STATE OF FLORIDA

FLORIDA AGRICULTURAL & MECHANICAL UNIVERSITY

IN RE:

BOARD OF TRUSTEES FINANCE
& FACILITIES PLANNING
COMMITTEE WORKSHOP

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VOLUME II OF II

BOARD MEMBERS PRESENT:  KELVIN LAWSON
KIMBERLY MOORE
HAROLD MILLS
NICOLE WASHINGTON
BETTYE GRABLE
CRAIG REED
ROBERT WOODY
JAYLEN SMITH
MATTHEW CARTER

DATE:  DECEMBER 13, 2016

TIME:  COMMENCING AT: 9:00 A.M.
       CONCLUDING AT: 1:25 P.M.

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<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>PAGE NO.</th>
</tr>
</thead>
<tbody>
<tr>
<td>FINANCIAL OVERVIEW</td>
<td>92</td>
</tr>
<tr>
<td>BY VP POOLE</td>
<td></td>
</tr>
</tbody>
</table>
(Volume II continued without omission from Volume I.)

(On the record at 10:25 a.m.)

MADAM CHAIR MOORE: We're going to reconvene. It's 10:25, and now we are shifting down to our financial overview. I know that VP Poole will move us through that with the same level of efficiency that we have experienced thus far.

So VP Poole?

VP POOLE: Thank you very much. I have asked our budget director, Ms. Roneka Mathis, to join us for this section, as well as our University Comptroller, Tiffany Holmes. She's on our way, so she'll be joining us as well.

So this section will review just kind of a snapshot of our financial statements, and we'll talk about some of our challenges that we're going to be facing. We'll do a budget to actual review, which you have already seen. It's as of September 30th. There not any new information around that.

We'll talk about how we used our current performance funding and discuss kind of the budget
planning timeline. We'll also talk about our Athletics financial snapshots, but we'll do that in the next -- in the final session when we talk about Athletics overall. We will talk about athletics overall.

So as a review, our funding comes from the State of Florida. It comes from tuition. It comes from business auxiliaries. It comes from grants. We'll talk about some of our sources of funding, but as far as the monies we receive from the State of Florida, it's basically general revenue that we receive for FTE. It's Lottery funds we receive, and the student tuition.

And so over the years, you can see how each of these sources has contributed to funding for Florida A&M University. I don't have the '15/'16 information available from the Board of Governors yet, but you can see there was a decline in '12/'13 in our general revenue and it was pretty steep, and you'll see how it impacted that in some of our later slides.

So our University funds come from -- they kind of have two characteristics: They're either E&G, which is either educational or general, or not E&G. So E&G funds are what we just described: General
revenue funds, Florida Lottery, student fees, and those are the educational and general costs in dealing with everything that it takes to educate the student, retaining the student, and supporting the student.

And then you have the non-E&G funds, and these are our sales and services, auxiliary revenues that come from things such as housing, athletics, dining, bookstore sales, parking, so these are kind of support services students pay for as a service and then you have contracts and grants that support research and public service.

There's another quality or characteristic of our funds: They're either recurring or non-recurring. So recurring funds are the permanent appropriated dollars that make up our base budget that you could expect to receive year to year. The non-recurring funds could be appropriated for one fiscal year and may or may not be appropriated for the next fiscal year.

So I want to give you a preliminary overview. This is in response to a request from some trustees that say, *What do you look like on a interim basis?* So what you have in front of you is our audited June 2015 statement; to the right, our
condensed statement of net positions. So for those in the private industry, the statement of net positions if your balance sheet, comparable to your balance sheet.

So the right column is showing where we were at, 2015. The middle column shows our unaudited but what expects to be our results for our 2016 audit that should be released very shortly. And then on the left column is what we're projecting for the first quarter, showing as interim financial statements.

And so you can see, we're expecting to be pretty consistent, in '15/'16; in the range of $480 to $500 million in total net position.

And our total assets have been pretty consistent as well. 694. There was a decrease of 673. That's primarily due to us moving the College of Engineering facility off of our books and then to have some where we stand in the first quarter at 677.

If you look at the next statement -- and remember, this is preliminary -- this is our condensed statement of revenues, expenses and changes in that position. In the private industry, this is your income statement. And so this is our
attempt of putting before you the audited June 15th statements, our unaudited, what we expect our 2015 statements to be, as well as on the left is our first quarter, unaudited revenue and expenses.

And then all the way to the right, we're projecting out for the year to where we think will be for the end of year June, 2017. And as we're pointing out here, this is just a snapshot and this is just really a playing tool to kind of help make some decisions as we look forward toward the end of the year.

If you look at our 2016/'17 revenues and expenses, you'll see that 33 percent come from state appropriation, and then 15 percent is net tuition and fees. We just kind of break down the sources of revenues, and you'll see that you have the other type of revenues that we talked about: Contracts and grants, auxiliaries.

If you look at the operating expenses, on the bottom right, the breakdown is 61 percent of our expenses are for compensation and employee benefits. And for higher education, that's actually -- even though it sounds like a large number and you would like it to be less, it's actually pretty consistent with what compensation
and benefits tend to be. 20 percent is services and supplies.

The next slide just kind of shows a trend of revenues compared to expenses, just kind of based on our condensed statements, and what we see is our revenues are kind of going up and down but overall kind of a downward slope. We talked about this being related to the trends of what we're seeing with enrollment.

Expenses are also following, but not as quickly and not as closely as the revenues. And you'll see a little blip in 2015. You'll see there are some markers along this timeline where we had some issues with repaying back some dollars back to the SUS; recession issues, we had changed in the Parent Plus loans, and so there are things we can see at certain things where there was an impact to our budget.

And we may have had a decline in revenue, but we weren't necessarily able to turn on a dime and adjust our expenses at the same time, so the expenses are lagging. What we're seeing for '16 is a gap where expenses actually exceed revenues, so we'll talk about what that means and how we've managed that gap with the next few slides.
So when we're looking for a way to measure how we're doing and how to measure the strength of the institution, I introduced -- or we introduced -- this discussion of the CFI Index. And I think in previous years there had been some discussions with CFI. So what I did is I went back and looked at the past five years, and in May or so, we talked about what this could mean for us and what some goals might mean.

So when we're looking for metrics and ways to set some ratios to monitor what we're doing. I think Trustee Washington had asked for some measure for cost, or some way to actually put into the goals an actual measure. So we decided the CFI would be a good measure because it is a more holistic approach. It's based on us trying to answer four key questions.

Primary reserve ratio is asking are the sufficient and flexible enough; the viability ratio is asking, Are the debt resources being managed strategically; the return on that assets ratio asks, are our assets performing and Are we managing -- the way we're managing, is it supporting our direction, which is also still strategic.
And then, our operating revenues is asking, do operating results indicate we're living within our means.

So each of those individual ratios could be used as a metrics. You don't necessarily have to have the whole CFI. You can pick one of those metrics as well.

TRUSTEE WOODY: Ma'am?

MADAM CHAIR MOORE: Yes, Trustee Woody.

You're recognized.

TRUSTEE WOODY: On page 55, I just have a question. Where it shows that the revenues and the expenses are going in a downward direction, does that reflect the increase in enrollment that we're projecting?

VP POOLE: 2016, it actually reflects '15/'16.

TRUSTEE WOODY: So it's '15?

VP POOLE: Right. So you'll see that with the next year, '16/'17, results.

TRUSTEE WASHINGTON: Madam Chair?

MADAM CHAIR MOORE: Yes.

TRUSTEE WASHINGTON: It appears we have the large gaps in 2013/2014. How do we make up the difference? Do we use Carry Forward? Because obviously we can't spend more than we have, so what
was the net?

VP POOLE: Yes. And it's important to know that the years expenses exceeded revenues, there was not any budget deficit during these years, right? So what we did is just managed that gap using Carry Forward.

TRUSTEE WASHINGTON: Okay.

MADAM CHAIR MOORE: Dr. Robinson?

PRESIDENT ROBINSON: Yeah, I think as Madam Chair and VP Poole pointed out, some of those gaps were because of special circumstances around 2013. For example, we had about $4 or $5 million payment to the US Department of Education, as you recall, based upon some SAP issues that were not handled and were part of the five items we had to reconcile with regards to the Southern Association of Colleges and Schools.

And so that didn't come out -- that came out of reserves, but at the same time, it makes that gap in 2013 the size that it is.

TRUSTEE REED: That's a really good point. I think we should probably footnote those types of things, especially since it's a one-time item. Because a continuation of operation, that's a very different type of metrics, so we should footnote
those one-time items.

MADAM CHAIR MOORE: We'll take it as an action item, and we'll make sure that it's reported back to the committee and board.

TRUSTEE WASHINGTON: Follow-up question?

MADAM CHAIR MOORE: Sure.

TRUSTEE WASHINGTON: For 2016, do we have revenue, Carry Forward, et cetera, to make up the difference? Or is this the difference and the sort of contracting that we've been seeing going on in the institution to make up that difference?

VP POOLE: So what you're seeing on here is fiscal year '15/'16, so that year is already done. So yes, we've already filled that gap.

So this is the five-year trend of the CFI, and when we were in 2012, we were actually at 3.0 positive. 2016, we ended with -3.4, or -3.5.

And NACUBO makes recommendations -- National Association of College University Business Officers -- NACUBO makes recommendations about what is the strong CFI, what should your CFI be, and 3 is kind of the optimal number.

And I will fast forward and then come back to look at this, just to give you an idea. This slide says that when you're operating at a 3, now you can
start by directing your resource to allow for transformation. So you're being strategic. You're able to re-engineer the institution. You're able to start focusing your resources to compete.

When you start getting into -- and the range, the scoring scale goes from -4 to 10.

When you start getting less than 3, less than 0, that's when you start to have large liquidity issues, debt compliance issues. You need to be looking at how to structure your programs to conserve case. You could potentially start to have debt compliance issues. That's when you need to start looking at substantive program adjustments. And so, we don't want to be greater than -3 number on this scale, because then you're starting to see some of those recommendations that need to be considered.

So our goal, as we're setting performance goals, is to move from a -3.5 to -- of course, 3, meaning 3+ is optimal, but we know that's a very long-term approach. You see it took us five years. Last time we were at a positive 3, so I would say maybe a five-year goal to get back to 3.

So you set some incremental goals to be negative -- and it doesn't sound sexy to say we're
going to be -2, but -2 is better than -3, right?

So maybe to say improve our CFI by a point, or something like that so that, the goal was moved to -2 to -1 to 0 to +1 and give yourself a long-term opportunity to go from liquidity, or wherever the range where we are, the -3 range to get to allow to transform and grow the institution, because you're going to need to have cash to grow.

So let me we come back to the CFI. So you can graph it this way or you can graph it this way, and this is kind of the preferred way.

So what you'll see is, as you look at those four ratios, you want to have a goal of three, which is that shaded area, which is a nice, solid diamond that's equal and balanced. And in the years where we did have a +3, we were strong in our viabilities and primary reserves. We had cash.

And then over the years, you've seen the different isolated incidents that have drained our cash and filling the gaps, and that has hurt some of our returns. And when enrollment was dropping, that's hurt our net operating revenues.

So over the years, you see that shape is getting smaller and smaller and smaller. Where you see in '15/'16, in the bottom, is just a tiny dot
in the middle, and so we actually had to round to zero so some of the graphs.

So we want to do is set a goal to see that CFI graph get stronger and grow bigger and bigger and be more balanced, and so we can set some metrics around ways to increase this number.

Are there any questions on CFI and metrics?

TRUSTEE REED: Just one from me. Just looking at it, if I take for example, 2012, where we had these businesses expenses just slightly above revenues, and then take 2015 revenues were slightly above expenses and look at that CFI Index, what is driving the difference? Is the CFI Index taking a look at rear performance; previous year's performance that lead to that metrics?

VP POOLE: What's driving it, I think -- I'm sorry, Dr. Robinson.

PRESIDENT ROBINSON: I'll let you answer it.

VP POOLE: Okay. What's driving it with these ratios is debt and cash, and so those are the things that are impacting your reserves and your viability. And so even though you might have had a year of revenues exceeded, your cash might not have been strong.

