

MINUTES
STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
JOINT MEETING OF THE FACILITIES COMMITTEE AND BUDGET AND
FINANCE COMMITTEE
UNIVERSITY OF CENTRAL FLORIDA
ORLANDO, FLORIDA
OCTOBER 3, 2019

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

Governor Sydney Kitson, Co-Chairman, convened the Board of Governors Joint Meeting of the Facilities Committee and the Budget and Finance Committee meeting at 1:59 p.m. (ET), on October 3, 2019. The following members were present: H. Wayne Huizenga, Jr., Timothy Cerio, Shawn Felton, Zenani Johnson, Darlene Jordan, Ned Lautenbach, Charles Lydecker, Edward Morton, Steven Scott, and Eric Silagy.

1. Call to Order and Opening Remarks

Co-Chairman Kitson called the meeting to order.

2. 2019-2020 Carryforward Spending Plans and Fixed Capital Outlay Budgets

Chairman Kitson called on Mr. Jones to provide definitions, as well as provide a presentation related to carryforward funds and concerns.

Assistant Vice Chancellor, Chris Kinsley, commented on Florida International University (FIU) and stated that FIU has \$61M identified in the Carryforward Spending Plan for the main campus, the medical school, and for a variety of initiatives. \$22.5M (37%) is allocated for specific Fixed Capital Outlay (FCO) projects. \$5.3M is allocated for student financial aid. \$9M is planned for faculty, research, and start-up packages. Mr. Kinsley advised that SB 190 requires that all carryforward above 7% must include the estimated cost per planned expenditure and a timeline for completion. He further stated that one question we are struggling with is contingencies and mentioned FIU's set aside of \$800,000 for potential hurricane-related expenses and \$1M for potential legal expenses associated with the bridge collapse. Mr. Kinsley stated that both are reasonable and prudent to budget for, but asked if it was allowable under the new legislation. Chairman Huizenga advised that the items appeared sensible but that FIU's Board of Trustees will want to revisit these items later in the fiscal year. Governor Kitson agreed and stated that, in the private sector, we all have some contingencies to deal with unexpected emergencies. I see where the universities would need something similar, but they should be specifically identified. Governor Silagy also commented on contingencies.

Mr. Kinsley then stated that for the FCO budget, FIU has almost \$500M budgeted. He explained that we had a few questions regarding some of their line items, specifically \$11.6M set aside for maintenance, repair, and remodeling, but FIU provided us with information that FIU's board officially approved and combined numerous projects. Mr. Kinsley advised that we will continue to work with FIU over the coming weeks as we dig deeper into the Carryforward Spending Plan and FCO Budget but believe FIU is ok to approve.

Chairman Huizenga opened the floor for questions. Hearing no questions, the Chairman called for a motion to approve the Carryforward Spending Plan and Fixed Capital Outlay Budget, with the understanding that staff will continue to work with Florida International University to address outstanding questions. Governor Lautenbach moved to approve, Governor Jordan seconded, and the motion passed unanimously.

Mr. Kinsley was then recognized to discuss Florida Gulf Coast University (FGCU). Mr. Kinsley advised that for the Carryforward Spending Plan, FGCU has \$21.1M available. FGCU has identified a total of \$11.1M for renovations, repair, and maintenance projects. Of this amount, \$9.6M has been identified specifically for FCO. Therefore, FGCU is using a little more than 50% of its carryforward for repairs, maintenance, and FCO projects. FGCU has also allocated \$4.9M for IT related initiatives and \$3M for faculty, research, and start-up packages.

Next, Mr. Kinsley stated that FGCU's FCO budget identified about \$37.6M in various projects. We have some minor questions that we will continue to work with FGCU on; otherwise, we are ok with the plan.

Chairman Kitson mentioned the presentation viewed earlier today on the implementation of the new resources FGCU has received to help improve the performance funding metrics, including 4-year graduation rates, which is 2nd lowest in the system at 28.8%. We hope those strategies continue to work and improve graduation rates and that some of the carryforward resources can supplement the current year operating budget to address improving the performance funding metrics.

Chairman Kitson opened the floor for questions. Hearing no questions, the Chairman called for a motion to approve the Carryforward Spending Plan and Fixed Capital Outlay Budget, with the understanding that staff will continue to work with Florida Gulf Coast University to address outstanding questions. Governor Lautenbach moved to approve, Co-Chairman Huizenga seconded, and the motion passed unanimously.

