



FLORIDA STATE UNIVERSITY
FINANCE AND ADMINISTRATION
Office of the Vice President for Finance & Administration

MEMORANDUM

TO: BOT Finance and Business Committee Members

FROM: Kyle Clark, Vice President for Finance and Administration

DATE: June 3, 2020

SUBJECT: Finance and Business Committee Meeting

The Board of Trustees Finance and Business Committee is scheduled to meet from 10:00am to 11:00am on Wednesday, June 3, 2020 by Conference Call. Items to be discussed at the meeting include:

- I. Request for Approval of Minutes from February 2020 Meeting
- II. Actions Items:
 1. Request for approval of the FY 2020-2021 Operating Budget including the Florida Medical Practice Plan (Full Board)
 - a. Approval of the University's fiscal year 2020-2021 Operating Budget (Full Board)
 - b. Approval of the Florida Medical Practice Plan Operating Budget (Full Board)
 - c. Request for Approval: FY 2020-2021 DSO Operating Budget (Full Board)
 - d. Approval of the University President to make any changes to the budget and capital projects within available resources and as prescribed by laws and rules of the State of Florida State (Full Board)
 - e. Approve continuation of existing Student Tuition and Fees Regulation at current rates and approve an amendment of the current regulation to that effect. (Full Board)
 2. Request for approval: FY 2021-2022 Fixed Capital Outlay Budget Request (Full Board)
- III. Other Business
- IV. Adjourn

**THE FLORIDA STATE UNIVERSITY
BOARD OF TRUSTEES
Finance and Business Committee Meeting Minutes**

Tuesday, February 11, 2020
Florida State University
Augustus B. Turnbull III Conference Center
Room 114
Tallahassee, Florida

Members Present: Max Alvarez, Kathryn Ballard, Jim Henderson, Bob Sasser

- I. Call to Order at 3:30pm (EST)
- II. Approval of October 31, 2019 Minutes
- III. Action Items:
 - i. Request for contingent approval of FSU Research Foundation purchase of Burt Reynolds Hall (Full Board)
 - a. Research Foundation is considering the purchase Burt Reynolds Hall from the Boosters as an investment. The Boosters guarantee a 5% revenue annually for the Research Foundation. The research staff is currently completing the pre-purchase due diligence assessments. Florida State University Regulation 2.2025 explains the Board of Trustees Finance Committee has to approve this transaction since it is a DSO Budget purchase of \$3.7 million; the cost being above \$2 million and less than \$5 million. The President will be delegated to make any changes that need to be made. If approved by the Finance Committee, the purchase will continue for approval of The Research Foundation Board of Directors.

Motion for Approval: Approved
 - ii. Request for approval of the 2020-2021 Budget Projections for Auxiliaries with Outstanding Revenue Bonds (Consent)
 - a. Board of Governors Regulation 9.008 now requires every year the projected budgets of University Auxiliary Facilities with Outstanding Revenue Bonds come before the Board of Trustees. These budgets are also part of the Operating Budgets that will be presented again in June. 2020-2021 Housing and Parking income and expenditure statements are provided showing the projected reserve and fund breakdown. Both groups are part of the universities credit ratings with separate ratings given for each.

brought to the Board of Trustees and to the Board of Governors. Commercial mortgages like this one, are an exception to specific debt management guidelines set by the State of Florida and Board of Governors. In 2012 when College Town Phase I was brought before the Board of Governors, FSU committed to bring any other College Town subsequent finance plans back for review due to the intricacies of the contract. The Boosters are working diligently to take all the appropriate steps to have everything ready by March 24th Board of Governors meeting. The urgency in a few deadlines are being kept at hand. Boosters President Andy Miller concludes that processes are going well.

ii. Campus Master Plan Update

Comprehensively the Campus Master Plan has not been updated in more than ten years. All of Florida State University's 1,700 acres fall under this Master Plan not only including the Leon county campus but Panama City campus, Ringling and other acres in different parts of the state. The reasons behind having a Campus Master Plan is not only because of statutory requirements, but also to advance the mission of the university and tie in the Strategic Plan with the physical needs of the university. Guiding principals were developed to help reach the goals of the Master Plan and, help align with the Strategic Plan. Together these plans have created the opportunity to build on the many strengths of the university. Continuing to build off these strengths and leveraging physical resources is the priority. A chart is shared showing the interactions of the Strategic Plan and the Master Plan aligning both plans together. Creating one plan with set goals that includes all of the 1700 acres, and gathering input of students, faculty and staff is creating a more comprehensive Campus Master Plan. Ideas were listed for Panama City and Tallahassee Campus:

- a. Panama City Campus Master Plan; Improve identity, incorporate the new recently approved student residence hall, connect more with neighboring Gulf Coast State College, improve access, and embrace natural features such as the shoreline.
- b. Tallahassee Campus; Improve connections & space, advance academics and research, create a more accessible campus, tie together the Southwest Campus with a new gateway, creating one identity between the two campuses, emphasize discovery and embrace the natural features and allow for future development.

