

Budget, Finance and Facilities Committee Minutes
Trustee Kimberly Moore, Chair
Thursday, January 24, 2019

MINUTES

Committee Members Present: Chair Kimberly Moore, Trustee Mathew Carter, Trustee Kelvin Lawson, Trustee Harold Mills, Trustee Belvin Perry

Call to Order/Roll Call:

Chair Moore called the meeting to order. Mrs. Turner called the roll. A quorum was present.

CONSENT ITEMS

Approval of Minutes-November 20, 2018

There were no revisions to the minutes. The motion to approve the consent item, November minutes, was carried.

ACTION ITEMS

Approval of the Revised Carry Forward Budget

Director Mathis stated that there were some changes that had to be made due to restricted contractual obligations indicated by Appropriations. The programs that had to be adjusted were the Professional and Graduate Degree Program and the World Class Faculty and Scholar Program. Additionally, the tuition differential carry forward had to be added. Other noted changes included reductions and additions to financial aid, contribution to FAMU/FSU College of Engineering, Hurricane Michael repairs and research funding.

Director Mathis indicated that this information will be shared with the Board of Governor's (BOG) so they could see how the carry forward funds were being used.

*The motion to approve this agenda item was moved by Trustee Mills and seconded by Trustee Carter.
The motion carried.*

Approval of Parking Services Budget Amendment

Director Mathis explained the purpose of the Replacement and Repair Fund (R&R). R&R funds are to be used to replace equipment and to make repairs; they use 3% of revenues for this purpose. Parking Services spent \$375,000 from their operating budget to purchase digital pedestrian signs, replace radios, and to purchase gravel for use throughout the campus. This item requested approval of budget amendment for the Parking R&R operating budget.

*The motion to approve this agenda item was moved by Trustee Mills and seconded by Trustee Lawson.
The motion carried.*

Approval of the Centennial Building Access License

AVP Kapileshwari stated that this item is seeking approval to enter into an agreement for the Access License Agreement between FAMU Board of Trustees and FSU Board of Trustees.

FSU desires to construct upon the FAMU Property, at the sole cost and expense of FSU, a parking lot in accordance with such plans as are mutually agreeable to FAMU and FSU and for the mutual use and benefit of FAMU and FSU. The benefit to FAMU will be increased parking near the Centennial building. FAMU would enter into the Access License on the date indicated in the agreement. This agreement will remain in effect until either party decides to terminate the agreement.

The motion to approve this agenda item was moved by Trustee Mills and seconded by Trustee Perry. The motion carried.

Informational Items

Overview of Audit Findings

VP Ford stated that during the Board of Trustees Audit and Compliance Committee meeting on January 8, 2019, five findings were noted related the operational audit. To ensure that these issues would not be recurring, VP Ford relayed an action plan. This included finding and the proposed solutions, responsible individuals, and an appropriate timeline for the solution. Since four out of the five findings relate to the BFF Committee, VP Ford stated that they will provide periodic updates to the committee members.

Brooksville Solar Farm Initiative

Attorney Self began by giving a brief history of the land that is located in Hernando County. The University acquired the land in 2015 from the U.S. Department of Agriculture. The University has received several proposals for use of the land. However, several months ago the University issued its own solicitation to begin operating a solar farm on this site.

Attorney Self stated that the staff is expected to ask for approval at the March meeting to begin a relationship with Duke Energy of North Carolina for the purpose of implementing the solar farm.

Former University President Fred Gainous is the chair of the committee that reviewed the submitted proposals. He discussed the specifics of the solicitation process.

Dr. Gainous indicated that they had received 100% support from current University President Robinson. The committee consisted of employees of FAMU and students, as well as Hernando County government employees. Dr. Gainous informed the BFF committee of the length of time that it would take to complete the solar farm, the process the committee has taken and reviewed the scope of the land that was donated to the University for this venture.

The County committee member will ensure that Hernando County will clear cut the property and complete the paperwork process necessary for an easement on the property which will allow FAMU to run the power lines needed by Duke Energy.

Duke will also place a storage facility onsite to store excess currents. Duke indicated a tentative response that there are three areas where internships would exist. One of these areas would be for students with an interest in renewable energy and other power sources. Dr. Gainous also stated that Duke Energy would house an advanced center for renewal energy production, agricultural pollinators (bee hives on the solar farm), natural habitats and natural groundcovers being developed as a research

project which would be given to one or more professors on campus. This would assist in weed control of the solar farm. Duke also agreed to give the University access to all of its data for all of its solar farms which is to be used for the teaching and learning purpose.

