

MINUTES
STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
BUDGET AND FINANCE COMMITTEE
FLORIDA A&M UNIVERSITY
TALLAHASSEE, FLORIDA
MARCH 29, 2017

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

Mr. Ned Lautenbach, Chair, convened the meeting of the Budget and Finance Committee at 2:44 p.m. Members present for roll call were Dan Doyle, Jacob Hebert, Sydney Kitson, Tom Kuntz, Alan Levine, and Norman Tripp. Other board members present included Dick Beard, Wendy Link, Edward A. Morton, and Gary Tyson.

1. **Call to Order**

Mr. Lautenbach called the meeting to order.

2. **Approval of January 26, 2017 Meeting Minutes**

Mr. Kuntz moved that the Committee approve minutes from the January 26, 2017 meeting. Mr. Tripp seconded the motion, and members of the Committee concurred.

3. **Auxiliary Facilities that have Bond Covenants Requiring Approval of Estimated 2017-2018 Operating Budgets**

Mr. Lautenbach asked Mr. Tim Jones to provide present this item.

Mr. Jones stated that Section 1010.60, Florida Statutes, authorizes the issuance of bonds to finance or refinance capital projects authorized by the Legislature. Specific covenants, as set forth in the authorizing resolutions of certain bond issues, require approval of estimated operating budgets for the upcoming fiscal year at least ninety days preceding the beginning of the fiscal year. Staff has reviewed the income and expenditure statements for the seven universities identified in the packet and there will be sufficient revenues to meet the estimated level of operational expenditures and debt service payments for fiscal year 2017-2018.

Mr. Tripp moved that the Committee approve the auxiliary operating budgets as submitted. Mr. Kitson seconded the motion, and members of the Committee concurred.

4. **Public Notice of Intent to Amend Board of Governors Regulation 9.008 University Auxiliary Facilities with Outstanding Revenue Bonds**

Mr. Lautenbach introduced the next item amending Regulation 9.008. If the Committee approves the amended regulation will be publicly noticed for 30 days with final approval at the next Board meeting.

Mr. Jones noted that based on the conversations we have had over the last couple of meetings in the Facilities Committee regarding university housing and reserves the following changes are recommended:

- a. Authorizes the creation of other reserve accounts in addition to the maintenance and equipment reserve;
- b. Requires income and expenditure statements to be submitted when required by bond covenants;
- c. Requires Board of Trustee approval of operating budgets in advance of submission to the Board;
- d. Provides examples for the use of reserves; and
- e. Provides a policy goal for reserves, specifying that reserves should be focused on sustainability and student affordability with coverage adequate to meet bond covenants or they may be higher to maintain or improve credit ratings. Those are the changes.)

After discussion, Mr. Kuntz asked whether these changes would address the Board's concern regarding increasing housing rates without looking at the whole picture of housing reserves and credit ratings and would this require more scrutiny by the Boards of Trustees?

Mr. Jones replied in the affirmative.

Mr. Tripp moved that the Committee approve the public notice of intent to amend regulation 9.008 as presented. Mr. Kuntz seconded the motion, and members of the Committee concurred.

5. **2018-2019 Legislative Budget Request Guidelines**

Mr. Lautenbach presented the 2018-2019 legislative budget request guidelines for the operating budget. The Facilities Committee will take up the facilities section of the guidelines later today. We normally review these in June, but the 2018 session will start

in January therefore, our timeline needs to be advanced to meet the anticipated legislative due dates for LBRs.

Tim, am I correct that the only changes to the operating budget section at this time is related to due dates for the submission of data?

Mr. Jones replied in the affirmative.

Mr. Levine moved that the Committee approve the 2018-2019 Legislative Budget Request Guidelines for the operating budgets as submitted. Mr. Kitson seconded the motion, and members of the Committee concurred.

6. Legislative Budget Request Update

Mr. Lautenbach asked Mr. Jones to give an update on the legislative budget.

Mr. Jones reviewed the House operating and fixed capital outlay project list in the materials, along with the House and Senate Education Committee draft budget recommendations that were released this week.

Mr. Jones also reviewed Senate Bill 2 and House Bill 3 and the potential impact to the Board's performance-based funding model.

With regards to making a change effective July 1, 2017 - Since the universities didn't know about it in order to be effectively retroactive, Governor Link asked if the board was taking a position on the changes. Chancellor Marshall Criser stated we have taken a position on the complexity of the changes and the impact of changing the metrics we have now versus waiting a year. It is possible that the Legislature may want to make the change now.

Governor Link asked what the effects are from the realigning appropriation authority of the legislative toward tuition and fees. Mr. Jones said that the appropriation bill includes the student tuition that the universities collect since 2004. This is a technical change to make the State University System similar to the college system by taking out the tuition authority from the appropriation bill.

7. Concluding Remarks and Adjournment

Having no further business, the meeting was adjourned at 3:10 p.m.

Tim Jones, Vice Chancellor
Finance and Administration

Ned Lautenbach, Chair