

**FLORIDA POLYTECHNIC UNIVERSITY
BOARD OF TRUSTEES
MEETING MINUTES
One Poly Place
439 South Florida Avenue
Lakeland, Florida 33801
September 24, 2012 at 10:00 a.m.**

1. Call to Order

Chair Rob Gidel called the meeting to order at 10:02 a.m. Chair Rob Gidel, Vice Chair Mark Bostick, Trustee Sandra Featherman, Trustee Dick Hallion, Trustee Scott Hammack, Trustee Frank T. Martin, and Trustee Don Wilson were present (Quorum). Trustee Kevin Hyman joined the meeting shortly after roll call.

Others present: Richard Stevens, Vikki Shirley, Monoka Venters, Tim Jones, and Pete Karamitsanis.

2. Approval of Meeting Minutes

Chair Gidel noted a correction to the Board of Trustees meeting minutes that was held on September 5, 2012. Chair Gidel explained that the last sentence on p. 8 of the Minutes states, "Ms. Shirley explained that the equipment will belong to Florida Polytechnic when the leases transfer" but technically the equipment would transfer independent of the lease's bill of sale.

Trustee Wilson made a motion to approve the Board of Trustees minutes for September 5, 2012, as corrected above. Trustee Featherman seconded the motion, and the motion passed unanimously.

3. Transition Committee Report

Asset Transfer Update. Chair Gidel presented an update on the status of the transition. He advised that USF is required to provide a bill of sale and a deed, and USF has fulfilled those obligations. This Board's decision regarding the transition has been difficult because we do not have staff, lawyers, or accountants to help us understand what we are getting, particularly with respect to potential run rate liabilities. Chair Gidel said that his goal has been to determine whether the Board will have enough funding to complete the construction project and to operate a university, so he has been working to determine the knowns and unknowns.

The Transition Committee has been working to determine liabilities and either (a) quantify them or (b) eliminate/reduce them. USF's position is that there is a drop-dead date of 90 days after the Board was appointed.

Chair Gidel advised that the Transition Committee will come back to the full Board when they have information regarding what USF is transferring over to Florida Poly, he will then ask the Board to approve the list of items being transferred.

Chair Gidel advised that his primary concern is whether Florida Poly has the resources to complete the construction project. Florida Poly does have enough money to complete the construction, but

Florida Poly does not have enough construction dedicated PECO funding. In our enabling legislation Florida Poly has the ability to reallocate money from operating funds over to complete construction. His concern is that if the funds are transferred then will there be enough carry forward money for funds needed in the future.

Chair Gidel advised that he recently learned about a 16% hold-back on PECO money. The Governor is aware that it would be impossible for Florida Poly to complete the construction project if the hold-back applies to Florida Poly. Chair Gidel reported that he is concerned about the impact of the hold-back on the existing contracts for the construction. Tallahassee understands this and they are working on a resolution.

Chair Gidel also said that he recently learned that the money that is in the USF construction account (approximately \$21 million) procedurally will go back to DOE and then it will go to UF for Florida Poly. He does not know how long that process would take.

Chair Gidel stated that the Educational Committee will need to decide how much money will be needed for operating the University and the Operations Committee will need to decide how much money will be needed for infrastructure.

Chair Gidel advised that the carry forward funds that are currently with USF is about \$12 million, but the last number USF provided was about \$9 million. The Board of Governors is currently working on verifying the difference.

Chair Gidel advised that some of the donor capital could be used for the construction. The Florida Poly Board will not know who the donors are in order to protect the privacy of the donors. The donors will have the option to choose if their donation will transfer over to Florida Poly or remain with USF.

Chair Gidel stated that USF's teach out will require a memorandum of understanding between Florida Poly and USF as to how the teach out will be handled. The space for USF's teach out is located at Polk State College. Under the enabling legislation, the space belongs to Florida Poly; however, we are allowing USF to use the space during the teach out, and Florida Poly is to review what USF is doing every year. As USF needs less space, our Board will decide whether we want to use the space. If our Board does not want to use the space, the space goes back to Polk State. Chair Gidel advised that the Educational Committee will need to be aware that there is space to hold classes if Florida Poly wants to start classes in six months. USF believes that the space belongs to them until they have finished the teach out. The agreement has not yet been completed.

