



Finance & Facilities Committee Meeting

BOT approved 02.10.2021

**November 10, 2020
10:30 AM-12:00 PM**

Florida Polytechnic University WEBEX TELECONFERENCE MEETING

I. Call to Order

Committee Chair Cliff Otto called the Finance and Facilities Committee meeting to order at 10:30 a.m.

II. Roll Call

Kelly Beall called the roll: Committee Chair Cliff Otto, Trustee Beth Kigel, and Trustee Connor Coddington were present (Quorum).

Committee members not present: Committee Vice-Chair Gary Wendt

Other Board Members present: Vice Chair Mark Bostick, Trustee Laine Powell, Trustee Lyn Stanfield, and Trustee Bob Stork.

Staff present: President Randy Avent, Provost Terry Parker, Mr. Mark Mroczkowski, Mr. Alexander Landback, Mr. David Blanton, Mr. David Calhoun, Ms. Kathryn Miller, Mrs. Kathy Bowman, Mr. Kevin Calkins, Mr. Larry Locke, Ms. Lydia Guzman, Ms. Maggie Mariucci, Ms. Melaine Schmiz, Mrs. Penelope Farley, Mr. Rick Maxey, Mr. Tom Dvorske, Mrs. Treasa McLean, Ms. Kimberly Abels, Mrs. Kristen Wharton, Ms. Michele Rush, and Mrs. Kelly Beall.

III. Public Comment

There were no requests received for public comment.

IV. Approval of Minutes

Trustee Connor Coddington made a motion to approve the Finance and Facilities Committee meeting minutes of September 9, 2020. Trustee Beth Kigel seconded the motion; a vote was taken, and the motion passed unanimously.

V. Approval of the 2020-2022 Finance and Facilities Committee Charter

Mr. Mark Mroczkowski reviewed the 2020-2022 Finance and Facilities Committee Charter. The charter remains unchanged from the previous two years.

Trustee Kigel made a motion to approve the Finance and Facilities Committee Charter as presented. Trustee Coddington seconded the motion; a vote was taken, and the motion passed unanimously.

VI. 2020-2022 Finance and Facilities Committee Work Plan Review

Mr. Mroczkowski reviewed the 2020-2022 Finance and Facilities Committee Work Plan. The Work Plan remains unchanged and no discussion occurred.

VII. 2019-2020 University Annual Financial Report Review

Mr. Mroczkowski reviewed the University's financial results for the year ended June 30, 2020.

The Committee reviewed the Annual Financial Report for the year ended December 31, 2020 and noted that the total assets of \$223 million exceeded total liabilities of \$34 million resulting in a net position of \$189 million. Liquidity is sufficient to meet operation needs with working capital of \$26 million.

Revenues of \$58 million were exceeded by expenses of \$65 million producing a net loss of \$7 million. Cash flows from operating activities was a positive \$2 million.

The annual financial audit will be performed in December 2020 or January 2021. Upon its completion, the Auditor General will issue its opinion that the financial statements are fairly stated in accordance with Generally Accepted Accounting Principles. The University's Chief Audit Executive will then present the final report to the Audit Committee for its approval.

VIII. 2020-2021 University First Quarter Financial Review

Mr. Mroczkowski reviewed the University's financial results for the quarter ended September 30, 2020.

The Committee reviewed the first quarter financial results noting that the Governor, due to financial stresses related to COVID-19, has held back 6% of the University's annual appropriation effectively cutting the University's budget by \$2.2 million. The University is also seeing revenue reductions in tuition and fees, auxiliary enterprises, investment income and FIPR income. In all, first quarter revenues were down 5%.

Despite cost cutting measures, first quarter net income is down 65% from last year but still ahead of budget estimates.

The University's financial position and liquidity remain strong with a net position of \$188 million and working capital of \$12 million. Cash is down \$5 million used in construction.

Trustee Kigel inquired if the 6% holdback is expected for the duration of the fiscal year. Mr. Mroczkowski explained that we do not know; it is a topic of constant speculation amongst the CFOs and presidents at other universities. Florida Poly made the proactive decision to make the cuts, assuming we will not get the money. President Avent concurred and added that recent revenue projections have improved, though there is still uncertainty with COVID-19 spiking again.

