 14,448,956	\$ 14,448,956	\$ 14,448,956	\$ 14,446,632	
<b>Debt Service Ratios</b>											
Total Annual Debt Service	1.73x	1.59x	1.85x	1.88x	1.96x	2.14x	1.79x	1.85x	1.91x	2.04x	
Maximum Annual Debt Service	1.73x	1.59x	1.85x	1.83x	1.96x	2.14x	1.52x	1.63x	1.91x	2.04x	
<sup>1</sup> Projections assume 5% annual increases in rental rates and 98% occupancy rates for the system and the proposed project for fall and spring semesters and are based on historical collections for the summer.											
<sup>2</sup> Total Current Expenses are net of depreciation. Expenses for 2007-08 and 2008-09 were obtained from the restated financial statements for each of those years. The expenses for 2009-10 were adjusted from the financial statements by \$624,419 to account for building improvements expenses that should have been capitalized but were instead incorrectly expensed in that year. Projections of operating expenses assume 2% annual increases in personnel expenses, 3% annual increases in general operating expenses and 4% annual increases in utilities expenses.											
<sup>3</sup> Investment Income presented includes only interest on the Housing System operating account.											



# FLORIDA STATE UNIVERSITY



STUDENT HOUSING ANALYSIS | FEBRUARY 2013

Prepared by



## PREFACE & ACKNOWLEDGEMENTS

In January 2013, Florida State University (“FSU” or the “University”) engaged Brailsford & Dunlavey (“B&D” or the “Team”) to prepare a Student Housing Analysis (“Analysis”) related to a potential new student housing development (“Project”) on the FSU campus. B&D’s scope of work included a review of the FSU Campus Master Plan; an assessment of market conditions through on-campus research, off-campus research, student focus groups, and a competitive context review; and a review of FSU’s housing financials. This report provides a summary of B&D’s findings from the Analysis and is intended to serve as a foundation for decision making as FSU considers the new housing Project.

The findings contained herein represent B&D’s professional opinions based upon assumptions and conditions detailed in this report. B&D conducted research using both primary and secondary information sources that are deemed to be reliable, but whose accuracy cannot be guaranteed.

Throughout the project, Dr. Adrienne Frame, Director of University Housing, was B&D’s primary contact and facilitated communication and coordination with University administrators and students. B&D would like to acknowledge her support and thank her for her efforts.

Brailsford & Dunlavey would also like to acknowledge the support, cooperation, and effort of the University community members who contributed to the completion of this planning effort, with special recognition to the following individuals in the Working Group:

- Alan Acosta, Assistant Director for Residence Life
- John Barnhill, Assistant Vice President for Enrollment Management
- Maclain Benton, Housing Business Manager
- Mark Bertolami, Campus Master Plan Director
- Kendra Bumpus, Assistant Director for the Westside
- Allison Crume, Associate Vice President for Student Affairs
- Adrienne Frame, Director of University Housing
- Michele Gray, Assignments Coordinator
- Stacie Kurlick, Assistant Director for Conferences & Undergraduate Staff Selection
- Chandra Myrick, Associate Director for Residence Life
- Gavin Roark, Assistant Director for the Eastside
- Vince Roberts, Associate Director for Administrative Services
- Larry Rubin, Director of Construction & Design
- Dave Sagaser, Associate Director for Housing Facilities
- Daniel Sheets, Assistant Director for Housing Facilities
- Steven Wiley, Acting Assistant Director of Assignments

This Analysis and documentation was produced by the following individuals from Brailsford & Dunlavey:

- Brad Noyes, Senior Vice President
- Peter Isaac, Senior Project Manager
- Joseph Winters, Assistant Project Manager
- Carolyn Volker, Project Analyst

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## EXECUTIVE SUMMARY

### CAMPUS MASTER PLAN REVIEW

FSU has developed a Campus Master Plan that includes a plan to gradually renovate and replace all of its aging housing facilities in order to raise the overall quality of the on-campus living experience and to remain competitive with regional and national peers. The enhanced facilities offer modern amenities and improved configurations that support FSU's objectives of student development, social integration, and the connectivity of the campus community. Over the past 20 years, FSU has made significant enhancements to the majority of its housing facilities. Now, only four community-style facilities remain that have not had a major renovation. The facilities – Dorman, Deviney, Smith, and Kellum – are all in need of major renovation or replacement in order to address the growing deferred maintenance issues that exist and to match the suite-style unit configurations of newer buildings on campus.

### PROJECT BACKGROUND

FSU is interested in developing a new, 862-bed suite-style residence hall at the southeast corner of Woodward Avenue and Traditions Way, adjacent to the other suite-style residence halls near Landis Green. The complex will be 193,116 square feet in two different residence halls, with each offering 431 beds. The facility will offer amenities such as a common student lounge, recreation room, TV lounge, common area kitchens, study lounges, laundry, vending service, administrative offices, and academic space, including classrooms, to support FSU's living-learning initiatives. The facility will also offer live-in staffing, classrooms, and a ratio of 1 Resident Assistant for every 45 students.

The new facility is projected to match the existing rental rate structure of the other suite-style housing facilities on campus. It will be constructed while both Dorman and Deviney are still on-line, allowing revenue collection and bed availability from both of those facilities until the opening of the new facility to avoid a dip in on-campus bed supply or housing revenues. Dorman and Deviney would be taken off-line and demolished immediately following the occupancy of the new facility. Dorman and Deviney represent a total of 524 beds, so the new facility would provide 338 beds more than what is currently provided.

Although not part of the Project, there is a potential second phase of development that includes the replacement of Kellum and Smith with a new, 862-bed suite-style residence hall. The Kellum and Smith replacement would occur on the location of the demolished Dorman and Deviney and would be scheduled to open in Fall 2017 or Fall 2018. The replacement facility would be constructed while both Kellum and Smith are still on-line, allowing revenue collection and bed availability from both of those facilities until the opening of the new facility to avoid a dip in on-campus bed supply or housing revenues. Kellum and Smith would be taken off-line and demolished immediately following the occupancy of the new facility. Kellum and Smith represent 1,091 beds, so the new facility would represent a decrease of 229 beds compared to what is currently available. The bed count for both phases would amount to an increase of 109 beds to the housing system.

### STUDENT HOUSING MARKET ANALYSIS

FSU successfully operates a robust first-year housing experience for students, accommodating nearly 4,500 first-year students in on-campus housing. Although first-year housing is a successful program, it has been limited in the past by space constraints. For the past ten years, University Housing has opened its doors in the fall

semester at over 100% occupied and with a sizable waitlist. Students who could not live on campus due to space constraints were placed on the waitlist, and most of these students were required to move to the off-campus housing market. While FSU has a positive relationship with the off-campus housing providers, the majority of the off-campus market is comprised of apartments that are more appropriate for upper division students because they lack some of the connectivity to campus and to their peers that is critical for student development during a student's first two years. While some private dorms offer suite-style configurations, Resident Assistants, and meal plan requirements, they do not offer the same experience and developmental benefit that the on-campus housing provides. As a result, on-campus housing remains the preferred option for students, and B&D believes that an increase in student housing on campus will be absorbed by students who want to live on campus but have been pushed to the off-campus market due to space constraints.

#### FINANCIAL REVIEW

As previously mentioned, FSU proposes to keep the same rental rate structure at the replacement facility as is offered for similar units at existing suite-style facilities on campus. FSU will pledge the revenues from the entire housing portfolio against the Project, and, even with conservative assumptions related to lower occupancy, higher expenses, inflated construction costs, and less favorable debt terms, the Project still works financially and achieves a system-wide debt coverage ratio of more than 1.70x in any given year.

While the Dorman and Deviney replacement development works financially at the required debt coverage ratio, B&D understands that Kellum and Smith are both in dire need of renovation or replacement. B&D asked FSU to run additional financial scenarios to ensure that the addition of future debt to the housing system to address the deferred maintenance needs at Kellum and Smith would not trigger any complications. Even with conservative assumptions for a full replacement scenario, B&D believes that the FSU housing system should be able to support the replacement of Dorman, Deviney, Kellum, and Smith while still maintaining a system-wide debt coverage ratio of more than 1.50x in any given year.

The financial parameters are more specifically defined within the body of the document, but B&D believes that, based on a review of FSU's housing financial model and the corresponding assumptions, the Project will be able to support the debt requirements placed on the system.

Finally, B&D recommends that the University develops, owns, and operates the Project, rather than enter into a public-private venture with a third party. B&D believes developing the Project internally is the most appropriate approach for the University because the facility is located at the center of campus and will play an integral role in strengthening the campus life core (i.e., housing, recreation, and student union space) that FSU administrators and leaders have emphasized and reinforced over the past decade. Additionally, owning the Project will provide long-term strategic and financial benefits, not to mention flexibility, for FSU and University Housing.

#### RECOMMENDATION

B&D's analysis suggests that there is sufficient market demand to support the Dorman and Deviney replacement facility. Although the new facility will increase the housing supply by 338 beds, B&D believes that those beds can be absorbed by the students who currently are being pushed into the off-campus market due to long waitlists for on-campus housing, or being placed in lounges and other non-traditional living arrangements within University Housing's existing facilities. Additionally, with the pending replacement of Kellum and Smith, FSU has the ability to address deferred maintenance issues in its aging housing facilities while only increasing the total

supply by 109 beds. B&D believes that FSU should keep Dorman and Deviney on-line until the replacement facility is occupied to eliminate the reduction in revenue and the reduction in bed supply during construction. B&D also believes that FSU should develop, manage, and own the replacement facility to realize the long-term strategic and financial benefits of ownership.

## UNIVERSITY PROFILE

As indicated on the University's website, the mission of FSU is to "preserve, expand, and disseminate knowledge in the sciences, technology, arts, humanities, and professions, while embracing a philosophy of learning strongly rooted in the traditions of the liberal arts. The University is dedicated to excellence in teaching, research, creative endeavors, and service. The University strives to instill the strength, skill, and character essential for lifelong learning, personal responsibility, and sustained achievement within a community that fosters free inquiry and embraces diversity." As one of the largest and oldest of the 11 institutions of higher learning in the State University System of Florida, Florida State University is committed to implementing its mission by:

- Offering a distinctive academic environment built on its cherished values and unique heritage, a welcoming campus on the oldest continuous site of higher education in Florida, championship athletics, and prime location in the heart of the state capital;
- Establishing itself as one of the nation's elite research universities with the Carnegie Foundation's highest designation, Doctoral/Research University-Extensive; and
- Offering baccalaureate degrees in 88 programs, master's degrees in 102 programs, advanced master's/specialist degrees in 19 programs, doctorates in 67 programs and two professional degrees - law (J.D.) and medicine (M.D.).

In addition to its mission, the vision of Florida State University is to "be one of the world's premier institutions of higher education, devoted to transforming the lives of our students, shaping the future of our state and society, and offering programs of national and international distinction in a climate of inquiry, engagement, collegiality, diversity, and achievement."

FSU continues to demonstrate the implementation of its mission and vision by constantly enhancing its student population and campus environment.

- In Fall 2011, FSU enrolled 41,087 students, including 32,201 undergraduates and 8,886 graduates. The campus largely enrolls full-time students, with 90% of the undergraduates and 69% of the graduates enrolled full time. The majority (93%) of the undergraduate population is 24 years or younger, which is considered the "traditional college age." Women account for 55% of the enrollment, and minorities comprise 32% of total enrollment. Although 89% of students are from Florida, a majority of in-state students are from the central and southern part of the state, rather than near Tallahassee. FSU's out-of-state population includes representatives from all 50 states, the District of Columbia, and over 130 countries.
- The Main FSU Campus is located in Tallahassee, approximately 1 mile from the Florida State Capitol. According to the FSU website, 2001 through 2009 marked a period of major growth on the FSU campus. During this time, Florida State built and renovated approximately 1 million gross square feet of new facilities for academics, student support, and business functions at the University at a total cost of approximately \$800 million. The 2001 to 2010 period was characterized by a renewed sense of heritage, with construction, landscaping, monuments, and signage designed to highlight the University's history. The FSU campus presently is composed of 542 buildings on 1,550 acres.

Student housing has played a significant role in the growth of FSU's demographic profile and campus environment, thus supporting the University's ability to achieve its mission and vision. Enhancement of student housing through FSU's renovation and replacement plan will be explored in the next section of this document.

## UNIVERSITY HOUSING PROFILE

### STRATEGIC HOUSING OBJECTIVES

Nationally, institutions of higher education are working to improve recruitment, retention, and throughput efforts. To accomplish these goals, institutions have conducted research to determine which factors are most likely to influence student success. Largely, the results of the research have found that one primary driver for student success is the integration and connectivity that students feel to their campus, their academic experience, their peer students on campus, and the values of their institution. As a result, many institutions are using student housing, especially for freshmen, to provide living-learning opportunities that promote a better sense of community, sustained social networking opportunities, and integration into the academic life of the campus.

University Housing at FSU has implemented this strategy on campus, currently accommodating nearly 4,500 first-year students and more than 1,100 returning students in on-campus housing. Consistent with national practices, FSU has aimed to accommodate high percentages of first- and second-year students in buildings that provide modern student housing amenities, semi-private bathrooms, affordable rental rates, and high levels of community interaction. Additionally, FSU has decided to let the off-campus housing market supplement its on-campus housing supply with housing for upper-division students. As is described in detail later in this document, University Housing's existing inventory and planned additions reflect this decision by providing a majority of non-apartment beds and focusing its marketing efforts on lower-division students.

### EXISTING CONDITIONS

Florida State University currently offers 7,380 university-owned, on-campus beds to students.

The majority of the housing, 6,408 beds, is assigned to undergraduate students in the following configurations:

- 1,615 beds in traditional, community-style rooms
  - 243 beds in Deviney
  - 281 beds in Dorman
  - 538 beds in Kellum
  - 553 beds in Smith
- 3,766 beds in suite-style rooms
  - 135 beds in Broward
  - 131 beds in Bryan
  - 297 beds in Cawthon
  - 706 beds in DeGraff
  - 229 beds in Gilchrist
  - 326 beds in Jennie Murphree
  - 403 beds in Landis
  - 239 beds in Reynolds
  - 706 beds in Wildwood



- 594 beds in Salley
- 1,027 beds in apartment-style rooms
  - 196 beds in McCollum
  - 555 beds in Ragans
  - 276 beds in Traditions

The balance of the housing, 972 beds, is assigned to non-FTIC and graduate students in the following configurations:

- All 972 beds in two apartment complexes
  - 181 beds in Rogers
  - 791 beds in Alumni Village

#### KEY GOALS AND OBJECTIVES FOR UNIVERSITY HOUSING

Although this robust housing program and FSU's housing initiative is consistent with national trends, its implementation needed to be carefully orchestrated and required FSU to balance development decisions with deferred maintenance costs on existing buildings, annual cash reserve balances, debt capacity constraints, debt-coverage ratio requirements, and the availability of bed supply on campus during any given year, among other challenges. To help prepare University Housing for these challenges and to chart the course for future development, University Housing engaged with the Campus Master Plan (last published version "Florida State University Master Plan, 2008 Update – Amended June 2011") to create goals and objectives related to University Housing's existing and future residential facilities. The key goals and objectives that were established by University Housing as a part of that process are listed below:

- **Goal 1:** To continue to provide high-quality housing on campus to meet the current and future needs of the University.
  - **Objective 1A:** Eliminate or improve substandard housing.
  - **Objective 1B:** Increase campus housing to house 20% of both undergraduate and graduate students
  - **Objective 1C:** Establish procedures and priorities for the allocation of funding for on-campus housing facilities
- **Goal 2:** Encourage the provision of adequate safe and affordable off-campus housing to meet the future needs of the University.
  - **Objective 2A:** Work with the host community to ensure provision of safe and affordable housing in close proximity to the campus

As demonstrated in the Master Plan's goals and objectives for housing, the University's intent was to improve the quantity and the quality of the on-campus housing supply. The University has been actively following this plan for more than a decade and has made progress on both fronts:

- Quantity – FSU has increased the housing supply by nearly 2,000 beds on campus since 2004
- Quality – The majority of the housing facilities are new or renovated since 1993

The following chart was provided by FSU and reflects the increases in housing quantity since 2004. A subsequent analysis of the housing quality is also provided.

### HOUSING QUANTITY

**Figure 1: University Housing's Bed Capacity by Residence Hall**

Residence Hall	Fall 2004	Fall 2005	Fall 2006	Fall 2007	Fall 2008	Fall 2009	Fall 2010	Fall 2011	Fall 2012	Fall 2012 Capacity
Broward	135	135	135	135	134	135	134	135	135	135
Bryan	131	131	131	131	131	131	131	131	131	131
Cawthon	297	296	297	297	295	297	297	297	297	297
DeGraff	137	*	*	705	706	706	706	705	705	706
Deviney	243	250	243	249	254	242	252	248	257	243
Dorman	281	292	281	297	289	281	289	288	301	281
Gilchrist	229	229	229	229	229	229	229	229	229	229
Jennie Murphree	326	324	326	326	324	326	325	325	326	326
Kellum	564	556	538	537	544	538	547	537	537	538
Landis	*	*	403	403	401	403	403	403	403	403
McCollum	199	199	199	193	196	194	196	196	196	199
Ragans	552	555	555	554	556	554	555	555	555	555
Reynolds	239	237	239	239	239	238	236	238	239	239
Salley	569	581	570	567	570	582	579	582	577	570
Smith	570	582	553	557	556	550	570	563	556	553
Traditions									275	276
Wildwood				704	706	706	706	706	705	706
<b>Total</b>	<b>4,472</b>	<b>4,367</b>	<b>4,699</b>	<b>6,123</b>	<b>6,130</b>	<b>6,112</b>	<b>6,155</b>	<b>6,138</b>	<b>6,424</b>	<b>6,387</b>

\*Residence Hall was closed for renovations.

Notes: The residence halls listed are for undergraduate student living. FSU has two graduate facilities: Rogers Hall (capacity of 181) and Alumni Village (capacity of 791). Wildwood Hall opened in summer 2007. Traditions Hall opened in summer 2012.

Source: University Housing. Online Resource: The University Housing's website can be accessed at: <http://housing.fsu.edu>

As demonstrated in the chart above (Figure 1), FSU has added nearly 2,000 beds on campus since 2004. In addition to this new construction, the University has also enhanced the quality and style of other beds on campus through renovation.

### HOUSING QUALITY

FSU has enhanced the majority of its on-campus housing supply, as listed below:

- Suite-style rooms
  - Jennie Murphree – Built 1921, Renovated 1993
  - Reynolds – Built 1911, Renovated 1996
  - Bryan – Built 1907, Renovated 1997
  - Broward – Built 1917, Renovated 1998
  - Gilchrist – Built 1925, Renovated 1998
  - Salley – Built 1964, Renovated 2000/2001
  - Cawthon – Built 1949, Renovated 2001/2002
  - Landis – Built 1935, Renovated 2006

- DeGraff – Built 1950, Razed 2005, Rebuilt 2007
- Wildwood – Built 2007
- Apartment-style rooms
  - Ragans – Built 2003
  - Traditions – Built 2012

The only housing facilities that have not undergone significant renovations since 1993 are the following:

- Traditional, community-style rooms
  - Smith – Built 1952
  - Deviney – Built 1952
  - Dorman – Built 1959
  - Kellum – Built 1959
- Apartment-style rooms
  - McCollum – Built 1973
  - Rogers Hall – Built 1964
  - Alumni Village – Built 1959-1965

Per University Housing’s renovation and replacement plan, the traditional, community-style rooms offered on campus have gradually been phased out through razing and renovation, and they have been replaced with suite-style housing. The careful orchestration of this phasing effort allowed the University to replace aging facilities and modernize unit configurations while continuing to operate housing without a significant decline in bed supply or revenue in any given year. As described in the subsequent section, the replacement or renovation of Deviney, Dorman, Smith, and Kellum is recommended by a third-party facility assessment company called ISES. To remain consistent with University Housing’s renovation and replacement plan that has been in place for more than a decade, B&D believes that the enhanced facilities that replace Deviney, Dorman, Smith, and Kellum should be configured as suite-style residence halls.

#### FACILITY CONDITIONS

The following chart (Figure 2) is the scale that ISES uses to reflect facility conditions. Below the chart is the ISES ranking for the FSU housing facilities.

**Figure 2: ISES Ranges for the Condition of Individual Buildings**

Individual Building FCNI Range	Condition Description
0.00 - 0.10	Excellent condition, typically new construction
0.11 - 0.20	Good condition, renovations occur on schedule
0.21 - 0.30	Fair condition, in need of normal renovation
0.31 - 0.50	Below average condition, major renovation required
0.51 - 0.59	Poor condition, total renovation indicated
0.60 and above	Complete facility replacement indicated

- Traditional, community-style rooms
  - Deviney – Built 1952, ISES Score 0.56
  - Dorman – Built 1959, ISES Score 0.52
  - Kellum – Built 1959, ISES Score 0.42
  - Smith – Built 1952, ISES Score 0.36
- Suite-style rooms
  - Broward – Built 1917, Renovated 1998, ISES Score 0.07
  - Bryan – Built 1907, Renovated 1997, ISES Score 0.12
  - Cawthon – Built 1949, Renovated 2001/2002, ISES Score 0.05
  - DeGraff – Built 1950, Razed 2005, Rebuilt 2007, ISES Score Not Available (New Facility)
  - Gilchrist – Built 1925, Renovated 1998, ISES Score 0.10
  - Jennie Murphree – Built 1921, Renovated 1993, ISES Score 0.14
  - Landis – Built 1935, Renovated 2006, ISES Score 0.01
  - Reynolds – Built 1911, Renovated 1996, ISES Score 0.15
  - Wildwood – Built 2007, ISES Score Not Available (New Facility)
  - Salley – Built 1964, Renovated 2000/2001, ISES Score 0.11
- Apartment-style rooms
  - McCollum – Built 1973, ISES Score 0.20
  - Ragans – Built 2003, ISES Score 0.05
  - Traditions – Built 2012, ISES Score Not Available (New Facility)
  - Rogers Hall – Built 1964, ISES Score 0.20
  - Alumni Village – Built 1959-1965, ISES Score Not Available

As evidenced by the ISES rankings, Deviney and Dorman are listed as “poor condition, total renovation indicated,” and are at risk of moving into the “complete facility replacement indicated” category if major renovation does not occur within the next few years. Furthermore, according to the ISES data, Kellum and Smith are in “below average” condition and are in need of a major renovation in the near future. The assessment of these two facilities was completed in 2007.

B&D believes that Dorman, Deviney, Kellum, and Smith should be addressed in the near-future due to poor facility conditions. B&D believes that FSU should take advantage of the fact that the facility conditions will require some form of physical enhancement in the near future to continue implementing its renovation and replacement strategy for older housing facilities that was established as a part of the University’s most recent Campus Master Plan.

The following section of the report defines the potential new housing project.

## NEW HOUSING PROJECT PROFILE

### PROJECT DESCRIPTION

Florida State University is considering the construction of a residence hall complex with a design capacity of 862 beds arranged in suite-style double rooms with a connecting bathroom. The purpose of the proposed residence halls is to replace existing, aging housing facilities with more desirable beds to meet the needs of today's students. The Project will be administered by Florida State University.

According to FSU, this Project will consist of two residence halls with 193,116 gross square feet and each new building will offer 431 beds. The design of the facility is compatible with the other suite-style facilities on campus including Broward, Bryan, Cawthon, DeGraff, Gilchrist, Jennie Murphree, Landis, Reynolds, and Wildwood Hall, all of which have recently been renovated or are newly constructed.

The new facility is projected to match the existing rental rate structure of the other suite-style housing facilities on campus. It will be constructed while both Dorman and Deviney are still on-line, allowing revenue collection and bed availability from both of those facilities until the opening of the new facility, to avoid a decrease in on-campus bed supply or University Housing revenues. Dorman and Deviney would be taken off-line and demolished immediately following the occupancy of the new facility. Dorman and Deviney represent a total of 524 beds, so the new facility would provide an additional 338 beds beyond what is currently provided.

### AMENITIES / PROGRAMMING

The proposed new development will include a common student lounge, recreation room, TV lounge, furniture storage, laundry, common kitchen, dedicated study lounge space, vending service areas, and administrative offices. In addition to the typical amenities nationally associated with these types of facilities, FSU also offers enhanced student life programming that includes one Resident Assistant per approximately 45 students and two classrooms for academically generated living-learning communities. This ratio of 45:1 is compatible with staffing in the other FSU halls. According to University Housing, a Residence Coordinator, an Administrator, and a Professional position will provide the live-in staffing and oversight for the Project. The Coordinator will respond to emergencies on a 24 hour basis, coordinate educational and social programs, distribute pertinent information to residents, and provide referral services. A graduate student Assistant Coordinator will support the Coordinator.

### LOCATION

The proposed facility will be located on the main campus of the Florida State University at the southeast corner of Woodward Avenue and Traditions Way. This site is located in close proximity to academic and student services buildings and completes the chain of residence halls on the east side of campus. This location is consistent with the Campus Master Plan.

### CONSTRUCTION COST

According to FSU, construction of the proposed residence halls is estimated at a total cost of \$55,500,000. Construction costs are estimated at \$51,198,442 with planning estimated at \$2,971,558 and equipment estimated at \$1,330,000.

CONSTRUCTION / OCCUPANCY SCHEDULE / TARGET MARKET

FSU is targeting a start of construction in August 2013. The new residence hall is scheduled to open for the fall term in August 2015. The new residence hall facility will house undergraduate students and be geared toward freshmen.

OTHER INITIATIVES

Although not part of the Project, there is a potential second phase of development that includes the replacement of Kellum and Smith with a new, 862-bed suite-style residence hall. The Kellum and Smith replacement would occur on the location of the demolished Dorman and Deviney and would be scheduled to open for the fall of 2017 or 2018. The replacement facility would be constructed while both Kellum and Smith are still on-line, allowing revenue collection and bed availability from both of those facilities until the opening of the new facility, to avoid a dip in on-campus bed supply or housing revenues. Kellum and Smith would be taken off-line and demolished immediately following the occupancy of the new facility. Kellum and Smith represent 1,091 beds, so the new facility would be a decrease of 229 beds when compared to what is currently represented. The bed count for both phases would represent an increase of 109 beds for the housing system.

## STUDENT HOUSING MARKET ANALYSIS

Brailsford & Dunlavey conducted market research to define local market conditions and to understand national housing trends in higher education. The market research component of this analysis included an understanding of student preferences through focus group sessions, an investigation of the private, off-campus housing market, a peer institution benchmarking comparison, and the on-campus waitlist statistics. The following sections detail the results of the individual analyses that comprise B&D's Student Housing Market Analysis.

### STUDENT FOCUS GROUPS

The focus groups were comprised of a variety of student participants representing on- and off-campus residents, multiple class levels, and a broad range of viewpoints and opinions. In general, FSU students had a very positive perception of the on-campus living experience. Students responded very positively to the location of the residence halls, the "student life neighborhood," and the overall introduction to college they received by living in university-provided housing. Some of their major apprehensions about living on campus were affordability of housing when a meal plan is required and the quality of the older residence halls on campus. Though participants indicated that they enjoy living on campus and valued the experiential learning opportunities that doing so provides, many students mentioned that the quality of housing at FSU was not the primary factor in deciding to attend the University. Rather than a deciding factor, participants stated that they expected housing to be available and of a high quality.

Overall, when discussing the desirability of a new residence hall on campus, most participants suggested renovating or replacing one or more of the older buildings. Participants mentioned that Dorman and Diviney were in a great location but, because the buildings were in poor condition, people preferred living in other halls. They had the same views when discussing Smith and Kellum, in that because there are significant deferred maintenance issues, students did not like to live there. Exhibit A ("Focus Group Report") provides more detail regarding the information that was gathered from the focus group sessions.

### HOUSING DEMAND / WAITLIST

For the past ten years, the undergraduate population at FSU has recognized the importance of living on campus, and, as a result, University Housing's facilities have started each fall semester with occupancy rates that have exceeded 100%. As a result, waitlists were formed with several hundred students applying for housing but forced to live off campus due to space constraints in the on-campus supply. The waitlist for on-campus housing continues to exist on an annual basis, despite the nearly 2,000 beds that have been developed on campus in the past decade.

To reduce the waitlist and encourage students to move off campus when on-campus supply is not available, the University has started closing the waitlist as early as May. The waitlist for Fall 2012 exceeded 600 at the end of May, despite the fact that housing applications were not accepted after May 1<sup>st</sup> (approximately one month earlier than in years past). Although it is speculation, FSU estimates that several hundred additional students are turned away from applying for on-campus housing due to this deadline.

While some private dorms offer suite-style configurations, Resident Assistants, and meal plan requirements, they do not offer the same experience and developmental benefit that the on-campus housing provides. As a result, on-campus housing remains the preferred option for students, and B&D believes that an increase in

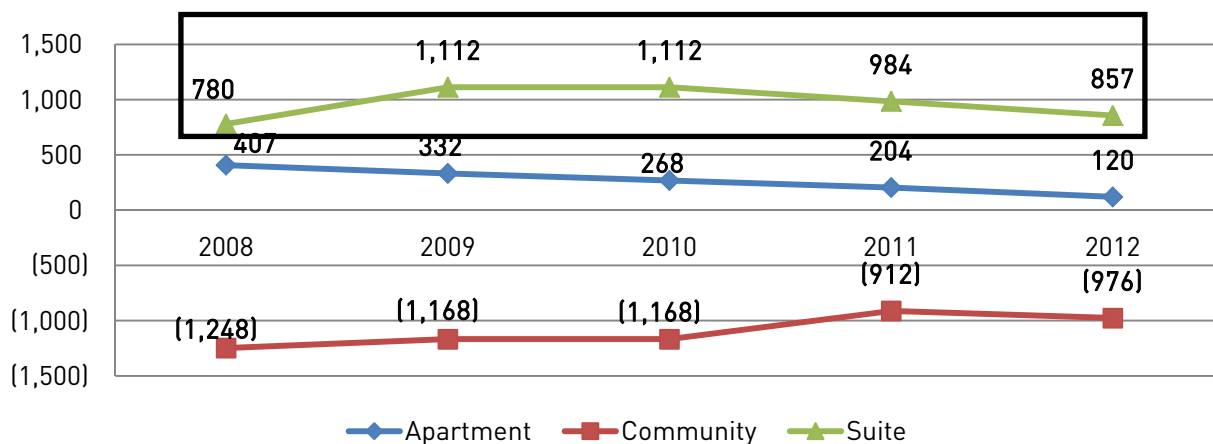


student housing on campus will be absorbed by students who want to live on campus but have been pushed to the off-campus market due to space constraints. B&D believes that the excess demand for student housing exceeds the additional 335 beds that will be offered as part of the Project.

### STUDENT PREFERENCES / APPLICATIONS

When assessing the supply of, and demand for, housing on campus, it was determined that, as a result of the significant waitlist described above and the information that has been provided regarding unit preference, there is a significant amount of demand for on-campus, suite-style beds among prospective residents at FSU. B&D's primary objective when evaluating demand was to determine if there is sufficient demand from FSU students to support the Project, not to quantify total demand for on-campus housing. To accomplish this, University Housing provided B&D with student preferences from housing applications over the past five years. Using this information and comparing it with University Housing's reported occupancy rates for each year, B&D was able to reconcile the difference between supply and student demand (i.e., net demand). Through this analysis, B&D found that 72% of prospective residents showed a preference for a suite-style unit configuration over community- and apartment-style arrangements. When applying this to the current occupancy on campus, 72% represents 4,599 suite-style beds and the University currently only offers 3,742 bed spaces. The chart provided below (Figure 3) details that net demand for different unit types on campus over the past five years based on student preference information. More specifically, the chart below quantifies how many additional beds would need to be added, by unit type, in order for FSU's housing supply to perfectly match demand. As Figure 3 describes, demand for suite-style units has significantly out-paced the quantity that is available on campus over the past five years.

**Figure 3: Net Housing Demand by Unit Type Based on Student Preferences**



Based on the preference data detailed above, in order for the supply of on-campus housing to perfectly match demand, the University would need to add approximately 850 suite-style beds and significantly decrease its supply of community-style units. While demand for community-style units has slightly increased over time, this is due in part to the University clearly stating during the selection process that students applying late should choose from one of the community-style residence halls because it was unlikely that they would be assigned a suite-style bed. This fact also explains why there has been a marginal decrease in the relative percentage of suite-style demand over the past several years.



In short, B&D's findings related to demand for suite-style beds is consistent with University Housing's plan to demolish Dorman and Diviney and construct a new, suite-style residential complex.

#### PEER BENCHMARKING ANALYSIS

B&D researched six (6) of FSU's peer institutions to determine their housing goals, objectives, and recent development strategies. The six institutions that were researched include:

- Clemson University
- University of Central Florida
- University of South Florida
- North Carolina State University
- University of Florida
- University of Tennessee - Knoxville

Figure 4, below, summarizes the housing accommodations that are available at each peer institution as compared to what is available at FSU.

**Figure 4: On-Campus Housing Comparison between FSU and Peer Institutions**

	FSU	Clemson	UCF	USF	NC State	UF	UTK
<b>Population</b>							
Undergraduate*	26,876	14,674	33,630	20,394	22,069	23,696	19,830
Graduate*	5,721	2,693	4,402	5,156	5,369	9,199	4,137
Total	32,597	17,367	38,032	25,550	27,438	32,895	23,967
<b>Residence Halls</b>							
# of Halls	17	21	8	19	20	24	12
LLC	7	8	7	7	13	14	5
Traditional	28%	54%	0%	12%	39%	63%	20%
Semi-Suite	0%	0%	0%	24%	0%	0%	0%
Suite	59%	15%	33%	31%	15%	14%	50%
Pod	0%	0%	0%	0%	46%	0%	0%
Apartment	13%	31%	67%	33%	0%	23%	30%
<b>% of Undergraduate Students Living On Campus</b>							
Total	24%	40%	20%	26%	30%	32%	38%

\* Represent Full-Time Equivalent Students attending each university

Below are several notes that describe the on-campus housing offerings at each institution.

- Clemson University recently began carrying out part of their campus master plan by replacing Douhit Hills with new apartment-style housing for graduate students. They also plan to renovate the Thornhill apartments with new apartment-style student housing.
- The University of Central Florida ("UCF's") main goal is to ensure the availability of affordable housing units and support facilities. UCF is currently housing 80% of first-time-in-college ("FTIC") freshmen and wishes to accommodate 50% of returning, second-year students. To accomplish this goal, the institution is in the process of adding 700 new suite-style beds to its housing inventory through the addition of a new residence hall. Furthermore, there is an off-campus apartment complex (~600 beds) that is currently under construction, which UCF's housing department may manage once it is completed.
- The University of South Florida ("USF") aims to provide at least 500-1000 new student beds by 2020. They wish to maintain a minimum ratio of at least 5% of full-time students in on-campus housing.

