

MINUTES
STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
FACILITIES COMMITTEE
FLORIDA STATE UNIVERSITY
TALLAHASSEE, FLORIDA
March 24, 2011

Chairman Charlie Edwards convened the Board of Governors Facilities Committee meeting at 8:55a.m., March 24, 2011, in the Alumni Center at Florida State University. The following members were present: Dean Colson, Dick Beard, Frank Martin, Tico Perez, Gus Stavros, John Temple and Rick Yost.

1. Call to Order

Governor Edwards called the meeting of the Facilities Committee to order. He stated that he was going to re-arrange the order of the agenda items and asked Chris Kinsley to begin with the bond resolution approvals.

2. Bond Resolutions

Mr. Kinsley reviewed the two requests before the Committee for approval from the University of Central Florida.

- A. Resolution of the Board of Governors Authorizing the Division of Bond Finance of the State Board of Administration of Florida to Issue Debt on behalf of the University of Central Florida to Finance the Construction of Student Residences and Related Improvements, Main Campus, UCF

Mr. Kinsley presented the University of Central Florida request to issue debt. He stated that the approval would be contingent upon the University of Central Florida obtaining an approved Campus Development Agreement with Orange County but that early verbal negotiations indicated they were likely to reach a no cost agreement. Mr. Beard moved to approve the resolution, as presented, and the motion was seconded by Mr. Perez. All members voted in favor.

- B. Resolution of the Board of Governors Authorizing the Division of Bond Finance of the State Board of Administration of Florida to Issue Debt on

behalf of the University of Central Florida to Finance the Construction of a Parking Garage, Main Campus, UCF

Mr. Kinsley reviewed the debt request from the University of Central Florida for their Parking Garage VII. Governor Beard made a motion to approve the resolution, as presented, and the motion was seconded by Mr. Colson. All members voted in favor.

- C. A Resolution of the Board of Governors Authorizing the Issuance by the University of South Florida Financing Corporation of Debt to Finance the Renovation of the USF Arena and Convocation Center on the Tampa campus of the University of South Florida

Mr. Kinsley presented the University of South Florida request to issue debt to renovate their Arena. He said that it was not common for the Board to receive debt requests for renovations and that this particular proposal was challenging because it was not in conformance with the Board's Debt Management Guidelines. He stated that while the Project was not self-supporting in the first years of operation, the University had tried to augment the revenues as much as possible with other allowable sources, which included a guarantee from the USF Foundation. Chair Edwards acknowledged that there was some concern from members about the Foundation guarantee and the sufficiency of their resources. Governor Beard spoke in favor of the project and explained that he thought the Foundation pledge was stable and the proposal made sense. Governor Perez said he was very concerned about the prior commitments of the Foundation and recommended the approval be deferred until a financial advisor's opinion could be provided as required by the Guidelines. Board members asked the University staff to review the other financial guarantees of the Foundation resources. USF staff stated that their Foundation had an extensive process for assessing risk and a schedule of commitments so that they would not over commit. They stated that their University Board of Trustees had been working on the Project for many years and had fully vetted the plan. They also said that the issues at the arena were massive and needed quick intervention to avoid closure of the facility. They said they were unable to phase the Project and that the Arena was vital to the operations of the University community. Governor Colson suggested the Foundation set aside

an amount of money to provide assurance to the Board that the debt obligations could be met. Board members agreed that a \$20 million set aside amount would be acceptable until all of the facilities guaranteed by the Foundation were operational and an income stream was proven. Mr. Perez again stressed that the Project was nonconforming and was also being brought to the Board in an urgent manner. He said he thought the request was unreasonable and approval by the Board would send the wrong message. The members discussed the possibility of deferring their approval for 20-30 days until an opinion from a financial advisor could be provided. Members agreed that they would rather approve it with the set aside amount and require the University to come forward for a reduction of that amount at a later date. Colson moved to approve the resolution subject to the Foundation setting aside \$20 Million to guarantee principal and interest on the debt with the University having the right to come back at a later date and request a decrease in the set aside amount based on the opinion of a financial advisor. The revised resolution passed with Governors Perez and Martin voting against.

3. 2011-2012 SUS Fixed Capital Outlay Budget Request

A. PECO Discussion Topics

Mr. Kinsley stated that Board staff had met with the University Facilities Planners and CFO's to come up with some suggestions for giving the universities some flexibility for spending basic maintenance dollars, since PECO allocations would most likely be scarce in the upcoming year. He reviewed the ideas for modifying legislation and also Board regulations. The committee discussed the options and Governor Parker suggested supporting bullets 1, 2 and 3 on the legislative action and bullet 1 on the Board action list. She asked Vikki Shirley and Mr. Kinsley to work on bringing forward specific amendments to the Board regulations. It was moved by Colson to forward bullets 1, 2 and 3 on the legislative action to the Board Legislative Committee. The motion was seconded by Governor Perez and all members voted in favor.

B. Legislative Budget Request Items

Chair Edwards called on Mr. Kinsley to review the 2011-2012 Fixed Capital Outlay Request. Mr. Kinsley reviewed the attachments for each section of the Fixed Capital Outlay Budget and noted that most of the

changes since the request approved in January were technical in nature. He stated that the Courtelis Matching List was being included again with no changes to emphasize its importance. Governor Perez made a motion to approve the budget and the motion was seconded by Mr. Beard. All members voted in favor.

4. Concluding Remarks and Adjournment

There being no further business, the meeting adjourned at 10:15 a.m., March 24, 2011.