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BROWARD COLLEGE

Define yourself.

To: Members of the Board of Trustees

From: J. David Armstrong Jr., President

Date: June 23, 2009

Place: Regular Meeting of the Board of Trustees
Broward College
111 East Las Olas Boulevard
Willis Holcombe Center, Bldg 33/Room 1208
Fort Lauderdale, Florida 33301

Subject: Agenda Item VII- I - Facilities Use of Cash

Brief Description:

Proposal to allow the management to utilize cash we already have to "bridge fund" into a building fund 7 account so that we can begin the renovation of buildings 6 and 22.

Benefit to BCC:

By allowing management to use funds that we already have the College can take advantage of the current economic recession by negotiating lower prices with the construction industry and complete buildings 6 and 22 for use by our students and college personnel.

Relationship to College Master Plan:

Goal 8 -Make strategic choices about instructional program.

RECOMMEND APPROVAL

Board Agenda Approved: _____
Date: _____

Agenda Item VII - I
Enclosure _____

**BOARD OF TRUSTEES
AGENDA TRANSMITTAL SHEET**

To: J. David Armstrong, Jr., President
From: William D. Pennell, CFO/VP Facilities
Subj: Facilities Use of Cash

Date: June 23, 2009

Issue: Utilize cash the College has available to move into a Fund 7 account to use to start the renovation/remodeling of Buildings 6 and 22.

Background/Analysis: With the state's current poor financial situation with regard to funding PECO projects, some current projects are being delayed significantly. The College's building project of renovating/remodeling buildings 6 and 22 is one instance where funding started by the state several years ago has not yet been completed. We currently have \$17.1 million of the needed \$25.4 million to begin construction. In the FY 2010 budget we are expected to receive \$1.8 million in August, however, that will still leave the College \$6.5 million short of having enough funding to begin construction on both buildings, with current PECO estimates of that taking another 3 years to complete funding. We request the Board authorize management to use up to \$6.5 million of cash to move these projects forward now.

Fiscal Impact: Use of Cash: \$6,454,102 in 2010; \$4,662,180 in 2011; \$976,360 in 2012 -- with complete "bridge funding" payback in August 2012.



William D. Pennell
CFO/VP Facilities

Staff Position: RECOMMEND APPROVAL

THIS RECOMMENDED ACTION MEETS THE FOLLOWING ELEMENT(S) OF THE COLLEGE'S MISSION STATEMENT:

<input type="checkbox"/> Providing high quality educational programs	<input checked="" type="checkbox"/>	Providing high quality services
<input type="checkbox"/> Providing for affordability to a diverse community of learners	<input type="checkbox"/>	Providing for accessibility to a diverse community of learners
<input type="checkbox"/> Commitment to student achievement	<input type="checkbox"/>	Commitment to lifelong learning
<input type="checkbox"/> Commitment to academic excellence	<input type="checkbox"/>	Providing use of current technology

BRIEFLY DESCRIBE HOW THIS RECOMMENDATION ACHIEVES THE ABOVE ELEMENT(S) IN THE COLLEGE'S MISSION STATEMENT:

The approval of this "bridge funding" will allow the College to expedite the completion of buildings 6 and 22 so that we can provide the most up-to-date buildings for use by our students, faculty, and staff along with saving construction costs.

Minority Firm: Yes ___ **No** ___ **N/A** x

Broward Firm: Yes ___ **No** ___ **N/A** x

MEMORANDUM

TO: J. David Armstrong, Jr.

FROM: William D. Pennell, CFO



DATE: June 15, 2009

SUBJECT: Facilities Use of Cash

With the state's current poor financial situation in regard to funding PECO projects, some current projects are being delayed significantly. The College's building project of renovating/remodeling buildings 6 and 22 is one instance where funding started by the state several years ago has not yet been completed. The funding necessary to begin construction is \$25.4 million and we have currently received only \$17.1 million. In the FY 2010 budget the Governor just approved, we are expected to receive \$1.8 million in August, however, that will still leave the College \$6.5 million short of having enough funding to begin construction on both buildings. Current PECO estimates have that taking another 3 years to complete funding.

At the same time, the construction industry is mired in the current economic recession and is hungry for work. Prices are at a real bargain with contractors negotiating seriously to keep their companies working. Now is an opportune time to begin these two building projects and get the best pricing available.

The College has built up cash in the operating account which we want to use, up to \$6.5 million, to get these two projects going as soon as possible, in conjunction with what the state statutes will allow. Construction documents on building 6 will be completed this summer and documents for building 22 will be ready early next year. Management is proposing we utilize the cash we already have to be moved into a building fund 7 account so we can begin these projects. We will then pay that advance back over the next three years when the state finishes funding these two projects. Because the state has already begun funding both of these projects they are committed to completing their funding.

By using our own cash in a decreasing three year "bridge funding" (or series of yearly "bridge fundings") we will be able to negotiate the best pricing on these construction projects, add classroom square footage immediately while updating both buildings with the latest technology for our students, and give a much needed boost to the local economy. The savings on the construction costs will easily surpass the minimal lost interest.

We request the Board of Trustees approve this plan to use our own cash to move these two projects forward quickly.

The expected timing of funding would be:

	<u>Amount</u>
Total required for both projects	\$ 25,392,064
Funding received to date	(17,146,041)
Funding to be received this August	<u>(1,791,921)</u>
Maximum use required during FY 2010	6,454,102
PECO funds to receive in August 2010	<u>(1,791,922)</u>
Maximum use required during FY 2011	4,662,180
PECO funds to receive in August 2011	<u>(3,685,820)</u>
Maximum use required during FY 2012	976,360
PECO funds to receive in August 2012	<u>(976,360)</u>
Completed projects funding	\$ 0

Cc: Francisco Hoyos
Jayson Iroff