- NC State University is planning on adding 1,550 beds of apartment-style housing on their Centennial Campus over the next decade.
- At the University of Florida, they have taken two residence halls off-line each summer since 2005 for renovations, and this will continue through 2018. They are also working to maintain the wide variety of unit types they currently offer to meet the needs of a diverse student population. To this end, they have also recently built a new graduate and professional housing complex as a part of a larger institution initiative on the campus's fringe. The complex is in an apartment-style configuration, and it is currently 85% occupied.
- The University of Tennessee at Knoxville plans to turn a former residence hall into classroom and class laboratory space. It also plans to build a new 700-bed residence hall with a dining facility and begin renovations for seven of its twelve residence halls in the near future.

As demonstrated by the housing programs at FSU's peer institutions, it is clear that universities are all working to enhance their on-campus housing facilities, to develop student communities, and to create a plan that allows more students to live in close proximity to student amenities, the academic experience, and the campus community. While the respective approach to achieving these outcomes clearly varies by institution, the results of the peer benchmarking analysis confirm that, similar to FSU, both in-state and regional peers are choosing to enhance their ability to accommodate the housing needs of new and advancing students in order to remain competitive from a recruitment standpoint, while also improving retention and the overall campus experience.

#### OFF-CAMPUS MARKET ANALYSIS

The result of B&D's Off-Campus Market Analysis confirms that there is currently a complementary, or supportive, relationship between the housing that is available on campus and those units that are available in the off-campus market. As has been detailed previously, a majority of University Housing's existing inventory (73%) is comprised of community-style units and suites, while, with the exception of two individual complexes, SouthGate and Osceola Lofts, the off-campus market is comprised of apartment-style units. The target market for University Housing is lower-division students, including freshmen and sophomores, while judging from its predominant unit type – apartments, the private, off-campus market is focused on providing housing for upper-division and graduate students. Rather than accommodate the housing needs of all students at FSU, and as a result provide a unit mix and scale of housing that is responsive to that approach, the University and its housing department have decided to focus its efforts on housing freshman and sophomore students in response to the larger institution's mission, and, in turn, let the private, off-campus market provide a more independent living arrangement (i.e., apartments) for upper-division and graduate students at FSU.

As previously stated, this supportive relationship between the University and the private, off-campus market has been confirmed through B&D's Off-Campus Market Analysis. Specifically, of all the complexes that were investigated by B&D in the local Tallahassee market, there are currently only two private dormitories that offer non-apartment beds for students, SouthGate and Osceola Lofts. Prior to 2010, there was one additional facility, Osceola Hall, that also provided non-apartment living (656 beds) and similar amenities to on-campus residence halls; however, it has recently been purchased by Mica Creek Partners and is in the process of being renovated into apartments. Figure 5 below provides a comparison of the two private dormitories that would be considered in direct competition for University Housing's target market.

**Figure 5: Rental Rate Comparison between FSU's Non-Apartment Residence Halls and the Private Dorms**

Per Semester	FSU		SouthGate		Osceola Lofts	
	Traditional	Suite	Traditional	Suite	Traditional	Suite
Rent	\$2,360	\$2,910	Included	Included	N/A	\$1,661
Meals	\$1,849	\$1,849	Included	Included	N/A	\$1,532*
Cable	\$180	\$180	Included	Included	N/A	\$180
Electricity**	Included	Included	Included	Included	N/A	\$111
Water**	Included	Included	Included	Included	N/A	\$41
<b>Total</b>	<b>\$4,389</b>	<b>\$4,939</b>	<b>\$4,850</b>	<b>\$4,970</b>	<b>N/A</b>	<b>\$3,524</b>
# of Beds	6,347		500		200	
Occupancy Rate	101%		100%		100%	
Res. Life Program	Yes		Yes		No	

\* Average Cost of Food in the United States for 2012 from the USDA Food Plans

\*\* Based on the City of Tallahassee Utility Rates found at <https://www.talgov.com/you/you-customer-helpful-rates.aspx>

SouthGate offers a community-style living arrangement for residents and has the capacity to house 500 students. Osceola Lofts, in a suite-style configuration, has a capacity to house approximately 200 students. Both facilities are located near campus and fully occupied (100%). In addition to their location and occupancy rates, these dormitories are similar in the fact that they provide residential dining, paid utilities, and a fitness center. As the chart above describes, Osceola Lofts offers the most affordable living option when compared to SouthGate and the average cost to live in non-apartment units on campus. However, of the three community- and suite-style options that are available, Osceola Lofts is the only one that does not provide any residential life programming. This complex is also the smallest of the three. From a cost standpoint, SouthGate is very similar to what is available on campus but does not share the same locational attributes to FSU's campus life core as University Housing's residence halls.

In short, while the off-campus market in Tallahassee is robust, according to B&D's investigation, the vast majority of these privately-owned facilities are not in direct competition with the residences, and the experience, that FSU and University Housing aspire to provide for its on-campus residents. This finding is evidenced by the fact that even though the private dormitories that currently exist in the market are fully occupied year over year, the number of privately-owned, non-apartment facilities in the off-campus market has decreased by approximately 50% over the past five years because those facilities are either being renovated into apartments, or razed and rebuilt as apartments. Furthermore, the new facilities that are currently under construction in the off-campus market all include apartment-style unit types, rather than community- or suite-style accommodations. The sum of these activities has demonstrated that private developers and property owners also recognize the complementary relationship that exists between FSU's residential communities (non-apartments) and the off-campus housing complexes (primarily apartments) and continue to respond accordingly through new apartment additions and renovations.

## FINANCIAL REVIEW

### OBJECTIVES & METHODOLOGY

B&D reviewed FSU's operating financial model, which outlines the revenues, expenses, and affiliated debt with the proposed replacement housing (Dorman / Deviney replacement). To forecast the system's operating performance over a ten-year stabilized period, the model analyzes projected revenues and operating expenses, capital cost assumptions and affiliated debt, and potential excess cash flow, demonstrating the replacement housing's financial impact on the entire University Housing system. A summary of FSU's financial model that has been created for bond-financing purposes can be found as an exhibit to this report (Exhibit B). Additionally, as will be explained below, FSU and B&D have worked together to develop a more conservative financial model as a part of the Analysis to ensure that University Housing's balance sheet remains financially stable, even if some unforeseen market conditions should occur. This summary financial model is included in the report as Exhibit C.

### HOUSING FINANCIAL MODEL ASSUMPTIONS

#### *REVENUES*

General assumptions for operating revenues for the housing model included the following:

- An average occupancy of 98% was projected for all existing buildings, and 95% occupancy was projected for the replacement facility after the completion of new construction. Please note that the original occupancy rate for the replacement facility was 98% but was reduced to 95% to project a more conservative financial outcome.
- Rental rates were calculated on a per semester basis. For the purpose of the model, the semesters were 4.5 months.
- Rental rates for the building opening are projected at \$3,370 per semester, per bed.
- Rental rates were inflated at 5% annually through 2016-17, which is consistent with recent rental rate increases on campus. Beginning in 2017-18, rental rate increases will be reduced to 3% inflation.
- The Investment Income calculated in the model includes only interest on the Housing System's operating account and does not include interest on the Housing System's cash reserve.

#### *EXPENSES*

General assumptions for operating expenses for the housing model included the following:

- Total Current Expenses are net of depreciation.
- Expenses for 2007-08 and 2008-09 were obtained from the restated financial statements for each of those years. The expenses for 2009-10 were adjusted from the financial statements by \$624,419 to account for building improvement expenses that should have been capitalized but were instead incorrectly expensed in that year.
- Projections of operating expenses assume 2% annual increases in personnel expenses, 3% annual increases in general operating expenses, and 4% annual increases in utilities expenses.
- Originally, FSU offered a discounted utility expense rate for newly constructed facilities because University Housing has recognized energy savings in the more efficient new buildings. The utility rate was later increased to reflect a more conservative financial outcome.

### *CONSTRUCTION QUALITY / CAPITAL COSTS*

Construction quality and capital costs were provided by FSU and were not analyzed in detail by B&D.

### *SECURITY / LIEN STRUCTURE*

According to the University, net housing system revenues will be pledged for the payment of debt service. These revenues are derived primarily from rental income, after deducting operating expenses. The bonds will be issued on parity with the outstanding Florida State University Housing Facility and Dormitory Revenue Bonds currently outstanding in the aggregate principal amount of \$128,355,000.

### *PLEDGED REVENUES / DEBT SERVICE COVERAGE*

According to the University, during the past five years from fiscal year 2007-08 to 2011-12, pledged revenues grew from \$15.3 million to \$19.2 million. These revenues produced debt service coverage ratios ranging from a high of 1.96x to a low of 1.59x. For fiscal year 2012-2013, pledged revenues are projected at \$21 million, producing an estimated debt coverage ratio of 2.14x. The addition of the replacement housing for Dorman and Deviney is projected to achieve above a 1.91x debt service coverage in each year of operation.

### *DEBT STRUCTURE*

Debt service payments on the new bonds have been estimated using a 5.75% interest rate over a 20-year term.

### *PROJECTED FINANCIAL OUTCOMES*

B&D believes that FSU has established a strong financial system built on solid planning and consistent implementation of the planning. The numbers provided to B&D demonstrate the financial viability of the housing system, even with the conservative assumptions of the housing model. B&D does not project significant risk associated with the financial success of the new replacement facility for Dorman and Deviney.

### PHASE 2 OF HOUSING REPLACEMENT

While the Dorman and Deviney replacement development can be supported financially at the required debt coverage ratio, B&D understands that Kellum and Smith are both in dire need of renovation or replacement. In order to evaluate the overall, phased plan to ensure financial feasibility, B&D asked FSU to run additional financial scenarios to ensure that the addition of future debt to the housing system, to address the deferred maintenance needs in Kellum and Smith, would not trigger any complications or unforeseen financial hardships. To support this scenario, B&D asked FSU to include the following assumptions:

- Increase projected construction inflation by 8% per year (as opposed to the originally planned 4%)
- Eliminate any capital contribution from housing reserves (to ensure that the project can be supported without any supplemental cash)
- Maintain a cost of borrowing of 5.75% for 20 years (conservative compared to a 30-year term)

Even with conservative assumptions for a full replacement scenario, FSU's housing model demonstrated that it can support the replacement of Dorman, Deviney, Kellum, and Smith while still maintaining a system-wide debt coverage ratio of more than 1.50x in any given year.

### PPP CONSIDERATIONS

FSU has the opportunity to engage the private market for the establishment of a public-private partnership. In this configuration, FSU can select a private partner to develop, own, or manage the new facility, or any combination of those roles. Universities often select this option if cash is not available and private equity is required to help an institution achieve its strategic mission. While public-private partnerships can help reduce the burden of balance sheet utilization, the credit ratings agencies (such as Moody's) have all placed strict rules and regulations to ensure that most student housing will remain on the University's credit. Given the location, scale, and proposed assignment at the new facility, it is highly likely that the new development would be placed on FSU's credit, even in spite of a public-private partnership structure.

In addition to a credit rating impact, the utilization of a public-private partnership comes with some strings attached. The private development community will look to balance risk with control, and the University will be required to give up financial benefit, building design, operational control, or all of those factors, in order to satisfy their requirements.

B&D believes that it is beneficial for the University to develop, own, and operate the Project. This facility is located at the core of campus and in close proximity to other residence halls, and owning it will provide long-term strategic and financial benefits, not to mention increased flexibility, for FSU.

### RECOMMENDED STRUCTURE

Using the assumptions outlined in FSU's model, B&D believes that the University can achieve its strategic objectives while maintaining the required debt service coverage. B&D believes that FSU has done an excellent job of following its renovation and replacement plan that was established as a part of the Campus Master Plan, and as a result, FSU is in a financial position to continue enhancing its inventory into the future.

Based on the fact that the conservative estimates in the financial model produce a favorable debt coverage ratio, B&D believes that beating the estimates will provide long-term financial benefit to FSU and University Housing. As such, B&D believes that FSU should develop, own, and operate the Project.

While this analysis does not focus on the Phase 2 replacement of Kellum and Smith, preliminary metrics indicate that a second phase of replacement housing is financially viable and should be considered.

# EXHIBIT A:

## FOCUS GROUP REPORT

## OBJECTIVES

The purpose of the focus groups was to engage a variety of Florida State University students in a dynamic conversation about their needs and preferences for on-campus housing at FSU. The focus group discussions were intended to yield qualitative data, reveal hidden sensitivities, and raise issues not previously considered by the University, rather than provide rigid, statistically-reliable responses from a demographically representative sample of the population. Throughout the process, Brailsford & Dunlavey gained an enhanced understanding of students' concerns and obtained pertinent information to be used as a guide for determining the feasibility and desire for potential new / renovated student housing.

## METHODOLOGY

The focus groups were organized by the University and held on Tuesday, February 5, 2013 in the Center for Global Engagement's first floor dining hall. The focus groups were led by moderators from B&D whose role was to guide the conversations in order to gain further understanding of issues pertaining to campus life, unit-type preference, facility conditions, and other varied aspects of current and future campus housing. The moderators introduced a series of questions, intentionally open ended in nature, to engage the participants in the conversation. In addition to B&D's questions, the moderators paid close attention to participant-generated issues raised during the interviews. Information from the focus groups was analyzed and documented for the preparation of this appendix.

## SUMMARY OF FINDINGS

The focus groups were comprised of a variety of student participants representing on- and off-campus residents, multiple class levels, and a broad range of viewpoints and opinions. In general, FSU students had a very positive perception of the on-campus living experience. Participants responded very positively to the location of the residence halls, the "student life neighborhood," and the overall introduction to college they received by living in university-provided housing. Some of the students' major apprehensions about living on campus were affordability of housing when a meal plan is required and the quality of the older residence halls on campus. Though participants indicated that they enjoy living on campus and valued the experiential learning opportunities that doing so provides, many students mentioned that the quality of housing at FSU was not the primary factor in deciding to attend the University. Rather than a deciding factor, participants stated that they expected housing to be available and of a high quality.

When discussing the desirability of a new residence hall on campus, most participants suggested renovating or replacing one or more of the older halls. Participants mentioned that Dorman and Deviney were in a great location, but that these were less popular options for students because of the buildings' age, condition, and bathroom configuration. Students had the same views when discussing Smith and Kellum.

The following sections highlight the key themes of the focus group discussions, including responses regarding unit types and size, community development, pricing and affordability, location, facility conditions, and the off-campus housing market.



### UNIVERSITY LIFE AND AMENITIES

Students were initially asked to discuss the experience regarding their decision to attend FSU. The majority of students agreed that the community felt warm, friendly, and very welcoming. Participants explained that they love the traditions and history of the University, and also indicated that they enjoy the on-campus housing experience.

In regards to campus amenities, students mentioned that they thoroughly enjoy the campus recreation facilities at FSU. In particular, participants appreciated how the quality-of-life facilities on campus, including the Leach, are concentrated around the campus core. One student mentioned, “Leach is right in the middle of what seems to be the student life area of campus.” When discussing dining, students showed a strong desire for meal plans that offered flexibility. Students also mentioned that required meal plans can increase the cost of living on campus, and often students preferred housing options that did not require on-campus meal plans.

### COMMUNITY DEVELOPMENT

When asked about the sense of community that is cultivated by on-campus housing at FSU, the students said that living in the residence halls gives them the “college experience” that each student looks for as an incoming freshman. Students said that on-campus housing helped make it easier to acclimate to life in college and to make the transition from high school to college easier. Participants also mentioned that, because they live in a residence hall with so many other students, making friends is much easier. Students enjoy having the ability to meet friends at the vending machines and in the lounge areas. One student said, “My dad sarcastically asked me, ‘What are you going to do, meet someone while brushing your teeth?’ and that is exactly how I met my best friend.”

A large number of participants also mentioned that the residence life programs that are led by University Housing staff helped make their communities stronger. These programs provide residents with opportunities to meet peers that live in their residence hall and in the surrounding communities. Students mentioned that the staff helps expand their horizons and provides opportunities for them to be introduced to people that they might not otherwise have had the chance to meet. One focus group also mentioned that these programs and the quality of the staff have had a large impact on their decision to remain in on-campus housing after their first year.

When asked about neighborhoods, students did not show a clear preference regarding the residence halls located on the east side and the west side of campus, respectively referred to as the “Eastside Residence Halls” and the “Westside Residence Halls.” Students stated that each neighborhood had its own qualities that made it attractive and unique.

In terms of unit configuration, participants stated that they believe living in non-apartment unit types (i.e., community-style and suites) helps to foster a sense of community for residents and support their acclimation into the college environment. Specifically, while apartments provide the most independent living space per student, the suite and community-style units encourage a higher level of interaction because residents are required to share common areas (e.g., bathrooms, living rooms, kitchens, etc.) with others.

### LOCATION

Focus group participants indicated that the location of FSU's existing housing and its proximity to the University's academic resources and quality-of-life facilities is a major advantage to living on campus. The participants stated that they enjoy living on campus because the location allows them easy access to all of FSU's campus amenities. Specifically, the proximity to classes, dining, and recreation facilities alleviated some of the need for parking.

Students also discussed parking in regards to their respective residence halls. In general, students who live in the Westside Residence Halls do not believe that parking is an issue because of the proximity of supplemental lots close by; however, many Eastside Residence Hall participants indicated that there is little or no parking that is proximate to their buildings, which causes many students to park far away and walk across campus to the residence. One participant said "I don't like having to walk all the way across campus at night just because I couldn't find a parking spot next to my hall." The students with these concerns mentioned that having parking close to a hall should be a priority when considering a new residence hall. B&D will note that parking is a common complaint nationally from students in focus groups.

### UNIT TYPES AND SIZE

University Housing's existing inventory has been developed over the years to respond to the different needs of students as they progress and grow in maturity and independence at FSU. Focus group participants indicated that students enjoy the variety of living arrangements that are available on campus. Many participants stated that they like living in the suite-style units provided in halls such as DeGraff and Wildwood, but they had split views on the suite-style configuration of Salley Hall. Multiple students agreed that "the set-up of the building is confusing; there are just so many doors," but they liked the living room included in the room configuration and the privacy it afforded. Students also stated that when deciding on where to live, the majority gave preference to suite-style residence halls because they offered more privacy than the community-style residence halls and were in better condition. When discussing the community-style unit configurations, participants mentioned that living in buildings with high levels of community "helps students become acclimated to college." As for the apartments provided on campus, students saw these units as good options for upper-division students who desire more independence. Participants mentioned that they like living in apartments because these units include a kitchen and larger rooms.

### PRICING AND AFFORDABILITY

Participants indicated they desire improved facilities but want to maintain affordable options. Students also mentioned that meal plans have a major impact on the demand for individual residence halls because this requirement reduces affordability. Furthermore, focus group participants stated that they gave preference to the residence halls that did not require a meal plan because the additional cost was too expensive and the quality of the food did not reflect the cost. Specifically, one student said "If I'm paying that much, I expect the best." Each group stated they would be interested in a new hall that maintained affordable prices for students and did not include a required meal plan.

### FACILITY CONDITIONS

Students mentioned the difference in facility conditions between FSU's different residence halls. According to the participants, building maintenance is good, but the condition of the buildings needs to be more consistent across individual halls. Participants agreed that in the older buildings such as Dorman and Deviney, there was a need for an updated HVAC system because of the amount of humidity and moisture that currently exists. One student who lived in Deviney said, "I had to buy a dehumidifier because my towel would not fully dry when it was hung up."

In terms of quality, another student said, "These old buildings are a bad first impression for the campus." Students explained that there was a large quality gap between the newest and best condition buildings and the oldest and worst condition buildings. Students believe this disparity should be addressed. Participants stated that they thought the new residence halls were well maintained in terms of facility care and cleanliness. Students enjoy living in these halls because the quality of the facilities is very high and consistent with their desired image for campus. Students also explained that they like the balance of tradition and innovation offered in some of the newly renovated halls, such as Landis, because it maintains the history of the University while providing a great living space for students.

Another major takeaway in regard to facility maintenance is the relationship between the responsiveness of service requests and the effectiveness of the building manager. Students noticed a positive correlation between the hall manager's responsiveness to maintenance requests and the quality of the residence halls. Students suggested that the maintenance requests in buildings such as Kellum take priority in the future over buildings that are newer and in better condition. Participants mostly agreed that enhancement of the older residence halls should be a focus of University Housing going forward.

### OFF-CAMPUS HOUSING MARKET

When discussing the off-campus market, participants indicated that because of capacity constraints and the types of units that are available, housing in the off-campus market has been geared to accommodate upper-division and graduate students. Focus group participants mentioned that the common understanding among students is that everyone lives on campus their freshman year and, then, as they advance in terms of classification, they move off campus. The upper-division focus group participants, who already made this transition, said they like living off campus because these complexes provide an affordable option that allows them the independence they desire and are primarily located close to campus and its associated amenities.

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# EXHIBIT B:

## BOND-RELATED

### SUMMARY FINANCIAL PRO

### FORMA



STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS  
FLORIDA STATE UNIVERSITY  
HISTORICAL AND PROJECTED DEBT SERVICE COVERAGE

	Historical					Projected				
	Fiscal Year 2007-08	Fiscal Year 2008-09	Fiscal Year 2009-10	Fiscal Year 2010-11	Fiscal Year 2011-12	Fiscal Year 2012-13	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17
<b>Operating Revenues<sup>1</sup></b>										
Existing Housing, excluding Deviney and Dorman	\$ 27,435,355	\$ 28,376,554	\$ 30,151,953	\$ 31,508,799	\$ 32,993,034	\$ 35,370,393	\$ 37,138,913	\$ 38,995,858	\$ 40,956,689	\$ 43,004,524
Deviney & Dorman Existing Facilities	\$ 1,942,772	\$ 1,984,833	\$ 2,086,832	\$ 2,189,202	\$ 2,291,583	\$ 2,406,162	\$ 2,526,470	\$ 2,652,794		
New Dorman Complex									\$ 5,620,320	\$ 5,901,336
<b>Total Operating Revenue</b>	<b>\$ 29,378,127</b>	<b>\$ 30,361,387</b>	<b>\$ 32,238,785</b>	<b>\$ 33,698,001</b>	<b>\$ 35,284,617</b>	<b>\$ 37,776,555</b>	<b>\$ 39,665,383</b>	<b>\$ 41,648,652</b>	<b>\$ 46,577,009</b>	<b>\$ 48,905,860</b>
<b>Operating Expenses<sup>2</sup></b>										
Existing Housing, excluding Deviney and Dorman	\$ 13,458,036	\$ 15,061,786	\$ 14,902,600	\$ 14,429,378	\$ 15,068,323	\$ 15,694,578	\$ 16,520,707	\$ 16,904,089	\$ 17,624,180	\$ 18,034,010
Deviney & Dorman Existing Facilities	\$ 1,262,896	\$ 1,413,391	\$ 1,398,453	\$ 1,354,046	\$ 1,347,406	\$ 1,397,682	\$ 1,471,253	\$ 1,505,395		
New Dorman Complex									\$ 1,625,117	\$ 1,670,393
<b>Total Operating Expenses</b>	<b>\$ 14,720,932</b>	<b>\$ 16,475,177</b>	<b>\$ 16,301,053</b>	<b>\$ 15,783,424</b>	<b>\$ 16,415,729</b>	<b>\$ 17,092,260</b>	<b>\$ 17,991,960</b>	<b>\$ 18,409,484</b>	<b>\$ 19,249,297</b>	<b>\$ 19,704,403</b>
<b>Net Operating Revenue</b>	<b>\$ 14,657,195</b>	<b>\$ 13,886,210</b>	<b>\$ 15,937,732</b>	<b>\$ 17,914,577</b>	<b>\$ 18,868,888</b>	<b>\$ 20,684,295</b>	<b>\$ 21,673,423</b>	<b>\$ 23,239,168</b>	<b>\$ 27,327,712</b>	<b>\$ 29,201,457</b>
<b>Investment Income<sup>3</sup></b>	628,592	213,246	431,976	347,133	354,039	300,000	310,000	320,000	330,000	340,000
<b>Pledged Revenues</b>	<b>\$ 15,285,787</b>	<b>\$ 14,099,456</b>	<b>\$ 16,369,708</b>	<b>\$ 18,261,710</b>	<b>\$ 19,222,927</b>	<b>\$ 20,984,295</b>	<b>\$ 21,983,423</b>	<b>\$ 23,559,168</b>	<b>\$ 27,657,712</b>	<b>\$ 29,541,457</b>
<b>Annual Debt Service</b>										
Outstanding Parity Bonds	\$ 8,847,219	\$ 8,843,069	\$ 8,843,447	\$ 9,690,729	\$ 9,812,690	\$ 9,792,075	\$ 9,795,375	\$ 9,780,819	\$ 9,788,456	\$ 9,789,169
Proposed 2013A Bonds	-	-	-	-	-	-	2,462,882	2,955,500	4,660,500	4,657,463
	<b>\$ 8,847,219</b>	<b>\$ 8,843,069</b>	<b>\$ 8,843,447</b>	<b>\$ 9,690,729</b>	<b>\$ 9,812,690</b>	<b>\$ 9,792,075</b>	<b>\$ 12,258,257</b>	<b>\$ 12,736,319</b>	<b>\$ 14,448,956</b>	<b>\$ 14,446,632</b>
<b>Pledged Revenues after Debt Service and Available for other Expenses/Transfers</b>	<b>\$ 6,438,568</b>	<b>\$ 5,256,387</b>	<b>\$ 7,526,261</b>	<b>\$ 8,570,981</b>	<b>\$ 9,410,237</b>	<b>\$ 11,192,220</b>	<b>\$ 9,725,166</b>	<b>\$ 10,822,849</b>	<b>\$ 13,208,756</b>	<b>\$ 15,094,826</b>
<b>Maximum Annual Debt Service</b>	<b>\$ 8,847,219</b>	<b>\$ 8,843,447</b>	<b>\$ 8,843,447</b>	<b>\$ 9,992,841</b>	<b>\$ 9,812,690</b>	<b>\$ 9,795,375</b>	<b>\$ 14,448,956</b>	<b>\$ 14,448,956</b>	<b>\$ 14,448,956</b>	<b>\$ 14,446,632</b>
<b>Debt Service Ratios</b>										
Total Annual Debt Service	1.73x	1.59x	1.85x	1.88x	1.96x	2.14x	1.79x	1.85x	1.91x	2.04x
Maximum Annual Debt Service	1.73x	1.59x	1.85x	1.83x	1.96x	2.14x	1.52x	1.63x	1.91x	2.04x

<sup>1</sup> Projections assume 5% annual increases in rental rates and 98% occupancy rates for the system and the proposed project.

<sup>2</sup> Total Current Expenses are net of depreciation. Expenses for 2007-08 and 2008-09 were obtained from the restated financial statements for each of those years. The expenses for 2009-10 were adjusted from the financial statements by \$624,419 to account for building improvements expenses that should have been capitalized but were instead incorrectly expensed in that year. Projections of operating expenses assume 2% annual increases in personnel expenses, 3% annual increases in general operating expenses and 4% annual increases in utilities expenses.

<sup>3</sup> Investment Income presented includes only interest on the Housing System operating account.

# EXHIBIT C:

## HOUSING ANALYSIS-RELATED SUMMARY FINANCIAL PRO FORMA



Florida State University  
Division of Student Affairs  
University Housing

	Projections						
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-2021	2021-2022
Existing Housing, excluding Deviney, Dorman, Kellum & Smith	\$ 35,374,245	\$ 37,142,957	\$ 38,459,597	\$ 39,613,385	\$ 40,801,787	\$ 42,025,840	\$ 43,286,615
<b>PHASE I</b>							
Deviney & Dorman Existing Facilities							
New Dorman Complex	\$ 5,450,538	\$ 5,723,065	\$ 5,894,757	\$ 6,071,600	\$ 6,253,748	\$ 6,441,360	\$ 6,634,601
<b>PHASE II</b>							
Kellum & Smith Existing Facilities	\$ 5,752,227	\$ 6,039,838					
New Deviney Complex			\$ 5,894,757	\$ 6,071,600	\$ 6,253,748	\$ 6,441,360	\$ 6,634,601
Operating Revenues <sup>1</sup>	\$ 46,577,009	\$ 48,905,860	\$ 50,249,112	\$ 51,756,585	\$ 53,309,283	\$ 54,908,561	\$ 56,555,818
Existing Housing, excluding Deviney, Dorman, Kellum & Smith	\$ 14,495,170	\$ 14,830,843	\$ 16,280,680	\$ 16,552,454	\$ 16,829,561	\$ 17,112,100	\$ 17,400,170
<b>PHASE I</b>							
Deviney & Dorman Existing Facilities							
New Dorman Complex	\$ 2,336,150	\$ 2,406,235	\$ 2,478,422	\$ 2,552,774	\$ 2,629,357	\$ 2,708,238	\$ 2,789,485
<b>PHASE II</b>							
Kellum & Smith Existing Facilities	\$ 3,107,395	\$ 3,180,862					
New Deviney Complex			\$ 2,665,562	\$ 2,745,529	\$ 2,827,895	\$ 2,912,732	\$ 3,000,114
Operating Expenses <sup>2</sup>	\$ 19,938,715	\$ 20,417,940	\$ 18,759,102	\$ 19,105,228	\$ 19,458,918	\$ 19,820,338	\$ 20,189,655
Net Operating Revenue	\$ 26,638,295	\$ 28,487,920	\$ 31,490,010	\$ 32,651,357	\$ 33,850,364	\$ 35,088,223	\$ 36,366,163
Investment Income <sup>3</sup>	\$ 330,000	\$ 340,000	\$ 350,000	\$ 360,000	\$ 370,000	\$ 380,000	\$ 390,000
Pledged Revenues	\$ 26,968,295	\$ 28,827,920	\$ 31,840,010	\$ 33,011,357	\$ 34,220,364	\$ 35,468,223	\$ 36,756,163
Annual Debt Service							
Outstanding Parity Bonds	\$ 9,788,456	\$ 9,789,169	\$ 9,772,007	\$ 9,765,157	\$ 9,776,338	\$ 9,765,163	\$ 9,770,632
Proposed 2013A Bonds	\$ 4,660,500	\$ 4,657,463	\$ 4,658,963	\$ 4,659,425	\$ 4,658,563	\$ 4,656,088	\$ 4,656,713
	\$ 1,300,000	\$ 3,000,000	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000
	\$ 15,748,956	\$ 17,446,632	\$ 20,430,970	\$ 20,424,582	\$ 20,434,901	\$ 20,421,251	\$ 20,427,345
Pledged Revenues after Debt Service and Available for other Expenses/Transfers	\$ 11,219,338	\$ 11,381,289	\$ 11,409,040	\$ 12,586,775	\$ 13,785,463	\$ 15,046,972	\$ 16,328,818
Debt Service Ratios							
Total Annual Debt Service	1.71x	1.65x	1.56x	1.62x	1.67x	1.74x	1.80x

<sup>1</sup> Projections assume 5% annual increases in rental rates through '16-17, then 3% increases beginning in '17-18. Assume 98% occupancy rates for the system and the 95% for the proposed projects.

<sup>2</sup> Total Current Expenses are net of depreciation. Projections of operating expenses assume 2% annual increases in personnel expenses, 3% annual increases in general operating expenses and 4% annual increases in utilities expenses.

<sup>3</sup> Investment Income presented includes only interest on the Housing System operating account.



**STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS  
Facilities Committee  
March 27, 2013**

**SUBJECT:** A Resolution of the Board of Governors Requesting the Division of Bond Finance of the State Board of Administration of Florida (the "Division of Bond Finance") to issue revenue bonds on behalf of the Florida International University to finance construction of a Parking Garage on the main campus of Florida International University

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**PROPOSED COMMITTEE ACTION**

Adoption of a resolution approving the issuance of fixed rate parking facility revenue bonds, by the Division of Bond Finance on behalf of the Florida International University (the "University"), in an amount not to exceed \$33,500,000 (the "Bonds") for the purpose of financing Parking Garage VI on the main campus of Florida International University ("the Project").

Staffs of the Board of Governors, State University System of Florida, and the Division of Bond Finance have reviewed this resolution and all supporting documentation. Based upon this review, it appears that the proposed financing is in compliance with Florida Statutes governing the issuance of university debt and complies with the debt management guidelines adopted by the Board of Governors. Accordingly, staff of the Board of Governors recommends adoption of the resolution and authorization of the proposed financing.

**AUTHORITY FOR BOARD OF GOVERNORS ACTION**

Article IX, Section 7, Florida Constitution; Section 1010.62, Florida Statutes; and Florida Board of Governors Debt Management Guidelines

**BACKGROUND INFORMATION**

The University previously submitted a proposal for financing and construction of Parking Garage VI. The Board approved The Project at its meeting held on June 23, 2011. Due to the length of time since the original approval and to address specific metrics before advancing construction projects that require debt financing, The Project is being re-presented for approval.

The Project will be located on the north side of the Modesto A. Maidique campus of FIU. The Project will contain approximately 2,000 parking spaces, bringing the total number of parking spaces on campus to approximately 17,000 and approximately 8,800 structured parking spaces. The Project is consistent with the University's Campus Master Plan. The total Project cost is expected to be \$42 million.

The University's Board of Trustees has requested approval from the Board of Governors for the Division of Bond Finance to issue up to \$33,500,000 of fixed rate parking facility revenue bonds to finance a portion of the construction of the Project, fund a debt service reserve fund, capitalized interest and pay costs of issuing the Bonds. The University also anticipates contributing \$9 million from University Parking and Auxiliary fund balances. The Bonds will mature thirty (30) years after issuance with level annual debt service payments.

The debt service payments will be funded from revenues generated from the operation of the University's Parking System, after payments for operation and maintenance costs. The primary source of revenues being used to pay debt service on the Bonds will be transportation access fees required to be paid by all students, faculty and staff parking decal sales, and fines. The Bonds will be issued on parity with the outstanding Parking Facility Revenue Bonds, currently outstanding in the aggregate principal amount of \$47.8 million.

Projections provided by the University indicate that sufficient net revenues will be generated by the transportation access fees, faculty and staff parking decal sales, fines, and other parking fees to pay debt service on the Bonds and the outstanding parity bonds. The transportation access fee was increased in academic year 2012-13 to \$89.00 for the Fall/Spring semesters and \$83.00 for the Summer semester. The 2011-12 academic year rates were \$81.00 for each of the Fall/Spring semesters and \$75.00 for the Summer semester. The university retains the ability to increase student fees, decal rates, fines, meter rates and other sources of revenue as permitted by law.

