



Item: BF: A-M

BUDGET AND FINANCE COMMITTEE

Tuesday, November 17, 2020

SUBJECT: ROLL CALL AND APPROVAL OF THE DRAFT MINUTES FOR THE JUNE 2, 2020 BOT BUDGET AND FINANCE COMMITTEE MEETING.

PROPOSED COMMITTEE ACTION

Initiate roll call to document member participation to ensure appropriate quorum numbers are achieved and to approve the minutes of the June 2, 2020 Budget and Finance Committee meeting.

COMMITTEE MEMBERS

Mr. Robert Stilley, Chair	_____
Mr. Brent Burns, Vice Chair	_____
Mr. Abdol Moabery (ex-officio)	_____
Mr. Shaun Davis	_____
Ms. Mary Beth McDonald	_____
Mr. Robert Rubin	_____
Dr. Kevin Wagner	_____

BOT MEMBERS

Dr. Malcolm Dorman	_____
Dr. Jeffrey Feingold	_____
Mr. Brad Levine	_____
Ms. Elycia Morris	_____
Ms. Celine Persaud	_____



BUDGET AND FINANCE COMMITTEE
DRAFT MINUTES
Tuesday, June 2, 2020

BF: A-M. Roll Call and Approval of Minutes for the April 21, 2020 BOT Budget and Finance Committee Meeting.

Mr. Robert Stilley, Chair of the Board of Trustees (BOT) Budget and Finance Committee, convened this meeting via Webex at 11:30 a.m. Roll call commenced with the following Committee members, in addition to Mr. Stilley, participating: Mr. Brent Burns, Vice Chair; Mr. Shaun Davis (ex-officio), Ms. Mary Beth McDonald, Mr. Abdol Moabery (ex-officio), Mr. Robert Rubin and Dr. Kevin Wagner.

Other Trustees attending the meeting included: Dr. Michael Dennis, Dr. Malcolm Dorman, Dr. Jeffrey Feingold, Mr. Brad Levine, and Mr. Kevin Buchanan.

The following University officials participated: Dr. John Kelly, President; Mr. Jeff Atwater, Vice President Strategic Initiatives & CFO, Ms. Stacy Volnick, Vice President Administrative Affairs & CAO; Mr. David Kian, Vice President Legal Affairs & General Counsel; Mr. Art Kite, Deputy CFO; Ms. Lynn Asseff, Asst. Vice President Financial Management; Mr. Dennis Crudele, Interim CFO Foundation; Mr. Gabe Eszterhas, Sr Associate Dean for Finance; Ms. Louisa Kelly, Business Manager College of Nursing.

Upon call, a motion was made and seconded to approve the minutes of the April 21, 2020 Budget and Finance Committee meeting without change or correction. The motion passed unanimously.

BF: A-1. Review and Approval of the FAU 2020-21 Proposed Operating Budget.

Mr. Atwater presented the 2020-21 Proposed Operating budget to the board which totals \$881,882,932, an increase of 1.3% over the prior year. The current summer semesters 1 and 2 have a 10% growth rate from the previous year. E&G dollars will be set aside from each VP area as a precaution. \$11M has been established for the health and safety of students.

A timeline was presented regarding the budget process showing that the board will approve the carryforward spending plan in September. The budget was summarized and explained by each fund type showing a budget to actuals summary for the last five years. Expenses were reviewed for Financial Aid, Contracts & Grants, major Auxiliary programs and Student Government as well as Direct Support Organizations (DSO) use of equipment, facilities and personnel.

Upon question, Mr. Atwater stated that the Governor has not approved the state budget yet, however; the management team has the awareness that there may be changes necessary in the months going forward. Of the CARES Act funds that FAU received, \$11.2M is directly provided to students and \$11.2M is for the institution to use for a one-year period for any expense related to COVID-19. \$6.7M was used for refunds for housing and meals and the remaining may be used for health, safety and technology needs in the coming year. Upon query, Ms. Volnick explained that within the housing plan there is a contingency plan in place to isolate and quarantine students if necessary. There are 128 rooms set aside for isolation and a local hotel plan in place.

A motion was made and seconded to recommend BOT approval of the 2020-21 FAU Operating Budget and authorize the University President to amend the Budget as necessary consistent with Board of Governors and Board of Trustees directives and guidelines. The motion passed unanimously.

BF: A-2. Request Approval of the FAU 2020-21 Fixed Capital Outlay (FCO) Budget.