In terms of the Campus Master Plan update, there are many participants. Steering Committee, PC Campus, Advisory Committee, Stakeholders, researchers, faculty, staff, students, city and county officials are all involved. Student's feedback is considered one of the most important parts of the processes. The consultants are Perkins & Will and the architects are Lewis & Whitlock; the work is near completion and the review process is starting. 95% of the plan is completed. After two public hearings set by the University, after state and government review and

comments, hopes are to present the full Master Plan to the Board of Trustees' next meeting.

iii. 2019 Annual Financial Report

Judd Enfinger, who currently has taken the roll as Controller due to Sandy Scanlan retiring, breaks down the 2018/2019 financial statement also provided in the Trustee packet. The increase in the Net Position was explained showing the increase in total revenues, capital related revenues and increase in total assets and expenses. This is the first time that the Foundation system is integrated into the universities financial system which will improve processes and minimize duplication of correspondence between entities. Kyle explains the last two items of the financial report; Integrated Post Education Data Service (IPEDS) and Functional Classification of Expenses Financial Statement Peer Comparison. IPEDS is information that the US News and World Report monitor closely and the House looks at for our administrative costs. According to the graph, the investments are being made in the right places: instructions, research, and auxiliary enterprises being the highest invested areas. The next chart compares our peer's financial statements with ours. Per student expenditure, Florida State University is less in financial resources yet manage to improve and advance in metrics. FSU invests in resources that have a high return to the university. No weaknesses or deficiencies with the auditor were identified with the financial statement.

iv. BOG Internal Control Review Report

Crowe is the company that the Board of Governors has brought in to perform a system-wide Internal Management and Accounting Control and Business Process Assessment. No risk factors were given by Crowe that were a four or higher; scores of four or higher are to be reported. The assessment was focused on financial, operational, and regulatory compliance risks. Six recommendations were given with a majority of areas to improve in the risk management and control practices with an enhance focus on the Information Technology category. The next steps will be discussed with the Board of Governors.

Meeting Adjourned at 4:34pm (EST)

Motion for Approval: Approved

- iii. Request for approval of 2019-2020 Revised Fixed Capital Outlay Plan (Consent)
 - i. Due to the new requirements of the Senate Bill 190, any changes made to the Fixed Capital Outlay Budget must be brought before the Board of Trustees. The schedule is provided showing two projects are generating a \$6 million increase to the Fixed Capital Outlay Budget: the CAPS Research Building and the Sliger Data Center Renovations. CAPS Research Building added a \$5 million dollar increase due to a grant that is requiring building expansion. Sliger Data Center Renovations have the ability to become more enhanced than what was first planned, therefore \$1 million increase is added to its budget. It is also asked that the President is allowed to make any subsequent changes to the Fixed Capital Outlay Budget within the available resources.

Motion for Approval: Approved

IV. Informational Items

- i. Resolution for Executing Seminole Boosters, Inc. College Town Financing

The Booster's financing for College Town Phase I & II are brought before the board as an Informational Item to discuss the financial developments and desired financial plans for these structures. Routinely, Division of Bond Finance is involved like with other debt finances of the university. The Boosters are seeking the approval of a \$45 million loan to finance portions of College Town I & II. The need of these funds was explained:

- \$15 million for College Town Phase I is being requested for refinancing the existing short-term loan and making it long term. This will combine multiple debt issuances to save on the cost of capital.
- \$30 million for College Town Phase II is being requested to buy out investors and developers. To completely own College Town Phase II will allow The Boosters to have a tax exemption on the property which they currently do not have.

Proposed financing information for College Town Phase I & II are included in the Trustee packet. After plans are justified and concerns are resolved, the College Town plans will go before FSU AA Board, Finance Committee, and eventually be