

Summary Minutes
FAMU BOARD OF TRUSTEES MEETING
Band Room
Wednesday, December 3, 2008
1:00 p.m.

Chairman C. William Jennings called the meeting to order. Mrs. Fuse-Hall called the roll and the following trustees were present: Chairman William Jennings, Vice Chairman R.B. Holmes, Trustee Solomon Badger, Trustee Andrew Collins, Trustee Richard Dent, Trustee Pamela Duncan, Trustee Maurice Holder, Trustee Charles Langston, Trustee Spurgeon McWilliams, Trustee Daryl Parks and Trustee Karl White (via telephone). A quorum was established.

The chairman noted that since the last meeting, the University had installed its tenth president. He commended Vice Chairman R.B. Holmes and Trustee Pamela Duncan for co-chairing the event and doing an outstanding job with all of the activities associated with the inauguration. He mentioned the win in the Florida Classic and wished Coach Joe Taylor continued success with the football program. "Now basketball season is here and I encourage you to support these teams also. Both teams square off against Bethune-Cookman University on Saturday at 5 pm and 7 pm."

Trustee Holmes moved approval of the minutes for October 7, 2008. Trustee Langston seconded the motion and it carried.

President's Report

Chairman Jennings recognized President James H. Ammons for his report. President James Ammons thanked the co-chairs of the inauguration for the tremendous affair and he thanked Ms. Sharon Saunders and the planning committee for their good work. "It was a week filled with exciting activities that highlighted the talent of this campus and community. My wife and I are grateful to have this opportunity to serve the University and we look forward to a great future together."

President Ammons noted that the economic forecast for Florida is not improving. The results from the November 21, 2008, Revenue Estimating Conference for the General Revenue Fund showed that general revenue collections for fiscal year 2008-09 is expected to be down by \$1.4 billion. For fiscal year 2009-2010, expected revenues were reduced by \$2.3 billion or about 9.5% from the earlier forecast. He noted:

We are hoping that the state does not require any additional budget cuts for our campus. If there are additional cuts, it would mean that we would be required to lay off employees. We will have no other choice. We have trimmed as much as we can from our budget.

The president informed the board of Gov. Crist's proposal that would give Boards of Trustees the option of imposing a differential tuition increase. The governor should be commended for taking this courageous stand during these economic times. Even though tuition can increase by only 15 percent annually, 30 percent must go to need-based financial aid; therefore, students that

would need additional financial support will get it through the provision the Governor assured is a part of this package.

On Saturday, November 15, 2008, the University hosted ESPN GAME DAY in front of the Coleman Library from 7 a.m. until noon. This was the first time that the show was broadcasted from an HBCU campus and featured a band on their program. "The broadcast provided great exposure for our university and our students." President Ammons noted several other global exposures for the University including:

- FAMU broadcast journalism students served as reporters for TV One segments on the nationally televised show during the presidential election returns.
- Featured in the November 10, 2008, edition of *USA Today*, an article that focused on FAMU's student-faculty interaction and included a FAMU journalism professor, Kenneth Jones, and FAMU students.
- Featured on the *CBS Evening News* on Thanksgiving regarding the Marching 100.
- Featured the campus in the *US Airways Magazine* article on City of Tallahassee.
- Featured the Inauguration of the 10th president in *Jet Magazine*.
- Upcoming feature in the *Sports Illustrated Kids Magazine*.

President Ammons commended the case team that tallied another victory. Under the leadership of Dr. Sandra Drumming, the School of Business and Industry case team won first place at the 18th Annual Southeast Student Case Study Seminar Competition in Atlanta sponsored by Deloitte. The team competed against Clark Atlanta University, Howard University, Morehouse College, Jackson State University, and North Carolina A&T University. The team will move on to the national competition in Scottsdale, Arizona in April of 2009. Team members are: LaShonda Arnold, Shonda Knowles, Nakita Broussard and Tanesha Stinson.

