

**FLORIDA POLYTECHNIC UNIVERSITY  
BOARD OF TRUSTEES  
FINANCE AND FACILITIES COMMITTEE  
MEETING MINUTES  
Florida Polytechnic University Admissions Building  
4700 Research Way  
Lakeland, FL 33805  
March 15, 2017 @ 10:55 AM**

I. Call to Order

Vice Chair Henry McCance called the meeting to order at 10:55am.

II. Roll Call

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

Other Trustees present: Trustee Dur, Trustee Richard Hallion, Trustee Frank Martin, Trustee Veronica Perez-Herrera, and Trustee Don Wilson.

Staff present: President Dr. Randy Avent, Mr. Kevin Aspegren, Ms. Gina DeIulio, Mrs. Maggie Mariucci, Mr. Mark Mroczkowski, and Dr. Terry Parker.

III. Public Comment

There were no requests received for public comment.

IV. Approval of Minutes

**Trustee Cliff Otto presented a motion to approve the Finance and Facilities Committee meeting minutes of December 7, 2016. Trustee Mark Bostick seconded the motion. A vote was taken, and the motion passed unanimously.**

V. 2016-2018 Finance and Facilities Committee Work Plan Review

Vice Chair Henry McCance presented the 2016-2018 Finance and Facilities Committee Work Plan. No changes were made to the work plan since the December 7 meeting. Vice Chair McCance opened to the Committee for discussion, and no comments or questions were given.

VI. Financial Review

Mr. Mark Mroczkowski presented the highlights from the financial review to the Committee:

The University collected a 1.5M dollar fee from Vestcor as part of the agreement for Dorm 2. The University then paid back Vestcor approximately \$500,000 for the contractual 100 bed guarantee for the first year of operation.

Florida Poly now qualifies for both state and federal financial aid. Approximately \$800,000 have been received from Florida Prepaid. Additionally, about \$35,000 were received toward student loans.

Mr. Mroczkowski explained that the University is currently below budget in almost all the expense categories and is ahead of budget for revenue. Mr. Mroczkowski then provided a brief overview of additional highlights from the financial report.

Overall, only minor changes have been made to the balance sheet since December's meeting. The University remains in good standing and has a total of \$198M in net worth.

Mr. Mroczkowski clarified that the budget was conservative on tuition and fees due to the fact that it was uncertain when the University would qualify for state and federal financial aid.

Mr. Mroczkowski reviewed the budget to actual comparison based on University cost centers, which showed that the University is approximately \$3M under budget on a year-to-date basis. The statistics for carry-forward were also reviewed. The University is running slightly higher than \$18M in carry forward. Dr. Randy Avent clarified that approximately \$9M of the carry forward funds are restricted, leaving about \$8M to build out the campus.

Mr. Mroczkowski briefly reviewed the unrestricted funds and clarified that they are only used for items that cannot be purchased with E&G funds. University investments were also discussed. Mr. Mroczkowski explained that the University keeps \$49M to \$50M in a special purpose investment account at all times. There is currently about \$50M in the investment account, which is accruing 1.2% interest.

Mr. Mroczkowski reported key projects and agreements for February and March of 2017:

- IBM has been selected as the implementation partner for the implementation of the Workday Student Information System; implementation for the Student Information System will begin this month.
- Chartwell's was the vendor selected for contract negotiations following a competitive solicitation ("ITN").
- A University-wide automated ticketing system has been purchased called Cherwell Software, which will help improve University productivity and service.
- A firm called HVS Convention and Sports completed a study for the University. The firm concluded that it would be feasible to build a conference center within the Student Achievement Center if the University receives the funding to build it.

Trustee Frank Martin discussed the current delegations and stated that the Board may need to consider the agreements that are currently under Dr. Avent's authority to determine whether they need to come to the Board.

Discussion occurred regarding the contracting of the Applied Research Center. Mr. David Calhoun explained that an initial committee meeting will take place tomorrow regarding the priorities for research within the Applied Research Center.

