

MINUTES
STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
FACILITIES COMMITTEE
UNIVERSITY OF NORTH FLORIDA
JACKSONVILLE, FLORIDA
NOVEMBER 5, 2020

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Governor Steve Scott, Vice Chairman, convened the Board of Governors Facilities Committee meeting at 1:25 p.m. (ET) on November 5, 2020. The following members were present: Aubrey Edge, Sydney Kitson, Charles Lydecker, William Self, and Eric Silagy. Other Board members present included: Tim Cerio, Richard Corcoran, Patricia Frost, Darlene Jordan, Brian Lamb, Alan Levine, Ally Schneider, Kent Stermon, and Norman Tripp.

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 September 16, 2020. Governor Kitson moved to approve, Governor Silagy seconded the motion, and the motion carried.

3. Public Notice of Intent to Amend Board Regulations

Vice Chairman Scott advised that the first action item on the agenda is a couple of regulations which are proposed for public notice to amend. The first regulation is 14.001, Construction Program Definitions which requires amendment in order to align with the language in statute. There being no questions regarding regulation 14.001, Vice Chairman Scott called for a motion to approve the Public Notice of Intent to Amend Board Regulation 14.001, Construction Program Definitions. Governor Kitson moved to approve, Governor Lydecker seconded the motion, and the motion carried.

Vice Chairman explained that the next regulation, 14.004, also required similar changes to those in the previous regulation. There being no questions, the Vice Chairman called for a motion to approve the Public Notice of Intent to Amend Board Regulation 14.004, Public Announcement Requirements. Governor Lydecker moved to approve, Governor Silagy seconded the motion, and the motion carried.

4. FAMU Updates

Vice Chairman Scott advised that the next item is an update on FAMU's housing System and is informational, so no action is required.

Vice Chairman Scott recognized Director of Finance and Facilities, Kevin Pichard, to present this matter. Mr. Pichard stated that at the last meeting the Board approved participation in a loan deferral program through US DOE on the HBCU loan. As an extension of those discussions, the Committee had requested an accounting of how the refund and debt service savings would be expended within the housing system and update as to the progress in addressing housing system's deferred maintenance.

Mr. Pichard then explained FAMU has advised that the entire \$2.2M refund will be allocated to offset COVID related lost net revenues within the housing system. Projected lost net revenues are projected to be just over \$4M. Loan payment deferrals will also help offset lost net revenues. Any excess funds from future deferrals will be directed toward deferred maintenance in the housing system.

Governor Silagy asked if the lost net revenues were the result of students not using the housing as a result of their classes being scheduled online. Mr. Pichard confirmed, adding that vacancies continue due to COVID-related restrictions on occupancy and distancing. Mr. Pichard also mentioned that there are some unexpected vacancies in Gibbs Hall.

Mr. Pichard went on to discuss the deferred maintenance in the housing system and explained that FAMU's progress is best benchmarked against the plan submitted in 2018. He then explained in detail the progress made by FAMU.

Governor Silagy and Mr. Pichard then engaged in discussion over Gibbs Hall. Vice Chair Scott welcomed ideas concerning Gibbs Hall.

5. SUS Outstanding Debt; Non-DBF Issued

Vice Chairman Scott recognized Mr. Pichard to provide a brief overview of outstanding debt within the System, specifically refinancing and restructuring activity. Mr. Pichard explained that, in April, Board staff gathered information about outstanding debt, both Division of Bond Finance (DBF) issued as well as debt issued through the universities and their DSO's. The focus on that initiative was to assess the refinance/refunding activities on both the university and DBF level.

Mr. Pichard then summarized the chart contained in the Board package and stated that both the universities and DBF are actively monitoring their debt portfolios and exploring options to refinance and restructure the same to achieve debt service savings. He also summarized recent activity within the system.

Vice Chairman Scott, stated that he would like the universities to continue to look for opportunities to free up cash and lower the amount of debt.

6. FGCU Refunding, 2011A Housing Bonds

Vice Chairman Scott advised that the next item for consideration is a proposed refunding of FGCU's 2011A Housing Bonds and advised that we rarely see refundings since Board approval is not required as long as they are accomplished within the parameters outlined in the SUS Debt Management Guidelines and added that this item has a minor exception and a unique set of circumstances. Vice Chairman Scott called on Mr. Pichard to discuss.

Mr. Pichard advised that on September 23, 2020, the FGCU Financing Corporation's board approved refunding of its 2011A Housing bonds. Mr. Pichard went on to explain in detail the net present value savings and the proposed structure. He also explained the advantages of the same while in the current COVID-19 environment. Additionally, Mr. Pichard stated that the Division of Bond Finance has reviewed the refunding analysis and is not concerned with the proposed refunding except for the matter of non-level debt service and precedent.

Mr. Pichard explained that the non-level debt service is for year one only and is a minor exception to the Guidelines. He further explained that if approved, in terms of precedent, future refundings should mirror the structure and attributes reflected in FGCU's proposed refunding and added that all other governing aspects of the Guidelines apply.

There being no further discussion, the Vice Chairman called for a motion to approve FGCU Financing Corporation's refunding of its 2011A Bonds, providing for the deferral of principal repayment in FY 2021 and resulting non-level debt service savings, as well as approve a limited exception to our Debt Management Guidelines for all SUS Institutions, allowing for principal deferral and non-level debt service savings in FY 2021 solely for COVID-19 relief, with all subsequent periods reflecting level debt service, utilizing a fixed interest rate, subject to all other provisions of the Guidelines. Governor Lydecker moved to approve, Governor Silagy seconded the motion, and the motion carried.

7. 2021-22 Fixed Capital Outlay Legislative Budget Request and Preliminary Selection Group, Amended

Vice Chairman Scott introduced the next item for consideration, the 2021-22 Fixed Capital Outlay Legislative Budget Request (LBR) and Preliminary Selection Group. He further explained that the LBR and project list were approved at the last meeting. Given that the PECO scoring matrix and points system are relatively new, universities were provided an opportunity to have their boards of trustees approve material changes to the Capital Improvement Plans, with the resulting material revisions incorporated into the list and placed on the agenda for review.

The Vice Chairman then recognized Mr. Pichard to advise on what has changed since the list was looked at this September. Mr. Pichard explained and discussed the one change made by USF.

Additionally, Mr. Pichard explained that as a result of the latest Revenue Estimating Conference, the projected PECO available for FY-21-22 was increased \$110,772.

There being no further discussion, the Vice Chairman called for a motion to approve the 2020-2021 State University System Fixed Capital Outlay Legislative Budget Request and Preliminary Selection Group of PECO eligible projects, as amended. Governor Self moved to approve, Governor Silagy seconded the motion, and the motion carried.

8. University Fixed Capital Outlay Budgets

Vice Chairman Scott called on Mr. Pichard to discuss the last item for consideration, the 2020-2021 University Fixed Capital Outlay (FCO) Budgets.

Mr. Pichard explained that pursuant to section 1013.61, Florida Statutes, each university board of trustees annually adopt a capital outlay budget for the ensuing year. Implemented last year and recently codified in Regulation 14.003, university FCO Budgets must be further approved by the Board. Mr. Pichard also discussed in detail the vetting process for each university's FCO budget.

There being no questions, Governor Lydecker moved to approve the 2020-2021 University Fixed Capital Outlay Budgets, Governor Silagy seconded the motion and the motion carried.

9. Concluding Remarks and Adjournment

There being no further business, Vice Chairman Scott adjourned the meeting at 2:02 p.m. (ET) on November 5, 2020.

Kevin Pichard, Director of Finance and
Facilities

Dr. Steven Scott, Vice Chairman