

MINUTES
STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
FACILITIES COMMITTEE
NEW COLLEGE OF FLORIDA
SARASOTA, FLORIDA
JANUARY 27, 2021

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

Governor Steven Scott, Vice Chairman, convened the Board of Governors Facilities Committee meeting at 2:03 p.m. (ET) on January 27, 2021. The following members were present: Aubrey Edge, Edward Haddock, Sydney Kitson, Charles Lydecker, William Self, and Eric Silagy. Other Board members present included: Patricia Frost, Ken Jones, Darlene Jordan, Brian Lamb, Alan Levine, and Ally Schneider.

1. Call to Order and Opening Remarks

Vice Chairman Scott called the meeting to order.

2. Minutes of Committee Meetings

Vice Chairman Scott moved that the committee approve the minutes of the Facilities Committee meeting held on November 5, 2020. Governor Lydecker moved to approve, Governor Kitson seconded the motion, and the motion carried.

3. UF University Athletic Association, Inc. \$50M Debt Authorization for Athletic Improvements

Vice Chairman Scott introduced the first action item on the agenda and recognized Chancellor Criser to discuss the University of Florida's proposed athletic improvements.

Chancellor Criser advised that he had sent out a memo to the Governors earlier in the week. Additionally, the Chancellor explained that there is another element about ongoing discussions with the universities and the Division of Bond Finance (DBF) concerning athletic operations during COVID and beyond, as well as the seasonal cashflow issues that are typically seen in athletics.

Chancellor Criser explained that after extensive conversations with the University of Florida concerning the athletic improvements, there are two exceptions to our Debt Management Guidelines that the Chancellor recommends the Board consider. The first is directly related to COVID and its effect on college athletics this year and possibly into the coming year. Chancellor Criser advised that the analysis suggests that the 1.2x debt coverage ratio would not be met by the university for the first two years, but that we would see a return to the proper debt ratios after that period. However, as explained in

the memo, the Chancellor believes that it is fully mitigated by the concurrent financial situation of the University Athletic Association. The Chancellor explained that he does not see a risk to the university or the system as a result of the exception.

Additionally, the Chancellor advised that there has been lengthy discussion about nonlevel debt service. One distinction in this particular proposal is that typically we look at a project on a stand-alone basis but in this case, we are involving a significant amount of asset which is a non-revenue producing property, so, in fact, we would look at the portfolio revenues of the University of Florida University Athletic Association and its ability to provide debt service toward this project as well as the rest of their portfolio. The Chancellor's recommendation is that, not only now as an exception, but as a follow-up item, we would look at whether our guidelines should consider this issue of looking at the project as well as the entire portfolio.

Lastly, the Chancellor explained that there has been lengthy conversation with DBF as well with all of the universities, as COVID has created a revenue shortfall in the current period, but many times athletic operations may see seasonal cash flow shortages and revenue shortages. The state generally does not like using debt for operations, but in the case of a bridge financing of some sort, we are interested in trying to develop that conversation further. We are trying to better understand the nature of short-term financing instruments versus what is more broadly contemplated in current statutes which has to do with long term financing of capital projects.

After further discussion and support expressed by Governors Lydecker, Lamb, Haddock, Levine, and Kitson, Vice Chairman Scott called for a motion to adopt the resolution approving the issuance of Debt by the University of Florida University Athletic Association, in the amount not to exceed \$50,000,000, for the cost of (i) construction of the new Bill Heavener Football Training Center. Governor Lamb moved to approve, Governor Haddock seconded the motion, and the motion carried. The Vice Chairman then called for a motion to approve (ii) renovation and expansion of the Soccer and Lacrosse Stadium Complex. Governor Kitson moved to approve, Governor Lydecker seconded the motion, and the motion carried.

4. 2021-2022 FCO, LBR, Amended-Proposed Language for Projects Requiring Legislative Approval

Vice Chairman Scott recognized Director of Finance and Facilities, Kevin Pichard, to present the next matter.

Mr. Pichard advised that there are certain projects that require legislative authorization or pre-authorization before proceeding. This authorization is found in the back of the General Appropriations Act, hence the term, "back of the bill" approval. The subject projects are typically a hotel conference center, athletics, infrastructure, etc. That same statute also pre-authorizes typical projects including housing, parking, student activities and the like. This back of the bill authorization does not preclude the Board's approval process, and the university may choose to pursue an authorized project or not. Mr. Pichard further explained that if a university chooses to pursue a particular project,

namely a debt-financed preauthorized project, it will eventually come back to the Board for in-depth review and approval. Mr. Pichard added that a perfect example of this is the UF Athletics Improvement deal, which received “back of the bill” authorization from the legislature a year or two ago and today we are looking at the in-depth review and approval of the project. Mr. Pichard advised that the packet in the Board’s materials contain proposed “back of the bill” language and a short list of potential projects.

There being no additional discussion, Vice Chairman Scott called for a motion to approve the proposed language for 2021-22 projects requiring Legislative authorization to be constructed, acquired, and/or financed by a university or a university direct support organization. Governor Lydecker moved to approve, Governor Haddock seconded the motion, and the motion carried.

5. Concluding Remarks and Adjournment

There being no further business, Vice Chairman Scott adjourned the meeting at 2:22 p.m. (ET) on January 27, 2021.

Kevin Pichard, Director of Finance and
Facilities

Dr. Steven Scott, Vice Chairman