Discussion occurred regarding the net income of the Conference Center. Dr. Avent clarified that there is an estimated \$8M to \$12M per year in economic impact to Polk County from a proposed University conference center on campus based upon a feasibility study. There are an estimated \$200,000 to 300,000 in operating income to the University should the Conference Center be put in place. Mr. Mroczkowski clarified that the \$200,000 to \$300,000 are just additional auxiliary revenue and do not take into account the investment that will go into the building.

#### VII. Workday ERP

Mr. Mroczkowski explained that Workday has now been in operation for six months and has gone through 12 payrolls. Any integration issues have been resolved.

Additionally, an update to the Workday software was just successfully completed called "Workday 28."

Mr. Mroczkowski reported that IBM is the implementation partner for the Workday Student Information System, which will replace what is currently known as CAMS. Dr. Avent explained that part of the University's goal is to have a minimal number of electronic supplier services in order to simplify user experience. The implementation process is expected to take 18 months. Mr. Mroczkowski explained that the implementation will take place in modules, and the University will need to manage both systems during the transition.

#### VIII. University Financial Risk Exposure

At the request of Chair Bob Stork, Mr. Mroczkowski reviewed the University Financial Risks with the Committee:

Mr. Mroczkowski explained that a risk is anything that affects an organization's ability to meet its objectives. The full report was provided in the packet for the Committee to review.

Mark highlighted some supporting materials for the Committee to review, one of which spoke of the Board's role in managing and accessing risks. Prominent risks mentioned include extensive regulatory risks, accreditation process, state regulators, Title IX risks, the Department of Education, and funding risks. The different types of risks were defined: strategic risks, financial risks, operational risks, compliance risks, and reputational risks.

Mr. Mroczkowski discussed how organizations measure their ability to assess risk and navigate that risk. Organizations can be ranked into five different levels depending upon their set procedures, awareness, commitment, and communication. Mark explained that he personally believes Florida Poly ranks a level V, being fully able to assess and address the financial risks of the University.

In summary, the University has examined the risks over five different dimensions, addressed the risks, and has implemented programs to prevent risks.

Trustee Philip Dur posed a question regarding Title IV funding and the regulations that govern University compliance of Title IV language. Mr. Mroczkowski stated that the University has just qualified for Title IV; however, there are many staff that have significant experience in the area. Knowing that Title IV funding is a great area of focus by the auditors, the University will continue to monitor it and ensure that the University does not lose it.

#### IX. Campus Development Agreement

Mr. Tim Campbell from Clark, Campbell, Lancaster & Munson, P.A. reported on the Campus Development Agreement (CDA). Mr. Campbell explained that the Board adopted the 2015-2025 Campus Master Plan on September of 2016, which the University is required by Florida law. A historical overview of how the Campus Master Plan has changed over time was given, including the ten year estimate of student enrollment. Once a Campus Master Plan is adopted, Florida law requires that the Board enter into a Campus Development Agreement with the local government.

The CDA is to address the material in the Campus Master Plan, address the level of service standards that have been adopted by the local government, and to identify infrastructure or other deficiencies.

Once the CDA is entered into, all may proceed without further review of the city, and the CDA becomes a road map for the University's development. Florida Poly agreed for an amendment that extended the existing CDA until June 2017. In conjunction with the fair share contribution agreement, the original CDA (signed by USF), and appropriations from the Florida Legislature, approximately \$5,030,000 was contributed to the city of Lakeland on behalf of the University. The contribution was based upon the 10,000 to 12,000 student population projection that was anticipated in the previous Campus Master Plan and CDA documents. Because the student body projections are approximately 75% lower than they were at that time, Mr. Campbell does not anticipate that the University will need to make any more fair-share contributions.

A timeline was given for the new CDA to be approved adopted which will allow the new CDA to go into effect by July 2017.

Discussion occurred regarding the possibility of the University receiving a refund or rebate from the city since the University is no longer anticipating such high enrollment numbers. Mr. Campbell stated that he is looking into the possibility of receiving money back from the city; however, due to the fact that most of the money was spent on transportation improvements, he is unsure whether this will be possible. Mr. Campbell stated that he will seek to insure that the University does not need to spend any more money on fair share contributions.

