



BOARD OF TRUSTEES
**Finance & Facilities
Committee Meeting**

DRAFT MEETING MINUTES

**Monday, May 23, 2022
2:30 PM – 4:30 PM**

**Florida Polytechnic University
WEBEX TELECONFERENCE MEETING**

I. Call to Order

Committee Chair Beth Kigel called the Finance and Facilities Committee meeting to order at 2:17 PM.

II. Roll Call

Michele Rush called the roll: Committee Chair Beth Kigel, Committee Vice-Chair Gary Wendt, Trustee Melia Rodriguez, and Board Chair Cliff Otto were present (Quorum).

Other Board Members present: Trustee Bob Stork, Trustee Susan LeFrancois, Trustee Earl Sasser, Trustee Narendra Kini.

Staff present: President Randy Avent, Dr. Terry Parker, Dr. Allen Bottorff, Gina DeIulio, Kathy Bowman, Penney Farley, Andrea Cashell, David Blanton, David Calhoun, Mike Dieckmann, Larry Locke, Melaine Schmiz, Alex Landback, Maggie Mariucci, John Causey, Lauren Mariano, Michele Rush and Kristen Wharton.

III. Public Comment

There were no requests received for public comment.

IV. Approval of Minutes

Trustee Gary Wendt made a motion to approve the Finance and Facilities Committee meeting minutes of February 9, 2022. Trustee Cliff Otto seconded the motion; a vote was taken, and the motion passed unanimously.

V. Finance and Facilities Committee Work Plan Review

Committee Chair Kigel reviewed the Finance and Facilities Committee Work Plan. There was no discussion on this item.

VI. Campus Facilities

A. Campus Construction Update

David Calhoun provided updates on the major campus construction projects. The Applied Research Center (ARC) achieved Substantial Completion and was issued a temporary permit to occupy for the meeting and is expected to be completely finished by July 22.

Calhoun informed the Committee members this project has been kept within budget, even with supply chain issues due to Covid-19. This building was less than \$500 per square foot including design and build. As this was aggressive across the SUS, the Board of Governors has expressed interest in how Calhoun was able to achieve such a feat.

The Mechanical Shop Building (now Engineering 1) is currently funded at \$9.8M with the total budget anticipated to be \$14.7M. The project is currently in development to move into a Design-Build ITN in June. The two-story building anticipates a 20,080 gross square foot fully constructed footprint with a 20,000 gross square foot second story constructed as shell space for future development.

Trustee Kigel asked Calhoun, as this building is largely funded by carry-forward funds, is there any opportunity for PECO Funds as well? Calhoun stated the Educational Plant Survey resulted in a survey recommendation, based on needs, to construct the Engineering Building with a structural shell space for future expansion. Previous Capital Improvement Plans have indicated that the Engineering Building is funded through carryforward, resulting in a PECO request for the Student Achievement Center (also Survey Recommended).

Trustee Kigel inquired as to the funding for the second floor. President Avent confirmed this will be funded with additional carry-forward funds.

The current Public-Private Partnership (P3) with the industry partner, International Flavors & Fragrances (IFF), is in the Design Development stage and being reviewed by the University to assure consistent integration with campus features, code and life safety compliance, and alignment with Campus Design Standards. Calhoun conveyed to the Board of Trustees this project is within budget and is slated to have the groundbreaking in August 2022.

B. Deferred Maintenance Program Spend Plan FY23

Calhoun presented the Deferred Maintenance Program Spend Plan for FY23 to the Committee. In the current state budget, a nonrecurring sum of \$843,725,327 from the General Revenue Fund was appropriated to invest in deferred maintenance needs of the Florida College System and state universities. Florida Polytechnic University's portion is \$3.4M.

Using the eligible project criteria provided in HB 5001, the University will spend these funds as follows:

1. \$690,040 to complete the expansion of Chiller No. 3 in the central energy plant; and
2. \$2M in Deferred Maintenance funds and \$2.5M in carry-forward funds to replace the existing Campus Control Center modulars, home to University Police, Facilities & Safety, and Information Technology, with a permanent, hardened structure to improve Public Safety and Operations response and recovery post-disaster. This expansion will provide approximately 10,000 gross square feet of hardened space for these departments and, in the process, create a permanent facility able to be used in emergency situations without concerns about severe weather and personnel safety-related issues. This expansion will save Florida Poly approximately \$75,000 per year in operational costs.

