



# Board of Trustees Meeting Minutes

**BOT approved 04.27.2023**

**March 15, 2023  
4:00 PM – 5:00 PM**

## **Florida Polytechnic University WEBEX TELE-CONFERENCE MEETING**

### I. Call to Order

Chair Cliff Otto called the meeting to order at 4:00 p.m.

### II. Roll Call

Kristen Wharton called the roll: Chair Cliff Otto, Vice Chair Beth Kigel, Trustee Susan LeFrancois, Trustee Melia Rodriguez, Trustee Narendra Kini, Trustee Lyn Stanfield, Trustee Bob Stork, and Trustee Gary Wendt were present (Quorum).

Trustees Not Present: Trustee Laine Powell, Trustee Mark Bostick, Trustee David Williams

Staff present: President Randy Avent, Provost Terry Parker, Dr. Allen Bottorff, Kathy Bowman, David Blanton, Mike Dieckmann, David Fugett, Melaine Schmiz, and Kristen Wharton were present.

### III. Public Comment

There were no requests received for public comment.

### IV. Approval of Minutes

**Trustee Melia Rodriguez made a motion to approve the Board of Trustees meeting minutes of February 16, 2023. Trustee Lyn Stanfield seconded the motion; a vote was taken, and the motion passed unanimously.**

### V. University Finance and Budget

#### A. Florida Poly Student Housing System Update

Dr. Allen Bottorff, VP and Chief Financial Officer, reviewed the Board of Trustees' approvals related to student housing, one of which was approving the issuance of a tax-exempt bond to finance acquisition of Residence Hall II and construction of Residence Hall III. Since that approval, the University finalized pre-sale execution steps and distributed the POS/NOS and investor presentation, while at the same time working with Capstone Development Partners to lower the Guaranteed Maximum Price (GMP) on Residence Hall III from \$4.8M above the anticipated budget to \$2M above the anticipated budget. The total GMP is now \$41.8M. Bottorff and President Randy Avent are confident the additional \$2M can be covered by using excess capacity within the bond or with University Auxiliary Enterprise reserves.

The notice of intent to sell the bonds was released on March 7 and the bond sale was conducted and completed on March 9. There were eight competitive bidders, with the spread between highest and lowest bids separated by 40 basis points. The bonds were awarded to Robert W. Baird and Company, Inc. at a true interest cost (TIC) of 4.736%.

Trustee Gary Wendt inquired why the prices came in so favorably. Bottorff responded the University had a strong package, everyone took the bond insurance, and the investors were impressed with the University's accomplishments, plans for growth, and purpose. Bottorff also mentioned that Federal Reserve Chair Powell's signaling of additional interest rate increases in the days preceding the bond sale, likely drove investors out of riskier investments and into the safer bond market in time for the sale to be most effective. Trustee Wendt added the bond rates decreased for a few days during the prior week which also helped. He congratulated staff for their efforts in making this bond sale such a success.

Bottorff stated early construction activities on Residence Hall III started on Monday of this week with field locates underway. He anticipates delivery of the bond proceeds by March 30, 2023. Proceeds in the amount of \$26.5M, which are set aside for the acquisition of Residence Hall II, will be invested in the US Department of Treasury State and Local Government Series Securities (SLGS) to earn interest until needed for closing on the property. The remaining proceeds, set aside for the construction of Residence Hall III, are to be invested in the State Board of Administration ("SBA") Florida PRIME account to earn interest over the duration of construction.

Vice Chair Beth Kigel asked the projected amount the University can earn via these investments. The University could earn approximately \$300-350k through the SLGS and another \$500k through Florida PRIME, all of which must be used toward the project. Bottorff noted that an estimate of interest income was already incorporated in the pro forma, but that it conservatively held under 2% as annual yield, where the use of SLGS and Florida PRIME would likely double that return.

