



MINUTES
AUDIT AND FINANCE COMMITTEE
Wednesday, June 17, 2009

AF: A-M. Roll Call.

Mr. Bob Stilley, Chair of the Audit and Finance Committee, convened this meeting at 12:25 p.m. Roll call commenced with the following Committee members participating:

Mr. Thomas Workman, Jr., Mr. Scott Adams, Mrs. Nancy Blosser, Dr. William Bryant (via teleconference), Mr. David Feder, Mr. Armand Grossman, Ms. Lalita Janke, Dr. Tim Lenz and Ms. Tiffany Weimar.

Other Trustees attending the meeting included:

Mr. Anthony Barbar and Mrs. Sherry Plymale.

The following University officials participated:

Mr. Frank T. Brogan, President; Dr. Kenneth A. Jessell, Senior Vice President for Financial Affairs; Ms. Elizabeth Rubin, Associate General Counsel; Ms. Jill Eckardt, Director, Housing and Residential Life; Mr. Dennis Crudele, Associate Vice President for Financial Affairs; and Mr. David Kian, Senior Vice President for Strategic Relations and General Counsel.

AF: A-1. Request for Approval of Florida Atlantic University's Identity Theft Policy.

Ms. Rubin addressed this item advising members of the congressional act requiring the Federal Trade Commission (FTC) to require creditors to adopt policies and procedures to prevent identify theft. In 2007, the FTC issued a regulation known as the Red Flag Rule. The regulation requires "financial institutions" and "creditors" holding "covered accounts" to implement written identity theft prevention programs to identify, detect and respond to "red flags".

"Covered accounts" include all financial accounts or loans that are administered by the University. This administrative duty qualifies FAU as a "creditor." A "red flag" is a pattern, practice or specific activity that indicates the possible existence of identity theft.

The proposed FAU Identity Theft Prevention Program (ITPP) has been crafted in compliance with the FTC Regulation to:

- Identify risks that signify potentially fraudulent activity in new or existing covered accounts;

- Detects risks flags when they occur in covered accounts;
- Respond to risks/red flags to determine if fraudulent activity has occurred and act if fraud has been attempted or committed; and,
- Update the Program periodically, including review the accounts that are covered and the identified risks that are part of the Program

A review of the FAU ITPP followed providing members information on the categories of potential red flags including alerts, notifications, or other warnings received from consumer reporting agencies or service providers; the presentation of suspicious documents; the presentation of suspicious personal identifying information; and unusual use of, or other suspicious activity related to, a covered account. Further review identified precautionary steps to be taken by University personnel in obtaining and verifying the identity of persons opening a covered account and appropriate responses to the detection of red flags. Also included within the Program are update procedures and information on staff training to be conducted for all employees, officials and contractors for whom it is believed may come into contact with accounts or personally identifiable information that may constitute a risk to FAU or its account holders.

Concluding this presentation, Ms. Rubin advised that the FTC regulation requires the creditor's governing body or a duly authorized committee thereof to approve the ITPP. It is recommended that the BOT Audit and Finance Committee be the approver.

Discussion followed on ensuring compliance monitoring; acknowledgment of the magnitude of responsibility placed on the institution in light of identity theft trends; and, concern on continued education/training on faculty, staff and contractor responsibilities to this program.

Members were advised that no specific federal monitoring procedures had been issued but internal auditing would be initiated. Additionally, management agreed to research and report if FAU Z numbers meet the definition of personally identifiable information.

A motion was made and seconded to approve the Florida Atlantic University Identity Theft Prevention Program. **The motion passed unanimously.**

AF: A-2. Request for Approval to Increase Housing Rental Rates.

Chair Stilley noted that this item had been presented to the Committee in April but requested a refresher presentation.

Ms. Eckardt advised that housing rental rates have not been increased for the past two years. This request, which becomes effective mid-year, represents approximately a \$50 increase per semester for double rooms and just over \$100 for single rooms. The Summer semester rates haven't changed in four years and represent the largest increases which will range from approximately \$55 for a double room to \$225 for a single room.

The increases will generate approximately \$496,414 to support increased costs of utilities, personnel including OPS and summer staffing, and Resident Assistant meal plans.

Upon query, members were informed of the continuing energy efficiency improvements associated

with facility upgrades and were assured that this increase is projected to meet the operational expenses of the Housing Department.

A motion was made and seconded to recommend approval of this increase in Housing rental rates to the Board of Trustees. **The motion passed unanimously.**

AF: A-3. Request for Approval of Regulation 7.0003, FAU Traffic and Parking Program to Increase Transportation Access Fee and the Decal Fee.

