

**FINAL MINUTES**  
**MEETING**  
**of the**  
**FINANCE AND AUDIT COMMITTEE**  
**of the**  
**MASSACHUSETTS TECHNOLOGY PARK CORPORATION**

**June 24, 2022**  
**Zoom Videoconference**

The Massachusetts Technology Collaborative (“Mass Tech Collaborative” or “Mass Tech”) Finance and Audit Committee (“F&A”) Meeting was held on June 24, 2022 via Zoom video conference pursuant to notice duly given to the Directors and publicly posted on the Mass Tech Collaborative website with corresponding notice provided to the Office of the Secretary of State and the Executive Office for Administration and Finance.

The following Finance and Audit Committee Members were present and participated: Nate Walton, Joe Dorant, and Julie Chen.

The following Mass Tech Collaborative staff was present: Carolyn Kirk, Brianna Wehrs, Lisa Erlandson, Mary Creamer, Jennifer Saubermann, and Kelly Kleanthous.

Mr. Dorant conducted a roll call attendance for the Mass Tech Finance and Audit Committee, observed the presence of quorum, and called the meeting of the Finance and Audit Committee to order at 2:18 p.m.

**Agenda Item I      Approval of Minutes**

Following a period of brief discussion and upon a motion duly made and seconded, with Mr. Walton abstaining, it was VOTED:

**The Members of the Finance and Audit Committee hereby adopt the Draft Minutes of the meeting of the Finance and Audit Committee held on December 20, 2021, by Zoom videoconference, as the formal Minutes thereof.**

**Agenda Item II      FY23 Budget Review (Motion Item)**

Ms. Kirk explained the fiscal year 2023 (“FY23”) budget process, and indicated we are seeking the Finance and Audit Committee’s endorsement of the FY23 budget and their recommendation for its approval by the Executive Committee at their meeting on June 29, 2022.

Ms. Kirk explained that the FY23 budget projects a significant increase in federal dollars along with our state budget appropriations and capital funding. These combined revenue sources provide the basis for the development of the FY23 expenditure budget. For the appropriations side, these are dollars proposed by the Governor, enacted through the legislature and are pending right now before conference committee, so we use the amounts that we determine are likely to be approved. We are optimistic about funding for the MassCyberCenter, the Innovation Institute, internship and mentorship programs, and the advanced manufacturing training grants, totaling \$8.8M, which is level funded from FY22. There is also a line item that was adopted in the Senate for the Center for Advanced Manufacturing (“CAM”) for \$1.2M. We are not budgeting for that right now since it is a new line item and we are not sure if it will be included in the final conference committee budget. Ms. Kirk stated she prefers to budget conservatively. Ms. Saubermann explained this \$1.2M was offered as a Senate amendment by Senator Cronin, and put it forth as a priority.

Ms. Kirk next discussed funding that is coming in from state capital bond funds and federal sources. She indicated that our current projections for FY23 total \$68M, with the following numbers being presented: \$16M for the Collaborative Research and Development Matching Grant Program/Technology & Innovation Ecosystem Awards Program (“R&D/T&I”) (an increase from \$8M in FY22); \$545,094 for Seaport Innovation (recognition of prior year’s funding); \$6M for the Massachusetts Manufacturing Accelerate Program (“MMAP”) (an increase from \$2M in FY22); \$3M for the Competitive and Secure Futures Program (a new program established in the state’s most recent economic development bill); \$5,199,132 for MBI Middle Mile; and \$3,459,572 for MBI Last Mile Programs. There is also \$10M in the State’s Capital Plan for Massachusetts Manufacturing Innovation Initiative (“M2I2”), which is administered by CAM but awards are funded through the Executive Office of Housing and Economic Development (“EOHED”). There is \$738K in funds related to our costs to administer this program included in our FY23 budget. The federal revenue includes funding under a number of broadband related programs including the State and Local Fiscal Recovery Funds (“SLFRF”) and Capital Projects Fund from the American Rescue Plan Act (“ARPA”), and the Infrastructure Investment and Jobs Act (“IIJA”). These federal programs represent more than \$300 million in funding over the next 3-5 years.

A conversation then ensued around staffing levels, whereby Ms. Kirk stated staffing requirements have been looked at within each division, and there will be some changes which are included in the budget assumptions. Ms. Kirk then pointed out that a reorganization had previously taken place and was working nicely. Ms. Kirk then discussed staffing, expenses, and funding by division and department, which includes division cross-charges for Central Office support (including finance, legal, human

resources, and communications). The staffing and operating expense amounts, to “keep the lights on” for FY23 is \$13.7M, which is close to the FY22 budgeted numbers.

