

MINUTES

UWF Board of Trustees Meeting
Finance, Administration and Audit Committee Meeting
September 9, 2005

Finance Committee Chair Sharon Hess Herrick called the meeting to order at 8:42 a.m. She asked Faye Bowers to call roll. The following trustees were in attendance:

Dr. Lornetta Epps
Mrs. Nancy Fetterman
Mrs. Marny Gilluly
Mrs. Sharon Hess Herrick
Mr. J. T. Young

Others attending:

Dr. John Cavanaugh, President
Dr. Hal White, Executive Vice President
Dr. Dean Van Galen, Vice President for Development
Ms. Anita Schonberger, Interim General Counsel
Ms. Kim Spear, Chief of Staff/Assistant Corporate Secretary
Ms. Faye Bowers, Executive Specialist/Assistant Corporate Secretary
Ms. Vickie Lindsey, Administrative Specialist

Chair Hess Herrick welcomed everyone to the meeting.

Action Items

1. A motion to approve the minutes of June 16, 2005 was made.

Motion by: Trustee Fetterman

Seconded by: Trustee Epps

It passed unanimously.

2. UWF Regulations – Tuition, Rates, Fees, Fines and Penalties (Fall 2005) -

Ms. Anita Schonberger, Interim General Counsel, announced that former General Counsel, Ms. Gina Delulio had resigned and moved to South Florida to be near her family.

Ms. Schonberger explained the new Board of Governors' streamlined process and the difference between the old "rules" and the new "regulations." She noted that on July 21, 2005 the Board of Governors guidelines for the promulgation of regulations went into effect. The Board of Trustees had approved the text of amendments to the tuition rule on June 16, 2005. However, because the regulation making process went into effect before the June 16, 2005 rule had completed the rulemaking process, she asked the Board to approve the text of the Tuition amendment as a regulation so that it could be adopted as a regulation. She also asked the Board to ratify the emergency tuition regulation which was adopted in order to amend the Tuition rule in time for the Fall semester.

Chair Hess Herrick asked for a motion to:

- 1) Present the UWF Regulation – Tuition, Rates, Fees, Fines, and Penalties UWF Reg. 4.008 (Fall 2005) to the full board for approval
- 2) Ratify the Emergency Regulation: UWF ER 2005-1 Tuition and Fees, Fines and Penalties (Fall 2005), and to
- 3) Designate the General Counsel as the person authorized to certify the regulations under the new

Regulation Development Procedure.

Motion by: Trustee Epps
Seconded by: Trustee Young

3. Resolution – Refinance Housing Bonds by UWF Foundation

Chair Hess Herrick introduced Dr. Susan Stephenson of the UWF Foundation to present an overview and the rationale for the need to move toward closing. Mr. Mitch Owen, Managing Director of RBC Dain Rauscher, Jacksonville, Florida, was available for questions regarding financing as was Attorney Pat Lott who serves as Bond Counsel to the UWF Foundation. Lott is with Miller Canfield, Paddock and Stone, PLC of Pensacola. The committee was asked to adopt a resolution for refinancing housing bonds which would save 1.5 million dollars as of today with the system fully operated by UWF.

Hess Herrick asked how the rate and costs associated would roll into the current plan. Owens noted it would save 1.5 million net of all costs (Attorney fees, credit enhancements, etc.) and that timing is critical once the resolution is adopted. Owens said that fluctuating rates allows better cash flow in the early years and that specific costs haven't been nailed down. Prior to any action being taken, the resolution must be adopted.

Hess Herrick asked if there were additional services included. Owens said the debt will be monitored and working with the auditors will enable follow-up with appropriate documentation. These services are complimentary.

Trustee Young enquired as to the maturity dates being the same, given a one year moratorium on new bond financing passed by this year's legislature. Attorney Lott reported that the Housing and Finance Authority is the issuing authority and that the appropriations bill which was approved includes a one year moratorium that applies only to projects not previously approved by the legislature. This project was previously approved.

Hess Herrick called upon Faye Bowers to read the Resolution 2005-3. She thanked Dr. Stephenson for the time and effort in preparation for the committees' presentation.

A motion to adopt the Resolution 2005-3 for refinancing of housing bonds by UWF Foundation was made. This shall move forward to the full Board for adoption.

Motion by: Trustee Young
Seconded by: Trustee Epps
It passed unanimously.

