

MINUTES
STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
FACILITIES COMMITTEE
UNIVERSITY OF FLORIDA
GAINESVILLE, FLORIDA
OCTOBER 30, 2019

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Governor H. Wayne Huizenga, Jr., Chairman, convened the Board of Governors Facilities Committee meeting at 9:30 a.m. (ET), on October 30, 2019. The following members were present: Shawn Felton, Darlene Jordan, Sydney Kitson, Ned Lautenbach, Charles Lydecker, Edward Morton, and Eric Silagy. Other Board members present included: Tim Cerio, Patricia Frost, Zenani Johnson, Brian Lamb, Alan Levine, Steven Scott, Kent Stermon, and Norman Tripp.

1. Call to Order and Opening Remarks

Chairman Huizenga called the meeting to order. Chairman Huizenga advised that the minutes from the meeting held on October 3, 2019, will be provided at the next meeting. Two action items, the USF Research Park Bonds and the Space Needs Calculation Methodology Report were approved, and will be reported out to the full Board later this afternoon.

2. Preliminary Selection Group Projects

Chairman Huizenga advised that at the last meeting the Committee took no action on the Preliminary Selection Group list and following the meeting the staff made a few technical changes which changed the final points total, but the general rank order of the projects remained the same.

Governor Huizenga opened the floor for questions. Hearing no questions, Governor Huizenga called for a motion to approve the Preliminary Selection Group and associated Points Methodology. Governor Jordan moved to approve, Governor Felton seconded the motion, and the motion passed unanimously.

3. Amend the 2020-2021 Fixed Capital Outlay Legislative Budget Request

Chairman Huizenga called on Assistant Vice Chancellor, Chris Kinsley, to explain each of the three elements of the agenda item. Mr. Kinsley advised the three items included the PECO request, the supplemental request from General Revenue, and an amendment to the Capital Improvement Trust Fund (CITF). Also mentioned as an informational item was the incomplete projects list.

Mr. Kinsley explained that the incomplete projects list is a new requirement under Senate Bill 190 and Florida Statute 1001.706 (12)6(d), which states that the board shall maintain a list of projects that have not been fully funded by the Legislature. Mr. Kinsley stated that the list is very important should a university decide to use Carry Forward funding to finish a project on the incomplete project list. It is important to begin to maintain this list to demonstrate that a university is putting funds toward a project that is on the incomplete project list and if the university completes the project it can be removed from the incomplete project list. Mr. Kinsley provided the Committee with a suggested list format for informational purposes and advised that we will work with the institutions to more fully fill out the information on this list and document the date the project started and the date the project obtained a certificate of occupancy.

Mr. Kinsley then discussed the Capital Improvement Trust Fund. The Committee adopted a budget of \$44M back in August based on last year's numbers as a result of not having the financial statements or the fund balance. Now that the information has been received, Mr. Kinsley stated we can now recommend a budget of \$48M and noted that the increased budget is a result of increased enrollment not a result of an increased fee.

Next, Mr. Kinsley explained that through the PECO estimating conference, a cash allocation estimate is provided to the Board. The Board is required to adopt a list of projects that match up with the allocation numbers. The numbers over the next three years are currently projected at \$110M for 2020-2021, \$106M for 2021-2022, and \$123M for 2022-2023. Those numbers could potentially change, however, since it is a cash estimate, it is unlikely those numbers will change more than a few percentages up or down. It was proposed that the entirety of those balances over the next three years be devoted totally to the projects that were presented and have been assigned points by this Committee. Mr. Kinsley advised that we have started with the highest ranked project and gone down the list as far as possible with the allotted funds in year one and then progressed to year two, proceeding down the list and finishing any projects that had remaining funding until the funds ran out, and finally proceeded to do the same in year three. There are two exceptions to that process. The recommendation is that no funding be provided at this time to UF's Music Building, which is the number two request for the University of Florida, and also the number two request of New College for the Caples House that was discussed by the Committee at the October 3, 2019 meeting, which reduced the figure from \$10.3 to \$1.2 million and put that in year three.