Or maybe we took on extra debt. I know in
'13, '14, we built the FAMU Village, and so that added some more debt and so we added that to our balance sheet. So the more we take on debt, that impacts our CFI as well.

TRUSTEE REED: Thank you.

TRUSTEE MILLS: You've talked about our inability to add more debt right now because of our debt coverage ratio currently. And so, and obviously, debt coverage ratio is certainly a position of where we are -- it evens out -- but what other changes should we be making in terms of expenses?

So it's one thing to set a goal for a CFI, but obviously, that is derivative of a bunch of other goals that lead to that, ultimately, so what other things should we be doing relative, you know, reducing our overall expenses to try and get to a place where we have more liquidity.

MADAM CHAIR MOORE: Just for the purpose of our minutes, that's Trustee Mills that's speaking.

TRUSTEE MILLS: Yes, I'm sorry. I forgot.

MADAM CHAIR MOORE: VP Poole?

VP POOLE: Yes. So we have been talking about -- and this impacts our Moody's ratings as well because they're looking at our cash reserves,
right? So we've been saying that we've been talking internally about what can we do to improve our cash position, and we will get more into the slides and talk about that as well, but we really need to be asking question about: Is our budget incremental where we're basically given the same budget every year, given the 1 or 2 percent adjustments; or should our budget reflect our Strategic Plan? So if our Strategic Plan has goals -- we want to improve our CFI, we want to improve our cost and we want to reduce expenses, then we need to be making decisions that get us there.

So we need to be increasing revenue, growing revenue with enrollment. That's a big part of it. That bring in more cash and that improves the operating ratio. And then with us getting more cash, we need to be building up our cash reserves. Some of the things we can do is hold on to some of our hiring decisions; slow down spending with personnel, because as you can see, it makes up 60 percent of our expenses. So you can see those are high-level, but we're going to get into some more of the details in some later slides.

MADAM CHAIR MOORE: Absolutely.
VP POOLE: So when you look at our budget and how we've distributed the expenses related to our budget, our operating expenses are 54 percent education and general, and the rest of the budget is made up with contracts and grants, auxiliaries and financial aid. So you'll see that more than half of our budget is E&G related because that's what we're here for. We're here to educate the students.

And then when we distribute our E&G expenses, you'll see that 62 percent is instructional or Academic Affairs, and 38 percent is non-instructional or academic support or infrastructure.

So that will be everything else, our administration. 62 percent of the budget of the E&G expenses are directly related to Academic Affairs and instructional expenses.

TRUSTEE GRABLE: Madam Chair?

MADAM CHAIR MOORE: Trustee Grable, you're recognized.

TRUSTEE GRABLE: Is that 62 percent instructional and 32 percent non-instructional? Is that the norm for institutions the size of us, if we are comparing ourselves to other comparably
designed institutions?

   VP POOLE: That's a good follow-up question. We'll have to get back to you. I know that the majority, it is the normal for the majority to be instructional because that is our core mission, but I don't know that the percent is in line with peers, so that's something we need to follow up on, and we will.

   I don't know if Dr. Robinson has any information on that.

   MADAM CHAIR MOORE: We'll note it as a question and we'll make sure that it comes back before the Committee and Board.

   VP POOLE: This next slide is just not really intended to be read. You have this, you have it in your packets from the previous meetings, and this is just our budget as of September 30th.

   And so what we do is manage the budget. We don't spend more than allocated budget line items. We have held back what we estimated for, what we thought might be a tuition revenue shortfall and from the base, so that the departments are not spending more than what we have budget authority to spend.

   The next schedule is our E&G, Education and
General, Carry Forward. So we Carry Forward by dollars that are unspent in our E&G budget each year, and we are required -- so at the beginning of the year, we started with $25 million in Carry Forward. And we're required by the Statute to keep a five percent reserve, and we have that, 8.7 million. Our Board has policy to match that state reserve and have a BOT reserve, and that's another 8.7 million, so that left about 7 or 8 million for other strategic expenditures.

So we are investing in Veterans Affairs, IT, Academic Affairs Support. We have some grants and funding for STEM projects. We have some funds there to support students. We have tuition differential, which is a fee that's collected to help with undergraduate student success.

With those commitments, that leaves us with $961,000 of what we would call "available Carry Forward" that we would have for noncommitted items. But we have total 25 million, because, remember, we're holding that 17 in reserves.

Okay.

TRUSTEE WOODY: Is that 961; is that reasonable?

VP POOLE: We would like for it to be a lot
more. There were times when it was three, nine, 
six, or more, million. So we would like to see 
that number be much greater, but over the years it 
has been dwindling because of filling in revenue 
expense gaps. And this is where these gaps are 
filled, from this Carry Forward dollars, so what's 
not spent each year rolls over to the next year and 
builds up our cash reserves.

TRUSTEE WOODY: Is there a strategy to 
increase that amount?

VP POOLE: Yes, and I think we'll get more 
into that later. Dr. Robinson can share some of 
those strategies, but I think it will be enrollment 
and managing expenses to build up our cash 
reserves.

TRUSTEE WOODY: Thank you.

VP POOLE: So this is another one that's in 
your packet.

MADAM CHAIR MOORE: Just one moment.

Trustee Grable, you're recognized.

TRUSTEE GRABLE: I just had a basic question 
on other strategic expenditures. We have legal 
fees at 66,000. Could you explain that strategic 
expenditure a little bit more? I'm not sure I'm 
clear on it.
VP POOLE: So these are areas that we spend that are outside of each department's set budget, and so when each department sets their budget, they come and meet with the budget office in that earlier spring cycle. We're saying, kind of, what is your cost to continue; what does it take to run your program, and here's your incremental budget. And then we find, outside of that, we find things that are strategic that are outside of the budget. So legal, for example, might be vigorously defending a case that's outside of our normal office expertise or something outside of our work load. Veterans Affairs was a program that was strategic for us because we were able to recruit more Veterans, and we didn't have the infrastructure to serve their needs, so we set up a Veterans Affairs Office. So these are just examples of some of the things that are strategic that are outside of the normal operating budget. These are non-recurring items.

TRUSTEE GRABLE: Okay. And to me, that seemed like it was a small number. Is that smaller than -- I guess, I would have expected it to be --

VP POOLE: So this is not the total.

TRUSTEE GRABLE: I understand that.
VP POOLE: But just additional support that they ask for, and this is a one-time for this year.

TRUSTEE GRABLE: So is that comparable across the past few years? And I guess my question really goes more to the amount of litigation. We say "strategic," and I'm trying to understand that, just particularly for the legal fees. I'm not sure I'm quite clear on the strategy, I guess, related to this being a strategic expenditure.

VP POOLE: And I think we're calling strategic is what is outside of these different department's normal budgets, that we're saying this is helping to defend the University -- legal, for example -- or Collective Bargaining, or things that are helping us to strengthen our positions. And so for us, it's strategic; if it means we can, you know, help --

TRUSTEE GRABLE: Okay. I understand now. Okay.

VP POOLE: And the amount varies based on whatever issues are facing us each year.

TRUSTEE GRABLE: Okay.

VP POOLE: It's a range as high as 300, or 60, and it just depends on what the need is for that year.
So this is -- this slide is how we used our Board of Governor's Performance Based Funding in what we call our Student Success Funding, and it's based on our 2014/'15 metrics. We received these dollars in the current year, and so what we're looking at for the '16/'17 budget, we received about 11-and-a-half million dollars of performance funding.

And we were also at the same time anticipating about a $10 million tuition revenue shortfall. So we've set is in the spring and the summer is we would reduce our base budget by the 10 million, which we did, and then we would take our performance funding and invest it in strategic properties.

So what we did is -- I'm just sort of showing you a crosswalk from which departments and how much and then how much was redistributed in performance funding, and there's a description of what it was for, and then, the net impact. So you'll see some departments are still net negative, or they have taken cuts still and have not received those dollars back, and then you'll see some areas where we make strategic investments, where the net impact overall is still zero.
Are there any questions on this schedule?

TRUSTEE GRABLE: Madam Chair?

MADAM CHAIR MOORE: Trustee Grable, you're recognized.

TRUSTEE GRABLE: Okay. I was looking at the deductions from the -- based on the base budget of the President's Office and on the strategic initiatives in performance funding for faculty and staff incentives, is that something that has been the norm over, say, let's just -- the last five years?

VP POOLE: So that amount varies by administration in terms of how they would allocate those reserves. And keep in mind, this performance funding has only been received the past two or three years, so we don't have five years of history for it because we've not been receiving it and so one of the years we --

TRUSTEE GRABLE: So it would have only been under more recent administration?

VP POOLE: Yes, yes.

TRUSTEE GRABLE: So this was an amount that was not there because we didn't have performance funding, but was there anything that would have been similar? I'm just curious about incentives.
VP POOLE: In the past, the Legislature will set forth incentives or raises and provide the funding for it through appropriations. We've done that last year. It was like one percent. Or a couple of years ago, there was different increases, but the Legislature funds it. This is directly related to the performance metrics.

TRUSTEE GRABLE: I understand that. I just am curious if there would be something that we would have seen in previous administrations, not the more recent ones. Okay.

PRESIDENT ROBINSON: This only happened twice, actually. The first year of performance funding, I forgot what the figure was. The second year we didn't receive money; in fact, we lost money and we did not recoup. I think there was a little over $2 million, so I think -- and I can't recall the details of how we used the funds then, Trustee Grable, but -- so it's not like we have five years of, you know, history on this. We only have really two years of actual dollars, and the first year goes back to 2013/2014, I believe.

VP POOLE: And you also have to remember, these funds are non-recurring so this is not a recurring distribution that you would automatically
expect to see each year.

TRUSTEE GRABLE: Okay. I was more interested not in the performance metrics, but the existence of these incentives, and I think the question was answered by Ms. Matthews -- if I got the last name correct -- that we have been allocated funds for these types of incentives.

And with the discussion of -- or Dr. Robinson chiming in, and of course your answers, what would have been an example of an incentive?

VP POOLE: This current year, there was a one percent lump sum given to out-of-unit faculty and staff, and a one percent base adjustment out of this, and there's another one planned in January.

TRUSTEE GRABLE: Okay.

PRESIDENT ROBINSON: And I want to be careful and not be accused of negotiating, but we do have a plan on the table with two percent for the base in-unit faculty and 2 percent one-time. Those funds coming from other sources though; one of those sources, being 5 million that the Foundation so kindly provided last month in November.

TRUSTEE GRABLE: Thank you.

TRUSTEE MOORE: Thank you. We will move forward.
VP POOLE: Okay. The next slide is also just preliminary and tentative, and we update it based on our enrollment projections.

So back about a month ago, we estimated where we thought we would be. We thought we were looking at fall enrollment of 9,625; that's a combination of full-time and part-time, so we thought we would have about a $12 million shortfall. With that amount of enrollment going over 6.9, so we think that if we can manage -- if we can manage and collect all of our tuition revenues, we would be hoping to be ahead and not having as much of a shortfall.

We just got another update, and I think Provost Wright or Dr. Hudson can talk to you about enrollment for the current fall and how much is FTE versus part-time, full-time, and not only that, more importantly, what are the goals going forward for enrollment. We're talking about growing revenue, and that's going to be more important than where we ended up last year, so that really ties more into the strategy.

We were also looking at ways to save dollars. We talked in the summer about some strategies. We had put together some cost-saving groups and came
up with about 30 different strategies, and I think about 15 we could actually act on this year.

So we've brought before you the voluntary separation plan, and based on our current situation, that's not going to be feasible at this time. We just don't believe we have enough non-E&G dollars available for the program.

We are implementing the Campus Motor Pool. That's in process for March, and we're still vetting that, because we need to put some infrastructure and process around which vehicles can be in the pool; the status of the vehicles in terms of maintenance, and, you know, how old are the vehicles, were they purchased with grant dollars or not. So we need to make sure we're following procurement issues on that. We will be setting up a way to save on rental expenses for local driving.

Also, we want to reduce the use of our consultants. I'm having our procurement department put together a report for you. Trustee Woody asked what we're spending on consultants. She's doing a comparison year to year to show how much we've spent on consultants, as well as an idea kind of what type of purchases they were for. What we
would have internally is how and why did we outsource this.

