



BOARD OF TRUSTEES

Governance, Audit, and Compliance Committee **DRAFT** Meeting Minutes

November 7, 2024

1:30 P – 2:45 P

Florida Polytechnic University
Virtual via Microsoft Teams

I. Call to Order

Committee Chair Cliff Otto called the Governance, Audit, & Compliance Committee meeting to order at 1:30 p.m.

II. Roll Call

Sherri Pavlik called the roll: Committee Chair Cliff Otto, Trustee Patrick Hagen, Trustee Dorian Abbot, and Trustee Sidney Theis were present (Quorum).

Committee members not present: Committee Vice Chair Jesse Panuccio

Other Trustees Present: Board Chair Beth Kigel and Trustee Ilya Shapiro

Staff Present: President Devin Stephenson, David Fugett, David Blanton, Bryan Brooks, Dr. Allen Bottorff, Interim Provost Brad Thiessen, Melaine Schmiz, Sherri Pavlik, and Kristen Wharton

III. Public Comment

There were no requests received for public comment.

IV. Approval of the September 7, 2024, Minutes

Trustee Patrick Hagen made a motion to approve the Governance, Audit, and Compliance Committee meeting minutes for September 7, 2024. Trustee Dorian Abbot seconded the motion; a vote was taken, and the motion passed unanimously.

V. Audit and Compliance

A. Audit and Compliance Update

David Blanton, Chief Compliance Officer and Chief Audit Officer, provided the Committee with an update on external and internal audits including the following:

1. Auditor General Financial Audit FYE24 – expected to be completed in early 2025

2. Foundation Financial Audit FYE 24 – recently completed and will be presented to the Governance, Audit and Compliance Committee at the February 2025 meeting

B. Foundation Internal Controls Follow-up Audit Review

Blanton shared that the Foundation audit concerns regarding segregation of duties were corrected. Additionally, the Significant Deficiency and Material Weakness reported by external auditor Clifton Larson Allen (CLA) had been corrected for FYE24. However, UAC recommended that monitoring controls over the small Foundation accounting staff be implemented to mitigate fraud risk and the risk of further financial reporting errors. Blanton indicated that he is working with the President to strengthen such enhanced monitoring controls.

VI. Governance

A. Regulation FPU-2.006 Application Fee and Admission Deposit

David Fugett, Vice President and General Counsel, shared with the Committee that amended changes to Regulation FPU-2.006 Application Fee and Admission Deposit will, with the President's approval, allow the applicant fees to be waived during designated strategic marketing campaigns.

Trustee Patrick Hagen made a motion to recommend approval of the proposed amended regulation FPU-2.006 Application Fee and Admission Deposit to the Board of Trustees. Trustee Dorian Abbot seconded the motion; a vote was taken, and the motion passed unanimously.

B. President's Annual Evaluation FYE24

Board Chair Beth Kigel shared her discussion with Brian Lamb, chair of the Board of Governors, regarding the immediate past president's, Dr. Randy Avent, performance for fiscal year ending 2024. Kigel stated that the feedback was positive, as in previous years, and that Dr. Avent was a great partner to the Board and was very highly engaged.

Committee Chair Cliff Otto opened the floor for discussion on the *President's Annual Review, July 2023 – June 2024, Composite of the Trustees' Evaluation*.

Trustee Patrick Hagen made a motion to recommend approval of the document "*President's Annual Review, July 2023-June 2024, Composite of the Trustees' Evaluations*" as the document reflecting the immediate past president's, Dr. Randy Avent, annual evaluation for 2023-24 to the Board of Trustees. Trustee Dorian Abbot seconded the motion; a vote was taken, and the motion passed unanimously.

C. President's Compensation Bonus

The Committee discussed a potential compensation bonus for immediate past president, Dr. Randy Avent. Trustee Ilya Shapiro raised a question regarding the *Overall Rating*, noting that it does not seem to reflect a comprehensive evaluation of all areas combined.

Committee Chair Cliff Otto provided historical context on Dr. Avent's base salary, explaining that in 2019 and 2020 Dr. Avent waived his base salary in alignment with the faculty and staff, as there were no pay increases during those years. Committee Chair Otto stated that the same logic applied to the compensation bonus during 2019 and 2020; Fugett confirmed.

Committee Chair Otto reminded the Committee of its goal to recommend an appropriate bonus to the full board. While the Board has the discretion to award a bonus exceeding 20%, it cannot exceed 30% of the ending base salary.

Committee Chair Otto expressed his support for awarding a 30% bonus, emphasizing that it was Dr. Avent's final year as president and that he had received strong support from senior leadership at the Board of Governors. He also noted that the decision on the bonus would become a moot point after this year in regard to Dr. Avent. He then invited input from Trustees Abbott and Hagen.

Trustee Abbot referenced the report's data points, which he interpreted as positioning Dr. Avent's performance between "achieved" and "exceeds." He stated that an argument could be made that the bonus should be halfway between 20% and 30%, which is 25%. However, Abbot was willing to support the Committee's final decision.

Trustee Hagen agreed with Trustee Abbot's logic based solely on the data points presented in this year's survey but deferred to Committee Chair Otto's perspective, given his time on the Board.

Committee Chair Otto then proposed a compromise of 28%, considering Dr. Avent's history of the last few years and how the Board of Governors views him.

Trustee Abbott followed up on the point that the purpose of this exercise is to incentivize the kind of behavior desired from a president, and if too much is given, the Board potentially loses their ability to incentivize in the future.

Trustee Patrick Hagen made a motion to recommend to the Board of Trustees, awarding immediate past president, Dr. Randy Avent, a performance compensation bonus in the amount of 28% of his ending base salary as president. Trustee Dorian Abbot seconded the motion; a vote was taken, and the motion passed.

VII. Closing Remarks and Adjournment

With no further business to discuss the meeting adjourned at 1:58 p.m.

Respectfully submitted:
Sherri Pavlik
Executive Assistant & Paralegal
Office of General Counsel