

**DRAFT**

**FLORIDA POLYTECHNIC UNIVERSITY  
BOARD OF TRUSTEES  
FINANCE AND FACILITIES COMMITTEE  
MEETING MINUTES  
Florida Industrial and Phosphate Research Institute  
1855 W. Main St., Bartow, FL 33830  
June 7, 2017 @ 9:30 AM**

I. Call to Order

Acting Committee Chair Sandra Featherman called the meeting to order at 9:30 a.m.

II. Roll Call

Maggie Mariucci called the roll: Trustee Mark Bostick, Trustee Jim Dewey, Trustee Sandra Featherman, and Board Chair Frank Martin were present (Quorum). Board Chair Martin served on the committee in order to establish quorum.

Other Trustees present: Trustee Don Wilson, Trustee Philip Dur, Trustee Dick Hallion, and Trustee Jacob Livingston.

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

III. Public Comment

There were no requests received for public comment.

IV. Approval of Minutes

**Trustee Philip Dur made a motion to approve the Finance and Facilities Committee meeting minutes of March 15, 2017. Trustee Mark Bostick seconded the motion. A vote was taken, and the motion passed unanimously.**

**Trustee Dur made a motion to approve the Finance and Facilities Committee meeting minutes of June 1, 2017. Trustee Bostick seconded the motion. A vote was taken, and the motion passed unanimously.**

V. 2016-2018 Finance and Facilities Committee Work Plan

Mr. Mark Mroczkowski stated there have been no changes to the Committee Work Plan since the March meeting and there was no discussion by the Committee.

## VI. Legislative Budget Request for 2018-2019

Mr. Rick Maxey stated that the Legislative Budget Request (LBR) is required of every University by law. It is a request to the Legislature for additional money to enhance operations or delivery of existing programs and services or to establish new programs.

The Board of Governors has two priorities as they review the SUS LBRs: 1. shared resources that are common to multiple universities and 2. university-specific issues. The Board of Governors added a new component this year by requesting each institution present three initiatives to increase efficiency within the university.

### A. Operating Budget Request

Florida Polytechnic University's LBR includes three items:

1. Institute for Intelligent Mobility: \$15 million in recurring funds, \$5 million in non-recurring funds for a total of \$20 million.

The Institute for Intelligent Mobility is the evaluation and certification arm of SunTrax. This program is unique to Florida Poly as it focuses on standardizing the testing methods for autonomous vehicles vs. building and testing the autonomous vehicles themselves.

2. Sustainability for Economic Growth: \$3,993,400 in recurring funds, \$500,000 in non-recurring funds for a total of \$4,493,400.

This research center will focus on three key resources of food, energy and water. The center will provide Florida Poly an opportunity to expand existing markets with new technologies.

3. Technology Education Model Program: \$3,500,500 in recurring funds, \$1,000,000 in non-recurring funds for a total of \$4,500,000.

Dr. Rahul Razdan is leading research in this area with a goal to create the next generation of efficiency for online delivery of courses. Florida Poly should be a leader in developing new ways to approach education in pedagogy, use of technology in the classroom and how the University develops talent, ensuring students graduate better prepared for the business side of industry.

Trustee Frank Martin clarified that these three budget requests are for the 2018-2019 cycle. Should the University receive these funds, directors will be hired to oversee these projects. Mr. Maxey stated the University is proceeding to develop these three centers already, including developing summer programs and working with the local school board and industry.

### B. Capital Improvement Plan

The Capital Improvement Plan (CIP) requests funding from the State of Florida as well as other sources. For 2018-2019, Florida Poly seeks \$22 million, specifically for the Applied Research Center (ARC).

There are three eligible PECO projects: the Applied Research Center, the Student Achievement Center and the Faculty Staff Office Building. Mr. Maxey stated that it normally takes three to four years to obtain funding for a new building. If Florida Poly does not receive all funding for the ARC in four years, the University will add another year to complete the project.

Regarding the Faculty Staff Office Building: the Educational Plant Survey (EPS) was conducted in fall 2016 and approved by the Board in March 2017. The Board of Governors will review the survey at their meeting in June. According to the BOG's formula, Florida Poly does not have enough students to warrant building an office building. The BOG prefers that universities include office space as part of buildings built to provide programs for students.

Also in the CIP are two parking structures and two additional dorms; however, the State will not fund those buildings. The University will need to fund them through other resources.

Trustee Martin inquired if private funding is obtained to support these three facilities, can Florida Poly expedite construction? Mr. Maxey replied in the affirmative. Mr. Kevin Aspegren stated that Advancement is working on major gifts from individuals and companies to assist in expediting construction. Mr. Maxey also stated that P3s are an option for funding.

