

MINUTES
STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
FACILITIES COMMITTEE
March 25, 2020

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

Governor H. Wayne Huizenga, Jr., Chairman, convened the telephonic Board of Governors Facilities Committee meeting at 10:32 a.m. (ET) on March 25, 2020. The following members were present: Aubrey Edge, Shawn Felton, Sydney Kitson, Charles Lydecker, Steven Scott, and Eric Silagy.

1. Call to Order and Opening Remarks

Chairman Huizenga called the meeting to order.

2. Minutes of Committee Meetings: Governor Huizenga

Chairman Huizenga moved that the committee approve the minutes of the Facilities Committee meeting held on January 29, 2020, at Florida State University. Governor Silagy moved to approve, Governor Scott seconded the motion, and the motion carried.

3. Board of Governors Regulations

Chairman Huizenga advised that the first action item is a series of Facility regulations proposed for first notice. If approved by the Committee and Board today, the regulations will be published for public comment, and then placed on the Board agenda for approval in June. Chairman Huizenga recognized Mr. Tim Jones, Chief Financial Officer and Vice Chancellor of Finance and Administration, to present the regulations.

Mr. Jones stated that Regulation 14.001, "Construction Program Definitions," is a new regulation to replace 14.002, "Definitions." The new regulation includes all of the definitions from 14.002 with the addition of four new definitions, including "Fixed Capital Outlay Projects," "Maintenance and Repair," "Remodeling" and "Renovation." These definitions help define terms identified in Senate Bill 190, passed last year, and follow recommendations to provide guidance to the universities.

Chairman Huizenga opened the floor for questions. There being none, the Chairman called for a motion to approve the public Notice of Intent to Adopt Board Regulation 14.001 "Construction Program Definitions." Governor Kitson moved to approve, Governor Scott seconded the motion, and the motion carried.

Next, Mr. Jones presented Regulation 14.002, "Definitions." Mr. Jones advised that the definitions have been moved to Regulation 14.001, and is, therefore, recommending that 14.002 be repealed.

Chairman Huizenga opened the floor for questions. There being none, the Chairman called for a motion to approve the public Notice of Intent to Repeal Board Regulation 14.002 Definitions. Governor Silagy moved to approve, Governor Kitson seconded the motion, and the motion carried.

Mr. Jones proceeded to present Regulation 14.006 (formerly 14.0025) "Building Program and Fixed Capital Outlay Legislative Budget Request Procedures." Mr. Jones explained that this is an existing regulation that is being renumbered to follow sequencing. Regulation 14.006 is also amended to clarify that an Educational Plant Survey must be completed before a project is eligible to be on the PECO preliminary selection group for subsequent scoring and ranking, as required by Senate Bill 190. Additionally, the regulation is being amended to delegate preparation of the annual Fixed Capital Outlay legislative budget request guidelines, instructions, and schedules to the Chancellor for distribution to the universities.

Chairman Huizenga opened the floor for questions. There being none, the Chairman called for a motion to approve the public Notice of Intent to Amend Board Regulation 14.0025 – "Building Programs and Fixed Capital Outlay Legislative Budget Request Procedures." Governor Kitson moved to approve, Governor Silagy seconded the motion, and the motion carried.

Next, Mr. Jones presented Regulation 14.003 – "Fixed Capital Outlay Projects – University Budgeting Procedures." Mr. Jones went on to explain that this is a new regulation that addresses changes from Senate Bill 190 as well as the Crowe recommendations. Included in this regulation is the requirement that the boards of trustees adopt fixed capital outlay budgets. It defines Education and General projects, minor carryforward projects, major carryforward projects, appropriated versus non-appropriated projects, and provides guidance on amending the FCO Budget.

Chairman Huizenga opened the floor for questions. There being none, the Chairman called for a motion to approve the public Notice of Intent to Adopt Regulation 14.003– "Fixed Capital Outlay Projects – University Budget Procedures." Governor Kitson moved to approve, Governor Scott seconded the motion, and the motion carried.

4. FSU College Town I Refinancing

Chairman Huizenga recognized Interim Director of Finance and Facilities, Kevin Pichard, to present College Town I. Mr. Pichard stated that the Seminole Boosters, Inc. is seeking authorization of a resolution to issue debt in the amount of \$17M on College Town Phase I and that the \$17M will pay off \$15M in existing debt and provide another \$2M that will go toward buying out investors on Phase II.

Mr. Pichard further explained that Phase I is part of a three-phase development on land that is adjacent to campus and owned by the Boosters. The development of College Town was initiated in 2011 and concluded in 2019 with all three phases now operationally stabilized and cash flowing with good coverage. All three phases are

exhibiting 99 to 100 percent occupancy in both commercial space and student housing. All three phases are mixed-use projects with the first floor dedicated to commercial use.