Mr. Crudele noted the initial presentation made to the Committee on June 10 and proceeded to provide a summary update of that information noting the four percent increase requested which will bring the student transportation access block fee from \$60 to \$62.40 for the Fall/Spring semesters and from \$25 to 26 for the Summer semesters. The faculty/staff parking decal fee will increase four percent across the board for all pay grades as follows: Faculty, AMP and SP Pay Grades 21/Above from \$126 to \$131; SP Pay Grades 16-21 from \$92 to \$96; Adjunct and Emeritus from \$66 to \$69; SP Pay Grades 15/below from \$55 to \$57; and, Reserved from \$600 to \$625.

These increases are expected to generate approximately \$172,000 in fiscal year 2009-10 and will be used to support mass transit collaborations, improved parking, expanded shuttle bus services and the construction of future parking garages.

Discussion from the student perspective followed noting the lack of convenient parking but also of the continuing enhancement initiatives being discussed including reallocation of some student parking, eliminating metered parking at the library and at night, and the shuttle bus. Members were reminded that these fees are not just used for parking facilities or constructing new parking but also for covering the costs of restriping lots and for security measures including pedestrian services, lighting, and code blue telephones.

Further discussion acknowledged that parking has always been a sensitive issue at FAU even though the Boca Raton campus was purposely designed as a commuter campus with parking set outside academic facilities. Parking is available, though not always to the convenience of the FAU Community. It was recommended that mass education be initiated prior to term to inform the Community of parking tips and best practices.

A motion was made and seconded to recommend approval of Regulation 7.0003, FAU Traffic and Parking Program to Increase Transportation Access Fee and the Decal Fee to the Board of Trustees. **The motion passed unanimously.**

AF: A-4. Request for Approval of Regulation 8.001 for the Legislative and Board of Trustees Established Increases in Student Tuition and Fees for Academic Year 2009-10.

Dr. Jessell advised that this item had also been presented to the Committee during the June 10 meeting. A synopsis began explaining that this regulation incorporates the Legislatively approved eight percent tuition increase in In-state Undergraduate and Graduate tuition, the seven percent Differential Tuition for In-state Undergraduate students and all of the fee increases previously requested, summarized as follows:

	<u>Undergraduate</u>		<u>Graduate</u>	
	<u>In-State</u>	<u>Out-of State</u>	<u>In-State</u>	<u>Out-of State</u>
Matriculation Fee ("Tuition")	\$ 88.59	\$ 88.59	\$ 241.09	\$ 241.09
Non-Resident Fee	\$ -	\$ 429.15	\$ -	\$ 596.88
Tuition Differential	\$ 5.74	\$ -	\$ -	\$ -
Student Financial Aid Fee	\$ 4.42	\$ 25.87	\$ 12.05	\$ 41.89
Capital Improvement Fee	\$ 2.44	\$ 2.44	\$ 2.44	\$ 2.44
Building Fee	\$ 2.32	\$ 2.32	\$ 2.32	\$ 2.32
Activity & Service Fee	\$ 10.40	\$ 10.40	\$ 10.40	\$ 10.40
Health Fee	\$ 7.80	\$ 7.80	\$ 7.80	\$ 7.80
Athletic Fee	\$ 14.30	\$ 14.30	\$ 14.30	\$ 14.30
Technology Fee	\$ 3.54	\$ 3.54	\$ 3.54	\$ 3.54
Total Per Credit Hour	\$ 139.55	\$ 584.41	\$ 293.94	\$ 920.66

As required, the regulation is being promulgated for thirty day public notice and a special session requesting Board of Trustees approval will be called in July 2009.

Discussion followed where members were assured that management fully acknowledges that any future fee increases would require annual submittal to the Board for consideration. Additionally, management will implement appropriate reporting measures to track differential tuition funding and ensure utilization as legislatively required.

A motion was made and seconded to recommend approval to the Board of Trustees of Regulation 8.001 for the Legislative and Board of Trustees Established Increases in Student Tuition and Fees for Academic Year 2009-10. **The motion passed unanimously.**

AF: A-5. Request for Approval to Initiate Differential Tuition.

Dr. Jessell addressed this item noting the detailed review provided during the June 10 Audit and Finance Committee meeting. A summary review followed reminding members that this is a legislative authorized tuition allowing each University Board of Trustees to establish up to seven percent for Undergraduate in-state student. The differential tuition funding generated is to promote improvements in the quality of undergraduate education and to provide financial aid to undergraduate students with financial need.