Moreover, the president noted that the 32 FAMU nursing students that sat for the spring 2008 National Council Licensure Examination for Registered Nurses recorded a 100% passage rate.

Other highlights included:

- Construction of the new FAMU DRS building has been substantially completed.
- Staff members completed formal training in Kansas at ImageNow that promotes a paperless administrative system which is currently being implemented at FAMU.
- In the Tom Joyner "School of the Month" Campaign, the University has raised \$1.15 million to date and needs the support of all of our constituents to reach our goal of \$1.5 million campaign ends January 9, 2009.
- For the Faculty/Staff Campaign, the University has raised \$220,761 to date from 661 participants toward the goal of \$250,000. This surpasses last year's total participation of 525, which generated \$206,782. This campaign has been extended until December 31, 2008.
- The FAMU Foundation Board met recently in Orlando and had a great meeting, resulting in a renewed interest and commitment from the board members.
- The University submitted the 2008 Annual Compliance Report to the National Science Foundation (NSF) timely. The report was reviewed and accepted. There is no follow-up required from the University.

- Recruitment efforts in Tampa and Orlando (which was sponsored by Turner Construction) attracted over 1,000 students. In Tampa the University awarded scholarships to three (3) National Achievement Semifinalists. In addition, we gave out four (4) Life-Gets-Better Scholarships, five (5) Distinguished Scholars' Awards, and 10 George W. Gore Assistantships. In Orlando we awarded scholarships to five semifinalists. We have offered seven (7) Life-Gets-Better Scholarships, nine (9) Distinguished Scholars' Awards, and 26 George W. Gore award.

President Ammons concluded that this was a great year in the life of FAMU and he congratulated all faculty, staff and student accomplishments.

Chairman Jennings thanked Dr. Ammons for his report and noted that FAMU has much to celebrate and "we commend the efforts of the staff and you." Further, he commended the students for their tremendous performance at the Case Study Competition.

COMMITTEE REPORTS

Budget and Finance Committee

Chairman Jennings recognized Trustee Dent for the report of the Budget and Finance Committee. Trustee Dent noted that the Committee heard from Teresa Hardee, CFO & Vice President of the Division of Administrative and Financial Services, who presented the amendments to the Operating Budget for fiscal year 2008-2009. There are five (5) amendments to the operating budget to include:

- (1) Settlement Agreement to Booth Properties was approved by the Board of Trustees at the October 8, 2008, meeting. In order to carry out the terms of the settlement agreement, the Housing budget was increased by \$1,500,000. The budget increase will be covered by fund balance.
- (2) Additional budget authority of \$536,855 is requested in the Auxiliary Enterprises budget entity to cover the following:
 - (a) \$60,000 for the FAMU Leon Health Pharmacy has extended its outreach program and is providing more immunizations, vaccinations, diabetic and other clinical services which have increased the cost of purchasing medicines. In addition, the number of prescriptions has increased due to the Mental Health program. The increased budget request will be funded by the increase in prescription sales.
 - (b) \$476,855 for the Student Health is needed to fund an after-hours nurse triage service, OPS support for a pilot men's clinic, needed repairs, furniture, equipment, and accreditation preparation. A portion of the Student Health Clinic's fund balance will be used to fund this increase in budget.
- (2) \$200,000 in non-operating budget was moved from the Scholarship fund to the Auxiliary Enterprise budget entity. With this action, cash from the Band Camp in Auxiliaries was able to be transferred to the Scholarship fund in order to partially finance band scholarships.

- (3) \$120,000 within the Student Financial Aid budget entity was transferred from the Student Assistance Grant to the Regents Emergency Loan to cover short term loan requirements for the remainder of the year.
- (4) \$559,208 in additional budget authority is requested in the Contracts & Grants budget entity for FAMU Developmental Research School (DRS). FAMU DRS is primarily funded from the Florida Education Finance Program (FEFP) at the Florida Department of Education. This funding is generated primarily on the number of Full-time Equivalents (FTEs). FAMU DRS initial budget of \$2,729,556 was based on an enrollment of 366 students. Currently the enrollment is 470 students. Based on an estimated per student factor of \$6,997.37, the new FEFP calculation is projected to be \$3,288,764.