C. Campus Master Plan Update

Calhoun continued with the Campus Master Plan Update, which happens every 5 years. Florida Poly also went through an Educational Plant Survey which validates all space on campus and how it is utilized, including Florida Poly South and FIPR. Once this is complete, Florida Poly will work with the Board of Governors to show them what our priorities are by facility type with the hope this produces Needs Assessment recommendations. Two recommendations came from this; the Mechanical Shop Building and the Student Achievement Center, which will be built to the east of the IST Building.

The Student Achievement Center was approved with an exception: if Florida Poly will move employees from Poly South to the Student Achievement Center, the Board of Governors will grant Florida Poly office space in this building. The approval was based upon E&G space: space paid for by the State of Florida under the education and general (E&G) funds, such as student study spaces. Spaces such as a student union or food court must be paid for by Florida Poly.

D. Educational Plant Survey (EPS) 2022-2027

Dr. Allen Bottorff reviewed the University's Educational Plant Survey covering July 1, 2022 through Jun 30, 2027.

David Calhoun previously explained the EPS and the recommendations that arose from this survey.

- 1) Mechanical Shop Building (aka Engineering I), and
- 2) the Student Achievement Center.

This survey represents a comprehensive study of the University's existing facilities against its five-year space needs because of projected growth and enrollment then makes recommendations of demonstrated need for funding and construction of future facilities from Public Education and Capital Outlay (PECO) funds.

Trustee Melia Rodriguez made a motion to recommend approval of the Florida Polytechnic University Educational Plant Survey for 2022-2027 to the Board of Trustees. Trustee Otto seconded the motion; a vote was taken, and the motion passed unanimously.

E. Capital Improvement Plan (CIP)

Dr. Bottorff also reviewed the University's Capital Improvement Plan (CIP) and Fixed Capital Outlay Budget for the 2023-2024 fiscal year.

The CIP includes three (3) survey recommended buildings in the following priority order

- 1) Student Achievement Center,
- 2) Mechanical Shop Building, and
- 3) Academic Building

Florida statute requires each university to submit a Capital Improvement Plan reflecting the funds planned toward capital projects and proposed need for future development. Whereas the previous EPS occurs every five years and sets the recommendations for capital construction of the University, the Capital Improvement Plan is brought annually before the Board of Trustees to approve and presents the priority of the capital construction and how they will be funded. For this year's CIP, our priority for PECO funding is a Student Achievement Center.

Trustee Otto made a motion to recommend approval of the Capital Improvement Plan for fiscal year 2023-2024 to the Board of Trustees. Trustee Rodriguez seconded the motion; a vote was taken, and the motion passed unanimously.

F. Florida Poly Finance Corporation

Melaine Schmitz presented supporting information and documentation for the Florida Poly Finance Corporation – including proposed Bylaws, Articles of Incorporation, and the appropriate and related Board of Governor's regulations and Florida Statutes.

This entity will be a Direct Support Organization (DSO) created to preserve optionality for financing and owning Student Housing like those being sought in the current ITN for the purchase of Phase 2 and construction of Phases 3 and 4.

Trustee Wendt inquired as to why this corporation is being established now as opposed to when needed. Schmitz replied that DSO's need to be approved by the Finance and Facilities Committee and this will save time, should the need arise. President Avent confirmed this was brought to the Committee now to not have a hurried meeting in the future.

Trustee Bob Stork asked why Florida Poly omitted the purchase of Phase I Dorm? Schmitz explained Phase 2's purchase price was already stipulated in the contract. President Avent continued that this DSO, if needed, would fund Phases 2-4. Florida Poly does not have the money to enter into negotiations for Phase 1.

Trustee Otto made a motion to recommend to the Board of Trustees approval of the Florida Poly Finance Corporation's Articles of Incorporation and Bylaws and to authorize staff to file the necessary documents to establish the Corporation, if it is determined that the Corporation should obtain financing for Phases 2,3, and 4. Trustee Rodriguez seconded the motion; a vote was taken, and the motion passed unanimously.

G. Prime Contract No. CO18 Skanska Change Order: Applied Research Center (ARC)

The Committee reviewed supporting information and documentation of Skanska's Prime Contract Change Order 018 for the Applied Research Center in the amount of \$246,910.00.

This Change Order request is a result of material delays largely related to a glass shortage, door hardware/access controls, and various electrical components, etc. Prior to notification of the material delays, Skanska agreed to proceed with programmatic changes, requested by the owner, resulting in a contingency deficit. The request for a Change Order includes an increase of \$139,350 for contingency replenish, \$69,300 in extended supervision, and \$38,260 in fees and insurances. This request is within the overall total project budget and

does not result in an overspend.