We're exploring debt refinancing options, and we're still reviewing refunding options for our current debt with the Division of Bond Finance, as well as looking for ways to finance some of our new construction that needs to be done. We're talking about P3s and other options.

Right now, the interest rate market is slowly creeping up, so we're not seeing as much savings as we thought we might have seen, and certainly we aren't seeing if we could participate in the capital finance program at 2 percent; that's not available to us at this time.

Making bulk purchases for IT. We've implemented that and we're expecting to save about 10 percent on that.

We're using shared contracts across the SUS and piggybacking whenever possible with procurement. We've already implemented that. We've outsourced our bulk mail, shipping, and printing to a third-party vendor and we're using our mandatory -- all of our departments are charged a fixed cost. It's called "mandatories", and it's for printing, copying, postage, utilities,
telephone, and so we're making sure we keep those
dollars in house by using our mandatory charges in
our own business center.

And then, we're also recommending a moratorium
of hiring non-critical vacant E&G positions so that
we can have salary savings from vacancies and build
back our cash reserves, and these are things we can
do this fiscal year.

Any questions?

MADAM CHAIR MOORE: Trustee Woody?

TRUSTEE WOODY: We're not talking about as it
relates to consulting. If you have a consulting,
that is, doing an excellent, we're not talking
about cutting them off, are we, or reducing? We're
just talking about reducing the number of
consultants as it relates to production or
performance?

MADAM CHAIR MOORE: Dr. Robinson, you're
recognized.

PRESIDENT ROBINSON: Thank you, Madam Chair.

Trustee Woody, we have taken a look at the
work of all consultants, and there are a number --
we have seen a number of opportunities to go in a
different direction and save the University some
monies. However, with regards to major processes
like P3s, and the complexity, you really have to engage in that in order to be successful. So we'll never been completely free of providing the type that we're asking and need to move forward.

We have, for example, a consultant that works with us on our SACs information, and we don't see that going away, and we believe that we are getting a tremendous return on that investment.

So we're not just hatcheting them off. We're really walking through each one of them to see and evaluate to what extent we need them.

TRUSTEE WOODY: Thank you.

MADAM CHAIR MOORE: Trustee Washington and then Chair Lawson.

TRUSTEE WASHINGTON: Thank you, Chair. The hiring freeze on current positions, do we know currently about the savings that we would incur based on the amount of vacancies we have?

VP POOLE: Yes. We have currently about $10 million in vacant positions. About half of them are related to Academic Affairs and some of them -- many of them are key critical hires. They're needed for accreditation purposes. And so we have estimated if we would save half of that, we would save about $5 million, just by waiting until
June, not filling any vacancies until then, and
then doing an assessment of July 1st of what
critical positions are needed, once we've done a
review of the program, and see if we're going to
receive performance funding to just really know
where we are. If we can just put a moratorium on
hiring through June 30th, if it's non-critical, we
expect to save about $5 million.

MADAM CHAIR MOORE: Thank you. Chair Lawson?

TRUSTEE LAWSON: Yeah, thank you. A couple of
questions: One, is, I see where or how we've
closed what we were initially calling a deficit,
right, and I see how we close that with the 10.5.
I guess the other question, really for me is, we've
been talking about our needs and areas of
recruitment and show the University later, and
there's a dollar cost and a head count cost.

When will those get factored in so we can take
a look? Because I guess I've always been of the
opinion that it's really more 10.5 that we had to
cover. It's probably more like 12, just because we
were talking heads. We're talking some technology
investments and dollars for recruiting. And I know
we may not know those specific numbers today, but
when we get a birds eye view of those so that we
can factor that into our discussion as well?

VP POOLE: We'll let Dr. Hudson talk to you about that.

We have been talking about the plan for recruiting and the Two Plus Two initiative, especially, and we met yesterday and went over the total, and I think Dr. Hudson is going to break it down by fiscal year. We've been able to identify other sources outside of our E&G budget, such as possibly Title 3; using some of our existing performance dollars that are going to IT to help with some of the software improvements that need to be done. So some of the people costs won't come into until the next year but we can turn it on the infrastructure.

VP HUDSON: Once again, good morning.

MADAM CHAIR MOORE: Good morning, Dr. Hudson.

VP HUDSON: It's afternoon?

Are trying to push it through, Dr. Robinson?

And I'm going to be providing you with a breakdown of all of the proposed expenses and have it broken down -- and you'll get this chart as well today. But the chart will be broken down, because I just got the other information from communications on their piece to that. They gave
me a communication plan and recruitment and
marketing plan specifically for the Two Plus Two.

But what we were looking at, when I did the
presentation, we talked about technology and the
need for technology for transcripts, for work with
the state system, Florida Shine, and they're moving
to the new campus compact. And being able to do
that, it was approximately $198,000. What we did
is talk with Title 3 and look at money that could
be used from Title 3 that could help fund that.

So I'm not going to go through each one, but
I'm going to give you the overall figure and that
way you'll have that, because I also included in
there start up costs for consultants, mobile
application, human resources, and all of that.

What we were looking at for total start up was
227,000 -- actually change that -- $332,000 for the
start-up cost for recruitment and marketing plan,
for the start-up cost. Now, the other portion,
including the human resources you would need to be
able to make this a robust program, we're
attempting to get funding for and through the
Title 3 grant, which is due in March.

And so the start up will consist of filling
vacant positions that we have currently, and also
getting the consultants, and also working on the media campaign and so we're looking at approximately $337,000 to get the start-up going.

TRUSTEE LAWSON: I guess my only feedback, Madam Chair, is because that is such an important piece, under paying everything else, I want to make sure we don't wait on a March meeting or some other timing. If we need to talk about that from a budgetary standpoint, let's talk about it now, because, you know, whether it be impacting our bond ratings or some of the things we need to do for P3 to have predictable revenue streams, I just want to make sure that becomes our number one -- well, that's probably over-exaggerating, but become really important for us to make sure we're funding it properly, both and with head count of dollars to make sure we can start seeing other witnesses -- and I understand this is not a Student Affairs conversation but my only concern is the timeline seemed kind of long. I want to see if we can shorten the timeline to get more students into the organization.

So Madam Chair, I just ask that we keep that as a top priority.

So Dr. Hudson, I would just say, if you have
the plan and you've developed the plan, we need to
talk sooner versus later. Let's do that, because
in my conversation with Ms. Poole and Ms. Ford,
they're already of the understanding there's going
to be some head count and some money needed, and I
want to make sure that everybody gets visibility to
do that and we can make the right decision quickly.

Because, you know, the sooner we get those
running, the quicker we gain access to both first
time in college as well as two-plus-two transfers.

TRUSTEE MOORE: I would concur with that. I
think we're -- apparently, you have the information
and you'll need to share it with us for at a later
board meeting, but that would also allow later time
for folks to digest it and ask questions, because I
know a question that will come from me is the
anticipated goal the goals for, Here's this new
infusion of cash; what should we anticipate on the
back end in the way of numbers coming in.

And then I think the other question for me
would also surround infrastructure to as -- we have
talked about in the past -- whether we have the
capacity to support those new students coming on
board. So I agree with aggressive, but also those
questions there that we get the answers to how that
support.

With that said, coming as the chair for this committee, I would like to see a package of that, information shared with not only the committee but with the board as well.

Yes, Trustee Washington.

TRUSTEE WASHINGTON: Just to add to that. I want to as a member of Academic Affairs and Student Affairs Committee, the recruitment plan is almost -- and the Two Plus Two plan are integrated but separate. There needs to be an overall recruitment plan that would require maybe a consultant to come in and give us the structure and the big picture of what a recruitment strategy for FAMU looks like nationally.

That's a separate initiative from the Two Plus Two work and the enhanced transcript pathways that is going on that is much more state-focused, will be sort of piloted in a number of institutions, will require academic pathways and a lot more of the sort of the nitty-gritty work that we need to do in the relationship building.

And so, that process may even take a little bit longer because it requires a lot more intensive sort of work. It's a little bit separate or a
little bit different from the big picture, so I just want to -- as we continue to talk about our recruitment strategy, our recruitment strategy is much bigger than the Two plus Two strategy. That's just one piece of it. It's a very important piece, but they are sort of running parallel. But it's an interesting sort of ecosystem we're working in; obviously, we're working towards getting more first-time college students as well.

So just know that there are two things that are happening here, and so I don't want us to get confused and muddled as we talk about them, sort of together and separate at the same time, because the recruitment strategy, it is much bigger and broader than the Two Plus Two. The Two Plus Two requires a lot more sort of work in partnering in relationship.

MADAM CHAIR MOORE: Okay. I think that's great compliments of point. To that end, I think looking at low hanging fruit, which would be the Two Plus Two -- but you're right, looking at a comprehensive strategy will take certainly more than a 90-day start-up.

So I wish we could but I don't think that's realistic, so...
Trustee Grable?

TRUSTEE GRABLE: And that, really, I would like to support again that very important point mentioned by Trustee Washington and our chair, Trustee Moore, because I heard Trustee Washington say "building relationships." That's kind of a PR as well.

Then I heard marketing, which is different than creating relationships. So I think looking at Dr. Hudson, I see he's well aware of those differences, and what since our chair mentioned the things she would be looking for in terms of goals. I would be looking for us to be sure to bring plans to the board that show a real reliability in terms of its effectiveness.

MADAM CHAIR MOORE: Thank you. And I believe there was also someone on the phone?

TRUSTEE MILLS: Yeah. Trustee Moore, this is Trustee Mills.

MADAM CHAIR MOORE: Thank you.

TRUSTEE MILLS: And look, I -- so I agree with the previous comments, but I would also say this. We do have to make strategic investments to grow revenue and to continue to invest into the facilities, et cetera. But we're also in a place,
candidly, where we are still living outside of our means, and we're basically spending more money than we're bringing in, and you know, we're using our savings accounts to try and make up for the gap of that, okay?

So I still don't get the sense that we're yet really addressing that fact and handling basically the tough decision to change the overall structure of expenses.

So even in the list of items we just talked about, or the initiatives that we talked about, or the initiatives we talked about a moment ago, there's not even an estimated savings listing for each one of them, which I think would be important.

And then, we're also talking about -- at least what I heard was -- sort of a temporary savings in the sense that if we reduce the head count or opens, it's $5 million, but we're only going to do that until June or July. So I just don't feel like we're making the tough decisions to really address the underlying fundamental structure of our expenses to match where we are as an institution. I feel like we have an infrastructure built for 13,000 student or some other revenue model that you don't have today.
And again, chasing revenue is going to be important, but chasing revenue is never an ultimate solution for any organization.

So I just -- again, we have to make some tougher decisions here on how to reduce the expense base on a longer term basis, in my opinion.

MADAM CHAIR MOORE: Trustee Reed, you're recognized.

TRUSTEE REED: So maybe I think, just getting to Trustee Mills' point, VP Poole, what will probably help that discussion is I think your graph only shows the arrears so it doesn't show in terms of where you expect us to be at the end of the year. So you're taking some considerable actions this year to really have revenues exceed expenses, and that's why I noted on my dialogue here. For example, not taking the budget down to 2.5 and bringing it up with the funds coming in from the process we use now for the Board of Governors, I think, is one action.

The other action that we now expect to have, the tuition above the expected plan, just based on us having more students than we expected. So that would actually bring in additional funds. So I do think it's being represented that the University is
taking some strong action; we just don't see it in the documentation today to get after Trustee Mills' point.

And I think that to the other dialogue here, I think some of these actions that we're stating, I've kind of seen them we have in the dialogue here, but not as we're talking about today, relative to the work that we're doing now and trying on recruiting. I see that showing up in some of the performance funding dollars, in terms of how you've allocated, or seeing that kind of show up in a different way. Maybe kind of outlining that for us, I think, there is a lot more confidence in the strong plans you have in place and what the expected end results are.

MADAM CHAIR MOORE: I would concur as Chair, and I'll take you up, Chair Lawson, with your comment. But the two action items, in addition to others that we picked up, is that we capture a forward look of where we are going to be, where we anticipate being, and then as far as the central strategies, that we go ahead and apply or at least estimate anticipated dollars that will be saved as a result of these actions, and certainly we can true it up on the back end as estimates of those as
our action items.