B. Resolution for Participation in Florida PRIME

**Trustee Beth Kigel made a motion to approve the authorizing resolution for participation in the Local Government Surplus Funds Trust Fund (Florida PRIME). Trustee Narendra Kini seconded the motion; a vote was taken, and the motion passed unanimously.**

C. Florida Poly Student Housing System: Approval to Acquire Residence Hall II

Bottorff stated that within the ground lease for Residence Hall II there is an option for the University to purchase the Project. Schedule I of the ground lease lists the buyout amount in year eight (2023) to be \$26.5M. The University requests Board approval to purchase Residence Hall II.

Trustee Wendt inquired if there are any potential issues arising from the purchase. President Randy Avent did not believe so and stated the benefits of the University being able to control and utilize Residence Hall II for freshmen and other incoming students. Trustee Wendt asked if the University would have the ability to set the rates for Residence Hall I; Bottorff replied that, per the existing ground lease, the owner of Residence Hall I sets the rates, however, they must notify the University of those rates annually as well as any increases to them.

Trustee Bob Stork asked the current value of Residence Hall II. Bottorff responded

approximately \$60M based on the few local comps available and as compared with the cost to construct Residence Hall III.

**Trustee Gary Wendt made a motion to approve the acquisition of Florida Poly Student Housing System: Residence Hall II in the amount of \$26,515,000, plus appropriate and customary closing costs, on or around June 15, 2023. Trustee Melia Rodriguez seconded the motion; a vote was taken, and the motion passed unanimously.**

VI. University Facilities Planning, Design, and Construction

A. Florida Poly Student Housing System: Residence Hall III Project Approval

Bottorff reviewed the design and construction elements of the Residence Hall III project. On February 2, 2022, the University released RFQ 22-012 for competitive selection of qualified firms to partner with Florida Poly in the development of an on-campus student housing project and selected three qualified firms. In May 2022, the University released ITN 22-022 for competitive negotiations with these top ranked firms. From this solicitation, the selection committee selected Capstone Development partners (“CDP”) and entered into a Predevelopment Agreement with Board of Trustees’ approval in July 2022.

Over the intervening months, CDP collaborated diligently with Florida Poly on the design of Residence Hall III and has now provided the University with a Guaranteed Maximum Price (“GMP”) for the full design-build project. In addition to the GMP, the University has now reached the point of closing on a successful dormitory bond sale, from which the University anticipates proceeds to be delivered to the University no later than March 30.

Lastly, the Project is approved by the State of Florida Board of Governors (“BOG”), is on the University’s Capital Improvement Plan, and is recommended in the University’s current Educational Plant Survey.

Trustee Wendt inquired if the University has a contract for the GMP. Bottorff responded the University does not have a signed contract; however, the Board’s approval today will authorize President Avent to sign a contract with the GMP of \$41.8M and that CDP is ready to sign the GMP as well.

**Trustee Gary Wendt made a motion to approve Florida Poly Student Housing System: Residence Hall III to be designed, constructed, and furnished within the total budget, not to exceed \$41,835,842. Trustee Beth Kigel seconded the motion.**

Discussion ensued with Trustee Stork inquiring about the difference in square footage of the dorm rooms in Residence Halls II and III. Bottorff stated much of the difference is accounted for in the amenity space and that Residence Hall II is more traditional with shared dorm rooms while Residence Hall III will have more single and apartment-style rooms in the product mix.

**A vote was taken, and the motion passed unanimously.**

VII. Closing Remarks and Adjournment

Chair Otto thanked Dr. Bottorff and President Avent and all staff who worked diligently on this effort, including those at the Division of Bond Finance and the Board of Governors.

Kristen Wharton noted the change to the annual Board of Governors' Trustee Summit from November 1 to November 8, 2023. As the November 8 date falls on the Board's currently scheduled Board committee meeting day, a new date will be determined and shared with Trustees in the near future.

With no further business to discuss the meeting adjourned at 4:30 p.m.

Respectfully Submitted:  
Kristen J. Wharton  
Corporate Secretary