The University's Board of Trustees approved the original Project and the financing thereof at its March 15, 2011 meeting. Subsequent approval of the revised Project was provided at its March 6, 2013 meeting.

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- Supporting Documentation Included:**
1. Requesting Resolution
  2. University Cover Letter
  3. Project Summary
  4. Attachment I – Estimated Sources and Uses of Funds
  5. Attachment II – Historical and Projected Pledged Revenues and Debt Service Coverage
  6. Attachment III – Feasibility Studies

**Facilitators/Presenters:** Chris Kinsley

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**A RESOLUTION REQUESTING THE DIVISION OF BOND FINANCE OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA TO ISSUE REVENUE BONDS ON BEHALF OF FLORIDA INTERNATIONAL UNIVERSITY TO FINANCE THE CONSTRUCTION OF A PARKING GARAGE ON THE CAMPUS OF THE FLORIDA INTERNATIONAL UNIVERSITY IN AN AMOUNT NOT TO EXCEED \$33,500,000; REQUESTING THE REDEMPTION OF CERTAIN STATE OF FLORIDA, BOARD OF REGENTS, FLORIDA INTERNATIONAL UNIVERSITY PARKING FACILITY REVENUE BONDS, SERIES 1995; AND PROVIDING AN EFFECTIVE DATE.**

The duly acting and appointed Board of Governors of the State of Florida at a meeting duly held pursuant to notice and a quorum being present do hereby make the following resolutions:

**BE IT RESOLVED:**

**1. Findings.** The Board of Governors hereby finds as follows:

(A) Pursuant to Article IX, Section 7 of the Florida Constitution, the Board of Governors is vested with the power to operate, regulate, control and manage the State University System of Florida. The Board of Governors is further vested with the authority to approve the issuance of revenue bonds by a state university pursuant to section 1010.62(2), Florida Statutes.

(B) The Board of Trustees of Florida International University (the "University") has requested approval from the Board of Governors for the Division of Bond Finance to issue revenue bonds in an amount not exceeding \$33,500,000 (the "Bonds"), for the purpose of financing: (i) a parking garage of approximately 2,000 spaces and associated improvements to be located on the main campus of the University; (ii) and certain costs relating to the Bonds (collectively, the "Project"). The foregoing plan to finance the Project is collectively referred to herein as the "Financing Plan".

(C) The project will be part of the parking system at the University.

(D) Upon consideration of the Financing Plan, the Board of Governors further finds that the issuance of the Bonds is for a purpose that is consistent with the mission of the University; is structured in a manner appropriate for the prudent

financial management of the University; is secured by revenues adequate to provide for all debt service payments; has been properly analyzed by the staffs of the Board of Governors and the Division of Bond Finance; and is consistent with the Board of Governors' Debt Management Guidelines.

(E) The Board of Governors declares that the Project will serve a public purpose by providing parking facilities at the University.

(F) The Project is included in the master plan of the University.

**2. Approval of the Project.** The Project is approved by the Board of Governors as being consistent with the strategic plan of the University and the programs offered by the University.

**3. Approval of the Bonds.** The Board of Governors hereby approves and requests the Division of Bond Finance of the State Board of Administration of Florida (the "Division") to issue the Bonds for the purpose of financing the construction of the Project, in an amount not to exceed \$33,500,000. Proceeds of the Bonds may be used to pay the costs of issuance of such Bonds and to provide for a municipal bond insurance policy, if any. The Bonds are to be secured by the net revenues of the parking system of the University, which may include but are not limited to, transportation access fees, parking decal fees, fines, special rental fees or other charges for parking services or parking spaces, and may additionally be secured by other revenues that are determined to be necessary and legally available. The Division shall determine the amount of the Bonds to be issued and the date, terms, maturities, and other features of a fiscal or technical nature necessary for the issuance of the Bonds. Proceeds of the Bonds and other legally available monies shall be used for the Project, which is authorized by Section 1010.62, Florida Statutes, or such other parking facility project at the University which is authorized by Section 1010.62, Florida Statutes. The issuance of Bonds by the Division for the purpose of reimbursing the University for capital expenditures paid for the Project from legally available funds of the University is hereby authorized.

**4. Refunding Authority.** Authority is further granted for the issuance of bonds for the purpose of refunding all or a portion of any bonds secured by the revenues described, if it is deemed by the Division to be in the best financial interest of the State. The limitation on the amount authorized for the Bonds in Section 1 above shall not apply to such refunding bonds. Other terms of this resolution shall apply to any such refunding bonds as appropriate.

**5. Compliance.** The Board of Governors will comply, and will require the

University to comply, with the following:

(A) All federal tax law requirements upon advice of bond counsel or the Division as evidenced by a "Certificate as to Tax, Arbitrage and Other Matters" or similar certificate to be executed by the Board prior to the issuance of the Bonds.

(B) All other requirements of the Division with respect to compliance with federal arbitrage law, pursuant to Section 215.64 (11), Florida Statutes.

(C) All requirements of federal securities law, state law, or the Division, relating to continuing secondary market disclosure of information regarding the Bonds, the University, and the University's parking system, including the collection of the revenues pledged to the Bonds. Such requirements currently provide for the disclosure of information relating to the Bonds, the University, and the University's parking system, including the collection of the revenues pledged to the Bonds, on an annual basis and upon the occurrence of certain material events.

(D) All covenants and other legal requirements relating to the Bonds.

**6. Fees.** As provided in Section 215.65, Florida Statutes, the fees charged by the Division and all expenses incurred by the Division in connection with the issuance of the Bonds (except for periodic arbitrage compliance fees, if any, which shall be paid from other legally available funds) shall be paid and reimbursed to the Division from the proceeds of the sale of such Bonds. If for any reason (other than a reason based on factors completely within the control of the Division) the Bonds herein requested to be authorized are not sold and issued, the Board agrees and consents that such fees, charges and expenses incurred by the Division shall, at the request of the Division, be reimbursed to the Division by the University from any legally available funds of the University .

**7. Authorization.** The Division is hereby requested to take all actions required to issue the Bonds.

**8. Redemption of Bonds.** The Division is further requested to take action necessary to redeem certain State of Florida, Board of Regents, Florida International University Parking Facility Revenue Bonds, Series 1995. It is anticipated the University will provide cash to accomplish the redemption.

**9.. Repealing Clause.** All resolutions of the Board of Governors or parts thereof, in conflict with the provisions herein contained, to the extent they conflict herewith, are, to the extent of such conflict, hereby superseded and repealed.

**10.. Authorization of Further Actions Consistent Herewith.** The members

of the Board of Governors, attorneys, or other agents or employees of the Board of Governors are hereby authorized and directed to do all acts and things required of them by this resolution or desirable or consistent with the requirements hereof, to assure the full, punctual and complete performance of all the terms, covenants and agreements contained in the Bonds and this resolution; including execution of such documents, certificates, contracts and legal opinions and other material delivered in connection with the construction or financing of the Project for use by the University, the issuance of the Bonds or as necessary to preserve the exemption from the taxation of interest on any of the Bonds which are tax-exempt, in such form and content as the Chair, Vice Chair or authorized officers executing the same deem necessary, desirable or appropriate.

**11.. Effective Date.** This resolution shall become effective immediately upon its adoption.

Adopted this 28<sup>rd</sup> day of March , 2013



## **CERTIFICATE OF THE CORPORATE SECRETARY**

The undersigned, Corporate Secretary of the Board of Governors, does hereby certify that the attached resolution relating to the issuance of Bonds by the Division of Bond Finance of the State Board of Administration of Florida is a true and accurate copy as adopted by the Board of Governors on March 28, 2013, and said resolution has not been modified or rescinded and is in full force and effect on the date hereof.

**BOARD OF GOVERNORS OF THE  
STATE UNIVERSITY SYSTEM OF  
FLORIDA**

Dated: \_\_\_\_\_, 2013

By: \_\_\_\_\_  
Corporate Secretary

00538599.1

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March 6, 2013

Mr. Chris Kinsley  
Director, Finance and Facilities  
Board of Governors  
325 W. Gaines Street  
Tallahassee, Florida 32399

Dear Chris:

On behalf of the Florida International University Board of Trustees, I am pleased to submit this letter and accompanying analysis in response to Governor Rick Scott's February 18, 2013 request that SUS universities address the following specific concerns before advancing construction projects that require debt financing:

- Review quantitative metrics justifying the need for construction
- Calculate a return-on-investment for revenue-generating projects and other appropriate measures for non-revenue-generating projects; and
- Assess whether the private sector can offer a comparable alternative at a lower cost

## **QUANTITATIVE METRICS JUSTIFICATION REVIEW**

### **FIU's Student Population Is Growing**

In Fall 2010, the university's student headcount totaled 44,010. Comparatively, by Fall 2012, student headcount enrollment reached 46,292. Additionally, FIU enrolls approximately 4,200 high school dual enrollment students and this increases total student headcount to over 50,000. This increase in headcount was in-line with the university's Worlds Ahead 2010-2015 Strategic Plan to increase enrollment by 2,000 academically qualified students per year.

FIU completed and opened its last parking garage on the Modesto Maidique Campus (MMC) in the Fall 2010 semester, adding a net 1,750 spaces and increasing total parking space inventory to 11,992 spaces, 7,501 of which were assigned to students and 999 assigned to on-campus housing residents. Student spaces including those assigned to residential students represented 70.9 percent of spaces. The proportion of student spaces is in-line with historical and projected allocations.

### **Service Levels Are Declining**

#### **RATIO OF FTE TO STUDENT PARKING SPACES**

As a part of the 2005-2015 Campus Master Plan, the University prepared an analysis of the university's Transportation Element which specifies a standard of service of one space for every 2.94 full-time equivalent (FTE) students and one space for every 2 FTE students living on campus. The university was close to meeting this standard of service in Fall 2010 but is now well above the ideal ratios due to the 9.6 percent enrollment increase in FTEs and the -3.7 percent decrease in allotted spaces.

		<b>Ideal Ratio</b>	<b>Spaces Needed</b>	<b>Spaces Available</b>	<b>Shortage</b>	<b>Actual Ratio</b>
<b>Fall 2010</b>						
FTEs ex-residents	28,719	2.9	9,903	9,430	(473)	3.0
Residents	2,746	2.0	1,373	1,227	(146)	2.2
<b>Total</b>	<b>31,465</b>	<b>2.8</b>	<b>11,276</b>	<b>10,657</b>	<b>(619)</b>	<b>3.0</b>
<b>Fall 2012</b>						
FTEs ex-residents	31,731	2.9	10,942	9,274	(1,668)	3.4
Residents	2,760	2.0	1,380	986	(394)	2.8
<b>Total</b>	<b>34,491</b>	<b>2.8</b>	<b>12,322</b>	<b>10,260</b>	<b>(2,062)</b>	<b>3.4</b>

#### RATIO OF HEADCOUNT TO MMC STUDENT PARKING SPACES

Student headcount on MMC is also a valuable metric of level of service to students. As shown below, with headcounts increasing, service levels have been declining.

<u><b>MMC</b></u>	<b>Student Headcount</b>	<b>Spaces Available</b>	<b>Ratio</b>
<b>Fall 2010</b>	33,448	8,500	<b>3.9</b>
<b>Fall 2012</b>	36,456	7,918	<b>4.6</b>

#### RATIO OF TRANSPORTATION ACCESS FEE COLLECTED TO STUDENT PARKING SPACES

Levels of service can also be measured by decal sales, or more accurately for students, the number of transportation access fees (TAF) collected. TAF collected are measured on a university-wide basis, since student decals are not restricted by campus. Service levels for students have been declining based on TAF collected.

<u><b>University Wide</b></u>	<b>TAF Collected</b>	<b>Spaces Available</b>	<b>Ratio</b>
<b>Fall 2010</b>	36,770	10,657	<b>3.5</b>
<b>Fall 2012</b>	38,734	10,260	<b>3.8</b>

#### Parking Garage Six Will Improve Quality of Service to Students

Parking Garage 6 (PG6) is planned as a 2,000 space structure that will provide a net 1,775 additional spaces, 1,580 of which are projected to be allocated as student spaces. With the addition of 1,580 student spaces, service levels will return to Fall 2010 levels. Otherwise, service levels will continue to deteriorate as surface lots are lost to new building construction and enrollment increases.

		<b>Ideal Ratio</b>	<b>Spaces Needed</b>	<b>Spaces Available</b>	<b>Shortage</b>	<b>Actual Ratio</b>
<b>Fall 2014 w/o PG 6 (Est)</b>						
FTEs ex-residents	32,574	2.9	11,232	9,274	(1,958)	3.5
Residents	3,366	2.0	1,683	1,527	(156)	2.2
<b>Total</b>	<b>35,940</b>	<b>2.8</b>	<b>12,915</b>	<b>10,801</b>	<b>(2,114)</b>	<b>3.3</b>

<b>Fall 2014 (Est)</b>						
FTEs ex-residents	32,574	2.9	11,232	11,010	(222)	3.0
Residents	3,366	2.0	1,683	1,527	(156)	2.2
<b>Total</b>	<b>35,940</b>	<b>2.8</b>	<b>12,915</b>	<b>12,537</b>	<b>(378)</b>	<b>2.9</b>

<u><b>MMC</b></u>	<b>Student Headcount</b>	<b>Spaces Available</b>	<b>Ratio</b>
<b>Fall 2014 w/o PG 6 (Est)</b>	37,987	8,218	<b>4.6</b>
<b>Fall 2014 (Est)</b>	37,987	9,798	<b>3.9</b>

<u><b>University Wide</b></u>	<b>TAF Collected</b>	<b>Spaces Available</b>	<b>Ratio</b>
<b>Fall 2014 w/o PG 6 (Est)</b>	40,384	10,801	<b>3.7</b>
<b>Fall 2014 (Est)</b>	40,384	12,537	<b>3.2</b>

### Current Parking Cost to FIU Student and Expense to FIU

FIU students pay \$89 for the Fall and Spring semesters or \$178 for the two semesters. Furthermore, students pay \$81 for the Summer semester, or \$259 for an entire year.

Total net operating expense for FIU Parking and Transportation was \$6.3 million in FY 2011-12 (excludes shuttle and vehicle services and R&R expenses). With debt service of \$4.9 million, parking services expense were about \$11.2 million. Student and resident spaces represented 70.9% of the total spaces, therefore the associated operating expenses and debt service would be \$7.9 million.

These costs have increased due to specific measures implemented by the university to relieve traffic congestion and to provide additional parking options during peak usage periods, specifically the start of each semester. In Fall 2012, these initiatives added over \$0.2 million in expenses.

Ongoing improvements to further alleviate traffic and parking problems, such as inner loop traffic lights and pedestrian controls, also added significant expense to the university.

### Qualitative Assessment of Current Parking Service Level

In February 2012, the university received a parking satisfaction report from the FIU Metropolitan Center, an applied social science research and training institute. The availability of parking was rated poor by the overwhelming majority of users, regardless of their relationship to the university. Most markedly, 67 percent of students identified parking availability as poor. These survey results reinforce the observed decline in parking service quality and the shortage of parking spaces on the MMC.

### Do you feel the availability of parking on campus is?

	Administration	Faculty	Student	Other	Total
<b>Poor</b>	242	164	936	101	<b>1443</b>
%	59.5%	61.7%	67.0%	70.6%	<b>65.2%</b>
<b>Adequate</b>	151	95	431	39	<b>716</b>
%	37.1%	35.7%	30.8%	27.3%	<b>32.3%</b>
<b>Excellent</b>	14	7	31	3	<b>55</b>
%	3.4%	2.6%	2.2%	2.1%	<b>2.5%</b>
<b>Total</b>	407	266	1398	143	<b>2214</b>
%	100.0%	100.0%	100.0%	100.0%	<b>100.0%</b>

### Parking Garage Six is Part of a Community Partnership to Improve Transportation

FIU is working with Miami-Dade County Transit, Miami-Dade County Expressway, the Florida Department of Transportation, and the City of Sweetwater to solve traffic congestion and improve access to public transportation and PG6 is integral to these efforts. In 2012, FIU and its partners, proposed the University City Prosperity Project to the US Department of Transportation, an innovative and transformational partnership among the various agencies. This project included the Advanced Transit and Multimodal Station (ATMS), a joint effort with the Miami-Dade Transit and Miami-Dade Expressway Authority. It would consolidate the automobile, local county bus, university and Sweetwater shuttle bus and future express bus traffic onto a single site to increase the efficiency of travel to and from the university. Parking Garage 6 will be the hub of express bus service along SW 8<sup>th</sup> street.

The ATMS concept is envisioned as a western hub to complement the Miami Intermodal Center (MIC) at Miami-International Airport with use of the Sustainable Informed Traveler Program to assist all travelers in transportation choices. Together, the Alliance submitted US Department of Transportation Grants for funding under the TIGER program -- one in 2011 and one in 2012 -- as well as two recent grant requests to the Florida Department of Transportation and the Knight Foundation. We are encouraged that additional outside funding will materialize to fulfill the Prosperity Project.

### RETURN-ON-INVESTMENT OR INTERNAL RATE OF RETURN CALCULATION

Based on the 30-year useful life of the parking garage, the internal rate of return of the project is estimated at 6.51 percent. Based on a review of the information as provided by the University consistent with the State University System Debt Management Guidelines, the Board of Governors will provide a recommendation on the project. The University, with assistance from the Division of Bond Finance, calculated the internal rate of return based on an established methodology used for a similar project at another institution within the State University System.

## PRIVATE SECTOR ALTERNATIVES ASSESSMENT

### Using the Private Sector to Provide On-campus Services is Appropriate in Certain Cases

FIU is an active partner with the private sector and assesses opportunities to generate cost savings by contracting with external vendors who can deliver services at a lower cost to students, faculty and staff. Most notably, within its Parking and Transportation Department, the university contracts with an outside vendor to provide shuttle bus service between its MMC and Biscayne Bay Campus, located about 24 miles from each other. Known as the Golden Panther Express, the contract was worth \$0.9 million in FY2012. The following is a list of major outsourcing contracts managed by the university:

#### **Cost centers (service agreements)**

Repairs and Maintenance (Various)	\$ 6.4 million
Shuttle Service (Horizon Coach Lines)	0.9 million

#### **Profit Centers (licensing agreements)**

Food Service (Aramark)	\$ 2.7 million
Printing/Copying (Toshiba)	2.1 million
Bookstore (Barnes & Noble)	1.1 million

The university has implemented outsourced private parking for its Brickell instructional site in downtown Miami, which provides executive, evening and weekend business degree programs. Parking costs for are \$19,874 per month to the university, which would equate to \$101 per student per month.

### Privatization Alternatives Analyses

As a part of its ongoing strategy to review the efficacy of private alternatives, the university engaged the services of Timothy Haas & Associates, Inc. to assess options to fund construction and operate a garage. The analysis concluded that the university's recommendation to build and operate the new garage provides the most cost-effective solution to student, faculty and staff parking. The Tim Haas analysis examined the four most viable combinations garage construction, parking operation and location scenarios:

1. FIU funded and operated, on-campus
2. Developer funded and operated, on-campus
3. Developer funded and operated, on-campus with ground lease
4. Developer funded and operated, off-campus

The analysis concluded that option 2 would not be viable because of "the additional costs incurred by FIU students and staff, as well as the strain of a potential to revenue guarantee for the developer." Option 3 would further exacerbate the problem with "the addition of ground lease costs" while option 4 would include "transportation costs from the off-campus lot [that] would result in significant cost increases and inconvenience to students and staff."

Additionally, FIU contracted with Walker Parking Consultants to evaluate the feasibility of off-campus student parking. Similar to Walker Parking Consultants' finding for Florida Atlantic University, a developer funded and developer operated parking garage off-campus would result in a considerable increase in cost to our students.

The Timothy Haahs and Associates, Inc. and Walker Parking Consultants studies are included for your review and consideration.

The request for authorization to construct Parking Garage 6 on the Modesto A. Maidique Campus and the issuance of debt was approved by the FIU Board of Trustees at the March 6, 2013 meeting.

If you have any questions or need additional information, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink, reading "Kenneth A. Jessell". The signature is written in a cursive style with a large, stylized "K" and "J".

Kenneth A. Jessell, Ph.D.  
CFO and Senior Vice President

Cc. Mark B. Rosenberg, President

Attachments: Timothy Haahs and Associates, Inc. Feasibility Study  
Walker Parking Consultants Feasibility Study



**STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS  
Project Summary  
Florida International University  
Parking Garage VI**

**Project Description:** The proposed project Parking Garage 6 (“Project”) is a multi-level parking structure on Florida International University’s main campus and will provide approximately 2,000 structured parking spaces and 35,000 GSF of shell space, as well as associated site and road improvements. The Project will accommodate students, faculty, and staff.

The purpose of the Project is to alleviate congestion on the main campus. The Project is included in the current Campus Master Plan.

**Facility Site Location:** The proposed Project will be located on the north side of the Modesto A. Maidique campus (“MMC”) of FIU.

**Projected Start and Opening Date:** It is anticipated that construction of the Project will commence in Summer 2013 and will be open and available for occupancy in August 2014.

**Quantitative Demand and Construction Analysis:** The University community is presently comprised of over 50,000 students, over 5,100 full and part-time faculty and staff and a large number of daily visitors. Drivers of the 39,556 currently permitted student vehicles and 4,272 permitted employee vehicles compete for the 14,628 available parking spaces on the MMC.

Of the 14,628 spaces, 10,260 are available for students and 3,012 are available for faculty and staff. The remaining spaces consist of service vehicles spaces, visitor lot spaces, metered spaces and loading zones. The proposed Project will increase the total spaces on the MMC to approximately 17,000 and approximately 8,800 structured parking spaces.

As a part of the 2005-2015 Campus Master Plan, the University prepared an analysis of the university's Transportation Element which specifies a standard of service of one space for every 2.94 full-time equivalent (“FTE”) student and one space for every 2 FTE students living on campus. The university was close to meeting this

standard of service in Fall 2010 when Parking Garage 5 was placed into service but is now well above the ideal ratios due to the 9.6 percent enrollment increase since Fall 2010 and a 3.7 percent decrease in allotted spaces due to the loss of surface parking lots from construction of University facilities on those lots. Given a projected enrollment of 5 percent over time, service levels are expected to deteriorate further without construction of the Project.

## **Study of Private Sector Alternatives:**

As a part of its ongoing strategy to review the efficacy of private alternatives, the university engaged the services of Timothy Haahs & Associates, Inc. to assess options to fund construction and operate a garage. The analysis concluded that the University's recommendation to build and operate the new garage provides the most cost-effective parking solution to student, faculty and staff. The Tim Haahs analysis examined the four most viable combinations of garage construction, parking operation and location scenarios:

1. FIU funded and operated, on-campus
2. Developer funded and operated, on-campus
- 2A. Developer funded and operated, on-campus with ground lease
3. Developer funded and operated, off-campus

The analysis concluded that option 2 was not viable because of "the additional costs incurred by FIU students and staff, as well as the strain of a potential to guarantee revenue for the developer." Option 2A would further exacerbate the problem with "the addition of ground lease costs" while option 3 would include "transportation costs from the off-campus lot [that] would result in significant cost increases and inconvenience to students and staff." Utilizing the aforementioned options, annual parking costs for students and faculty as projected by Haahs & Associates would increase from \$261 to \$1,680, \$1,800, and \$2,040, respectively.

In addition to analysis provided by Timothy Haahs & Associates, Walker Parking Consultants also evaluated the potential for a private company to build and operate a parking structure off campus. Due to the location of the MMC in Miami, no land in close proximity to the campus is available for purchase by a private company to build a parking garage. Further, Walker Parking Consultants estimate that due to a private developer's obligation to pay property taxes and turn a profit on the garage, a student's cost

for parking in a garage operated by a private developer would approximate \$300 per semester, versus the \$89 TAF currently paid per semester. The increased cost to students and inconvenience of off campus parking make this alternative undesirable.

**Project Cost and  
Financing Structure:**

The total project cost, which includes construction and associated design costs, is estimated at \$42 million and will be funded through bond proceeds and an approximately \$9 million contribution from University Parking and Auxiliary fund balances. Of the \$9 million contributed by the University, \$4.2 million is allocated to construct the 35,000 square feet of shell space. The shell space will not be considered part of the Parking System once the garage is complete. Additionally, in order to meet the Additional Bonds Test, the University plans to redeem the Series 1995 Parking Facility Bonds with cash of approximately \$2.0 million (the fiscal 2014 through 2016 maturities). The project will be financed with fixed rate, tax-exempt revenue bonds issued by the Florida State Board of Administration's Division of Bond Finance, on behalf of Florida International University, in an amount not to exceed \$33,500,000. The bond issue will be structured with a 30 year final maturity and approximately level debt service.

**Security/Lien Structure:** Net parking system revenues will be pledged for the payment of debt service. These revenues are derived primarily from a student transportation access fee, faculty and staff parking decal sales, fines, and other miscellaneous revenues, after deducting operating and maintenance expenses ("Pledged Revenues"). The transportation access fee was increased in academic year 2012-13 to \$89.00 for the Fall/Spring semesters and \$83.00 for the Summer semester. The 2011-12 academic year rates were \$81.00 for each of the Fall/Spring semesters and \$75.00 for the Summer semester. The university retains the ability to increase student fees, decal rates, fines, meter rates and other sources of revenue as permitted by law.

The debt will be payable solely from and secured as to the payment of principal and interest, on a parity with the Florida International University Parking Facility Revenue Bonds outstanding in an aggregate principal amount of \$47.8 million following redemption of the Series 1995 bonds.

**Pledged Revenues ,  
Debt Service Coverage, and  
Return on Investment:**

During the five year period from fiscal year 2007-08 to 2011-12, Pledged Revenues grew from \$6.1 million to \$7.5 million. The Parking System revenues produced debt service coverage ratios ranging from a high of 2.04X for Fiscal Year 2007-08 to a low of 1.38X for Fiscal Year 2008-09. Following the addition of the Series 2009A&B bonds, coverage changed to 1.45X in fiscal year 2009-10 and improved to 1.57X in fiscal year 2010-11. Increased salary and fuel related costs, due to parking overflow initiatives in fiscal year 2011-12 reduced debt service coverage to 1.52X. Historical coverage calculations include the receipt of the federal subsidy on the Series 2009B Build America Bonds. Calculations of Pledged Revenues and debt service coverage exclude revenue and expenses from the shuttle system and vehicle services, as they are not part of the Pledged Revenues. Excess Pledged Revenues remaining after payment of debt service were sufficient in each year to pay expenses of the shuttle system and vehicle services.

Pledged Revenues are projected to be \$7.9 million in fiscal year 2012-13, growing to \$11.7 million in fiscal year 2016-2017 and produce debt service coverage of 1.41X in 2012-13, 1.29X in 2013-14, 1.37X in 2014-15, 1.42X in 2015-16 and 1.67X in 2016-17. Due to the uncertainty of the ongoing receipt of the federal subsidy associated with the Series 2009B Build America Bonds, projected coverage calculations exclude the subsidy payment. For Fiscal Year 2014-15, the first year of operation of the Project, the system is expected to generate Pledged Revenues of \$9.6 million and produce an annual debt service coverage ratio of 1.37X. Excess pledged revenues remaining after payment of debt service are expected to be sufficient in each year to pay expenses of operating the shuttle system and vehicle services.

The projected debt service coverage ratio has been calculated using an interest rate of 5.75 percent on the bonds and a transportation access fee of \$89.00 for the Fall/Spring semesters and \$83.00 for the Summer semester for fiscal years 2012-13 with increases of 10 percent in fiscal year 2013-14; 7.5 percent in fiscal year 2014-15 and 10 percent in fiscal year 2016-17. Operating costs, excluding shuttle system expenses and vehicle services, are projected to increase approximately 2 percent per year.

The project is also expected to provide a positive internal rate of return estimated at 6.51%, based upon assumptions provided by the University.

(See Attachment II for a detailed summary of historical and projected debt service coverage)

**Type of Sale:**

The Division of Bond Finance will sell the Bonds through a competitive sale.

**Analysis and  
Recommendation:**

Staff of the Board of Governors and the Division of Bond Finance has reviewed the information provided by the Florida International University with respect to the request for Board of Governors approval for the subject financing. Projections provided by the University indicate that sufficient net revenues will be generated from mandatory student fees, decal sales, fines and meters to pay debt service on the Bonds and the outstanding Parking Bonds. It appears that the proposed financing is in compliance with the Florida Statutes governing the issuance of university debt and is in compliance with the Board of Governors' Debt Management Guidelines. Accordingly, staff of the Board of Governors recommends adoption of the resolution authorizing the proposed financing.

STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS  
FLORIDA INTERNATIONAL UNIVERSITY PARKING REVENUE BONDS, SERIES 2013  
Estimated Sources and Uses of Funds  
Parking Garage 6

Sources of Funds

Bond Par Amount	\$ 33,500,000
Less: Costs of Issuance	
Total Costs of Issuance	\$ (653,989)
Plus: Cash Contribution	<u>\$ 9,466,470</u>
Plus: Interest Earnings (Construction Trust Fund)	<u>\$ 264,081</u>
Total Sources of Funds	<u><u>\$ 42,576,562</u></u>

Basis for Amounts

Series 2013 Bonds par amount based on a fixed, tax-exempt interest rate of 5.75% for 30 years.

Based on estimates (Underwriters Discount, \$481,800; Division of Bond Finance, \$104,360; rating fees, \$50,000; other \$20,000)

Based on net bond proceeds deposited in the construction fund, invested for 15 months at an estimated interest rate of 1%.

Uses of Funds

Project Cost (Planning, Design, Construction & Equipment)	\$42,576,562	Cost of planning, design, construction, equipment and contingency.
Debt Service Reserve Account	\$ -	Fully funded at maximum annual debt service on the bonds.
Estimated Interest to be paid during Construction (Capitalized Interest)	<u>\$ -</u>	This represents 18 months of capitalized interest to be paid from bond proceeds at an interest rate of 6%.
Total Uses of Funds	<u><u>\$ 42,576,562</u></u>	

STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS  
FLORIDA INTERNATIONAL UNIVERSITY  
PARKING FACILITY REVENUE BONDS, SERIES 2012  
5-YEAR HISTORICAL AND PROJECTED DEBT SERVICE COVERAGE <sup>1</sup>

	Historical					Projected				
	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
<b>Operating Revenues</b>										
Parking Decals and Fees <sup>2</sup>	\$7,178,376	\$7,875,089	\$8,678,360	\$9,507,027	\$10,024,271	\$10,398,206	\$11,692,557	\$12,585,672	\$13,058,018	\$14,949,961
Visitor Parking <sup>3</sup>	343,565	351,134	296,801	338,523	372,506	495,300	523,300	552,800	584,100	617,100
Traffic Fines, Towing & Other Revenue	1,183,158	2,344,209	2,188,725	2,273,719	2,652,931	3,231,255	3,358,456	3,435,299	3,470,389	3,512,246
less: Shuttle Services	-276,287	-261,616	-283,684	-314,927	-473,348	-418,900	-437,200	-437,200	-454,000	-480,800
less: Vehicle Services	0	-748,022	-882,134	-966,171	-1,144,139	-1,047,266	-1,047,266	-1,047,266	-1,047,266	-1,047,266
<b>Total Parking System Revenues<sup>4</sup></b>	<b>\$8,428,812</b>	<b>\$9,560,793</b>	<b>\$9,998,068</b>	<b>\$10,838,171</b>	<b>\$11,432,221</b>	<b>\$12,658,595</b>	<b>\$14,089,847</b>	<b>\$15,089,305</b>	<b>\$15,611,241</b>	<b>\$17,551,241</b>
<b>Current Expenses</b>										
Salaries and Personnel Services <sup>5</sup>	\$1,318,453	\$2,019,872	\$2,335,621	\$2,530,917	\$2,927,745	\$2,925,446	\$3,004,158	\$3,130,256	\$3,192,885	\$3,326,777
Other Operating Expenses <sup>6,7,8</sup>	1,878,761	3,118,746	2,791,959	2,829,775	3,479,449	4,214,595	4,358,661	4,709,120	4,794,357	5,122,482
less: Shuttle Services	-663,584	-708,627	-721,300	-1,043,748	-1,118,224	-1,192,454	-1,178,287	-1,204,263	-1,226,076	-1,415,200
less: Vehicle Services	0	-854,946	-1,026,792	-1,204,955	-1,356,058	-1,147,278	-1,156,023	-1,170,609	-1,179,991	-1,195,079
<b>Total Current Expenses</b>	<b>\$2,533,630</b>	<b>\$3,575,045</b>	<b>\$3,379,488</b>	<b>\$3,111,989</b>	<b>\$3,932,912</b>	<b>\$4,800,309</b>	<b>\$5,028,509</b>	<b>\$5,464,505</b>	<b>\$5,581,175</b>	<b>\$5,838,980</b>
<b>Net Parking System Revenues</b>	<b>\$5,895,182</b>	<b>\$5,985,748</b>	<b>\$6,618,580</b>	<b>\$7,726,182</b>	<b>\$7,499,309</b>	<b>\$7,858,285</b>	<b>\$9,061,338</b>	<b>\$9,624,800</b>	<b>\$10,030,067</b>	<b>\$11,712,260</b>
<b>Interest Income<sup>9</sup></b>	<b>\$249,347</b>	<b>(\$407,516)</b>	<b>\$518,854</b>	<b>\$9,901</b>	<b>\$3,034</b>	<b>\$1,688</b>	<b>\$18,905</b>	<b>\$15,019</b>	<b>\$15,688</b>	<b>\$17,110</b>
<b>Pledged Revenues</b>	<b>\$6,144,529</b>	<b>\$5,578,232</b>	<b>\$7,137,434</b>	<b>\$7,736,083</b>	<b>\$7,502,343</b>	<b>\$7,859,973</b>	<b>\$9,080,243</b>	<b>\$9,639,819</b>	<b>\$10,045,754</b>	<b>\$11,729,370</b>
<b>Annual Debt Service:<sup>10</sup></b>										
1995 Bonds <sup>10</sup>	633,308	638,558	642,138	643,998	644,323	648,088	-	-	-	-
1999 Bonds <sup>11</sup>	638,769	637,209	634,749	635,999	635,854	639,274	-	-	-	-
2002 Bonds <sup>11</sup>	1,738,366	1,741,004	1,740,254	1,741,494	1,741,069	1,737,819	-	-	-	-
2009 Bonds	-	1,032,049	1,909,224	1,911,024	1,912,524	2,554,834	2,556,034	2,555,171	2,541,371	2,533,296
2013 Bonds <sup>11</sup>	-	-	-	-	-	-	4,493,874	4,505,350	4,508,925	4,508,263
<b>Total Annual Debt Service</b>	<b>\$3,010,443</b>	<b>\$4,048,819</b>	<b>\$4,926,364</b>	<b>\$4,932,514</b>	<b>\$4,933,769</b>	<b>\$5,580,014</b>	<b>\$7,049,907</b>	<b>7,060,521</b>	<b>7,050,296</b>	<b>\$7,041,559</b>
<b>Maximum Annual Debt Service</b>	<b>4,394,923</b>	<b>4,394,923</b>	<b>5,581,214</b>	<b>5,581,214</b>	<b>5,581,214</b>	<b>5,580,014</b>	<b>7,060,521</b>	<b>7,060,521</b>	<b>7,060,521</b>	<b>7,060,521</b>
<b>Coverage Ratios</b>										
Annual Debt Service	2.04x	1.38x	1.45x	1.57x	1.52x	1.41x	1.29x	1.37x	1.42x	1.67x
Maximum Annual Debt Service	1.40x	1.27x	1.28x	1.39x	1.34x	1.41x	1.29x	1.37x	1.42x	1.66x

<sup>1</sup> The financial information related to revenues and expenses was provided by the University and has not been audited.