Informational/Discussion Items

1. Financial Review last quarter 2004-2005

Chair Hess Herrick introduced Mr. Barry Brighton, new Director of Budgets, and asked him to summarize the 2004-05 last Quarter Financial Review. Mr. Brighton distributed spreadsheets and reported that the basic information presented is essentially the same as that previously provided to the BOT, but that it is being provided in a new, more consolidated, summary format by top funding categories. Brighton did say that Auxiliaries are down 53% due to expenditures related to the hurricanes and that overall the university seems to be in very good financial situation.

President Cavanaugh added that Auxiliaries had to cover lots of expenses and that the Contracts and Grants column was affected by the divestiture of the Florida Institute of Human and Machine Cognition. He said that, for reporting purposes, the divestiture explains the drop off in the research category. Cavanaugh further said that if one were not aware of the impact of the divestiture, it could

look like Faculty and Staff are not doing the same volume of Contracts and Grants and this difference may continue for some time. He said we (the University) may actually be seeing an increase in revenue generated from internal Faculty and Staff grant work, although the reporting isn't indicative of that because of the FIHMC divestiture.

Hess Herrick asked if the university would ever get to a point where it would be marketable. Cavanaugh replied that at this point, there has not been any significant change in marketability, which is actually improving.

Dr. Hal White explained what overhead doesn't cover and how reporting might look misleading. Cavanaugh noted there has already been increased activity and that a more serious look is being taken to further develop other centers on the UWF campus.

Trustee Fetterman inquired "Do patents come under auxiliaries?" Trustee Gilluly asked "Would it make sense to have a separate outline for FIHMC?"

Cavanaugh followed up saying that we (the University) will do so in order for all to understand and see how much of the university's resources were applied. He said we (UWF) subsidized their (FIHMC) grants and contracts which were not covering our costs.

Cavanaugh then reported that Dr. Richard Podemski has been employed as the Associate Vice President for Research and Development and Dean of Graduate Studies as a part of our effort to ramp up our contracts and grants activities.

2. Hurricanes Update -

Chair Hess Herrick asked Ms. Betsy Bowers, Associate VP for Internal Auditing and Management Consulting, to update the committee on hurricanes during the past year. Ms. Bowers reported that we (UWF) have not received much money from FEMA and the State and that once the submittal has begun that UWF will not receive an amount sufficient to cover all damages.

In regard to Hurricane Dennis, Bowers said the university damages were at \$1,000,000 and that UWF might expect to recover approximately \$750,000 from FEMA and \$50,000 from the State.

In regard to Hurricane Katrina, the university sustained \$34,000 in damages and that we (UWF) had, to date, paid \$8,000 out of pocket for damages. Trustee Gilluly asked if any buildings were damaged. Ms. Bowers replied only debris pickup.

President Cavanaugh said he met with the university delegation requesting assistance for non-reimbursable items. It was noted that Nancy McKee requested any hurricane related damages be placed on the Board of Governors' agenda under the legislative budget. FIU and UWF have experienced significant issues with non-recoverable items and do not know what will or will not be funded.

Chair Hess Herrick asked if the repair on the Museum of Commerce is complete. President Cavanaugh confirmed that the work is complete but that it is unknown as to what the final expenditures will be. Richard Brosnham, Interim Director of West Florida Historic Preservation, Inc. is awaiting the final invoice which will be paid from the WFHPI budget. Fetterman asked if the roof was repaired different than previously. Cavanaugh responded that it was constructed with more strength. He also mentioned the Barkley House damage.

Trustee Young asked for a clarification in terms of what happens to the property values and reviewing the insurance versus housing values. Cavanaugh reported that the State handles that and does its own assessment since it holds the titles to the buildings and is self-insured.

Hess Herrick asked if some of the problems may permit the university to receive more money from FEMA. Cavanaugh replied not necessarily as in areas where corners were cut, such as 'insulation'. The way some of the buildings were built previously wasn't done well and are not up to today's standards.

Hess Herrick asked about the severity of mold. Dr. Jim Barnett said the potential for mold is there but air quality was already compromised and that we do have a significant increase of mold. Due to poor construction, the mold is being monitored with the increase of standards and equipment but it is a struggle. Cavanaugh said that UWF will not tolerate mold.

Hess Herrick asked if there were other items. Since there were no other items, Hess Herrick adjourned the meeting at 9:32 a.m.