

FLORIDA ATLANTIC UNIVERSITY

MINUTES BOARD OF TRUSTEES MEETING By Conference Call AUGUST 10, 2005

Chairwoman Sherry Plymale convened the meeting of the Florida Atlantic University Board of Trustees (BOT) at 10:05 a.m. with the following members present:

In person: Roy Levow, Lalita Janke

By phone: Norman Tripp, Nancy Blosser, David Feder, William Bryant, Rajendra Gupta, Virginia Miller, George Zoley and Armand Grossman

Absent: Scott Adams, Dan Wilson

Others Present: President Frank Brogan, Ken Jessell, Lawrence Davenport, Bob Friedman, John Pritchett, Kristine McGrath, David Kian, Kristen Murtaugh, Jennifer O'Flannery, Fred Hoffman

I. APPROVAL OF MINUTES

Handout: Minutes of June 29, 2005 Board Meeting

A motion was made and seconded to approve the minutes of the June 29, 2005 BOT Meeting. Motion passed unanimously.

II. CHAIRMAN'S REPORT – Sherry Plymale

At the July 20, 2005 meeting of the Board of Governors, the 2006/07 budget passed with a \$40 million insufficiency as regards to enrollment growth. President Frank Brogan said there would be no further vote on the budget at the BOG level.

Debra Austin has resigned as Chancellor of the Board of Governors to become the new Provost at Florida A&M University.

In the FYI folder furnished with the background material of today's meeting, several articles of interest are included.

Regarding the BOT Retreat at the PGA National Resort and Spa in Palm Beach Gardens on September 13/14, 2005, Dr. Stanley Marshall, former President of Florida State University, will be guest speaker at the dinner on September 13th.

Trustees are urged to thoroughly read all background material that will be sent before Labor Day. The focus of the Retreat is the Strategic Plan and all Trustees are expected to participate.

Further Retreat information will be sent shortly.

III. REPORT OF STRATEGIC PLANNING COMMITTEE – Nancy Blosser

Handouts: Scripps Payment Schedule and Future Value
Five Year Capital Improvement Plan & Legislative Budget Request
Fixed Capital Outlay Projects Requesting Legislative Approval to
Sell Bonds

The Strategic Planning Committee met on July 20, 2005 and approved the following Action Items.

A. Recommendation to Approve Agreements for “Scripps Research” expansion on MacArthur Campus.

Trustee Blosser opened the discussion by stating that the proposed agreement with Palm Beach County to expand the Jupiter campus Scripps facility was discussed at the July 20, 2005 Strategic Planning and Development Committee meeting, and that the draft minutes of that meeting were included in the back-up information. President Brogan added that several FAU staff members were in attendance and would provide additional information on the agreement, including Robert Friedman, University Architect and Vice President; David Kian, General Counsel; and Kenneth Jessell, Vice President for Financial Affairs. Mr. Friedman explained that FAU had been approached by Palm Beach County to construct a second research laboratory building on the MacArthur Campus for use by Scripps Florida. The new agreement is identical to the one approved by the BOT in February 2004 except for the cost and repayment terms. The new building will cost the county \$13 million to construct and FAU will repay a total of \$12 million in \$2 million increments beginning 2009-10. The source of the funding will be PECO funds, as the Scripps II building is now the third priority on FAU’s proposed 5-year Capital Improvement Plan. Mr. Friedman concluded his discussion by stating that considering the \$1 million base savings, the financing costs incurred by the county, and inflationary considerations, a potential cost savings of up to \$7 million was possible to FAU.

David Kian then provided an overview of the legal issues concerning the agreement. Mr. Kian explained that the agreement requires FAU to release back to the State of Florida its leasehold interest in the property on which the Scripps II facility will be sited. The State will then lease the property to Palm Beach County, who in turn will sublease it back to FAU for initial use

by Scripps and subsequent use by FAU following Scripps' departure. Mr. Kian also stated that should FAU fail to make its annual payments, the sublease would revert to the county. Mr. Kian explained that although PECO funding was anticipated to be available in the future to retire FAU's obligation, if the legislature failed to fund FAU's PECO request, the university would still be required to make the annual repayments from non-appropriated funds within the university's operating budget. Mr. Kian recited PECO appropriations to the university since 2001 and stated that the amount has ranged from \$4.4 million to \$27.2 million per year. He stated that while there is no guarantee of future appropriations, historical appropriations were more than sufficient to cover the \$2 million annual obligation, as every PECO appropriation except 2001 had been for more than \$12 million. President Brogan added that PECO appropriations were \$15 million in 1998, \$12 million in 1999 and \$23 million in 2000.

Trustee Tripp stated that some PECO requests, such as basic infrastructure, may have a higher university priority, which would lower the amount available for repayment. Mr. Friedman responded affirmatively, but stated the \$4.4 million minimum appropriation in 2001 would still have left \$2 million for repayment. Mr. Tripp stated that with all of the risks, benefits and costs being identified, discussed, and carefully considered, the expansion becomes a business decision. Trustee Janke stated that the transaction was a remarkably creative way to accomplish a desirable outcome.

A motion was made by Bill Bryant and seconded by Ginny Miller to approve agreements for Scripps Research expansion on the MacArthur campus. Motion passed unanimously.

B. Recommendation to Approve "Capital Improvement Plan" 2006-2007

Bob Friedman reviewed the list of priorities. He said the first eight priorities from last year remain. Line #3 has been added to recover the cost of repayment of Scripps; line #9 refers to construction of classrooms required by the Humanities Department; line #10 – the FAU/PBCC joint-use building priority has been moved up from #16 due to the increased need for space; line #13 includes an additional \$1 million for renovation costs after Scripps leaves; line #19 refers to the expansion of Florida Atlantic Boulevard from Lee Street to the Research & Development Park.

A motion was made by Nancy Blosser and seconded by Ginny Miller to approve the 2006-2007 Capital Improvement Plan. Motion passed unanimously.

IV. Report of Audit and Finance Committee – Chair Norman Tripp

Handout: Proposed Emergency Rule Amendment

Action Item: Request for Re-Approval of Promulgation of Emergency Tuition and Fee Rule

The tuition and fee increases approved at the June 29, 2005 BOT meeting requires re-approval to satisfy the new procedure for the filing of rules passed by the Board of Governors.

A motion was made by Norman Tripp and seconded by Lalita Janke to Re-approve Promulgation of the Emergency Tuition and Fee Rule. Motion passed unanimously.

V. President's Report

A. Transmittal Letter for 2005-2006 Operating Budget Submission to BOG

President Brogan explained that we are required to submit a letter to the Board of Governors stating how our budget supports our goals and objectives and the goals and objectives of the BOG.

The President invited all trustees to Commencement on August 12th.

An update on the medical school: There are 32 new students in the medical school, joining the 16 from last year.

VI. BOT Member Comments

None.

VII. Old Business/New Business

None.

VIII. Adjournment

Meeting adjourned at 11:04 a.m.