<sup>2</sup> Parking Decals and Fees increased 10 percent in FY 2012-13 and are projected to increase 10 percent in FY 2013-14, 7.5 percent in FY 2014-15 and 10 percent in FY 2016-17.

<sup>3</sup> Visitor Parking Revenue from metered parking spaces are projected to increase 6 percent each year from FY 2011-12 and FY 2016-17.

<sup>4</sup> Excludes all shuttle services and Vehicle Services which are included in the financial statements - not a part of the Pledged Revenues.

<sup>5</sup> Employee salaries and fringe benefits are projected to increase approximately 2 percent per year; other personnel services expenses are projected to increase approximately 2 percent per year.

<sup>6</sup> Includes maintenance, materials and supplies and other current expenses and are projected to increase approximately 2 percent per year.

<sup>7</sup> Includes electric utility costs and are projected to increase 2 percent per year.

<sup>8</sup> Excludes administrative overhead and non-recurring expenses.

<sup>9</sup> Prior to FY2010-11, Interest Income reflects changes in market valuation of the investment portfolio. FIU new policy is that interest income will only reflect realized income.

<sup>10</sup> The 1995 outstanding bonds are expected to be repaid in FY 2012-13.

<sup>11</sup> The University intends to refund the 1999 and 2002 outstanding bonds and incorporate them into the 2013 "new money" issuance. Estimated debt service for the "new money" was calculated based on the par amount of \$33.5 million and a 5.75 percent interest rate.

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February 22, 2013

Dr. Kenneth Jessell  
Senior Vice President and Chief Financial Officer  
Florida International University  
11800 SW 8<sup>th</sup> Avenue  
Miami, FL 33199

**RE: PG6 Feasibility Analysis**  
**Florida International University**  
**Miami, FL**

Dear Mr. Jessell:

Timothy Haahs & Associates, Inc. (TimHaahs) is pleased to provide you with our report summarizing our research and findings on the feasibility of constructing proposed "Parking Garage 6" (PG 6) under multiple scenarios, including a public/private partnership (P3) development model.

## **Objective**

Florida International University (FIU) has retained Timothy Haahs & Associates, Inc. (TimHaahs) to conduct a parking garage financial feasibility study to evaluate the opportunities to develop the proposed Parking Garage 6 (PG 6) on its main campus – the Modesto A. Maidique Campus (MMC) in West Miami-Dade County. The proposed parking facility is required to support the continuing growth of the University, and in particular the MMC.

This study is being conducted as a result of the recent inquiry by Florida Governor Rick Scott regarding the potential options for private development firms to develop off-campus parking structures serving the state's public universities. For this study, TimHaahs has evaluated numerous scenarios comparing the financial and logistical feasibility of developing the new PG6. These scenarios include the following:

- Option 1: FIU Funded and Operated Garage On Campus
- Option 2: Developer Funded and Operated Garage On Campus
- Option 2A: Developer Funded and Operated Garage On Campus (with Ground Lease)
- Option 3: Developer Funded and Operated Garage Off Campus

Throughout this report, TimHaahs has provided the University with a comprehensive assessment of each of these options, outlining the specific financing structure, and our analysis regarding the feasibility of each option. It is our belief that as a result of this assessment, the University will be able to make the most informed and reasonable decision regarding this project and take appropriate steps toward the planning and development of this new mixed-use parking facility.

## Background

FIU includes more than 50,000 students across its two main campuses – Modesto A. Maidique Campus in West Miami-Dade County, and Biscayne Bay Campus in North Miami Beach – as well as various smaller instructional sites throughout South Florida. FIU also includes more than 5,100 full-time and part-time faculty and staff.

Parking at FIU currently consists of 14,628 spaces across five parking facilities (on the Modesto A. Maidique Campus) and various parking lots. These parking areas serve 39,556 students with parking permits, 4,272 employees with parking permits, and numerous visitors. Of the total parking spaces, 10,260 are available for students and 3,012 are available for faculty and staff, with the remaining spaces incorporating service vehicle spaces, visitor lot spaces, metered spaces and loading zones.

University-wide, the current ratio of parking decal holders to students is one space for every 3.9 decals, and one space for every 1.4 faculty and staff decals. At the MMC campus, this ratio is currently one parking space for every 5 student decals and one space for every 1.7 faculty and staff decals.

As one of the top research institutions in the United States, FIU's annual enrollment numbers have increased significantly. As a result of this growth, the unmet parking demands have increased.

To support these increases in parking demand, FIU is currently looking at the opportunity to add a sixth parking garage at its Modesto A. Maidique Campus. The proposed PG 6 will include approximately 2,000 parking spaces, as well as core and shell space for 35,000 gross square feet of classrooms and retail space. This increase in parking supply will increase the total number of spaces on campus to 17,000 with approximately 8,800 of those spaces as structured parking.

With this increase in parking, the goal of this new facility is to increase the ratio of available parking spaces to student and faculty/staff decals. This will result in more convenient and accessible parking for users, decreasing the amount of time spent searching for spaces, while increasing the total number of spaces available to serve the growing campus. Further, the integration of classrooms and retail space within the footprint of the garage will be a valuable use of the footprint, as well as encourage additional street-level pedestrian activity in the area. Additional benefits include a reduction to students' time spent looking for a space, as well as decreases in vehicles circulating and the resulting reductions in emissions from such vehicles.

## General Project Assumptions

For the purposes of this analysis, we have utilized the following project assumptions, based on information provided by FIU as well as our experience in design, construction, the local market, and state of the industry P3 practices.

Assumption	Cost	Notes/Detail
<b>Project Cost</b>	\$42,500,000	Cost includes all elements including 2,000 spaces and classroom and retail space of 35,000 SF.
<b>Student Monthly Fee</b>	\$21.75	Based on the three semester year, annual transportation access fee per student is \$261, amounting to \$21.75 per student on a monthly basis. Faculty and staff permits average approximately \$200 per year, for an approximate monthly fee of \$20.00. For this reason, we have included faculty and staff permits at that rate.
<b>Daily Visitor Fee</b>	\$8/day or \$1/hr	

<b>Fee Increases</b>	3% annually	Assumes three percent annual increase in access fee, as well as daily and short term rates
<b>Garage Occupancy</b>	2000 cars	Assumes garage operates at full occupancy starting in year one and continues.
<b>Decal Parker Occupancy</b>	88%	Assumes 88% of the space will be occupied by students and faculty/staff.
<b>Daily Parker Occupancy</b>	12%	Assumes 12% of the space will be occupied by daily parkers. 50% will be divided among daytime visitors and nighttime visitors assuming an average stay of three hours.
<b>Turnover</b>	2.94	Ratio provided by the University.
<b>Operating Increase</b>	2%	Assumes an annual increase of 2% on expenses.
<b>Operating Cost/Space</b>	\$250/space	Assumes industry standard rate.
<b>Operating Administrative Cost</b>	\$220/space	Assumes industry standard rate.
<b>Structural Maintenance Reserve</b>	\$120/space	Assumes industry standard rate.
<b>Cost of Retail Construction and Operations</b>		Assumes off-set by rent at full occupancy, per the University.

## Methodology

To evaluate the feasibility of each of the selected scenarios, we projected revenue and analyzed the operating expenses for Option 1 to set the baseline by which we can compare additional scenarios. Under Option 1, the University would set access fee and parking rates and operate the garage. Under Options 2 and 3 the developer would operate and manage the structure, setting fees and parking rates. It is assumed that under Options 2 and 3, students, faculty, and staff will not pay the transportation access fee to utilize the proposed garage and will instead pay the market rate for parking.

Thus, development and financing expenses for each option become the most pertinent factor to determine the feasibility of each scenario, as parking fees and rates will be set based on the individual facility's profit.

## Option 1: FIU Funded and Operated Garage on Campus

The construction and operation of this garage will be very similar to the previously constructed on-campus University owned and operated facilities. The University will allocate and finance the funding for the construction of the garage and will operate and manage the garage by the existing Parking and Transportation Department.

### **Option 1 Assumptions**

Unless otherwise noted, the general assumptions listed above apply in each of the options.

<b>Assumption</b>	<b>Cost</b>	<b>Notes/Detail</b>
<b>Debt Service</b>	5.75%	Per the University, debt service for non-taxable bonds at a maximum of 5.75% over 30 years.

### **Option 1 Findings**

Under Option 1, in the first year the garage operates at an approximate additional cost of \$2.2 million to the University.

### **Option 2: Developer Funded and Operated On Campus Garage**

Under this scenario, the University develops a public/private partnership with a developer to fund the design and construction of the garage on campus potentially in the same location as Option 1 for PG6. Once built, the garage will be operated and managed by the developer. Potential fee structure and revenue and additional costs are described in the assumptions below.

### **Option 2 Assumptions**

Unless otherwise noted, the general assumptions listed above apply to this scenario.

<b>Assumption</b>	<b>Cost</b>	<b>Notes/Detail</b>
<b>Monthly Rate</b>	\$140/month	Cost to park monthly for students, faculty and staff increases significantly, but with the guarantee of a space.
<b>Daily Rate</b>	\$10/day	Daily rates increase to \$10/day and \$1.50/hour, at the same ratio of 12% daily parkers.
<b>Turnover</b>	1.75	Turnover decreases based on operational strategy and guaranteed spaces in majority of the facility.
<b>Debt Service</b>	6.75%	Debt service estimated at 6.75% over 30 years
<b>City Parking Tax</b>	\$300/space	Private developer will be subject to parking tax by space and/or millage rates. Estimated at \$300/space.
<b>Developer Fee</b>	5%	Developer fees range from 4% to 7% depending on project conditions, estimated 5% of construction cost to be financed at 6.75%.
<b>ROI</b>	15%	Assumes a mid-range ROI for developers investors of 15%.
<b>Debt Financing</b>	70%	Assumes debt financing at 70% of construction cost with 30% down payment.
<b>Land Lease</b>	\$1	Assumes a land lease from the University to the developer at \$1 to incentivize the project.
<b>Construction Cost</b>		Construction cost based on garage cost, and does not include 35,000 SF retail shell space.

## Option 2 Findings

Under Option 2, the garage operates as at a loss in the near term, until year three when the facility becomes profitable.

Under this option, the developer will utilize taxable private financing. Historically, the delta between non-taxable bonds and taxable private financing is one to two percent. Presently the delta is slightly less than one percent. We have assumed a one percent increase in financing (from 5.75% in Option 1 to 6.75% in Option 2 and 2A) as a conservative assumption.

This increase in cost results from the reduced turnover ratio, increase in debt service rate, the impact of annual city parking taxes, developer fee, and necessary ROI for investors. In addition to the increased cost in this option, the developer may require "Guarantee of Revenue" from the University to incentivize the project. The University may also find it challenging to find a developer incentivized to fund the project under the current revenue structure, given the loss taken in years one and two.

In addition, the University cedes the ability to operate the structure, which may result in a change in the level of service for students, faculty, and visitors.

## Option 2A: Developer Funded and Operated On Campus Garage with Ground Lease

Under this option, the University leases the footprint of the garage at market rates to the developer, in lieu of the one dollar land lease in Option 2.

## Option 2A Assumptions

Assumption	Cost	Notes/Detail
Monthly Rate	\$150/month	Cost to park monthly for students, faculty and staff increases significantly, but with the guarantee of a space.
Daily Rate	\$12/day	Daily rates increase to \$12/day and \$2/hour, at the same ratio of 12% daily parkers.
Turnover	1.75	Turnover decreases based on operational strategy and guaranteed spaces in majority of the facility.
Debt Service	6.75%	Debt service estimated at 6.75% over 30 years
City Parking Tax	\$300/space	Private developer will be subject to parking tax by space and/or millage rates. Estimated at \$300/space.
Developer Fee	5%	Developer fees range from 4% to 7% depending on project conditions, estimated 5% of construction cost to be financed at 6.75%.
ROI	15%	Assumes a mid-range ROI for developers investors of 15%.
Debt Financing	70%	Assumes debt financing at 70% of construction cost with 30% down payment.
Land Lease	\$2.50/SF	Assumes lease at market rates for approximately \$500,000 annually in profit for the University.
Construction Cost		Construction cost based on garage cost, and does not include 35,000 SF retail shell space.

### **Option 2A Findings**

Under Option 2, the garage operates as at a loss in the near term, until year three when the facility becomes profitable.

Under this option, we have again assumed a one percent increase in financing (from 5.75% to 6.75%) as a conservative assumption.

This increase in cost results from the additional cost of the ground lease to the developer at market rates. Again, the developer may require "Guarantee of Revenue" from the University to incentivize the project. As in Option 2, the University cedes the ability to operate the structure, which may result in a change in the level of service for students, faculty, and visitors.

### **Option 3: Developer Funded, Operated Garage off Campus**

Under this scenario, the University develops a public/private partnership with a developer to fund the design and construction of the garage off campus, on a site to be identified and acquired. Once built, the garage will be operated and managed by the developer. Potential fee structure and revenue and additional costs are described in the assumptions below.

### **Option 3 Assumptions**

Unless otherwise noted, the general assumptions listed above apply to this scenario.

<b>Assumption</b>	<b>Cost</b>	<b>Notes/Detail</b>
<b>Monthly Rate</b>	\$170/month	Cost to park monthly for students, faculty and staff increases significantly, but with the guarantee of a space.
<b>Daily Rate</b>	\$12/day	Daily rates increase to \$10/day and \$2/hour, at the same ratio of 12% daily parkers.
<b>Turnover</b>	1.75	Turnover decreases based on operational strategy and guaranteed spaces in majority of the facility.
<b>Debt Service</b>	7%	Debt service estimated at 7% over 30 years.
<b>City Parking Tax</b>	\$300/space	Private developer will be subject to parking tax by space and/or millage rates. Estimated at \$300/space.
<b>Developer Fee</b>	7%	Developer fees range from 4% to 7% depending on project conditions, estimated 7% of construction cost to be financed at 7%.
<b>ROI</b>	18%	Assumes a higher range ROI for developer investors of 18%.
<b>Debt Financing</b>	60%	Assumes debt financing at 60% of construction cost with 40% down payment.
<b>Land Acquisition</b>	\$4 million	Land assemblage and acquisition assumed at \$4 million based upon recent land sales in adjacent Sweetwater and appraisal of University land
<b>Construction Cost</b>		Construction cost based on garage cost, and does not include 35,000 SF retail shell and classroom space.

### Option 3 Findings

Under Option 3, the garage also operates as at a loss in the near term, until year three when the facility becomes profitable.

In addition to the cost of land under Option 3, this increase in cost above Option 2 results from the further increase in debt service rate, as well as a higher developer fee and ROI. We have assumed a 1.5% increase in financing (from 5.75% in Option 1 to 7% in Option 3). These increases are projected based on the assumption that an off-campus garage will be a higher risk venture for the developer and are consistent with what we observe in the current market.

As in the case for Option 2 and 2A, the developer may require "Guarantee of Revenue" from the University to incentivize the project. The University may also find it increasingly challenging to find a developer incentivized to fund the project under the current revenue structure off campus, as opposed to within the campus boundary.

Given the current rate structure and ability to park anywhere on campus with a decal, students and staff will need further incentive to walk further from the garage or take a shuttle to their destination, in addition to paying a higher rate per month or day for parking.

Another consideration would be opening the garage operation to the public, which would result in a net loss of spaces to be utilized by the University.

In addition, as in Option 2 and 2A, the University cedes the ability to operate the structure, which may result in a change in the level of service for students, faculty, and visitors.

Finally, if providing off campus parking facilities, the developer may need to provide for additional transportation to bring students on the campus via a shuttle or other services. This expense is not included under these scenarios, but should be considered in addition to the costs summarized in this report as a deterrent to project feasibility.

### Feasibility Analysis

Based on the findings for each of these scenarios, increasing parking rates, developer expenses and project risk are the most pertinent factors to determine the feasibility of Options 1, 2, and 3.

Option	Cost Year 1	Monthly Cost	Daily Rate	Annual Cost for Students and Faculty
<b>Option 1</b>	\$2.2 M to University	\$21.75	\$8	Student transportation access fees consistent with current structure: \$261 per student annually
<b>Option 2</b>	Operates at loss Years 1 and 2	\$140	\$10	Monthly parker cost: \$1680 annually
<b>Option 2A</b>	Operates at loss Years 1 and 2	\$150	\$12	Monthly parker cost: \$1800 annually
<b>Option 3</b>	Operates at loss Years 1 and 2	\$170	\$12	Monthly parker cost: \$2040 annually

Assuming the developer would recoup the cost of Options 2 or 3 through increases in the monthly and daily parking rates charged to all students (as well as staff and facility permit holders), those increases in that fee would be substantial, as detailed in the table above.



## Conclusion

Based on our comparison of the options outlined in this report and our analysis to date, it is our recommendation in moving forward with the design and construction of PG6, it is in the best interest of FIU as a whole, well as that of the students, for the facility to be designed, constructed and operated by FIU at an on-campus site.

In Option 2, the additional costs incurred by FIU students and staff, as well as the strain of a potential to revenue guarantee for the developer will not be an optimal situation for the parties involved. Further, in Options 2A and 3, the addition of ground lease costs, and transportation costs from the off-campus lot would result in significant cost increases and inconvenience to students and staff.

In summary, we believe that the most cost-effective solution for this project is for FIU to develop the proposed parking facility on campus. This will not only ensure that the location of the facility is conveniently placed in proximity to other student destinations, but this is the most financially feasible option for students and the university. Finally, the inclusion of retail and classroom space within the garage will generate additional activity and student life in this section of campus.

Thank you for the opportunity to work with you on this exciting project.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tim Haahs".

Timothy Haahs, PE, AIA  
President





4904 Eisenhower Boulevard, Suite 150  
Tampa, FL 33634

Office: 813.888.5800  
Fax: 813.888.5822  
www.walkerparking.com

February 22, 2013

via e-mail: kjessell@fiu.edu

Kenneth A. Jessell, Ph.D.  
Senior Vice President and Chief Financial Officer  
11200 SW 8<sup>th</sup> Street, PC 523  
Miami, FL 33199

Florida International University  
885 SW 109 Avenue, PG5 Market Station  
Miami, FL 33199-0001

Re: *Off-Campus Student Parking – Feasibility Review*  
*Florida International University*  
*Miami, Florida*  
*Walker Project No. 15-1951.00*

Dear Dr. Jessell:

In response to your request, Walker Parking Consultants is pleased to submit this report evaluating the feasibility and practicality of privately owned and managed off-campus student parking.

## **BACKGROUND**

The Miami Campus of Florida International University (FIU) currently provides on-campus parking for its students and staff in five structured parking facilities and several surface parking lots spread throughout the campus. A sixth parking structure is currently in the design phase. With the growth of the University enrollment, need for sites for new campus buildings has meant a steady encroaching on the existing surface parking lots. While the demand for parking is increasing with the University's growth, the land available for surface parking, and therefore, the parking supply, will decrease without addition of new structured parking. With a land-locked campus, the only way FIU can meet its parking needs is with additional structured parking. Given the cost of structured parking, the State has asked the University for an evaluation of the feasibility of providing off-campus privately owned and operated parking. The model used for this concept is that of privately provided off-site parking near major airports wherein patrons are typically shuttled to and from their destination.

## ANALYSIS AND EVALUATION

The University's headcount enrollment for Fall of 2012 was approximately 50,000. A total of 14,629 parking spaces were provided for staff and faculty in 2012. The parking system is supported primarily by revenues derived from three sources. A mandatory transportation access fee charged to all students enrolled at the University, citations, and metered spaces. FIU currently charges \$89 per semester [\$83 during summer] for student access fee. The access fees include parking decals. The faculty/staff pay for parking decals and the fees range from a low of \$133 to a high of \$972 per year depending on staff/faculty grade. More than 88% of the access fee/decal revenue is derived from student access fees. The parking decals allow unlimited parking in designated areas of the campus. Proceeds from the fee are used by the University to sustain the parking program.

Off-campus parking can be provided as surface parking or structured parking. For off-campus parking to be desirable, it needs to be located close to the campus and affordable to students. In terms of possible locations, the area surrounding the Miami campus of FIU is densely populated and lacking sites large enough for surface parking lots or for placement of a parking structure. The University is immediately adjacent to Florida turnpike on the west side. Area across S.W. 8<sup>th</sup> Street on the north side is all residential. Area on the east side with the exception of strip shopping centers, a school and a church is all residential. There are tracts of empty land on the south side, but this is used for the Miami Dade County youth fair and Tamiami Park, neither one of them is available to FIU. Also, there is no ability for a private operator to buy the land and build a garage. Thus, areas large enough for surface parking lots are rarely if ever available for land acquisition, leaving structured parking as the only option provided land was available within a reasonable distance from the campus and a shuttle service was provided.

Structured parking may cost anywhere from \$10,000 per space to \$15,000 per space, not including cost of the land. A private owner/operator will be subject to property taxes unlike University owned properties. In addition, the operator will need to provide a shuttle service to and from the campus either on-demand or throughout the operating hours. As a business, in addition to being able to pay all ownership and operating costs, the owner/operator will need to make a reasonable profit. All this will have to be accomplished from the revenues derived from the single facility.

It is estimated that the owner/operator will need to charge a minimum of \$6 to \$8 per space per day of operation. For a commuting student spending a minimum of three days on campus, this would translate into a parking cost of over \$80 per month or over \$300 per semester. This will be in stark contrast to the \$89 per semester access fee currently being charged by FIU. In addition, the student or staff paying \$80 or more per month will have to use parking far less convenient than that available on campus. Even if you ignore the profit portion and the property tax liability of the private operator, the reason FIU can have a self-sustaining parking program at a substantially lower rate is because nearly 60% of the parking is provided in low cost, minimal maintenance

surface lots and it can charge access fees for up to 50,000 students in addition to faculty/staff decals for 14,629 available spaces.

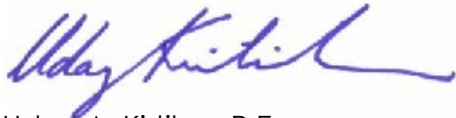
## CONCLUSION

Therefore, the cost differential alone makes provision of the off-site privately owned and operated parking an option that will not be supported or used by students. This factor is why local market demand for parking is insufficient to attract private vendors. Further, FIU subsidizing off-campus parking defeats the primary goal for this option. We are, therefore of the opinion that the provision of off-site privately owned and operated parking is neither desirable, nor financially workable for FIU.

We trust that the above provides you with the evaluation you have requested. Please call if you have any questions or need additional clarification.

Sincerely,

WALKER PARKING CONSULTANTS



Uday A. Kirtikar, P.E.  
Vice President/Managing Principal

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**STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS  
Facilities Committee  
March 27, 2013**

**SUBJECT:** Update, 2013-14 SUS Fixed Capital Outlay Legislative Budget Request

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**PROPOSED COMMITTEE ACTION**

Information; action to be determined

**AUTHORITY FOR BOARD OF GOVERNORS ACTION**

Article IX, Section 7, Florida Constitution

**BACKGROUND INFORMATION**

The Committee will receive an update regarding the 2013-14 FCO LBR, and if needed, may amend the Board's capital funding request at this time.

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**Supporting Documentation Included:** None

**Facilitators/Presenters:** Governor Dick Beard

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STATE  
UNIVERSITY  
SYSTEM  
of FLORIDA  
Board of Governors

**AGENDA**  
**Budget and Finance Committee**  
**Grand Ballroom, Student Union**  
**Florida A&M University**  
**Tallahassee, Florida**  
**March 28, 2013**  
**9:00 a.m. – 9:30 a.m.**

**Chair: Mr. Tom Kuntz; Vice-Chair: Mr. Ned Lautenbach**  
**Members: Beard, Colson, Huizenga, Levine, Rood, Tripp, Whatley**

- |           |   |  |
|-----------|---|--|
| <b>1.</b> | <b>Call to Order</b>  | <b>Governor Tom Kuntz</b>  |
| <br>      |   |  |
| <b>2.</b> | <b>Approval of Committee Meeting Minutes</b><br>Minutes, January 17, 2013 | <b>Governor Kuntz</b>  |
| <br>      |   |  |
| <b>3.</b> | <b>Committee Calendar of Primary Activities</b>                           | <b>Governor Kuntz</b>  |
| <br>      |   |  |
| <b>4.</b> | <b>Performance Funding Update</b>   | <b>Governor Kuntz</b>  |
| <br>      |   |  |
| <b>5.</b> | <b>Auxiliary Facilities 2013-2014 Operating Budget</b>                    | <b>Mr. Tim Jones</b><br><i>Chief Financial Officer,</i><br><i>Board of Governors</i> |
| <br>      |   |  |
| <b>6.</b> | <b>Concluding Remarks and Adjournment</b>                                 | <b>Governor Kuntz</b>  |

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**STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS  
Budget and Finance Committee  
March 28, 2013**

**SUBJECT:** Approval of Minutes of Meeting held January 17, 2013

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**PROPOSED COMMITTEE ACTION**

Approval of minutes of meeting held on January 17, 2013.

**AUTHORITY FOR BOARD OF GOVERNORS ACTION**

Article IX, Section 7, Florida Constitution

**BACKGROUND INFORMATION**

Committee members will review and approve the minutes of the meeting held on January 17, 2013 at the University of Florida.

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**Supporting Documentation Included:** Minutes: January 17, 2013

**Facilitators/Presenters:** Governor Kuntz

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MINUTES  
STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS  
BUDGET AND FINANCE COMMITTEE  
UNIVERSITY OF FLORIDA  
GAINESVILLE, FLORIDA  
JANUARY 17, 2013

*Video or audio archives of the meetings of the Board of Governors  
and its Committees are accessible at <http://www.flbog.edu/>.*

Mr. Tom Kuntz, Vice-Chair, convened the meeting of the Budget and Finance Committee at 8:35 AM. Members present were Norman Tripp, Dick Beard, Cortez Whatley, John Rood, Elizabeth Webster and Dean Colson. Other Board members present included Mori Hosseini, Matt Carter, Manoj Chopra, Ed Morton, Wayne Huizenga, Jr., Ned Lautenbach, Alan Levine, Pat Frost and Wendy Link.

**1. Call to Order**

Mr. Kuntz called the meeting to order.

**2. Approval of November 8, 2012, Meeting Minutes**

Mr. Tripp moved that the Committee approve the minutes of the meeting held November 8, 2012 as presented. Mr. Colson seconded the motion, and members of the Committee concurred.

**3. Performance Funding Update**

Mr. Kuntz provided an update, including a PowerPoint presentation, to the Committee on the work that had been done since the September meeting. Mr. Kuntz presented a draft template of the model, including the 10 performance metrics. There was discussion by the Committee and university presidents. Staff will continue to work with the universities on the metrics and an update will be provided in March.

**4. Public Notice of Intent to Amend Regulation 18.001, Purchasing**

Mr. Jones presented an overview of the regulation changes.

Mr. Beard moved that the Committee approve the amended regulation for public notice. Mr. Tripp seconded the motion, and members of the Committee concurred.

**5. 2012 Tuition Differential Report**

Mr. Jones presented the 2012 Tuition Differential Report that must be submitted to the Legislature.

Mr. Colson moved that the Committee approve the report. Mr. Beard seconded the motion and members of the Committee concurred.

**6. University Fund Balance Update**

Mr. Kuntz reminded the Committee that during the September meeting the university operating budgets for 2012-13 were approved and the Committee heard from Mr. Jones on the status of university carry forward funds and how they were being used to cover the \$300 million budget reduction for this fiscal year.

Mr. Jones provided an update on the work of the university budget officers and Chief Financial Officers. Mr. Jones reviewed the definitions developed and template that will be used to request details of university carry forward funds. Mr. Jones indicated that universities were in the process of completing the template, but that universities would officially begin submitting this data beginning with the 2013-2014 operating budgets that would be submitted in August 2013. Finally, Mr. Jones thanked New College of Florida for providing a completed template for the Committee's review.

**7. University Awards for the Technology Performance Funding Pilot**

Mr. Kuntz provided the Committee some background information for this initiative. House Bill 7135 was approved last session creating a pilot project to implement performance funding for a select category of degree programs associated with computer science and information technology. The bill established four factors for scoring, with the bill delineating two factors and this Board approving two factors last June. Each factor represents 25% of the total ranking score for each applicant.

There was \$15 million in non-recurring funds was provided. Pursuant to the legislation, the award per state university shall be a minimum of 25% (or \$3.75 million). Thus, no more than 4 universities could receive an award.

Mr. Kuntz requested that Dr. Jan Ignash review the process, applications and results for the Committee before deciding on awards for each university.

Dr. Ignash reviewed the extensive application process required of the universities and the review of the material by Board staff. After all of the applications were submitted they were scored. The following rankings were presented to the Committee:

University	SECTION 1 Employment	SECTION 2 Certifications	SECTION 3 (i) University Agreements	SECTION 3 (ii) Student Participation	Final Rank Score	Overall Rank
	Rank Score	Rank Score	Rank Score	Rank Score		
<b>FIU</b>	3	1	1	5	1	<b>1</b>
<b>UCF</b>	2	4	4	1	1	<b>2</b>
<b>UWF</b>	1	2	6	7	1	<b>3</b>
<b>UF</b>	8	5	2	2	1	<b>4</b>
<b>USF</b>	6	3	5	4	1	<b>5</b>
<b>FAMU</b>	5	5	3	6	1	<b>6</b>
<b>FSU</b>	7	5	8	3	2	<b>7</b>
<b>FAU</b>	4	5	7	8	2	<b>8</b>
<b>UNF</b>	Incomplete resubmission, received past the deadline					
<b>FGCU</b>	FGCU decided not to submit an application					
<b>NCF</b>	Does not offer targeted programs					

Mr. Kuntz thanked staff and the universities for the effort that went into this project.

Mr. Beard moved that the Committee award \$3.75 million to each of the top four universities, FIU, UCF, UWF and UF. Mr. Tripp seconded the motion, and members of the Committee concurred.

## 8 Concluding Remarks and Adjournment

Having no further business, the meeting was adjourned at 9:26 AM.

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Tom Kuntz, Chair

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Tim Jones,  
Chief Financial Officer

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**STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS  
Budget and Finance Committee  
March 28, 2013**

**SUBJECT:** Committee Calendar of Primary Activities

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**PROPOSED COMMITTEE ACTION**

For Information

**AUTHORITY FOR BOARD OF GOVERNORS ACTION**

Article IX, Section 7, Florida Constitution

**BACKGROUND INFORMATION**

Governor Kuntz will review potential Committee meeting dates and primary activities to be discussed at those meetings.

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**Supporting Documentation Included:** Calendar of Primary Activities

**Facilitators/Presenters:** Governor Kuntz

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<b>Board of Governors</b> <b>Budget and Finance Committee Meetings: 2013-2014</b> <b>Primary Activities</b>			
<b>2013</b>			
<b>January 16-17 (Gainesville)</b>	<b>February 21 (Conference Call*)</b>	<b>March 27-28 (Tallahassee)</b>	<b>May 9 (Conference Call*)</b>
<ul style="list-style-type: none"> <li>• 2012 Tuition Differential Report.</li> </ul>	<ul style="list-style-type: none"> <li>• No Meeting Scheduled.</li> </ul>	<ul style="list-style-type: none"> <li>• 2013-14 Operating Budgets for Auxiliary Facilities with Bond Covenants.</li> <li>• Regulations.</li> </ul>	<ul style="list-style-type: none"> <li>• No Meeting Scheduled.</li> </ul>
<b>June 18-20 (Tampa)</b>	<b>September 11-12 (Sarasota)</b>	<b>November 20-21 (Miami)</b>	
<ul style="list-style-type: none"> <li>• Public Notice of Intent to Amend Tuition and Fee Regulations.</li> <li>• Fall 2013 Tuition Differential Proposals.</li> <li>• Fall 2013 Fee Increases.</li> <li>• 2014-15 LBR Guidelines.</li> </ul>	<ul style="list-style-type: none"> <li>• 2013-14 University Operating Budgets.</li> <li>• 2014-15 SUS and Board LBRs.</li> </ul>	<ul style="list-style-type: none"> <li>• Fall 2014 University Block Tuition Proposals.</li> <li>• Market Rate Tuition Proposals.</li> <li>• 2013 Fee Report.</li> </ul>	
<b>2014</b>			
<b>January 15-16 (Ft. Myers)</b>	<b>February 20 (Conference Call*)</b>	<b>March 19-20 (Tallahassee)</b>	<b>May 8 (Conference Call*)</b>
<ul style="list-style-type: none"> <li>• 2013 Tuition Differential Report.</li> </ul>	<ul style="list-style-type: none"> <li>• No Meeting Scheduled.</li> </ul>	<ul style="list-style-type: none"> <li>• 2014-15 Operating Budgets for Auxiliary Facilities with Bond Covenants.</li> <li>• Regulations.</li> </ul>	<ul style="list-style-type: none"> <li>• No Meeting Scheduled.</li> </ul>
<b>June 17-19 (Orlando)</b>	<b>September 17-18 (Pensacola)</b>	<b>November 5-6 (Boca Raton)</b>	
<ul style="list-style-type: none"> <li>• Public Notice of Intent to Amend Tuition and Fee Regulations.</li> <li>• Fall 2014 Tuition Differential Proposals.</li> <li>• Fall 2014 Fee Increases.</li> <li>• 2014-15 LBR Guidelines.</li> </ul>	<ul style="list-style-type: none"> <li>• 2014-15 University Operating Budgets.</li> <li>• 2015-16 SUS and Board LBRs.</li> </ul>	<ul style="list-style-type: none"> <li>• Fall 2015 University Block Tuition Proposals.</li> <li>• Market Rate Tuition Proposals.</li> <li>• 2014 Fee Report.</li> </ul>	
* Conference call of full Board if needed.			

