

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
March 30, 2022**

SUBJECT: Public Notice of Adoption of Board of Governors Regulation 14.002 – Reserves for New Construction

PROPOSED BOARD ACTION

Approve the Adoption of Board Regulation 14.002 – Reserves for New Construction.

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution, Regulation Development Procedures

BACKGROUND INFORMATION

At the January 5, 2022 meeting, the Board approved a Plan to address the current backlog of deferred capital needs in the SUS and, importantly, help avoid the issue going forward. The Plan provides for, among other things, the following:

- **Consider increasing the (statutorily-required) 1% reserve on new projects, and establish governing parameters for the use and preservation of reserve balances.**

Section 1001.706(12), Florida Statutes, governing PECO-funded projects, provides for the following:

(c) A new construction, remodeling, or renovation project that has not received an appropriation in a previous year shall not be considered for inclusion on the prioritized list required by s. 1013.64(4), unless:

1. A plan is provided to reserve funds in an escrow account, specific to the project, into which shall be deposited each year an amount of funds equal to 1 percent of the total value of the building for future maintenance;

The above language represents the entire statutory provision governing such reserves. The proposed new Regulation 14.002 enhances the statutory requirement, increasing annual reserve funding on new construction to 2% (inclusive of the statutory 1%) as well as requires accountability for reserve funds and university board of trustees oversight.

The proposed regulation was reviewed by the universities, and comments have been incorporated, as appropriate.

On February 24, 2022, the Board approved the Public Notice of Intent to Adopt 14.002, and notice was made on February 28, 2022 via posting of the proposed action on the Board website. No comments or concerns were expressed from the public.