Trustee Rodriguez made a motion to recommend approval of Skanska Prime Contract Change Order 018, in the amount of \$246,910.00 to the Board of Trustees. Trustee Otto seconded the motion; a vote was taken, and the motion passed unanimously.

VII. University Finance and Budget

A. University FY22 Q3 Financial Update

Penelope Farley presented the University's financial results for the quarter ended March 31, 2022 and noted (without the Applied Research Center) that the total assets of \$186 million exceeded total liabilities of \$31 million resulting in a net position of \$155 million.

There are no financial matters of significance at this point in time. The Applied Research Center (ARC) continues to channel cash downward which is impacting investment income in a relative manner. The University faculty and staff continue to be diligent in cost savings measures.

B. University Operating Budget FY23

Dr. Bottorff presented the University's Operating Budget for the 2022-2023 fiscal year. The total request is \$40M.

The Board of Governors requires that the University's operating budget be approved by the Board of Trustees and provided to the Board of Governors who will be reviewing and approving each budget during its September 2022 Board meeting. The President and the Vice President & Chief Financial Officer, in accordance with their fiduciary responsibility to the University, are certifying that the budget is true and materially accurate.

Trustee Rodriguez made a motion to recommend to the Board of Trustees approval of the Florida Polytechnic University Operating Budget for fiscal year 2023. Trustee Otto seconded the motion; a vote was taken, and the motion passed unanimously.

C. Florida Polytechnic University Board of Trustees Debt Management Policy

Dr. Bottorff reviewed the Florida Polytechnic University Board of Trustees Debt Management Policy developed to provide rules for the issuance of debt by the University and its Direct Support Organizations.

This item is related to the Florida Poly Finance Corporation item previously discussed to provide us with optionality in financing the purchase of Housing 2 and developing Housing 3 and 4.

Each university seeking to issue debt in public financing is required to adopt a debt management policy which is consistent with the Board of Governor's guidelines and is to

be subsequently approved by the Board of Governors. The proposed policy was developed by a workgroup consisting of the Housing Consultants, Brailsford & Dunlavey; outside legal counsel, Ken Artin; financial advisor, Dunlap & Associates; and University staff.

Trustee Otto made a motion to recommend to the Board of Trustees approval of the Florida Polytechnic University Board of Trustees Debt Management Policy. Trustee Rodriguez seconded the motion; a vote was taken, and the motion passed with one abstention.

D. Compass Group USA, Inc. (Chartwells) Food Services Contract Amendment No. 5

Dr. Bottorff reviewed Chartwell's Food Services Contract Amendment No. 5.

The Food Services Agreement with Chartwells was effective June 1, 2017. The parties have amended the Agreement several times. This latest amendment is necessary to address the significant increases in labor and food costs by providing relief for the 2021-22 contract year, to adjust the meal plan prices for 2022-23, and to memorialize additional changes in operations.

Florida Poly staff met with Chartwells and reviewed the documentation showing significant increased costs related to labor and food for the 2021-22 and the continued anticipated increased costs for 2022-23. The University agreed to provide relief in the amount of \$106,000 for 2021-22 actual increased costs, and to allow Chartwells to increase the meal plan rates by 6% for the 2022-23 academic year (the normal, contractually allowed 3% increase plus an additional 3% increase), contingent upon the Board of Trustee's approval.

Other material changes were made to:

1. reflect the new concept "Fire and Ash" that replaced the "Tu Taco" concept beginning Fall semester 2021.
2. reinstate the breakfast services in the dining hall and the 19 Meals per week plan.
3. delete the 5 Meals per week plan and replace it with the 7 Meals per week plan.

Trustee Gary Wendt made a motion to recommend to the Board of Trustees approval of the Compass Group USA, Inc. Food Services Contract Amendment No. 5. Trustee Otto seconded the motion, a vote was taken, and the motion passed unanimously.

VIII. Legislative Affairs Update

Lauren Mariano presented a Legislative Affairs Update on Florida Poly's 2022 Legislative Session activities as well as the pending FY 2022-2023 State Budget. In addition, she gave a summary of legislation that passed and the expected impacts on the University. A discussion followed regarding what the University is doing to prepare for the 2023 legislative session.