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**STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS  
Budget and Finance Committee  
March 28, 2013**

**SUBJECT:** Performance Funding Update

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**PROPOSED COMMITTEE ACTION**

For Information

**AUTHORITY FOR BOARD OF GOVERNORS ACTION**

Article IX, Section 7, Florida Constitution

**BACKGROUND INFORMATION**


Governor Kuntz and staff will provide an update on work that has transpired since the January Committee meeting.

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**Supporting Documentation Included:** Accountability Framework PowerPoint from  
January 17, 2013 meeting

**Facilitators/Presenters:** Governor Kuntz

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# BOARD of GOVERNORS

## State University System of Florida

### Accountability Framework

Budget & Finance Committee  
January 17, 2013

[www.flbog.edu](http://www.flbog.edu)



## Building a Better System

**2010 - Regulations updated to align with the Governance Agreement**

- Provided greater flexibilities to universities over certain fees
- Further clarified roles and responsibilities of Board of Governors and Boards of Trustees

**2011 - Regulations updated to align with new legislative authority**

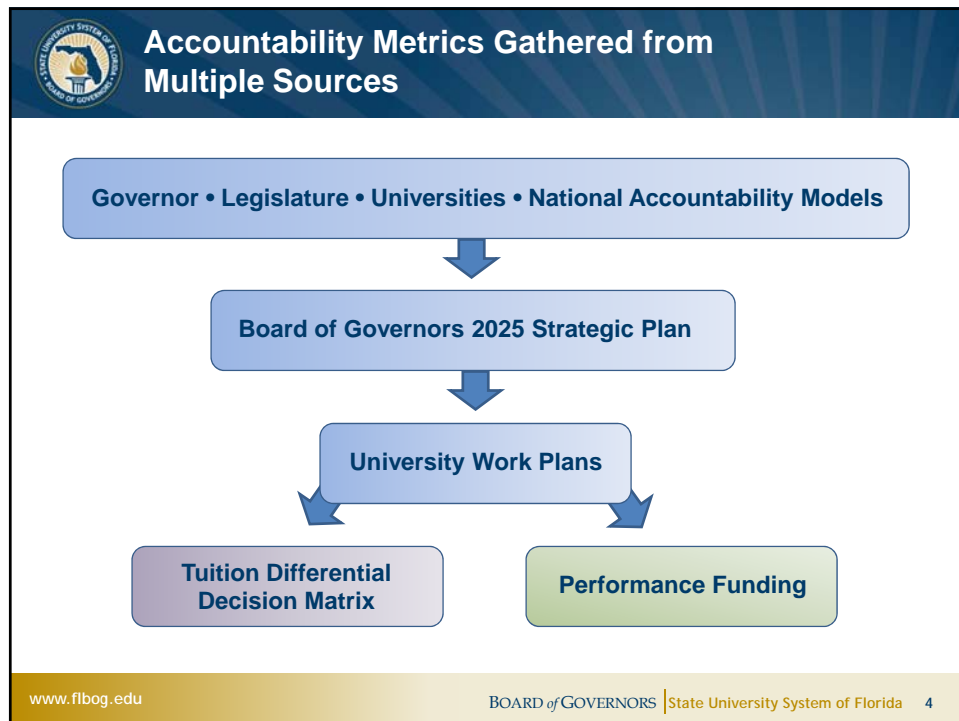
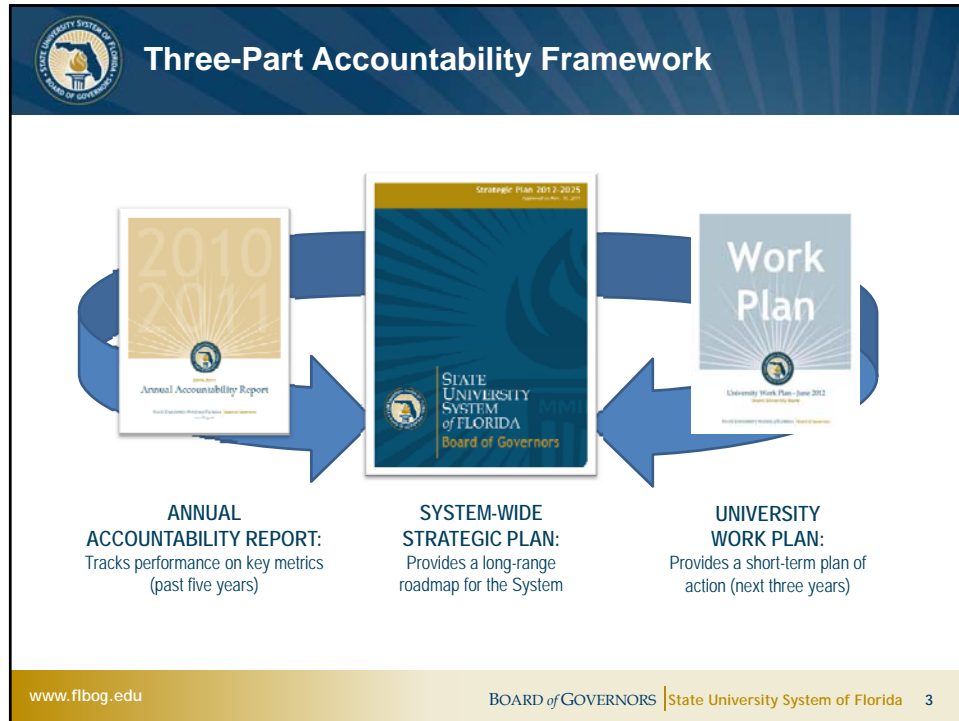
- Provided greater flexibilities to universities over market-rate and block tuition options


**2012 - Regulations updated to enhance accountability and system collaboration**

- Provided greater clarity regarding the opening and closing of campuses
- Created "rules of the road" when universities propose programs in other geographic areas
- Established processes for new degree program vetting to reduce unnecessary duplication and ensure the System is meeting the State's needs

[www.flbog.edu](http://www.flbog.edu)

BOARD of GOVERNORS | State University System of Florida 2





## Tuition Differential Metrics

**Metrics used to evaluate both Excellence and Improvement will guide the Board's decision on potential tuition differential increases:**

**STANDARD METRICS:**

- Retention Rates
- Graduation Rates
- Post-Graduation Success (Employment, Average Salary, Continued Education)
- Excess Hours
- Bachelor's Degrees in Areas of Strategic Emphasis
- Access Rate (Financial Aid)


+

**MISSION-DRIVEN METRICS:**

- 1 Institution-Specific Metric (Board Choice)
- 1 Institution-Specific Metric (University Choice)
- Performance on All Other Metrics
- Budget & Finance Committee Discretion

As of November 8, 2012

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BOARD of GOVERNORS | State University System of Florida
5



## Performance Funding

**Metrics used to evaluate both Excellence and Improvement are tied to the goals outlined in each university work plan:**

**STANDARD METRICS:**

- Retention Rates
- Graduation Rates
- Post-Graduation Success (Employment, Average Salary, Continued Education)
- Excess Hours
- Bachelor's Degrees in Areas of Strategic Emphasis
- Master's Degrees in Areas of Strategic Emphasis
- Access Rate (Financial Aid)


+


**MISSION-DRIVEN METRICS:**

- 2 Institution-Specific Metric (Board Choice)
- 2 Institution-Specific Metric (University Choice)
- Research Expenditures
- Doctoral Degrees in STEM
- Budget & Finance Committee Discretion (e.g. Affordability, ROI)

As of November 8, 2012

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 <b>Draft Performance Funding Model</b> (revised January 11, 2013)									
<b>DRAFT</b>				<b>EXCELLENCE</b> (Achieving System Goals)			<b>IMPROVEMENT</b> (Recognizing Annual Improvement)		
Points				3	2	1	3	2	1
<b>Key Metrics Common to All Universities Plus 2 Institution Specific Metrics</b>									
1 <b>Percent of Bachelor's Graduates Employed and/or Continuing their Education Further</b>				90%	80%	70%	3%	2%	1%
2 <b>Cost per Undergraduate Degree</b> (calculation TBD)				TBD	TBD	TBD	TBD	TBD	TBD
3 <b>Average Wages of Employed Undergraduates</b> (source of information TBD)				TBD	TBD	TBD	TBD	TBD	TBD
4 <b>Six Year Graduation Rate</b> Full-time and Part-time FTIC				70%	65%	60%	3%	2%	1%
5 <b>Academic Progress Rate</b> 2nd Year Retention with GPA Above 2.0				90%	85%	80%	3%	2%	1%
6 <b>Bachelor's Degrees Awarded in Areas of Strategic Emphasis</b> (includes STEM)				50%	40%	30%	3%	2%	1%
7 <b>University Access Rate</b> Percent of UG with Pell & Percent of Pell Students Whose Gift Aid Exceeds Tuition & Fees				75%	70%	65%	3%	2%	1%
8 <b>Master's Degrees Awarded in Areas of Strategic Emphasis</b> (includes STEM)				50%	40%	30%	3%	2%	1%
<b>Institution-Specific Metrics</b>									
9 <b>Board of Governors choice</b>				TBD	TBD	TBD	TBD	TBD	TBD
10 <b>UBOTs choice</b>				TBD	TBD	TBD	TBD	TBD	TBD
www.flbog.edu				BOARD of GOVERNORS   State University System of Florida					

 <b>Next Steps</b>									
<ul style="list-style-type: none"> <li>• Predictable fund source (New funds or % of base)</li> <li>• Weights (Should some metrics be a higher priority)</li> <li>• Metric sources and calculations</li> <li>• Rubric (What level of success determines Excellence or Improvement. Should Improvement be based on 1 year change or an average of 3 years.)</li> <li>• Implementation period</li> <li>• Board discretionary option</li> </ul>									
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**STATE UNIVERSITY SYSTEM OF FLORIDA**  
**BOARD OF GOVERNORS**  
**Budget and Finance Committee**  
March 28, 2013

**SUBJECT:** Auxiliary Facilities that have Bond Covenants Requiring Approval of  
Estimated 2013-2014 Operating Budgets

---

**PROPOSED COMMITTEE ACTION**

Approve estimated 2013-2014 operating budgets for auxiliary facilities that have bond covenants.

**AUTHORITY FOR BOARD OF GOVERNORS ACTION**

Article IX, Section 7, Florida Constitution; Regulation 9.008

**BACKGROUND INFORMATION**

An auxiliary enterprise, as defined by the National Association of College and University Business Officers (NACUBO) in the College and University Business Administration Manual, is “an entity that exists to furnish a service to students, faculty, or staff, and that charges a rate directly related, but not necessarily equal, to the cost of the service.” One of the distinguishing characteristics of auxiliary enterprises is that they are managed as self-supporting activities. Some examples of auxiliary enterprises are housing operations, university bookstores, food services, student health centers, parking services, and continuing education. Many auxiliary enterprises have debt service commitments for the construction of facilities that must be repaid from pledged revenues from operations.

Section 1010.60, Florida Statutes, authorizes the issuance of bonds or other forms of indebtedness pursuant to the State Bond Act to finance or refinance capital projects authorized by the Legislature. Specific covenants, as set forth in the authorizing resolutions of certain bond issues, require approval of estimated operating budgets for the upcoming fiscal year at least ninety (90) days preceding the beginning of the fiscal year. The state universities historically submit annual operating budgets for their auxiliary operations approximately forty-five (45) days after the beginning of the fiscal year; therefore, it is necessary for each affected institution to develop and submit, in advance, an estimated operating budget for all facilities with outstanding bond issues

containing the operating budget approval covenant language.

The following universities have outstanding bond issues that require Board of Governors approval: the University of Florida, Florida State University, Florida A&M University, the University of South Florida, Florida Atlantic University, the University of Central Florida, and Florida International University.

A review of each university's information for auxiliary facilities affected by the specific bond covenants indicates that there will be sufficient revenues to meet the estimated level of operational expenditures and debt service payments for fiscal year 2013-2014.

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**Supporting Documentation Included:** Income and Expenditure Statements for:

1. University of Florida – Parking Services
2. Florida State University – Housing, Parking Services
3. Florida A&M University – Housing, Parking Services, Student Center
4. University of South Florida – Bookstore, Parking Services
5. Florida Atlantic University – Housing
6. University of Central Florida – Health Center, Bookstore, Parking, Housing
7. Florida International University – Parking Services, Housing

**Facilitators/Presenters:** Tim Jones

**INCOME AND EXPENDITURE STATEMENT**

UNIVERSITY: University of Florida

BOND TITLE: Parking Revenue Bonds Series 1993, 1998, 2007A

AUXILIARY FACILITY (IES): University Transportation and Parking Services

	2011-12 Actual	2012-13 Estimated	2013-14 Projected
<b>1. REVENUE CARRIED FORWARD</b>			
<b>A. Operating Cash Carried Forward:</b>			
Liquid	5,432,689	4,601,030	4,614,558
Investments	0	0	0
<b>Sub-Total:</b>	5,432,689	4,601,030	4,614,558
<b>B. Replacement Reserve Forward:</b>			
Bond Covenants (Facilities Maintenance and Equipment)	1,901,462	2,067,080	2,022,080
Other	0	0	0
<b>Sub-Total:</b>	1,901,462	2,067,080	2,022,080
<b>TOTAL CARRIED FORWARD (A +B):</b>	7,334,151	6,668,110	6,636,638
<b>2. CURRENT YEAR REVENUE:</b>			
* Revenue	11,027,813	11,069,958	11,102,030
Interest Income	181,865	150,000	150,000
Other Income	346,665	2,970	2,970
<b>TOTAL CURRENT YEAR REVENUE:</b>	11,556,343	11,222,928	11,255,000
<b>3. SUMMARY OF AVAILABLE REVENUES (1 +2):</b>	18,890,494	17,891,038	17,891,638
<b>4. EXPENDITURES</b>			
Salaries and Matching	1,915,969	2,072,500	2,135,000
Other Personal Services	194,941	135,000	227,000
Operating Expense	1,930,697	2,121,300	2,001,000
Repairs and Maintenance	516,636	781,100	818,500
Debt Service	4,997,516	3,480,000	2,700,000
Repair and Replacement Expense	0	0	0
Operating Capital Outlay	202,243	169,500	94,500
Other Expense & Transfers Out	1,550,000	1,450,000	1,600,000
<b>TOTAL EXPENDITURES:</b>	11,308,002	10,209,400	9,576,000
<b>5. TRANSFERS TO REPLACEMENT RESERVES</b>			
Bond Covenants (Facilities Maintenance and Equipment)	1,080,000	1,000,000	1,000,000
Other	0	0	0
<b>Sub-Total:</b>	1,080,000	1,000,000	1,000,000
<b>6. TRANSFERS FROM REPLACEMENT RESERVES</b>			
Bond Covenants (Facilities Maintenance and Equipment)	830,156	1,000,000	1,000,000
Other	134,192	75,000	550,000
<b>Sub-Total:</b>	964,348	1,075,000	1,550,000
<b>7. ENDING REPLACEMENT RESERVES (1B +5 -6)</b>			
Bond Covenants (Facilities Maintenance and Equipment)	2,017,114	1,992,080	1,472,080
Interest Income Earned on Reserve Balance	49,966	30,000	30,000
<b>Sub-Total:</b>	2,067,080	2,022,080	1,502,080
<b>8. ENDING OPERATING CASH (1A +2 -4 -5)</b>	4,601,030	4,614,558	5,293,558
<b>9. SUMMARY OF ENDING REVENUES (7 +8)</b>	6,668,110	6,636,638	6,795,638

\* Revenue as outlined in the Bond Covenants to support the debt servicing of the bonds.

**INCOME AND EXPENDITURE STATEMENT**

UNIVERSITY: Florida State University

BOND TITLE: Housing System Bond Series 1993, 2004A, 2005A, 2010A, 2011A

AUXILIARY FACILITY (IES): University Housing System

	2011-12 Actual	2012-13 Estimated	2013-14 <sup>1</sup> Projected
<b>1. REVENUE CARRIED FORWARD</b>			
<b>A. Operating Cash Carried Forward:</b>			
Liquid	12,182,850	12,683,428	10,973,925
Investments	0	0	0
<b>Sub-Total:</b>	12,182,850	12,683,428	10,973,925
<b>B. Replacement Reserve Forward:</b>			
Bond Covenants (Facilities Maintenance and Equipment)	21,484,138	27,345,528	34,248,534
Other	0	0	0
<b>Sub-Total:</b>	21,484,138	27,345,528	34,248,534
<b>TOTAL CARRIED FORWARD (A +B):</b>	33,666,988	40,028,956	45,222,459
<b>2. CURRENT YEAR REVENUE:</b>			
* Revenue	35,221,491	37,776,555	40,509,492
Interest Income	330,578	300,000	348,000
Other Income	216,660	217,000	239,000
<b>TOTAL CURRENT YEAR REVENUE:</b>	35,768,729	38,293,555	41,096,492
<b>3. SUMMARY OF AVAILABLE REVENUES (1 +2):</b>	69,435,717	78,322,511	86,318,951
<b>4. EXPENDITURES</b>			
Salaries and Matching	5,002,683	5,456,760	5,530,825
Other Personal Services	2,183,431	2,430,000	2,569,234
Operating Expense	4,816,023	5,435,500	6,190,221
Repairs and Maintenance	1,213,370	1,325,000	1,478,000
Debt Service	9,808,557	9,792,075	12,258,257
Repair and Replacement Expense	4,230,681	6,355,000	5,452,100
Operating Capital Outlay	9,080	45,000	140,000
Other Expense & Transfers Out	2,631,628	5,831,747	3,068,000
<b>TOTAL EXPENDITURES:</b>	29,895,453	36,671,082	36,686,637
<b>5. TRANSFERS TO REPLACEMENT RESERVES</b>			
Bond Covenants (Facilities Maintenance and Equipment)	5,372,698	3,766,448	3,872,020
Other	0	0	0
<b>Sub-Total:</b>	5,372,698	3,766,448	3,872,020
<b>6. TRANSFERS FROM REPLACEMENT RESERVES</b>			
Bond Covenants (Facilities Maintenance and Equipment)	0	0	10,000,000
Other	0	0	0
<b>Sub-Total:</b>	0	0	10,000,000
<b>7. ENDING REPLACEMENT RESERVES (1B +5 -6)</b>			
Bond Covenants (Facilities Maintenance and Equipment)	26,856,836	31,111,976	28,120,554
Interest Income Earned on Reserve Balance	488,692	480,000	452,000
<b>Sub-Total:</b>	27,345,528	31,591,976	28,572,554
<b>8. ENDING OPERATING CASH (1A +2 -4 -5)</b>	12,683,428	10,539,453	11,511,760
<b>9. SUMMARY OF ENDING REVENUES (7 +8)</b>	40,028,956	42,131,429	40,084,314

1. Beginning 2013-14 cash and replacement reserves include residual ending Rogers Hall amounts. Rogers Hall debt has been retired and separate accounting for the bond issue will be closed out as of June 30, 2013.

\* Revenue as outlined in the Bond Covenants to support the debt servicing of the bonds.

**INCOME AND EXPENDITURE STATEMENT**

UNIVERSITY: Florida State University

BOND TITLE: Parking Facility Revenue Bonds, 2003A, 2003B, 2005A, 2007A, 2011A

AUXILIARY FACILITY (IES): Parking and Transportation Services

	2011-12 Actual	2012-13 Estimated	2013-14 Projected
<b>1. REVENUE CARRIED FORWARD</b>			
<b>A. Operating Cash Carried Forward:</b>			
Liquid	1,221,416	516,499	1,517,719
Investments	0	0	0
<b>Sub-Total:</b>	1,221,416	516,499	1,517,719
<b>B. Replacement Reserve Forward:</b>			
Bond Covenants (Facilities Maintenance and Equipment)	2,466,574	2,523,693	2,741,134
Other	0	0	0
<b>Sub-Total:</b>	2,466,574	2,523,693	2,741,134
<b>TOTAL CARRIED FORWARD (A +B):</b>	3,687,990	3,040,192	4,258,853
<b>2. CURRENT YEAR REVENUE:</b>			
* Revenue	10,864,658	11,496,500	11,504,500
Interest Income	119,948	325,200	120,000
Other Income	0	0	0
<b>TOTAL CURRENT YEAR REVENUE:</b>	10,984,606	11,821,700	11,624,500
<b>3. SUMMARY OF AVAILABLE REVENUES (1 +2):</b>	14,672,596	14,861,892	15,883,353
<b>4. EXPENDITURES</b>			
Salaries and Matching	1,208,131	1,286,740	1,320,000
Other Personal Services	25,589	0	0
Operating Expense	3,774,586	4,178,339	4,300,000
Repairs and Maintenance	163,837	159,200	150,000
Debt Service	5,618,073	5,526,898	5,614,073
Repair and Replacement Expense	0	0	0
Operating Capital Outlay	0	15,000	25,000
Other Expense & Transfers Out	573,367	(700,000)	500,000
<b>TOTAL EXPENDITURES:</b>	11,363,583	10,466,177	11,909,073
<b>5. TRANSFERS TO REPLACEMENT RESERVES</b>			
Bond Covenants (Facilities Maintenance and Equipment)	325,940	354,303	348,735
Other	0	0	0
<b>Sub-Total:</b>	325,940	354,303	348,735
<b>6. TRANSFERS FROM REPLACEMENT RESERVES</b>			
Bond Covenants (Facilities Maintenance and Equipment)	268,821	136,862	202,000
Other	0	0	0
<b>Sub-Total:</b>	268,821	136,862	202,000
<b>7. ENDING REPLACEMENT RESERVES (1B +5 -6)</b>			
Bond Covenants (Facilities Maintenance and Equipment)	2,523,693	2,741,134	2,887,869
Interest Income Earned on Reserve Balance	0	0	0
<b>Sub-Total:</b>	2,523,693	2,741,134	2,887,869
<b>8. ENDING OPERATING CASH (1A +2 -4 -5)</b>	516,499	1,517,719	884,411
<b>9. SUMMARY OF ENDING REVENUES (7 +8)</b>	3,040,192	4,258,853	3,772,280

\* Revenue as outlined in the Bond Covenants to support the debt servicing of the bonds.

INCOME AND EXPENDITURE STATEMENT				
UNIVERSITY: Florida A&M University				
BOND TITLE: Student Dormatory Revenue and Revenue Refunding, Series 2010A, 2010B				
AUXILIARY FACILITY (IES): Housing Operation				
	2011-12 Actual	2012-13 Estimated	2013-14 Projected	
1. REVENUE CARRIED FORWARD				
A. Operating Cash Carried Forward:				
Liquid	6,951,687	3,660,694	2,510,731	
Investments	0	0	0	
Sub-Total:	6,951,687	3,660,694	2,510,731	
B. Replacement Reserve Forward:				
Bond Covenants (Facilities Maintenance and Equipment)	2,657,677	925,861	410,501	
Other	0	0	0	
Sub-Total:	2,657,677	925,861	410,501	
TOTAL CARRIED FORWARD (A +B):	9,609,364	4,586,555	2,921,232	
2. CURRENT YEAR REVENUE:				
* Revenue	12,045,272	11,266,685	12,800,247	
Interest Income	0	0	0	
Other Income	154,568	156,903	415,000	
TOTAL CURRENT YEAR REVENUE:	12,199,840	11,423,588	13,215,247	
3. SUMMARY OF AVAILABLE REVENUES (1 +2):	21,809,204	16,010,143	16,136,479	
4. EXPENDITURES				
Salaries and Matching	1,977,700	1,914,842	2,524,807	
Other Personal Services	628,112	609,142	660,000	
Operating Expense	4,478,149	4,976,017	5,348,162	
Repairs and Maintenance	0	0	0	
Debt Service	2,459,038	4,587,293	4,256,510	
Repair and Replacement Expense	0	0	0	
Operating Capital Outlay	47,319	89,800	85,000	
Other Expense & Transfers Out	5,544,148	0	0	
TOTAL EXPENDITURES:	15,134,466	12,177,094	12,874,479	
5. TRANSFERS TO REPLACEMENT RESERVES				
Bond Covenants (Facilities Maintenance and Equipment)	356,367	396,457	396,457	
Other	0	0	0	
Sub-Total:	356,367	396,457	396,457	
6. TRANSFERS FROM REPLACEMENT RESERVES				
Bond Covenants (Facilities Maintenance and Equipment)	2,088,183	911,817	0	
Other	0	0	0	
Sub-Total:	2,088,183	911,817	0	
7. ENDING REPLACEMENT RESERVES (1B +5 -6)				
Bond Covenants (Facilities Maintenance and Equipment)	925,861	410,501	806,958	
Interest Income Earned on Reserve Balance	0	0	0	
Sub-Total:	925,861	410,501	806,958	
8. ENDING OPERATING CASH (1A +2 -4 -5)	3,660,694	2,510,731	2,455,042	
9. SUMMARY OF ENDING REVENUES (7 +8)	4,586,555	2,921,232	3,262,000	
* Revenue as outlined in the Bond Covenants to support the debt servicing of the bonds.				

INCOME AND EXPENDITURE STATEMENT				
UNIVERSITY: Florida A&M University				
BOND TITLE: Parking Facility Revenue Bonds Series 1997				
AUXILIARY FACILITY (IES): Parking Operation				
	2011-12 Actual	2012-13 Estimated	2013-14 Projected	
1. REVENUE CARRIED FORWARD				
A. Operating Cash Carried Forward:				
Liquid	1,568,536	1,733,440	1,439,959	
Investments	0	0	0	
Sub-Total:	1,568,536	1,733,440	1,439,959	
B. Replacement Reserve Forward:				
Bond Covenants (Facilities Maintenance and Equipment)	769,980	852,400	934,462	
Other	0	0	0	
Sub-Total:	769,980	852,400	934,462	
TOTAL CARRIED FORWARD (A +B):	2,338,516	2,585,840	2,374,421	
2. CURRENT YEAR REVENUE:				
* Revenue	1,760,341	1,734,272	1,676,250	
Interest Income	12	0	0	
Other Income	948,095	918,095	829,955	
TOTAL CURRENT YEAR REVENUE:	2,708,448	2,652,367	2,506,205	
3. SUMMARY OF AVAILABLE REVENUES (1 +2):	5,046,964	5,238,207	4,880,626	
4. EXPENDITURES				
Salaries and Matching	957,825	1,015,104	1,014,881	
Other Personal Services	80,097	92,324	0	
Operating Expense	910,902	997,046	987,431	
Repairs and Maintenance	0	280,000	0	
Debt Service	229,538	229,538	232,625	
Repair and Replacement Expense	0	0	0	
Operating Capital Outlay	54,214	16,063	0	
Other Expense & Transfers Out	228,548	233,711	209,282	
TOTAL EXPENDITURES:	2,461,124	2,863,786	2,444,219	
5. TRANSFERS TO REPLACEMENT RESERVES				
Bond Covenants (Facilities Maintenance and Equipment)	82,420	82,062	75,186	
Other	0	0	0	
Sub-Total:	82,420	82,062	75,186	
6. TRANSFERS FROM REPLACEMENT RESERVES				
Bond Covenants (Facilities Maintenance and Equipment)	0	0	0	
Other	0	0	0	
Sub-Total:	0	0	0	
7. ENDING REPLACEMENT RESERVES (1B +5 -6)				
Bond Covenants (Facilities Maintenance and Equipment)	852,400	934,462	1,009,648	
Interest Income Earned on Reserve Balance				
Sub-Total:	852,400	934,462	1,009,648	
8. ENDING OPERATING CASH (1A +2 -4 -5)	1,733,440	1,439,959	1,426,759	
9. SUMMARY OF ENDING REVENUES (7 +8)	2,585,840	2,374,421	2,436,407	
* Revenue as outlined in the Bond Covenants to support the debt servicing of the bonds.				

INCOME AND EXPENDITURE STATEMENT				
UNIVERSITY: Florida A&M University				
BOND TITLE: Student Service Center Revenue Bonds Series 1997				
AUXILIARY FACILITY (IES): Student Service Center				
	2011-12 Actual	2012-13 Estimated	2013-14 Projected	
1. REVENUE CARRIED FORWARD				
A. Operating Cash Carried Forward:				
Liquid	5,643,814	4,872,438	4,135,311	
Investments	0	0	0	
Sub-Total:	5,643,814	4,872,438	4,135,311	
B. Replacement Reserve Forward:				
Bond Covenants (Facilities Maintenance and Equipment)	1,062,929	1,145,018	810,048	
Other	0	0	0	
Sub-Total:	1,062,929	1,145,018	810,048	
TOTAL CARRIED FORWARD (A +B):	6,706,743	6,017,456	4,945,359	
2. CURRENT YEAR REVENUE:				
* Revenue	1,141,374	1,128,000	1,130,000	
Interest Income	28	0	0	
Other Income	598,581	857,629	825,000	
TOTAL CURRENT YEAR REVENUE:	1,739,983	1,985,629	1,955,000	
3. SUMMARY OF AVAILABLE REVENUES (1 +2):	8,446,726	8,003,085	6,900,359	
4. EXPENDITURES				
Salaries and Matching	458,414	525,638	624,182	
Other Personal Services	62,652	0	0	
Operating Expense	524,686	667,119	635,234	
Repairs and Maintenance	0	400,000	0	
Debt Service	525,529	525,490	571,319	
Repair and Replacement Expense	15,000	0	0	
Operating Capital Outlay	0	19,758	0	
Other Expense & Transfers Out	842,989	519,721	448,012	
TOTAL EXPENDITURES:	2,429,270	2,657,726	2,278,747	
5. TRANSFERS TO REPLACEMENT RESERVES				
Bond Covenants (Facilities Maintenance and Equipment)	82,089	65,030	64,650	
Other	0	0	0	
Sub-Total:	82,089	65,030	64,650	
6. TRANSFERS FROM REPLACEMENT RESERVES				
Bond Covenants (Facilities Maintenance and Equipment)	0	400,000	0	
Other	0	0	0	
Sub-Total:	0	400,000	0	
7. ENDING REPLACEMENT RESERVES (1B +5 -6)				
Bond Covenants (Facilities Maintenance and Equipment)	1,145,018	810,048	874,698	
Interest Income Earned on Reserve Balance				
Sub-Total:	1,145,018	810,048	874,698	
8. ENDING OPERATING CASH (1A +2 -4 -5)	4,872,438	4,135,311	3,746,914	
9. SUMMARY OF ENDING REVENUES (7 +8)	6,017,456	4,945,359	4,621,612	
* Revenue as outlined in the Bond Covenants to support the debt servicing of the bonds.				



**INCOME AND EXPENDITURE STATEMENT**

**UNIVERSITY:** University of South Florida

**BOND TITLE:** Bookstore Revenue Bonds, Series 1994

**AUXILIARY FACILITY (IES):** Bookstore

	2011-12 Actual	2012-13 Estimated	2013-14 Projected
<b>1. REVENUE CARRIED FORWARD</b>			
<b>A. Operating Cash Carried Forward:</b>			
Liquid	2,559,857	2,506,147	2,546,700
Investments	0	0	0
<b>Sub-Total:</b>	2,559,857	2,506,147	2,546,700
<b>B. Replacement Reserve Forward:</b>			
Bond Covenants (Facilities Maintenance and Equipment)	816,147	816,147	816,147
Other	0	0	0
<b>Sub-Total:</b>	816,147	816,147	816,147
<b>TOTAL CARRIED FORWARD (A +B):</b>	3,376,004	3,322,294	3,362,847
<b>2. CURRENT YEAR REVENUE:</b>			
* Revenue	1,832,900	2,039,654	2,150,000
Interest Income	0	0	0
Other Income	0	0	0
<b>TOTAL CURRENT YEAR REVENUE:</b>	1,832,900	2,039,654	2,150,000
<b>3. SUMMARY OF AVAILABLE REVENUES (1 +2):</b>	5,208,904	5,361,948	5,512,847
<b>4. EXPENDITURES</b>			
Salaries and Matching	0	0	0
Other Personal Services	0	0	0
Operating Expense	178,627	222,240	225,000
Repairs and Maintenance	43,555	50,000	50,000
Debt Service	710,274	708,200	709,600
Repair and Replacement Expense	0	0	0
Operating Capital Outlay	0	0	0
Other Expense & Transfers Out	954,154	1,018,661	1,057,464
<b>TOTAL EXPENDITURES:</b>	1,886,610	1,999,101	2,042,064
<b>5. TRANSFERS TO REPLACEMENT RESERVES</b>			
Bond Covenants (Facilities Maintenance and Equipment)	0	0	0
Other	0	0	0
<b>Sub-Total:</b>	0	0	0
<b>6. TRANSFERS FROM REPLACEMENT RESERVES</b>			
Bond Covenants (Facilities Maintenance and Equipment)	0	0	0
Other	0	0	0
<b>Sub-Total:</b>	0	0	0
<b>7. ENDING REPLACEMENT RESERVES (1B +5 -6)</b>			
Bond Covenants (Facilities Maintenance and Equipment)	816,147	816,147	816,147
Interest Income Earned on Reserve Balance	0	0	0
<b>Sub-Total:</b>	816,147	816,147	816,147
<b>8. ENDING OPERATING CASH (1A +2 -4 -5)</b>	2,506,147	2,546,700	2,654,636
<b>9. SUMMARY OF ENDING REVENUES (7 +8)</b>	3,322,294	3,362,847	3,470,783

\* Revenue as outlined in the Bond Covenants to support the debt servicing of the bonds.