Next, Vice Chancellor and CFO, Tim Jones, commented on the University of North Florida's (UNF) Carryforward Spending Plan and stated that UNF has \$20.3M available. UNF has identified a total of \$6.2M for renovations, repair, and maintenance projects. Of this amount, \$5.8M has been identified specifically for FCO. UNF is, therefore, using about 55% of its carryforward for repairs, maintenance, and FCO projects. Additionally,

UNF allocated \$4.8M for student financial aid and \$5.6M for faculty, research, and start-up packages. Overall, UNF's Carryforward Spending Plan looked pretty good.

Mr. Jones then commented on the UNF FCO Budget, which identified about \$42M in various projects. Mr. Jones then praised UNF for setting aside \$2M in carryforward funds for repair and maintenance since there were no Public Education Capital Outlay (PECO) funds allocated for repair or maintenance this year. UNF also allocated some of its carryforward funds to PECO projects that the Facilities Committee reviewed earlier, which helps UNF with the points system. We have some minor questions that we will continue to work with UNF.

Lastly, Mr. Jones explained that one of the issues we noted on several universities' submissions is that the FCO Budget was approved earlier in the summer, while the Carryforward Spending Plan was approved in September, so we wonder if the Boards of Trustees are seeing the complete picture and link between carryforward and the FCO Budget by reviewing at the same time as we have. Mr. Jones pointed out that UNF is working to align its meeting schedules going forward in light of the new statutory requirements. Other than that, we are ok with UNF's plan.

Co-chairman Kitson advised that Tim raised a good point. We do have the luxury of looking at the Carryforward Spending Plans and the FCO Budget at the same time. We can see if funds are being allocated to deferred maintenance and this is where the Boards of Trustees need to have the information at the same time to see the whole picture.

Co-Chairman Huizenga agreed and stated that you could not look at these in isolation; the review needs to be done together. Once again, this is what we have been encouraging our Trustees to do as a part of their fiduciary responsibility. He further stated that it is great that UNF is looking to align their meeting schedule with ours. I hope other schools will realize that, just as the Board of Governors has adopted its calendar to the new legislative schedule and requirements, it is incumbent on the Trustees to synchronize also. They need to be digging into these details and understand the ramifications.

Co-Chairman Kitson opened the floor for questions. Hearing no questions, the Chairman called for a motion to approve the Carryforward Spending Plan and Fixed Capital Outlay Budget, with the understanding that staff will continue to work with the University of North Florida to address outstanding questions. Governor Lautenbach moved to approve, Governor Jordan seconded, and the motion passed unanimously.

Co-Chairman Kitson acknowledged Mr. Jones to present on Florida State University (FSU). Mr. Jones advised that FSU provided Carryforward Spending Plans for its main campus, the medical school, and the FAMU-FSU College of Engineering and stated that my comments include all three of those entities. For the Carryforward Spending Plan, FSU has a total of \$95.8M available. FSU identified a total of \$4.1M for FCO and has also allocated \$12.2M for financial aid, \$8.1M for campus safety and security, \$22.5M

for faculty, research, and start-up packages. Overall, FSU's Carryforward Spending Plan looked pretty good.

Next, Mr. Jones presented on FSU's FCO Budget, which identified over \$550M in various projects. Under the old rules, FSU had already moved \$29M from carryforward funds over the last several years to fund 12 projects. In addition, 19 projects use carryforward funds, along with other funds, to complete those projects. FSU is also using current year Education & General (E&G) operating funds for some minor projects, which is allowed. We did have some minor questions, and FSU has provided us with additional information. So we are good with the information presented.

Co-Chairman Huizenga opened the floor for questions. Hearing no questions, the Chairman called for a motion to approve the Carryforward Spending Plan and Fixed Capital Outlay Budget, with the understanding that staff will continue to work with the Florida State University to address outstanding questions. Governor Lautenbach moved to approve, Governor Lydecker seconded, and the motion passed unanimously.

Co-Chairman Huizenga acknowledged Mr. Kinsley to present on Florida Agricultural and Mechanical University (FAMU). Mr. Kinsley advised that for the Carryforward Spending Plan, FAMU has a total of \$16.9M available. FAMU identified a total of \$6.6M for facilities, infrastructure, and IT initiatives, \$6.6M for financial aid, and \$1M for student services, enrollment, and retention efforts. Some of the facilities initiatives appear to be FCO projects but are not identified as such, so we will need to continue to work with FAMU staff to understand those initiatives.

