Ms. Nancy Blosser, Chair of the Audit and Finance Committee, convened this meeting at 9:26 a.m. and roll call commenced documenting member participation and quorum requirements. The following Committee members participated:

Dr. William Bryant (via telecom), Mr. David Feder, Dr. Rajendra Gupta, Mr. Tony Teixeira, Mr. Norman Tripp and Dr. Frederick Hoffman.

The following Board of Trustees members participated:

Ms. Sherry Plymale (via telecom) and Mr. Eric Shaw.

The following University officials participated:

Mr. Frank T. Brogan, President; Dr. Kenneth A. Jessell, Vice President for Financial Affairs; Dr. Charles Brown, Vice President for Student Affairs; Mr. Dennis Crudele, Associate Vice President for Financial Affairs; Mr. Morley Barnett, Inspector General; Ms. Cathie Wallace, Director-Student Health Services; Mr. Dean Kolar, Assistant Director-Student Health Services; Mr. Andrew Wurman, Interim Director-Counseling Center Services; and Mr. David Kian, General Counsel.

Chair Blosser called for comments or corrections to the minutes of the April 27, 2007 Audit and Finance Committee. With none forthcoming, a motion to approve the minutes without change was made and seconded. The motion passed unanimously.

Chair Blosser reminded Members that the following agenda items are informational only and require no vote. The fee increase requests and 2007-2008 Operating and Capital Outlay Budgets will be brought before the Committee later in June with all other fee increase requests for action at that time.

**AF: I-1. Proposal to Increase Student Health Fees.**

Dr. Charles Brown addressed this item noting the increases being requested as the first since 2001 and the need to maintain current levels of services in both Student Health Services and the Counseling Center Services departments. He also noted the dual request for increases in fiscal years 2007-08 and 2008-09 and the budgetary need behind the requests.

Ms. Cathie Wallace, with the assistance of Mr. Dean Kolar and Mr. Andrew Wurman, then addressed Members, advising them of the committee review process utilized in developing this increase request and
reviewing a PowerPoint presentation that assessed the functional aspects of these departments on all campuses with some of the highlights being:

- Increasing the student health rate by $1.33 per credit hour (to $6.33 per credit hour) for Academic Year 2007-08. This represents an average annual increase of 3.4 percent since 2000-01. Increase the student health fee rate again for Academic Year 2008-09 by $1.17 per credit hour (to $7.50 per credit hour). This represents an average annual increase of 5.2 percent since 2000-01.
- Increased operating costs and increased demands for services require additional revenue to be raised that would allow for the continuation of student health services (SHS) at current levels on the Boca Raton campus, SHS on the MacArthur campus and counseling services on the MacArthur campuses.
- The current year budget deficit is approximately $318,000 at the Boca Raton SHS and $30,000 at the MacArthur campus, which have been covered through cash balances.
- There are additional needs for counseling services, especially psychiatric services, on the Boca Raton campus. There are needs to expand health and counseling services on all partner campuses.
- The FAU student health fee rate currently ranks 8th highest among SUS peers. If the proposed increase is approved, the student health fee rate would rank 6th among SUS peers.

Discussion followed on topics including:

- Services provided to students.
- Cost of services, such as co-pay and type of health fee (credit hour, block, or a combination).
- Insured and uninsured student issues.
- Additional funding possibilities from Student Government.
- Integration of existing and proposed programs and facilities, such as in the College of Nursing, the UM/FAU Medical Partnership Program, and the Boca Raton Teaching Hospital.
- Consideration of mandatory or optional health insurance programs.
- Coordination with BOG and other state universities related to health services and insurance programs.

Members then unanimously agreed to modify this request for approval of the 2007-08 increase of $1.33/credit hour with the caveat that the President authorizes the creation of a Student Health Services Task Force to review current health services and to recommend a comprehensive program that includes the issues just discussed. Dr. Jessell indicated that he would revise the agenda item to incorporate these modifications for consideration at the June 13 meeting.

**AF: I-2. Proposal to Increase the Transportation Access, Parking Decal and Parking Ticket Fees.**

Mr. Dennis Crudele addressed this issue advising Members of the various committees (Transportation Access Fee Committee, Roadway Committee, and the Safety Committee) and additional meetings with the Faculty Senate and Resident Student Advisory Group to review and make recommendations on the parking program and possible fee increases.