Discussion occurred regarding the development of the campus acreage and how the land can best be utilized.

X. Florida Polytechnic University Foundation Update

Mr. Kevin Aspegren announced the new members to the Foundation Development team: Laura DeBose, Research Associate; D'Linda Oliver, Data Analyst; Bob Kennedy, Assistant Director of Development; and Ashley Ross, Assistant Director of Development.

Mr. Aspegren reported that the Foundation is mostly on track with the strategic priorities of the University and is currently working to resolve any issues. A brief update on the success of PIVOT and the Women in STEM Summit events was provided. Mr. Aspegren explained that the Foundation is working on creating a custom strategy to create state-wide industry relationships.

Aside from funding from external donors and industry relationships, additional support for the University is gained internally through faculty and staff giving, the alumni association, and the parent association.

Mr. Aspegren discussed the development of the naming opportunities campaign. There are currently naming opportunities in the Athletic Complex, IST Building, Administrative Building, Applied Research Center, and Student Achievement Center.

A brief overview of the Foundation financial statements was given by Mr. Derek Horton. Overall, the University Foundation is under budget. There are currently \$9M in Foundation assets; a vendor will be contracted to manage those assets.

XI. Naming Opportunity

Chair Bob Stork elected not to participate in this portion of the meeting and dropped off the call prior to the discussion and voting of the naming opportunity. Chair Stork submitted a disclosure form which is attached. Ms. Gina DeJulio read Chair Stork's disclosure aloud. Mr. Aspegren stated that the Foundation Board of Trustees has recommended approval of the naming of the Engineering lab as the "Bob Stork Engineering Lab."

**Trustee Mark Bostick made a motion to recommend approval of the naming of the Bob Stork Engineering Lab. Trustee Philip Dur seconded the motion. A vote was taken, and the motion passed unanimously.**

XII. Construction Progress and Facilities Report

Mr. David Calhoun provided a brief update on the progress of University construction: The recreation building (Wellness Phase 2) is targeted to be completed by fall 2017. A brief overview of the recreation building was given.

The next targeted project will be the Applied Research Center. An RFQ for design services has been sent out, and seventeen qualification submissions have been received. The selection committee will begin reviewing the submissions on March 16.

### XIII. Educational Plant Survey

Mr. Rick Maxey presented an overview of the Educational Plant Survey (EPS):

The purpose of the Educational Plant Survey is to project different types of University space needs over the next five years in order to assist in aiding and planning.

Once the EPS is approved by the Board of Trustees, it will go to the Board of Governors for formal adoption and will become the direction of the University for the next five years.

Mr. Maxey reviewed some of the significant points from the survey, including University satisfactory space and space needed. Survey recommendations are needed in order to request state dollars on anything related to the facilities or infrastructure on campus. Mr. Maxey then explained how space needs are determined.

The Board of Governors is currently recommending approval for the Applied Research Center; however, they are not recommending approval for the Student Achievement Center or the Administration Building. Mr. Maxey stated that the University will continue to express its need for these additional buildings.

Mr. Maxey stated in summary that the recommendations from the EPS are satisfactory to where the University is today. However, they are not satisfactory for the growth of the University over the next couple years; thus, the University will seek to receive modifications to the survey over time to align with growing campus needs.

Discussion occurred regarding the leased office space at Polk State College. Mr. Maxey explained that the space legally is owned by Polk State College, who is temporarily leasing the space to the University while the campus is being built out. Dr. Avent explained that the majority of staff is presently at Polk State College.

Discussion occurred regarding the need for space at the University.

**Trustee Cliff Otto motioned to approve the Educational Plant Survey. Trustee Mark Bostick seconded the motion. A vote was taken, and the decision passed unanimously.**

### XIV. Closing Remarks and Adjournment

**With no further comments, Trustee Mark Bostick motioned to adjourn the Finance and Facilities Committee. Trustee Cliff Otto seconded the motion. A vote was taken, and the motion to adjourn passed unanimously.**

The Finance and Facilities Committee meeting adjourned at 12:27 pm.