



Item: AF: A-M

AUDIT AND FINANCE COMMITTEE

October 20, 2010

SUBJECT: ROLL CALL AND APPROVAL OF MINUTES OF THE JUNE 9, 2010 AUDIT AND FINANCE COMMITTEE MEETING.

PROPOSED COMMITTEE ACTION

Initiate roll call to document member participation to ensure appropriate quorum numbers are achieved and to approve the minutes of the June 9, 2010 Audit and Finance Committee meeting.

COMMITTEE MEMBERS

Mr. Robert Stilley, Chair	_____
Mr. Thomas Workman, Jr., Vice Chair	_____
Ms. Nancy Blosser (ex-officio)	_____
Dr. William Bryant	_____
Mr. David Feder	_____
Mr. Armand Grossman	_____
Dr. Tim Lenz	_____
Mr. Ayden Maher	_____
Mr. Robert Rubin	_____

BOT MEMBERS

Mr. Anthony Barbar	_____
Dr. Jeffrey Feingold	_____
Dr. Rajendra Gupta	_____
Ms. Sherry Plymale	_____



DRAFT MINUTES
AUDIT AND FINANCE COMMITTEE
Wednesday, June 9, 2010

AF: A-M. Roll Call and Approval of Minutes of the May 26, 2010 Board of Trustees
Audit and Finance Committee meeting.

Mr. Robert Stilley, Chair of the Board of Trustees (BOT) Audit and Finance Committee (AFC), convened this meeting at 10:35 a.m. Roll call commenced with the following Committee members, in addition to Mr. Stilley, participating: Mr. Thomas Workman, Jr., Ms. Nancy Blosser, Dr. William Bryant (via teleconference), Mr. David Feder (via teleconference), Mr. Armand Grossman, Dr. Timothy Lenz, Mr. Ayden Maher, and, Mr. Robert Rubin.

Other Trustees attending the meeting included: Mr. Barbar, Dr. Feingold, Dr. Gupta, and Ms. Plymale (via teleconference).

The following University officials participated: Dr. Mary Jane Saunders, University President; Mr. Dennis Crudele, Interim Senior Vice President for Financial Affairs; Dr. Edward Pratt, Dean of Undergraduate Studies; Dr. Michael Moriarty, Interim Vice President for Research; and, Mr. David Kian, Senior Vice President for Strategic Relations and General Counsel.

Upon call for approval of the minutes of the May 26, 2010 AFC meeting, a motion was made and seconded to approve the minutes without change or correction. No discussion or commentary followed. **The motion passed unanimously.**

Introducing the next agenda item, Mr. Crudele reminded the Committee that the Equity Report has always come before them based on a previously created AFC Sub-committee on Diversity. Since the creation of the sub-committee, these issues have become more strategically oriented and, with the university's Diversity Committee reporting to the BOT Strategic Planning Committee, it becomes more viable to have the reporting and approval requirements of the Florida Equity Reports be presented to the BOT Strategic Planning Committee.

AF: A-1. Request for Approval of 2008-09 Florida Equity Reports: Enrollment, Gender
Equity in Athletics and Employment.

Ms. Behul advised the Committee that this annual report documents the University's continuing efforts to expand access to educational opportunities and enhance the ethical treatment of under-served and under-represented students and employees as defined by the Florida Educational Equity Act (FEEA) and other state and federal legislation.

A PowerPoint presentation began reviewing each of the required reporting components including Policies and Procedures in Support of Equity, Academic Program Reviews, Student Services, Gender Equity in Athletics, Employment Representation, Areas of Achievement, Protected-class Representation in the Tenure Process, and the Promotion and Tenure Committee Composition. The data from the 2008-09 fiscal year related statistical figures on First Time in College enrollment and retention, community college transfers, graduation rates, and, degree production; continuing and new university-wide services and programs designed to enhance academic success, multi-cultural understanding and employment diversity practices.

Assessment of compliance with Title IX of the Education Amendments of 1979 is included within the report and data on gender equity in athletics followed including information on sports offerings, student participation rates, scholarships, facilities, marketing and media plans, equipment status, tutoring services, etc.

Additional data was provided on employment representation (race and gender) in categories including tenured, tenure-track and non-tenure earning faculty, executive/professional employees and new hires in each of the preceding categories.

Other requirements within this report including a Budgetary Incentive Plan, the President's Evaluation Process and Results, and Top Administrator's Evaluation Process and Results. Ms. Behul noted the past budget reductions inhibiting implementation of a budget plan. Additionally, no evaluation for the President is included with the departure of Mr. Brogan. Evaluations for Top Administrator's are a new addition to reporting requirements that will be addressed in next year's report.

