



Item: AF: A-M



DRAFT MINUTES
AUDIT AND FINANCE COMMITTEE MEETING
Wednesday, April 25, 2007

Ms. Nancy Blosser, Chair of the Audit and Finance Committee, convened this meeting at 2:45 p.m. and roll call commenced documenting member participation and quorum requirements. The following Committee members participated:

Dr. William Bryant, Mr. David Feder, Dr. Rajendra Gupta, Mr. Austin Shaw, Mr. Bob Stilley, Mr. Norman Tripp and Dr. Frederick Hoffman.

The following Board of Trustees members participated:

Mr. Scott Adams, Mr. Armand Grossman, Ms. Lalita Janke (via telecom), Dr. Roy Levow and Ms. Sherry Plymale.

The following University officials participated:

Mr. Frank T. Brogan, President; Dr. Kenneth A. Jessell, Vice President for Financial Affairs; Mr. Morley Barnett, Inspector General; Ms. Jill Eckardt, Director Residential Housing; Mr. Glenn Thomas, Executive Director, PK 12 Schools and Programs and Director, ADHUS; and, Mr. David Kian, General Counsel.

Additional Guests:

Ms. Marie Westbrook and Ms. Ilene Gayle, State of Florida, Office of the Auditor General.

Chair Blosser called for comments or corrections to the minutes of the February 21, 2007 Audit and Finance Committee. With none forthcoming a motion to approve the minutes without change was made and seconded. The motion passed unanimously.

To accommodate the attendance of the State Auditors, Chair Blosser requested an agenda change bringing forward the review of audits.

AF: I 4b. Review of Audits: Report #2007 148, Florida Atlantic University Financial Audit For the Fiscal Year Ended June 30, 2006.

Dr. Jessell spoke to the cl3.8060Td0231Fj2eanlinTfTc4.3540Td0231Fj03o1Tf0.001Tc0.3140Td(cl3.8890Td0231Fj0231265.98

The University's financial position improved with net assets at \$468.6 million. Further examples of the state of the University's financial position are reflected in the bond ratings and interest rates of recent housing and parking bonds.

- Safety & Security Improvements. Algonquin Hall will have security cameras and card access systems installed; Heritage Park and Indian River Towers will have security cameras.

The requested increases in housing rental rates range from 1.4 percent at Heritage Park to 7.1 percent at Indian River Towers (single occupancy). Ms. Eckardt noted the auxiliary status of this entity that must maintain positive cash flow and meet minimum debt service coverage as required under bond covenants. Additionally, the income of \$687,700 provided by this increase will support the increased costs of utilities, salary and benefits, and the wireless project and security improvements projects noted earlier.

Discussion followed clarifying that rates are per semester; the salary support is for OPS/Student employees; and that funding allotted to security measures are adequate at this time. A recommendation was made to investigate thumb print/biometric access as a security measure to residential areas. Conversation also touched on Greek housing issues and involvement as an LLC, but with fraternity/sorority numbers so small it was not suitable to this format.

AF: I 2a. Proposal to Increase Fees for the Karen Slattery Educational Research Center for Child Development.

one year of the activity fees for currently enrolled FAUS students. This fee would still apply to newly enrolling students.

The PowerPoint Presentation prepared for this issue was dispensed with as Chair Blosser expressed satisfaction that the documentation provided for advance review was concise and self explanatory and, as such, no further information would be necessary to enable Member analysis for future action. A call to Members for any concerns or questions, and lack of response to the call, confirmed this belief.

Prior to addressing the next item, Dr. Jessell addressed strategic planning and budgeting objectives. He noted that doing things differently is a major component in achieving the objectives of the strategic plan. The successful functioning of auxiliaries', such as housing's living learning centers or food facilities renovations, have a direct effect on the wellbeing of the University and its ability to achieve strategic objectives. These types of programs are vital in recruiting, retaining and graduating students and will be highlighted for reflection as the 2007 2008 Operating Budget is developed.

AF: I 5. Presentation of the Third Quarter Status of Florida Atlantic University's 2006 2007 Operating Budget, July 1, 2006 – March 31, 2007.

