

**University of North Florida
Finance and Audit Committee
December 13, 2007
Minutes**

Committee Members Present: Mr. Hugh Greene, Ms. Wanyonyi Kendrick, Dr. Bruce Taylor, Ms. Carol Thompson, Ms. Rachael Tutwiler, Mr. Kevin Twomey

Committee Members Absent: Dr. Edythe Abdullah

Item 1: Call to Order. With a quorum of committee members present, Chair Twomey called the meeting to order.

Item 2: Approval of the Minutes: Chair Twomey asked for a MOTION to accept the minutes for the September 20, 2007 meeting. The MOTION was offered, seconded and accepted.

Item 3: Open Comments. There were no comments from the public.

Item 4: Athletics, Health and Activity and Service Fees. Chair Twomey asked Vice President Shuman to report on this item.

Vice President Shuman reported that a committee comprised of students, faculty and staff had recommended to the President a proposed increase of \$0.72 for the student athletics, health and activity and service fees for 2008-2009. This proposed amount would be distributed as follows: \$0.16 to Student Life; \$0.32 to Athletics; \$0.14 to Medical Services; and \$0.10 to Counseling Services.

Trustees asked if there was controversy with the proposed increase. The administration responded that the committee voted unanimously for the increases.

Trustees asked for clarification on where UNF stood, regarding fees, with all other state universities. The administration replied that UNF was about equal with all other state universities except the University of Florida and Florida State University.

Chair Twomey asked for a MOTION to accept the athletics, health and activity and service fees. The MOTION was offered, seconded and passed.

Item 5: Parking Rate Schedule and Transportation Access Fee. Chair Twomey asked Vice President Shuman to report on this item.

Vice President Shuman conveyed that the committee did *not* receive a unanimous consensus for the proposed parking rate schedule; however, the President and his staff believed the proposed parking permit rates for 2008-2009 would be the most reasonable to all constituents.

Vice President Shuman reported that, if approved, the permit fees for 2008-2009 would increase by a flat \$5.00. Other proposals considered were dismissed because they put emphasis on students and the discount lot. This proposal would distribute the proposed rate increase over all constituents.

This discussion continued addressing growth and parking space inventory projections, which showed that a new garage would be needed by fall 2012. The new garage would be funded primarily by increased permit rates, which further justified the proposed increase.

Trustees concurred that keeping emphasis off the discount lot was positive. The administration clarified that this proposal was vetted through the committee, the Vice President for Administration and Finance, the Vice President for Student Affairs, the President, and now the Finance and Audit Committee.

Discussion continued addressing the shuttle system with the administration reporting that there were about 7,000 to 8,000 riders from Monday through Thursday. Trustees asked for clarification on long-term solutions, including the possibility of a remote garage. President Delaney noted that the master plan included a northern parking lot.

Trustee Tutwiler noted that she shared the same sentiments as the students on the committee whose primary concern was parking rates for housing. She conveyed that so many things were going up in regards to housing. The committee acknowledged student concerns but clarified that those housing students who parked on housing property paid more than those who parked in discount lots. The administration concurred.

Chair Twomey asked for further discussion or a MOTION for approval. A MOTION was offered seconded and approved.

Item 6: Housing Rental Rates for 2008-2009. Chair Twomey asked Vice President Gonzalez to speak about this item.

Vice President Gonzalez stated that the University was proposing an average increase of 4.15% to housing rental rates, which was in line with increases in previous years.

Discussions ensued regarding occupancy rates and concerns about the local housing market. Consensus was that plans were in place to reach the 97% occupancy rate, with an understanding that the competitive market would mandate that the University work harder to get the numbers up.

Vice President Gonzalez reported on the supplemental housing charges, calling attention to the cancellation fees. Administration perceived a need to strengthen these fees and proposed a change as follows: any contract cancelled between March 1st and July 15th may pay the cancellation fees and be released from their contract; contract cancellations after July 15th may pay the cancellation fees plus 50% of their rent and be released from their contract.

It was presumed that strengthening the cancellation fees would encourage students to take their housing contracts seriously; thus, avoiding last minute cancellations which diminished the opportunity to regain students who were placed on waiting lists.

This discussion continued addressing the impact this action might have on students. Trustee Tutwiler argued that this action might dissuade students from staying on campus and proposed that cancellation fees receive further consideration.

Chair Twomey acknowledged Trustee Tutwiler's argument as legitimate and asked the administration to give further consideration to these concerns.

After offering opportunity for further discussion, Chair Twomey asked for a MOTION for approval of the housing rental rates for 2008-2009. The MOTION was offered, seconded and carried with one dissenting vote.

Item 7: Memorandum of Understanding (MOU) between the Board of Trustees and the Training and Service Institute, Inc. (TSI). Chair Twomey asked Vice President Shuman to speak about this item.

