

**FLORIDA POLYTECHNIC UNIVERSITY
FINANCE COMMITTEE
MINUTES
One Poly Place
439 S. Florida Avenue, Suite 300
Lakeland, FL 33801
December 19, 2012**

1. Call to Order and Roll Call

Ava Parker called the meeting to order at 11:09 a.m.

Committee members present: Vice Chair Mark Bostick and Trustee Scott Hammack (Quorum). Other Board members present: Chair Rob Gidel, Trustee Bill Brown, Trustee Joseph Caruncho, Trustee Sandra Featherman, Trustee Dick Hallion, Trustee Kevin Hyman, Trustee Frank T. Martin, Trustee Bob Stork and Trustee Don Wilson.

Staff & Others: Ava Parker, Tim Campbell, Matt Fajack, and John Gray.

2. Finance and Budget Report

Chair Gidel introduced Matt Fajack to the Committee. Matt Fajack presented an overview of the finance & budget report. He advised that the original set of construction costs was \$103 million. IST is contracted at a set price of \$60 million. The utility infrastructure is \$3.5 million. Lab and classroom technology is estimated at \$4 million. Furniture, fixture, and equipment is estimated at \$2 million.

Matt Fajack reported that on October 30, 2012, that \$28 million in cash was transferred from USF to Florida Poly; there is still \$10 million in assets in the USF Foundation and \$254,000 in DOE receivables that USF owes Florida Poly. He advised that FIPR can be transferred to Florida Poly when they have a Department of Sponsored Research. He also advised there will be an audit at the end of the transfer to determine if anything is still owed to Florida Poly.

Matt Fajack reported that in November 2012 Florida Poly was appropriated approximately \$22 million for the year and the first draw of \$9,184,000 has been received. Matt Fajack advised that the numbers are November 1, 2012 going forward as that is when UF took over from an accounting perspective.

Matt Fajack also advised that when the state auditor completes their audit, they will audit the fiscal year from July 31, 2012 through June 30, 2013, including the activities that were handled under USF's control.

Trustee Featherman asked if this audit will count as a Florida Poly audit for accreditation purposes. Matt Fajack advised that this audit would count as an accreditation audit for Florida Poly.

Chair Gidel suggested incorporating USF Poly information prior to when Florida Poly took over so the Board can see the previous information.

Mr. Fajack reported that in November 2012, \$225,000 was spent on construction and in early December 2012, \$2 million was spent on construction. There were not any draws in PECO (Public

Education Capital Outlay) in November 2012 because it went to USF but that will be transferred over to Florida Poly as a receivable. Matt Fajack pointed out that PECO funds are subject to 16.5% hold back by the state.

Ava Parker asked Matt Fajack to provide some background on the various sources of money and how that money can be used.

Chair Gidel asked the Committee what they would like to see on a regular basis from Matt Fajack. Trustee Hammack advised that he would like to see: 1) a month to month cash flow statement; 2) a comparison of the delta against the cash flow statement; 3) a report on the business plan translation to budget; and 4) a report on the budget versus actual.

Matt Fajack reported on the transactions that occurred in November 2012.

Ava Parker suggested that the committee receive a monthly finance report. John Gray and Matt Fajack will provide monthly reports to the Finance Committee to help the Board with decision making.

John Gray gave an overview of terms, acronyms, and the colors of money used. He presented a draft of the model that will be used and noted that it will take time to create a specialized model for Florida Poly.

Chair Gidel would like to focus more on how much money is needed to get the University up and running instead of how much money the University has.

3. Update on Foundation, Resolution Certifying Foundation as a DSO

Tim Campbell reported that the Foundation's Articles of Incorporation and Bylaws have been adopted and filed with the state.

Tim Campbell advised that Form 1023 has been filed with the IRS to seek tax-exempt status as a 501(c)3 entity. He also advised that his staff has requested an expedited review and approval based upon the fact the money will not be able to be transferred until this status is in place. Once approved, the tax exempt status relates back to the date of formation.

There was some discussion on receiving donations when the tax-exempt status has not been obtained yet. Ava Parker is going to explore the options.

Tim Campbell advised that the Foundation Board has been populated with three persons: Cindy Alexander, Ralph Allen, and Loretta Sanders. Tim Campbell advised that Chair Gidel has appointed Ava Parker to serve on the Foundation Board.

Tim Campbell advised that under Florida Law, the Florida Polytechnic University Board of Trustees certifies a Foundation to serve upon the Board of Trustees' behalf. There was some discussion regarding the process of designating the Florida Polytechnic University Foundation as a Direct Support Organization of the University.

Trustee Hammack made a motion to approve the resolution certifying Florida Polytechnic University Foundation as a Direct Support Organization for Florida Polytechnic University. Trustee Bostick seconded the motion, and the motion passed unanimously.

Tim Campbell presented an update from the USF Foundation that Polk County donated \$5 million facility dollars for the Interdisciplinary Center for Excellence & Wellness Research. He advised that the Board can discuss later if those funds would be used for the center or for something else. Tim Campbell advised that there is an additional \$5 million from an anonymous donor and they will be meeting with the Chair after the first of the year to discuss options of where the funds will go.

4. Delegation of Authority

Matt Fajack advised that currently the Board has granted authority to Chair Gidel to sign invoices and contracts. Matt Fajack recommended delegating authority up to \$100,000 to Ava Parker, and up to \$250,000 to Chair Gidel, and then anything above that to the full Board.

Construction draws are all going to be in the millions so if you set a \$250,000 limit then the construction draws would always come to the Board.

Tim Campbell recommended that the delegations contain language that would provide checks and balances.

Ava Parker advised that the Finance Committee is recommending no cap for Chair Gidel and a cap of \$100,000 for Ava Parker. She also advised that this item went before the Operations Committee on December 13, 2012.

Trustee Hammack made a motion to delegate invoice and contract signing authority to the Chief Operating Officer Ava Parker for any items less than \$100,000. Trustee Bostick seconded the motion, and the motion passed unanimously. Chair Gidel will retain his authority to sign all invoices \$100,000 or greater.

5. Update on Shared Services Agreement

Matt Fajack presented an overview of what UF is handling for Florida Poly. He advised that UF is the fiscal agent for Florida Poly and they manage contracts, grants, and human resources. UF will also authorize PCards and provides some legal services; mostly for issues relating to higher education. UF will also provide internet and telephone services. He advised that UF will continue to file state insurance for Florida Poly employees.

Matt Fajack noted that the shared services employees are currently being shared between UF and Florida Poly, but they working to hire dedicated staff that Florida Poly authorizes them to hire. They are also looking to hire a dedicated HR person and a construction person.

Matt Fajack completed an overview of the different software programs the University will need.

6. Concluding Remarks and Adjournment

Chair Gidel wanted everyone to be aware that there are processes set with the Board of Governors for the procedures of asking for money. The Board is working hard for the asking numbers. Chair Gidel advised that those numbers will be brought before the Board prior going to the Board of Governors.

Ava Parker advised that there are plans to have Committee meetings by conference calls to address any critical items.

With no other business to discuss, the Finance Committee meeting adjourned at 12:20 pm.