



Board of Trustees Workshop

BOT approved 05.24.2022

MEETING MINUTES

**February 16, 2022
8:15 AM – 10:15 AM**

Florida Polytechnic University WEBEX TELECONFERENCE MEETING

I. Call to Order

Chair Cliff Otto called the meeting to order at 8:15 a.m.

II. Roll Call

Kris Wharton called the roll: Chair Cliff Otto, Vice Chair Mark Bostick, Trustee Ala' J. Alnaser, Trustee Lyn Stanfield, Trustee Laine Powell, Trustee Samantha Ashby, Trustee Earl Sasser, Trustee Bob Stork, Trustee Beth Kigel, Trustee Narendra Kini, and Trustee Gary Wendt were present (Quorum).

Staff present: President Randy Avent, Provost Terry Parker, Gina DeIulio, Kathy Bowman, Dr. Tom Dvorske, Dr. Ben Matthew Corpus, Dr. Kathryn Miller, Kristen Wharton, David Blanton, David Calhoun, Alex Landback, Andrew Konapelsky, Penney Farley, Maggie Mariucci, Melaine Schmiz, John Causey, Kevin Calkins, Laura Marrone, Larry Locke, Michele Rush, Andrea Cashell, and Lydia Guzman were present.

Other guests present: Kevin Mara, Brad Noyes, and Elena Oertel of Brailsford & Dunlavey

III. Public Comment

There were no requests received for public comment.

IV. Approval of Minutes

Trustee Beth Kigel made a motion to approve the Strategic Workshop meeting minutes of September 15, 2021. Trustee Ala' J. Alnaser seconded the motion; a vote was taken, and the motion passed unanimously.

V. Growth Model Discussion

President Randy Avent stated today's meeting will focus on strategic discussions around university growth and housing. Lack of on-campus housing produces near-term threats in enrollment and academic progression rates. Short-term and long-term housing solutions are required.

President Avent shared data on the University's planned enrollment growth through 2030 which includes doubling the size of the student body. Advantages and disadvantages to growth were reviewed.

The State University System calculates space needs differently than Florida Poly's internal assessment of space needs. Critical and immediate needs include office space, student space, and support services space. Therefore, a student achievement center is a high priority which will support both student and support services' needs. Trustee Samantha Ashby spoke of the need to have meeting space for student clubs and organizations and academic tutoring. Currently, it is challenging to find such space. She stated having additional space will help with campus programming and retention efforts.

Trustee Beth Kigel inquired where these activities, including student support services, are currently occurring. President Avent responded support services occur in a small office area in Dorm II. The IST Commons serves as study space, computer lab, and "hang out" space comingled in one room. Additionally, the former bookstore was converted to a "Phoenix Nest" where students are able to gather.

In regard to student achievement and support services, Trustee Kigel stated there may be statistics coming out of the Covid pandemic that illustrate the importance of those services as a justification for funding construction. President Avent affirmed this may be possible for the Student Achievement Center.

Trustee Narendra Kini asked if administration would consider hybridization of spaces, such as using cafeteria space creatively. President Avent stated administration will explore how the cafeteria can be used for activities other than eating at mealtimes. Trustee Kini also stated the more open concept the space, the more it could be used for both office and student space. He also asked if there is a possibility for private contractors to build apartments around the campus to help with this need.

President Avent said housing is currently the biggest need of the University. Florida Poly asked Vestcor to add an additional 100 beds for fall 2022. To date they have created 16 new beds with another 22 under discussion. Florida Poly gave Vestcor a written guarantee that all of the rooms will be rented, even if the University needs to buy unfilled, empty rooms. Vestcor has not responded to this offer.

President Avent presented four short-term options for student housing:

1. Distributed approach

President Avent stated this is the least amenable option as it does not support retention and graduation rates.

2. Modular housing

President Avent's concern with this option is it would require the University to keep modular units a minimum of three to four years before the institution would break even. Trustee Gary Wendt asked how the University would obtain and fund the units. President Avent replied that the University would lease the units with an option to purchase; however, the University would have to install the infrastructure. He does not want modular units to be a permanent structure on campus. Trustee Wendt suggested the University obtain private interests to provide capitol, which is better than using the University's capitol. An Invitation to Negotiate (ITN) will provide additional options to consider.

Trustee Earl Sasser asked what the rent would have to be to break even on modular units. Provost Parker stated it would cost \$20k per bed per academic year which is extraordinarily high. This cost includes infrastructure installation, production, delivery, and the eventual removal of the units. Modular housing solves the problem for only one to two years.