The Committee recommends that the board approve these amendments. Trustee Dent moved, seconded by Trustee Holmes that the Board of Trustees approve the committee's recommendation to adjust the operating budget by the increases and decreases stated above. The motion passed.

Trustee Dent noted the following informational items. The Committee heard from Ms. Hardee who presented an update on the state revenue projections. On October 29, 2008, the Lottery Estimating Conference met to review the state's lottery revenue collections. The conference reduced the expected distributions to the Educational Enhancement Trust Fund (Lottery) from current projections by \$54.8 million in 2008-09 and \$114.1 million in 2009-2010. Since the last estimating conference, ticket sales have been running behind projections.

Currently, the Governor is holding four (4%) percent of the 2008-09 Lottery appropriation in reserve. For FAMU, this equates to \$479,677. For 2009-10, it is estimated that Lottery funding for the State University System could be reduced by as much as 25% (\$50 million).

The General Revenue Estimating Conference met on November 21, 2008, and reduced the general revenue collections by \$1.4 billion, bringing the total deficit to \$2.2 billion. The Governor took action in July by withholding four (4%) percent (approximately \$900 million) of the general revenue appropriations to cover the potential deficits. This leaves a current year gap of \$1.1 billion (5%). The 4% holdback for FAMU is approximately \$4.3 million. The Governor previously transferred \$672 million from the budget reserve fund to cover the deficit. These funds will eventually have to be paid back.

If revenues are not obtained from other sources, an additional 5% will need to be cut from the current year budget. This 5% would be in addition to the 4% currently being held in reserve. The 5% for the SUS would be an additional \$125 million. For FAMU this 5% equates to approximately \$5.3 million. These funds would probably be deducted from the final two quarters of this fiscal year.

For 2009-10 the revenue projection was reduced by \$2.3 billion (9.5%). This means that additional budget reductions will be made during the 2009 legislative session unless other revenue streams are identified.

Vice President Hardee also presented for the committee's information several cost saving measures that could be implemented to offset the revenue shortfall.

Next Ms. Hardee provided information on the Governor's tuition proposal. On November 20, 2008, Governor Charlie Crist proposed allowing state universities to raise tuition up to 15% per year. This plan would need legislative approval. Bright Futures scholarship recipients would be required to pay additional money, out of pocket, but students using Florida prepaid plans would be covered.

The legislature would increase tuition each year at the rate of inflation. In addition, the plan would give greater power to the university trustees to pass an additional "tuition differential" for their respective universities not exceeding a combined 15%. The BOG would have final approval of the differential.

The plan would require 30% of the money raised by the tuition increase to be spent on need-based financial aid. It appears that the plan would also allow universities to set different tuition levels for different disciplines.

Finally, Vice President Hardee provided information on contracts exceeding \$100,000. Two contracts have been executed since the last board meeting. The contracts are with Bethune-Cookman University and Edward Waters College for the Black Male College Explorer's Program. Both contracts are for \$100,000. FAMU serves as the fiscal agent for this program.

Audit Committee

{Note: This committee did not meet.}

Academic Affairs Committee

Chairman Jennings recognized Trustee Duncan for the report of the Academic Affairs Committee. Trustee Duncan noted that the Committee heard from President Ammons, who provided an introduction and background information regarding the FAMU-FSU College of Engineering. Provost Hughes Harris followed with a PowerPoint presentation focused on enrollment, graduation rates, FAMU faculty presence and the next steps that the University should take regarding the College of Engineering. Those steps focused on:

- Reaccreditation
- Increasing enrollment
- Increasing visibility on campus
- Establishing a task force to assess effectiveness and efficiency
- Strengthening the pre-engineering program
- Establishing corporate partnerships
- Developing external funding opportunities

- Continuing plans for additional buildings for the College of Engineering
- Exploring separation of the College of Engineering

The Committee members clearly articulated that FAMU should continue to support the current structure of the College of Engineering, while strengthening the programs and the relationship with Florida State University. The Committee members are not in favor of exploring the pros and cons of a separate engineering college and excised that step from the list.

