

**University of North Florida  
Finance and Audit Committee  
June 17, 2008  
Minutes**

**Committee Members Present:** Mr. John Barnes, Mr. Hugh Greene, Ms. Wanyonyi Kendrick, Dr. Bruce Taylor, Mr. Kevin Twomey

**Committee Members Absent:** Ms. Joannie Newton

**Other Members Present:** Dr. Chip Klostermeyer

**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 May 15, 2008 meeting. The MOTION was offered and seconded. The minutes were accepted as presented.

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

**Item 4: Schedule of Tuition and Fees.** Chair Twomey asked Vice President Serwatka to present this item.

Vice President Serwatka stated that the Legislature and the Board of Governors had approved a 6 percent tuition increase for the State University System and the University of North Florida had elected to go with that increase for in-state undergraduate and graduate tuition. He noted that this increase would bring in-state undergraduate tuition to \$82.03 per credit hour.

Vice President Serwatka spoke about student fees and noted that the Board of Trustees had approved an increase at their January meeting. He clarified that the proposed increase in tuition and the approved increase in fees, including increases in State mandated fees, would bring undergraduate tuition and fees to \$125.83 per credit hour.

Vice President Serwatka addressed out-of-state (undergraduate and graduate) tuition and explained that neither of these would be increased. He did clarify that the following would increase at the same 6 percent approved by the State: in-state graduate tuition; the Certified Registered Nurse Anesthetists program; and the Doctor of Physical Therapy program.

Vice President Shuman spoke about other changes in the proposed tuition and fees, mentioning that the special surcharge for graduate students from Georgia had been eliminated because it had not led to an increase in enrollments.

Vice President Serwatka discussed graduate assistantships and clarified that the budgeted resources for last year would continue. He noted that there were plans to increase these in the future.

Chair Twomey asked for a MOTION to accept the schedule of tuition and fees. The MOTION was offered, seconded and accepted as presented.

**Item 5: Amendment of Regulations (Schedule of Tuition and Fees; Special Fees, Fines and Penalties).** Chair Twomey stated that this item was consistent with the process previously established. He asked the administration if there were any comments received during the public notice period. The administration responded that these regulations did go through the notice period and received no comments.

Chair Twomey asked for a MOTION to approve the Schedule of Tuition and Fees regulations. The MOTION was offered, seconded and approved as presented.

Chair Twomey asked for a MOTION to approve the Special Fees, Fines and Penalties regulation. The MOTION was offered, seconded and approved as presented.

**Item 6: Policy and Procedure for Increasing Miscellaneous University Fees.** Chair Twomey asked Vice President Serwatka to present this item.

Vice President Serwatka stated this request would allow the President to establish distance learning fees. He noted that this was a revision to the current policy regarding Miscellaneous University fees.

Vice President Serwatka clarified that the Auxiliary Oversight Committee, in concurrence with Academic Affairs, would review and justify the incremental fees brought forward by each distance learning course.

Chair Twomey asked for a MOTION to approve the revision to the Policy and Procedure for Increasing Miscellaneous University Fees to include fees for distance learning courses. A MOTION was offered by Chair Taylor and seconded by Trustee Kendrick. The MOTION was approved as presented.

**Item 7: UNF Budget.** Chair Twomey stated that the Finance and Audit Committee had productive and thorough discussions about the budget. He asked Vice President Shuman to discuss any unanswered questions and to present a review.

Vice President Shuman stated that there were two unanswered questions and she listed these as:

1. *How do Foundation funds contribute to the University?* The administration stated that a copy of the Foundation budget was included in the meeting materials, showing restricted and unrestricted funds, as of March 31, 2008. This information showed that funds were received and disbursed every day. Also, upcoming plans were listed. It was noted that there was about \$13 million available for various programs in the upcoming year. There were about 900 accounts represented, including about 230 endowed accounts. New funding would be available July 1, 2008.

2. *How has E&G, within its three revenue sources, changed over time?* The three revenue sources were general revenue, tuition and fees, and lottery enhancements. Administration noted that a graph was included in the meeting materials showing what percent of the E&G budget came from each of the three sources since 1987.

Vice President Shuman continued, addressing E&G funding and changes made since the previous discussion. She stated that the premium for casualty insurance and the flagship programs had been adjusted. She noted that there was a \$1.2 million net change in E&G funding.

Vice President Shuman stated that non-recurring funds were available for State call-backs and \$1.7 million set aside for lottery enhancements. (The University had placed lottery enhancement dollars in reserves because there was a possibility that these funds would not materialize.)