3. Metal construction

While metal construction is the most expensive option, it does provide a leave-behind of usable space for offices or support functions after dorm three is constructed. President Avent stated such a building could be built and furnished by August 2022 and believes the University can afford it; however, an assessment is needed to determine which bucket of money the funds can come from to construct the building. He believes this is best option. Trustee Sasser inquired how many beds would fit in this building to which President Avent responded 80 beds within 20k square feet.

4. Modulated admissions

Modulating admissions down is the cheapest solution. Simply cap the number of students admitted and work toward purchasing the existing dorms. However, a delayed growth curve could negatively impact occupancy of Dorm III. Chair Otto feels strongly about meeting the projected growth curve and stated any option to pull back admissions is not a satisfactory solution.

Trustee Wendt favors the metal construction option; however, Trustee Stork does not.

Trustee Kini shared that after the ITN, administration may think differently of modular buildings. Once they've met their initial purpose, they can be deployed to support disaster relief or rented/leased to other entities, becoming revenue neutral. Trustee Kini will forward information of one modular company he is familiar with to Kris Wharton.

Trustee Laine Powell inquired if the current company (Vestcor) would be invited to participate in the ITN for Dorm III. President Avent stated yes, anyone is allowed to submit a proposal in an ITN.

VI. University Housing Discussion

Kevin Mara, Brailsford & Dunlavey (B&D), stated his firm was hired to study the long-term housing need and develop a strategy for the University's current dorms. He reviewed a gap analysis on the strategic value of on-campus housing and how a focus on housing will impact recruitment and retention of students.

Mara reviewed the existing housing inventory, and demographics of the students who live in the dorms, including why students choose to live on or off campus. Availability of off-campus housing is minimal and rental rates have increased through the pandemic. Mara provided a comparison of on-campus to off-campus housing rates.

The current unmet demand for on-campus housing is 175 beds but will grow to over 800 beds by fall 2025. Mara recommended the University meet the demand for semi-suites. However, B&D does not recommend Florida Poly build to the edge of the demand curve.

President Avent asked – and Mara confirmed – that by the time Florida Poly builds Dorm III, it would meet the demand, but the University will be right back in the same position that it is now.

Mara reviewed five different ownership structures for housing. He recommended the University implement either the traditional or the 501c3 foundation option. Trustee Wendt inquired as to the advantage of having a 501c3 structure versus an equity structure. Mara replied the current dorms are equity structures and the developer has more control over the dorms and the University has less control. In this case, a 501c3, such as the University

Foundation or a national organization that does this kind of P3 financing, facilitates the building of the dorm but has no financial interest in the management of the dorm.

Mara then presented B&D's recommendations to the University:

1. Acquire Dorm II housing by July 2022 via a bridge financing solution.
2. Pursue bundled Dorm II refinance and Dorm III new construction.

Chair Otto asked if B&D sees any Board of Governors constraints with this approach. Mara replied there are no provisions in either the Board of Governors debt management guidelines nor the P3 guidelines that would prevent a bundled financing strategy. To meet the timeline of a July purchase of Dorm II, the University Board of Trustees must approve the bridge financing then submit it to the Board of Governors for approval in June. Because of a required 90-day review period, this plan needs to be submitted to the BOG no later than April 1. Completing the purchase of Dorm II after June 30, 2022 is key because the University will have the opportunity to purchase it for \$500k less than if purchased in this fiscal year.

Mara stated he will need to meet with the University's Executive Committee (EC) by early to mid-March for approvals in order to meet the March 30 deadline for the Board of Governors.

Trustee Powell inquired if B&D would present this same presentation to the BOG as they presented today to the University trustees. Mara responded in the affirmative; they would include additional specifics for bridge financing in that presentation as that is the immediate concern for Dorm II. President Avent clarified there will be two ITNs: one for bridge financing and one for building Dorm III.

Trustee Sasser asked if the University needs to present the short-term solution for housing (e.g., metal building) at the same time the bridge financing is presented to the BOG. President Avent affirmed the University will have to receive approval from the BOG for whichever short-term solution the Board of Trustees approve, however, it does not need to be presented at the same time.

Trustee Stork inquired if the University could buy out Dorm I with a bridge loan. Mara responded that the ground lease provisions for Dorm I are different than the provisions for Dorm II.

Trustee Earl Sasser made a motion to approve Florida Polytechnic University pursue acquiring Dorm II housing via a bridge financing solution, and developing an ITN for construction of Dorm III housing. Trustee Beth Kigel seconded the motion; a vote was taken, and the motion passed unanimously.

VII. Closing Remarks and Adjournment

With no further business to discuss the meeting adjourned at 10:26 a.m.