

Florida Polytechnic University
Board of Trustees

Finance & Facilities Committee Meeting

MEETING MINUTES

Wednesday September 5, 2018
11:30 AM-12:30 PM

Florida Polytechnic University, Admissions Building, 4700 Research Way, Lakeland, FL 33805

I. Call to Order

Committee Chair Frank Martin called the Finance & Facilities Committee meeting to order at 11:30 a.m.

II. Roll Call

Julie Ann Hudson called the roll: Committee Chair Frank Martin, Committee Vice-Chair Henry McCance, Trustee Bob Stork, Trustee Jim Dewey, Trustee Philip Dur, and Trustee Gary Wendt were present (Quorum).

Other trustees present: Chair Don Wilson.

Staff present: Provost Terry Parker, Mr. Mark Mroczkowski, Mr. Kevin Aspegren, Mr. David Blanton, Mr. Derek Horton, Mr. David Calhoun, Mrs. Kris Wharton, Mr. David Brunell and Mrs. Julie Ann Hudson were present.

III. Public Comment

There were no requests received for public comment.

IV. Approval of Minutes

Trustee Henry McCance made a motion to approve the Finance & Facilities Committee meeting minutes of May 22, 2018. Trustee Bob Stork seconded the motion; a vote was taken, and the motion passed unanimously.

V. Finance and Facilities Committee Charter Review

The Finance and Facilities Committee Charter Review statement remains unchanged and no discussion occurred.

VI. 2018-2020 Strategic Planning Committee Work Plan Review

Trustee Gary Wendt requested an overview of the work plan items and a brief discussion ensued.

Trustee Bob Stork made a motion to approve the new Committee Work Plan for 2018-2020. Committee Vice-Chair Henry McCance seconded the motion; a vote was taken, and the motion passed unanimously.

VII. 2018-2019 University Financial Review

Mr. Mark Mroczkowski reviewed the University financial dashboard, University Q4 budget update, Foundation financial dashboard, and the Foundation Q4 budget update along with explanations on variances for the year ended June 30, 2018. Mr. Mroczkowski shared the University finished the year with financial results consistent with the previous three quarters. Revenues exceeded expectations in the areas of Financial Aid and Tuition and expenses were well within budgetary limits. The Foundation experienced revenue expansion over the prior year and continues to make progress with its growth plan. It has made substantial progress on payment of its scholarship pledge commitment.

Trustee Wendt inquired how the investment dollars decreased. Mr. Mark Mroczkowski responded that the Foundation originally pooled their investment money in the University account. However, during the first quarter of the year, the Foundation removed nearly \$5M to invest separately with TIAA because they are not governed by the same State statutes. Later, approximately \$1M was added into the University's investment account from a capital contribution made by VESTCOR for the new dorm, which brought the net reduction to approximately \$4M. The University's current investments are with the State Treasury in a special purpose investment account that has yielded approximately 1.8% annually. Florida Poly has another investment of \$10M with Chandler Financial Management, yielding approximately 2.8% annually. Trustee Wendt requested the University explore if Florida Poly could invest with the State of Florida Pension Fund and benefit from their resources. Mr. Mroczkowski agreed to explore this option.

Committee Chair Martin requested clarification regarding the University Financial Dashboard carryforward amount of \$30,315,392 and if that amount reflected the reduction of the ARC construction funding. Mr. Mroczkowski responded that the money has been reserved and reported to the BOG as such in their prescribed format. Discussion occurred and concern was expressed regarding the ARC construction funding remaining on the balance sheet as carryforward. Mr. Mroczkowski assured Trustees that these carryforward funds are specifically restricted to construction and is not separately reported on the Annual Financial Report. Trustee Stork asked what carryforward amount remains after considering all existing commitments. Mr. Mroczkowski responded statutorily the University must reserve 5% and that the institution has committed the majority of carryforward balance for University projects including the statutory reserve. Committee Chair Martin expressed he wants those outside the University to understand the carryforward has been committed.

Mr. Mroczkowski shared the Auxiliary fund balance has grown substantially due to the new Chartwells food service contract and the increased purchases by the student body. Mr. Mroczkowski conveyed the net position did not increase to his expectation because of the estimated pension expense; \$5.5M is the year-end estimate, but the University is still waiting on final numbers from the State.

Mr. Mroczkowski shared that the financial ratios are doing well, specifically the viability ratio, which is expendable net assets over debt; the University has virtually no debt except for a few equipment leases equaling about \$2M. Trustee Wendt inquired if the University has the capability to borrow money. Mr. Mroczkowski responded there is no statute or regulation that prohibits borrowing, but borrowing is subject to the BOG Debt Management Guidelines.

Mr. Mroczkowski communicated that the Foundation provided approximately \$2.5M in University support: \$1.1M used for current year scholarships, \$330,000 for University salaries and other University expenses, and \$1M towards the pledge obligation.

Mr. Mroczkowski stated the Foundation's net position reflects a negative position of approximately \$1M as result of their remaining \$5.1M pledge to future scholarships; without that pledge, the net position is over \$4M. The Foundation is currently in the second year of their ten-year obligation.

Mr. Mroczkowski summarized the history of the Foundation's pledges for scholarships. Mr. Kevin Aspegren shared the scholarship commitments began in 2015, before many of the current staff were in place. Mr. Aspegren further communicated there were robust discussions among Foundation Board members regarding the scholarship commitment amounts with differing viewpoints. Mr. Aspegren communicated that all students received all scholarship funds promised.

Committee Chair Martin inquired if the benchmarks the University uses for the Foundation are specific to higher education foundations. Mr. Mroczkowski responded that the University uses general foundation benchmarks. Committee Chair Martin requested staff explore the availability of higher education foundation benchmarks.

VIII. Review of Contracts Over \$200,000

Mr. Mroczkowski reviewed the status on all existing purchasing contracts at or more than \$200,000. There are six new contracts in excess of \$200,000, used for improvements to classrooms and lab equipment, a new copier contract, and hurricane damage repair. No contracts in excess of \$500,000 were presented for Board approval.

IX. Facilities and Safety Services Update

Mr. David Calhoun reviewed the following items:

- Applied Research Center (ARC): Design is in progress and programming is almost complete. Conceptual Design has been received for review and comment. The University anticipates the first estimate based on the schematic design from the Construction Manager by the December Board meeting.
- IST Improvements were made to classrooms and labs, including equipment replacement and upgrades in support of Accreditation Board for Engineering Technology (ABET) accreditation.
- Food Venues: Einstein Bros Bagels and Tu Taco were completed this summer by Chartwells, the University's food service partner.

Discussion occurred regarding the estimated remaining \$10.8M needed to complete the ARC building as well as the functionality of the building upon completion of phase one. Trustees requested additional information on the programming capabilities in both phase one and phase two of the ARC, as well as specific information on the building and space sizes for each phase. Mr. Calhoun also reviewed the ARC design activity schedule.

X. Foundation Board: New Members

Mr. Aspegren requested the approval and confirmation of the following new Foundation Board members for a two year term:

- Phillipa Greenberg
- Jack Harrell, III
- Michael B. Lawley
- Marlene O'Toole

Mr. Aspegren also requested the approval and confirmation of the following reappointments to the Foundation Board for a three year term:

- Blake Paul
- Seretha Tinsley

Trustee Henry McCance made a motion to recommend approval of the four new and two reappointed Foundation Board of Director candidates to the Board. Trustee Bob Stork seconded the motion; a vote was taken, and the motion passed unanimously.

XI. Closing Remarks and Adjournment

With no further comments, the meeting adjourned at 12:40 p.m.