

MINUTES  
STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS  
FACILITIES COMMITTEE  
FLORIDA ATLANTIC UNIVERSITY  
BOCA RATON, FLORIDA  
NOVEMBER 8, 2018

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

Governor H. Wayne Huizenga, Jr., Chairman, convened the meeting of the Board of Governors Facilities Committee meeting at 9:16 a.m., November 8, 2018. The following members were present: Fernando Valverde, Shawn Felton, Darlene Jordan, Sydney Kitson, Ned Lautenbach, Edward Morton, and Jay Patel. Other Board members present included: Patricia Frost, Wendy Link, Norman Tripp, Jalisa White, and Z. Zachariah.

1. Call to Order and Opening Remarks

Chairman Huizenga called the meeting to order.

2. Minutes of Committee Meetings: Governor Huizenga

Governor Kitson moved that the Committee approve the minutes of the Facilities Committee meeting held September 13, 2018, at the New College of Florida. Governor Felton seconded the motion, and it passed unanimously.

3. Amended 2019-2020 SUS Fixed Capital Outlay Legislative Budget Request

Chairman Huizenga called on Mr. Chris Kinsley, Assistant Vice Chancellor for Finance and Facilities, to discuss the Public Education Capital Outlay (PECO) List and the funding adjustments between project years. Mr. Kinsley noted that the proposed adjustments do not take away any funding or add any funding to any universities over the next three years. Instead, the funding is modified between the three years for only four universities. \$4M will be shifted from 2019-20 to 2020-21 for FAU and NCF. \$4M will be shifted from 2020-21 to 2019-20 for FIU and UF. The shifts are in accordance with the priority to complete existing projects, by getting existing projects fully funded, which can save the State of Florida millions in construction inflation.

Mr. Kinsley opened the floor for questions or comments. Governor Kitson discussed the importance of finishing the projects already funded, fixing the buildings in disrepair, and utilizing the buildings in the most efficient way. Only when that is done

should new projects be considered. Governor Kitson asked for a recommendation for a procedure on how we think about new buildings. As a result of the long-term impact an academic building can have, when a new building is proposed, the utilization need for that building should be identified. Additionally, the cost and how the Plant Operations and Maintenance (PO&M) will be paid should also be discussed. Chairman Huizenga noted the hundreds of millions of dollars a year in deferred maintenance we should be spending a year, according to Sightlines, and instead we are allocating approximately \$50M this year and trying to do the best we can with limited resources. We have not had our new building PO&M funded in the last few years, which is also an additional burden. These issues will be reevaluated and discussed further in January.

Mr. Kinsley then discussed a presentation which highlighted the distinction between PO&M and Maintenance, Repair, Renovation, & Remodel (MRR&R) and made the recommendation to maintain the \$52M as part of the Board's Legislative Budget Request (LBR) for MRR&R. Considerations in building the PECO State University System (SUS) Project List were also presented and highlighted that the Board's list is principal based and that over time each university has an opportunity to advance its capital planning goals. Lastly, Mr. Kinsley presented a slide on the House and Senate Joint Rules which concluded that, under the current rules and based on past practice, the Legislature can fund any project on the Board's list from years 1, 2, or 3.

Mr. Kinsley advised that there would be more components of the LBR that will be discussed in January. The \$52M of maintenance has not yet been allocated, but will be in January, as well as the Capital Improvement Trust Fund (CITF) allocation of \$44M, which will require refining of that allocation. There is also the list of special projects which is still being developed and may include Debt or Public Private Partnership (P3) projects that need legislative authorization. The Board staff is also looking for legislative authorization to make adjustments to some PECO projects, as well as to expend carryforward for different projects, primarily renovations. The list should be supported by the institution, so an institution wishing to be on the list should speak to their Board of Trustees and Presidents in order to present a request to be on the list which will be discussed further in January. Dr. Dale Whittaker, President of UCF, expressed support for this process. Governor Link questioned Mr. Kinsley as to why schools would not want to participate. Mr. Kinsley stated that some schools were concerned as to whether or not they would have the carryforward balances to deploy.