Florida Atlantic University is requesting approval to initiate the full seven percent legislatively allowed which equals \$5.74 per credit hour. With the differential tuition applicable only to students in attendance after July 1, 2007 and students without pre-paid contracts effective July 1, 2007, the anticipated funding for the Fall and Spring 2009-10 semesters is \$896,000. Additionally, while only thirty percent of this funding is required to be allotted to student financial need, FAU is recommending fifty percent, or \$448,000, be applied to financial aid to ease the strain on students and parents associated with overall tuition increases.

In conclusion, Dr. Jessell advised members that this item is being presented to them as an item separate from the Tuition and Fees Regulation since this year the Board of Governors requires each

University Board of Trustees to specifically provide approval for the University to initiate the differential tuition. The Board of Governors meets tomorrow to consider system-wide requests for differential tuition, but will not consider approval without specific Board of Trustees approval.

With no further discussion requested, a motion was made and seconded to recommend approval to initiate differential tuition at Florida Atlantic University as presented to the Board of Trustees. **The motion passed unanimously.**

Chair Blosser intervened to explain to members the changes in action and voting plans today. She noted that during the June 10 Audit and Finance Committee meeting, members had agreed to consider and vote today not only on the differential tuition, but the tuition and fee regulation and all other fee increase requests. Reality is that the tuition and fee regulation must be publicly noticed for thirty days prior to Board voting consideration. That thirty day term will end in mid-July at which time the regulation will be brought to the Board for voting consideration.

In the meantime, Ms. Blosser recommended voting on the differential fee, the Capital Outlay Budget and FAU's 2009-2010 Operating Budget at today's Board meeting which will enable further analysis and discussion; these items are included on the agenda. This action would negate any need for the June 24 Board conference call that is currently scheduled.

AF: A-6. Request for Approval of Florida Atlantic University's 2009-10 Capital Outlay Budget.

Dr. Jessell advised that consistent with statutory requirements, this portion of the budget has been approved by the Board of Trustees in June 2008 and the Board of Governors in September 2008. The 2009 Legislature has allocated only \$9.1 million in funded projects in association with reduced state PECO revenue collections. The Board of Trustees is now required to approve these allocations as part of FAU's 2009-10 Operating Budget.

Upon call, a motion was made and seconded to recommend approval of Florida Atlantic University's 2009-10 Capital Outlay Budget to the Board of Trustees. No questions or comments followed. **The motion passed unanimously.**

AF: A-7. Request for Approval of Florida Atlantic University's 2009-10 Operating Budget.

President Brogan addressed the Committee reminding them of the 'three-legged stool' presentation given last week which shared the proposed reductions, fiscal year budget and a visioning process for the future. The total 2009-10 Operating Budget of \$543.4 million includes an almost \$17 million reduction from the 2008-09 Operating Budget.

Dr. Jessell took the floor to advise that, in accordance legislative requirements, approval of the Operating Budget is needed today. The Operating Budget reflects the lump sum reduction required of Florida Atlantic University by legislative proviso language; details of how the University achieved these reductions are superfluous.

A brief presentation began reiterating all components of FAU's 2009-10 Operating Budget as follows:

Expenditure Budget	2008-09 Beginning	2009-10 Proposed	Percentage Change
Educational & General	\$ 249,374,143	\$ 239,999,427	(3.8)
Student Financial Aid	\$ 112,411,000	\$ 119,915,409	6.7
Contracts & Grants	\$ 64,980,353	\$ 75,592,391	16.3
Auxiliary Enterprises	\$ 74,095,703	\$ 87,166,681	17.6
Athletics Local	\$ 13,015,661	\$ 12,698,375	(2.4)
Student Government	\$ 7,291,622	\$ 7,428,720	1.9
Concessions	\$ 650,000	\$ 575,000	(11.5)
TOTAL	\$ 521,818,482	\$ 543,376,003	4.1

Dr. Jessell concluded the presentation recommending Committee approval of this budget.

Discussion followed to assure members that the data and documentation provided today is exactly the same as that provided last week. Additionally, members were advised specific concerns surrounding the 2009-10 Operating Budget be addressed during the full Board of Trustees meeting scheduled at the conclusion of the Committee meetings today.

Upon call, a motion was made and seconded to recommend approval of Florida Atlantic University's 2009-10 Operating Budget to the Board of Trustees. Eight members voted yea; one member voted nay. **The motion passed carried by majority vote.**

Chair Stilley adjourned this meeting at 1:35 p.m.