

MINUTES
STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
FACILITIES COMMITTEE
FLORIDA POLYTECHNIC UNIVERSITY
LAKELAND, FLORIDA

January 25, 2017

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

Mr. Wayne Huizenga Jr., Chair, convened the meeting of the Board of Governors Facilities Committee meeting at 4:12 p.m., January 25, 2017. The following members were present: Vice Chair Fernando Valverde, Darlene Jordan, Syd Kitson, Alan Levine, Wendy Link, Edward Morton, Gary Tyson, and Dick Beard. Other members present included Tom Kuntz, Ned Lautenbach, Patricia Frost, Jacob Hebert and Norman Tripp.

1. Call to Order

Mr. Wayne Huizenga, Jr. called the meeting to order.

2. Minutes of Committee Meetings: Governor Huizenga

Governor Levine moved that the Committee approve the minutes of the Facilities Committee meetings held September 22 and October 18, 2016. Governor Link seconded the motion and it passed unanimously.

3. UF Educational Plant Survey Amendment

Chair Huizenga called on Mr. Chris Kinsley, Assistant Vice Chancellor for Finance and Facilities, to discuss the proposed amendment to UF's 2013-14 Educational Plant Survey. Mr. Kinsley explained that the UF Board of Trustees has amended their survey, dropping project 3.3, the Mechanical and Aeronautical Engineering Building and replacing it with two projects the committee heard at the October workshop: the Multidisciplinary Information Technology Data Science Building and the Music Building Renovation and Addition. Governor Beard moved approval, Governor Link seconded and the members of the committee concurred.

4. Amendment to the 2017-18 SUS Fixed Capital Outlay Legislative Budget Request

Chair Huizenga explained the function and formulation process of the Legislative Budget Request (LBR) for Fixed Capital Outlay (FCO) for new members of the committee and then asked Mr. Kinsley to discuss the SUS request for 2017-18, which he broke into several components:

- Mr. Kinsley detailed the statutory process by which funds from PECO are allocated to the K-12, College, and State University Systems and that the SUS's 2017-18 share is \$124.8 million, of which \$45.5 million would be for maintenance and \$79.3 million would be for projects. Mr. Kinsley explained that the maintenance allocation is based on the statutory formula for Maintenance, Repair, Renovations and Remodeling (MRRR).
- The PECO project list was split into an "A" list and a "B" list, with the A list consisting of projects that address the three year projections of PECO cash allocations and the B list considers years four, five and beyond. Most A list projects have already been discussed and received prior funding. Mr. Kinsley noted three projects that have not, beginning with priority two, the Retrofit Strategic Investment Fund. This fund is meant to address concerns discussed in the October workshop that the ongoing need for maintenance is not sufficiently covered by the statutory allocation by supplementing the MRRR and raising the total combined maintenance fund to \$70 million so that it is not a reduction from last year's allocation of \$61.8 million and provide some funding stability for maintenance projects. Mr. Kinsley also discussed the FAU Cooling Tower Replacement project and its urgency due to the precarious conditions of the university's original, aging cooling towers. The third project Mr. Kinsley highlighted was the New College Multidisciplinary Building, which addresses the need to grow New College's student enrollment. This request is for the planning funds and is concurrent with the request for operating dollars, so Mr. Kinsley also addressed the various funding scenarios:
 - If the operating request is approved but the planning funds are not, the Board could request planning funds again.
 - If the planning request is approved but operating funds are not, the Board could request operating funds again, revert the planning funds, or re-appropriate the funds for another purpose.
- Mr. Kinsley then went on to explain the B list, which consists of projects in years four and five of PECO cash allocation projections. He noted that the list had been revised with three projects moving up in priority: the FPU Applied Research Center, the FSU College of Business, and the FIU School of Innovation and Public Affairs. At this point the committee members discussed:
 - Governor Kuntz asked for clarification that, considering new House rules on fixed capital requests, the A and B lists taken together have been vetted and approved by the BOG and should any funding requests arise for projects outside of these lists they would not be sanctioned by the Board.
 - Mr. Kinsley explained that as Board staff understand the House rules, the new form for project requests asks if the project has been requested by a state agency. All projects on the A or B lists, if approved by the Board, would be able to check yes for this question; if a House member wants to

advance a project not on either list that question would check no. Mr. Kinsley also confirmed that projects on our list correspond with high priority projects identified by universities on their Capital Improvement Plans and advised that any projects on the B list that are highlighted receive a separate bill in addition to being in the Board's budget request.