**Trustee Frank Martin made a motion to recommend approval of the Legislative Budget Request for 2018-19 for the Operating Budget to the Board of Trustees. Trustee Mark Bostick seconded the motion. A vote was taken, and the motion passed unanimously.**

**Trustee Mark Bostick made a motion to recommend approval of the Legislative Budget Request for 2018-19 for the Capital Improvement Plan to the Board of Trustees. Trustee Frank Martin seconded the motion. A vote was taken, and the motion passed unanimously.**

## VII. Financial Review

Mr. Mroczkowski gave the financial report for the quarter ending March 31, 2017. There have been no dramatic changes from the prior quarter and the University is tracking ahead of budget. The total net position is \$192 million. Total income for the quarter was \$39 million, the majority coming from State appropriation.

Mr. Mroczkowski reviewed the E&G variance by cost center for the first three quarters of this fiscal year. Each cost center is ahead of budget.

Trustee Martin requested going forward, Mr. Mroczkowski provide one to two pages of narrative analysis at the front of the reports.

Investments are still with the State treasury. The University and the Florida Poly Foundation now have separate investment companies so the Foundation funds will be transferred to TIAA-CREF. Firms were selected through the competitive bidding process and chosen based on performance.

Trustee Martin inquired if the competitive bid process included the investment policy that the Board of Trustees approved last year, and Mr. Mroczkowski replied in the affirmative. The contract can be terminated at any time. The University and the Foundation have separate investment advisors because each has a separate set of requirements. Trustee Martin asked Mr. Maxey to prepare a report for a future meeting that outlines the impact that changing legislation will have on solicitation and use of funds. Mr. Aspegren stated that the Florida Poly Foundation is

seeking financial donations from other foundations and resources and having an investment firm can open those doors.

Mr. Mroczkowski reviewed four key projects that are underway:

1. Workday Student implementation: \$4 million project over two years. IBM was selected to be the implementation partner.
2. Dining Services: Chartwells is the new food service provider on campus. They have agreed to a \$5.5 million capital investment over a ten-year contract. There is a guaranteed net commission of \$500,000 each year for the first three years.
3. ARC design services: HOK is the architecture firm selected to design the ARC.
4. International Student Recruitment: Global University Systems (GUS) was selected to assist the University with international student recruitment. The minimum goal is to enroll 100 international students by the end of first contract year. Trustee Featherman asked if the University is within the framework of the law on this contract. Yes, legal reviewed the contract and approves. Trustee Dur inquired about the profitability of the agreement. Mr. Mroczkowski stated that these students would pay full tuition and fees unlike in-state students who receive waivers and scholarships. Trustee Featherman expressed concern about recruiting large numbers of foreign students vs. focusing on recruiting American students who need this kind of training at a public institution that is funded by U.S. taxpayers.

Mr. Mroczkowski stated that Workday Student will replace a program called CAMS and is the last major initiative for an integrated infrastructure. Clarification was given on the difference between CAMS, Canvas, Blackboard and Workday.

#### VIII. Increase Waiver Authority

Mr. Mroczkowski requested an increase from \$2.4 million to \$4.5 million in waiver authority due to the fourth cohort of students entering the University in August 2017. He reviewed several documents providing details on scholarships awarded by cohort, a list of estimated scholarships and other waivers along with \$2 million in contributions from the Florida Poly Foundation. Mr. Mroczkowski also reviewed a forecast of tuition, waivers, support and discount rate.

Trustee Featherman asked about the impact of this waiver on the bottom line and the plan to reduce the waiver. Mr. Mroczkowski stated this amount has been included in the budget based on State appropriation. There is a ten-year plan for reducing the discount rate and waiver while, hopefully, donations from the Florida Poly Foundation will increase.

Trustee Martin asked Florida Poly Foundation Board Chair Ford Heacock to share what the Foundation Board is doing to meet a higher philanthropic goal in order to meet their commitment to the University. Mr. Heacock stated there is an active effort to expand the board with national members and industry partners. Mr. Aspegren also responded that there is a plan in place for the Advancement team to raise funds from outside of Polk County, to build the endowment and to increase major gifts for naming opportunities.

