

APPROVED MINUTES

MEETING

of the

FINANCE AND AUDIT COMMITTEE

of the

MASSACHUSETTS TECHNOLOGY PARK CORPORATION

June 22, 2023

Zoom Videoconference

The Massachusetts Technology Collaborative (“Mass Tech Collaborative” or “Mass Tech”) Finance and Audit Committee (“F&A”) Meeting was held on June 22, 2023, via Zoom videoconference, pursuant to notice duly given to the Directors and publicly posted on the Mass Tech 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 and Julie Chen.

The following Mass Tech Collaborative staff were present: Carolyn Kirk, Lisa Erlandson, Mary Creamer, Jennifer Saubermann, Brianna Wehrs, and Paula Foley.

The following RSM staff were present: Valerie Colimon, Philip King, and Brian Sidor.

Ms. Chen noted the presence of a quorum and called the meeting of the Finance and Audit Committee to order at 3:09 p.m.

Agenda Item I Approval of Minutes

Following a period of brief discussion and upon a motion duly made and seconded, it was unanimously and without abstention VOTED by roll call:

The Finance and Audit Committee of the Massachusetts Technology Collaborative Board of Directors hereby adopts the Draft Minutes of the meeting of the Finance and Audit Committee held on April 6, 2023, by Zoom videoconference as the formal Minutes thereof.

Agenda Item II FY23 Pre-Audit Discussion with RSM

Ms. Kirk began the discussion by introducing Ms. Colimon from RSM to provide an overview of the strategy of the upcoming FY23 audit. Ms. Colimon introduced her colleagues, Mr. King and Mr. Sidor, and indicated that the audit will use an unbiased risk-based approach focusing on significant risks in key planning areas. The audit will begin on July 17, 2023, with field work at the Mass Tech offices beginning on or about August 28, 2023. Ms. Colimon then turned the discussion over to Mr. King who emphasized the importance of communication between the audit engagement team and Mass Tech, as well as the auditor's independence consistent with GAO and AICPA rules. He explained that the overall audit strategy will include the following: 1) understanding the client; 2) determining materiality; 3) evaluating internal controls; 4) performing risk assessments; and 5) discussions among the audit engagement team. Mr. King then turned the presentation over to Mr. Sidor who explained that the types of significant risks that RSM will test include potential revenue misstatements, modified accrual adjustments, management override of internal controls, and completeness of lease populations. He indicated that the audit is expected to wrap up in the September to October 2023 time frame. He then turned the discussion back to Ms. Colimon who brought the presentation to a close.

Following a brief discussion, Ms. Colimon, Mr. King and Mr. Sidor left the meeting at 3:28 p.m.

Agenda Item III FY24 Budget Review (motion item)

Ms. Kirk began the FY24 Budget presentation with a discussion of the three primary sources of funds supporting Mass Tech's FY24 budget: 1) state budget appropriations; 2) funding from the state's capital plan; and 3) federally funded programs. Ms. Kirk indicated that she is cautiously optimistic that the state budget will include \$10 million in appropriations for Mass Tech although the appropriations process will not be finalized until July as in past years. With regard to expected capital and federal dollars, Ms. Kirk explained that it is hard to estimate the timing of receipt of these funds, but the total FY24 amount is expected to be \$84.2 million. Turning to the Mass Tech organizational chart, Ms. Kirk pointed out that two main priorities for FY24 are filling the new Chief Operating Officer position and standing up the newly formed Strategic Investment Team. Ms. Kirk then discussed FY24 personnel and other expenses broken out on a division by division basis which results in overall FY24 total expenses of \$16.8 million and 74.25 FTEs. Ms. Kirk explained that Mass Tech balances its budget through a process of each division cross-charging against the different funding sources available to each division. Ms. Kirk emphasized that all of the Mass Tech divisions and department have sufficient funding for FY24. Ms. Kirk explained that Mass Tech expects to have awards of \$112,227,580 for "financial assistance" grants from budgeted appropriations, bond funds, federal funds, other FY24 revenue, as well as fund balances available for FY24 awards.

Ms. Kirk then turned to a discussion of each division's FY24 plans and provided a breakdown of budgets, organizational charts, personnel priorities, and specific funding sources for each of Mass Tech's five (5) divisions (Innovation Institute, Massachusetts eHealth Institute, Massachusetts Broadband Institute, Center for Advanced Manufacturing, and MassCyberCenter) and two (2) departments (Strategic Investment Team and Central Office and Program Support). Ms. Kirk compared each division's proposed FY24 budget with its FY23 budget to show differences year to year. Ms. Kirk explained that each Division Director will present its proposed budget to the Executive Committee for approval at the upcoming Executive Committee meeting and that the Massachusetts Broadband Institute Board of Directors had voted to approve and

recommend that division's budget earlier that day. Ms. Kirk finished her presentation with a discussion of the high priority capex and capital improvements needed to support Mass Tech's buildings in Westborough. These improvements include roof, HVAC and concrete repairs, as well as a cooling tower replacement and switch upgrades. Ms. Kirk indicated that these projects will be funded by Restricted Enterprise Funds. Ms. Kirk then turned the discussion over to Ms. Erlandson for an additional summary.

Ms. Erlandson provided an overview of the FY24 Consolidated P&L statement and pointed out that Federal Funding shows significant growth from previous years, although she emphasized that the timing of this funding is difficult to forecast. Ms. Erlandson explained that as a result there is a sizeable increase in revenue for FY24 for a total of \$95,924,916. On the expense side, Ms. Erlandson pointed out an increase in Financial Assistance in FY24 from previous years, as well as an increase in Professional Fees, with total expenses for FY24 projected at \$106,311,550. Ms. Erlandson concluded her summary by indicating that Mass Tech's FY24 budget will be funded by projected FY24 appropriations, bond funds, federal funds, and other revenue as well as funds remaining from prior year appropriations and revenue. Wrapping up the budget presentation, Ms. Kirk posited that Mass Tech would benefit from a sustaining funding source and that relying year to year on a patchwork of funding sources is a challenge but one that Mass Tech has been operating under successfully and will continue to do so in FY24.

Following a period of discussion and upon a motion duly made and seconded, it was unanimously and without abstention VOTED by roll call:

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 2024 budget in a form that substantially comports with all material elements of the budget as presented to the Committee.

Having determined that there was no other business to discuss, Ms. Chen adjourned the meeting at 4:18 p.m.

A TRUE COPY ATTEST: (Secretary)

DATE:

Materials and Exhibits Used at this Meeting:

1. Draft Minutes - April 6, 2023, Finance and Audit Committee Meeting
2. Presentation - FY24 Budget Review (motion item)