

**FLORIDA POLYTECHNIC UNIVERSITY
BOARD OF TRUSTEES
FINANCE & FACILITIES COMMITTEE
MEETING MINUTES
Florida Polytechnic University Admissions Building
4700 Research Way
Lakeland, FL 33805
December 7, 2016 @ 9:15 AM**

I. Call to Order

Chair Bob Stork called the Finance and Facilities Committee meeting to order at 9:15 a.m.

II. Roll Call

Maggie Mariucci called the roll: Chair Bob Stork, Vice-Chair Henry McCance, Trustee Sandra Featherman, Trustee Mark Bostick, and Trustee Cliff Otto were present (Quorum).

Other trustees present: Chair Frank Martin, Trustee Philip Dur, Trustee Dick Hallion, Trustee Veronica Perez-Herrera and Trustee Don Wilson were present.

Staff present: President Randy Avent, Dr. Terry Parker, Mark Mroczkowski, Kevin Aspegren, Gina DeJulio, David Calhoun, Maggie Mariucci, Rick Maxey and Jessica Throckmorton were present.

III. Public Comment

There were no requests received for public comment.

IV. Approval of Minutes

A motion was made to approve the minutes of the Finance and Facilities Committee of September 7, 2016. Trustee Cliff Otto seconded the motion; a vote was taken, and the motion passed unanimously.

V. 2016-2018 Finance and Facilities Committee Work Plan

Mr. Mark Mroczkowski, Vice President and CFO, presented the proposed 2016-2018 Finance and Facilities Committee Work Plan by reviewing several key dates for each item. President Avent stated that each Finance and Facilities Committee meeting will include an update on the University and Foundation financials. Other items listed are tied to the Board of Governors' schedule.

In September, a deeper discussion will occur on when the University should enter into SUS performance funding. Analysis of the advantages and disadvantages of the University being included in performance funding earlier than 2021, when metrics will be available, is currently underway. Trustee Bob Stork asked if there has been any progress with inquiring about obtaining partial funding. Mr. Rick Maxey answered that the University has not had that conversation with the Board of Governors. Administration thought it best for this Board to discuss the options and

criteria for early or partial funding. In the committee work plan, SUS Performance Funding will be moved from September to March.

Chair Frank Martin stated that the purpose of the committee work plans is to give the committees and their staff liaison the opportunity to identify items ahead of time that will come before the committee at each meeting. That way committees aren't approving things without the appropriate amount of discussion about potential impacts. Each work plan is a road map of potential items the committee will be discussing and will be fluid as changes will occur as time progresses.

Trustee Stork asked if items can be identified as concrete versus fluid. Mr. Maxey stated that none of these items are set in stone and can be moved around as the Board sees fit. Trustee Stork recommended that the committee take more time to study the work plan and decide what items they want more in depth information on and what items can be moved or adjusted.

Trustee Sandra Featherman requested that reviews of campus facilities and build-outs be added to this work plan. President Avent concurred and an updated review of these items will be added to the March or June agenda.

Trustee Henry McCance made a motion to approve the 2016-2018 Finance and Facilities Committee Work Plan. Trustee Sandra Featherman seconded the motion; a vote was taken, and the motion passed unanimously.

VI. Financial Review

Mr. Mroczkowski reviewed key projects in process along with their estimated fiscal impact to the University.

Trustee Stork inquired as to when the University is required to go to bid on contracts. Mr. Mroczkowski answered that any purchase over \$75,000 must go to bid.

Three companies have submitted bids for a ten-year University dining contract. Trustee Stork asked if this year's modest profit included the \$750k buy out. If the University contracts with anyone other than Sodexo, the University will have to reimburse Sodexo the \$750k which would then be passed on to the new vendor. The winner of the bid will start in summer 2017.

Design services for the Academic Research Center (ARC) is underway.

Two bids are under review for investment advisory services. The goal is to improve returns on earned interest on an annual basis.

Trustee Featherman inquired if the University has considered outsourcing facilities management. Mr. Mroczkowski said it is more efficient to handle internally. The University currently outsources janitorial and lawn services.

Mr. Mroczkowski reviewed the current balance sheet as of October 31 and stated that the University has a healthy cash position with total current assets of \$46M. The University currently has \$200M in current and non-current assets.

Current liabilities are small at \$1.8M. Long-term debt on equipment leases is \$1.9M with an interest rate of less than 2%. Total current and non-current liabilities are \$11M. Total operating revenues are nearly \$4M through the first four months of the fiscal year.

