

MINUTES
STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
FACILITIES COMMITTEE
FLORIDA STATE UNIVERSITY
TALLAHASSEE, FLORIDA
January 18, 2012

Chairman Dick Beard convened the Board of Governors Facilities Committee meeting at 2:00 p.m., January 18, 2012, at the WFSU Studio Broadcast Center at Florida State University. The following members were present: Dean Colson, Frank Martin, Tico Perez, Gus Stavros, John Temple and Rick Yost.

1. Call to Order

Governor Beard called the meeting of the Facilities Committee to order. He reviewed the agenda and said that the Committee would be discussing the letter that members received from the Governor, asking the Board to recommend past PECO projects for reversion to address a shortfall in the trust fund.

2. 2012-13 SUS Fixed Capital Outlay Budget Update

Governor Beard asked Chris Kinsley to review the Fixed Capital outlook and talk about the Governor's letter. Mr. Kinsley stated that the latest PECO estimate reduced the already small SUS allocation to absolute zero for the first two years with a small capacity returning in the third year, 2014-2015. He stated that there was a deficit in the PECO trust fund of between \$200 and \$250 Million. By reducing the first two years allocation to absolute zero the conference estimates plan to utilize incoming revenues in the first two years to satisfy that deficit. However, he said that the conference has no ability to appropriate money and can only make estimates.

Mr. Kinsley reviewed a letter sent by the Governor to members, which asked the Board, and also the State Board of Education, to recommend cuts to past PECO projects to make up the deficit. He stated that all public delivery systems in the K-20 sector currently had about \$705 million outstanding for projects, of which approximately \$363 million belonged to the SUS. He said that most of the SUS projects were already under construction or had construction imminent within a few months.

Mr. Kinsley then reviewed actions taken by the Chancellor in response to the letter, including a joint memo with Department of Education to all institutions to refrain from signing any new contracts and also doing information gathering on the status of every project in detail. The Committee discussed the next steps in order to respond to the Governor by February 7. Governor Perez suggested a conference call to discuss the data collected from the universities prior to providing anything to the Governor's office.

Chair Colson asked Mr. Kinsley what the law stated regarding reversion of projects, and clarified that the Governor could not revert any appropriation less than 31 months old without Legislative authorization.

3. A Resolution Requesting the Division of Bond Finance of the State Board of Administration to Issue Revenue Bonds on Behalf of the University of Florida to Finance the Renovations of Student Residence Facilities.

Mr. Kinsley reviewed the University of Florida's proposal to issue bonds to finance renovations at multiple residence halls on their main campus. He stated that the University proposal met all the requirements of the debt guidelines and Florida Statutes and that staff recommended approval. The committee unanimously approved the resolution, as presented.

4. Energy Report

Mr. Kinsley reviewed the annual energy report. He stated that the universities were doing very well in reducing costs through efficiencies and self-generation, even as their consumption and space have increased.

5. Completed Projects Report

Mr. Kinsley presented the annual slide show of projects completed at the universities over the previous year. He stated that the projects with PECO and Courtelis matching fund sources would start to decline in the future because of the lack of allocations for those funds.

6. Concluding Remarks and Adjournment

Governor Beard stated that the PECO funding issue could become a crisis in the future if it continued. He said if the Board hoped to meet their strategic plan and grow the system a solution to the PECO funding problem must be found. He stressed the importance of working with the Legislature to find alternative sources of funding. The members discussed the importance of educational facilities and the Chancellor stressed the importance of aligning new program approvals with facility needs. There being no further business, the meeting adjourned at 3:00 p.m., January 18, 2012.