Co-Chairman Huizenga stated that he is glad to see FAMU setting some resources aside for student services and retention. When it comes to our performance metric on 2nd-year retention rates, they are the lowest in the system at 71%, and this area definitely needs improvement. What is not easily seen in the carryforward spending plan are any resources spent on improving 4-year graduation rates. Co-Chairman Huizenga further stated that he understood that there may be current year operating funds allocated towards that, so maybe FAMU can send staff some information on what initiatives are underway to improve graduation rates.

Co-Chairman Kitson agreed and added that, during our June Accountability Plan presentations, we saw FAMU's goal was to improve graduation rates to 40% by 2022, so there must be strategies in place to make those improvements.

Mr. Kinsley proceeded to explain FAMU's FCO Budget, which identified \$84M in various projects. We did not see any Capital Improvement Trust Funds (CITF) included in the spending plan, nor any funds for general maintenance, repair, and renovation. However, under the carryforward allocations, there were funds for items like chilled water repairs, sewer improvements, and fire alarm system upgrades, so some maintenance work will be performed. We still need to work with FAMU on some minor questions to fully understand their plan. Otherwise, we are good with the information presented.

Co-Chairman Huizenga opened the floor for questions. Hearing no questions, the Chairman called for a motion to approve the Carryforward Spending Plan and Fixed Capital Outlay Budget, with the understanding that staff will continue to work with the Florida Agricultural and Mechanical University to address outstanding questions. Governor Lautenbach moved to approve, Governor Lydecker seconded, and the motion passed unanimously.

Co-Chairman Huizenga acknowledged Mr. Kinsley to present on Florida Polytechnic University (FPU or Florida Poly). Mr. Kinsley explained that FPU has a total of \$9.5M available for the Carryforward Spending Plan and has identified \$1.4M for hurricane repairs and \$156,000 for renovations to faculty offices. FPU has also included \$2.3M for IT and another \$1.2M for other operating requirements approved by the Board of Trustees. Mr. Kinsley explained that FPU had identified \$2M for the Applied Research Center, which we talked about during the Facilities Committee Meeting, but there is some missing information as to what these funds are for specifically. FPU did leave \$2M unbudgeted. So, in essence, a reserve with no explanation.

The Florida Institute of Phosphate Research is housed at Florida Poly. They have \$6.5M carried forward, but did not include a Carryforward Spending Plan and, in our view, it is required.

We also have questions regarding recurring and non-recurring expenditures.

Moving to the FCO budget, Mr. Kinsley explained that Florida Poly has had special statutory language since they were created to use carryforward funds for fixed capital outlay and have allocated a significant portion of prior years' carryforward funds to FCO projects. It appears no funds have been set aside for minor maintenance, repair, and remodeling since there was not a PECO allocation this year for those types of projects. We have some follow-up to do with Florida Poly; otherwise, we are ok.

Co-Chairman Kitson opened the floor for questions. Hearing no questions, the Chairman called for a motion to approve the Carryforward Spending Plan and Fixed Capital Outlay Budget, with the understanding that staff will continue to work with the Florida Polytechnic University to address outstanding questions. Governor Lautenbach moved to approve, Governor Jordan seconded, and the motion passed unanimously.

Co-Chairman Kitson then acknowledged Mr. Jones to present on the University of West Florida (UWF). Mr. Jones explained that UWF's Carryforward Spending Plan has a total of \$23.6M available and has identified a total of \$8.4M for renovation, repair, and maintenance projects which included \$7.3M for FCO deferred maintenance. So about 35% of UWF's carryforward is going towards maintenance. UWF has also allocated \$1.2M for campus safety and security, and \$2.8M for faculty, research, and start-up packages. Mr. Jones stated that overall, UWF's Carryforward Spending Plan looked pretty good.

Next, Mr. Jones presented on UWF's FCO budget. UWF has \$57M in various projects. Mr. Jones stated overall, UWF's plan looks pretty good, but we do have some reconciliation issues we need to work with them on; however, we are good with the information submitted.