Next Ms. Kirk provided an overview of grants by division, which totals \$89M based upon the budgeted appropriations, capital bond funds, federal funds, and other FY23 revenue as well as fund balances available for FY23 awards. This amount is awarded amounts, not necessarily expended amounts, which often cross over fiscal years. Ms. Kirk then moved to division budgets, taking the members through a high level overview to explain the format to be presented by the division directors at the upcoming meeting of the Executive Committee of the MassTech Board of Directors. Regarding Central Office staffing, Ms. Kirk stated that we are increasing staff to support all the through-put, and Ms. Erlandson indicated that included two positions budgeted in FY22 but not hired. In addition Ms. Kirk indicated there are campus needs, and Ms. Erlandson stated that there is a great deal of deferred maintenance. She indicated that in FY23 we are projected to spend approximately \$720,000 in capital expenditures related to IT and Facilities. Of that amount, \$550K will be drawn from the \$2.6M in campus development reserves. Those funds will cover a new roof, two AC condensers, and the replacement of a cooling tower. All of these items are beyond their expected life and need to be replaced. There are a number of other capital investments that will need to be made over the coming years and we are pulling together an updated multi-year prioritized plan (including Weiss and Kariotis building roof repairs, vacant building mothballing or potential demolition, and masonry repairs of campus walkways). There is also \$170K of capital expenditures in IT and facilities that will be funded by the enterprise fund but charged over time to programs through our facility allocation. Ms. Erlandson stated the capital investment total is higher than our typical capital budget, but long overdue.

Ms. Kirk then moved on to discuss Central Office staffing, indicating the head of each department will give an update on their department to the Executive Committee. Ms. Erlandson stated the primary goal of the Central Office is to support the divisions.

Ms. Erlandson then provided the accounting presentation of the budget, indicating that included in the materials sent to members was a memo summarizing the financial statements as well as the slides being presented. The financial statements included a consolidated income statement, a separate income statement for each division, and also each division broken down by program. Ms. Erlandson stated Mass Tech is steady state on appropriations compared to FY22, and our bond funding is budgeted to double in FY23 to \$34M. Ms. Erlandson stated that federal revenue is where our biggest increase is in FY23 and likely continuing over the next 3-4 years, with \$18M related to MBI, primarily ARPA’s SLFRF and the Capital Projects Fund (Gap Networks and Residential Audit Program), and the IJJA, which will also focus on Broadband Infrastructure and Digital Equity. Under the IJJA, funding in FY23 will be focused on development of plans for each program category. All of these funds are expected to flow from the federal agencies to the state and then to MassTech through a subaward agreement with EOHED. We are currently finalizing our agreement for \$50M in ARPA funding. Additionally there is federal revenue of \$559K for the MeHI Sprint Challenge and \$475K for MassBridge.

Ms. Erlandson stated all the other revenues are, for the most part, in line with previous years.

In looking at expenses, Ms. Erlandson stated the financial assistance number reflects the portion of the awards that we earlier presented for each division that are expended, as well as some expenditures for awards made in prior years. As a result of the increase in revenues, we will have a corresponding spike in Financial Assistance, which is projected to more than double the FY22 forecast, a total close to \$59M: \$19.5M for the Innovation Institute primarily R&D/T&I; \$20M for MBI associated with new federal funded programs and final Last Mile project expenses; \$8.1M for the MassCyberCenter for its SOC/Range Program, including capital and operating grants; \$11.1M for CAM, including the MMAP, Secure and Competitive Futures, and Advanced Manufacturing Training programs; and \$850K for MeHI.

With regard to personnel, Ms. Erlandson explained that we are projected to end FY22 at 48.25 FTEs and in FY23 will ramp up hiring to meet the full budget of 66.25 FTEs. The majority of growth relates to 8 new MBI staff, 4 positions to be back-filled, 3 positions that were budgeted in FY22 that were unfilled, and 3 new positions. Regarding professional fees, a significant portion in FY22 and FY23 relate to the Middle Mile Network Disposition and Procurement, but in FY23 there are also professional fees for MBI related to ARPA SLFRF and Capital Project Fund programs. Other cost categories are generally in line with prior year's budgets with any individual division variances noted in the slides.

Ms. Erlandson then presented on the FY23 budget impact on the MassTech fund balances, stating that under our fund balance policy we work to establish a balanced budget where revenues cover our expenses, with the exception of programs such as MeHI whose primary source for digital health innovation programs comes from a previous one-time revenue source, or if funds are available from prior fiscal years. The FY23 budget projects to use \$2.6M of fund balance. Ms. Erlandson then discussed each division's fund balance and Ms. Kirk discussed the Enterprise Fund balance.

A discussion then ensued regarding use of the fund balance and MassTech reserves in light of the amount of available state surplus dollars, as well as potential refinement of the fund balance policy. The Committee agreed that MassTech should utilize Enterprise Funds as a last resort.

**Following a period of brief discussion, and upon a motion duly made and seconded, it was unanimously VOTED by a roll call vote:**

The Finance & Audit Committee ("Committee") of the Board of Directors of the Massachusetts Technology Park Corporation ("Mass Tech Collaborative Board"), acting pursuant to the authority delegated by the Mass Tech Collaborative Board, does hereby endorse, and recommend approval by the Executive Committee of the Mass Tech Collaborative Board, the Fiscal Year 2023 budget in a form that

substantially comports with all material elements of the budget as presented to the Committee.

There being no other business to discuss and upon a motion duly made and seconded, it was unanimously and without abstention voted by a roll call vote to adjourn the meeting at 3:34 p.m.

A TRUE COPY

ATTEST: (Secretary)

DATE:

Materials and Exhibits Used at this Meeting:

1. Draft Minutes- December 20, 2021, Finance and Audit Committee Meeting
2. Presentation- FY23 Budget Review (Motion Item)