

**Massachusetts Technology Collaborative Finance and Audit Committee
May 2, 2018**

MINUTES

Present: Committee Members: Leland Cheung, Ann Margulies, and Joseph Dorant. Mass Tech Collaborative Staff: Phil Holahan, and Lisa Erlandson.

Start Time: 11:30 a.m.

Location: Mass Tech Collaborative Boston Office

Agenda Topic	Discussion	Action Taken/Required
Approval of Minutes	The December 14, 2017 minutes were presented for approval.	The minutes for the December 14, 2017 meeting of the Finance and Audit Committee were unanimously approved.
FY 18 Financial Update through March 31, 2018	<p>The Committee began a discussion about the financial dashboards and statements included in the agenda package.</p> <p>Lisa Erlandson noted that since the Committee last met in December, additional appropriation funding of about \$3 million, which had been approved by the legislature during the budget process, was authorized by the Administration at the beginning of the calendar year. The Committee also discussed that the areas of revenue that are running significantly under budget, which primarily includes MBI and R&D bond funds, are funds passed through MassTech for financial assistance grant reimbursements so it less concerning to MassTech’s overall financial condition. These variances in revenue have a corresponding variance in financial assistance expenditures.</p> <p>It was noted that since 2016, MassTech’s operating expenses have been reduced by more than \$2 million. The operating expenditures to date in FY18 in total are running under budget by \$400,000 through the third quarter. The largest savings is in the personnel category where staff departures are not being backfilled, or won’t be backfilled until FY19.</p>	No formal action was necessary.

<p>Funding Discussion</p>	<p>A discussion ensued about MassTech’s current financial resources and longer term financial considerations. It was noted that MassTech has been drawing down its fund balances based upon the recent appropriation levels, un-allowed use of bond funds, and MassTech’s need to defend against litigation claims. For FY19 and FY20, MassTech’s program fund balances have sufficient funds available to cover its projected activities assuming continued projected level of appropriations and contracted services. Beyond that period, MassTech has corporate resources that it can use to supplement revenues so it can carry on a limited set of key strategic program priorities on an interim basis.</p> <p>Unlike some quasi-public agencies, MassTech does not have a recurring dedicated revenue source. It relies on annual budget appropriations or specific legislative and capital bond authorizations. MassTech’s appropriation level has been inconsistent over the past 5 years. The lack of continuity impacts the momentum on programs.</p> <p>The Committee inquired why MassTech management believes the funding level has been problematic when the current state economy is good. Ms. Erlandson indicated that EOHED expected MassTech to draw down some of its existing fund balances prior to the Administration providing higher level appropriations but they are supportive of MassTech eventually have an operating line item sufficient to cover the base corporate and Innovation Institute activities.</p> <p>Mr. Holahan also noted that at this point MassTech’s issue is less about funding and more about the lack of stakeholder support for the programs and the ability to clearly articulate the value and impact of our programs. It was agreed that a key to the ability to more effectively identify, develop and implement initiatives and programs will be selecting an Executive Director that has the skills and abilities necessary to be successful at stakeholder relations, leadership, and the ability to drive execution of the activities of MassTech’s divisions.</p> <p>Ms. Margulies asked whether MassTech had an up-to-date Strategic Plan and noted that the Long Range Planning Committee of the Board should be involved in these matters. There was a consensus that MassTech’s most recent strategic plan is from a number of years ago and should be revisited.</p> <p>A further discussion occurred regarding MassTech’s involvement with sector specific programs and the need to build constituencies around them. The Cybersecurity and</p>	<p>The Committee indicated they wanted the Executive Committee to be informed of the Finance and Audit Committee’s recommendation to invest a portion of the corporation’s resources on key strategic programs and the importance of appointing an Executive Director that can implement those programs and increase stakeholder support.</p>
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