**INCOME AND EXPENDITURE STATEMENT**

UNIVERSITY: University of South Florida

BOND TITLE: Parking Revenue Bonds: Series 2002, 2004A, 2006A

AUXILIARY FACILITY (IES): Parking Garages 1, 2, 3, & 4

	2011-12 Actual	2012-13 Estimated	2013-14 Projected
<b>1. REVENUE CARRIED FORWARD</b>			
<b>A. Operating Cash Carried Forward:</b>			
Liquid	8,042,746	9,308,112	9,364,628
Investments	0	0	0
<b>Sub-Total:</b>	8,042,746	9,308,112	9,364,628
<b>B. Replacement Reserve Forward:</b>			
Bond Covenants (Facilities Maintenance and Equipment)	1,832,494	2,014,068	2,183,821
Other	7,670,512	6,129,329	6,679,329
<b>Sub-Total:</b>	9,503,006	8,143,397	8,863,150
<b>TOTAL CARRIED FORWARD (A +B):</b>	17,545,752	17,451,509	18,227,778
<b>2. CURRENT YEAR REVENUE:</b>			
* Revenue	13,540,937	13,235,121	13,685,121
Interest Income	8,640	56,000	60,000
Other Income	1,063,748	0	0
<b>TOTAL CURRENT YEAR REVENUE:</b>	14,613,325	13,291,121	13,745,121
<b>3. SUMMARY OF AVAILABLE REVENUES (1 +2):</b>	32,159,077	30,742,630	31,972,899
<b>4. EXPENDITURES</b>			
Salaries and Matching	3,490,328	3,473,720	3,578,000
Other Personal Services	622,499	610,000	628,000
Operating Expense	3,059,077	3,118,100	3,150,000
Repairs and Maintenance	0	0	0
Debt Service	3,559,335	3,560,311	3,558,000
Repair and Replacement Expense	0	0	0
Operating Capital Outlay	771,885	500,000	500,000
Other Expense & Transfers Out	1,113,261	1,252,721	1,115,000
<b>TOTAL EXPENDITURES:</b>	12,616,385	12,514,852	12,529,000
<b>5. TRANSFERS TO REPLACEMENT RESERVES</b>			
Bond Covenants (Facilities Maintenance and Equipment)	181,574	169,753	170,000
Other	550,000	550,000	550,000
<b>Sub-Total:</b>	731,574	719,753	720,000
<b>6. TRANSFERS FROM REPLACEMENT RESERVES</b>			
Bond Covenants (Facilities Maintenance and Equipment)	0	0	0
Other	2,091,183	0	0
<b>Sub-Total:</b>	2,091,183	0	0
<b>7. ENDING REPLACEMENT RESERVES (1B +5 -6)</b>			
Bond Covenants (Facilities Maintenance and Equipment)	2,014,068	2,183,821	2,353,821
Interest Income Earned on Reserve Balance	6,129,329	6,679,329	7,229,329
<b>Sub-Total:</b>	8,143,397	8,863,150	9,583,150
<b>8. ENDING OPERATING CASH (1A +2 -4 -5)</b>	9,308,112	9,364,628	9,860,749
<b>9. SUMMARY OF ENDING REVENUES (7 +8)</b>	17,451,509	18,227,778	19,443,899

\* Revenue as outlined in the Bond Covenants to support the debt servicing of the bonds.

INCOME AND EXPENDITURE STATEMENT				
UNIVERSITY: Florida Atlantic University				
BOND TITLE: Florida Atlantic University Housing Revenue Bonds, Series 2003				
AUXILIARY FACILITY (IES): Student Apartments Complex				
	2011-12 Actual	2012-13 Estimated	2013-14 Projected	
1. REVENUE CARRIED FORWARD				
A. Operating Cash Carried Forward:				
Liquid	427,524	1,536,141	2,725,599	
Investments	0	0	0	
Sub-Total:	427,524	1,536,141	2,725,599	
B. Replacement Reserve Forward:				
Bond Covenants (Facilities Maintenance and Equipment)	1,258,812	1,354,187	1,468,962	
Other	0	0	0	
Sub-Total:	1,258,812	1,354,187	1,468,962	
TOTAL CARRIED FORWARD (A +B):	1,686,336	2,890,328	4,194,561	
2. CURRENT YEAR REVENUE:				
* Revenue	3,366,386	3,805,832	3,962,679	
Interest Income	0	0	0	
Other Income	14,744	20,000	50,000	
TOTAL CURRENT YEAR REVENUE:	3,381,130	3,825,832	4,012,679	
3. SUMMARY OF AVAILABLE REVENUES (1 +2):	5,067,466	6,716,160	8,207,240	
4. EXPENDITURES				
Salaries and Matching	262,621	429,666	305,162	
Other Personal Services	66,448	87,970	92,393	
Operating Expense	828,040	977,559	1,113,109	
Repairs and Maintenance	0	0	0	
Debt Service	1,000,979	1,002,094	1,001,785	
Repair and Replacement Expense	0	0	0	
Operating Capital Outlay	0	0	0	
Other Expense & Transfers Out	19,050	24,310	32,364	
TOTAL EXPENDITURES:	2,177,138	2,521,599	2,544,813	
5. TRANSFERS TO REPLACEMENT RESERVES				
Bond Covenants (Facilities Maintenance and Equipment)	95,375	114,775	80,254	
Other	0	0	0	
Sub-Total:	95,375	114,775	80,254	
6. TRANSFERS FROM REPLACEMENT RESERVES				
Bond Covenants (Facilities Maintenance and Equipment)	0	0	0	
Other	0	0	0	
Sub-Total:	0	0	0	
7. ENDING REPLACEMENT RESERVES (1B +5 -6)				
Bond Covenants (Facilities Maintenance and Equipment)	1,354,187	1,468,962	1,549,216	
Interest Income Earned on Reserve Balance	0	0	0	
Sub-Total:	1,354,187	1,468,962	1,549,216	
8. ENDING OPERATING CASH (1A +2 -4 -5)	1,536,141	2,725,599	4,113,211	
9. SUMMARY OF ENDING REVENUES (7 +8)	2,890,328	4,194,561	5,662,427	
* Revenue as outlined in the Bond Covenants to support the debt servicing of the bonds.				

INCOME AND EXPENDITURE STATEMENT				
UNIVERSITY: Florida Atlantic University				
BOND TITLE: Florida Atlantic University Housing Revenue Bonds, Series 2006A				
AUXILIARY FACILITY (IES): Glades Park Towers				
	2011-12 Actual	2012-13 Estimated	2013-14 Projected	
1. REVENUE CARRIED FORWARD				
A. Operating Cash Carried Forward:				
Liquid	1,637,033	2,501,155	3,324,637	
Investments	0	0	0	
Sub-Total:	1,637,033	2,501,155	3,324,637	
B. Replacement Reserve Forward:				
Bond Covenants (Facilities Maintenance and Equipment)	385,779	491,129	612,627	
Other	0	0	0	
Sub-Total:	385,779	491,129	612,627	
TOTAL CARRIED FORWARD (A +B):	2,022,812	2,992,284	3,937,264	
2. CURRENT YEAR REVENUE:				
* Revenue	3,935,958	4,024,925	4,028,171	
Interest Income	0	0	0	
Other Income	23,026	25,000	20,000	
TOTAL CURRENT YEAR REVENUE:	3,958,984	4,049,925	4,048,171	
3. SUMMARY OF AVAILABLE REVENUES (1 +2):	5,981,796	7,042,209	7,985,435	
4. EXPENDITURES				
Salaries and Matching	447,783	429,889	351,078	
Other Personal Services	99,183	112,555	133,477	
Operating Expense	704,079	818,957	945,777	
Repairs and Maintenance	0	0	0	
Debt Service	1,715,073	1,716,473	1,716,873	
Repair and Replacement Expense	0	0	0	
Operating Capital Outlay	0	0	0	
Other Expense & Transfers Out	23,394	27,071	40,262	
TOTAL EXPENDITURES:	2,989,512	3,104,945	3,187,467	
5. TRANSFERS TO REPLACEMENT RESERVES				
Bond Covenants (Facilities Maintenance and Equipment)	105,350	121,498	80,963	
Other	0	0	0	
Sub-Total:	105,350	121,498	80,963	
6. TRANSFERS FROM REPLACEMENT RESERVES				
Bond Covenants (Facilities Maintenance and Equipment)	0	0	0	
Other	0	0	0	
Sub-Total:	0	0	0	
7. ENDING REPLACEMENT RESERVES (1B +5 -6)				
Bond Covenants (Facilities Maintenance and Equipment)	491,129	612,627	693,590	
Interest Income Earned on Reserve Balance	0	0	0	
Sub-Total:	491,129	612,627	693,590	
8. ENDING OPERATING CASH (1A +2 -4 -5)	2,501,155	3,324,637	4,104,378	
9. SUMMARY OF ENDING REVENUES (7 +8)	2,992,284	3,937,264	4,797,968	
* Revenue as outlined in the Bond Covenants to support the debt servicing of the bonds.				

**INCOME AND EXPENDITURE STATEMENT**

**UNIVERSITY:** Florida Atlantic University

**BOND TITLE:** Florida Atlantic University Housing Revenue Bonds, Series 2003

**AUXILIARY FACILITY (IES):** Heritage Park Towers

	2011-12 Actual	2012-13 Estimated	2013-14 Projected
<b>1. REVENUE CARRIED FORWARD</b>			
<b>A. Operating Cash Carried Forward:</b>			
Liquid	1,201,327	2,164,263	3,015,523
Investments	0	0	0
<b>Sub-Total:</b>	1,201,327	2,164,263	3,015,523
<b>B. Replacement Reserve Forward:</b>			
Bond Covenants (Facilities Maintenance and Equipment)	648,941	754,291	870,100
Other	0	0	0
<b>Sub-Total:</b>	648,941	754,291	870,100
<b>TOTAL CARRIED FORWARD (A +B):</b>	1,850,268	2,918,554	3,885,623
<b>2. CURRENT YEAR REVENUE:</b>			
* Revenue	3,817,701	3,835,324	3,669,475
Interest Income	0	0	0
Other Income	29,396	25,000	20,000
<b>TOTAL CURRENT YEAR REVENUE:</b>	3,847,097	3,860,324	3,689,475
<b>3. SUMMARY OF AVAILABLE REVENUES (1 +2):</b>	5,697,365	6,778,878	7,575,098
<b>4. EXPENDITURES</b>			
Salaries and Matching	401,475	403,341	339,115
Other Personal Services	104,811	107,013	128,663
Operating Expense	780,234	885,897	993,927
Repairs and Maintenance	0	0	0
Debt Service	1,467,527	1,469,162	1,468,709
Repair and Replacement Expense	0	0	0
Operating Capital Outlay	0	0	0
Other Expense & Transfers Out	24,764	27,841	39,840
<b>TOTAL EXPENDITURES:</b>	2,778,811	2,893,254	2,970,254
<b>5. TRANSFERS TO REPLACEMENT RESERVES</b>			
Bond Covenants (Facilities Maintenance and Equipment)	105,350	115,810	73,790
Other	0	0	0
<b>Sub-Total:</b>	105,350	115,810	73,790
<b>6. TRANSFERS FROM REPLACEMENT RESERVES</b>			
Bond Covenants (Facilities Maintenance and Equipment)	0	0	0
Other	0	0	0
<b>Sub-Total:</b>	0	0	0
<b>7. ENDING REPLACEMENT RESERVES (1B +5 -6)</b>			
Bond Covenants (Facilities Maintenance and Equipment)	754,291	870,101	943,890
Interest Income Earned on Reserve Balance	0	0	0
<b>Sub-Total:</b>	754,291	870,101	943,890
<b>8. ENDING OPERATING CASH (1A +2 -4 -5)</b>	2,164,263	3,015,523	3,660,954
<b>9. SUMMARY OF ENDING REVENUES (7 +8)</b>	2,918,554	3,885,624	4,604,844

\* Revenue as outlined in the Bond Covenants to support the debt servicing of the bonds.

**INCOME AND EXPENDITURE STATEMENT**

**UNIVERSITY:** Florida Atlantic University

**BOND TITLE:** Florida Atlantic University Dormitory Revenue Refunding Bonds, Series 2006B

**AUXILIARY FACILITY (IES):** Indian River Towers Residence Hall Complex

	2011-12 Actual	2012-13 Estimated	2013-14 Projected
<b>1. REVENUE CARRIED FORWARD</b>			
<b>A. Operating Cash Carried Forward:</b>			
Liquid	565,229	1,657,626	2,633,603
Investments	0	0	
<b>Sub-Total:</b>	565,229	1,657,626	2,633,603
<b>B. Replacement Reserve Forward:</b>			
Bond Covenants (Facilities Maintenance and Equipment)	1,005,417	1,111,117	1,238,953
Other	0	0	0
<b>Sub-Total:</b>	1,005,417	1,111,117	1,238,953
<b>TOTAL CARRIED FORWARD (A +B):</b>	1,570,646	2,768,743	3,872,556
<b>2. CURRENT YEAR REVENUE:</b>			
* Revenue	4,120,579	4,241,192	4,907,449
Interest Income	0	0	0
Other Income	19,080	20,000	20,000
<b>TOTAL CURRENT YEAR REVENUE:</b>	4,139,659	4,261,192	4,927,449
<b>3. SUMMARY OF AVAILABLE REVENUES (1 +2):</b>	5,710,305	7,029,935	8,800,005
<b>4. EXPENDITURES</b>			
Salaries and Matching	392,784	401,498	361,844
Other Personal Services	120,158	133,532	145,502
Operating Expense	823,687	1,012,291	1,157,435
Repairs and Maintenance	0	0	0
Debt Service	1,578,356	1,578,957	1,578,356
Repair and Replacement Expense	0	0	0
Operating Capital Outlay	0	0	0
Other Expense & Transfers Out	26,577	31,101	45,139
<b>TOTAL EXPENDITURES:</b>	2,941,562	3,157,379	3,288,276
<b>5. TRANSFERS TO REPLACEMENT RESERVES</b>			
Bond Covenants (Facilities Maintenance and Equipment)	105,700	127,836	98,549
Other	0	0	0
<b>Sub-Total:</b>	105,700	127,836	98,549
<b>6. TRANSFERS FROM REPLACEMENT RESERVES</b>			
Bond Covenants (Facilities Maintenance and Equipment)	0	0	0
Other	0	0	0
<b>Sub-Total:</b>	0	0	0
<b>7. ENDING REPLACEMENT RESERVES (1B +5 -6)</b>			
Bond Covenants (Facilities Maintenance and Equipment)	1,111,117	1,238,953	1,337,502
Interest Income Earned on Reserve Balance	0	0	0
<b>Sub-Total:</b>	1,111,117	1,238,953	1,337,502
<b>8. ENDING OPERATING CASH (1A +2 -4 -5)</b>	1,657,626	2,633,603	4,174,227
<b>9. SUMMARY OF ENDING REVENUES (7 +8)</b>	2,768,743	3,872,556	5,511,729

\* Revenue as outlined in the Bond Covenants to support the debt servicing of the bonds.

INCOME AND EXPENDITURE STATEMENT				
UNIVERSITY: University of Central Florida				
BOND TITLE: Student Health Services 2004A				
AUXILIARY FACILITY (IES): Student Health Center				
	2011-12 Actual	2012-13 Estimated	2013-14 Projected	
1. REVENUE CARRIED FORWARD				
A. Operating Cash Carried Forward:				
Liquid	2,795,004	4,398,856	3,896,275	
Investments	0	0	0	
Sub-Total:	2,795,004	4,398,856	3,896,275	
B. Replacement Reserve Forward:				
Bond Covenants (Facilities Maintenance and Equipment)	2,020,774	2,522,424	3,050,402	
Other	0	0	0	
Sub-Total:	2,020,774	2,522,424	3,050,402	
TOTAL CARRIED FORWARD (A +B):	4,815,778	6,921,280	6,946,677	
2. CURRENT YEAR REVENUE:				
* Revenue	16,703,989	17,599,250	18,303,822	
Interest Income	90,429	0	0	
Other Income	0	0	0	
TOTAL CURRENT YEAR REVENUE:	16,794,418	17,599,250	18,303,822	
3. SUMMARY OF AVAILABLE REVENUES (1 +2):	21,610,196	24,520,530	25,250,499	
4. EXPENDITURES				
Salaries and Matching	7,173,684	8,923,724	9,706,738	
Other Personal Services	2,028,509	1,748,389	1,974,727	
Operating Expense	3,937,376	5,140,424	4,950,900	
Repairs and Maintenance	29,534	0	0	
Debt Service	616,597	616,024	615,930	
Repair and Replacement Expense	0	0	0	
Operating Capital Outlay	129,934	165,100	180,200	
Other Expense & Transfers Out	808,741	980,192	993,816	
TOTAL EXPENDITURES:	14,724,375	17,573,853	18,422,311	
5. TRANSFERS TO REPLACEMENT RESERVES				
Bond Covenants (Facilities Maintenance and Equipment)	466,191	527,978	549,115	
Other	0	0	0	
Sub-Total:	466,191	527,978	549,115	
6. TRANSFERS FROM REPLACEMENT RESERVES				
Bond Covenants (Facilities Maintenance and Equipment)	0	0	0	
Other	0	0	0	
Sub-Total:	0	0	0	
7. ENDING REPLACEMENT RESERVES (1B +5 -6)				
Bond Covenants (Facilities Maintenance and Equipment)	2,486,965	3,050,402	3,599,517	
Interest Income Earned on Reserve Balance	35,459	0	0	
Sub-Total:	2,522,424	3,050,402	3,599,517	
8. ENDING OPERATING CASH (1A +2 -4 -5)	4,398,856	3,896,275	3,228,671	
9. SUMMARY OF ENDING REVENUES (7 +8)	6,921,280	6,946,677	6,828,188	
* Revenue as outlined in the Bond Covenants to support the debt servicing of the bonds.				

INCOME AND EXPENDITURE STATEMENT				
UNIVERSITY: University of Central Florida				
BOND TITLE: Bookstore Expansion Series 1997				
AUXILIARY FACILITY (IES): Bookstore				
	2011-12 Actual	2012-13 Estimated	2013-14 Projected	
1. REVENUE CARRIED FORWARD				
A. Operating Cash Carried Forward:				
Liquid	2,232,927	3,510,653	4,399,345	
Investments	0	0	0	
Sub-Total:	2,232,927	3,510,653	4,399,345	
B. Replacement Reserve Forward:				
Bond Covenants (Facilities Maintenance and Equipment)	545,836	555,689	555,689	
Other	0	0	0	
Sub-Total:	545,836	555,689	555,689	
TOTAL CARRIED FORWARD (A +B):	2,778,763	4,066,342	4,955,034	
2. CURRENT YEAR REVENUE:				
* Revenue	1,774,164	1,715,000	1,555,000	
Interest Income	50,375	50,000	50,000	
Other Income	250,000	0	0	
TOTAL CURRENT YEAR REVENUE:	2,074,539	1,765,000	1,605,000	
3. SUMMARY OF AVAILABLE REVENUES (1 +2):	4,853,302	5,831,342	6,560,034	
4. EXPENDITURES				
Salaries and Matching	13,152	0	0	
Other Personal Services	0	0	0	
Operating Expense	452,580	518,854	535,854	
Repairs and Maintenance	595	15,000	15,000	
Debt Service	295,674	294,536	292,921	
Repair and Replacement Expense	0	0	0	
Operating Capital Outlay	0	6,000	6,000	
Other Expense & Transfers Out	34,812	41,918	47,076	
TOTAL EXPENDITURES:	796,813	876,308	896,851	
5. TRANSFERS TO REPLACEMENT RESERVES				
Bond Covenants (Facilities Maintenance and Equipment)	0	0	0	
Other	0	0	0	
Sub-Total:	0	0	0	
6. TRANSFERS FROM REPLACEMENT RESERVES				
Bond Covenants (Facilities Maintenance and Equipment)	0	0	0	
Other	0	0	0	
Sub-Total:	0	0	0	
7. ENDING REPLACEMENT RESERVES (1B +5 -6)				
Bond Covenants (Facilities Maintenance and Equipment)	545,836	555,689	555,689	
Interest Income Earned on Reserve Balance	9,853	0	0	
Sub-Total:	555,689	555,689	555,689	
8. ENDING OPERATING CASH (1A +2 -4 -5)	3,510,653	4,399,345	5,107,494	
9. SUMMARY OF ENDING REVENUES (7 +8)	4,066,342	4,955,034	5,663,183	
* Revenue as outlined in the Bond Covenants to support the debt servicing of the bonds.				



INCOME AND EXPENDITURE STATEMENT				
UNIVERSITY: University of Central Florida				
BOND TITLE: Parking Facilities Series 2004A, 2010A, 2010B, 2011A, 2012A				
AUXILIARY FACILITY (IES): Parking Facilities				
	2011-12 Actual	2012-13 Estimated	2013-14 Projected	
1. REVENUE CARRIED FORWARD				
A. Operating Cash Carried Forward:				
Liquid	7,518,756	8,248,997	8,774,943	
Investments	0	0	0	
Sub-Total:	7,518,756	8,248,997	8,774,943	
B. Replacement Reserve Forward:				
Bond Covenants (Facilities Maintenance and Equipment)	3,750,883	4,546,786	5,118,981	
Other	0	0	0	
Sub-Total:	3,750,883	4,546,786	5,118,981	
TOTAL CARRIED FORWARD (A +B):	11,269,639	12,795,783	13,893,924	
2. CURRENT YEAR REVENUE:				
* Revenue	18,612,498	18,940,685	19,410,497	
Interest Income	278,017	406,000	301,819	
Other Income	0	0	0	
TOTAL CURRENT YEAR REVENUE:	18,890,515	19,346,685	19,712,316	
3. SUMMARY OF AVAILABLE REVENUES (1 +2):	30,160,154	32,142,468	33,606,240	
4. EXPENDITURES				
Salaries and Matching	1,187,176	1,447,523	1,473,516	
Other Personal Services	520,020	416,904	428,998	
Operating Expense	8,183,133	9,259,509	10,015,740	
Repairs and Maintenance	326,083	425,000	425,000	
Debt Service	4,501,571	5,775,084	5,113,083	
Repair and Replacement Expense	0	0	0	
Operating Capital Outlay	41,995	225,000	30,000	
Other Expense & Transfers Out	2,671,080	759,524	941,476	
TOTAL EXPENDITURES:	17,431,058	18,308,544	18,427,813	
5. TRANSFERS TO REPLACEMENT RESERVES				
Bond Covenants (Facilities Maintenance and Equipment)	729,216	512,195	591,369	
Other	0	0	0	
Sub-Total:	729,216	512,195	591,369	
6. TRANSFERS FROM REPLACEMENT RESERVES				
Bond Covenants (Facilities Maintenance and Equipment)	0	0	0	
Other	0	0	0	
Sub-Total:	0	0	0	
7. ENDING REPLACEMENT RESERVES (1B +5 -6)				
Bond Covenants (Facilities Maintenance and Equipment)	4,480,099	5,058,981	5,710,350	
Interest Income Earned on Reserve Balance	66,687	60,000	45,273	
Sub-Total:	4,546,786	5,118,981	5,755,623	
8. ENDING OPERATING CASH (1A +2 -4 -5)	8,248,997	8,774,943	9,468,077	
9. SUMMARY OF ENDING REVENUES (7 +8)	12,795,783	13,893,924	15,223,700	
* Revenue as outlined in the Bond Covenants to support the debt servicing of the bonds.				

**INCOME AND EXPENDITURE STATEMENT**

**UNIVERSITY:** University of Central Florida

**BOND TITLE:** Housing Revenue Certificates Series 2002, 2007A, 2012A

**AUXILIARY FACILITY (IES):** Student Apartments

	2011-12 Actual	2012-13 Estimated	2013-14 Projected
<b>1. REVENUE CARRIED FORWARD</b>			
<b>A. Operating Cash Carried Forward:</b>			
Liquid	6,534,396	9,432,831	9,459,067
Investments	0	0	0
<b>Sub-Total:</b>	6,534,396	9,432,831	9,459,067
<b>B. Replacement Reserve Forward:</b>			
Bond Covenants (Facilities Maintenance and Equipment)	3,290,272	4,092,463	5,716,567
Other	0	0	0
<b>Sub-Total:</b>	3,290,272	4,092,463	5,716,567
<b>TOTAL CARRIED FORWARD (A +B):</b>	9,824,668	13,525,294	15,175,634
<b>2. CURRENT YEAR REVENUE:</b>			
* Revenue	24,562,355	22,490,331	27,634,205
Interest Income	288,059	350,000	385,000
Other Income	58,462	1,545,000	1,769,750
<b>TOTAL CURRENT YEAR REVENUE:</b>	24,908,876	24,385,331	29,788,955
<b>3. SUMMARY OF AVAILABLE REVENUES (1 +2):</b>	34,733,544	37,910,625	44,964,589
<b>4. EXPENDITURES</b>			
Salaries and Matching	5,050,464	5,722,347	6,320,107
Other Personal Services	1,123,332	1,624,210	1,872,600
Operating Expense	4,266,296	4,043,795	4,749,244
Repairs and Maintenance	1,096,244	2,615,198	2,859,178
Debt Service	6,372,588	7,423,469	7,971,370
Repair and Replacement Expense	0	0	0
Operating Capital Outlay	313,137	101,970	105,029
Other Expense & Transfers Out	3,052,704	1,328,106	3,047,304
<b>TOTAL EXPENDITURES:</b>	21,274,765	22,859,095	26,924,832
<b>5. TRANSFERS TO REPLACEMENT RESERVES</b>			
Bond Covenants (Facilities Maintenance and Equipment)	735,676	1,500,000	829,026
Other	0	0	0
<b>Sub-Total:</b>	735,676	1,500,000	829,026
<b>6. TRANSFERS FROM REPLACEMENT RESERVES</b>			
Bond Covenants (Facilities Maintenance and Equipment)	0	0	0
Other	0	0	0
<b>Sub-Total:</b>	0	0	0
<b>7. ENDING REPLACEMENT RESERVES (1B +5 -6)</b>			
Bond Covenants (Facilities Maintenance and Equipment)	4,025,948	5,592,463	6,545,593
Interest Income Earned on Reserve Balance	66,515	124,104	170,151
<b>Sub-Total:</b>	4,092,463	5,716,567	6,715,744
<b>8. ENDING OPERATING CASH (1A +2 -4 -5)</b>	9,432,831	9,459,067	11,494,164
<b>9. SUMMARY OF ENDING REVENUES (7 +8)</b>	13,525,294	15,175,634	18,209,908

\* Revenue as outlined in the Bond Covenants to support the debt servicing of the bonds.

INCOME AND EXPENDITURE STATEMENT				
UNIVERSITY: Florida International University				
BOND TITLE: Parking Facility Revenue Bonds, Series 1995, 1999, 2002, 2009A, 2009B				
AUXILIARY FACILITY (IES): Parking Revenue Trust Fund				
	2011-12 Actual	2012-13 Estimated	2013-14 Projected	
1. REVENUE CARRIED FORWARD				
A. Operating Cash Carried Forward:				
Liquid	4,193,745	6,399,998	6,987,546	
Investments	0	0	0	
Sub-Total:	4,193,745	6,399,998	6,987,546	
B. Replacement Reserve Forward:				
Bond Covenants (Facilities Maintenance and Equipment)	1,940,987	2,241,486	2,622,702	
Other	0	0	0	
Sub-Total:	1,940,987	2,241,486	2,622,702	
TOTAL CARRIED FORWARD (A +B):	6,134,732	8,641,484	9,610,248	
2. CURRENT YEAR REVENUE:				
* Revenue	11,672,935	12,707,195	14,683,302	
Interest Income	182,897	1,688	19,423	
Other Income	0	0	0	
TOTAL CURRENT YEAR REVENUE:	11,855,832	12,708,883	14,702,725	
3. SUMMARY OF AVAILABLE REVENUES (1 +2):	17,990,564	21,350,367	24,312,973	
4. EXPENDITURES				
Salaries and Matching	2,332,515	2,297,753	2,413,732	
Other Personal Services	561,906	627,693	658,688	
Operating Expense	2,569,835	3,114,881	3,779,644	
Repairs and Maintenance	131,860	166,600	167,440	
Debt Service	4,937,248	4,937,704	4,936,985	
Repair and Replacement Expense	27,901	0	0	
Operating Capital Outlay	50,509	259,300	294,500	
Other Expense & Transfers Out	(1,262,694)	336,188	4,500,000	
TOTAL EXPENDITURES:	9,349,080	11,740,119	16,750,989	
5. TRANSFERS TO REPLACEMENT RESERVES				
Bond Covenants (Facilities Maintenance and Equipment)	300,499	381,216	440,499	
Other	0	0	0	
Sub-Total:	300,499	381,216	440,499	
6. TRANSFERS FROM REPLACEMENT RESERVES				
Bond Covenants (Facilities Maintenance and Equipment)	0	0	0	
Other	0	0	0	
Sub-Total:	0	0	0	
7. ENDING REPLACEMENT RESERVES (1B +5 -6)				
Bond Covenants (Facilities Maintenance and Equipment)	2,241,486	2,622,702	3,063,201	
Interest Income Earned on Reserve Balance				
Sub-Total:	2,241,486	2,622,702	3,063,201	
8. ENDING OPERATING CASH (1A +2 -4 -5)	6,399,998	6,987,546	4,498,783	
9. SUMMARY OF ENDING REVENUES (7 +8)	8,641,484	9,610,248	7,561,984	
* Revenue as outlined in the Bond Covenants to support the debt servicing of the bonds.				

INCOME AND EXPENDITURE STATEMENT				
UNIVERSITY: Florida International University				
BOND TITLE: Housing Revenue Bonds 2004A, 2011A, 2012A				
AUXILIARY FACILITY (IES): Housing Revenue Trust Fund				
	2011-12 Actual	2012-13 Estimated	2013-14 Projected	
1. REVENUE CARRIED FORWARD				
A. Operating Cash Carried Forward:				
Liquid	19,136,434	19,541,414	11,058,946	
Investments	0	0	0	
Sub-Total:	19,136,434	19,541,414	11,058,946	
B. Replacement Reserve Forward:				
Bond Covenants (Facilities Maintenance and Equipment)	684,904	933,735	1,182,129	
Other	0	0	0	
Sub-Total:	684,904	933,735	1,182,129	
TOTAL CARRIED FORWARD (A +B):	19,821,338	20,475,149	12,241,075	
2. CURRENT YEAR REVENUE:				
* Revenue	25,212,316	24,839,350	28,272,808	
Interest Income	9,204	5,616	12,547	
Other Income	0	0	0	
TOTAL CURRENT YEAR REVENUE:	25,221,520	24,844,966	28,285,355	
3. SUMMARY OF AVAILABLE REVENUES (1 +2):	45,042,858	45,320,115	40,526,430	
4. EXPENDITURES				
Salaries and Matching	3,553,854	4,115,076	4,243,778	
Other Personal Services	990,203	1,140,685	1,348,068	
Operating Expense	9,555,925	12,025,218	10,110,437	
Repairs and Maintenance	582,403	619,420	312,042	
Debt Service	6,985,445	6,825,042	9,960,838	
Repair and Replacement Expense	0	0	0	
Operating Capital Outlay	8,756	74,432	120,590	
Other Expense & Transfers Out	2,891,123	8,279,167	2,771,293	
TOTAL EXPENDITURES:	24,567,709	33,079,040	28,867,046	
5. TRANSFERS TO REPLACEMENT RESERVES				
Bond Covenants (Facilities Maintenance and Equipment)	248,831	248,394	282,728	
Other	0	0	0	
Sub-Total:	248,831	248,394	282,728	
6. TRANSFERS FROM REPLACEMENT RESERVES				
Bond Covenants (Facilities Maintenance and Equipment)	0	0	0	
Other	0	0	0	
Sub-Total:	0	0	0	
7. ENDING REPLACEMENT RESERVES (1B +5 -6)				
Bond Covenants (Facilities Maintenance and Equipment)	933,735	1,182,129	1,464,857	
Interest Income Earned on Reserve Balance				
Sub-Total:	933,735	1,182,129	1,464,857	
8. ENDING OPERATING CASH (1A +2 -4 -5)	19,541,414	11,058,946	10,194,527	
9. SUMMARY OF ENDING REVENUES (7 +8)	20,475,149	12,241,075	11,659,384	
* Revenue as outlined in the Bond Covenants to support the debt servicing of the bonds.				



STATE  
UNIVERSITY  
SYSTEM  
*of* FLORIDA  
Board of Governors

**AGENDA**

**Trustee Nominating and Development Committee  
Grand Ballroom, Student Union  
Florida A&M University  
Tallahassee, Florida  
March 28, 2013  
9:30 a.m. - 10:00 a.m.**

**Chair: Mr. Mori Hosseini; Vice-Chair: Mr. Tom Kuntz  
Members: Colson, Link, Rood, Tripp, Webster**

1. **Call to Order** **Governor Mori Hosseini**
  
2. **Approval of Committee Meeting Minutes** **Mr. Hosseini**
  - a. Minutes, January 17, 2013
  - b. Minutes, February 21, 2013
  
3. **Recommendations of Candidates to fill Trustee Vacancies and Reports on Applicant Interviews** **Committee Members**
  
4. **Concluding Remarks and Adjournment** **Mr. Hosseini**

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**STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS  
Trustee Nominating and Development Committee  
March 28, 2013**

**SUBJECT:** Approval of Minutes of Meeting held January 17, 2013, and Minutes of the Meeting held February 21, 2013

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**PROPOSED COMMITTEE ACTION**

Approval of Minutes of the Meeting held on January 17, 2013, at the University of Florida; and the Minutes of the Meeting held by conference call on February 21, 2013.

**AUTHORITY FOR BOARD OF GOVERNORS ACTION**

Article IX, Section 7, Florida Constitution

**BACKGROUND INFORMATION**

Committee members will review and approve the Minutes of the Meeting held on January 17, 2013, at the University of Florida; and the Minutes of the Meeting held by conference call on February 21, 2013.

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**Supporting Documentation Included:** Minutes: January 17, 2013; February 21, 2013

**Facilitators/Presenters:** Governor Hosseini

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MINUTES  
BOARD OF GOVERNORS  
STATE UNIVERSITY SYSTEM OF FLORIDA  
TRUSTEE NOMINATING AND DEVELOPMENT COMMITTEE  
UNIVERSITY OF FLORIDA  
EMERSON ALUMNI HALL  
GAINESVILLE, FLORIDA  
JANUARY 17, 2013

*Video or audio archives of the meetings of the Board of Governors  
and its Committees are accessible at <http://www.flbog.edu/>.*

Chair Mori Hosseini convened the meeting of the Trustee Nominating and Development Committee of the Board of Governors on January 17, 2013, at 9:38 a.m., with the following members present: Dean Colson; Tom Kuntz; John D. Rood; and Norman Tripp.

1. Approval of Minutes of Meeting held November 8, 2012

Mr. Kuntz moved that the Committee approve the Minutes of the Meeting held at the New College of Florida on November 8, 2012, as presented. Mr. Tripp seconded the motion, and members of the Committee concurred.

2. Recommendation of Candidates to fill Trustee Vacancies and Reports on Applicant Interviews

Chair Hosseini reminded the Committee that members reviewed the upcoming vacancies on the Boards of Trustees at the November meeting. He also reminded members that he assigned sub-committees in November to review the applications for the vacancies and to interview potential candidates. He reported that the sub-committees are ready to make recommendations for some universities; however, for some universities, the sub-committee either did not have time to finish the review process or there were not enough applications. He explained that the deadline for applications would be extended for some universities.