Vice President Shuman reminded trustees that a similar MOU between the Board of Trustees and Foundation, Inc. had previously been presented for Board approval (October 18, 2007). She clarified that, for accreditation purposes, Southern Association of Colleges and Schools (SACS) required a formal MOU between the University and its direct support organizations with responsibilities for each defined. Vice President Shuman further reported that the TSI board had approved this MOU.

Vice President and General Counsel Stone reported that this document laid out the governance structure and was a sound document. She noted that the MOU between the Board of Trustees and UNF Financing Corporation would be presented for approval in the near future.

Chair Twomey asked if there was any further discussion. Upon receiving none, he asked for a MOTION for approval for the MOU between the Board of Trustees and the TSI. A MOTION was offered, seconded and carried.

Item 8: Change to the 2007-2008 Audit Plan. Chair Twomey asked Mr. Robert Berry, Interim Director for Internal Auditing, to speak about this item.

Mr. Berry reminded the Committee that the Audit Plan had been approved at an earlier meeting; however, administration was asking the Committee to approve a proposed change to the 2007-2008 Audit Plan adding Management Advisory Services on payment card industry data security standards. The proposed change would be to remove the Purchasing Card Audit since the State already covered that area.

Chair Twomey asked for a MOTION to accept the change to the 2007-2008 Audit Plan. The MOTION was offered, seconded and passed.

Item 9: Audit Update. Chair Twomey asked Mr. Berry to speak about this item.

Mr. Berry clarified that the purpose of this report was to provide the Committee with a status report and an explanation of the reporting format on the University's internal audits. He directed trustees to the meeting materials and talked about the Office of Internal Auditing's (OIA) function. He spoke about direct and indirect time and outlined how the OIA allocated both.

Mr. Berry stated that, in response to a conversation with the Board of Governors' (BOG) Inspector General, a request had been made to determine risk assessment. The OIA has responded by redesigning the risk assessment process.

Chair Twomey noted that administration should be aware of unplanned audits and management advisory services, and that these items did not compromise the approved Audit Plan. He asked the administration to provide a schedule for planned audits and provide regular updates to this Committee.

This item was presented for information only. No further action was required.

Item 10: Quarterly Budget Report. Chair Twomey asked Vice President Shuman to report on this item.

Vice President Shuman stated that the University would be well within the budget by the end of the year. She mentioned that this report reflected a reduction of \$1.2 million and also reflected reductions from each division. She clarified that this report showed net change in the budget including tuition. Auxiliary status reports were within range with three projects in progress and one project starting soon.

This item was presented for information only. No further action was required.

Item 11: Review of Athletics Audit Report. Chair Twomey asked Vice President Shuman to report on this item.

Vice President Shuman stated that NCAA required a separate audit. Last year, there had been quite a few issues but this year the audit was clean with no comments on procedures or statements. Financial statements showed an increase for the year of \$182,000 with Athletics being financially well positioned.

This item was presented for information only. No further action was required.

Item 12: Treasurer's Report: Chair Twomey asked Vice President Shuman for an overview of the recent events involving the State Board of Administration's (SBA) Local Government Investment Pool (LGIP).

In providing this overview, Vice President Shuman recapped the events as outlined in the handout that appears as an attachment to this item. Her report covered the stated objectives of the LGIP, UNF's investments in the fund, the news articles which talked about downgrades in some of the fund's assets, members of the SBA's responses to these news reports, the subsequent reactions by investors to these reports including withdrawing assets from the fund, and the

actions taken by the SBA when these withdrawals threatened the fund's liquidity. Vice President Shuman's report also recapped the current state of the LGIP: (a) the LGIP was divided into two funds - Fund A containing 86% of the assets all of which were triple money-market appropriate assets and Fund B containing the 14% of assets that had lower ratings, (b) as of December 6, investors were able to withdraw \$2 million or 15% of their share of Fund A, with a 2% penalty if an investor exceeded the higher of these two amounts, and (c) investors were unable to withdraw from Fund B. Finally, Vice President Shuman talked about the actions the University had taken to date, including withdrawing 15% of its assets from Fund A and withdrawing a total of approximately \$29 million from SPIA.

After a full discussion, the Committee determined not to withdraw additional monies from Fund A at this time, which would necessitate the paying of a 2% penalty. Instead, members of the Committee asked that the administration monitor the activity in Fund A daily. If activity suggested some change in the asset ratings or the possibility of further large withdrawals, the administration, in consultation with the Finance and Audit Committee or Board chair, could immediately withdraw additional funds (up to the full remaining balance), paying the 2% penalty. The Committee also asked that the University stay in contact with other members of the SBA to express the University's distress over the fact that the State was not backing the fund and that those governmental investors who withdrew their dollars from the LGIP before it was frozen were not being asked to shoulder an equitable share of the losses. Finally, the members of the Committee asked that the University schedule a follow up meeting on this topic in early January.

Item 13: Adjournment. Chair Twomey adjourned the meeting.