I. **Call to Order**

Committee Chair Beth Kigel called the Finance and Facilities Committee meeting to order at 9:00 a.m.

II. **Roll Call**

Kristen Wharton called the roll: Committee Chair Beth Kigel, Committee Vice-Chair Bob Stork, Trustee Melia Rodriguez, Trustee Gary Wendt, and Trustee Mark Bostick were present.

Committee Members not present: N/A

Other Board Members present: Board Chair Cliff Otto, Trustee Ajeet Kaushik, Trustee David Williams

Staff present: President Randy Avent, Provost Terry Parker, Dr. Allen Bottorff, Kathy Bowman, Mike Dieckmann, David Fugett, Penney Farley, David Blanton, David Calhoun, Melaine Schmiz, Maggie Mariucci, 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 8, 2023. Trustee Bob Stork 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. **University Finance and Budget**

A. **University FY23 Q3 Financial Update**

Dr. Allen Bottorff presented an update on the University FY23 Q3 financials. He reviewed the University's net position with and without the recent dormitory bond proceeds for the FL Poly Student Housing System. With bond proceeds, records show an increase of 32% in net position over last year at this same time; without bond proceeds, the University remains flat, down just three-tenths of a percent.

Year-over-year comparison for third quarters reveals the University's sources decreased 6%, however, most third quarters show a slight decline. Operating expenses increased in utilities, contractual services, supplies, and travel and professional development.
Committee Chair Beth Kigel inquired how inflationary increases will impact close-out. Bottorff responded the University needs for revenue to match inflation, however, due to unfilled personnel positions, the University has some fiscal buffer.

Bottorff reported budget to actuals, where an increase in net tuition and fees is trending higher. Salary and benefit expenses decreased. There is a slight increase in sponsored programs. Operating expenses are lower due to the bond cost and auxiliary investments. IT purchases are down $1M due to supply chain issues.

Federal Higher Education Emergency Relief Funds (HEERF) have just under $292,000 remaining to be drawn down from the federal holding account, but all of that amount is encumbered and waiting on delivery of IT items. Bottorff also reviewed carryforward balances.

B. Student Housing System Update

Bottorff stated Residence Hall III construction commenced in March. The next milestones include closing Residence Hall II on June 15, 2023, and substantial completion of construction of Residence Hall III by August 2024. Trustee Gary Wendt asked if there are plans for Residence Hall IV. Bottorff replied the University must clear enough debt to have the financial capacity for a fourth dorm. The initial proforma pushes Residence Hall IV to 2028-2029, however, based on the University's enrollment projections, that dorm may be needed by 2026-2027. President Randy Avent added he is aware of developers who are interested in building apartments near campus, which may not require the addition of a fourth dorm by 2026.

C. University Operating Budget FY24

Bottorff reported a $5M increase from the State in operational enhancement funds. The University’s total budgeted revenue will increase from $72M in FY23 to $94M in FY24. A new source of funding for FY24 is $12.5M for recruitment and retention; however, these funds are not recurring. Trustee Wendt inquired if Performance Based Funding (PBF) is earned; Bottorff stated it is earned based on metrics from the previous year.

The total budget request for FY24 is $97,408,170. Discussion occurred around the significant increase in Florida Industrial and Phosphate Research Institute (FIPR) expenditures versus revenue. Trustee Stork inquired if Bottorff has concerns in this regard; Bottorff responded no, and stated each year the University improves its ability to estimate FIPR’s revenues and expenses. Bottorff and Provost Parker confirmed their $3.4M budget projection is a high estimate of what will actually be spent. Committee Chair Kigel requested staff consider providing a brief overview of FIPR Institute for newer trustees at a future meeting.

Bottorff reviewed the requested budget by division. Regarding the president’s $15M discretionary fund, Trustee Wendt inquired where these funds are stored and how they can be used. Bottorff replied they are located in a Florida prime account in a short-term investment instrument that will generate interest income. The funds will be used for projects like the new Student Information System (SIS).

Trustee Stork asked if the University’s recruiting will be affected by changes in international relations as required by State law. President Avent replied the University had a contract with a firm for international recruiting, however, the University’s focus has been on recruiting within Florida and the U.S. which trustees affirmed.