A. Florida Atlantic University (1 vacancy)

Chair Hosseini reported that Mr. Rood and Mr. Tripp were the members of the sub-committee who vetted the applicants for Florida Atlantic University. He called on Mr. Tripp for a report. Mr. Tripp reported that the Board had an excellent candidate who rose to the top – Thomas Workman, Jr. Mr. Workman is a current Trustee and has been selected to be Vice Chair. The Board received a letter of support for Mr. Workman's re-appointment from the Florida Atlantic University Board of Trustees Chair Bob Stilley.

Mr. Tripp further reported that Mr. Workman is a C.P.A. in Boca and received his B.A. from Florida Atlantic University. Mr. Tripp said that he had served with Mr. Workman on the FAU Board of Trustees, and Mr. Workman is an outstanding Trustee.

Mr. Tripp moved that the Trustee Nominating and Development Committee recommend that the full Board re-appoint Thomas Workman, Jr. to the Florida Atlantic University Board of Trustees for a term beginning January 17, 2013, and ending January 6, 2018. The appointment is subject to confirmation by the Senate and to Mr. Workman attending an orientation session if he has not attended a Board orientation in the past year. Mr. Kuntz seconded the motion. Members concurred in the motion unanimously.

B. Florida Gulf Coast University (1 vacancy)

Chair Hosseini reported that he and Mr. Colson were the members of the sub-committee who vetted the applicants for Florida Gulf Coast University. He called on Mr. Colson for a report. Mr. Colson reported that the Committee was incredibly fortunate with the applicants for the Florida Gulf Coast University Board of Trustees. Mr. Colson said that he was recommending Mr. John Dudley Goodlette for the vacancy. Mr. Colson further reported that Mr. Goodlette has a long and distinguished history of public service in Florida having served as a member of the Florida House of Representatives from 1998 until 2006 and later serving as Chief of Staff for the Speaker of the House. Mr. Goodlette was the Interim President at Edison State College. Mr. Goodlette received his law degree from the University of Florida.

Mr. Colson moved that the Trustee Nominating and Development Committee recommend that the full Board appoint Mr. John Dudley Goodlette to the Florida Gulf Coast University Board of Trustees for a term beginning January 17, 2013, and ending January 6, 2018. The appointment is subject to confirmation by the Senate and to Mr. Goodlette attending an orientation session. Mr. Kuntz seconded the motion. Members concurred in the motion unanimously.

C. New College of Florida (1 vacancy)

Chair Hosseini reported that the Trustee at New College whose term was expiring was George Arthur Skestos. Mr. Skestos was appointed to his position in June 2012 to complete the term for J. Robert Peterson. Chair Hosseini reported that our University Board of Trustee Selection and Reappointment Process provides that any Trustee who is appointed to complete a term for less than one year will be automatically reappointed to serve for one full term. Mr. Skestos falls under that provision; however, Mr. Stavros and Mr. Temple interviewed Mr. Skestos and felt comfortable recommending Mr. Skestos for a full term.

Chair Hosseini moved that the Trustee Nominating and Development Committee recommend that the full Board appoint Mr. George Arthur Skestos to the New College of Florida Board of Trustees for a term beginning January 17, 2013, and ending January 6, 2018. The appointment is subject to confirmation by the Senate and to Mr. Skestos attending an orientation session. Mr. Colson seconded the motion. Members concurred in the motion unanimously.

D. University of North Florida (1 vacancy)

Chair Hosseini reported that Mr. Rood, Mr. Stavros, and Mr. Temple were the members of the sub-committee who vetted the applicants for the University of North Florida. He called on Mr. Rood for a report. Mr. Rood said that he was recommending that Mr. Fred Franklin be re-appointed to the University of North Florida Board of Trustees. Mr. Rood further reported that he had spent time with Mr. Franklin discussing the role of the Board of Trustees and the relationship with the Board of Governors. He reported that he has known Mr. Franklin for a number of years, and Mr. Franklin is an active member of the Jacksonville community. He reported that Mr. Franklin is a managing partner of the Rogers, Towers – one of the leading law firms in Jacksonville. Mr. Franklin is committed to the community and giving back.

Mr. Rood moved that the Trustee Nominating and Development Committee recommend that the full Board re-appoint Mr. Fred D. Franklin to the University of North Florida Board of Trustees for a term beginning January 17, 2013, and ending January 6, 2018. The appointment is subject to confirmation by the Senate and to Mr. Franklin attending an orientation session if he has not attended a Board orientation in the past year. Mr. Kuntz seconded the motion. Members concurred in the motion unanimously.

E. University of South Florida (1 vacancy)

Chair Hosseini reported that he, Mr. Colson and Mr. Stavros were the members of the sub-committee who vetted the applicants for the University of South Florida. Chair Hosseini delivered the report. Chair Hosseini said that he was recommending Mr. Stanley I. Levy for the vacancy. He further reported that Mr. Levy worked with Grant Thornton for more than thirty years and spent a decade as part of the senior leadership team. Mr. Levy got a bachelor's degree from the University of South Florida and is a current member and former chair of the University of South Florida School of Accountancy Advisory Council, a member of the University of South Florida College of Business Executive Advisory Committee, and a member of the University of Florida Warrington College of Business and Fisher School of Accounting Advisory Board.

Chair Hosseini moved that the Trustee Nominating and Development Committee recommend that the full Board appoint Mr. Stanley I. Levy to the University of South

Florida Board of Trustees for a term beginning January 17, 2013, and ending January 6, 2018. The appointment is subject to confirmation by the Senate and to Mr. Levy attending an orientation session. Mr. Tripp seconded the motion. Members concurred in the motion unanimously.

F. University of West Florida (1 vacancy)

Chair Hosseini reported that Mr. Colson and Mr. Tripp were the members of the sub-committee who vetted the applicants for the University of West Florida. He called on Mr. Colson for a report. Mr. Colson said that he was recommending Ms. Suzanne Lewis for the vacancy. Mr. Colson further reported that Ms. Lewis recently retired from a career in public service and was the Superintendent of Yellowstone National Park for a decade where she managed a budget of \$33 million and more than 800 employees. Ms. Lewis is a University of West Florida graduate and currently serves on the UWF Florida Business Enterprise, Inc. Board and the University of Florida Historic St. Augustine, Inc. Board.

Mr. Colson moved that the Trustee Nominating and Development Committee recommend that the full Board appoint Ms. Suzanne Lewis to the University of West Florida Board of Trustees for a term beginning January 17, 2013, and ending January 6, 2018. The appointment is subject to confirmation by the Senate and to Ms. Lewis attending an orientation session. Mr. Tripp seconded the motion. Members concurred in the motion unanimously.

G. Florida State University (1 vacancy)

Chair Hosseini reported that he, Mr. Kuntz, and Mr. Rood were the members of the sub-committee who vetted the applicants for Florida State University. He called on Mr. Kuntz for a report. Mr. Kuntz reported that the Board received a number of qualified applicants. Mr. Kuntz said that he was recommending Mr. Leslie Victor Pantin for the vacancy. Mr. Kuntz further reported that Mr. Pantin is a Florida State University graduate, a former member of the Florida State University Foundation Board, and a former member of the Florida State University Board of Trustees. Mr. Pantin has also served on the Miami Dade College Board of Trustees and the Barry University Board of Trustees.

Mr. Kuntz moved that the Trustee Nominating and Development Committee recommend that the full Board appoint Mr. Leslie Victor Pantin to the Florida State University Board of Trustees for a term beginning January 17, 2013, and ending January 6, 2018. The appointment is subject to confirmation by the Senate and to Mr. Pantin attending an orientation session. Mr. Colson seconded the motion. Members concurred in the motion unanimously.

3. Concluding Remarks and Adjournment

Chair Hosseini talked about the role of the Trustees and the desire of the Board of Governors to have the best Trustees. He solicited recommendations for good applicants to the Boards of Trustees.

Having no further business, the meeting was adjourned at 9:54 a.m., January 17, 2013.

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Mori Hosseini, Chair

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Monoka Venters,  
Corporate Secretary

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MINUTES  
BOARD OF GOVERNORS  
STATE UNIVERSITY SYSTEM OF FLORIDA  
TRUSTEE NOMINATING AND DEVELOPMENT COMMITTEE  
BY TELEPHONE CONFERENCE CALL  
TALLAHASSEE, FLORIDA  
FEBRUARY 21, 2013

Chair Mori Hosseini convened the meeting of the Trustee Nominating and Development Committee of the Board of Governors by telephone conference call on February 21, 2013, at 1:01 p.m., with the following members present: Tom Kuntz, Vice Chair; Dean Colson; Wendy Link; Norman Tripp, and Elizabeth Webster.

1. Recommendation of Candidate to fill Trustee Vacancy: University of Florida

Chair Hosseini reported that he, Mr. Colson, and Mr. Kuntz were the members of the sub-committee who vetted the applicants for the University of Florida Board of Trustees. He called on Mr. Kuntz for a report. Mr. Kuntz reported that the list of applicants was impressive. He recommended Mr. David Marion Thomas for the vacancy and reported that Mr. Thomas retired as CEO and Chairman of IMS Health. Mr. Thomas is a former Senior Vice President and Group Executive with IBM. He also is a member of the University of Florida College of Engineering Advisory Board and received both a B.S. in Industrial Engineering and an M.S. in Engineering from the University of Florida. Mr. Kuntz said that he is confident that Mr. Thomas will be a tremendous addition to the University of Florida Board of Trustees.

Mr. Kuntz moved that the Trustee Nominating and Development Committee recommend that the full Board appoint David Marion Thomas to the University of Florida Board of Trustees for a term beginning February 21, 2013, and ending January 6, 2018. The appointment is subject to confirmation by the Senate and to Mr. Thomas attending an orientation session. Mr. Colson seconded the motion. Members concurred in the motion unanimously.

2. Adjournment

Having no further business, the meeting was adjourned at 1:05 p.m., February 21, 2013.

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Mori Hosseini, Chair

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Monoka Venters,  
Corporate Secretary

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**STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS  
Trustee Nominating and Development Committee  
March 28, 2013**

**SUBJECT:** Appointment of University Trustees

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**PROPOSED COMMITTEE ACTION**

Appointment of University Trustees.

**AUTHORITY FOR BOARD OF GOVERNORS ACTION**

Article IX, Section 7, Florida Constitution; Board of Governors Trustee Selection and Reappointment Process.

**BACKGROUND INFORMATION**

The sub-committee will recommend candidates for review and consideration by the full Committee.

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**Supporting Documentation Included:** Applications for candidates will be provided

**Facilitators/Presenters:** Governor Hosseini

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STATE  
UNIVERSITY  
SYSTEM  
of FLORIDA  
Board of Governors

AGENDA

Board of Governors Meeting  
Grand Ballroom, Student Union  
Florida A&M University  
Tallahassee, Florida  
March 28, 2013  
Upon Adjournment of Previous Meetings

1. **Call to Order and Chair's Report:** *Chair Dean Colson* .....263
2. **Approval of Board of Governors Meeting Minutes:** .....265
  - A. Minutes, January 17, 2013
  - B. Minutes, February 21, 2013
3. **Chancellor's Report:** *Chancellor Frank T. Brogan* .....289
4. **Viva Florida 500:** *Honorable Ken Detzner, Secretary of State;  
and Mr. Steve Seibert, Treasurer, Florida Humanities Council* .....291
5. **Academic and Student Affairs Committee Report:**  
*Governor Norman Tripp*.....293  
**Action:**
  - A. Approve Limited Status for the Bachelor of Social Work, University of North Florida
6. **Audit and Compliance Committee Report:** *Governor Alan Levine*

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7. **Facilities Committee Report: Governor Dick Beard** .....295  
**Action:**  
A. Debt Approval  
    i. Resolution of the Board of Governors Requesting the Division of Bond Finance of the State Board of Administration to issue revenue bonds on behalf of Florida State University to finance construction of a student residence facility  
    ii. Resolution of the Board of Governors Requesting the Division of Bond Finance of the State Board of Administration to issue revenue bonds on behalf of Florida International University to finance construction of a parking garage  
B. Amend 2013-14 SUS Fixed Capital Outlay Legislative Budget Request
8. **Budget and Finance Committee Report: Governor Tom Kuntz** .....301  
**Action:**  
A. Approval Amended Regulation 18.001 Purchasing  
B. Auxiliary Facilities 2013-2014 Operating Budget
9. **Trustee Nominating and Development Committee Report:**  
    *Governor Mori Hosseini*
10. **Florida Polytechnic University Report: Chair Colson** .....311
11. **Concluding Remarks and Adjournment: Chair Colson**

(N.B.: As to any item identified as a "Consent" item, any Board member may request that such an item be removed from the consent agenda for individual consideration.)

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**STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS**  
March 28, 2013

**SUBJECT:** Chair's Report to the Board of Governors

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**PROPOSED BOARD ACTION**

For Information Only

**AUTHORITY FOR BOARD OF GOVERNORS ACTION**

Not Applicable

**BACKGROUND INFORMATION**

The Chair, Dean Colson, will convene the meeting with opening remarks.

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**Supporting Documentation Included:** None

**Facilitators/Presenters:** Chair Dean Colson

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**STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS**  
March 28, 2013

**SUBJECT:** Approval of Minutes of Meeting held January 17, 2013 and February 21, 2013

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**PROPOSED BOARD ACTION**

Approval of Minutes of the meeting held on January 17, 2013, at the University of Florida, Gainesville, and the meeting held via telephone conference call on February 21, 2013.

**AUTHORITY FOR BOARD OF GOVERNORS ACTION**

Article IX, Section 7, Florida Constitution

**BACKGROUND INFORMATION**

Board members will review and approve the Minutes of the meeting held on January 17, 2013, at the University of Florida, Gainesville, and the meeting held via telephone conference call on February 21, 2013.

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**Supporting Documentation Included:** Minutes: January 17, 2013; February 21, 2013

**Facilitators/Presenters:** Chair Dean Colson

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BOARD OF GOVERNORS  
STATE UNIVERSITY SYSTEM OF FLORIDA  
UNIVERSITY OF FLORIDA  
EMERSON ALUMNI HALL  
GAINESVILLE, FLORIDA  
JANUARY 17, 2013

*Video or audio archives of the meetings of the Board of Governors  
and its Committees are accessible at <http://www.flbog.edu/>.*

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B. Approval, 2012 Tuition Differential Report	
C. Approval, University Awards for the Technology Performance Funding Pilot	
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A. Appointment of University Trustee, Florida Atlantic University (1 vacancy)	
B. Appointment of University Trustee, Florida Gulf Coast University (1 vacancy)	
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E. Appointment of University Trustee, University of North Florida (1 vacancy)	
F. Appointment of University Trustee, University of South Florida (1 vacancy)	
G. Appointment of University Trustee, University of West Florida (1 vacancy)	

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11.	Select Committee on Florida Polytechnic Report.....	7
12.	Concluding Remarks and Adjournment .....	8

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MINUTES  
BOARD OF GOVERNORS  
STATE UNIVERSITY SYSTEM OF FLORIDA  
UNIVERSITY OF FLORIDA  
EMERSON ALUMNI HALL  
GAINESVILLE, FLORIDA  
JANUARY 17, 2013

*Video or audio archives of the meetings of the Board of Governors  
and its Committees are accessible at <http://www.flbog.edu/>.*

Chair Dean Colson began the meeting at 9:55 a.m., on January 17, 2013, with his State of the System Address. The meeting continued at 10:06 a.m., with the following members present: Vice Chair Mori Hosseini, Dick Beard, Matthew Carter (participating by phone), Dr. Manoj Chopra, Pat Frost, H. Wayne Huizenga, Tom Kuntz, Ned C. Lautenbach, Alan Levine (participating by phone), Wendy Link, Ed Morton, John D. Rood, Norman Tripp, Elizabeth Webster, and Cortez Whatley.

1. State of the System Address

Chair Colson delivered the State of the System Address. A copy of the address as prepared is attached to the minutes.

2. Chair's Report

Chair Colson thanked the University of Florida and President Machen for hosting the meeting. President Machen welcomed the members of the Board of Governors to the campus.

Chair Colson welcomed and introduced the new members of the Board of Governors. H. Wayne Huizenga, Jr. is the president of Rybovich Boat Company and Huizenga Holdings, Inc. Ned Lautenbach is a retired partner from Clayton, Dubilier & Rice who spent 30 years with IBM. Alan Levine is the senior vice president and Florida president of Hospital Management Services of Florida Inc. who previously served on the University of Florida Board of Trustees. Wendy Link is an attorney and managing partner with Ackerman, Link & Sartory, P.A. Ed Morton is a partner with Wasmer Schroeder & Co. and previously served on the Florida Gulf Coast University Board of Trustees. Chair Colson also introduced Commission Tony Bennett who was not able to join the meeting.

Chair Colson recognized former members of the Board of Governors: Joseph Caruncho, Ava Parker, Tico Perez, Gus Stavros, and John Temple. Resolutions were prepared for each of the former members. Mr. Hosseini moved that the Board approve resolutions thanking former members Joseph Caruncho, Ava Parker, Tico Perez, Gus Stavros, and John Temple. Mr. Beard seconded the motion, and the members concurred. Chair Colson specifically mentioned the memorial service for John Temple's granddaughter and extended his thoughts to the Temple family.

Chair Colson asked Dr. Chopra and Florida A&M University Board of Trustees Chair Chuck Badger to provide an update on the presidential search. Dr. Chopra reported the Marketing and Communications sub-committee met with stakeholders and developed criteria and qualifications. On October 31, 2012, the sub-committee hired Greenwood, Asher, & Associates to craft a position announcement and description. The online position was posted on December 21, 2012, and will run through February 2013 in four publications. Anyone wanting to apply can find information on Florida A&M University website. Dr. Chopra commented that the search is robust, and he is encouraged by the open discussions.

Chair Badger reported that the Presidential Search Committee includes members of the Board of Trustees, the Board liaison to the Florida A&M University Foundation, the president of the national alumni association, and Governor Chopra. Chair Colson and former President Frederick Humphries serve as advisors to the search committee. Former Board of Trustees Chair Bill Jennings serves as an advisor to the executive search firm. Trustee Karl White is Chair of the Search Committee, and Spurgeon McWilliams is the Vice Chair. The three sub-committees went immediately to work, and the search is well under way. The Search Committee is confident that the search will be completed before the next academic term begins.

3. Approval, Minutes of Meeting held November 8, 2012

Mr. Kuntz moved that the Board approve the Minutes of the Meeting held on November 8, 2012, as presented. Mr. Hosseini seconded the motion, and the members concurred.

4. Chancellor's Report

Chancellor Brogan thanked President Machen and the staff at UF for the outstanding coordination of the meeting. He discussed the cost-to-degree work group that he recently created to develop a single cost-to-degree formula for the System. The work group will be headed by Tim Jones and Dr. Jan Ignash and will report through the Budget and Finance Committee. The work group will reach out to the Legislature and the Governor for input.



Chancellor Brogan commended the universities who were named to the Kiplinger list of affordable institutions. He commented that all of the universities in the System deal with the same budgetary issues and ought to be on the Kiplinger list.

Chancellor Brogan recognized Dr. Autur Kaw – a USF engineering professor who was named Professor of the Year by the Carnegie Foundation. The Carnegie Foundation named only four undergraduate faculty members. President Genshaft commented that Dr. Kaw is the first faculty member in Florida to receive the award.

Chancellor Brogan remarked that President Donal O'Shea's inauguration will be held on February 15<sup>th</sup>.

5. Update, Florida State University's Bachelor of Fine Arts in Animation and Digital Arts

Chair Colson recognized President Barron for an update on Florida State University's Bachelor of Fine Arts in Animation and Digital Arts. He said that the Board would not take action today; instead, Chair Colson will appoint a three member committee to delve down into the issue with FSU and make a recommendation to the Board.

President Barron recognized Chair of the Florida State University Board of Trustees Allan Bense. Chair Colson welcomed Chair Bense.

President Barron began by saying that FSU will accept the advice of the Board of Governors in determining the outcome for this major. The FSU Board of Trustees unanimously asked President Barron to present the data on the program.

President Barron reviewed five points about the program: (1) the quality of the program and the faculty involvement in industry, (2) the changing industry presents an economic opportunity for the state of Florida, (3) the industry partners are essential to the program as currently defined, (4) Florida State is taking care of students above all else, and (5) summary of Florida State's proposal.

President Barron pointed out that FSU's film school is ranked in the top 25 in the world. The faculty are connected to the industry and have 400 feature films, including many nominated for Oscars. FSU students have earned 8 student Oscars and 30 student Emmys. The program was created by the Florida Legislature in 1989 to connect students with the film industry. Over 95% of all graduates since the program's inception are employed in the film industry.

President Barron said that the industry is changing. While the industry is centered in New York and Los Angeles, advances in digital media provide the opportunity to locate anywhere near a major airport. Film is the biggest employer, but medicine and the

military also provide employment opportunities. The program was launched in 2010 to co-locate students with industry for joint training and research as well as to attract industry to Florida. FSU has spent 18 months developing a highly-coupled program.

President Barron reported that FSU began with Digital Domain as an industry partner. Sadly, Digital Domain filed for Chapter 11 bankruptcy. He pointed out that it was never the intent to have only one industry partner. He reported that FSU is currently in active discussions with four companies about partnering in West Palm Beach: (1) Olympusat, a media and entertainment company, and its CEO Chuck Mohler, (2) Sierra Nevada Corporation, a high tech electronics, engineering, and manufacturing firm, and its Director of Advanced Progress Technology Mark Covey, (3) Watermark, a healthcare information technology company, and its CEO Sean Heyniger and Chair John Sculley, and (4) a group that is protected under Chapter 288 while negotiating the potential to come to Florida with the code name POD 15 which is a producer of high-end visual effects for a wide variety of applications.

President Barron reported that FSU is taking care of its students. The faculty will not sacrifice the quality of the education or the connection to industry. They have taken two steps. First, the program hired Jonathan Stone who has over 20 years of visual effects experience including working with Pixomondo Global on films including the Academy Award winning visual effects film *Hugo*. Second, the program hired Chuck Williams an animation filmmaker who worked with Walt Disney Feature Animation for 20 years on films such as *The Little Mermaid* and *Aladdin*. Both provide students with the opportunity to train with industry experts as faculty.

President Barron reported that five factors went into FSU's decision to remain in West Palm Beach. The faculty want a city such as Miami, Tampa, or Orlando with easy transportation to places like New York City and Los Angeles. The program has a head start in West Palm Beach because four companies have indicated an interest in co-locating as partners. Continued community interest in West Palm Beach is another factor. Neither faculty member would move to Tallahassee, and only one student is willing to move to Tallahassee. At a minimum, the program needs to remain in West Palm Beach for three years for SACS accreditation to conduct a teach out.

Chair Colson stated that he will make three appointments immediately because the Board must move quickly on this issue.

#### 6. Facilities Committee Report

Chair Colson recognized Mr. Beard to report on the Facilities Committee. Mr. Beard reported that the Committee did not have a quorum, so it did not take any action; however, there is one item that needs action by the full Board.

A. Approval, Amended 2013-2014 SUS Fixed Capital Outlay Legislative Budget Request

Mr. Beard moved that the Board approve the amended portion of the 2013-2014 SUS Fixed Capital Outlay Legislative Budget Request pertaining to the request for legislative authorization for State University System projects requiring general revenue funds to operate and maintain and authorize the Chancellor to make necessary revisions. Mr. Carter seconded the motion, and members of the Board concurred.

7. Audit and Compliance Committee Report

Chair Colson reported that the Audit and Compliance Committee has no action items to bring to the full Board. Yesterday, the Board's Inspector General Derry Harper provided a presentation about the findings and recommendations from the Preliminary Report of Investigation on the Florida A&M University Anti-hazing Program, and Chancellor Brogan discussed recommendations and suggestions for next steps. Florida A&M University's written response to the Inspector General's Report is due by January 23, 2013. The Audit and Compliance Committee will hear a final report at our next meeting.

8. Strategic Planning Committee Report

Chair Colson recognized Mr. Rood to report on the Strategic Planning Committee. Mr. Rood reported that the Committee had an informative conversation on online education and further reported that the Strategic Planning Committee will have a meeting on February 13, 2013, to continue the discussion.

Mr. Rood reported that the Committee has only one action item.

A. Approval, 2011-2012 State University System Annual Accountability Report

Mr. Rood moved that the Board approve the 2011-2012 State University System Annual Accountability Report. Dr. Chopra seconded the motion, and members of the Board concurred.

9. Budget and Finance Committee Report

Chair Colson recognized Mr. Kuntz to report on the Budget and Finance Committee. Mr. Kuntz reported that there were three action items

## A. Public Notice of Intent to Amend Regulation 18.001 Purchasing

Mr. Kuntz moved that the Board approve public notice of intent to amend Regulation 18.001 Purchasing. Mr. Beard seconded the motion, and the members concurred.

## B. Approval, 2012 Tuition Differential Report

Mr. Kuntz moved that the Board approve the 2012 Tuition Differential Report. Mr. Tripp seconded the motion, and the members concurred.

## C. Approval, University Awards for the Technology Performance Funding Pilot

Mr. Kuntz moved that the Board approve awarding \$3.75 million each to Florida International University, University of Central Florida, University of West Florida, and University of Florida under the Technology Performance Funding Pilot project. Mr. Tripp seconded the motion, and the members concurred.

10. Trustee Nominating and Development Committee Report

Chair Colson recognized Mr. Hosseini to report on the Trustee Nominating and Development Committee. Mr. Hosseini reported that there were a number of names to bring forward for trusteeship and that all will be required to attend an orientation if the person has not attended an orientation in the past twelve months.

## A. Florida Atlantic University (1 vacancy)

Mr. Hosseini moved that the full Board re-appoint Thomas Workman, Jr. to the Florida Atlantic University Board of Trustees for a term beginning January 17, 2013, and ending January 6, 2018. The appointment is subject to confirmation by the Senate and to Mr. Workman attending an orientation session if he has not attended a Board orientation in the past year. Mr. Tripp seconded the motion. Members concurred in the motion unanimously.

## B. Florida Gulf Coast University (1 vacancy)

Mr. Hosseini moved that the full Board appoint John Dudley Goodlette to the Florida Gulf Coast University Board of Trustees for a term beginning January 17, 2013, and ending January 6, 2018. The appointment is subject to confirmation by the Senate and to Mr. Goodlette attending an orientation session. Mr. Kuntz seconded the motion. Members concurred in the motion unanimously.

## C. Florida State University (1 vacancy)

Mr. Hosseini moved that the full Board appoint Leslie Victor Pantin to the Florida State University Board of Trustees for a term beginning January 17, 2013, and ending January 6, 2018. The appointment is subject to confirmation by the Senate and to Mr. Pantin attending an orientation session. Mr. Kuntz seconded the motion. Members concurred in the motion unanimously.

## D. New College of Florida (1 vacancy)

Mr. Hosseini moved that the full Board appoint George Arthur Skestos to the New College of Florida Board of Trustees for a term beginning January 17, 2013, and ending January 6, 2018. The appointment is subject to confirmation by the Senate and to Mr. Skestos attending an orientation session. Mr. Kuntz seconded the motion. Members concurred in the motion unanimously.

## E. University of North Florida (1 vacancy)

Mr. Hosseini moved that the full Board re-appoint Fred D. Franklin to the University of North Florida Board of Trustees for a term beginning January 17, 2013, and ending January 6, 2018. The appointment is subject to confirmation by the Senate and to Mr. Franklin attending an orientation session if he has not attended a Board orientation in the past year. Mr. Kuntz seconded the motion. Members concurred in the motion unanimously.

## F. University of South Florida (1 vacancy)

Mr. Hosseini moved that the full Board appoint Stanley I. Levy to the University of South Florida Board of Trustees for a term beginning January 17, 2013, and ending January 6, 2018. The appointment is subject to confirmation by the Senate and to Mr. Levy attending an orientation session. Mr. Beard seconded the motion. Members concurred in the motion unanimously.

## F. University of West Florida (1 vacancy)

Mr. Hosseini moved that the full Board appoint Suzanne Lewis to the University of West Florida Board of Trustees for a term beginning January 17, 2013, and ending January 6, 2018. The appointment is subject to confirmation by the Senate and to Ms. Lewis attending an orientation session. Mr. Tripp seconded the motion. Members concurred in the motion unanimously.

11. Select Committee on Florida Polytechnic Report

Chair Colson recognized Mr. Hosseini to report on the Select Committee on Florida Polytechnic. Mr. Hosseini reported that Florida Polytechnic has a full Board of

Trustees, and they are working. He further reported that the Board will ask Florida Polytechnic to provide a full report at the next meeting.

12. Concluding Remarks and Adjournment

Chair Colson thanked members for attending the meeting. He reported that the next meeting would take place on February 21<sup>st</sup>. Chair Colson would like to hold the meeting telephonically, but the University of North Florida has been kind enough to agree to host if we need to meet in person. He further reported that the Legislative Session will kick off on March 5<sup>th</sup>, and the Board will meet in person in Tallahassee at Florida A&M University on March 27<sup>th</sup> and 28<sup>th</sup>.

Chair Colson said that he will make Committee assignments within the next week. He reported that he intends to appoint a committee to look at what the medical schools are doing. Dr. Chopra and President Hitt offered to host a meeting at the University of Central Florida which would allow members to look at the combined facilities of the University of Central Florida and the University of Florida. Chancellor Brogan mentioned that the System needs to deal strategically with health issues including medical schools, nursing, and the allied health professions.

Having no further business, the meeting was adjourned at 10:59 a.m., January 17, 2013.

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Dean Colson, Chair

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Monoka Venters,  
Corporate Secretary

Talking Points  
(As Prepared)  
Florida Board of Governors – State of the System Address  
Dean Colson  
January 17, 2013

The annual State of the System address was started by Ava Parker when she was chair, and is an opportunity to assess where we are as a system and where we need to go at the beginning of each year. Appropriately, the address is timed with the release of our Annual Accountability Report -- a scorecard, if you will -- that tells that same story.

As Governor Scott said when he addressed our Board in November, Florida has a lot to be proud of when it comes to higher education. We provide an affordable, high-quality educational experience. The Governor is right, but I think it is also true that we can and should get better.

Luckily, we have a terrific Board full of talented people – all of whom have been committed to developing a road map to excellence. Looking around the table, there are a number of new faces. I welcome and look forward to working with each of you. This Board operates a lot like a family – we don’t agree on every issue, but we respect each other and work well together, even while engaging in robust debates about the future of the System.

Our job, as set out in the Constitution, is to “operate, regulate, control and be fully responsible for the management of the whole university system.” In every action that we take, we must consider the effects -- not just on individual universities, but also on the system as a whole. We must encourage – and at times mandate – system collaboration. Our role and our responsibilities are different than the responsibilities of the university boards.

That spirit of collaboration extends to the Legislature, the Governor, the State Board of Education, the state college system, the private college system, and our state’s business leaders. Such collaboration is not always easy, but we are getting better at it. Several efforts that we have undertaken over the past year are indicative of that effort and none better than the Board’s Commission on Florida Higher Education Access and Degree Attainment, which was formed last summer to study the statewide need for future baccalaureate degrees.

Representatives on the Access Commission come from the State Board of Education, the Higher Education Coordinating Council, the Legislature, and the Council of 100. Hopefully, by the end of the summer, we will know whether the Board’s degree projections are correct, where we need to grow and how we should best

accomplish it. This collaborative effort benefits not only the final work product, but also the way the System, and indeed the State works together to achieve a common goal.

To me, System collaboration is simply another way to think about governance. When I started my term as chair, I included governance as one of the three issues that were most important to me, along with Quality and Affordability. These three areas represent the bedrock of this Board's work in moving toward greatness.

This Board has stood strong on governance issues during the past year, and we have much to be proud of. In addition to serving on two presidential search committees, the Board collaborated with the Legislature to co-develop criteria for the award of performance funding to universities who lead in the number of employed graduates in the computer and information sciences field. This is a significant development in our progress toward lump sum funding to the Board, and a performance-based funding model. I commend Senate President Gaetz for his leadership on this initiative, and it is my hope that lump sum grants continue to be funded and expanded in order to support our work to meet the strategic needs of this state.

During my State of the System address last year, I talked about the Board using its bully pulpit when things go bad. Several times over the past year this Board has had to do exactly that, and I expect that we will continue to do so in the future. We must continue to provide the leadership that the Constitution envisioned for us – the leadership that the citizens of the State of Florida expect from us.

One of the ways in which we can use our bully pulpit is to continue our focus on quality through our strong accountability system. Our accountability system has been heralded as one of the best in the country. Anchored around the 2025 Strategic Plan, our Annual Accountability Report, and our university work plans, this system is designed to drive improvements in academic quality, operational efficiency, and return on investment. Governor Kuntz has been working with Board staff on identifying specific metrics to be used for awarding performance funding in the future and for evaluating potential tuition differential requests. Importantly, the proposed metrics would consider not only standard assessments like retention rates, graduation rates, and post-graduation success, but would also include university-specific metrics driven by each institution's distinct mission.

In the area of quality, the State University System is already a leader in many respects. The System continues to be ranked in the top ten nationally for six-year graduation rates. We continue to be ranked in the top five states for public university R&D expenditures with \$1.76 billion in research expenditures. We are also ranked 3<sup>rd</sup> among all university systems in the US for undergraduate STEM degree production, and STEM degree production increased almost 30% in the past four years. As a



System, we have an annual statewide economic impact of \$80 billion – contributing more than 7% to the state’s gross domestic product and helping fuel more than 770,000 jobs. Our System is clearly providing a good return on investment for the state.

But all is not great. Even though our System stands at 66% for six-year graduation rates, half of our institutions have six-year graduation rates below 50%. Our System continues to lag behind on the number of national academy members. As a state, we rank 17<sup>th</sup> -- well below the top public institutions. To give you an idea, Berkeley is ranked #1 and has 226 national academy members while all of our universities added together have only 38. If you want our system truly to serve as an economic engine for the state, we must have the resources to recruit the best and the brightest. Simply being “good” is not good enough.

I want to take a moment and share some personal comments about the Humanities and a liberal arts education. Everyone in the state, including me, has been pushing our universities to produce more STEM graduates. From my viewpoint, that is not to suggest that the humanities are not important. I don’t think anyone is interested in raising a generation that has no appreciation for literature, history or the arts. No one wants to live in a state without museums, orchestras, ballets or operas. No one wants to educate a generation of elected officials that don’t understand the difference between Thomas Jefferson’s view of democracy and Alexander Hamilton’s view. Most importantly, can you imagine a state without lawyers, real estate developers, or bankers – now maybe you can imagine that – but how about a state without the reporters that are here today covering our work or the teachers that we leave our children with every day – because most of the people in these professions majored in something other than STEM.