Trustee Kigel inquired about the increase in pension liabilities. Mr. Mroczkowski explained that the number is given to us by the State of Florida, who calculates the actuarial values for the entire state. Florida Poly receives its portion of the whole. The liability fluctuates with overall employment, accrual of pension benefits, and post-employment benefits.

Trustee Coddington asked when carryforward funds expire for capital improvements such as the Applied Research Center. Mr. Mroczkowski confirmed in 2022.

Trustee Coddington asked how returns on investment are appropriated. Mr. Mroczkowski confirmed they are apportioned to each fund based on respective balances and percentage ownership of the money.

Trustee Kigel inquired how Auxiliary Enterprise expenses are being offset. Mr. Mroczkowski explained that food service is our primary auxiliary driver, and we are currently renegotiating our contract with the provider. We also receive lesser funds from our bookseller, Follet, along with concessions and some events.

IX. Review of Contracts Over \$200,000

Mr. Mroczkowski reviewed existing and active procurement contracts over \$200,000. There were no new contracts in excess of \$200,000.

X. Review of Contracts Over \$500,000

Mr. Mroczkowski reported there were no new contracts in excess of \$500,000.

The Committee reviewed a summary of the current grounds' maintenance contract for \$2.5 million, which ends July 2021. Competitive solicitation will be issued in Spring 2021 for a five-year contract of comparable value; three-year term with two 1-year renewals. The final contract will be presented to the Board of Trustees for approval prior to execution.

XI. Review and Approval of Proposed P3 for Building on Campus and Related ITN

Mr. Mroczkowski reviewed the Invitation to Negotiate ("ITN") to enter into a public-private partnership between the University and a private company to plan, design, fund, construct, maintain, and operate an on-campus state-of-the-art research building.

Trustee Coddington asked if multiple companies can occupy the same building to increase opportunities for students. Mr. Mroczkowski replied yes, that is anticipated in the ITN. President Avent concurred and explained that the long-term plan is to build a research park surrounding the University; this is the first step that will attract more companies for research, internships, and more. Mr. Mroczkowski added that the ITN encourages third parties to bring their ideas, which Florida Poly may not have considered yet.

Trustee Kigel inquired about the timeframe for responses. Mrs. Treasa McLean confirmed that pending Committee approval today, the ITN will be issued November 12, 2020. The University will host a virtual pre-submittal conference December 1, 2020, to answer respondents' questions. Submissions will be due January 26, 2021. The Evaluation Committee will then shortlist respondents and request additional information to arrive at the best and final offers. The Negotiation Committee will review the best and final offers and recommend a contract for Board of Trustees approval on May 3, 2021. Once approved, it will then be presented to the Board of Governors for final approval on August 31, 2021.

Trustee Kigel made a motion to approve the Invitation to Negotiate. Trustee Coddington seconded the motion; a vote was taken, and the motion passed unanimously.

XII. Applied Research Center (ARC) Update

Mr. David Calhoun provided an update on the design, schedule, construction, and budget for the Applied Research Center (ARC).

The ARC is 55% complete with the construction currently under contract. The current contracted work affords the University a fully enclosed building with a completed exterior shell, portions of interior framed walls, and a portion of the mechanical, electrical, and plumbing. When the work currently under contract is complete, the total project will be approximately 68% complete at a cost of \$32.3 million with an interim completion date of

May 2021. The 32% work remaining to be completed after May 2021 consists primarily of finishes, landscaping, furniture, fixtures, and equipment. Completion is contingent upon \$14.9 million of additional funding from the State of Florida. The amounts or timing of such funding is unknown.

XIII. Advancement Update

Mrs. Kathy Bowman reviewed the Foundation's pipeline report, net production chart, key metrics for the university, and software implementation of university database and financial and accounting software allowing the Foundation to operate independently from the University.

The Foundation has \$9.5 million in pipeline prospects with a goal to raise \$4 million in FY2021. Current net production is \$1.7M for this fiscal year.

XIV. Foundation First Quarter Financial Review

Mr. Larry Locke reviewed the Foundation's financial results for the quarter ended September 30, 2020. First quarter revenues were \$127,119 and expenses were \$195,171 for a net loss of \$68,051. Total Foundation cash and investments were \$6.5 million, \$5.5 of which is restricted.

XV. Closing Remarks and Adjournment

With no further business to discuss the meeting adjourned at 11:31 a.m.