Additionally, Dr. Gainous indicated that this project has USDA's approval.

Attorney Self explained Duke Energy's proposed ground lease details including the due diligence period, construction and the amount and funding involved in the process of construction and operations. He is also working closely with the Board of Governors staff.

- Trustee Mills: (Commended the committees work but indicated that there wasn't anyone from business school on the committee) Are there alternatives for the use of this land and are we getting the best economics from the 800 acres relative to the alternatives? Trustee Moore request an FAQ document for this project ahead of the next Board meeting.
Response: Attorney Self stated that Department of Agriculture placed restrictions on the use of the land. The land is to be used for agricultural purposes.
Response: President Robinson stated that this is the first bonafide revenue generating proposal that they've received.
Response: Trustee Mills indicated that under the new federal guidelines that the hemp proposal should be considered for using this land.
- Trustee Lawson: Would like to know the economic benefit for Duke Energy over the 25-year period?
Response: Dr. Gainous stated that the committee has looked at other uses for the property. Other examples were given such as leasing it for cattle grazing, lease for crop production or planting pine trees. These did not provide as much financial revenue. Since the property is very sandy the land would have to be properly fertilized for other uses.

Trustee Moore indicated that Duke Energy representatives would be at the March meeting to help address the questions of the BFF committee members.

Honeywell Performance Contract

AVP Kapileshwari stated that this contract would not replace the current energy savings agreement with Siemen's but instead Honeywell project would complement that agreement and pursue additional cost saving measures. The primary objective of the Honeywell project was to reduce energy and water consumption and reduce the operating costs of these two resources for FAMU. Additionally, AVP Kapileshwari has indicated that this project must address the campus' deferred maintenance and ensure compliance with the governing Florida statute.

Feasibility assessments through preliminary audit was used to assess the viability of the performance contract. Utility analysis was also performed based on the 2017 utility cost and consumption data.

The preliminary audit was conducted at 11 buildings on campus; these buildings included central plant, science/research, academic, and residence life buildings.

Several energy and water savings measures were explored and tentative estimates of savings and return of investments were calculated. Mechanical and HVAC related measures included low hanging fruits like steam trap replacement, building automation to signature project like combined heating or cooling and power generating plant. Non mechanical projects explored included interior and exterior lighting, water conservation, and building envelope measures like roof and window replacements. Simple payback were calculated for all these measures, which ranged from 2 years to 27 years. Based on internal discussions, best practices in the industry, and discussions with Honeywell some of the measures like Thermal Energy Storage system, Solar PV, and envelope upgrades were taken out for the purposes of the next phase of the detailed (investment grade audit). This preliminary audit and feasibility analyses of this project shows a very promising potential for this project, as it relates to energy and water savings and addressing our deferred maintenance needs.

The staff has commenced with meetings with the host agencies including the City of Tallahassee leadership and utilities team to get them up to speed with our initiatives, so we can seek their support and leverage our resources. Simultaneously the agreements necessary for the investment grade audit is being finalized and conversation for the potential financing of this project has commenced. The next 3 months will focus on the Investment Grade Audit (IGA) with regular 30/60/90% feasibility reviews. Finally the IGA work will be completed in June with the contracting scheduled tentatively for late June/July.

CASS Project Updates

AVP Kapileshwari indicated that the project is moving along very well. Underground utility and site work phases are in progress. Excavation of North and South portions of the building is complete. Foundation work has started and over 80% of this is completed. Wall reinforcement and wall forms for north building is over 70% complete. Excessive recent rains have caused some issues but the dewatering efforts are underway. AVP Kapileshwari stated that he is looking forward to getting more funding this year.

Housing Project Plan Phase 1a

AVP Bouie stated that the partial government shutdown has not affected the project and the USDOE has its full budget and funding for the year. AVP Bouie stated that they were proceeding positively through the schedule on the calendar of events that was disseminated at the last meeting. The estimated closing date is February 15th. Additionally, AVP Bouie stated that the team is working with the BOG and Bond Finance and daily updates are being provided.

Questions re: Housing Project Plan Phase 1a

- Trustee Moore: Will we be anticipating any challenges?
Response: AVP Bouie stated that everything was moving forward positively and that they were looking forward to their February 15th closing date.

The meeting was adjourned.