Chairman Huizenga asked if there were any further questions. There being none, Chairman Huizenga called for a motion to amend the 2019-2020 Fixed Capital Outlay Legislative Budget Request. Governor Kitson moved to approve, Governor Lautenbach seconded, and the motion passed with approval by all members.

Chairman Huizenga advised that the remaining LBR components will be considered in January and an invitation was extended to both President Kelly and President Fuchs to

present on the current capital funding challenges at their university lab schools in January as well.

4. University of South Florida, St. Petersburg Housing - Request for Debt Authorization

Chairman Huizenga called Assistant Vice Chancellor for Finance and Facilities, Mr. Chris Kinsley, to describe the salient deal points. The request from USF is for parity debt in the amount of \$33M that will construct a new residence hall and dining facility on the St. Pete Campus that will be part of the USF Housing System. The transaction has been analyzed and fits within the Debt Guidelines. The demand for housing is strong as the university has a waiting list. The university's housing balance sheet is strong and this transaction will only strengthen that balance sheet. Additionally, no exceptions will need to be made. The contractor has committed to being able to get the project open by Fall 2020 and progress to accomplish that goal is already underway.

USF's Board of Trustees' Chairman, Brian Lamb, discussed how the St. Petersburg housing project would be an asset and discussed how it would be an optimal project for the university. In terms of strategic alliance, student success can be partly attributed to priorities such as housing because it keeps students on campus, get students in the right curriculum, and helps graduate them on time or faster. Trustee Lamb stated the completion of the project in Fall of 2020 will be transformational for the St. Petersburg campus. Trustee Lamb then allowed Mr. David Lechner, Chief Operating Officer at USF, to present on the details of the project. Mr. Lechner discussed components of the project, including the size that was based on conservative enrollment growth, a GMP provided by the contractor, the capital locked in from Sodexo who will build-out the dining space. Mr. Lechner also discussed the borrowing rate, projected system coverage, project break even, and the built-in reserve fund. Also discussed were the project sources and uses, the comparison of housing rates, and dining costs both on-campus and off-campus, thereby highlighting the cost savings for students. Mr. Lechner further explained how major project risks have been mitigated.

Trustee Lamb then opened the floor for questions. Governor Patel expressed his support, as did Governor Morton. Governor Morton further commented on cost and how that presents difficulty for our students and the responsibility of the committee to make sure the finance corporation is operating as it should. Governor Link verified that the Division of Bond Finance now has a better understanding of the project. Governors Kitson and Jordan also expressed their support of the project and appreciation for the time and effort in working with the committee. Chairman Huizenga also mentioned the cost savings obtained from moving forward with the project now as opposed to later when construction costs have increased and thanked the Board and the Committee members for their due diligence with this project.

There being no further discussion, Chairman Huizenga called for a motion approving the issuance of the debt by the University of South Florida to finance the construction of a student housing facility and adjacent dining hall on the St. Petersburg campus, in the amount not to exceed \$33,000,000. Governor Lautenbach moved to approve, Governor Jordan seconded, and the motion passed with approval by all members.

5. Concluding Remarks and Adjournment

Chairman Huizenga remarked on the PECO process and asked staff to explore the concept of what elements should be required in order for universities to demonstrate that all new educational projects demonstrate solid building value metrics, including project demand; utilization; net to gross ratio; cost per Gross Square Feet (GSF), and the like, some of which was touched upon at the Workshop, and may be something the Committee may want to establish in a Board regulation or guidance document. There being no further business, Chairman Huizenga adjourned the meeting at 10:06 a.m. (ET), November 8, 2018.

---

Chris Kinsley, Assistant Vice Chancellor,  
Finance and Facilities

---

H. Wayne Huizenga, Jr., Chair