

**FLORIDA POLYTECHNIC UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND FACILITIES COMMITTEE
MEETING MINUTES
Florida Polytechnic University
IST Building Room 1046 / WebEx
4700 Research Way
Lakeland, FL 33805
June 1, 2017 @ 1:00 PM**

I. Call to Order

Committee Chair Robert Stork called the meeting to order at 1:05 p.m.

II. Roll Call

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

Other Trustees present: Trustee Frank Martin and Trustee Don Wilson.

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

III. Public Comment

There were no requests received for public comment.

IV. Increase in Waiver Authority

The agenda was rearranged and the “Increase in Waiver Authority” was discussed first.

Mark 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.

The request is the highest in the state university system; however, Florida Poly is still new and developing which justifies the amount. Mr. Mroczkowski reviewed the plan to reduce that requirement over the next four years as the first four cohorts graduate and as the Florida Poly

Foundation grows and generates more funds. According to the plan, the current discount rate of 85% will be reduced gradually with a goal of 54% in 2020, and the current waiver authority of 60% will be reduced annually with a goal of 27% in 2020.

Committee Chair Stork inquired if the \$2 million contribution from the Foundation is feasible. Mr. Mroczkowski stated that the Foundation Board has discussed this amount, and they agree that this amount is feasible.

Committee members expressed appreciation for having a reduction plan in place.

This topic will be discussed again at next week's Finance and Facilities Committee meeting on June 7 and a recommendation will be made to the Board.

Mr. Kevin Aspegren stated that while the Foundation raised \$3 million, it still owes the University \$1.8 million from the current fiscal year's commitment. Mr. Mroczkowski stated that the financial commitment level from the Foundation was kept flat for the coming years. The waiver authority reduction plan is designed to attract students by academic reputation and not by a financial package. The waiver request will be re-examined annually in case the dollar amount can be decreased even more.

Mr. Andrew Strazi, University Bursar, stated approximately one-third of Florida Poly students have Bright Futures scholarships. Admissions is focused on recruiting Bright Futures students. Bright Futures covers only a portion of Florida Poly tuition and fees. Legislation may change the dollar amount for top-level students from \$3k to \$5k annually.

Mr. Aspegren stated one new member was added to the Foundation Board in May bringing the total number to 18. His goal is to have 45 Foundation Board members in the next three years.

V. 2017-2018 Operating and Capital Budget Discussion

Mr. Mroczkowski presented the proposed University budget that begins July 1, 2017. The proposed budget is based on the appropriations given to the University by the legislation this year. It is an all-source budget which includes appropriation funding, PECO funding, FIPR Institute funding and a forecast for fees and auxiliaries. The budget is divided by cost center (i.e. department) followed by columns that show which revenue stream will fund each line item.

Mr. Mroczkowski reviewed the proposed budget by cost center, providing explanation on department budgets that increased or decreased from the previous year. Significant discussion occurred regarding the reduction in budget for Industry Partnerships and Entrepreneurship. It was explained that the current year budget of \$2.5 million was funded by a non-recurring appropriation. Without these funds being recurring, a restructure of that area was necessary. This cost center used approximately \$400k of the \$2.5 million so \$400k is what is included in the proposed budget for FY 2017-2018. This \$400k will now come from E&G funds. The remaining \$2 million of the non-recurring funding is still available for use by this cost center.

Board Chair Martin requested a report on the objectives identified by the University to obtain the non-recurring funding vs actual performance. Did the University meet the objectives in this area? Committee Chair Stork asked for a detailed report for this area that shows where the \$400k in

E&G funds is being re-allocated from and what the expenses were for this cost center this current FY. Trustees expressed concern that Industry Partnerships and Entrepreneurship remain a vital part of and priority for the University and requested this topic be further discussed at next week's Finance and Facilities Committee meeting.

Board Chair Martin requested going forward, staff provide all pertinent financial information for purpose of discussion. Detail of current FY expenses as well as written in-depth supporting information is crucial for Committee members to see when considering approval of a proposed budget.

Board Chair Martin requested the name of the contractor providing drivers for University shuttles. He inquired as to why the University uses contracted help vs hiring employees as drivers. Mr. Mroczkowski will provide Chair Martin with a copy of the original transportation proposal and an analysis of contractor costs vs employee costs.

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 carry forward funds. Projects at FIPR Institute will be covered by their own funding. Renovations to the food service area will be funded by Auxiliary funds. Any work relating to the Applied Research Center is funded by PECO funds.

VI. Legislative Budget Request for 2018-19 Discussion

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

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.

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 University is well- positioned to address these key issues as Florida Poly aims to be a net-zero campus.

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. A software platform piece is included in this program as well as a community outreach plan.

Mr. Maxey stated that these three items begin to show the legislature how Florida Poly is preparing now for the future, now that the University has come through its initial growth phase.

Mr. Maxey reviewed the Capital Improvement Plan. 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. The EPS is a statement of the facility needs of university over the next five years and is based on FTE. According to the BOG's formula, Florida Poly doesn't 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.

VII. 2017-2018 Foundation Budget Discussion

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 which provides a budgeted way for the Foundation to pay their debt to the University.

Mr. Aspegren stated that every development officer has a \$2 million goal for the fiscal year. Advancement is also working to obtain funding from other foundations. He stated that a full-scale PIVOT event will not occur in 2017-2018, but a "PIVOT Light" (smaller) event will occur in fall 2017.

VIII. Closing Remarks and Adjournment

Board Chair Martin thanked Trustees for their invested time and reminded staff to provide more financial details when presenting the budget.

Committee Chair Stork adjourned the meeting at 2:50 pm.