Facilities Committee

Trustee McWilliams presented the committee report which reviewed three action items, and one informational item comprising updates of the four major facilities construction projects.

The Facilities Planning Committee reviewed a request for the approval of Change Order Request #3 for Phase II of the Campus-wide electrical upgrades. This Change Order Request #3 increased the scope of work for the project to include:

- Additional fiber optic hand-holes to improve the distribution, maintainability, and safety of the fiber optic lines;
- Underground electrical distribution lines for the chiller plant; and
- Two (2) additional transformers for the Industrial Arts Building which was excluded from the initial contract.

The cost of this increased scope of work is \$101,435.00 and if approved, will result in a revised contract amount of \$6,556,454. The project has the funding to accommodate the Change Order. This Change Order has been reviewed and recommended for approval by the University's engineering consultant and the University's Construction and Facilities Management staff.

Trustee McWilliams moved and it was properly seconded that the Board approve Change Order Request #3 for Phase II of the Campus-wide electrical upgrades. The motion passed.

Next, Trustee McWilliams noted that the committee also reviewed a request for the approval of Change Order Request #6 for the University Commons project. The University has received final funding of \$2,960,430 from the state to complete the renovation of the University Commons. This funding will complete the ground floor of the University Commons which will be used as office space for the Division of Enterprise Information Technology (EIT). The University has retained the Construction Manager currently working on the Commons, Peter Brown Construction Inc., to complete the work on the ground floor. This Change Order Request #6 is for \$1,934,457 to be added to the Construction Manager's existing construction contract of \$8,301,593.58.

The University's Construction and Facilities Management staff and the architect/engineering firm for the project have reviewed Change Order Request #6 and concur with the estimated cost. This Change Order Request #6, if approved, will result in a revised contract amount of \$10,236,050.58 for the Construction Manager.

Several trustees inquired about the location of this work and why such work was not included in the original scope of work. Following this discussion, Trustee Williams moved that the Board approved

Change Order Request #6 for the University Commons in the amount of \$1,934,457 and authorized the President to execute the Change Order. The motion was properly seconded and it passed.

In another matter, Attorney Avery McKnight informed the Committee of a request from the Leon County Educational Facilities Authority for the University to consent to the transfer of title of the University Courtyard Apartments. In February 2000, the "Authority" issued \$10.1 million in revenue bonds for the construction of the University Courtyard Apartments, a 96-unit apartment complex located at 3205 South Adams Street, Tallahassee. The entity formed to take title to the University Courtyard was "FAMU Student Housing Foundation, LLC;" but, this entity has no affiliation with the University. No state or University funds were used on the apartment complex.

In keeping with its mission and as an incentive to issue the bonds, the Authority entered into a scholarship and title transfer agreement with the FAMU Student Housing Foundation. The agreement requires the Foundation to make annual donations to the University from the positive cash flow of University Courtyard. To date, the University has received five annual payments of approximately \$6,250 each. While the University is a beneficiary of the Scholarship Agreement, it is not a party to the Scholarship Agreement.

In addition to the annual scholarship donations, the agreement requires that fee simple title to University Courtyard Apartments be transferred to the University in March 2040. The current value of the property is estimated to be \$8 million.

On November 4, 2008 the bondholder, MuniMae Portfolio Services, notified the University that the mortgage was in default and it was unlikely that the mortgagor could cure the default. The bondholder also notified the University that it immediately intended to either foreclose on the mortgage or transfer title to the property to a third party that is willing to purchase the property.