Chair Lawson, did you have a follow-up?

TRUSTEE LAWSON: No. I honestly agree with all of the conversation. I think that we're in a situation where we're not bringing in enough dollars. We know why, but are we doing the right belt-tightening to make the numbers tie in.

Are we looking forward to say, Well, to create more dollars, that means more students, and that has a cost of Y. And if we incorporate that, but at the same time, tightening our belts enough so that you can spend against that without overspending.

So I think that is where I was really going and I -- for Dr. Hudson's sake, I would say, let's see that broad-reaching plan sooner versus later.

And I will say to all of us, we're not tied to a March meeting. We can meet whenever we need to meet to meet, telephonic, to review information if need be. So let's not wait for March to bring some of these bigger issues to the table that need to be agreed to. I will just leave that with Trustee Moore as the Chair of the Committee.

TRUSTEE WOODY: A point of clarification: Where are we with what Dr. Hudson recommended in
terms of the $312,000? Are we in support of that
or are we going to see --

MADAM CHAIR MOORE: Well, we can't take any
action here, so what we will do -- because we
haven't even seen the documents -- is have them
prepare a package plan, and allow that to be vetted
out with the group and then respond to any
questions that you-all have.

PRESIDENT ROBINSON: Madam Chair, we've
already committed, based on previous discussions
with the board, that we're going to implement the
Two Plus Two strategy. We've also that we will
have, of course, a more comprehensive recruitment
plan. So we were just waiting on Dr. Hudson to
come back with some concrete numbers.

And we have clearly heard from this body that
we need to move forward, aggressively, with
implementation of this plan. We actually heard
yesterday, and it's only yesterday because we had
to -- from one of the consultants who will be
working, on a little more comprehensive recruitment
plan. So we're ready to go.

This is being brought to you in this meeting
for information purposes, okay? Now, we've also
started some no cost efforts associated with the
Two Plus Two and the recruitment and what you have seen; for example, I'm at least -- two of those, Trustee Washington, that we've talked about some time ago, and Trustee Woody, we're working on contacting a couple more.

So those are the things that don't cost us anything, but it's about building those relationships and getting to that nitty gritty. The specifics of these, Two Plus Two, so when they do come, you know, it's really seamless, right, because it beyond just (inaudible) and so forth.

So we're ready to go, and we just want you to know that there will be a budget to this, but at the same time it has the potential to make great impacts on the revenue side as well.

MADAM CHAIR MOORE: Thank you, Dr. Robinson. Okay, we can proceed, please.

TRUSTEE MCCOY: This is Trustee McCoy. Can I chime in with a comment?

MADAM CHAIR MOORE: Absolutely. You're recognized.

TRUSTEE MCCOY: It seems to me that we have had this same discussion multiple times, and we keep coming back to some future point, we're going to bite the bullet and we're going to bring forward
programs that we can tie dollars to and looking at how we can cut expenses.

The points that Trustee Mills made -- unless my recollection is terrible, and I don't think it is -- on more than one occasion we have said we have got to nail this down, and we have got to make the hard decisions, and we have got to move forward.

I would like to see us absolutely tie down a date when we're going to come back with some specific numbers. Because, again, while I'm encouraged about all of the things you've talked about today, quite candidly, we've had this conversation before and I still don't see the numbers.

If I'm in error in my assessment, please tell me. But at some point, we've got to have this or we will continue to have a discussion about how hard it is, and we will get there eventually, and we have ideas and plans, but that has to be referred to actual things and in dollars and cents, and I believe that's the point Trustee Mills was making and has made on two to three other occasions.

MADAM CHAIR MOORE: Trustee McCoy, just as a
point of clarification, is your question directed
towards the enrollment number or strategy tied to
that and what those numbers are?

TRUSTEE MCCOY: My question is related to
cutting expenses, period, and I think I made a
point in the meeting, or at least two meetings ago,
cutting expenses is hard. That's hard. It's heavy
lifting, and it's not -- it doesn't leave a good
taste in anybody's mouth when you have to go and
make some hard decisions. But unless you do and
put some numbers to it and you go and follow up and
review and track those numbers. Quite honestly, I
believe we will be having this discussion for a
long time.

So somewhere we have got to make this priority
to review it often and bring forward to the Board
some tough decisions. And I think Trustee Mills is
right: These are tough decisions, but unless
they're made, we will continue to be moving to the
right with ideas and not with progress.

MADAM CHAIR MOORE: Certainly, this committee
and the merged committee appreciate your comments
on that. I believe that Trustee Mills in his role
of Vice Chair for this committee is primarily
focusing on budget will be instrumental in moving
these conversations forward. I think we have
heard, and I've heard as the first day of Chair for
this committee that you heard it three times, and
that would mean that the others have heard it three
times as well, so that means we need to come back
the next time when we are presenting and having
this information with numbers and with the plan
that is one we can hold ourselves accountable to.

So, heard loud and clear and received.

TRUSTEE WASHINGTON: I would just say, we do
get plans, and we do cut, but it seems we're
cutting just enough to stop the gap. And I think
there's a difference between stopping the gap and
looking that long, sort of big picture, and I think
that is what you're hearing from a number of us,
is, yes, I don't want to say that you haven't
presented us with the cuts to the base that will
get us to the point where we're okay for this year,
but that doesn't put us in a position to be
financially stable over the next five to ten years,
and I think that's what we're sort of missing: To
get into the actual meat and potatoes of what we
will need for the next five to ten years.

TRUSTEE MCCOY: You are spot-on. You have
said it much better than I did. Thank you.
VP POOLE: I agree. And I think the first slide that we looked at this morning said that our development strategy has to be based on the strategic plan. So we're basically going year by year until we update our plan, which we're doing. Everything will be based on the plan: Where our investment in facilities, what programs we should have, how many students we think we will have each year, because our current work plan may or may not be in alignment of where we want to go.

Whatever the enrollment strategy is will dictate how many students we're expecting and projecting for each year. That's going to be in line with the strategic plan and that's going to drive the budget. And so that's the only way we're going to be able to get forward on these statements based on what we think the enrollment strategy is going to yield us. So we can make some projections about what we think revenue growth can be looking out five years.

So it's critical that the strategic plan -- all of the decisions that we are making are in alignment with the overall strategy of the University is going to be: Are we growing, are we strengthening, are we expanding; all of that will
tie into every decision we make.

MADAM CHAIR MOORE: Other comments? Okay.

Trustee Grable.

TRUSTEE GRABLE: And just to, again, in regard to what Dr. Hudson's office is trying to do, that is an investment that we expect will pay off and lead to what Trustee Washington and others have said and will help move us forward in trying to address the financial issues.

MADAM CHAIR MOORE: And I think -- I'll offer this comment, because hearing everybody wants to move into action and that action would be, you know, reducing some of the expenditures and some of the expenses coming out. We have to couple that with being strategic, and if we don't, then that may make us feel good that, yes, we've made it to the fourth meeting and we have announced these cuts and we're going to take them, but if they're not strategic in our thinking in how we move this University forward, I think we still fall short. It's my personal opinion, but I think that we will fall short.

So I think it's a combination of strategic thinking that has to happen, and it won't happen in one committee. I think it will be the whole of all
committees and how we do in moving this university forward over a long term.

     Just my comment on that. If we can move forward.

     VP POOLE: Sure. The final slide is just an overview of our BOG and BOT timelines, as far as the budget process is concerned. We talked yesterday in our senior leadership team meeting about aligning our LBR process, as well to our budget timelines, because we want to be doing it kind of in conjunction with that same time frame.

     So we'll start in March when the legislative session ends, and in fact, we're starting sooner. It's already starting to meet. It already meets quarterly with each VP, but she says she's going to start sooner than March. Talking about the current budget, still incremental, but looking at the current budget and reviewing the cuts that were taken for '16/'17 looking forward for '17/'18, reviewing non-critical vacancies and deciding which ones we can hold back. So we're starting that so that when we come in March we can start to understand what we think our preliminary allocations will be from Board of Governors; that's when we will find out the amount of our performance
funding that we expect to receive and what our ranking is.

And then, April forward, we start our University, kind of budget planning council process. Planning committee recommendations will start coming forth, so as you're setting your timelines going forward, be thinking and noting that this process is taking place parallel and primarily in the spring, and then we will come back in the summer with an operating budget for approval.

So the plan is to have the LBRs, strategic LBRs, with comprehensive strategies that we would like the Legislature to support in line with this process so that they're timely, we have time to review them prior to the June time that they're submitted. That's the last slide for this section.

Are there any questions?

TRUSTEE REED: Just one question. In terms of the time, how does it correlate to the legislation review for the LBR?

VP POOLE: I'm sorry?

TRUSTEE REED: How does the timeline for our submission of the LBRs correlate to what happens in their schedule?
VP POOLE: So for the LBRs, the Board of Governors sends us the information and lets us know when they're ready for us to submit our proposals, and that usually is sometime in the springtime, mid-spring, because when they start getting closer to June, they're more concerned about our budget. And that's due in August, along with the final budget, so we don't want to be just presenting to you in August what the LBRs are. We want to be working on that. At the same time, we're putting together our budget making you aware in the spring -- and bringing those proposals forward so you know what we're planning to present to the Legislature in August.

TRUSTEE REED: And is the LBR from a focus standpoint primarily one year or multiple?

VP POOLE: One.

PRESIDENT ROBINSON: It can be recurring or non-recurring based upon what we think is in the University's best interest.

TRUSTEE REED: And when do we get feedbacks on LBRs from this year?

PRESIDENT ROBINSON: I think we've gotten that. I believe -- so the two chambers have had meetings already and, you know, we'll be getting
additional feedback on all issues. But we just
don't know yet, but we got -- maybe some, based
upon the discussions that we have had around this
table, other things (inaudible.) It will be a
while before we know the whole story.

VP POOLE: At the last September of Board of
Governors meeting, you could kind of get a feel for
things that they are going to kind of push forward,
to kind of give you a theme, but we don't know what
the final amount will be. So that's when we can
usually expect to hear from BOG.

TRUSTEE REED: How does that funding flow into
our budget process?

VP POOLE: So the amounts that we submit as a
legislative budget request, if they're approved,
they become a state appropriation to our budget for
that next fiscal year.

PRESIDENT ROBINSON: It would start July 1,
2017.

TRUSTEE LAWSON: So I just want to make sure
we're kind of along that same line. As we're
developing our budget here internally to submit to
the BOG, it includes obviously, all of the things
that we want or need, plus any new things that we
want. I guess my simple question is how do we
infuse the new things that we may be looking for? And does that happen in April? And is that like a bottom up process in April?

VP POOLE: So we're preparing our recurring base budget in the March, April time period, kind of our cost to continue the BOG, and we're also at the same time, parallel, preparing a legislative budget request for the new strategic things that would like to be done in the two processes.

So we don't budget for the items for the LBR in our budget, because we don't know if those items will be approved.

PRESIDENT ROBINSON: I think the plan is for the base -- for the timeline for the base budget and what we need to do is be much more proactive in developing a plan for the LBR much further in advance when you need to approve it the summer of 2017.

TRUSTEE REED: So just for me, the budget for March and April, this is the base budget, and then the LBR would be anything incremental. It's kind of not the needs but the wants.

PRESIDENT ROBINSON: Yes.

TRUSTEE REED: And if we don't get them, do we try and satisfy the requirements some other way?
Or is that something we do without and is it critical to the strategic plan, and if it is, how do we balance the process.

PRESIDENT ROBINSON: So you determine, based on the strategic needs what the LBR request. You may or may not get them, so in order to remain whole, you put in your operating budget based on what you know you're going to get, okay? If you don't get those additional dollars, then you make a way to get those.

But in the case, of let's say Brooksville, it was one of those requests and we made a way to get that done, right? We didn't get as much money as we asked for. We commit some other resources to that effort, and that's sort of the way it goes. But what is important and what is the standard is the LBR request priorities need to be arrived at strategically, whether collectively administration work with this body, given enough time to hear the case, we're making these requests far enough in advanced so we can have the appropriate type of discussion about them. We're going to identify things, but that doesn't preclude anyone on this body from saying, here's what we need and because the development that you would have to approve
these items before they're submitted to the Board of Governors for consideration.