Co-Chairman Kitson opened the floor for questions. Hearing no questions, the Chairman called for a motion to approve the Carryforward Spending Plan and Fixed Capital Outlay Budget, with the understanding that staff will continue to work with the University of West Florida to address outstanding questions. Governor Lautenbach moved to approve, Governor Jordan seconded, and the motion passed unanimously.

Co-Chairman Kitson acknowledged Mr. Jones to present on the University of Florida (UF). Mr. Jones stated that UF's Carryforward Spending Plan has a total of \$208.2M available that includes the main campus, IFAS, and the Health Science Center. UF has identified a total of \$72.94M for renovation, repair, and maintenance projects, which includes \$66M for FCO projects. Therefore, about 35% of UF's carryforward is going towards FCO projects. UF also allocated \$1M for campus safety and security; \$50M for faculty, research, and start-up packages; and \$56M from prior appropriations for preeminence, world-class scholars, and graduate/professional degree programs. One concern here would be the timeline for expenditure of those funds, but we know that these funds are going to hire faculty, and it takes some time to advertise and recruit those individuals.

Co-Chairman Huizenga stated that he is concerned about the funds that have accumulated from preeminence appropriations and world-class scholars and, according to UF's spending plan, it will take them two years to hire these faculty. We heard this morning UF needs \$50 million to continue its goal of getting into the top five, so I'm really struggling with why it is taking so long to spend those resources. Co-Chairman Huizenga stated that he would like UF to provide us with additional information on its plans to hire faculty and spend these resources. University of Florida's Provost and Senior Vice President for Academic Affairs, Dr. Joe Glover, responded to Co-Chairman Huizenga's concerns and questions from Co-Chairman Kitson and Governor Silagy.

Next, Mr. Jones discussed the UF's FCO budget but we still need to work with UF on some additional issues. Overall we are good with UF's submission.

Hearing no further questions or comments, Co-Chairman Huizenga called for a motion to approve the Carryforward Spending Plan and Fixed Capital Outlay Budget, with the understanding that staff will continue to work with the University of Florida to address outstanding questions and provide us with a more detailed plan on the expenditure of the preeminence and world-class scholar funds. Governor Lautenbach moved to approve, Governor Silagy seconded, and the motion passed unanimously.

Co-Chairman Huizenga then recognized Mr. Kinsley to present on New College of Florida (NCF). Mr. Kinsley explained that NCF's Carryforward Spending Plan has a total of \$6.5M available. NCF is using \$4.2M for FCO projects. Therefore, over half of

NCF's carryforward is going towards FCO projects. This isn't surprising given the age of NCF's facilities, and NCF really could use even more resources. NCF has also allocated \$190,000 for student services and \$400,000 for library services.

Next, Mr. Kinsley discussed NCF's FCO Budget, which totals around \$4M for upkeep on various existing buildings. He mentioned the discussion about the special language that Florida Poly has in law to build up its new campus; the reality that simply keeping up on an older campus that is right next to salt water can be an even more costly proposition. However, New College is making solid choices under the new authority provided by SB 190 to address the most urgent problems. Mr. Kinsley explained that we still need to work with them on some reconciliation issues, but overall we are good with their submission.

Co-Chairman Huizenga opened the floor for questions. Hearing no questions, the Chairman called for a motion to approve the Carryforward Spending Plan and Fixed Capital Outlay Budget, with the understanding that staff will continue to work with New College of Florida to address outstanding questions. Governor Lydecker moved to approve, Governor Lautenbach seconded, and the motion passed unanimously.

Mr. Kinsley then presented on the University of South Florida (USF). Mr. Kinsley stated the USF Carryforward Spending Plan totals almost \$190M, which includes the Medical School. USF is applying \$36M (19%) towards specific FCO projects, which will address a significant amount of deferred maintenance. USF will also finish some PECO projects, including Morsani, which means those projects drop off the PECO list, and he commended USF for that. Additionally, the largest single line item is \$85.6M for faculty/staff, instructional advising, faculty research, and start-up funding. Mr. Kinsley stated that we will continue to work with USF to ensure that all costs are properly identified as non-recurring. As noted in the observations, there are some FCO projects listed in the carryforward budget, which are not easily identified in the FCO Budget. This is an issue for all schools, and we are working with USF to reconcile the two as well.

Next, Mr. Kinsley explained that USF's approved project budget totals \$319M from a variety of sources. USF's original report had some issues, but these were addressed quickly by USF, and are reflected in the materials in Diligent. Mr. Kinsley stated that both the Carryforward Spending Plan and FCO Budget are in a place where we are comfortable with recommending approval.