- Chair Huizenga explained that the A list is for projected PECO allocations and the reason for the B list is in the event that there are additional funds the Board has vetted and approved a list of eligible projects.
 - Governor Link asked why some projects presented by universities that Board staff vetted did not get placed on the B list, specifically inquiring as to why Board staff did not reduce the list further if all requested projects were not on the list.
 - Chair Huizenga and Governor Kuntz explained that this was in order to give the Legislature some flexibility in what they choose to fund should there be any additional funds and that the projects selected maximize potential state contributions through the addition of donor funds.
- After this discussion Mr. Kinsley moved to the list of Capital Improvement Trust Fund projects, explaining that we now have the final fiscal year figures to detail the university specific allocations of the total \$45 million request reported at the Board's last meeting in November of 2016. Mr. Kinsley then briefly discussed the BOB 1, which is Projects Requiring Legislative Approval to be Constructed, Acquired and/or Financed by a University or a University Direct Support Organization and the BOB 2 which is the Fixed Capital Outlay Plant, Operation and Maintenance (PO&M) Appropriation request.

The vote on this item was broken into five motions:

- \$45,562,241 PECO request for maintenance, renovation, repair and remodeling: Governor Link motioned, seconded by Governor Jordan and the motion passed unanimously.
- \$79,256,253 PECO request for SUS projects: Governor Link motioned, seconded by Governor Morton and the motion passed unanimously.
- \$293,000,000 supplemental request for SUS projects: Governor Beard motioned, seconded by Governor Levine and the motion passed with Governor Link in opposition.
- \$45,000,000 Capital Improvement Trust Fund allocation: Governor Link motioned, seconded by Governor Jordan and the motion passed unanimously.
- Back of Bill 1 and Back of Bill 2 requests: Governor Levine motioned, seconded by Governor Link and the motion passed unanimously.

5. UF Parking Garage XIV Debt Authorization

Chair Huizenga asked Mr. Kinsley to discuss the bond authorization for UF's Parking Garage XIV. Mr. Kinsley explained that this was a request to issue not to exceed \$37.2 million in bonds approved by the UF Board of Trustees. These would be traditional bonds issued through the Division of Bond Finance and the revenue source would be an optional decal fee to the students, faculty, staff and commercial vendors. The fee for the students would not be increased, however the faculty, staff and commercial vendor fees would increase. Additionally the university is requesting to retire the outstanding debt on the 1998 series of bonds. This debt conforms with the Board's debt management guidelines. After some brief discussion Governor Morton moved to approve bond authorization, Governor Levine seconded and the motion passed unanimously.

6. FSU College Town Phase III Debt Authorization

Mr. Kinsley then explained another debt item, College Town Phase II, which is a mixed use student housing facility built by the FSU Seminole Boosters, Inc. near the main campus. The financing mechanism of this project is debt and is in two parts, the first of which is a \$15 million short term bank loan and the second is a \$31 long term amortizing bank loan. Mr. Kinsley explained that College Town Phases I and II were done before the Board amended the debt management guidelines and thus FSU was not required to come to the Board at the time of those projects, however under the new guidelines FSU is required to seek approval for Phase III, which is consistent with the guidelines. The university employed some creative financing for Phase I by combining contributions from some equity investors with New Market tax credits and in order to bring Phase I into conformity with the debt guidelines the university is refinancing. These private investors stand to make a windfall if not bought out, and the university cannot use a mortgage to do so because it does not have title on the property until the New Market tax credits expire in the next two to three years, when FSU will come back to the Board for permanent financing. After some brief discussion and Mr. Kinsley answered some technical questions Governor Levine moved to approve the debt, Governor Tyson seconded and the motion passed unanimously.

7. SUS Housing Study

The Chair called upon Mr. Kinsley to briefly explain the SUS Housing Study, which was conducted in response to an inquiry from committee members at the Facilities Committee meeting on September 22, 2016, in particular addressing the rationale and use of housing funds. The Chair also noted that based on the report, the reasons given by the universities for maintaining housing cash reserves are reasonable and make good business sense. Mr. Kinsley concurred and reported that the study also confirms that

reserves are not being used for non-housing purposes. There was some discussion regarding maintaining affordability to students by not exceeding the necessary housing cash reserves, however Mr. Kinsley emphasized the importance of balancing this with maintaining enough reserves to address any emergency issues that could arise.

As an outcome of this discussion, the Committee asked Mr. Kinsley to work with the university CAFA group to develop recommendations to bring back to the Committee.

8. UCF Academic Medical Center

Chair Huizenga asked for Mr. Kinsley to give some background information on UCF's proposed P3 to build a hospital, the Academic Medical Center, and Mr. Kinsley noted the university's cooperation with Board staff throughout the development of this proposal. Mr. Kinsley then gave a presentation on the proposed project's various components, including the scope, financial arrangements and operational details. The presentation is available [here](#). Members of UCF also gave a presentation on the proposed project, which is available [here](#). There was extensive discussion of this project by committee members, which is included in the attached Q & A document.

9. Concluding Remarks and Adjournment

Chair Huizenga noted that March would be the 18 month anniversary of the adoption of the P3 guidelines and requested that Board staff give a retrospective look at the projects that have been approved during that span. There being no further business, Chair Huizenga adjourned the meeting at 6:32 p.m., January 25, 2017.

Chris Kinsley, Assistant Vice Chancellor
Facilities

H. Wayne Huizenga, Jr., Chair