TRUSTEE REED: So we consider, then we approve and Board of Governors approved, and then it goes to chambers and they say they'll approve or don't approve.

PRESIDENT ROBINSON: There's another element to that, and that is, we like to be civil. That's the civil way, but we won't be sitting here waiting and hoping.

TRUSTEE WASHINGTON: We advocate for our priorities in the legislative session.

TRUSTEE LAWSON: I think, though, the LBR conversation, you know, with us, hopefully we can bring that forward. Because I think, at least this past time around, we saw the LBRs, we saw them somewhat late in the game and there wasn't a lot of time for discussion or debate on whether or not if we all agree with them.

So Ms. Ford, I would ask that you work with the appropriate people, to give us early visibility in what you guys are stating in your LBRs, because they become important, because to your point, Trustee Reed, if there's things you want in above (inaudible) they have to be in LBRs.
And then to your point, also, if we don't get the money that way, are there other pockets then with the Board of Governors or go through other pockets within the state budget that we can find to fund those issues.

TRUSTEE REED: Right. And then, getting to the advocacy piece, I think, is also important. You've got to start the advocacy piece early. People can't hear about it the day you want them to make a decision on it. So who else has to make decisions on it, and how would we get that socialized so everyone is kind of in alignment with what we're thinking before we get to the table with what we're thinking.

PRESIDENT ROBINSON: Some of your colleagues are experts in that, so we will be calling upon their expertise.

TRUSTEE REED: Outstanding.

TRUSTEE LAWSON: One other thing I just want to add in, Madam Chair. We've spent a lot of time on the budget and athletics and et cetera, and I just hope that the academic units are coming forward with incremental ideas or things that they want to push. Because I feel we've focused a lot on the business end unit in the last six months,
and I'm not sure if we focused enough on the academic side -- Trustee Grable -- over the last six months, so I'm hopeful through the Provost and through the Deans that there will be things that they can they want to push.

You know, yeah we want buildings. Yeah, we want Brooksville to be up and running, et cetera, but maybe there is a program that needs to be expanded. Maybe there's a new program that needs to be reviewed, I don't know, but I'm hopeful through the Deans that type of information will bubble up as well.

TRUSTEE REED: And do we get any of that through the work plan discussion at the beginning of the year? Which is, we went to the Board of Governors meeting and that whole work plan session. Does any of that come out in that dialogue?

PRESIDENT ROBINSON: The answer is yes. Because I guess, historically, the work plan was sort of the annualized or three-year average implementation of strategic plan is developed or allowed the BOG to see how well you're progressing, I guess, on key initiatives. So every year, you can define a new set of priorities in the workplace. That document also has to come before
the body to approve before we can move it all as one.

So all of these are tied together: The Strategic Plan, the work plan, the annual report, the accountability report. All of those are pieces of the system that's used by the BOG to measure how we're doing, in a sense, and it's very, very important for us to be strategic about what we include in those.

So each year we get to waiting five years in waiting to see our strategic plan in process, new efforts and some prioritize on these goals and the time frame, the annual time frame.

TRUSTEE MOORE: And VP Poole, can you touch on that?

VP POOLE: Yes. I just wanted to give some more clarification on the dates. If you have this slide and you can make notes on it, we have a note from our Legislative Affairs Department that in March, Board of Governors sends us the LBR guidelines. And so they let us know what themes they're looking to push forward and with the Legislature is looking for. They will tell us, We want to see LBRs that are based around STEM, or student success, or some other priorities.
So we need to be strategic even in that and ask in line with what the legislature is asking for. Then, at some point in spring -- usually in April -- there's a FAMU Day at the Capitol, and that's important because you'll know the guidelines, you'll kind of already know the themes, and that's a great time for reaching out on behalf of FAMU.

In June, there should be approval by the LBRs by the board, and so between March and June will be developing what programs or strategies we want to put forward. VP Cotton likes to use the term "bright shiny object," so we'll be presenting some bright shiny objects to the State to say, this is what FAMU is doing in line with these things that is going to be new, different and exciting. And it's above and beyond our cost to continue. We're not just asking to support our day-to-day operations; this is really something that's going to push us forward, right?

And then, August is -- the first week of August, the BOG approves what we have submitted for LBRs, and the 19th of August they approve our operating budget, so you will see that the operating budget and the LBRs are happening
parallel on the same timelines.

PRESIDENT ROBINSON: And Madam Chair, just to make it clear that at the year requests are in place, and if we wait on April to start acting on those, it will be way too late. So we actually, you know, are working those issues now, right? So there's really, you ought to be working the current year and then planning for the next year. You see, all of this is going on simultaneously.

MADAM CHAIR MOORE: I would ask staff if we could get an updated timeline to include those comments so we can distribute this and have it all in one place.

We are moving fast and furious as far as through our schedule of activities.

We are concluding the financial review component and bright transitioning to Athletic Facilities discussion.

We are inside of 12:00, so if everyone is okay, we will proceed. It's 11:40, and we will likely see an earlier release time.

So athletic conversation and staff associated with that.

VP POOLE: AD Overton and VP Cotton?

Madam Chair, would you like us to start before
lunch? After lunch?

TRUSTEE MOORE: I believe, depending on the conversation, we may be able to still end up around the 12:30 time, so if everybody is comfortable with that, then we can eat lunch outside of talking and discussing, all right? Because if it's any good, we'll get distracted. Yeah, we'll just move forward. Especially, if it's the cobbler. We know how that impacts us, so let's go ahead.

VP POOLE: And I heard it's fried chicken today, too.

So with Athletics, we have had lots of discussions around the financial status, deficits, corrective action, and we'll talk about that today. We'll also add a new twist and talk about our Bragg Stadium repairs and the status of that.

So we have our Athletic Director, Milton Overton here, as well as Vice President George Cotton for advancements.

I would like to show, as of December 1st, there was about 43 percent of revenues collected compared to budget. There's also another one percent or so if you look at the receipts. But as of December 1, we're looking at about 43 percent of revenues collected as compared to budget.
50 percent is student athletic fee that is based on credit hours that students register for, and it's reasonable that half of is collected in the fall semester.

We're looking at like 99 percent of our gate receipts are strong. We're strong on program sales. We have exceeded ticket sales for away games. We're about 1400 percent above what we estimated.

Where we're falling a little bit short -- you'll see on our projections in the next coming slides -- we're falling short in the areas of fundraising and other revenue that we anticipated to come from parking and game-based sales related to Boosters.

As of December 1st, our expenses are running 78 percent of the budget, and note that the salaries have -- there have been shifts in the budget just due to restructuring, compliance, function, implementation. Also, you'll see that scholarship -- also, let me tell you that salaries are encumbered for the entire year, so there's a hundred percent there.

Scholarships. What you see here is just fall awards and so we're looking at 78 percent of total
expenses. So at the current rate, our athletics encumbrances and expenses exceed cash collections by 3.1 million. In order to remain in compliance with our Corrective Action Plan, we have limited budget authority, which is spending authority, for Athletics, for no more than 75 percent of the projected revenues. So we'll look at the projections on the next slide.

Is there a question?

So the next slide shows where we budgeted to be at June 30th and where we're projected to be at June 30th, and the difference. So I've based on what we're anticipating to collect from student fees, what we're anticipating to collect from season tickets and other revenues that we're anticipating for parking, other game day assets and fundraising.

I'm anticipating a deficit of $650,000 if we continue spending at the same rate we are. Now, one of the things we did for corrective action purposes has limited our spending so we would not have deficits, which makes us have to make some difficult decisions and what putts need to be made to insure -- or changes or adjustments need to be made to insure that we remain within our budget.
I will tell you that this projection of 8.2 million is a little bit above last year's actual revenue collections; was about 7.9, so we have seen an increase in the fundraising but it's not quite enough to meet what we budgeted.

I wanted to give you an update on where we are with the corrective actions with Board of Governors. I think you have seen this a couple of times now, but I just wanted to refresh your memory that we have reported our payable of $7 million from Athletics to the identified auxiliary funds. We have obtained support from our Foundation to help repay back those auxiliaries. We established a repayment plan of 12 years which has been approved by the Board of Governors, and we have developed a Corrective Action Plan with more detailed activities, where we are meeting monthly with the Board of Governors, with the President, with the Athletic Director, with the chairman of the board, with the chairman of the athletics committee.

We're requiring approval from the CFO and president of any auxiliary transfers to Athletics to make sure all allowed sources are used. You are allowed to use the interest earnings on auxiliary
funds but not the auxiliary funds themselves, so we will be very carefully monitoring that.

I mentioned earlier they have restricted the spending authority to no more than 75 percent of collective revenues. We're looking at monthly reconciliations of purchase orders, winter invoices. We've been reducing team expenses and just implementing an aggressive fundraising strategy.

With that is kind of where we stand to date on our corrective action. It's important to note that the Bragg Stadium repairs that we talk about next are not included in our budget? Neither is the auxiliary repayment, because that was not anticipated until June 30th, so we're raising money for those items. They're not budgeted items.

The auxiliary repayment support is being processed by the Foundation. We have been meeting with the Board of Governors; in fact, introduced Dr. Ford to the Inspector General last week and had a very lighthearted, fun and productive meeting with them. Chairman Lawson noted that we seemed to have more fun in our meetings with the BOG than he does.

We are also conducting weekly meetings with
the budget offices and the Athletics business office, but there's still some areas that need to be strengthened. We need to strengthen cash collection and management. There was a -- not a vacancy, but an employee that was out on extended leave for an extended time and that made cash collections get a little bit behind, so we need to catch that up. We need to strengthen purchasing and accounts payable controls; make sure we're monitoring close use of the P cards that's only used for approved and only budgeted expenses are charged to the P card. We need to strengthen employee on-boarding process make sure employees are approved before starting -- just a little tighter internal budget monitoring and fundraising.

So let's talk about Bragg Stadium.

MADAM CHAIR MOORE: So comments?

Chairman Lawson?

TRUSTEE LAWSON: Yes. Before we get to Bragg Stadium, if we can go back to just the page that has the Athletics Financial Projections, June 30, 2017. I just focused in on the very bottom number, so 651.

TRUSTEE WOODY: What page are you on?

TRUSTEE LAWSON: It is the Athletics Financial
Projections.

TRUSTEE WASHINGTON: 75.

TRUSTEE WOODY: Okay.

TRUSTEE LAWSON: Or 73. Yes, 73.

TRUSTEE WOODY: Got it.

TRUSTEE LAWSON: So there's some news in here, and there's some not-so-good news, around fees and those things that we talked about at the beginning of the year's budget that we were banking on, but we still are 651 over on expenses.

So, I guess, just some commentary from AD Overton around -- I just focus on the big gaps, the 494 and the, call it, the 200 -- and is there any good news on the horizon that's not captured here in these two buckets that might shrink the 651?

I don't want to be overly optimistic, but at the same time, I just want to get a sense for it. So for one thing, Ms. Poole and I talked about looking these projections at a point in time, and in some cases there's more news beyond the projection. So is there any more news on these two that might make them more favorable?

AD OVERTON: Absolutely. And in fact, I'll give you three.

So when it comes to football season ticket
sales, you know, we obviously -- the Investment in Champions campaign was annual giving/football season ticket campaign. We plan to transfer, you know, transfer that amount of money by the January 15th or so, that $131,000, and that's because our fundraising is up by 51 percent from this time last year.

Last year, we had collected $129,000 between June and December 12th, and today we're at 305. That's before we lost our Investing in Champions annual renewals, and that will start around the 2nd or 3rd of January.

So the reason we haven't done that yet, in terms of transferring over, we want to make sure -- a hundred percent sure that all of the accounts -- because we have both -- we have fundraising -- actually, gifts and tickets, obviously, in that amount. We want to make sure every single person takes advantage of the Invest in Champions campaign and received all of their credit and we gave a little bit of an extension up until September to make sure that folks get paid into it and before football season.

And I think our first installment of moving ticket funds over was $72,000 in October, and so
we'll add to that 132 in the spring to make that whole. So I believe that number, we anticipate being correct, and in terms of football season tickets, so that's the first one.

The second one, in terms of the annual fundraising piece, is very similar in that we believe that once we start our annual season ticket and giving campaign, in January, that we'll get that number.