Trustee Stork commended staff for remaining conservative in their spending and returning unused revenue back to the University. Bottorff stated the University will initiate a zero-based budget next year to align it with the new strategic plan.

Trustee Melia Rodriguez made a motion to recommend approval of the Florida Polytechnic University Operating Budget for fiscal year 2024 to the Board of Trustees. Trustee Gary Wendt seconded the motion; a vote was taken, and the motion passed unanimously.

D. Compass Group USA, Inc. Food Services Contract Amendment No. 6

Bottorff reminded trustees the current contract allows for an annual 3% increase. For FY24,
Compass Group requested an 11-12% increase; however, the University negotiated a 4.29% increase in aggregate. In comparison, the average increase in food costs across the U.S. is 7.5% in 2023. Additionally, Florida Poly demanded higher food quality in negotiations with Chartwells. Trustee Stork asked if the University surveys students on Chartwells food. Bottorff confirmed this is done twice a year. Trustee Stork stated for staff not to set high expectations given the current increase in food cost.

Bottorff reviewed three primary changes to the contract: 1) recommend allowing a one-time reprieve on maintenance fees for June and July 2023 in the amount of $17,297; 2) clarification on the expiration of declining balance funds and broadening the scope of staff to work with Chartwells on their operating hours; and 3) clarification on the disposition of unused declining balance funds and on the expiration of faculty/staff meal plans. Trustee Wendt inquired why this needs Board approval. Bottorff responded it is required because of the way the contract is written. Trustee Stork asked if the Board can fully amend the contract now to give staff more freedom in performing their jobs until the contract renewal occurs in 2027. Staff and trustees agreed that Bottorff will work with Chartwells between now and the next Board meeting to review the contract again with this in mind and bring Amendment 7 to the next Board meeting for review and approval.

**Trustee Gary Wendt made a motion to recommend to the Board of Trustees approval of Amendment Number Six to the Food Services Agreement with Compass Group USA, Inc.** Trustee Melia Rodriguez seconded the motion; a vote was taken, and the motion passed unanimously.

E. University FY23 Fixed Capital Outlay Budget Amendment

This amendment to the original approval adds specific detail on how the University will spend the $3.2M in deferred maintenance dollars.

**Trustee Melia Rodriguez made a motion to recommend to the Board of Trustees approval of the fiscal year 2023 Fixed Capital Outlay Budget Amendment, distributing the $3,197,900 in appropriated deferred maintenance funds into two projects totaling a $690,040 Chiller Expansion and a $2,507,860 Campus Control Center Expansion. Trustee Bob Stork seconded the motion; a vote was taken, and the motion passed unanimously.**

VII. University Facilities Planning, Design, and Construction

A. Campus Construction Update

David Calhoun presented updates on each of the construction projects on campus including the closeout of the Applied Research Center (ARC), the Gary C. Wendt Engineering Building, the chiller plant, the International Flavors and Fragrances (IFF) building, the Public Safety and Campus Operations Center (PSCO), and Residence Hall III. Significant milestones include:

- **Applied Research Center (ARC):** final closeout expected by August 1, 2023
- **Gary C. Wendt Engineering Building:** construction start expected late spring/early summer 2024, with a May 2025 completion
- **Chiller Expansion:** completion anticipated by September 1, 2023
- **International Flavors and Fragrances (IFF):** completion anticipated by fall 2023
- **Residence Hall III:** completion anticipated by August 2024
- **Public Safety and Campus Operations Center:** currently in negotiations with design consultant; construction start expected summer 2024

B. Capital Improvement Plan (CIP)

The 2024-25 Capital Improvement Plan (CIP) includes two Educational Plant Survey (EPS) recommended facilities 1) the Gary C. Wendt Engineering Building and, 2) the Student Achievement Center (SAC). A third building, Academic Building 3, is included as a placeholder but is not currently EPS recommended. Through this approval, the University is requesting state Public Education Capital Outlay (PECO) funds for the Student Achievement Center in the amount of $32.8M.
Trustee Mark Bostick made a motion to recommend to the Board of Trustees approval of the University Capital Improvement Plan for fiscal year 2024-2025. Trustee Gary Wendt seconded the motion; a vote was taken, and the motion passed unanimously.