We need to strongly support the Humanities, but we should also provide our students and parents the information they need on future job prospects so that if they decide to travel that path they are doing so knowing what lies ahead. I also believe that all Humanities graduates should have a basic grounding in STEM, and all STEM graduates should have a basic grounding in Humanities. That’s why the work that we’re doing with the Florida College System to implement a common, general education core of courses that all undergraduates in Florida’s public colleges and universities must take is so important.

Before I end this address, I should note that our University System remains very affordable, with the 10<sup>th</sup> lowest tuition in the country. For the second year in a row, half of our universities are ranked among the top values by Kiplinger’s Personal Finance magazine. UF is currently ranked as the 3<sup>rd</sup> best value for public universities, and New College is the 7<sup>th</sup> best value. FSU comes in at 26<sup>th</sup> while UCF, USF, and UNF fall between 40<sup>th</sup> and 65<sup>th</sup>.

Remaining affordable is crucial, but this Board must be mindful of how it affects quality. Our students are the key to Florida's future economic success. An investment in the System is really an investment for us all.

Given the difficult economic climate, support for higher education has been declining precipitously over the past several years. In the last six years, state support per student has dropped from 70% to 44% for the System – which translates to a loss of more than a billion dollars, including \$300 million this year alone. We have been able to recoup \$745 million mainly through tuition increases, but there remains a gap of \$291 million.

These cuts have been taking place while the System has answered the call for increased access to higher education. Over those same six years, System enrollment grew by 9% -- an increase of over 35,000 students. In essence, our System has grown by the equivalent of a sizable university while losing enough state funding to support an entire university. We are obviously doing more with less. We are more efficient than ever. But it can only go so far. This decline in funding is not sustainable.

The bottom line is, under the circumstances, we are doing well, and we are getting better, but we are not yet great. We need to continue to collaborate, we need to remain transparent, and we must remain affordable. We are fortunate to have a Governor and leaders in the House and Senate who care greatly about what we do. They all have very talented staffs who work with us every day. And, luckily, everyone involved wants to make the State University System the best System of higher education in the country.

Thank you.

INDEX OF MINUTES  
BOARD OF GOVERNORS  
STATE UNIVERSITY SYSTEM OF FLORIDA  
BY TELEPHONE CONFERENCE CALL  
TALLAHASSEE, FLORIDA  
FEBRUARY 21, 2013

*Video or audio archives of the meetings of the Board of Governors  
and its Committees are accessible at <http://www.flbog.edu/>.*

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MINUTES  
BOARD OF GOVERNORS  
STATE UNIVERSITY SYSTEM OF FLORIDA  
BY TELEPHONE CONFERENCE CALL  
TALLAHASSEE, FLORIDA  
FEBRUARY 21, 2013

Chair Dean Colson convened the meeting of the Board of Governors, State University System of Florida by telephone conference call from Tallahassee at 1:05 p.m., with the following members present and answering roll call: Vice Chair Mori Hosseini, Dick Beard, Pat Frost, Tom Kuntz, Alan Levine, Wendy Link, Ed Morton, Norman Tripp, and Elizabeth Webster. Due to technical issues, Commissioner Tony Bennett, Matthew Carter, and Manoj Chopra were on the conference line but could not be heard during roll call. Dr. Chopra's technical issues were resolved, and he could be heard beginning at 1:26 p.m. Both Commissioner Bennett and Mr. Carter were present for the meeting and are included in the vote count.

1. Call to Order

Chair Colson thanked members for participating in the conference call.

2. Report, Trustee Nominating and Development Committee

Chair Colson asked Mr. Hosseini to report out from the Trustee Nominating and Development Committee. Mr. Hosseini moved that the full Board appoint David Marion Thomas to the University of Florida Board of Trustees for a term beginning February 21, 2013, and ending January 6, 2018. This appointment would be subject to confirmation by the Senate and to Mr. Thomas attending an orientation session. Mr. Kuntz seconded the motion. Board members voted on the motion, and it carried unanimously.

3. Report, Select Committee on Florida State University Academic Film Program Offerings in West Palm Beach

Chair Colson reminded members that he had established the Select Committee on Florida State University's Academic Film Program Offerings in West Palm Beach made up of Governor Hosseini as Chair, Governor Kuntz, and Governor Morton. Chair Colson asked Mr. Hosseini to report from the Select Committee on Florida State University's Academic Film Program Offerings in West Palm Beach.

Mr. Hosseini reported the Select Committee held a three-hour meeting on February 8th. He reported that the Select Committee heard not only from Florida State University Provost Garnett Stokes and Dean of the College of Motion Picture Arts at FSU but also

from faculty with the program in West Palm Beach as well as Mayor Jeri Muoio and her staff from West Palm Beach.

Mr. Hosseini reported that the Select Committee felt that there was still too much uncertainty for the students surrounding the program in West Palm Beach. The Select Committee was still left wondering how much more the program would cost for the students and what the return on that investment would be for them. He reported that the Select Committee felt that Florida State University needed to develop a clear plan for moving the program back to Tallahassee where the students would have access to the full resources of FSU's world-class film school – its faculty, staff, facilities, and other students. He further reported that the Select Committee unanimously voted to recommend to the full Board that Florida State University initiate the process to transfer the Animation and Digital Arts major back to the main campus in Tallahassee.

Mr. Hosseini moved that Florida State University:

- (1) initiate the process to transfer the Animation and Digital Arts major back to the main campus in Tallahassee, and
- (2) develop a plan for teaching out the students who are currently enrolled in the major in the West Palm Beach that complies with SACS accreditation standards, including notifications of affected students, faculty, and staff. The Board further requests that the Board of Trustees for Florida State and the Board of Governors be presented with this plan by May 1, 2013.

Mr. Morton seconded the motion. Chair Colson asked if there was any discussion.

Members of the Board discussed whether the students in West Palm Beach participated in the meeting on February 8<sup>th</sup>. Mr. Hosseini reported that the students did not ask to participate on February 8<sup>th</sup> but certainly would have been allowed to participate as the Florida State faculty and representatives from the City of West Palm Beach did.

Members of the Board discussed the role of the universities and the System as partners in economic development in the State of Florida. While our first priority under the Constitution is the students, the parents, and the System, the Board absolutely supports economic development. The Select Committee members stressed that much of the discussion on February 8<sup>th</sup> concerned economic development, but no plans were concrete enough for the Select Committee to feel like the students should continue in West Palm Beach.

After the discussion, the motion passed on a vote of 12-1 with Dr. Chopra voting no.

4. Report, Strategic Planning Committee

Chair Colson asked Ms. Frost to report out from the Strategic Planning Committee. Ms. Frost reported that the Strategic Planning Committee has held a number of meetings over the past year, including full committee meetings in December, January and February, to discuss online education. The Committee discussed Parthenon's recommendations which range from continuing with the status quo, to increasing institutional collaboration, to designating a lead institution, or creating a new institution. Ms. Frost reported that there was a clear leaning toward a combination of some of these options in the Committee's discussions. The Committee wants to build on the strengths of all of our institutions while better coordinating online degree programs as a System and to capitalize on the global reputation of a single institution in the development of internationally competitive online programs.

Ms. Frost further reported that the Committee is proposing a two-prong approach to better coordinate services and degree programs throughout the System and to designate a preeminent university to focus on providing the highest quality online degree programs for high-performing students. Ms. Frost moved that the full board

- (1) use the Strategic Plan preeminence metrics to designate the university which would create a separate arm to provide online degree programs of the highest quality, and that funds be requested of the Legislature to support such an effort. The preeminence metrics would be those passed by the 2012 Legislature and approved by the Board for use in the 2012-2013 university work plans. Further, the selected university would create an innovation and research center to (a) ensure the State is a leader in the development of cutting-edge technology and instructional design for the online programs and (b) conduct research that would help strengthen online degree programs and the success of online students.
- (2) direct the Chancellor to form a systemwide work group that would report back to the Strategic Planning Committee and continue to work with our colleges and universities and the other delivery systems to determine ways in which services and online degree programs, including market-based job analyses, can be better coordinated to ensure State and student needs are being met in a cost-efficient and effective manner.

Dr. Chopra seconded the motion. Chair Colson asked if there was any discussion.

Members of the Committee discussed the importance of retaining the individual university efforts for online education. The Board will continue to coordinate the System efforts.

After discussion, the members of the Board concurred unanimously in the two motions.

## 5. Concluding Remarks and Adjournment

Chair Colson reported that the Board's next in-person meeting will be held on March 27<sup>th</sup> and 28<sup>th</sup> at Florida A&M University in Tallahassee. The Chair of the Florida

Polytechnic University Board of Trustees will be making a presentation at the meeting. The Board office is also trying to set up an orientation for new members in conjunction with the meeting.

Chair Colson reminded members about the upcoming Legislative Session. He encouraged members to contact Legislators and the Governor to explain how important higher education is to the State of Florida.

Members discussed the letter dated February 18, 2013, from Governor Scott related to using bonds to finance university construction. Chair Colson reported that the Council for Administrative and Financial Affairs (CAFA) met this week and reviewed the letter.

Having no further business, the meeting was adjourned at 1:47 p.m., February 21, 2013.

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Dean Colson, Chair

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Monoka Venters,  
Corporate Secretary



**STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS**  
March 28, 2013

**SUBJECT:** Chancellor's Report to the Board of Governors

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**PROPOSED BOARD ACTION**

For Information Only

**AUTHORITY FOR BOARD OF GOVERNORS ACTION**

Not Applicable

**BACKGROUND INFORMATION**

Chancellor Frank Brogan will report on activities affecting the Board staff and the Board of Governors since the last meeting of the Board.

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**Supporting Documentation Included:** None

**Facilitators/Presenters:** Chancellor Frank T. Brogan

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**STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS**  
March 28, 2013

**SUBJECT:** Viva Florida 500

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**PROPOSED BOARD ACTION**

For Information Only

**AUTHORITY FOR BOARD OF GOVERNORS ACTION**

Not Applicable

**BACKGROUND INFORMATION**

The State of Florida and the Florida Humanities Council (FHC) will be commemorating Ponce de Leon's landing on the Florida coast with a series of events celebrating Florida's quincentenary (1513-2013). The State's lead official on the quincentenary, Secretary of State Ken Detzner, and FHC Treasurer Steve Seibert, will discuss the great importance of this momentous milestone.

The presentation will explain and emphasize the educational potential of the extraordinary, rare "teachable moment" for Florida. It will also make visible the connections between the quincentenary and the ongoing work of scholars and programs in the State University System. Finally, the presentation will outline the complementary of the Florida Humanities Council in mobilizing scholars to convey the important history of Florida and its place in the Americas and to assist public school teacher of Florida and US history and culture.

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**Supporting Documentation Included:** None

**Facilitators/Presenters:** Honorable Ken Detzner, Secretary of State; and  
Steve Seibert, Treasurer, Florida Humanities  
Council

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**STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS**  
March 28, 2013

**SUBJECT:** Limited Access Status for the Bachelor of Social Work at the University of North Florida

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**PROPOSED BOARD ACTION**

Consider Limited Access Status for the Bachelor of Social Work at University of North Florida, CIP Code 44.0701.

**AUTHORITY FOR BOARD OF GOVERNORS ACTION**

Article IX, Section 7, Florida Constitution; Board of Governors Regulation 8.013

**BACKGROUND INFORMATION**

The University of North Florida requests Limited Access status for the new Bachelor of Social Work (CIP 44.0701). The rationale for Limited Access status is that the program's accrediting body, the Council for Social Work Education, requires the faculty to student ratio to not exceed 1:25. Additionally, high student demand, limited number of supervised internship experiences, limited resources, and the desire to deliver a high quality program for the students, are also reasons for requesting Limited Access status for the Bachelor of Social Work.

New admission requirements would be a GPA of 2.5 or better, the completion of common prerequisite courses with a C or better, and the submission of a personal essay describing the applicant's interest in the field of social work.

These requirements will not affect the ability of Florida College System associate of arts degree program graduates to compete for program space. If approved, Limited Access status will be implemented in the fall term of 2013.

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**Supporting Documentation Included:** Located with the Committee Materials

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**STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS**

March 28, 2013

**SUBJECT:** Resolution of the Board of Governors Requesting the Division of Bond Finance of the State Board of Administration of Florida (the “Division of Bond Finance”) to issue revenue bonds on behalf of Florida State University (the “University”) to finance construction of a student residence facility on the main campus of the University

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**PROPOSED BOARD ACTION**

Adoption of a resolution approving the issuance of fixed rate, tax-exempt revenue bonds, by the Division of Bond Finance on behalf of the University, in an amount not to exceed \$51,400,000 (the “Bonds”) for the purpose of financing the construction of the New Dorman Complex on the main campus of the University (“the Project”).

Staff of the Board of Governors, State University System of Florida, and the Division of Bond Finance, State Board of Administration of Florida, has reviewed this resolution and all supporting documentation. Based upon this review, it appears that the proposed financing is in compliance with Florida Statutes governing the issuance of university debt and the debt management guidelines adopted by the Board of Governors. Accordingly, staff of the Board of Governors recommends adoption of the resolution and authorization of the proposed financing.

**AUTHORITY FOR BOARD OF GOVERNORS ACTION**

Article IX, Section 7, Florida Constitution; Section 1010.62, Florida Statutes; and Florida Board of Governors Debt Management Guidelines

**BACKGROUND INFORMATION**

Florida State University has submitted a proposal for financing and construction of a new Student Residence Facility on the main campus of the University, at the southeast corner of Woodward Avenue and Traditions Way. This site is located in close proximity to academic and student services buildings and completes the chain of residence halls on the east side of campus. The proposed project will consist of two buildings of approximately 193,116 square feet each with approximately 431 beds per building, for a total of approximately 862 beds, arranged in suite-style double rooms

with a connecting bathroom. The Project is consistent with the University's Campus Master Plan. The construction of the proposed residence halls is estimated at a total cost of \$55,500,000. Construction costs are estimated at \$51,198,442 with planning estimated at \$2,971,558 and equipment estimated at \$1,330,000.

The project will be financed with a \$10 million cash contribution from excess funds within the housing system Building Maintenance and Equipment Reserve Fund and a fixed rate, tax-exempt revenue bond issue in an amount not exceeding \$51,400,000 issued by the Division of Bond Finance. The bonds will finance a portion of the cost of the project, fund a debt service reserve account (if necessary) and pay costs of issuance. The bonds will mature twenty (20) years after issuance with level annual debt service payments.

Net housing system revenues will be pledged for the payment of debt service. These revenues are derived primarily from rental income, after deducting operating expenses. The bond series for construction of the new halls will be issued on parity with the outstanding Florida State University Housing Facility and Dormitory Revenue Bonds currently outstanding in the aggregate principal amount of \$128,355,000.

Projections provided by the University indicate that sufficient net revenues will be generated to pay debt service on the Series 2013A Bonds and the outstanding parity bonds.

The Florida State University Board of Trustees, at its January 11, 2013 meeting, approved the Project and the financing thereof.

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**Supporting Documentation Included:** Information is located behind the Facilities Committee agenda



**STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS**

March 28, 2013

**SUBJECT:** A Resolution of the Board of Governors Requesting the Division of Bond Finance of the State Board of Administration of Florida (the “Division of Bond Finance”) to issue revenue bonds on behalf of the Florida International University to finance construction of a Parking Garage on the main campus of Florida International University

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**PROPOSED BOARD ACTION**

Adoption of a resolution approving the issuance of fixed rate parking facility revenue bonds, by the Division of Bond Finance on behalf of the Florida International University (the “University”), in an amount not to exceed \$33,500,000 (the “Bonds”) for the purpose of financing Parking Garage VI on the main campus of Florida International University (“the Project”).

Staffs of the Board of Governors, State University System of Florida, and the Division of Bond Finance have reviewed this resolution and all supporting documentation. Based upon this review, it appears that the proposed financing is in compliance with Florida Statutes governing the issuance of university debt and complies with the debt management guidelines adopted by the Board of Governors. Accordingly, staff of the Board of Governors recommends adoption of the resolution and authorization of the proposed financing.

**AUTHORITY FOR BOARD OF GOVERNORS ACTION**

Article IX, Section 7, Florida Constitution; Section 1010.62, Florida Statutes; and Florida Board of Governors Debt Management Guidelines

**BACKGROUND INFORMATION**

The University previously submitted a proposal for financing and construction of Parking Garage VI. The Board approved The Project at its meeting held on June 23, 2011. Due to the length of time since the original approval and to address specific metrics before advancing construction projects that require debt financing, The Project is being represented for approval.

The Project will be located on the north side of the Modesto A. Maidique campus of FIU. The Project will contain approximately 2,000 parking spaces, bringing the total number of parking spaces on campus to approximately 17,000 and approximately 8,800 structured parking spaces. The Project is consistent with the University's Campus Master Plan. The total Project cost is expected to be \$42 million.

The University's Board of Trustees has requested approval from the Board of Governors for the Division of Bond Finance to issue up to \$33,500,000 of fixed rate parking facility revenue bonds to finance a portion of the construction of the Project, fund a debt service reserve fund, capitalized interest and pay costs of issuing the Bonds. The University also anticipates contributing \$9 million from University Parking and Auxiliary fund balances. The Bonds will mature thirty (30) years after issuance with level annual debt service payments.

The debt service payments will be funded from revenues generated from the operation of the University's Parking System, after payments for operation and maintenance costs. The primary source of revenues being used to pay debt service on the Bonds will be transportation access fees required to be paid by all students, faculty and staff parking decal sales, and fines. The Bonds will be issued on parity with the outstanding Parking Facility Revenue Bonds, currently outstanding in the aggregate principal amount of \$47.8 million.

Projections provided by the University indicate that sufficient net revenues will be generated by the transportation access fees, faculty and staff parking decal sales, fines, and other parking fees to pay debt service on the Bonds and the outstanding parity bonds. The transportation access fee was increased in academic year 2012-13 to \$89.00 for the Fall/Spring semesters and \$83.00 for the Summer semester. The 2011-12 academic year rates were \$81.00 for each of the Fall/Spring semesters and \$75.00 for the Summer semester. The university retains the ability to increase student fees, decal rates, fines, meter rates and other sources of revenue as permitted by law.

The University's Board of Trustees approved the original Project and the financing thereof at its March 15, 2011 meeting. Subsequent approval of the revised Project was provided at its March 6, 2013 meeting.

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**Supporting Documentation Included:** Information is located behind the Facilities Committee agenda

**STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS**  
March 27, 2013

**SUBJECT:** Update, 2013-14 SUS Fixed Capital Outlay Legislative Budget Request

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**PROPOSED BOARD ACTION**

Information; action to be determined

**AUTHORITY FOR BOARD OF GOVERNORS ACTION**

Article IX, Section 7, Florida Constitution

**BACKGROUND INFORMATION**

The Board will receive an update regarding the 2013-14 FCO LBR, and if needed, may amend the Board's capital funding request at this time.

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**Supporting Documentation Included:** None

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**STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS**  
March 28, 2013

**SUBJECT:** Public Notice of Intent to Amend Regulation 18.001, Purchasing

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**PROPOSED BOARD ACTION**

Approve amended Regulation 18.001.

**AUTHORITY FOR BOARD OF GOVERNORS ACTION**

Article IX, Section 7, Florida Constitution and Board Regulation Development Procedure

**BACKGROUND INFORMATION**

Regulation 18.001 was approved for public notice of intent to amend at the January 17, 2013 meeting of the Board.

The proposed revision renumbers and consolidates existing critical sections and incorporates the recent changes in law by adding a section guiding the price preference for Florida-Based Vendors, eliminating existing printing reference and strengthening the existing donation language. The proposed language was developed in conjunction with university attorneys, purchasing officials, and a small sub-group of volunteers, headed by Shirley Liu, Assistant General Counsel, FIU and Kathy Ritter, Purchasing Director, UNF. No adverse impact has been identified by adoption of these regulations.

Pursuant to the Board of Governors Regulation Development Procedure, Regulation 18.001 was posted on the Board's Web site for public comment after consideration of the proposed regulation by the Board at the January meeting. The comment period has expired with no public comments submitted.

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**Supporting Documentation Included:** Amended Regulation 18.001

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## 18.001 Purchasing Regulation

(1) **Authority of the Institutions.** Each university Board of Trustees shall adopt regulations establishing basic criteria related to procurement, including procedures and practices to be used in acquiring commodities and contractual services, as follows:

- (a) Removing any contractor from the University's competitive vendor list that fails to fulfill any of its duties specified in a contract with the University(s) and to reinstate any such contractor when satisfied that further instances of default will not occur.
- (b) Planning and coordinating purchases in volume and negotiating and executing agreements and contracts for commodities and contractual services under which the University may make purchases.
- (c) ~~Evaluating~~Utilizing, -and approving, and utilizing contracts let by any State of Florida agency or department, the Federal Government, other states, political subdivisions, not-for-profit cooperatives or ~~consortiums~~consortia, or any independent college or university for the procurement of commodities and contractual services, when it is determined to be cost-effective and in the best interest of the University, to make purchases under contracts let by such other entities. For the 2012-2013 fiscal year, Universities shall review existing consortia and cooperative contracts to identify potential savings and, if there is the potential for savings, enter into new consortia and cooperative contracts to achieve the savings, with the goal of achieving a five-percent savings on existing contract prices.
- (d) Awarding contracts for commodities and contractual services to multiple suppliers, if it is determined to be in the best interest of the University. Such awards may be on a university, regional or State University System-wide basis and the contracts may be for multiple years.
- (e) Rejecting or canceling any or all competitive solicitations when determined to be in the best interest of the University.
- (f) Barring any vendor from doing business with the University for demonstrated cause, including previous unsatisfactory performance.
- ~~(g) Vendors shall be required~~Requiring vendors to identify their principal place of business as defined in subparagraph (3)(d) in response to all forms of competitive solicitations.
- ~~(h) Requiring the use of purchasing agreements or state term contracts pursuant to section 287.056, Florida Statutes, or consortia and cooperative agreements to the extent such use would result in net savings of 5% or greater to the university over otherwise available or offered pricing to the university for the exact same good or service. In no instance shall university regulations require the use of state purchasing agreements or state term contracts pursuant to section 287.056 if the university can achieve a lower cost or if a specific commodity or contractual service is not available.~~
- ~~(i) Prohibiting all university personnel, including university support organization personnel, from soliciting information from vendors during the procurement process relating to fundraising or prospective donations to the university or its direct support organization.~~
- (g) Prohibiting University employees and University direct support organization employees participating involved in on a procurement selection committee process for commodities or services from soliciting donations from responding potential vendors

during the selection process, except for donations or other benefits expressly stated in the procurement document that reduce the cost of the commodities or services to the University.

(2) **Competitive Solicitation Threshold.** Each university Board of Trustees shall establish a competitive solicitation threshold not greater than \$75,000 (the “Competitive Solicitation Threshold”) for the purchase of commodities or contractual services.

- (a) When only one response is received to the competitive solicitation ~~threshold~~ for commodities or contractual services that exceeds \$75,000 the Competitive Solicitation Threshold, the University may review the solicitation responses to determine if a second call for a competitive solicitation is in the best interest of the University. If it is determined that a second call would not serve a useful purpose, the University may proceed with the acquisition.
- (b) The purchase of commodities and contractual services shall not be divided to avoid the requirement of competitive solicitation.

(3) **Preferences for Florida-Based Vendors.**

(a) Preferences for Personal Property Commodities. When a University awards a contract to purchase personal property commodities, other than printing, by competitive solicitation pursuant to paragraph (2) of this regulation, a preference shall be provided to vendors with a principal place of business in Florida (such vendors hereinafter referred to as “Resident Vendors”) as follows:

1. ~~If the lowest responsible and responsive bid, or the highest ranked responsible and responsive proposal or reply~~ If the responsible and responsive vendor that submits the lowest bid, the most advantageous proposal, or the best value reply is one from a vendor whose principal place of business is outside of Florida and is in a state or political subdivision thereof that which grants a preference for the same purchase to a vendor in such state or political subdivision, as applicable, then the University shall grant the same preference, as the case may be, to either the responsible and responsive Resident Vendor with the lowest responsible and responsive bid received pursuant to an Invitation to Bid, or the Resident Vendor with the highest ranked responsible and responsive proposal or reply the most advantageous proposal received pursuant to a Request for Proposals, or the best value reply received pursuant to an Invitation to Negotiate.
2. With respect to Invitations to Bid, if the lowest responsible and responsive bid is from a vendor whose principal place of business is in a state that does not grant a preference for the purchase to a vendor in such state, then the University shall grant a preference in the amount of five percent to percent (5%) to the lowest responsible and responsive Resident Vendor.
3. For vendors whose principal place of business is outside of ~~not in~~ Florida, such vendors must, at the time of submitting its bid, proposal or reply, provide a written opinion from a licensed attorney in its state specifying:
  - a(a)(i) the preferences(s) granted by the state or political subdivision, as applicable, under the laws of that state to vendors whose principal place of business is in that state or political subdivision; and
  - b(b)(ii) how the preference is calculated.



- The failure to submit the written opinion may be waived as non-material if all vendors responding to the solicitation have principal places of business outside of Florida.
4. The vendor's principal place of business, as represented by the vendor in its bid or reply, may be relied upon by the University without further inquiry. If the University determines that a vendor has misrepresented its principal place of business, the vendor's bid, proposal or reply shall be rejected.
  5. For the purpose of paragraph (3)(a), "personal property" shall be defined as goods and commodities, but not real estate, intellectual property or services.
- (b) Preferences for Printing. When a University purchases printed materials by competitive solicitation pursuant to paragraph (2) of this regulation, a preference shall be provided Resident Vendors as follows:
1. If the lowest responsible and responsive bid received pursuant to an Invitation to Bid is from a vendor whose principal place of business is outside of Florida, then the University shall grant a preference to the lowest responsible and responsive Resident Vendor in the amount of five percent (5%) if the University has determined that the printing can be performed by the Resident Vendors at a level of quality comparable to that obtainable from the vendor submitting the lowest bid whose principal place of business is outside of Florida.
  2. ~~{For purposes of subparagraph 3(b)(1), the level of quality shall be determined by the number of points whether a vendor receives or satisfies the minimum specification requirements as set forth in the Invitation to Bid "Quality" section of its evaluation points.}~~
- (c) Method of Calculating Five Percent Preference.
1. ~~{If the competitive solicitation is an Invitation to Bid, then an amount equal to five percent of percent (5%) of the total base bid and any alternates shall be added to deducted from the base bid and alternates, as applicable, of the lowest responsible and responsive Resident Vendor's bidbidder.}~~
- (d) Determining a Vendor's Principal Place of Business. A vendor's "principal place of business" is determined as follows:
1. If the vendor is an individual or a sole proprietorship, then its "principal place of business" is in the state where the vendor's primary residence is located.
  2. If the vendor is a business organization, then its "principal place of business" is in the state where the majority of the vendor's executive officers direct the management of the vendor's business affairs.
- (e) Federally Funded Projects. Purchases made to perform specific obligations under federally funded projects shall not be subject to this the preference requirementto requirement to the extent the application of a preference is not allowed under applicable federal law or regulation.
- (4) **Exceptional Purchases.** Each university is authorized to make exceptional purchases of commodities or contractual services as follows:
- (a) Purchase of Products with Recycled Content. Each University may establish a program to encourage the purchase and use of products and materials with recycled content and postconsumer recovered material.

- (b) Purchase of Private Attorney Services. Written approval from the Attorney General is not required for private attorney services acquired by the University.
- (c) Purchase of Insurance. Each University shall have the authority to purchase insurance as deemed necessary and appropriate for the operation and educational mission of the University.
- ~~(e)~~(d) Purchase of Printing. However, if a University determines that it is in the best interests of the University to purchase printed materials through a competitive solicitation process, the preference provision in paragraph (3)(b) shall apply.

(5) **Purchases from Contractors Convicted of Public Entity Crimes.** A University shall not accept a competitive solicitation from or purchase commodities or contractual services from a person or affiliate who has been convicted of a public entity crime and has been placed on the State of Florida's convicted vendor list for a period of 36 months from the date of being added to the convicted vendor list.

(6) **Competitive Solicitation Exceptions.** The following types of purchasing actions, and commodities and contractual services purchases are not subject to the competitive solicitation process:

- (a) Emergency Purchases. When a university president or his/her designee determines, in writing, that the delay due to the competitive solicitation process is an immediate danger to the public health or safety or the welfare of the University, including University tangible and/or intangible assets; or would otherwise cause significant injury or harm not in the best interest of the University, the University may proceed with the procurement of commodities or contractual services without a competitive solicitation.
- (b) Sole Source Purchases. Commodities or contractual services available from a single source may be exempted from the competitive solicitation process.
- (c) Purchases from Contracts and Negotiated Annual Price Agreements established by the State of Florida, other governmental entities, other Universities in the State University System, or other independent colleges and universities are not subject to further competitive solicitation.
- (d) The following listed commodities and services are not subject to competitive solicitation:
  - 1. Artistic services;
  - 2. Academic reviews;
  - 3. Lectures;
  - 4. Auditing services;
  - 5. Legal services, including attorney, paralegal, expert witness, appraisal, arbitrator or mediator services;
  - 6. Health services involving examination, diagnosis, treatment, prevention, medical consultation or administration. Prescriptive assistive devices for medical, developmental or vocational rehabilitation including, but not limited to prosthetics, orthotics, wheelchairs and other related equipment and supplies, provided they are purchased on the basis of an established fee schedule or by a method that ensures the best price, taking into consideration the needs of the client;

7. Services provided to persons with mental or physical disabilities by not-for-profit corporations organized under the provisions of s. 501(c)(3) of the Internal Revenue Code or services governed by the provisions of the Office of Management and Budget Circular A-122;
8. Medicaid services delivered to an eligible Medicaid recipient by a health care provider who has not previously applied for and received a Medicaid provider number from the Department of Children and Family Services. This exception will be valid for a period not to exceed 90 days after the date of delivery to the Medicaid recipient and shall not be renewed;
9. Family placement services;
10. Training and education services;
11. Advertising;
12. Services or commodities provided by governmental agencies, another University in the State University System, direct support organizations of the university, political subdivisions or other independent colleges and universities;
13. Programs, conferences, workshops, continuing education events or other university programs that are offered to the general public for which fees are collected to pay all expenses associated with the event or program;
14. Purchases from firms or individuals that are prescribed by state or federal law, or specified by a granting agency;
15. Regulated utilities and government franchised services;
16. Regulated public communications, except long distance telecommunication services or facilities;
17. Extension of an existing contract;
18. Renewal of an existing contract if the terms of the contract specify renewal option(s);
19. Purchases from an Annual Certification List developed by each University;
20. Purchases for resale;
21. Accounting Services;
22. Contracts or services provided by not-for-profit support and affiliate organizations of the University, direct support organizations, health support organizations and faculty practice plans;
23. Implementation/programming/training services available from owner of copyrighted software or its contracted vendor; or
24. Purchases of materials, supplies, equipment, or services for instructional or sponsored research purposes when a director of sponsored research or designee certifies that, in a particular instance, it is necessary for the efficient or expeditious prosecution of a research project in accordance with sponsored research procedures or to attain the instructional objective.

(7) **Vendors Excluded from Competition.** In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, Invitations to Bid and/or, Request for Proposals and/or Invitations to Negotiate shall be excluded from competing for such procurements.

(8) **Standard of Conduct.** It shall be a breach of ethical standards for any employee of a University to accept, solicit, or agree to accept a gratuity of any kind, form or type in connection with any contract for commodities or services. It shall also be a breach of ethical standards for any potential contractor to offer an employee of a University a gratuity of any kind, form or type to influence the development of a contract or potential contract for commodities or services.

| Authority: Section 7(d) Art. IX, Fla. Const.; History—New 3-27-08; amended 3-28-13

**STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS**

March 28, 2013

**SUBJECT:** Auxiliary facilities that have bond covenants requiring approval of estimated 2013-2014 operating budgets

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**PROPOSED BOARD ACTION**

Approve estimated 2013-2014 operating budgets for auxiliary facilities that have bond covenants requiring Board approval.

**AUTHORITY FOR BOARD OF GOVERNORS ACTION**

Article IX, Subsection 7, Florida Constitution; Regulation 9.008

**BACKGROUND INFORMATION**

An auxiliary enterprise, as defined by the National Association of College and University Business Officers (NACUBO) in the College and University Business Administration Manual, is “an entity that exists to furnish a service to students, faculty, or staff, and that charges a rate directly related, but not necessarily equal, to the cost of the service”. One of the distinguishing characteristics of auxiliary enterprises is that they are managed as self-supporting activities. Some examples of auxiliary enterprises are housing operations, university bookstores, food services, student health centers, parking services, and continuing education. Many auxiliary enterprises have debt service commitments for the construction of facilities that must be repaid from pledged revenues from operations.

Section 1010.60, Florida Statutes, authorizes the issuance of bonds or other forms of indebtedness pursuant to the State Bond Act to finance or refinance capital projects authorized by the Legislature. Specific covenants, as set forth in the authorizing resolutions of certain bond issues, require approval of estimated operating budgets for the upcoming fiscal year at least ninety (90) days preceding the beginning of the fiscal year. The state universities historically submit annual operating budgets for their auxiliary operations approximately forty-five (45) days after the beginning of the fiscal year; therefore it is necessary for each affected institution to develop and submit, in advance, an estimated operating budget for all facilities with outstanding bond issues containing the operating budget approval covenant language.

The following universities have outstanding bond issues that require Board of

Governors approval: the University of Florida, Florida State University, Florida A&M University, the University of South Florida, Florida Atlantic University, the University of Central Florida, and Florida International University.

A review of each university's information for auxiliary facilities affected by the specific bond covenants indicates that there will be sufficient revenues to meet the estimated level of operational expenditures and debt service payments for fiscal year 2013-2014.

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**Supporting Documentation Included:** Information located in the Budget & Finance Committee material

**STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS**  
March 28, 2013

**SUBJECT:** Florida Polytechnic University Report

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**PROPOSED BOARD ACTION**

For Information Only

**AUTHORITY FOR BOARD OF GOVERNORS ACTION**

Article IX Section 7, Florida Constitution

**BACKGROUND INFORMATION**

On February 20, 2013, Chair Colson requested that Florida Polytechnic University update the Board of Governors on its progress toward established benchmarks. Those benchmarks include expectations regarding accreditation, academic programming, staffing, student enrollment, and facilities.

Florida Polytechnic University Board of Trustees Chair Rob Gidel will provide the report.

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**Supporting Documentation Included:** To be provided

**Facilitators/Presenters:** Chair Rob Gidel, Florida Polytechnic  
University Board of Trustees