**Trustee Mark Bostick made a motion to recommend approval of the increase waiver authority from \$2.4 million to \$4.5 million to the Board of Trustees. Trustee Frank Martin seconded the motion. A vote was taken, and the motion passed unanimously.**

IX. 2017-18 Operating and Capital Budget

Mr. Mroczkowski reviewed the operating and capital budget. Additional information has been included in the report that shows estimated actuals for fiscal year end compared to last year's budget. The net effect shows the University will have an estimated \$6 million left over which will move into carryforward. While there appear to be inconsistencies from last year's budget, this is due to reorganizing cost centers which are more in line with how the University actually does business. Trustee Martin again stated the need for written detailed narrative to explain structural and staff changes. President Avent answered questions about staff restructuring. Trustee Featherman asked for a current organizational chart, which Mr. Mroczkowski will provide out of Workday. Trustee Martin expressed a strong desire that the University hire a Chief Information Officer (CIO) to assist with upcoming projects such as SunTrax.

Mr. Mroczkowski reviewed the proposed budget by cost center, providing explanation on department budgets that increased or decreased from the previous year. The total budget request for FY 2017-2018 is \$46,611,958. Total budgeted revenues for FY 2017-2018 is projected at \$49,190,826.

Capital projects were reviewed. Total expenses projected for capital projects is \$5,659,107, which will be funded with carryforward funds. Projects at FIPR Institute will be covered by their own funding. Renovations to the food service area will be funded with Auxiliary funds. Any work relating to the Applied Research Center is funded by PECO funds.

**Trustee Mark Bostick made a motion to recommend approval of the 2017-18 Operating and Capital Budget, revised on June 5, 2017, to the Board of Trustees. Trustee Jim Dewey seconded the motion. A vote was taken, and the motion passed unanimously.**

X. 2017-18 Florida Polytechnic University Foundation Budget

Mr. Mroczkowski stated the Foundation budget has been presented to and approved by the Foundation board. The budget is similar to last year's budget except for two items: financial aid and scholarship is decreased from \$5 million to \$2 million, and the addition of \$617k in component unit transfer to Florida Poly.

**Trustee Jim Dewey made a motion to recommend approval of the 2017-18 Florida Polytechnic University Foundation Budget to the Board of Trustees. Trustee Mark Bostick seconded the motion. A vote was taken, and the motion passed unanimously.**

XI. Naming Opportunity

Mr. Aspegren shared that Vestcor gave a donation in December 2016. IST Lab 1056 will be named the "Vestcor Research Lab" as a result of their gift.

**Trustee Frank Martin made a motion to recommend approval of the naming of Lab 1056 in the Innovation, Science and Technology Building of Florida Polytechnic University as the "Vestcor Research Lab" to the Board of Trustees. Trustee Jim Dewey seconded the motion. A vote was taken, and the motion passed unanimously.**

## XII. Campus Development Agreement

Mr. Tim Campbell, attorney from Clark, Campbell, Lancaster and Munson, assisted the University with preparation and negotiation of the Campus Development Agreement (CDA). Pursuant to Florida statutes, the Board adopted the updated campus master plan on September 7, 2016. The state now requires the Board to adopt the Campus Development Agreement. The CDA tracks the progress of the master plan and any impacts development has on city infrastructure and transportation. No additional impacts have been identified other than the interconnection of the Auburndale and Lakeland redundant water supply. No additional contributions are required. The City of Lakeland will hold two public hearings on this issue. The first was on Monday, June 5 and received no comments. The second hearing will be on June 19. The Campus Master Plan and the Campus Development Agreement must be updated every five years.

**Trustee Frank Martin made a motion to recommend approval of the Campus Development Agreement to the Board of Trustees. Trustee Jim Dewey seconded the motion. A vote was taken, and the motion passed unanimously.**

## XIII. Construction Progress and Facilities

Mr. David Calhoun provided information on current construction progress as well as an update on the Applied Research Center (ARC). Wellness Center Phase 2 has several programming updates which include adding five offices in addition to the original two that were planned. The pool was redesigned to increase the ability to support multiple different functions and to allow for community outreach opportunities.

Mr. Calhoun reviewed the RFQ selection process for the architecture firm that will design the ARC. Seventeen quotes were received and a selection committee of five people reviewed each quote. A weighted scoring matrix was used and five finalists were selected. After in-person presentations, the committee selected the firm HOK who has designed over 15 higher ed lab and research facilities and are known for their iconic structures. Discussion occurred regarding the need to make sure that the architecture of all future buildings is consistent.

## XIV. Process and Recommendation of the Applied Research Center Architect

This topic was covered in XIII above.

## XV. Educational Plant Survey

Mr. Maxey referenced a small technical change the Board of Governors made regarding how office space is calculated. This factor changed Florida Poly's square footage from 25k to 30k that the BOG says Florida Poly will need in the next five years. The University currently has 12,000 square feet of office space. The EPS will be on the Board of Governors June meeting agenda.

## XVI. Closing Remarks and Adjournment

Acting Committee Chair Featherman adjourned the meeting at 12:40 p.m.