Discussion followed expressing concern on the overall low retention rates and the need for higher aspirations in future goals. It was suggested a retro analysis on the reasons for these low rates be initiated and more programming implemented designated to minimizing the issue. Further conversation noted economic issues and transfer options as among the reasons for student losses. Also noted was the actual improvement of retention rates the past few years and belief was expressed that, with recently implemented programs focused on freshman success, the rates should continue improving.

Diversity was also discussed recognizing that Faculty/Staff representation needs improvement to better reflect the student body diversity. President Saunders addressed the Committee advising of her commitment to diversity in hiring and of strategies available to emphasize this commitment including federal funding from the Title III Program which provides assistance to these type endeavors.

A motion was made and seconded to recommend to the BOT approval of the requested 2008-09 Florida Equity Reports: Enrollment, Gender Equity in Athletics and Employment. No additional questions or commentary, **the motion passed unanimously.**

AF: A-2. Request for Approval of 2010-11 Fee Increases.

Chair Stilley introduced this item reminding members of the individual fee increase presentations made to the Committee during its May 26, 2010 meeting.

Mr. Crudele then reviewed the increases being presented for approval by component including the Housing Rental Rates by three (3) to six (6) percent varying per dormitory type; the Transportation Access Fee by \$2.50 to \$64.90; the Faculty/Staff/Lifelong Learning Society Decal Fee (and associated Regulation 7.003) at four (4) percent per salary tier; the Karen A. Slattery Education Research Center for Child Development Fee by \$24 across all student levels; the Health Fee by \$1.17 per credit hour to \$8.97 per credit hour; the Activity and Service Fee by \$1.56 per credit hour to \$11.96 per credit hour; and, the Athletic Fee by \$2.15 per credit hour to \$16.45 per credit hour.

A motion was made and seconded to recommend to the BOT approval of the each individual fee increases as presented. No questions or commentary followed. **The motion passed unanimously.**

AF: A-3. Request Approval of Regulation 8.001, Tuition, Fee Schedule and Percentage of Cost for Academic Year 2010-11.

Mr. Crudele advised that this Regulation formally incorporates Legislative, Board of Governors' and Board of Trustees' increases for Academic Year 2010-11. The Regulation has been publicly noticed and approval by the BOT is now required to implement the following increases:

	Undergraduate		Graduate	
	In-State	Out-of State	In-State	Out-of State
Matriculation Fee ("Tuition")	\$ 95.67	\$ 95.67	\$ 260.38	\$ 260.38
Non-Resident Fee	\$ -	\$ 423.41	\$ -	\$ 577.59
Tuition Differential	\$ 12.80	\$ 12.80	\$ -	\$ -
Student Financial Aid Fee	\$ 4.78	\$ 25.95	\$ 13.02	\$ 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	\$ 11.96	\$ 11.96	\$ 11.96	\$ 11.96
Health Fee	\$ 8.97	\$ 8.97	\$ 8.97	\$ 8.97
Athletic Fee	\$ 16.45	\$ 16.45	\$ 16.45	\$ 16.45
Technology Fee	\$ 4.42	\$ 4.42	\$ 4.42	\$ 4.42
Total Per Credit Hour	\$ 159.81	\$ 604.39	\$ 319.95	\$ 926.41

A motion was made and seconded to recommend to the BOT approval of the Regulation 8.001, Tuition, Fee Schedule and Percentage of Cost for Academic Year 2010-11. No questions or commentary followed. **The motion passed unanimously.**

AF: A-4. Request Approval of Florida Atlantic University's 2010-11 Operating Budget.

Mr. Crudele addressed this agenda item beginning a PowerPoint presentation to review each of the seven components of the Operating Budget totaling just over \$587 million, and representing an overall 8.03 percent increase over the 2009-10 operating budget.

Members were informed of methods utilized in building the proposed 2010-11 budget beginning with the base 2009-10 Operating Budget, plus/minus the recurring and non-recurring adjustments made during that fiscal year, plus/minus new and continuing Legislative, BOG and BOT appropriations, including the approved tuition and fees.

Mr. Crudele then articulated the allocations proposed for each category of the 2010-11 Expenditure Operating Budget as follows:

Expenditure Budget	2009-10 Beginning	2010-11 Proposed	Percentage Change
Educational & General	\$ 239,999,427	\$ 247,805,910	3.25
Student Financial Aid	\$ 119,915,409	\$ 145,644,180	21.46
Contracts & Grants	\$ 75,592,391	\$ 62,974,241	(16.69)
Auxiliary Enterprises	\$ 87,166,681	\$ 106,155,850	21.78
Athletics Local	\$ 12,698,375	\$ 14,011,516	10.34
Student Government	\$ 7,428,720	\$ 9,934,432	33.74
<u>Concessions</u>	<u>\$ 575,000</u>	<u>\$ 500,250</u>	<u>(13.00)</u>
TOTAL	\$ 543,376,003	\$ 587,027,379	8.03

A summary review followed on funding levels for insurance, retirement, and new space; the continued funding provided for plant operations and maintenance; adjustments made to general revenue, lottery and student financial assistance; and, the status of year two Federal Stabilization funding.