Chair Gidel advised that USF has been given \$10 million from the State for the teach out. He recently learned that if the teach out costs more than \$10 million then Florida Poly will have to pay for it. Chair Gidel advised that the concern with this is Florida Poly does not have a budget or any control. Trustee Martin asked if the \$10 million is allocated for three years. Vikki Shirley, Board of Governors General Counsel, explained that the \$10 million is recurring every year. Chair Gidel said that the Board cannot accept liabilities that it does not have an asset to cover, and he does not know that the Board has an asset to cover this potential liability. Chair Gidel advised that final information will be coming from the Board of Governors.

Chair Gidel advised that UF has agreed to the shared services agreement. Once the shared services agreement is in place, Florida Poly can begin receiving E&G money and begin to hire consultants.

Trustee Hammack said that it seems hard for a new institution to fight for dollars with other established institutions. He recommended for the Board to review a full audit that has been completed by a reputable firm and a review of the documents by an attorney before the Board will vote to accept the transfer of assets.

Chair Gidel advised that he is looking for direction from the Board, but he feels that the Board does not have adequate information to move forward on the transfer because there are too many unknowns. Trustee Wilson said that he would follow Chair Gidel's guidance because of his knowledge and background concerning the transfer. Trustee Wilson also said that he would recommend making the best deal that we can and move forward with the construction of the University. Trustee Featheman advised that she does not feel the Board must accept the drop-dead date of October 15, 2012 given by USF, and she trusts the Transition Committee to effectively negotiate the best deal.

Vice Chair Bostick asked what if the Board accepted the transfer of assets but found out that there were not a fair allocation or there are issues with carry forward, would there be a true up. Vikki Shirley advised that the Board of Governors has a Select Committee on Polytechnic Oversight, so if the BOG finds that assets were not transferred, then those assets will be transferred to Florida Poly and all of the assets would be insured through the State of Florida.

Chair Gidel advised that the Transition Committee will continue researching this issue and when the Committee is at a point where they are in agreement to accept the transfer, they will then make a recommendation to the full Board.

Shared Services Agreement. Tim Jones, Board of Governors CFO, advised that once the Shared Services Agreement was setup and a bank account was opened, then the first quarter of the money (approximately \$5.5 million) would be able to be released to Florida Poly.

Chair Gidel provided an update on the Shared Service Agreement and went over the details of the agreement.

Chair Gidel advised that construction has been moved under the oversight of the Florida Poly Board with Pete Karamitsanis taking the lead. UF will counsel Florida Poly on accreditation issues but UF does not want to be responsible for accreditation.

Trustee Wilson made a motion on the assumption that Florida Poly is able to sign the Shared Services Agreement with UF and once that has been accomplished and we have the access to funds we look to retain sufficient professional advisors and experts to assist us in verification of assets and other interests being transferred to Florida Poly by USF. Trustee Hallion seconded the motion. Chair Gidel recommended an amendment to the motion that as a prerequisite to a recommendation to the Board for acceptance of the transfer. Trustee Wilson agreed to the amendment of his motion. Trustee Hallion seconded the motion, and the motion passed unanimously.

Update on Leases. Chair Gidel provided an update on the current leases. If Florida Poly terminates the leases then we will have to get storage space and move the equipment. Florida Poly does not currently have staff so we do not have that ability. Chair Gidel advised that the only person who was working on these leases was USF employee Bryan Mehaffey, but Florida Poly does not have access to speak with him directly. Vikki Shirley will follow up on why Brian Mehaffey cannot work with Florida Poly.

4. Legoland Contract

Trustee Wilson advised that USF Poly had signed a three year sponsorship agreement with Legoland for the USF Poly name to be located at different parts of the theme park. In May of 2012, USF Poly requested the contract to be terminated and Legoland sent a letter agreeing to terminate but it was never accepted. The USF Poly Board will not terminate the lease unless they receive recommendation from the Florida Poly Board requesting the termination.

Trustee Featherman made a motion to terminate contract with Legoland. Trustee Martin, seconded the motion, and the motion passed unanimously.