Vice President Shuman stated that there was likelihood that the State would reduce the 2008-2009 budget by 4 percent. She noted that the University had built a cushion for this possibility, without affecting the core operations.

Vice President Shuman clarified that the University was seeking, from this Committee, a recommendation for approval of a total operating budget of about \$211 million to the full Board.

Chair Twomey asked for a MOTION to recommend approval to the full Board. A MOTION was offered by Trustee Greene and seconded by Chair Taylor. The MOTION was approved as presented.

**Item 8: Annual Capital Outlay Plan for Fiscal Year 2008-2009.** Chair Twomey asked Vice President Shuman to present this item.

Vice President Shuman stated that Florida Statutes required the Board of Trustees to adopt a capital outlay budget for the upcoming year. She noted that the meeting materials included a list of major projects over \$1 million and listed funds spent to date, estimated expenditures for 2008-2009, and the remaining balance. She then discussed infrastructure projects for 2008-2009, including roads, renovations, etc. She mentioned that funding for structures was allocated for the next three years and included about \$3.9 million.

Chair Twomey asked for a MOTION to recommend approval to the full Board for the Annual Capital Outlay Plan for Fiscal Year 2008-2009. A MOTION was offered by Chair Taylor and seconded by Trustee Kendrick. Without further discussion the MOTION was carried.

**Item 9: Approve Transfer for Cash.** Chair Twomey asked Vice President Shuman to present this item.

Vice President Shuman reported that the transfer for cash and the MOU were both related to the UNFFC. She told the Committee that the purpose of the transfer was to increase the

Reserve Fund to comply with the requirements of the trust indenture. She clarified that compliance with the trust indenture was a result of the credit downgrade of FGIC, the insurer of the revenue bonds on the Student Union and new housing.

Vice President Shuman stated that there was a lengthy discussion by the UNFFC regarding \$10 million being used for collateral as opposed to a letter of credit. She noted that the UNFFC had approved a transfer for this purpose and recommended approval by the Board.

Chair Twomey asked for a MOTION to recommend approval to the full Board a transfer of cash to increase the Reserve Fund by \$10 million to comply with the requirements of the trust indenture. A MOTION was offered by Trustee Kendrick and seconded by Trustee Greene. Without further discussion the MOTION was carried.

**Item 10: Memorandum of Understanding (MOU) between the Board of Trustees and the UNF Financing Corporation (UNFFC).** Chair Twomey asked Vice President Shuman to present this item.

Vice President Shuman stated that the UNFFC approved the MOU. She discussed concern with the MOU as follows: the UNFFC was responsible for its own budget and disbursement but did rely on the University staff to conduct business. The same staff also worked with the Foundation, Inc. which had a similar arrangement with the University. The concern was that there might be a possible conflict of interest between the two entities because staff worked for the Foundation Inc. and the UNFFC simultaneously.

Vice President Shuman clarified that this document did not replace the MOU for the Foundation but was a new MOU for the UNFFC.

Chair Twomey asked for a MOTION to recommend approval to the full Board for the MOU between the Board and the UNFFC. A MOTION was offered by Chair Taylor and seconded by Trustee Kendrick. Without further discussion, the MOTION was approved as presented.

**Item 11: Direct Support Organizations (DSO's) Budgets.** Chair Twomey mentioned that the DSO's budgets were presented each year for review. He offered opportunity for discussion and trustees stated that they were satisfied with the status of these budgets.

This item was for review only. No further action was required.

**Item 12: Revised Charter for the Finance and Audit Committee.** Chair Twomey stated that the Board was required to formally review and approve this charter each year. He clarified that the administration had reviewed the charter and there were no substantive changes in the language.

Chair Twomey asked for a MOTION to recommend approval to the full Board for the revised charter for the Finance and Audit Committee. A MOTION was offered by Trustee Kendrick and seconded by Trustee Klostermeyer. Without further discussion, the MOTION was approved as presented.

**Item 13: Revised Charter for the Office of Internal Auditing.** Chair Twomey stated that the Board was required to review and approve the charter for the Office of Internal Auditing each year. He noted that this Committee had engaged in lengthy discussions and clarified that the University had produced an acceptable Audit Plan for the upcoming year.

Chair Twomey asked for a MOTION to recommend approval to the full Board for the revised charter for the Office of Internal Auditing. A MOTION was offered by Trustee Greene and seconded by Trustee Kendrick. The MOTION was approved as presented.

**Item 14: Adjournment.** Chair Twomey offered appreciation to the University for managing the budget prudently and then adjourned the meeting.