IX. Legislative Budget Request (LBR)

Dr. Parker presented Florida Polytechnic University's Legislative Budget Request (LBR) for Fiscal Year 2023; the request supports our development as an "Engineering School of Distinction". There is a strong focus on Workforce development as all Florida Poly degrees are aligned with high-demand, high-paying jobs.

Dr. Parker briefly discussed the focus areas, this is a total request of \$3.6M.

- Growing the student body, increase of 15% \$1M
- Academic Program Enhancements \$700k
 - Two new degrees (Civil and Industrial Engineering)
 - Teaching Laboratories to support new and existing degrees
 - Freshman Year Course Enhancements
- Growing the Faculty \$1.5M
 - Six new faculty for the two new degree programs
 - Two new faculty for each degree: cyber security engineering and environmental engineering
- Grow Student Services \$400,000
 - Support student success
 - Increased career services
 - Increased opportunities for certifications and credentials

Trustee Rodriguez made a motion to recommend approval to the Board of Trustees the Legislative Budget Request for fiscal year 2024, which includes a proposed \$3.6 million dollars in recurring funding request, and permit the President to make minor modifications as necessary. Trustee Otto seconded the motion, a vote was taken, and the motion passed unanimously.

Student Achievement Center

Dr. Parker continued his presentation the request for PECO funding for the Student Achievement Center, as discussed earlier in the committee meeting. This is consistent with the Educational Plant Survey conducted this year. The facility size is 41,500 Gross Square Feet, with a total cost is \$33,626,242, and is proposed to be funded over three years with an opening date of Fall 2026.

The planned functions include study space, collaborative multimedia spaces, offices for student-facing support staff, dedicated space for career and internship initiatives, auditorium space, instructional space, faculty offices, and general support service space.

Trustee Otto made a motion to recommend approval of the request for PECO funding for a Student Achievement Center (SAC) to the Board of Trustees. Trustee Rodriguez seconded the motion; a vote was taken, and the motion passed unanimously.

X. Advancement and Foundation Update

A. Advancement and Foundation Update

Kathy Bowman presented updates on Stewardship, Alumni Engagement, and the Corporate Impact Network. Bowman also updated the Committee on the Inaugural Impact Summit &

Presidential Speaker Series which was held on November 16. The first-ever Day of Giving was held on March 14; this was social media-driven fundraising that targeted the Florida Poly community.

B. Foundation FY22 Q3 Financial Update

Larry Locke presented the Foundation FY22 Q3 Financial update and noted that Revenue increased 5 times over budget projections, and the expense of the operations has doubled due to consultant fees for 2022 for the fundraising campaign; this fee will end after six months. The net asset gain has increased 10 times over budget projections.

Locke continued with Foundation activities year over year, highlighting the 1733.23% revenue increase over FY21 YTD, the overall expenses were down 12.09%, and the net asset gain, which is 4 times increase over FY21 YTD. The financial position year over year showed a 29.61% increase in net assets over FY21 YTD and a 44.25% increase in ending fund balance over FY21 YTD.

C. Foundation Operating Budget FY23

Larry Locke presented the Foundation's Operating Budget for FY23. Locke emphasized the scholarship money; the Foundation set a goal of \$290,000 to be raised for scholarships. The projection for scholarships in FY23 is \$600,000; Locke noted scholarships are a top priority for the Foundation.

D. Foundation's Planned Uses of University Personnel and Property (FY23)

Larry Locke finished his presentation with the Foundation's Planned Uses of University Personnel and Property for FY23. This was explained as any University employee doing Foundation work must be recorded on a yearly basis. Florida Polytechnic University employees have been trained on how to record their hours and as a result, the final numbers have increased. Locke is asking for approval of \$275,000 value of University Personnel and Property for FY23.

Trustee Kigel asked if the planned uses were required to be reported the 990 of either the University or the Foundation? Locke explained this is a Board of Governors regulation that requires hours to be recorded when doing Foundation work and the procedures took approximately two years to put into place.

David Blanton advised the Committee that the Auditor-General has written up state colleges and universities for not reporting the value of personnel and space provided to the DSOs. The Auditor-General asks for an estimate of the resources and part of the Board of Trustees' job is to make sure those resources are used properly. At the end of the fiscal year, Locke will return to the Committee and report the final numbers.

Trustee Rodriguez made a motion to recommend to the Board of Trustees approval of the Foundation's Planned Uses of University Personnel and Property for fiscal year 2023. Trustee Otto seconded the motion, a vote was taken, and the motion passed unanimously.

XI. Closing Remarks and Adjournment

With no further business to discuss the meeting adjourned at 4:32 PM.