Additionally, Mr. Crudele provided a more detailed analysis of the funding sources and uses of each budget category and included comparative data to prior year funding levels.

Topics of interest and discussion by the Committee included the following:

- The initiation of more aggressive recruiting efforts by university management to increase of out-of-state student populations. The Committee recognized the lack of improvement in these over the past few years.
- The significant variance in the expenditure budget of Contracts and Grants. Members were advised that the revenue/expenditure budgets anticipated in 2009-10 had not been achieved as such the 2010-11 estimates for each were being reduced to more realistic levels. Assurances were provided that aggressive grant-writing initiatives continue. Providing

confirmation, Dr. Moriarty addressed the committee to articulate award totals for fiscal years ending 2008, 2009 and 2010 (to date) which show incremental increases in awards.

- Acknowledging the importance of FAU's standing as a research institution, the Committee directed these issues to be a discussion item at the Board of Trustees Annual Retreat in September. Additional reflections followed on the inclusion of this matter within the Strategic Plan/BOT Strategic Planning Committee; on Carnegie/Research classifications; and, on the importance of not defining research as exclusively 'funded' research.
- Confirmation that no university 'rainy day fund' exists although carry forward funding is available along with programming, staffing, and expenses review to address budget reduction needs.
- Explaining that Student Government has requested that an approximate \$2 million of their actual cash balance is dedicated in spending authority this fiscal year to expenditures associated with student activities. It was noted that Student Government historically requests higher expenditures levels but has not utilize that authority in full leaving significant cash balances available.
- The articulation of the perceptions of faculty, as respects salary increase expectations, in the face overall increases in Educational and General (E&G) funding allocations to the State University System and FAU. Upon query, it was confirmed that no salary increase allocations were included in Legislative appropriations.
- Cautionary recognition of the Federal Stimulus funding included within this budget and its cessation at the conclusion of the fiscal year.

A motion was made and seconded to recommend to the BOT approval of Florida Atlantic University's 2010-11 Operating Budget. With no further questions or commentary following, **the motion passed unanimously.**

AF: A-5. Request Approval of Florida Atlantic University's 2011-11 Capital Outlay Budget.

Mr. Crudele noted the revised Capital Outlay Budget/Public Education Capital Outlay Projects list that was forwarded to Members. The revision incorporates funding for Maintenance, Repairs, Renovations and Remodeling. He advised that this allocation had been included in a separate bill rather than the regular PECO allocation but that the funding is standard and reflects appropriately FAU's system allocation. Noteworthy, is the fact that no FAU projects were vetoed by the Governor.

Mr. Crudele advised that consistent with statutory requirements, this portion of the budget was approved by the BOT in June 2009 and the Board of Governors (BOG) in September 2009. The 2009 Legislature has allocated approximately \$25.3 million to fund projects in association with state PECO revenue collections. A requirement exists to receive BOT approval of these allocations as part of FAU's 2010-11 Operating Budget.

Upon call, a motion was made and seconded to recommend approval of Florida Atlantic University's 2010-11 Capital Outlay Budget to the BOT. No questions or comments followed. **The motion passed unanimously.**

AF: A-6. Request Approval of the Amendment of the Debt Management Policy.

Mr. Crudele reminded members that effective April 2006, the BOT had approved the University's debt management guidelines as had been required by the BOG. These guidelines outline the materials required to be submitted to the BOG staff and the Division of Bond Finance to support any request to issue debt.

Members were advised that in the past all FAU debt has been issued with fixed rates, but occasionally financing debt using variable debt rate may be in the best interests of the University. To authorize the use of such financing plans, the current policy must be amended to establish and incorporate defining factors and risk management processes whereby this type financing can be issued.

The guidelines being presented here were developed in consultation with the University's Financial Advisor to establish additional risk management processes for this type of debt. Additionally, the language within the FAU Variable Rate Debt and Interest Swap Guidelines is similar to that issued by the University of Central Florida and Florida International University, both of which have previously received approval of the BOG.

A motion was made and seconded to recommend to the BOT approval of Florida Atlantic University's Debt Management Policy. No questions or commentary followed. **The motion passed unanimously.**

With no other discussion items put forth, a motion was made and seconded to adjourn this meeting. **The motion passed unanimously.** The meeting was adjourned at 12:15 p.m.