C. Gary C. Wendt Engineering Building (Engineering Building 1) Project: Amendment to Original Approval

This amendment to the original approval is being supplemented to directly add language from the Board of Trustee By-Laws regarding the President’s authorization to sign instruments, documents, and contracts as necessary, implied within the original motion.

Trustee Mark Bostick made a motion to recommend to the Board of Trustees approval of and authorization for the President to sign instruments, documents, and contracts as necessary to effectuate the Gary C. Wendt Engineering Building project, to be designed, constructed, and furnished within the total budget, not to exceed $14,672,556. Trustee Bob Stork seconded the motion; a vote was taken, and the motion passed unanimously.

D. Residence Hall II Acquisition: Amendment to Original Approval

This amendment to the original approval is being supplemented to directly add language from the Board of Trustee By-Laws regarding the President’s authorization to sign instruments, documents, and contracts as necessary, implied within the original motion.

Trustee Gary Wendt made a motion to recommend to the Board of Trustees approval of the acquisition of Florida Poly Student Housing System: Residence Hall II, and authorization for the President to sign instruments, documents, and contracts as necessary to effectuate the acquisition, in the amount of $26,515,000, plus appropriate and customary closing costs. Trustee Mark Bostick seconded the motion; a vote was taken, and the motion passed unanimously.

E. Residence Hall III Project Approval: Amendment to Original Approval

This amendment to the original approval is being supplemented to directly add language from the Board of Trustee By-Laws regarding the President’s authorization to sign instruments, documents, and contracts as necessary, implied within the original motion.

Trustee Bob Stork made a motion to recommend to the Board of Trustees approval of and authorization for the President to sign instruments, documents, and contracts as necessary to effectuate the 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 Gary Wendt seconded the motion; a vote was taken, and the motion passed unanimously.

F. Public Safety and Campus Operations Center Project Approval

Funding for the Public Safety and Campus Operations Center (PSCO) was approved by the Board of Trustees, and the Board of Governors by way of the adoption of the Deferred Maintenance allocation and the Fixed Capital Outlay approval. This approval allows the president to effectuate the design, construction, and furnishing of the PSCO.

Trustee Mark Bostick made a motion to recommend to the Board of Trustees approval of and authorization for the President to sign instruments, documents, and contracts as necessary to effectuate the Public Safety and Campus Operations Center to be designed, constructed, and furnished within the total budget, not to exceed $5,000,000. Trustee Gary Wendt seconded the motion; a vote was taken, and the motion passed unanimously.

G. Applied Research Center Skanska Change Order No. 20

This change order captures all previously unforeseen project conditions, issues encountered as a result of Final Punch Out, and validation/correction of all estimated cost from previous approvals (Change Order 18). Change Order 20 will be the last requested increase to Skanska’s Contract
before their final contract reconciliation. Final Project Reconciliation is expected to be completed by August 1, 2023.

**Trustee Mark Bostick made a motion to recommend to the Board of Trustees approval of an increase in the Applied Research Center project budget of $143,511, to be taken from interest income on the project; and approval of Skanska Prime Contract Change Order Number 20, in the amount of $143,510.52. Trustee Bob Stork seconded the motion; a vote was taken, and the motion passed unanimously.**

VIII. **Information Technology Systems (ITS) Update**

Mike Dieckmann, Vice President and Chief Information Officer reviewed the mission of the Information Technology Systems (ITS) department, as well as its twelve main service areas. He shared recent initiatives and current challenges within the realm of technology, including IT-related risks. Florida Poly’s biggest areas of risk include a shortage of IT talent and financial stress from technology costs.

Committee Chair Kigel asked who required the IT operations audit; Dieckmann replied this audit was required by the Florida Auditor General.

Dieckmann completed his presentation by reviewing the current planned contributions of ITS in support of the new University strategic plan.