Ms. Volnick presented the fixed capital outlay budget only for major projects which exceed \$2M in construction dollars. A future report and request will be presented to the Board for approval of any minor Fixed Capital Outlay projects (construction cost below \$2M) that may be supported by E&G operating and/or Carryforward funds. The projects listed are Jupiter STEM/Life Sciences, AD Henderson University School and Student Union Expansion and Renovation, all which have been approved prior to presenting this budget.

A motion was made and seconded to recommend BOT approval of the 2019-20 Fixed Capital Outlay budget. The motion passed unanimously.

BF: A-3a. Review and Approval of the 2020-21 Budget for the FAU Finance Corporation (FAUFC).

Mr. Atwater reviewed the proposed FAUFC 2020-21 Operating Budget recognizing the three components of housing, administration and the stadium associated with this budget. During the May 21, 2020 FAUFC board meeting, this budget was approved.

A motion was made and seconded to recommend BOT approval of the FAUFC 2020-21 Operating Budget and authorize the University President to amend the Budget as necessary consistent with Board of Governors and Board of Trustees directives and guidelines. The motion passed unanimously.

BF: A-3b. Review and Approval of the 2020-21 Budget for the FAU Research Corporation (FAURC).

Ms. Asseff reviewed the proposed FAURC Operating Budget for 2020-21 noting that this budget was approved at the April 7, 2020 board meeting. Revenues, which are Grants & Contracts, Royalties and Investment Income, are on an upward trajectory. The 5-year budget to actual activity was presented.

A motion was made and seconded to recommend BOT approval of the FAURC 2020-21 Operating Budget and authorize the University President to amend the Budget as necessary consistent with Board of Governors and Board of Trustees directives and guidelines. The motion passed unanimously.

BF: A-3c. Review and Approval of the 2020-21 Budget for the FAU Clinical Practice Organization (FAU CPO).

Mr. Eszterhas reviewed the proposed CPO Budget for 2020-21 for the College of Medicine portion, noting that this budget was approved at the April 29, 2020 board meeting. The 2020-21 budget has a 10.1% increase from the prior fiscal year's budget. The 5-year budget to actual activity was presented. COVID-19 has had a significant impact on clinical operations as well as the Memory and Wellness center, however; all facilities have turned to telehealth operations. By the end of May, a rebound in patient volumes occurred and is expected for the remainder of the fiscal year.

Ms. Kelly reviewed the proposed 2020-21 CPO Budget for the College of Nursing portion. A new entity has joined the CPO which is the College of Education Department of Communication & Disorders clinic. This new clinic sees patients for language, sound fluency and swallowing disorders and is a training facility for Graduate students. The clinic has a revenue budget of \$258,288 which expenses will be matched against. Revenues equal expenses for all CPO budgets. A 20% decline in revenue for the College of Nursing is expected based mostly on the Community Health Center not being awarded the federally qualified health center grant which would have resulted in higher patient reimbursement rates particularly for the Medicaid patient population.

A motion was made and seconded to recommend BOT approval of the FAUCPO 2020-21 Operating Budget and authorize the University President to amend the Budget as necessary consistent with Board of Governors and Board of Trustees directives and guidelines. **The motion passed unanimously.**

BF: A-3d. Review and Approval of the 2020-21 Budget for the FAU Foundation, Inc. (FAUF).

Mr. Crudele presented the proposed 2020-21 Foundation Operating Budget that the FAUF Board of Directors approved during their April 23, 2020 meeting. The sources of funds were reviewed and due to COVID-19 the endowment administrative fees, interest on expendable funds and gift/non-gift fees have decreased. The budget is a \$1.9M reduction from the prior year.

A motion was made and seconded to recommend approval of the 2020-21 FAUF Operating Budget and authorize the University President to amend the Budget as necessary consistent with Board of Governors and Board of Trustees directives and guidelines. **The motion passed unanimously.**

BF: A-4. Review and Disapproval of the 2020-21 Annual Budget for FAU Harbor Branch Oceanographic Institute (HBOIF).

Mr. Atwater stated that the HBOIF budget was approved by their board on April 30, 2020. The budget includes over \$98,000 in payroll expenses, over \$285,000 in contract professional services expenses, and

more than \$440,000 in legal fees including \$350,000 in fees to fund the litigation that HBOIF initiated against the University. It is the opinion of the administration that the many of the expenses are wasteful or inappropriate and therefore recommends that the Board reject this budget and require HBOIF to approve a revised budget. Upon query, Mr. Kian provided an update on the litigation.

A motion was made and seconded to disapprove the 2020-21 HBOIF Operating Budget. **The motion passed unanimously.**

With no further questions or comments put forth, a motion was made and seconded to adjourn the meeting. **The meeting was adjourned at 12:48 p.m.**