A PowerPoint Presentation followed reviewing the current access fee/decal/ticket fine schedules to the proposed fees for 2007-2008 fiscal year with highlights of the presentation including:

- The proposed increase in the transportation access fee is from $50 per Fall and Spring semesters, $15 per Summer semester to $60 per Fall and Spring and $25 for Summer semester. Faculty and staff decal fees will increase 0 percent for pay grades 15 and below, 20 percent all other pay grades. Reserved parking will increase 60 percent.
- There have been no increases to faculty and staff fees since 2003 and the student Transportation Access...
Fee increased only $3.00 since 2003.

- Increases in operating expenses of over 21 percent since 2003 with operating revenue increases of only seven percent; escalating capital costs due to increases in concrete, steal, asphalt and petroleum based products.
- Meeting the increased demand for parking, incorporating mass transit and master planning issues, and maintaining debt service coverage ratio.
- Internal reallocation of $80,000 from the closure of the Commercial Boulevard Campus to assist in building the Davie Campus Parking Garage.

Discussion ensued on the following:

- Including a remote parking program, in conjunction with internal parking, to include shuttle service access.
- Additional revenue allocations to provide services such as bike paths/racks pedestrian needs and security code blue phones etc.

The meeting was adjourned at 12:00 p.m. for a short lunch break.

The meeting was reconvened at 12:22 p.m. and Chair Blosser requested an agenda change bringing forward the review of audits.

**AF: I-4. Review of Audits: Report FAI06/07-3, NCAA Compliance – Recruiting During the 2006-07 Academic Year.**

Mr. Morley Barnett addressed this item noting the series of Athletics audits initiated over the past 5-6 years including audits on eligibility, student financial aid, and NCAA Compliance in Recruiting. He noted the self-explanatory nature of the information and asked for questions or comments on this item.

Members requested confirmation that although some recordkeeping and communication issues exist, no actual non-compliance was noted; that had the NCAA performed this audit FAU would be in compliance.

Confirmation was provided by Mr. Angelos that the recommendations document no NCAA risk. Additionally, Members were informed of the personnel changes and updated software system implementation initiated to address these recommendations.

**AF: I-3. Proposal to Initiate Regulation Promulgation for Board of Trustees Established Increases in Student Fees for Academic Year 2007-2008.**

Dr. Kenneth Jessell addressed this item, reminding Members that the Governor had vetoed the Florida Legislature’s approval of a base increase of 5 percent in undergraduate in-state tuition during the 2007 session. The Legislature also authorized the FAU Board of Trustees to increase graduate and out-of-state tuition. The University is recommending an increase in graduate in-state tuition of 5 percent. There was no increase in graduate tuition in 2006-2007. As the University is not recommending an increase in out-of-state tuition, and to maintain consistency between in-state and out-of-state matriculation fees, the rule reflects an increase in the graduate out-of-state matriculation fee of $10.02 and a decrease in the non-resident fee of $10.02.

Dr. Jessell reviewed FAU’s current tuition funding levels to those of the Florida SUS and nation-wide peer institutions. The results indicated no adverse affect to enrollment numbers from this fee increase.
Pritchett spoke in favor of the increase and in response to Trustee Tripp’s question on how this would affect graduate enrollment, responded that this will not adversely affect enrollments and that graduate targets will be reached.

Additional information provided Members included:

- A corresponding $0.50 increase in the financial aid fee to support need-based students.
- The availability waivers/stipends as additional student aid.
- Major efforts underway to recruit out-of-state students.

Upon inquiry, Members were informed that 58 graduate FTE (approximately 100 new students) are required to meet budget objectives.

Trustee Tripp noted for the records his disapproval of this fee increase.

**AF: I-5. Review of the 2007-2008 Florida Atlantic University Operating and Capital Outlay Budgets.**

Dr. Jessell began his presentation advising Members of the many meetings of the Executive Committee and Budget Workshops in developing this document to consider reasonableness and consistency with Strategic Planning goals and objectives. He then began a detailed PowerPoint presentation showing important budget information and comparisons.

