

MINUTES  
STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS  
FACILITIES COMMITTEE  
UNIVERSITY OF CENTRAL FLORIDA  
ORLANDO, FLORIDA  
NOVEMBER 9, 2017

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and its Committees are accessible at <http://www.flbog.edu/>.*

Governor H. Wayne Huizenga, Jr., Chair, convened the meeting of the Board of Governors Facilities Committee meeting at 8:36 a.m., November 9, 2017. The following members were present: Fernando Valverde, Dick Beard, Darlene Jordan, Sydney Kitson, Alan Levine, Wendy Link, Edward Morton, Jay Patel, and Gary Tyson. Other members present included: Tom Kuntz, Ned Lautenbach, Kishane Patel, Pam Stewart, Norman Tripp, Zach Zachariah, and Tim Cerio.

1. Call to Order

Chair Huizenga called the meeting to order at 9:16 am.

2. Minutes of Committee Meetings: Governor Huizenga

Governor Valverde moved that the Committee approve the minutes of the Facilities Committee meeting held August 31, 2017, at the University of Florida. Governor Link seconded the motion and it passed unanimously.

3. Amend the 2018-2019 Fixed Capital Outlay Legislative Budget Request:

Chair Huizenga called on Mr. Chris Kinsley, Assistant Vice Chancellor for Finance and Facilities, to discuss the proposed amendments to the 2018-19 Fixed Capital Outlay (FCO) LBR. Mr. Kinsley gave an overview of each component as follows: A.) Public Education Capital Outlay (PECO) maintenance allocation, B.) fixed capital outlay project list, C.) Capital Improvement Trust Fund (CITF) allocation, D.) legislative authorization that could require debt, and E.) legislative authorization for projects that may require operations and maintenance. Mr. Kinsley stated that items D and E are permission requests only with no funding attached; whereas, A through C are funding requests.

## A. Maintenance

Mr. Kinsley noted that the maintenance request for 2018-19 is for \$48,269,307. Kinsley stated that what drives the maintenance number is the available PECO revenues. Thus, the \$48M number doesn't represent the need – it represents what is available via a formula. The actual need for maintenance is close to \$1 billion. Mr. Kinsley noted that the projection maintenance amounts for the LBR will change yearly.

Governor Kuntz asked if the formula was wrong. Mr. Kinsley affirmed that the calculated need is measured against the available revenues, which is only a portion of the entire amount of the entire education system. It is not that the formula per se is wrong - it calculates the need. There are just are not enough PECO dollars.

Governor Kuntz asked Commissioner Stewart if it is worst or the same in K-12. Commissioner Stewart affirmed that it is a bigger problem. Kuntz asked what the game plan is. Commissioner Stewart stated that overall maintenance is separate from being a formula issue.

Huizenga stated that part of the problem is that the PECO funding is greatly limited compared to the past, which is more of an issue than the statute.

Commissioner Stewart added that if there could be one issue with the formula, it is that the formula does not take into consideration the age of the facility in each of the sectors.

Governor Morton asked if there is an objective formula to address a facility's age and size of the campus. Chris affirmed that the Board staff have revised the database to make sure the underlying data behind the formula is correct.

Mr. Kinsley asked if there were any additional questions. There were none, so the Assistant Vice Chancellor moved to the next agenda item.

## B. Fixed Capital Outlay Project List, including PECO

Mr. Kinsley noted that there was a recommendation for \$228M of named projects, which are in two parts. This list is called the PECO list, which has the PECO plus whatever additional funds will be provided to help fund. The projects add up to \$122M. Mr. Kinsley also mentioned the projects at the bottom of the list that have been previously funded by the Legislature and/or there are additional funds available at the university level. The projects represent the highest priority for each institution.

Mr. Kinsley added that these projects are in alignment with previous presentations from the workshop and many have received previous funding. He also noted that if the system is provided the funds, the projects in year one will be completed and then move

to year two and year three. Mr. Kinsley stated that adding new facilities can help deal with the maintenance needs as the old inefficient buildings are removed and new model buildings are brought in.

Governor Kuntz asked if the projects listed have been reviewed and approved by the Board. Mr. Kinsley stated that the format is different but the intent is to get away from the A-list and B-list and to show a realistic plan to finish the projects listed. He also reiterated that the list is prioritized and serves as a guide for the Legislature to choose projects by priority. Mr. Kinsley stated that the benefit of the list is that there is an awareness of the totality of what is available.

Governor Kuntz asked if the number of new projects for this year is a reduced number from last year. Chris responded that he will get back with him for a more accurate answer.

Governor Jordan asked what the LBR was that we put forward. Chris affirmed that he will provide information at a later point.

Governor Patel asked if the Board staff prioritized renovations ahead of new. Chris stated yes and pointed out that three infrastructure items have been prioritized and put ahead of renovation and all projects.

### C. 2018 Capital Improvement Trust Fund Projects

Chris Kinsley informed the Board previously approved the 2018 LBR of Capital Improvement Fee Trust Fund for \$40M. He went on to note that the final calculation is complete and the allocation is based on what each institution has contributed. The amount remains at \$40M, which is less than the amount from last year. The allocation is based on a formula that suggests what you put in is ultimately what you get out. Mr. Kinsley noted that since no bonds have been issued, debt service continues to decrease and will be able to do a bond refinance in a few weeks.

Governor Kuntz asked what the bonding capacity will be if chosen or allowed to bond. He also asked what the bonding could be used for. Chris responded that SUS is over three times the capacity. As a result, the system could bond about \$200M and not be anywhere close to a 1:2 X cover. Mr. Kinsley also stated the bonding, in theory, could be used for any purpose as long as the student body is consulted, which is required by the Board regulations and statutes. Mr. Kinsley added that the fund source is a designated fee that is charged on a credit hour basis.

D. Legislative Authorization that could require debt.

Mr. Kinsley explained that any projects that require debt, must get legislative approval whether it is a bond project or P3 project. The Legislature has delegated to the Board approval, under Florida Statute 1010.62, for almost every type of project except for athletic facilities and conference facilities. This gives the Board the authority to consider projects such as the FIU hotel.

E. Legislative Authorization for projects that may require operations and maintenance.

Mr. Kinsley stated that if any university uses any non-appropriating dollars for an academic purpose and asks for operation money, it must first get approval from the Legislature.

Governor Kuntz asked what the funding source for the project is. Chris affirmed general revenue. He added that the Legislature has not funded PO&M for three years.

After further discussion, Chair Huizenga asked if there was a motion.

Governor Levine made a motion to amend the 2018-2019 Fixed Capital Outlay Legislative Budget Request. Governor Jordan seconded the motion, and the motion passed unanimously.

4. Concluding Remarks and Adjournment

There being no further business, Chair Huizenga adjourned the meeting at 9:52 a.m., November 9, 2017.

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Chris Kinsley, Assistant Vice Chancellor  
Facilities

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H. Wayne Huizenga, Jr., Chair