So what I feel and anticipate is that we'll get about 295. The other piece -- and again, we're just in agreement terms of where we were this time, with regards to royalties, because we went to Nike.

The other good news is that we're actually ahead by $76,000 of where we were last year relative to that category. We just received a check for $50,000 from CLC that's partly receivables that doesn't show up here.

So I feel like of the $651,000, that we have a really good shot in getting it down to 295, and so that's $159,000 be made up in fundraising. And I think VP Cotton and I have a pretty aggressive campaign in the spring to address the Bragg Stadium repairs, plus account for the negative that you see right here.
TRUSTEE LAWSON: So I know Ms. Poole hates this, but those are updates from the date that we cut this off. So right now -- and we don't have to do it this very second, but before Thursday, we need to validate whether or not we believe the 295 is a new deficit. And the reason why I say before Thursday is we have a meeting with the BOG on Thursday morning to review the budget, so I would like to -- as long as all three of you guys are confident that the new deficit is looking more like 295, I'd like to update the spreadsheets with the new intel. But again, I don't want -- it pushes back on this so I don't -- I want to make sure you guys are comfortable with that.

VP POOLE: I would just like to clarify.

MADAM CHAIR MOORE: He's talking about the fundraising through June 30th, so that will be planned, not actual dollars. The only dollars that you actually have are the 76,000 for royalties and 130-something thousand that you believe you could make whole and transfer, right? That's what we have right now.

AD OVERTON: We have $35,000 in the Foundation Athletics account.

MADAM CHAIR MOORE: Okay, so 305.
TRUSTEE LAWSON: I just want to make sure we don't mix things up, because there were dollars in the Foundation that were to go to auxiliaries, and auxiliaries were to start paying down the deficit. So I just want to make sure we don't mix things up.

VP POOLE: Just to clarify. So three things. I respectfully disagree with the amount -- the new deficit number. I still think it's 650 and I'll tell you why. I'll get with Milton again and we'll go over it, because I want us to be in agreement.

But what I will tell you is, where I think the confusion is, this is where we stand as of December 1st, okay? So 43 percent. We have raised actually raised $3.8 million. There's maybe another percent in collections and waiting to post and all of that, but as of December 1, 3.8 million.

As of December 1st, expenses are 6.9.

So as of December 1st, we're 3.1 difference, okay? I've taken this information, along with last year where we ended up for the year where we actually collected, because I know we're going to get more guarantees. We're still going to have a spring season, and I'm accounting for all of that. We're going to collect student fees.

So what I've done is a projection of where I
think we'll be in June, and I've accounted for what Milton has or what AD Overton has explained. I have looked at what actual season tickets were in the past year, compared to our projection. I looked at the total royalties we raised last year, compared to the projection.

In my estimate, I still think we'll be 650 short. That's as of where we stood at December 1st looking forward to June, based on everything we knew about the prior year and based on everything we knew through the end of this football season. Now, there might be some outlier that we don't know about, some extra Classic basketball game or something we just didn't plan for. Something like that I would add in.

But the items at the Foundation still need to be reconciled. We've only received about 70,000 of the 330 that we need to collect.

So when I'm saying 131 deficit, because I'm giving credit for the 205, in my projection based on what we tend to collect, right?

So this is taking into account trends, as well as some of the increased fundraising. And I will say, to Milton's credit, in past years this deficit was a million every year, and we're only looking at
650, and that's because of the increased fundraising and increased Classics. And so it's not as bad as it has been in the past, but I still think we're going to need looking of being short about 650.

And I'll be happy to meet with you again, Milton, to see if there's something we have not considered, but I update this every month and that's pretty much what I think it will be.

TRUSTEE LAWSON: So again, Ms. Poole, you opinions are all based on actual --

VP POOLE: Actual and expected. I've accounted for what we expect to collect as well.

TRUSTEE LAWSON: Let's just get the three of you guys to connect, because right now it's 650, which is an improvement. But still, again, is not close enough to the balance.

VP POOLE: Right.

TRUSTEE LAWSON: So I guess two things kind of come to mind: One, for you three to have a second conversation; and then the second thing was, what could be done to get closer to zero and in the time frame that we have to work with? And that's not a -- we don't have to talk about it now, but I would ask you all to think about collectively what could
be done to get us closer to -- I mean, zero is probably not realistic, but within a smaller range -- much smaller range than 650.

VP POOLE: One of the major things that you don't see on here that we built in here is kind of a failsafe in the corrective action plan, and not allow spending to exceed 75 percent of the actual collected revenues.

So this is projecting if we were to spend on the same pace as with the full budget authority of 3.9, we'd fall a little short, but we've already put a little failsafe in there to not even let us be able to do that.

But the issue it creates for Milton is how to manage his rest of his season -- spring sports and all that -- and get through the fiscal year without having his other 25 percent of the budget being able to spend.

So we're balancing that, and that's where the decisions need to be made.

TRUSTEE LAWSON: So this assumes a full budget.

VP POOLE: Full budget authority, right. And then at some point, we were told to release the balance of his budget and then I'm projecting it
TRUSTEE WASHINGTON: So to piggyback on that comment, I think that's the conversation that needs to be had about what happens when or if we get to that 75 percent, because, to not plan for it means that we're going to have to make some serious decisions one way or another, and it's not going to be strategy. It will be just, here's the cut off, and then what? And then we try and spend things that we don't have and it's not going to be strategic.

I think that the conversation that needs to start to percolate amongst that group is, when you get to 75 percent, if it's the middle of track season, what does that mean and what does that look like for our students? Because to sit here and pontificate on what our projections are is fine for us around the table, but when those kids are out in a track meet and you hit your percentage, what does that look like and how do we balance and manage our way out.

MADAM CHAIR MOORE: I concur. I think that's a great point.

AD OVERTON: If you wouldn't mind, can we go back here to the financial update? Just to get to
75 percent, just to show you where we get there.
So if you look at 50 percent in the student fees,
okay, so I'm not sure exactly when that comes in
but obviously we have to count on that. That's
1.8. Once that comes in, that takes us from 3.856
to 5708, okay? That's 65 percent.

MADAM CHAIR MOORE: Where's that at? What are
you looking at?

AD OVERTON: What I'm doing is if you take
this sheet -- and what I'm doing is saying that
once the actual comes in for student fees, which
those actuals are coming in for student fees at 1.8
and that's the financial update as of December 1st.

Yeah, that one. One more. One more.

So I'm just trying to get you to, in a
relatively short period of time, how do we get to
76 percent of our budget. Once we get to 1.8,
okay, that takes you to 5.708, which is 65 percent
of the budget. And obviously, when we will start
in the spring that should occur.

And then we've got guaranteed revenues that
are in this amount and that's the HAA revenues at
$450,000. You've got the Classic at $400,000.
We're at 325 right now. We know we perform better
in the Classic than last year. We did 870 last
year and so we're budgeting conservatively is 800, and so we know that 400,000 is coming in, and then we've got $216,000 in receivables that's already in the door. That takes you to 76 percent pretty quickly. So I wanted to make sure --

TRUSTEE WASHINGTON: I think that's a different conversation. I think the issue is you can't spend more than 75 percent of your budget.

So if you get to the "spent" before you get to the "revenue", then there's a cut-off, and that's the issue. It's not about -- it's about managing what you're spending against what you're bringing in. That's what the failsafe is intended to do.

So regardless of what you bring in, you can't spend more than 75 percent of that. And so, if you get to a point where you're getting into that space that it doesn't look like you're going to collect what you need to collect, and that failsafe pops in, what does that look like and how do we manage out of that.

I think -- I know that we can make, based on what we have, we can make 75 percent of our budget. That's not the question. The question is the expense track against the actual revenues.

MADAM CHAIR MOORE: Yeah. How you go from
operating with the ability of hundred percent of your budget to 75 percent, and what does that look like and what changes.

AD OVERTON: It's extremely difficult, I'll tell you that, because with intercollegiate athletics, I realize we have to do this. I always tell our team we are here at the top snowball. We got to the top of the snowball before we came in. And so, what does that mean?

That means that we can't put in these -- we had addressed issues of how athletics is funded and so, you know, we are where we are.

So as you applied the 75 percent protocol in, it really needs to track against the scheduled payments. So Athletics, you have scheduled payments in terms of game guarantees. Let's say in basketball, you get paid after basketball season. That doesn't match up. Basketball season ends in February. There's -- those revenues, those payments don't go in until May, and some payments we get with CLC, we don't get until June.

So these are guaranteed payments coming in that are either a contract or required by HAA, and again, if you're hard deadline and your payments that we know have a schedule don't match up, it
becomes very difficult. And we're there now. That's where we are.

MADAM CHAIR MOORE: For clarification, VP Poole has taken that into account, correct?

VP POOLE: Yes. On this projection, when I projected June 30th, I took into account everything we expect to collect. That includes all of those guarantees and revenues.

As a quick and dirty back-of-the-napkin calculation, you could take this 8.2 million projection, and take 75 percent of that, that's about 6.9 million. That's the most, at this point, by this point, that system will allow to be spent, okay?

If you come back to this slide, we're there: 6.9. So that's why I'm saying, we're at that point where the expenses have met that failsafe and we need to decide how to get through the rest of the season, because I have already projected for what we expect to collect and although if we do give additional budget authority, the question is how much; up to what amount because we're projecting that 650.

So maybe we only release authority up to the 8.2. That's what we will have to decide, because
something has to limit us and not allow us to go into deficit position. If we can exceed with fundraising or other things, great, but I've already kind of taken that into account.

MADAM CHAIR MOORE: Dr. Robinson?

PRESIDENT ROBINSON: Thank you, Madam Chair.

I just think we obviously need to go back and develop a strategy for moving forward under the circumstances we have at hand.

We want to commend AD Overton and his team for the work that they've done in increasing the size of the deficit, but we are projected to still have one. And I think it ought to be looked in context of the decline and end the deficit also occurred as sort of a parallel decline in student fees and enrollment. So the impact or the work they've done is probably even reflected in the amount from a million to 600,000. It's probably more impactful than suggested. However, we have a reality of the projected $651,000 deficit. We need to develop a plan.

But how do we move through the rest of the academic year, spring sports, keeping in mind that at most the impact on our student athlete where do we go now.
So that's the plan. We need to do that and come back and present to the Athletic Committee, Madam Chairman, a plan for moving forward in these circumstances.

MADAM CHAIR MOORE: Absolutely. Other comments?

Trustee Smith?

TRUSTEE SMITH: I have a question in regards to reclassification the Rattler Boosters to other revenue. Does that take into consideration the amount still owed to Athletics by the Rattler Boosters as well?

VP POOLE: Yes. These were amounts we expected to collect if Boosters had come under Athletics at the beginning of the year, which I think was what the plan was, but it didn't quite work out that way.

So that was the amount that was budgeted for what we anticipated -- for what we felt was being collected from the Boosters for parking and game day assets that they were holding. To date, we have only received what's showing there, plus other revenues.

So we're projecting to be short 494,000 from what we thought we'd collect from Boosters, and
that's a big chunk of what's causing this.

TRUSTEE SMITH: Where are the funds for that?

VP COTTON: Madam Chair, if I could? Simply put, Mr. Director, there are no additional funds. We have met with the Boosters and with their Executive Committee, and really worked with them, and to their credit, I would be remised in not saying I think they work with us, too. They provided, quite frankly, an answer that pretty much said the funding that they had at the time was the funding they provided. As I think I've mentioned to the Board the last time they came before you that they provided us with a check for $30,000.

Their answer, simply put to your question, is there just simply isn't any additional money. I'm not prepared to say, because I don't know the full answer to what happened to all of the money. My general response is that they managed it as best they could. They provided us with what they had, and we have decided to move forward from there.

There is no additional money that is to be coming from the Boosters. I can say that to you.

TRUSTEE SMITH: Last follow-up. Being that fundraising does play a huge role in getting us out of this deficit, has there been a new executive
director appointed?

    AD OVERTON: Not at this time. I know that
they're working towards doing that, and we'll
working together on it. And I'll say for the first
time, I know that we've got some major input on
that as well, so I do feel good about the
direction. I know where we were, but I feel about
where we're going moving forward.