Foreclosure proceedings could result in the University receiving no further funds. The bondholder has requested that the University consent to the transfer of title to the property. This consent is required if the purchaser is to receive clean and clear title. In exchange for the University's consent, the Bondholder is willing to make a final contribution to the University. The President and the Office of the General Counsel have had some preliminary discussions with the attorneys for the Bondholder with respect to the amount of the contribution.

Several trustees sought clarification on the specifics of the offer. Following the discussion, Trustee McWilliams moved that the Board: (a) authorized the President to negotiate with MuniMae Portfolio Services, terms for the granting of consent to transfer title of the University Courtyard Apartments to a third party; (b) directed the President to inform Board of the results of the negotiations; and (c) directed the President to make recommendations to the Board on the course of action the University should take in the matter. The motion was properly seconded and it was approved.

Finally, the Committee heard the following status report of the four ongoing major construction projects:

Project	% Complete	Substantial Completion Date
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Multi-Purpose Teaching Gym	80%	02/28/09
Developmental Research School	95%	10/14/08
The University Commons – Phase I	95%	12/31/08
Campus-wide Electrical and Technology Infrastructure Upgrades – Phase II	91%	02/28/09

Direct Support Organization(s) Committee

{Note: This committee did not meet.}

Trustee-Student Committee

Chairman Jennings recognized Trustee Parks for the report of the Trustee-Student Relations Committee. Trustee Parks noted that the Student Government Association (SGA) has revised its Constitution and these changes are reflected in the document that was distributed. Further, several SGA Statutes were also changed as reflected in the document that was distributed. In addition to the Statutes changes presented, the following additional changes are noted, to include:

- Page 42 – *A. Devising the Budget* should be *D. Devising the Budget* and *B. Approving the Budget* should be *E. Approving the Budget*
- Page 63 – The last corrected sentence in Chapter 1004.4 should be deleted. The deleted sentence reads ‘*No Royal Escort shall be a member of the Student Government Association or possess with any other A&S agency an OPS contract.*’
- Page 65 – *Article IX* should be deleted.

Trustee Parks moved that the Board approve the changes to the SGA constitution and the SGA statutes. The motion was seconded by Trustee Collins and the motion passed.

The committee heard a presentation from the New Orientation Office regarding their recruitment efforts to increase enrollment. This presentation reviewed the office’s mission, staff, clients, schedule, partners, professional development, training, and presentations staff members have made and the awards the office staff has received.

Chairman Jennings recognized Ms. Fuse-Hall to recognize any members of the public who signed up for public comment. The following comments were made:

- Trenton Kirksey—Concert Choir
- Robin Kennedy—Lab Problems
- William Tucker—College of Engineering
- Dr. Clyde Ashley—Commendations to the Administration
- Jack Dash—College of Engineering
- Marline Daceus—College of Engineering

Following the public comment, several board members offered comments to include:

- Trustee Collins recognized and congratulated Trustee Park's firm, Parks & Crump, for recognition as Philanthropist of the Year.
- Chairman Jennings noted the many successes of 2008 worthy of celebrating; however, he cautioned that difficult decisions lie ahead in light of the state's economic situation. Need to have clear lines of communication.

Chairman Jennings recognized Dean Chen, College of Engineering, who expressed his gratitude to the Board "for putting the rumors to rest" regarding the status of the College. He enumerated the many graduates from the College and that the College was producing more doctoral students. Dean Chen cited statistics noting that the College was achieving its mission regarding diversity. He requested that the Board support the request to the Board of Governors regarding the PECO list for \$30 million for another building at the College of Engineering. Trustee Parks echoed that sentiment regarding the PECO request and noted that the College has done a "wonderful job in improving diversity among engineers."

Respectfully submitted,

Rosalind Fuse-Hall

Rosalind Fuse-Hall, Assistant Corporate Secretary