Co-Chairman Kitson opened the floor for questions. Hearing no questions, the Chairman called for a motion to approve the Carryforward Spending Plan and Fixed Capital Outlay Budget, with the understanding that staff will continue to work with the University of South Florida to address outstanding questions. Governor Jordan moved to approve, Governor Lydecker seconded, and the motion passed unanimously.

Next, Co-Chairman Kitson recognized Mr. Kinsley to discuss the University of Central Florida (UCF), as well as a complicating issue that needed to be addressed. Mr. Kinsley indicated that, in the last committee meeting, the issue was addressed and the crux of

the issue was that with \$228M in carryforward, UCF was able to identify sufficient funds to fund its top two PECO priority projects. Mr. Kinsley then stated that he felt that the issue had been addressed.

Mr. Kinsley explained that UCF has a total of \$253M in carryforward, including the Medical School and Center for Students with Unique Abilities. \$73M (29%) is allocated for renovation, repairs, and maintenance. UCF has allocated \$91M for faculty/staff, instructional advising, faculty research, and start-up funding; \$21M for financial aid; and \$12M for IT.

Next, Mr. Kinsley explained the UCF FCO budget and stated that there is \$67M that has not been spent or encumbered. There are a variety of funding sources, including carryforward, which is being used to supplement various projects. There are a lot of clarifying questions that we will be following up on to understand all of the projects submitted, especially those identified as being funded with E&G. That concludes my overview.

Co-Chairman Kitson stated that, as far as the FCO plan goes, UCF has done a solid job. With approval by the Committee today, UCF will have the green light to move forward with the individual projects on this list. It will be essential, however, that UCF resolves any FCO project reconciliation items identified to the satisfaction of Board staff. Chairman Kitson further stated that he would like the Board's Facilities Committee to receive updates throughout the year whenever the FCO Budget is amended to provide us further assurance that UCF is back on the right track.

Co-Chairman Kitson opened the floor for questions or comments. Hearing no further questions or comments, Chairman Kitson, with that caveat, called for a motion to approve both the Carryforward Spending Plan and Fixed Capital Outlay Budget for the University of Central Florida, with the understanding the Facilities Committee will receive updates as the FCO Budget is amended. Governor Lautenbach moved to approve, Governor Silagy seconded, and the motion passed unanimously.

Co-Chairman Kitson then recognized Mr. Jones to present on Florida Atlantic University (FAU). Mr. Jones stated that the FAU Carryforward Spending Plan totals almost \$46.2M, including the Medical School, and that FAU is using some \$5M (10%) for FCO related projects. The largest single line item is almost \$20M for IT, with another \$14M for faculty/staff, instructional advising, faculty research, and start-up funding. Mr. Jones stated that there appears to be a lot of items identified as non-recurring, but could be recurring, and that we will need to work with FAU to fully understand these proposed expenditures.

Mr. Jones then addressed the FCO Budget and explained that we have several follow-up questions that we will need to continue to work on with FAU. One of those issues relates to setting aside funding for FCO minor project repairs since the State did not provide any PECO funding for minor projects this year. Other than that, we are ok with their plans.

Co-Chairman Huizenga opened the floor for questions. Hearing no questions, the Chairman called for a motion to approve the Carryforward Spending Plan and Fixed Capital Outlay Budget, with the understanding that staff will continue to work with Florida Atlantic University to address outstanding questions. Governor Jordan moved to approve, Governor Lautenbach seconded, and the motion passed unanimously.

3. Concluding Remarks and Adjournment

Co-Chairman Kitson stated that this has been a very eye-opening process. As mentioned at the outset, this is the first time we have received this level of detail. Staff still has a lot of information to gather, and they will continue their review.

Co-Chairman Kitson further explained that this gives us a sense of what this process will look like going forward. Being able to review Carryforward Spending Plans and Fixed Capital Outlay Budgets together is critical and expressed hope that the university boards of trustees realize the importance of reviewing this information together and ask questions, just like we did.

There being no further business, Co-Chairman Kitson adjourned the meeting at 2:50 p.m. (ET), on October 3, 2019.

Chris Kinsley, Assistant Vice Chancellor
Facilities

H. Wayne Huizenga, Jr., Co-Chairman

Sydney Kitson, Co-Chairman