    And I also kind of just want to follow up by
saying there are a couple of initiatives, in terms
of saving strategy that we have. We've tracked
about $50,000 on travel and that comes from saying,
hey, guys, we can't rent busses anymore. That's
why we put our busses back on the road, so just
those savings alone, at least right now is 50, and
we anticipate at least another 50, if not more,
based on what trips we've got for baseball,
softball and all of the other teams.

    In addition to that, there are salary savings
we will show. It shows 105 percent in salaries but
that's all encumbered. There are positions that we
have not hired and don't anticipate hiring and
there are some folks that left over a period of
time, and so we want to experience full 12 months,
you know, of those salaries. So we'll reduce in
that area as well.

We have saved about $30,000 on books because we've bought used books. So we're going down the line; I mean, section by section. You know, at tend of the day, it's just not enough without something more aggressing. I just want to assure the board we have some costs and savings strategies in place and we're taking a swing at it and we'll continue to do that.

MADAM CHAIR MOORE: Chair Lawson.

TRUSTEE LAWSON: This has been good commentary. I would like to comment as chair of the committee on Athletics, and having sat around the table with Ms. Poole and Mr. Overton and folks at the BOT office, and what I would say is a lot of work and a lot of heavy lifting has been done, but because our revenue line isn't growing as fast as we would like it, we still are at a challenge.

So what I would encourage us to do is, let's really get comfortable with this page. If we all agree or if we don't agree, let's try and reconcile that by Wednesday. And the third thing is, we've got the phase into what is the most difficult situation of the day, and that is, how do we get to the 75 percent; what is the plan to get there. We
hope never have to pull that plan off of the shelf because we hope more money comes in fundraising and key one of the calendar year that will go against this number. We hope to never use that plan, but I think we have to have a plan to get to the 75 percent, which is the challenge and the difficult decision to be made with the understanding that we don't want to use that plan unless we absolutely have to.

But I think to a large degree, our credibility is on the line to manage the number, right, and I think it's imperative that we with good stewardship manage to the number; don't do anything Draconian, but at the same time do our best to manage as close as we can to the number. Now, if it's not in zero and it's a couple hundred thousand, maybe that's acceptable, but I think we need a big plan that says we're going to get to 75 percent.

If we don't bring in more revenue, we'll already know tough decisions that we'll have to make. If we do bring in more revenue, via these other sources in early 2017, then we never execute that plan, if that makes sense.

MADAM CHAIR MOORE: I understand what you're saying, but based off of the math and the numbers
that VP Poole has shared with us, the 75 percent, is here. So Dr. Robinson is saying the development of a plan of what it will look like, yet there is the anticipated thought that there be some other dollars coming in, but in terms of the 7 percent, if we're using that as a trigger, that's here.

VP Poole, am I correct?

VP POOLE: Yes, I agree.

TRUSTEE LAWSON: I think it's here pending there are no other revenues coming in, and I think that's still my question.

VP POOLE: I've accounted for all of the revenues moving forward.

TRUSTEE LAWSON: You've accounted for everything you believe to be coming in?

VP POOLE: Yes.

VP COTTON: If I could, Madam Chair, I think one of the variables that we have not discussed is where VP Poole has led us, which is, we are at the preface, if you will. So now what? And what we're saying -- and this is what AD Overton and what I talked about earlier -- we have taken Ms. Poole's number, and we're saying we're at 651. What now should Athletics do?

One of the fundamental differences between
where we are now compared to where we have been previously is until AD Overton and I met, I think last Monday, there had never been a comprehensive discussion between Athletics and Advancement in what to get out of that.

So what we have done is Athletics and University Advancement has put together a plan to raise the additional funding that gets us out of the mess that we're in. Quite frankly, we have not done that previously. Athletics did its fundraising. I think AD Overton shared with you that they raised close to a half-a-million dollars last year.

You heard me say that we had a record year last year. But we have not had that comprehensive plan that says, how do we raise $1 million between now and June for Athletics.

I just slipped Ms. Poole a note to get clarification that if we raise $651,00 between now and June, just for Athletics, what does that do? And I think she shared that, if, in fact, we do that then this is a moot point.

So I'm saying to you the answer -- and I don't make a habit of sticking my fingers in electrical sockets, but I'm going to go ahead and do it -- the
reality is what we need to do, is we need to raise between $651,000 and a million dollars, specifically for Athletics, between now and June, and AD Overton and I should be charged with the responsibility of doing that. I don't mean to say it's simple, but it does come down to that. That's the answer that goes back to the Chairman's point: How do we do that. And keep in mind, a apart of that is the Foundation also stepping up and filling some of those gaps while the money is being raised that we have already committed to.

TRUSTEE LAWSON: I think, Madam Chair, and Chair of the Foundation, Mr. Jones will probably call in about five minutes. But unless the Foundation can guarantee that, I don't feel comfortable leaning forward to say we're going to bet on that. I think Trustee Moore and I think Dr. Robinson have both said it best, we need to plan for the 75 percent, as tough as that is.

If you guys can't come forward with the other 651, the plan stays on the table or off of the table; we never execute it. But unless the Foundation is willing to commit to 651, I know I personally lean forward on 651.

TRUSTEE REED: What other sources of income?
If the Foundation is not, what are the potential sources of and other funds across the University's budget?

TRUSTEE LAWSON: No. Athletics.

VP COTTON: And Mr. Chairman, as a point of clarification, I was not committing 651 to Foundation funding. What I'm saying is there have been discussions about the Foundation assisting with other portions of this discussion, Bragg Stadium and that sort of thing.

TRUSTEE LAWSON: And I think that -- don't take it the wrong way on this, because Milton has been an outstanding partner to work with us on this issue, but we can't continue to operate in the red. We just can't. And unless the Foundation is willing to commit to the 650, I have a little heartburn with the plan.

I think where Dr. Robinson and Trustee Moore was going is the right place to go. My hope is that we can figure it out with that plan with other things to come up with half, 3/4, all of that money and we never have to execute those things.

And I know Ms. Poole has been really vigilant, so all I would ask moving forward -- and I know we can't vote -- but before Wednesday, you three get
aligned on the numbers and that's the number we will support with the BOG. And then,
unfortunately, AD Overton, share with us how you get to 75 percent -- and that's not a pretty sight,
I get it -- and we will hold high hopes that you can raise the 651 but we'll budget to the 75.

TRUSTEE REED: You can make 650. I'll give you the first thousand.

VP COTTON: 650? Done deal.

Mr. Chairman, are you down for the other six?

TRUSTEE LAWSON: How about I match Trustee Reed?

PRESIDENT ROBINSON: I don't want the laughter to overshadow what you just heard.

Could you repeat that?

TRUSTEE REED: I said, I'll give you the first thousand.

TRUSTEE LAWSON: And I'll give you the second.

MADAM CHAIR MOORE: I'll give you the third.

VP COTTON: Wonderful. Thank you.

PRESIDENT ROBINSON: I'll give you the fourth.

VP COTTON: And Madam Chair, if I could? And I don't mean to make this too simple, but what just happened is why I'm saying to you that AD Overton and I can raise the $600,000, just as we had that
commitment, and we will honor the suggestion of Mr. Chairman. But I'm comfortable -- he and I have talked about this -- that we can raise that money.

TRUSTEE LAWSON: What I think is important for Mr. Overton to hear is the commitment that we want to make to Athletics; however, we have a commitment of balancing this budget at the same time.

We believe in the programs. We believe in the people running the programs, but at the same time, we have to operate in a world with a balanced budget.

TRUSTEE REED: And I think it's important to realize that these programs are for the students and we have already made commitments to students to come here and be a part of these programs. It's part of the experience of going to a university, and so we have to keep our bargain to whatever end that is. So it's our responsibility.

MADAM CHAIR MOORE: Totally.

And Trustee Smith, you've been waiting patiently.

TRUSTEE SMITH: Yes. One of the commitments we have made is to further investigate the $400,000 from the Rattler Boosters. I hate to beat a dead horse, but there has to be some reasoning behind
why those funds aren't here anymore, and I still have not received an explanation. It just baffles me. 400,000? That's over half of our deficit and I don't have an answer.

TRUSTEE LAWSON: I'll address that in my capacity as Chair and as a committee member. When we talked about Athletics in the DSO, there was discussion -- and Trustee Washington is not here. Trustee Reed now assumes the mantle of that committee about an audit to make sure we understood where all of the funds were.

So that opportunity is still on the table. It will come through the Audit Committee, and if they decide to bring that record to the board, then that's what we'll move forward with. Because you have raised that question on several occasions, to your credit.

TRUSTEE SMITH: Yes.

TRUSTEE LAWSON: So I think we need to decide specifically what we're going to do.

TRUSTEE SMITH: Thank you.

MADAM CHAIR MOORE: Okay. Are there questions? Those on the phone?

Okay. Let's proceed.

VP POOLE: The next item is Bragg Stadium. So
Bragg Stadium has been in need of repair for many years. The current year, '15/'16 budget year, and the 2016 football season, we were able to make minor repairs, just enough patchwork to get through some life-safety issues, but our engineers and architects have assured us there's more work that needs to be done, and so they have given us a five-year approach to fixing the stadium and renovating the stadium with more focus on life safety and more immediate needs first.

So each of the phases represents a year, and so we're facing structural -- additional structural repairs, internal stair replacement work that needs to be completed prior to the fall of 2017 season. They have made it clear to us they will not approve us being in Bragg Stadium this fall if we don't have those repairs.

So the first phase is 600,000, and then you'll see the other that make up a total of $5.4 million. And so this 600,000 -- and this is an amount not to exceed. So we're working with our contractors to get it to be the least amount that it needs to be, but once we do the designs we'll have the final numbers. But this has just come back from our procurement process, and so we are needing...
additional 622,000 to be given to Athletics to make repair to Bragg Stadium in order to have the season this fall in Bragg Stadium.

This is not in the current budget that we just looked at, and so this will be another aggressive fundraising strategy that we're recommending, as well as developing a contingency plan. We've been dealing with working closely with AD Overton and the engineers to figure out what a contingency plan could be.

Now, also, that the P3 discussion is on the table and you've kind of given us the nod to move forward, this is something that's already in our ITN to deal with the Bragg Stadium, so we need to talk with our partners to see what role they could play in getting the rest of this work done. So that's on the table and we will work that as well, but the more immediate issue is we need to have that $600,000.

TRUSTEE WOODY: You won't have to put down the bid again?

VP POOLE: We will not, because it's already included in the ITN.

TRUSTEE WOODY: Great. That's good.

VP POOLE: So VP Cotton would like to share
his aggressive fundraising strategy for Athletics.

VP COTTON: And we kind of began discussion a few moments ago, but let me back up by asking you to take a look at kind of a snapshot, and it will help you understand why we're suggesting the strategy that we're suggesting.

If you will look, you will see that over the past ten -- but if you will look at 2010, basically we've raised $3.2 million.

Starting in 2015, that tipped up, and last year you heard me talk about the record fundraising year. We are already almost at the level by halfway point of where we have been for the past 10 or 15 years with about $2.5 million of gifts that are in the pipeline that we're waiting to be closed and booked.

So we are almost already at last year's total. As a matter of fact, Ms. English and I were talking, so we're confident that we're going to beat last year's total. I give that to you as a snapshot because I want you to kind of -- I want to frame this by having you understand that when you look at that, that is not fundraising specifically for athletics. That's general campus fundraising. So what we're being asked to do now is being asked
to figure out a way of how we focus on fundraising specifically targeted for Athletics.

As kind of a backdrop, we have provided roughly $2.5 million in athletic support over the past 15 months. So just in case we're saying, Well, why doesn't the Foundation provide the $600,000 that's needed?

Well, the reason is because what I just said: We have provided over $2.5 million in athletic support, and we're also going to be providing additional amount for the next seven years to pay back auxiliaries. So there just isn't money to write another check to bail us out.

How do we address this? What I'm suggesting is that we take a look at doing something that we have not done in years, which is to realize that we have a wonderful commodity here at this university and an athletic program with a tremendous history. And we call the Rattlers home, and we say to Rattlers nationwide, "We want you to go big, and we want to redefine what it means to be a supporter of the athletic program here at Florida A&M University." And rather than just try and raise the $600,000 in repairs, what we do is go back to AD Overton's challenge to us where he's saying he
needs $5 million to retrofit and redefine athletics here at Florida A&M University.

