



# Board of Trustees Meeting Minutes

**BOT approved 02.16.2023**

**December 8, 2022  
1:00 PM – 2:00 PM**

## **Florida Polytechnic University Virtual via WebEx**

### I. Call to Order

Chair Cliff Otto called the meeting to order at 1:00 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 Bob Stork, and Trustee Gary Wendt were present (Quorum).

Trustees not present: Trustee Lyn Stanfield, Trustee Laine Powell, Trustee Mark Bostick, Trustee David Williams

Staff present: Provost Terry Parker, Dr. Allen Bottorff, Kathy Bowman, David Blanton, Mike Dieckmann, David Fugett, Alex Landback, Melaine Schmiz, Maggie Mariucci, David Calhoun, and Kristen Wharton were present.

Others present: Kevin Mara, Brailsford & Dunlavey

### III. Public Comment

There were no requests received for public comment.

### IV. Consent Agenda

**The following item comes before the Board with unanimous approval from the Academic and Student Affairs Committee, and, as such, there is no need for a second:**

- **Revised Regulation FPU-3.006 Student Code of Conduct**

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

### V. Florida Poly Student Housing System – Amending Resolution

Dr. Allen Bottorff and Kevin Mara from Brailsford and Dunlavey gave today's presentation.

Since the University received approval from the Board of Trustees in October to move forward with a housing system, the Fed raised rates 75 basis points (bps) and may raise it again in the next two months. As a result, the 5% bond rate request will likely not be met by the market in late February 2023. After discussions with the Division of Bond Finance (DBF), Administration concluded the conservative approach would be to request a 6% bond rate. It is also important to fully fund a debt service reserve of \$2.8M and to procure bond insurance

at \$2.5M. In mid-November, the University learned it is \$1.9M over budget in design development due to logistics and supply chain issues as well as construction volatility. This results in an annual increase of \$838,000 to the stabilized debt service and creates a gap in net operating income of \$987,000. With additional student housing a critical issue for Florida Poly, multiple levers within the University's control were identified to help close that gap so the project can continue moving forward. These levers include reducing the Phase 3 project budget, reducing operating expenses, and increasing revenues.

Increasing the student housing rental rates up to 9% the first year and up to 4.5% the following two years is one additional lever to close the income gap. Kevin Mara also reviewed rental rates at other SUS institutions for comparison and financial feasibility.

Trustee Bob Stork asked if Bottorff has the rates and rate increases in terms of dollars versus percentages. He sought verification that Florida Poly's housing remains competitively priced. Bottorff confirmed the dollar amounts are comparable to both other SUS housing and the current market in Lakeland. Mara explained the local housing shortage is significant and will not improve for several years.

Trustee Melia Rodriguez stated a 9% increase is concerning as students already have issues affording on-campus housing. Mara reiterated the lack of affordable housing off-campus and referenced the survey of the student body where they were presented with similar rates; the majority of students responded they would live in on-campus housing at those rates.

Trustee Gary Wendt inquired who is the obligor on the bonds. Bottorff explained that as the University's financial partner, the state of Florida through the Division of Bond Finance (DBF) will issue the bonds but in Florida Poly's name. Wendt further asked what operating expenses would be cut. Bottorff replied the list includes items such as requiring the occupant to pay for renter's insurance instead of the University, eliminating double counts for security costs, postponing hiring of several positions, and reducing state insurance costs. Wendt asked if Bottorff believes there is enough demand for housing. Bottorff and Mara both responded in the affirmative, citing the ongoing lack of affordable housing off campus.

Trustee Beth Kigel asked given where the University stands with contingencies, what is Administration's comfort level moving forward. Bottorff responded Administration is comfortable reducing both building and operation expenses.

Trustee Stork inquired if the University secured a lower rate of 5.6 or 5.8 percent, would Administration lower the 9% rate increase. Bottorff responded in the affirmative that the University would lower the rental cost for the student.

Trustee Narendra Kini asked what percentage of students may opt out or leave campus. Mara replied the projected capture rate is just over half of the student body when the dorm is delivered in 2024. That is an increase to 57% on campus. This projection is viable since the University is delivering new housing into a housing scarce environment as Florida Poly enrolls more students; additionally, the University is offering a new unit type that does not exist on campus, giving access to different sectors of the student market.

Chair Otto asked about the implications in the event the projections are incorrect when the BOG convenes in January. Bottorff cited additional tools the University can use to bridge a gap, such as using institutional dollars and revisiting the other three levers. If the interest rate rises above 6, then the University may need to consider putting a hold on the project.

Chair Otto stated he would prefer not to have a rental rate increase, however, due to uncontrollable circumstances with the Fed and the unavailability of affordable housing in Lakeland, he believes the Board would be acting irresponsibly if they did not move forward with increasing the supply of on-campus housing.

Trustee Wendt suggested the Board conduct one final review before making the financial commitment in late February.

**A motion was made by Trustee Gary Wendt to approve the request to the State University System of Florida Board of Governors for approval of the Florida Poly Housing System amending resolution and appendices authorizing the issuance of tax-exempt bonds to finance the acquisition of Phase II student housing and construction of Phase III student housing. Included in this is approval of the accompanying rental rate increase schedule with an increase in Phase II rates up to 9% in FY23, an increase in Phase II and III rates up to 4.5% in FY24 and FY25, and up to 3% annual increases in Phase II and Phase III rates thereafter and as needed. Trustee Beth Kigel seconded the motion; a vote was taken, and the motion passed unanimously.**

VI. Closing Remarks and Adjournment

With no further business to discuss the meeting adjourned at 1:45 p.m.