The University is running under budget in most expense areas. Compensation and benefits is lower than budgeted due to open positions yet to be filled. Operating income runs at a loss because the University hasn't fully received state appropriations.

Net Income for the first four months is \$1.5M increasing the net position to \$189M.

Chair Martin asked how many positions are vacant. Mr. Mroczkowski stated approximately eight to ten staff positions. Faculty positions are not included in that count. President Avent continues to monitor the staff: faculty ratio. The current ratio is 3:1 and the goal is less than 2:1.

Trustee Stork asked where the 5% reserve is located in the financial statements. Mr. Mroczkowski said it shows up in the budget, not the financial statements. It is 5% of state appropriations as required by law. Mr. Mroczkowski intends to be more conservative going forward to maybe 10% in next year's budget. The University is also increasing revenue from tuition and fees, auxiliary services, Florida Pre-paid and the Foundation. The federal financial aid application is in final approval stages.

\$17M was carried forward from last fiscal year. \$2.6M has been used year-to-date. Pending uses include \$5M for the design of the Academic Research Center and \$4.75M for Health Informatics. The ending balance as of October 31 is \$4.9M.

\$48M in investments resides in the state treasury and interest earned year-to-date is \$294k.

VII. Workday ERP

Mr. Mroczkowski reported that Workday went live on time and on budget. Upcoming milestones and deliverables include completion of loading financial transaction history and business assets into Workday. Automated reports are now available for administration.

Discussion occurred on the prospect of an online Board Management System with which to access Board materials, dashboards and real-time data. This topic will be added to the Committee's Work Plan for discussion at the March 2017 meeting.

VIII. Florida Polytechnic University Foundation

Mr. Kevin Aspegren, Vice President Advancement, reviewed historical, current and future commitments on scholarships as well as a two-year comparison of Foundation commitments. \$3.5M is still needed for scholarships by the end of this fiscal year. Approximately \$2.75M in donations has been identified leaving a \$600k gap. Mr. Aspegren stated it is imperative to build the Foundation's endowment which is currently around \$875k with an additional \$1M commitment on the horizon.

The Advancement department has changed from NetSuite donor development software system to Salesforce which also integrates well with Workday.

The Articles of Incorporation for the Alumni Association are not yet finalized but January graduates will leave the University with a pathway to engagement.

The Advancement team is struggling to find qualified development officers. However, two people have been hired to assist with research analysis and data entry.

Mr. Aspegren reviewed current naming priorities: the Applied Research Center (ARC), the Student Achievement Center (SAC) and the Athletic Complex (Wellness Phase II).

Discussion occurred regarding the name “Student Achievement Center” and if it accurately reflects what will be housed in that building. The SAC will encompass the Academic Success Center, career services, mental health counseling, study space as well as conference center space that will hold 500-600 guests and possibly the SGA. Mr. Maxey stated there is a process that would have to occur in order to change the name of the building since it was approved as part of the Campus Master Plan in December 2015.

Trustee Dur commented on how it is important to cast a statewide appeal so the ARC or Florida Poly is not perceived as a local adjunct to USF. Mr. Aspegren concurred the appeal will be statewide.

Trustee Featherman stated that assuming it costs 7-8% of the building to maintain it each year, the real issue is finding funds in the budget to support the maintenance of the building. Staff needs to remember to figure in the ongoing cost of maintenance.

Trustee Stork asked if administration has considered public/private partnerships (PPP) for funding. President Avent confirmed that a range of funding options are being researched, including PPP. Mr. David Calhoun stated to date, the University has operated within property operations and maintenance (PO&M) funds from the state. Trustee Stork expressed a concern that the University may not have recurring funding from the state to cover ongoing maintenance, so the University should look for this kind of funding from other sources.

Mr. Aspegren shared that the Foundation Board will move to quarterly meetings in 2017. The Foundation Board is recruiting nationally for new Board members. The Foundation has also completed their 2015-2016 Annual Report and their new website will be launched by December 31, 2016. Two upcoming Foundation events include the PIVOT Gala on February 4, 2017 and the Women in STEM (WIS) Summit on March 14.

The Foundation audit for 2015-2016 had no findings.

IX. Construction Progress and Facilities

Mr. Calhoun reported on several construction projects that are either complete or underway. Infrastructure for Wellness Phase II should be complete by February 1, 2017 with a target completion date of fall 2017.

In the Academic Research Center (ARC), Mr. Calhoun stated there will be 44,000 square feet of research space, 9,800 square feet of teaching lab space and 30,000 square feet of support and office space for a total of 85,000 square feet.

With no further business to discuss, the Finance and Facilities Committee meeting adjourned at 11:01 a.m.