Finally, Mr. Kinsley stated that the recommendation from staff for funding Maintenance, Repair, Renovation, and Remodeling, which in the past has come from PECO, but was not appropriated last session, would come from General Revenue as a special supplemental request. He further explained, that would allow us to get on track with the Carry Forward and that the \$50M would provide almost \$300M, and over ten years we would be able to cover the \$3B estimate of maintenance we have gotten from Sightlines. Mr. Kinsley noted, that is dependent upon if we are able to have the Carry

Forward over the next ten years, if we get the appropriation, and if our maintenance backlog does not continue to increase.

Chairman Huizenga asked a question about CITF and the breakout of UFO, which Mr. Kinsley explained was referring to University of Florida Online which does assess the CITF fee which is used to support services for the University of Florida Online Students.

Chairman Huizenga questioned whether the Carry Forward would be the same next year. Mr. Kinsley responded by stating we have no way of telling the amount of Carry Forward that will be available at the end of June 30, 2020, as one of the components that make planning for maintenance difficult, is the lack of certainty. This is one reason why the state component has been so important as the universities could depend on a base of funding that was dedicated for maintenance and plan for the most critical projects. Mr. Kinsley proceed to explain that not knowing how much Carry Forward would be available on June 30, 2020, means that universities will have to wait to look at all the competing priorities for that Carry Forward that based on our process, may not be known until September. While physical plant may know what the needs are, they do not know what their base will be.

Chairman Huizenga explained that he asked the question in order to determine if going to the legislature for the \$51M from General Funds to tackle the maintenance issue is enough when we are uncertain about future Carry Forward funds. Chairman Huizenga then suggested asking for \$100M.

Governor Levine raised the issue of capital investment and depreciation expenses in connection with research and further stated that there is a return on investment related to these issues that ought to be presented to the legislature and the Governor. Governor Silagy stated that a depreciation study needs to be conducted at each university and that he would like to see a more holistic plan to deal with this matter.

Chairman Huizenga requested that Mr. Kinsley and Mr. Jones work together with Governors Levine and Silagy and determine whether we are taking advantage of those investments, maintenance, and renovations of those buildings and including them in our percentages, as well as to determine if it will help to drive the potential to receive more funding based on the capital investments that are being made. Secondly, Chairman Huizenga asked Mr. Kinsley to provide a list of deferred maintenance from the universities. The list should be organized by the use type of the facility such as safety or administration and the deferred maintenance should also be categorized. Chairman Huizenga stressed the importance of presenting this information to the legislature to explain the critical need in a more cohesive manner.

Governor Scott also expressed the importance of the Board of Governors putting the information in a standard format and said that he hoped we could go one step further in working with members of the legislature for possible long term sustainable solutions. He stated that it seems like it is our responsibility as the Board of Governors to know what are buildings are and how are they being accounted for on the balance sheet,

which are being depreciated and which are being put in as capital appreciation. Governor Scott agreed that creating buckets will help the review process year to year which can be used to try and help determine a sustainable solution.

Committee members expressed their support in going to the legislature with a higher number which may help the maintenance issue that must be addressed. Governor Silagy expressed the importance of the schedules, consistency, and depreciation.

Chairman Huizenga called for a motion to amendment of the 2020-2021 State University System Fixed Capital Outlay Legislative Budget Request as presented, including \$100M for Maintenance, Renovation, Repair and Remodeling from the General Revenue Fund. Governor Lautenbach moved to approve, Governor Jordan seconded the motion, and the motion passed unanimously.

4. Concluding Remarks and Adjournment

Chairman Huizenga advised that he was pleased to hear from both the General Counsel and the Chancellor that the boards discretion to advance projects for funding consideration has not been terminated.

There being no further business, Chairman Huizenga adjourned the meeting at 10:01 a.m. (ET), on October 30, 2019.

Chris Kinsley, Assistant Vice Chancellor
Facilities

H. Wayne Huizenga, Jr., Chair