Trustee Wilson made a motion for Chair Gidel to sign the termination letter on the Legoland contract. Trustee Hallion, seconded the motion, and the motion passed unanimously.

Trustee Wilson made a motion to authorize the Board the Transition Committee to make a decision on the disposal of the Legoland tickets that are currently available under the Legoland contract. Chair Gidel added that the preference from the Board would be for the tickets to be given to a charity. Trustee Hallion, seconded the motion, and the motion passed unanimously.

Florida Poly currently has 300 tickets to Legoland that was given to USF Poly as part of the original agreement. The Florida Poly Board authorized the Transition Committee to find a charity to donate the 300 tickets. The tickets will expire on December 31, 2012.

5. Educational Committee Report

Academic Vision. Trustee Featherman went over STEM education and jobs in STEM nationwide. STEM faculty and lab space is costly, but colleges and universities normally balance that cost with Humanities and Social Science majors. Florida Poly will not offer those majors.

Trustee Hallion presented on creating a STEM curriculum and went over STEM technology. He recommended avoiding duplication of programs and advised the programs should be unique to the Florida State University System. He advised that Florida Poly should also exclusively focus on STEM.

Chair Gidel discussed the possibility of hiring a professional consultant to assist Trustee Featherman and Trustee Hallion in developing an academic program.

Trustee Hallion discussed reviewing programs and requirements. Trustee Featherman believes the students will come because of the faculty Florida Poly will offer. She also talked about teaming up with top companies, since Florida Poly will need to attract great faculty.

Trustee Hammack recommended contacting top 50 technology companies in the State of Florida for students to visit and do on-site training throughout the education process.

There was some discussion on four year programs versus two year programs. Trustee Featherman suggested starting with the best three programs, but we will also need to offer general education classes.

Trustee Martin discussed the possibility of asking the top companies to sponsor students or offer a co-op program. There was some discussion on internship programs and recruiting students.

Board of Governors Academic Regulations and SACS Principles for Accreditation. Trustee Featherman believes that Florida Poly will be accredited regardless of the number of students, even if it was only 120-140 students. There was some discussion on whether to start with graduate degrees only or to also include undergraduate degrees.

Chair Gidel advised that according to the legislature, Florida Poly will need to be accredited by 2016.

Richard Stevens advised that this is possible, but it will be difficult. There was some discussion on ways to ensure Florida Poly is accredited by 2016. Trustee Featherman advised that a class must graduate in order to become accredited. Trustee Hammack recommended doing a blended class of four year and two year students.

Trustee Wilson recommended hiring a consultant that would be under the guidance of Trustee Featherman and Trustee Hallion. Trustee Hallion believes that would be very helpful to have a consultant but he would like to be involved in the process of developing the curriculum.

Trustee Featherman believes it is best to have the first class start in September 2014. Trustee Featherman advised Florida Poly will need faculty, CFO, President, Provost and other academic chairs in place to help develop the curriculum as part of the accreditation process.

There was some discussion of when to begin hiring faculty. There was also some discussion of the business plan and how it relates to the academic plan. Trustee Featherman believes it is important to have the business plan in order to help with the academic plan.

Trustee Martin made a recommendation to consider 3-5 undergraduate courses and 1-3 graduate courses. No motion was required, but the Board agreed that this was the direction Florida Poly is going to go.

Vikki Shirley advised that a state funded institution must be accredited, and upper-level accreditation is the quickest way to get there with a select number of programs.

Chair Gidel advised that the next steps for the Transition Committee will be to find a CEO or similar and transfer duties from the Transition Committee to other committees as the Transition Committee ends.

6. Concluding Remarks and Adjournment

The next Board of Trustees meeting was scheduled for October 24, 2012 at 8:00 a.m. A tentative Board of Trustees meeting was set for November 19, 2012 at 8:00 a.m.

Chair Gidel asked if there was any further discussion. Vikki Shirley stated that USF has provided their documents to Florida Poly and the Board members were sent a link to an electronic copy of the documents. Tim Campbell has hard copies of all the documents.

With no further business, the Board of Trustees meeting adjourned at 2:28 p.m.