

Florida Polytechnic University
Board of Trustees

Finance & Facilities Committee Meeting

MEETING MINUTES

Wednesday, December 5, 2018
11:15 AM-12:15 PM

Florida Polytechnic University, Admissions Building, 4700 Research Way, Lakeland, FL 33805

I. Call to Order

Committee Chair Frank Martin called the Finance & Facilities Committee meeting to order at 11:30 a.m.

II. Roll Call

Kris Wharton called the roll: Committee Chair Frank Martin, Committee Vice-Chair Henry McCance, Trustee Bob Stork, Trustee Jim Dewey, Trustee Philip Dur, and Trustee Gary Wendt were present (Quorum).

Other trustees present: Chair Don Wilson, Vice Chair Cliff Otto, Trustee Adrienne Perry, Trustee Mark Bostick, Trustee Travis Hills, and Trustee Louis Saco.

Staff present: President Randy Avent, Provost Terry Parker, Ms. Gina DeJulio, Mr. Mark Mroczkowski, Mr. Kevin Aspegren, Mr. David Blanton, Mr. Derek Horton, Mr. David Calhoun, Mrs. Kris Wharton, and Mr. Rick Maxey were present.

III. Public Comment

There were no requests received for public comment.

IV. Approval of Minutes

Trustee Henry McCance made a motion to approve the Finance & Facilities Committee meeting minutes of September 5, 2018. Trustee Philip Dur seconded the motion; a vote was taken, and the motion passed unanimously.

V. 2018-2020 Strategic Planning Committee Work Plan Review

There was no discussion on the Committee's Work Plan.

VI. Financial Review

Mr. Mark Mroczkowski provided a University financial review, including the 2018-2019 first quarter

budget update. Auxiliaries performed well this year as the two dorms are nearly full and two new food venues opened on campus. Trustee Dur inquired about FIPR Institute's source of revenue to which Mr. Mroczkowski responded they are primarily funded by the mining industry. Mr. Mroczkowski continued his review with the variance analyses on various line items in the financial report.

Mr. Mroczkowski reviewed the Foundation's financial dashboard which shows \$45k in revenue in the first quarter. He stated there are several factors which contribute to the low amount including election year donations, negative press, and the fact that fundraising efforts are primarily event driven. Mr. Kevin Aspegren also stated that he lost 100% of his development officers and back office staff which has affected fundraising efforts.

Trustee Wendt inquired if this revenue amount is listed in pledges or cash. Mr. Mroczkowski responded that his report uses the accrual method. Trustees inquired as to large donations made during the first quarter, however, those donations were pledged in the 2017-2018 financial reports and are not reflected in this current report. Trustee Martin asked if the Foundation is still on track to meeting their year-end goal to which Mr. Aspegren responded in the affirmative. Mr. Aspegren stated the biggest difference between this report and the one at the same time last year is that the University's anonymous donor has not renewed their gift yet. Trustee Martin requested since Mr. Mroczkowski uses the accrual method and Mr. Aspegren uses the cash method of reporting, it causes confusion; he requested Mr. Mroczkowski and Mr. Aspegren discuss their reports prior to the meeting to ensure their numbers match each other's report.

Mr. Mroczkowski reviewed the unaudited annual financial report for FYE June 30, 2018, focusing on the Management's Discussion and Analysis (MD&A) section of the report and the Board of Governor's (BOG) priority list for SUS fixed capital outlay requests. Florida Poly is number five on the BOG's list to fund the remaining \$11M needed to complete the Applied Research Center (ARC), distributed over the next two years. Trustee McCance inquired how to handicap that, to which President Avent stated it involves working with the legislature to press the importance of completing the ARC. Trustee Dur asked if staff can gauge the support, or lack thereof, of the incoming state administration; Kathy Mizereck stated it is too soon to tell as the entire organization is in transition and it is too early to know the incoming Governor's priorities. Trustee McCance asked what the University's plan is if the funding is not provided. President Avent responded that if the funds are not approved this year, the University will still move forward with construction and will need the entire \$11M in the following year. Trustee Saco referenced Alan Levine's editorial in the Tampa Bay Times citing the significant increase in research done at Florida universities and how they are rising in ranks and receiving a great deal of recognition. This would be a perfect time for the Applied Research Center to be showcased by the BOG. Trustee Stork stated at the previous Board meeting, the Trustees showed the Legislature their commitment to building the ARC regardless of their support because the University is in serious need of this facility.

Chair Wilson asked if there will be any additional carry forward funds available to assist going forward. Mr. Mroczkowski replied that some additional carry forward will be available but the amount decreases each year. The 10-year window for Florida Poly to use carryforward funds ends in 2023. Trustee Martin requested a multi-year budget projection to the end of the 10-year carry forward cycle to see exactly how much funding the University will have available.

VII. Capital Projects Report to BOG

Mr. Mroczkowski reviewed the University's Capital Projects Report which the Board of Governors has required of all SUS institutions. Florida Poly staff conducted an internal audit and also utilized an external consulting firm to perform an independent audit to certify that Florida Poly built all campus buildings from legally available funds. This report requires Board of Trustees approval.