**Operating Budget.**

**Educational and General.** Beginning the presentation, Dr. Jessell noted the proposed 2007-2008 FAU Operating Budget of $530,833,902 represents a 7.6 percent increase of prior year with proposed budgets and percentage changes as follows:

<table>
<thead>
<tr>
<th>Expenditure</th>
<th>Proposed Funding</th>
<th>Percentage Change From 06-07</th>
<th>Percentage of 07-08 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Educational &amp; General</td>
<td>$260,637,592</td>
<td>10.0%</td>
<td>9.1%</td>
</tr>
<tr>
<td>Student Financial Aid</td>
<td>$122,951,300</td>
<td>0.1%</td>
<td>23.2%</td>
</tr>
<tr>
<td>Contracts &amp; Grant</td>
<td>$63,307,843</td>
<td>7.0%</td>
<td>11.9%</td>
</tr>
<tr>
<td>Auxiliary Enterprises</td>
<td>$63,391,982</td>
<td>15.2%</td>
<td>12.0%</td>
</tr>
<tr>
<td>Athletics</td>
<td>$12,786,185</td>
<td>6.0%</td>
<td>2.4%</td>
</tr>
<tr>
<td>Student Government</td>
<td>$7,064,000</td>
<td>5.8%</td>
<td>1.3%</td>
</tr>
<tr>
<td>Concessions</td>
<td>$695,000</td>
<td>21.4%</td>
<td>0.1%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$530,833,902</strong></td>
<td><strong>7.6%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Continuing review examined the construction of this budget starting with the 2006-2007 approved budget, including fiscal year increases (salary-retirement funds), and excluding BOG adjustments (Challenge Grant/non-recurring funds) to total the final 2006-2007 budget. The final 2006-2007 budget was then adjusted to include Legislative appropriations. Each adjustment was examined including issues such as the cost to continue increases in health insurance premiums, plant operations and maintenance, salary increases, health, casualty and risk insurance premiums, etc. The Legislative appropriations including enrollment growth, Nursing Workforce, UM/FAU Medical Partnership Program, Harbor Branch Oceanographic Institutions, etc. were also reviewed.
Dr. Jessell advised that new unallocated funding would total $3.57 million including the proposed BOT graduate in-state tuition increase of 5 percent. Approximately 30 percent of this amount is used to cover the cost to continue 2006-2007 BOT merit increases and faculty promotions, leaving actual new unallocated funding at $2.58 million.

Review commenced on proposed allocations of the new funding. Each issue noted specific ties to the Strategic Plan. Allocations were recommended to Instruction and Research enhancements and programs focusing on student recruitment, access, retention and graduation; University Support for Communications and Marketing and Financial Affairs’ commitments to essential needs; Partner Campus Funding (Broward and MacArthur) to address security and student access to higher education; and, Student Services to enhance access to higher education, recruitment and retention rates.

Members were then advised of internal reviews conducted throughout the year to identify and ensure that current operations and resources were being utilized efficiently. To that end, the presentation continued with funding reallocations that were initiated to address the priorities of the University’s Strategic Plan.

**Student Financial Aid, Grants and Contracts, Auxiliary Enterprises, Athletics Local, Student Government and Concessions.**

Each of these budgets was reviewed noting prior year funding to the proposed new year funding including dollar amounts and percentages of change.

Discussion followed regarding Student Financial Aid resulting in Members requesting information on the number of Bright Futures students at FAU and historic financial aid funding information.

**Capital Outlay Budget.**

Dr. Jessell advised that this budget consists of PECO, Courtelis Matching Gifts and PECO Construction Cost Increase Funding and a review of projects being funded followed.

Dr. Jessell reminded Members that the BOT had previously approved the budget in June 2006 and again, in January 2007. Both the BOG and the 2007 Legislature have provided Capital Outlay Budget approval.

**Florida Atlantic University Foundation, Inc.**

Dr. Jessell noted that the FAU Foundation is not a component of the FAU Operating budget, but that this additional information was provided to ensure Member knowledge of the expenditures utilized to the benefit of the University.

Upon conclusion of this item, Chair Blosser initiated discussion on future meeting needs of the BOT Audit and Finance Committee. It was agreed that a joint meeting with the Strategic Planning Committee would be held on June 13 and action would be taken then on all fee increase requests. The originally scheduled June 20 meeting would be canceled but the final decision will be held pending possible tuition increase rule promulgation needs.

With no other issues for discussion, Chair Blosser adjourned the meeting at 2:50 p.m.