Mr. Pichard advised that the Board looked at Phase I about three years ago and approved the existing \$15M. It was short term financing, interest-only, which took out the investors on Phase I, giving the Boosters 100 percent ownership over that phase. The proposed financing is going to switch from interest-only to locking in the rate on a 10-year note, fixed-rate, amortizing, with level debt service. Further, the \$15M note has matured. The bank has therefore given them a 6-month extension to facilitate the refinancing.

Chairman Huizenga opened the floor for questions. The Chairman stated that Ben Watkins sent a memorandum about the potential for difficulties refinancing in 10 years and the potential that they may see a credit downgrade. However, the Boosters Club has a significant amount of cash, and while no one can see what will happen with the sports programs ten years out, based on their history and the cash on hand, the Chairman said that he did not think there would be an issue for them to either take out the remaining debt at the end of ten years or refinance.

There being no further discussion, the Chairman called for a Motion authorizing a Resolution approving the issuance of debt by the Florida State University Seminole Boosters, Inc. to refinance College Town Phase I in an amount not to exceed \$17M. Governor Lydecker moved to approve, Governor Silagy seconded the motion, and the motion carried.

5. FSU College Town II Refinancing

Chairman Huizenga recognized Mr. Pichard to present the FSU College Town II Refinancing. Mr. Pichard stated that FSU Seminole Boosters is seeking authorization of a resolution to issue \$28M in debt on College Town Phase II. Specifically, the \$28M will go toward paying off \$23M in a developer loan in the developer name and guaranteed by the developer. Approximately another \$2M will go to pay off the remainder of the developer interest in Phase II, and approximately \$3M will be combined with the \$2m mentioned in Phase I to buyout outside investors on this Phase II.

Mr. Pichard further stated that the buyout is \$7M. The Boosters are seeking donations of those outside investor interest and have been successful as one or two have donated their interest. If that trend continues, the buyout will decrease, and the proceeds as structured would buy out the investors. Aside from refinancing, the goal is for the Boosters to gain 100 percent ownership of Phase II, giving them 100 percent ownership of all three phases. Mr. Pichard advised that this is an operationally stabilized project, and is cash flowing with good coverage. The proposed financing is the same type of financing as approved for Phase I and uses the same lender, a local bank selected through a competitive process. The proposed structure is a 10-year note, fixed-rate with level debt service. Additionally, Mr. Pichard stated Phase II is at 99 to 100 percent occupancy in both the commercial and housing components.

Chairman Huizenga opened the floor for questions. There being none, the Chairman called for a motion to authorizing a Resolution approving the issuance of debt by the Florida State University Seminole Boosters, Inc. to refinance College Town Phase II in an amount not to exceed \$28M. Governor Lydecker moved to approve, Governor Silagy seconded the motion, and the motion carried.

5. FIU Housing Bonds Reauthorization

Chairman Huizenga introduced the next item, which was a new on-campus student housing facility for FIU. The Chairman called on Mr. Pichard to summarize the proposed project. Mr. Pichard stated that FIU is seeking authorization of a resolution to request from the Division of Bond Finance issuance of bonds not to exceed \$71.8M for the construction of a new housing facility on campus. Park View II will be the second phase, with the first phase being Parkview I, located adjacent to the proposed location of Phase II.

Mr. Pichard advised that the Board looked at this proposed project three years ago, but it was a slightly different picture with less debt since the project never got off the ground resulting in increased construction costs. FIU is now proposing to go forward with the multistory housing; however, the program has changed as the parking has been removed, allowing for roughly 50 more beds. Mr. Pichard further explained that to offset the increased cost of construction, FIU increased its cash contribution from roughly \$15M to \$23M. Additionally, he stated that a third party demand study shows strong demand for the project

Governor Kitson raised questions related to cost, value and demand. Vice President of Finance, Ken Jessell, at FIU was recognized to respond to Governor Kitson's concerns and stated that FIU is in a very good position for this project and does not see any issues with respect to demand. Dr. Jessell also stated that FIU's housing and residential life programs, unlike off-campus housing, are designed for student success and offer a value on a month to month basis equal to that off-campus and slightly below the average of similar projects in the State University System.

Chairman Huizenga opened the floor for questions. There being no further questions, the Chairman called for a motion authorizing a resolution approving the issuance of debt by the Division of Bond Finance on behalf of Florida International University to finance the construction of a student housing facility on the main campus in the amount not to exceed \$71,800,000. Governor Lydecker moved to approve, Governor Kitson seconded the motion, and the motion carried.

6. Concluding Remarks and Adjournment

There being no further business, Chairman Huizenga adjourned the meeting at 10:56 a.m. (ET) on March 25, 2020.

Kevin Pichard, Director of Finance and
Facilities

H. Wayne Huizenga, Jr., Chair