Trustee Philip Dur made a motion to recommend approval to the Board of Trustees the certification, signed by the President, Chief Financial Officer and General Counsel, that all capital projects were funded from legally available and authorized sources. Trustee Henry McCance seconded the motion; a vote was taken, and the motion passed unanimously.

VIII. Carry Forward Report to BOG

Mr. Mroczkowski stated that the twelve CFOs from SUS institutions developed a standardized report to be used for reporting carry forward funds to the Board of Governors. Mr. Mroczkowski reviewed Florida Poly's report which shows carry forward funds that have been spent to date, the amount currently encumbered, and what funds are restricted by statutory requirement or by contract. Mr. Mroczkowski stated this report shows the University's carry forward funds are all committed. Trustee Martin inquired if this report format is compatible with the database used in the Governor's office so they can see that all of the funds are obligated and committed. Mr. Mroczkowski answered in the affirmative.

Trustee Gary Wendt made a motion to recommend approval to the Board of Trustees the Carry Forward Report to the Board of Governors that accounts for existing carry forward funds. Trustee Philip Dur seconded the motion; a vote was taken, and the motion passed unanimously.

IX. Approval of Contracts Over \$500,000

Mr. Mroczkowski briefly reviewed the custodial contract for WFF. WFF is the same vendor the University currently contracts with and this contract extends their service for an additional five years. Trustee Martin stated he would like to see more written detail on the nature and construct of contracts that are brought to trustees for approval.

Trustee Philip Dur made a motion to recommend approval of the five-year, \$1,489,494 WFF custodial service contract to the Board of Trustees. Trustee Henry McCance seconded the motion; a vote was taken, and the motion passed unanimously.

Mr. Mroczkowski reviewed the history of the Global University Systems (GUS) international student recruitment contract. The Board of Trustees previously approved a contract with GUS, however, the contract was never executed due to disagreement on indemnification. Chair Wilson inquired as to the difference between in-state and out-of-state tuition. Out-of-state tuition costs four times the amount of in-state tuition. The benefit to the University of contracting with GUS is that it brings high quality students who will enhance campus culture and generate additional revenue through full-rate tuition and fees.

Trustee Gary Wendt made a motion to recommend approval to the Board of Trustees the five-year, \$3,500,000 Global University Systems (GUS) contract to recruit full-time graduate and undergraduate international students. Trustee Henry McCance seconded the motion. The vote was taken and the motion passed with one dissenting vote.

Trustee Dur voted against the motion as he is of the opinion that until and unless the University is successful in recruiting the numbers of qualified U.S. students, and retaining the number of qualified U.S. students, the money spent recruiting foreign students is misspent and doesn't reflect the priorities the University ought to have. Trustee Wendt stated this contract does not reduce the efforts to recruit students in state; however, Trustee Dur stated it diverts attention from the recruitment of U.S. students and referenced the costs of supporting foreign students. President Avent reminded Trustees that the University will not expend any resources to recruit internationally. Trustee Wendt countered that bringing international students to campus enhances the U.S. student experience by helping prepare them for the

global workforce. Trustee McCance requested a report that confirms that international students will be of higher quality than domestic students. Mr. Mroczkowski also mentioned that the University has final say on whether or not a student is accepted and if GUS does not produce the high quality students we seek, there is no cost to Florida Poly. Trustee Dewey stated that if the University does this properly, it will help the Institution develop the graduate programs to the scale necessary for recruiting domestic students as well as bring in financial resources.

X. Review of Contracts over \$200,000

Mr. Mroczkowski reviewed an Applied Research Center (ARC) pre-construction contract with Skanska in the amount of \$310,000. There was no discussion and no action was required.

XI. Approval of Foundation Board of Directors Nominees

Mr. Aspegren requested the approval and confirmation of the following new Foundation Board members for a two-year term:

- Joshua McCoy
- Ivette O'Doski

Trustee Henry McCance made a motion to recommend approval of the two new Foundation Board of Director candidates to the Board. Trustee Philip Dur seconded the motion; a vote was taken, and the motion passed unanimously.

Trustee Martin noted that in the future, no media releases announcing new Foundation Board Directors will be released until the Board of Trustees approves them. It is this Board's intent that the newly formed Executive Committee approve such items via conference call, held in between regularly scheduled meetings of the Board.

XII. Facilities & Safety Services Update on Applied Research Center (ARC)

Mr. David Calhoun provided an update on the construction schedule for the Applied Research Center (ARC). The total project cost is \$33.7M which is approximately \$387 per square foot. The University is currently receiving schematic design drawings; the current construction plan is to have the skin and roof of the building completed before the second phase of funding is needed. Trustee Dur asked if the University's insurance is adequate to which Mr. Calhoun replied in the affirmative as much of that is mandated by the state. There was discussion among Trustees regarding their desire to not be too cheap in building a quality research facility. Mr. Calhoun confirmed this is why the University must understand now what our research needs will be so the Institution doesn't outgrow the space too soon after occupancy. Trustee Dur inquired if the building will contain fiber optics to which Mr. Calhoun responded in the affirmative. Vice Chair Otto wants to ensure the University builds a building consistent with the school's mission.

XIII. Closing Remarks and Adjournment

With no further comments, the meeting adjourned at 12:34 p.m.