So we're suggesting three things: One, that we implement a national Rattler challenge that will raise $2.5 million, that we identify 150 donors who have the capacity to give or pledge $10,000 over the life of a three-year campaign, and we reach out to our corporate community and implement a strategy that will help us raise the additional one million dollars. Of that would include the $600,000 that we're talking about needing.

And if we can take a look at the last slide here.

How do we get to the 600,000? What we now realize is we don't need the 600,000 all by January. What we're saying is -- and we've been told and I think Ms. Poole can correct me here -- that we have a window that allows us through March to raise the first 225. So we're saying to you as it relates to Bragg Stadium alone -- not the entire 5 million, but as it relates to Bragg Stadium alone, our strategy for addressing that is AD Overton and I will raise the 225,000 by March.

We don't have to do 225 now. We only have to do 221, because four of you have already
contributed a thousand dollars a piece, but my point is, we can raise you the 225, which is what we've been told is required by March. We then have until June to raise the additional four. Once we do that -- and we're going to do that and we have the capacity to do that -- that addresses the outstanding Bragg Stadium issue.

The broader issue that we've been talking about as it relates to fundraising needs for Athletics, we're suggesting that carve that out of a Capitol campaign. We're saying that we implement a $5 million targeted campaign for Athletics.

If we follow that strategy, we address two things at once: One, we address the $625,000 for Athletics that is needed by June, and we address the ongoing financial needs of Athletics. Because I'm sure AD Overton has heard us say we need to tighten or belt and address all of those other issues, and we're doing that.

Last thing I'll say, is, that in order for us to do that, we think that there are really four things that we have to do: One is we have to depart from this fundraising practice for what athletics does its own fundraising and the university advancement does theirs. I sent an
e-mail, I think yesterday -- maybe this morning --
where our teams are going to be meeting to plan out
this strategy.

The other thing is we need to increase
outreach to those Rattler Athletic Alumni across
the nation and convince them to start giving. That
is not just general alum; those are those athletes
who have benefited from a wonderful program.

We also have to redefine our corporate giving
opportunities here. We have got to insist that
corporations start reinvesting in the athletic
program at Florida A&M University.

And then the last thing is we have to go back
to AD Overton's five-year plan that he's already
put on the table, where he's said this is what they
need to do to rebuild Athletics. Once we start
fundraising to that vision, I'm convinced we can
raise the money. But to me, Chairman, all of those
things have to be done.

And again, that's what we think can be done to
address the six and the long-term gap that we have.

MADAM CHAIR MOORE: Comments related to VP
Cotton's presentation?

TRUSTEE REED: I think you have to account for
the 651 you are talking about as well. I think you
have to double your numbers, the 225 and 400.

VP COTTON: Yes. VP Poole corrected me about
that as well.

TRUSTEE REED: To 1.2 million is what you
need.

VP COTTON: Done. Seriously. We can do that.
But yes, she did correct me that 651 was not
factored in.

MADAM CHAIR MOORE: You're recognized.

TRUSTEE LAWSON: I think the fundraising plans
are aggressive, and they look good, but what would
be our alternative plan if the fundraising plans
don't come to fruition? This six-plus-hundred
thousand for Bragg is a necessity, right? We have
to do that to run football season next year.

We will probably get a lot of this through
fundraising, I'm sure, but I would love to just
look at what are our options. I know our bond
rating isn't great, but could we borrow money?
Could this become a PECO expense? Is this a
deferred maintenance expense that we can leverage
in some other way?

I just want to look at other options to get
the 620-plus, because we have to have football next
year. That's a given. And we have to do 600-plus to make the stadium safe. That's a given.
Fundraising is one way, but what are a couple of other options so that we are guaranteed if plan A doesn't work, plan B fills in the gap, et cetera, to get us to the 622 or whatever it is.

AD OVERTON: Let me start, if you don't mind. First off, we're going to continue to work with facilities planning and engineers to have a design done so that if there's an opportunity to sharpen pencils and extend the amount of years that we have in order to do the repairs, then we're going to do that. So we have already initiated that process.
And we walked yesterday with the engineers and construction company.

TRUSTEE LAWSON: I think you have to continue that work, like you said. But I just want to look at a couple of other options to get to the 600,000, because in my mind, that's a must-do. We have to be ready to open Bragg Stadium for football season, safely, right? So whether that's borrowing money, or what have you, you know, I just want to make sure we have a plan B to get there because that's a must-do.

VP POOLE: So our contingency plan is if we
don't raise -- so there's two pieces. There's the budget deficit piece, which is now 647. So we need to raise the 647 for the operating of the budget, and you'll need to raise the 622 for Bragg and hope that it's less.

We have to have a back-up plan. If we don't raise the 622 for Bragg, we've been working with engineers to locate zone, and if we need to move patients to safe zones or install portable seating, that's something we can do just to get through the season. But I think in terms of financing, our P3 option is going to be our best option.

The climate, I don't think now is the right time to go get a loan for Athletics because our financial statements aren't strong for athletics. And with everything else, we can't use a self supporting auxiliary. We can't use PECO dollars or any E&G or auxiliary funds for Athletics.

But I think a P3 option could be viable, and we can work with the partner to work us through the final phases of that 5 million; even maybe come up with the 622 that we need. We never really know until we negotiate. So I think that's all on the table and that's probably the immediate plan that we have.
TRUSTEE LAWSON: I'm just saying to give us a comfort level. I think we need to see multiple options so we can sleep at night knowing that we'll open Bragg Stadium for football.

VP POOLE: That and fundraising for football so we can plan.

AD OVERTON: And I'm going to ask you to believe as well. I'm going to put it out there and here's why. This is not a fantasy. We're up in just about every measurable thing that we have. We're up in fundraising. We're up in season tickets significantly. You know, this has been tracking for the last two years. Even when we won one game, all right?

So our metrics are up. And we do have some excitement around the program. Even our winning percentage is up, and not where we need to be at all, but if we look at how our Rattlers have responded to just a small difference -- just to the small steps that we've taken, they have responded quite well.

Because again, I want to put this thing in perspective. We were in a hole and we didn't get here over night. And so what I'm asking of the Board is to have the faith that, look at the
(numbers. They're not exactly where you need to be, but we started the season not quite knowing that these have this level of issues relative to the Stadium. So even though, we're going to make it, and Rattlers have to believe that we're going to make it. From this route, that's what we have to believe. I really understand from a business perspective that we have to understand the contingencies. But that is not an option not to play in Bragg Stadium, so we are going to make sure we hit the ground running and we make it happen.

MADAM CHAIR MOORE: Thank you.

Other comments? Questions?

Okay. VP Poole, we will transition to the last section.

VP POOLE: The last section is high level issues. So these are issues that we just want to put out on your radar; things to just kind of be aware of. They are out there on the horizon. So we talked earlier about P3s potentially being rated as separate indirect debt issuances. That's something we will be watching with the Board of Governors and Division of Bond Finance. They'll be providing guidance on how to respond to that.

We don't have a P3, but we'll see what happens
to our sister institutions that have P3s that are more than one year. They can be rated, and we'll see what effect that has on us.

I have in your resource materials an article about the Moody's Higher Education Outlook. It just came out this month and just wanted to tell you there is expected revenue growth and there is expected strong demands, and Moody expects to see growth about three percent for tuition revenue. And total enrollment growth about -- being modest -- about 1.5 percent, so just kind of keeping that in mind with our enrollment trends and our budgeting.

Also, wanted to let you know that we need a consistent peer group, and we have been talking about this with our Provost and Dr. Robinson as well with preparing the strategic plan and work plan. If you notice for facilities purposes, we have a group of peers. For strategic plans, we have a group of peers. When we go to -- there's a different group of peers, so, and we just need to make sure we're consistent in how we're defining our peers.

Also we'll talk more about enrollment trends and we'll get the strategy from Dr. Hudson.
And then, we just came back from the SACs conference, and there are some core principles and comprehensive standards that relate directly to this committee, so I just wanted to bring to your attention, this is what SACs will be looking at: Control of finances, financial stability, financial resources, control of fiscal resources and that we're operating and maintaining appropriate fiscal resources for the needs of our students. So those are things we need to be monitoring going forward.

MADAM CHAIR MOORE: Are there comments or questions related to those things on the horizon or things we need to be aware of?

If not, then what I would offer -- and I'm sure you all would be in agreement -- our thanks to VP Poole as she makes her transition.

We had identified this as a task and/or goal to have this workshop to make sure that we were able to establish a foundation for those that were new as well as a refresher for veterans.

But I thank you. I know your last day is around the corner, but for committing and actually taking this on, and I think, doing it in a great way. So we appreciate your service, as well as everybody else that played a role in pulling this
all together.

Dr. Robinson?

PRESIDENT ROBINSON: Yeah, I also want to thank VP Poole for her service to the University. I've got a chance to work with her since 2012. I don't know what attracted her to those kitty-cats down there in Daytona Beach, but anyways, I think you prepared her well for the job.

I want to thank you for taking the time, as much time as I know you could have been dedicated to leaving, and you dedicated to working with Dr. Ford in transition. So I just want to extend to you my special thanks for doing that.

And I also want to welcome, officially, Dr. Ford, who will be take the hammer in just a couple of days, and welcome you in to the fold as well.

And thank you for your entire team, and AD Overton, VP Cotton and others who have contributed to the success.

I'm a little bit jealous, Trustee Moore, because it took us five hours to get through this yesterday.

MADAM CHAIR MOORE: I've got the velvet hammer over here.
TRUSTEE LAWSON: I just had a couple of comments: You know, one, the workshop was very well done, so Trustee Moore, complement you on the work behind the scenes that I'm sure you did with the staff. There were a number of issues I wanted to talk about: Everything from deficit, to P3s, to athletics, to occupancy rates in the dorms, and I think we covered literally all of them with maybe one exception, so I think this was a good workshop.

But I also want to go on record of thanking Ms. Poole for her service to the University. She called me a week or so ago and told me about her resignation, and we had an interesting conversation over the phone that night. But she went home and she thought about it and she came back, and she stuck with her original decision, of which we respect.

But I just want to let her know as a board and me as an individual and former chair of the Budget Committee, I have appreciated the knowledge base you've given to all of us and the level of transparency you have given to us on financial issues, and your service will be missed.

And we wish you all the best. But they can't beat us next year in the Classic. But we wish you
all the best as you transition to BCU.

And I also want to welcome officially Ms. Ford. We really look forward to her trying to engage. And I'll try not to text you at 10:00 at night, like I've been doing. And we look forward to you continuing to further engage this board.

And I think this has been a good few hours spent, and I think we all have some follow-ups and to dos, and I know our chair will get behind us on those.

MADAM CHAIR MOORE: Absolutely. Okay. No other comments?

VP POOLE: May I make a concluding comment? I will try and do it without crying.

I would just like to thank you, Dr. Robinson, and the Board of Trustees, Chairman Lawson, Vice Chairman Moore. All of you. This has been a great experience, and I appreciate the opportunity to work for FAMU and to serve my alma mater. It has been challenging, but no challenge was too big. We just rolled up our sleeves and got into it.

So I appreciate the opportunity to be exposed to the challenges and to learn. And I'm just deeply humbled and very honored by the opportunity, and I look forward to continuing to grow. Of
course, I'll be a lifetime Rattler, and I'll always be a trusted advisor and engaged alumni.

So I already received my charge from Lieutenant Colonel Clark to join the Volusia County Alumni Chapter, so I will be joining that, and I just really appreciated the good working relationship. And please keep in touch.

MADAM CHAIR MOORE: We will. Absolutely. We'll consider the workshop adjourned then.

Thank you.

(Workshop concluded.)
REPORTER'S DEPOSITION CERTIFICATE

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I, YVONNE LaFLAMME, FPR, Court Reporter, certify that I was authorized to and did stenographically report the foregoing proceeding; that a review of the transcript was requested; and that the transcript is a true and complete record of my stenographic notes.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED this 26th day of January, 2016.

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