To begin this presentation, Dr. Jessell advised of his intent to review only the highlights of each budget entity but welcomed any questions or clarifications.

Educational and General. This budget is comprised of General Revenue, Student Fees and Lottery. Dr. Jessell reviewed the original budget approved in June 2006, the budget status as of the third quarter, and budget projections to year end. He noted the increase in year end expenditures, versus the original approved budget, as a result of BOG budget amendments to date, i.e. salary increases, insurance costs and Centers of Excellence spending, etc.

Of particular interest this quarter, is a reduction of the projected \$2 million dollar student fee funding shortfall to \$800,000. Final reports on student enrollments and reinstatements have produced this result and will provide relief in the ability to offer a quality Summer program. Funding has already been redirected to Summer programming and preliminary reports on advance Summer registration show an approximate five percent increase over last year at this time. Actual registration numbers will be provided as it becomes available.

General Revenue and Lottery funding are projected to be fully achieved. This budget is on target.

Student Financial

Chair Blosser advised Members the following item is presented in response to a request to Counsel to provide an overview of Board of Trustees' existing delegations of contracting authority to the President, including

Facilities has restricted authority, as granted from the authority delegated to the President. These restrictions conform to University policies that relate to certain real property transactions, such as leases or sub leasing, that require UBOT approval.

Lastly, through its regulations, the UBOT has implemented policies related to personnel. These policies are not nearly as contract specific as those of Purchasing. These provisions address personnel

Additionally, while the University and the Board will be legally obligated by any contract administration signs, the language of an agreement will not bind a Trustee to silence or inaction inconsistent with the governance responsibilities of the Board. Understanding that Boards of Trustees are charged to govern and set the policies of an institution, with additional presidential employment responsibilities, these amendments can not prohibit a president from acting as deemed fitting; but will articulate the Board's ability to react as deemed fitting.

Further conversations involved the following:

- Current Non binding Authorities. Sentiment was expressed that a limitation on the administration's ability to restrict Trustee conduct currently exists under Florida law but in a vague and formless

Section 4.5

VICE CHAIR

The duty of the Vice Chair is to act as Chair during the absence or disability of the Chair.

Section 4.6

UNIVERSITY PRESIDENT AND CORPORATE SECRETARY

The University President shall serve as the Chief Executive Officer of the University. The University President shall be responsible for the operation and administration of the University, including efficient and effective budget and program administration, leading the University to accomplish its education missions and goals, monitoring educational and financial performance, consulting with the BOT in a timely manner on matters appropriate to its policy making and fiduciary functions, and serving as the University's key spokesperson.

The President shall have the authority to execute all documents on behalf of the University and the BOT consistent with law, BOT policies, and the best interests of the University. **No such document may purport to limit any Board of Trustees member's individual discretion in discharging the responsibilities of a Trustee. No contract for personal or employment services shall obligate the financial resources of the University for a period of more than twelve months beyond the delivery of a notice of termination, without consultation by the President with the Chair of the Board of Trustees.** The President shall exercise such powers as are appropriate to his/her position in promoting, supporting and protecting the interests of the University and in managing and directing its affairs. The specific statutory powers and duties of the President are enumerated in Section 1001.75, Florida Statutes. The President shall serve as the principal liaison officer and official contact between the BOT and the faculty, staff and students of the university. The President may issue directives and executive orders. Such directives and orders shall not violate existing BOT policies. The President shall serve as an ex officio, non voting member of all BOT Committees.

The University President shall serve as Corporate Secretary of the BOT, and in the capacity of Secretary, shall be responsible for giving notice of all meetings of the BOT and its committees, setting the Agenda and compiling the supporting documents for meetings of the BOT in consultation with the Chair, recording and maintaining the minutes of any BOT or committee meeting, including a record of all votes cast, in accordance with Section 286.011(2) of the Florida Statutes, executing or attesting to all documents which have been executed by the BOT, and acting as custodian of the Corporate Seal. The Secretary may designate an individual to assist him or her in this role.