Committee Chair Kigel commended Dieckmann for an excellent presentation. Trustee Stork affirmed the plan to appropriately budget for each year in alignment with the new Strategic Plan. He inquired if ITS hires students part-time to help bridge the talent gap. Dieckmann confirmed that IT internships were expanded this year; there is also a good pipeline of Florida Poly graduates who have been hired full-time. Trustee Wendt asked if there is a strategy to keep the University current with the latest technology. Dieckmann responded that his plan is to get to a state of constant currency with appropriate planning. He is also working with Bottorff on a five to ten-year financial model to help keep the University technologically current.

IX. **Legislative Budget Request (LBR) for FY2025**

Provost Terry Parker presented the LBR, which includes a PECO fund request for the Student Achievement Center, for fiscal year 2025. He reviewed four key focus areas for the University’s request of $7.5M in recurring operating funds: growing the student body, academic program enhancements, growing the faculty, and enhancing student support services.

**Trustee Bob Stork made a motion to recommend to the Board of Trustees approval of the 2025 Legislative Budget Request for $7.5 Million in recurring funds to support growing the student body, academic program enhancements, growing the faculty, and enhanced student support services. Trustee Mark Bostick seconded the motion; a vote was taken, and the motion passed unanimously.**

Provost Parker continued by sharing the 2025 PECO fund request for the Student Achievement Center in the amount of $32,812,572.

**Trustee Melia Rodriguez made a motion to recommend to the Board of Trustees approval of the request for PECO funding in the amount of $32,812,572, and approval to build a Student Achievement Center in alignment with the 2023 Educational Plant Survey. Trustee Gary Wendt seconded the motion; a vote was taken, and the motion passed unanimously.**

X. **Advancement and Foundation Update**

A. **Advancement & Foundation Report**

Kathy Bowman, Vice President, Advancement and Foundation CEO, provided an update on advancement activities, including the establishment of a "parent network" which added over 1,200 new parents in the past month. She shared statistics from the April 6 Giving Day, provided an update on the Corporate Impact Network, and reviewed net production, donor acquisition and donor retention. Bowman also shared the Campaign has reached 59% of its goal with $11.7M pledged to date.
B. **Appointments and Re-appointments to University Foundation Board of Directors:**

Bowman presented seven Foundation board members for re-appointment and two candidates for appointment to the Foundation Board of Directors.

**Trustee Bob Stork** made a motion to recommend approval to the Board of Trustees of the reappointment of Travis Hills, Justin Hollis, Cady Johnson, Adrian Muhammad, Ryan Perez, Michael Tschanz, and Ryan Whittemore to the Florida Polytechnic University Foundation Board of Directors. Trustee Gary Wendt seconded the motion; a vote was taken, and the motion passed unanimously.

**Trustee Mark Bostick** made a motion to recommend approval to the Board of Trustees of the appointment of John Curls, Jr. and Alen Tomczak to the Florida Polytechnic University Foundation Board of Directors. Trustee Bob Stork seconded the motion; a vote was taken, and the motion passed unanimously.

C. **Foundation FY23 Q3 Financial Update:**

Bowman presented the Foundation FY23 Q3 financial update: revenue has increased 5.57%; operational expenses increased 3.56% above budget; and the FY23 net asset gain/loss increased 184%. Year-over-year comparison shows a decrease in third quarter revenue, but this should be resolved by the end of June. Expenses increased as a result of using an outside Campaign consultant for an extra six months which was not budgeted. Trustee Wendt asked for a breakdown of revenue sources; Bowman will contact him to discuss this further. Bowman completed the Q3 update by reviewing the statement of financial position year-over-year which shows a 21.57% increase in fund balance over fiscal year 2022.

D. **Foundation Operating Budget FY24:**

Bowman shared the Foundation’s operating budget for FY24 which projects $1.7M in revenue and $937k in expenses.

E. **Foundation's Planned Uses of University Personnel and Property (FY24)**

Based upon third quarter projections, the DSO’s usage of University resources for FY23 will be $248,910.87 with a space usage cost of $20,228.00; totaling $269,138.87. Bowman recommended the Trustees approve $280,000 for FY24 allowing for increases in salary and fringe benefits for faculty/staff.

**Trustee Melia 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 2024. Trustee Bob Stork 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 11:40 a.m.

Respectfully submitted:
Kristen J. Wharton
Corporate Secretary