

**SUMMARY MINUTES  
CALLED BOARD OF TRUSTEES MEETING  
July 11, 2012**

Chairman Solomon Badger called the meeting to order at 4:05 p.m. Chairman Badger welcomed the newest board member, Trustee Cleve Warren, CEO of Essential Capital and thanked him for joining the call.

He recognized Attorney Fuse-Hall for the roll call. The following trustees were present: Chairman Badger, Trustee Torey Alston, Trustee William Jennings, Trustee Charles Langston, Trustee Kelvin Lawson, Trustee Spurgeon McWilliams, Trustee Rufus Montgomery, Trustee Narayan Persaud, Trustee Belinda Reed Shannon, Trustee Marjorie Turnbull, Trustee Cleve Warren, Trustee Marrison West and Trustee Karl White. A quorum was established.

Chairman Badger noted that the board asked for the meeting today to consider the approval of the Boosters budget and to hear the details of a deficit reduction plan. The chairman recognized President Ammons to present the information regarding the Booster's budget. He asked the board members to permit the presentations to proceed without interruption and then he will seek a motion from the floor before opening it for discussion.

President James H. Ammons thanked the chairman for the floor and we welcomed Trustee Warren to the board also. Trustee Warren acknowledged the welcome.

Before beginning, President Ammons shared some exciting news. Although the process began several years ago, implementing a comprehensive housing plan to address the housing needs on the campus, he announced the achievement of another milestone. Today CFO Teresa Hardee was a part of a meeting where the bonds were issued to support the construction of "our new 800-bed facility on the site of the old Polkinghorne Village.

Further, the University received its first ever bond rating. Despite the odds, we received an A3 rating, significantly higher than expected. The total bond issuance

was for \$45.6 million and was sold to Barclays Capital Inc. at an interest rate of 3.57% for 20 years.

President Ammons remarked, "This is an outstanding accomplishment for our team and I want to commend and thank CFO Teresa Hardee, Attorney David Self, Mr. Vernod Sharma, Donna Nichols, the Facilities and Housing Teams, as well as Chris Kinsley in the Board of Governors Office and Ben Watkins, Kim James and the team from Bond Finance."

Further, he noted that this will address the goals for recruitment, retention, and graduation, as well as improve student housing and student services.

President Ammons asked Vice President Thomas Haynes to present the revised Booster's budget.

Vice President Haynes greeted the members of the Board of Trustees before presenting the revised Boosters 2012-13 Operating Budget for consideration. From the materials sent to the board yesterday, there is one major change under the expense section. In order to provide a clearer picture of the actual contributions the Boosters are making to Athletics, the actual expense items have been included in the revised budget. These annual expenditures are as follows:

- Vantage Media Contract (for broadcasting football games, \$71,000) ;
- Media Related Costs (TV costs for Coach Taylor show, \$6,500);
- Basketball July Recruiting (Men & Women Teams, \$20,000); and
- Individual Sport Projects (game warm-ups, shooting equipment, etc., \$7,500)

These expense items total: \$105,000. The Boosters pay these expenditures for the benefit of the Athletics Department.

Another major contribution to the Athletics program is the Jumbo-Tron and basketball scoreboards. There was an additional budget item for the Jumbo-Tron and scoreboard at \$84,000.

Another change noted in the revised budget is that the Boosters are expecting a slight increase from its FY 2011-12 revenue from \$365,000 to \$462,500. This new projection is based on the current trend in the sale of memberships, sponsorships, and new revenue from event parking.

Further, Vice President Haynes directed their attention to the parking amount which reflects the \$4,000 for RV parking noted in the original budget, as well as the \$79,000 from the new parking initiative, for a total of \$83,000.

The Boosters, Athletics Department, and Development arm of the University Advancement Division, are working closely together to identify opportunities for generating new revenue in support of the Athletics budget deficit plan that Athletic Director Derek Horne will present later. Some of the ideas being pursued include: creating a year-round plan using all of the University's parking inventory in support of special events as mentioned earlier; exploring the feasibility of implementing a priority seating program; and adding another Classic game, using Booster sponsored entertainment to increase ticket sales at home basketball games.

On the Development side, the goal is to assist Athletics in increasing its annual fund acquisition from approximately \$150,000 per year from a donor base of approximately 360 in 2011-12, to \$1,150,000 by 2016-17 from a donor base of 5000. Currently, there are more than 34,000 alumni in the State of Florida and over 11,000 in Tallahassee alone. This data suggested that the Florida alumni population has been under-utilized and a more aggressive fundraising strategy must be employed. Development is now working with Athletics in the cultivation and implementation of a fundraising plan to include the following strategies:

- On-line campaigns (micro-campaigns and social media)
- Phon-a-thons (athletes calling prospects)
- Direct Mail
- Face-to-Face Solicitations (coaches circuit)
- Women Athletes Initiatives
- Special Events
- Former Athletes Initiatives (Athletes Helping Athletes: Giving Forward)

These are just a few of the plans now being pursued. Dr. Haynes recognized AD Horne to discuss the deficit reduction plan.

**Athletic Director Derek Horne noted that** yesterday board members received the Athletic Deficit Reduction Plan and a multi-year sales revenue plan, providing a detailed snapshot of the sales category indicated in the plan.

As referenced in the cover memorandum, in year one, the department will not experience an overall reduction to the budget deficit. However, in subsequent years, the plan reflects the department's efforts to reduce the deficit by modest amounts. The primary revenue generators for athletics derive from two funding categories: the athletic fee and tickets sales. Collectively, these revenue streams represent approximately 76% of the total earnings annually.

This year we anticipate there will be an impact to those categories based on projected enrollment and the current reduction in our ticket sales, especially among our season ticket holders for football.

Mr. Horne noted, "We will work diligently to implement the initiatives outlined by Vice President Haynes. Despite these best efforts, any revenue generated from these initiatives will go to support our current year expenditures; therefore; we do not anticipate any impact on the overall deficit."

As noted on the multi-year spreadsheet, operationally the Athletic Department will continue to maximize its dollars with improved efficiencies throughout the entire department. This will include a concerted effort by every coach and staff member within the athletics department.

The Athletics staff will continue its efforts to grow revenues through season ticket sales, sponsorships and other marketing and development initiatives. Working collaboratively with Vice President Haynes and the marketing staff, incremental reductions in the overall deficit should occur. "As we keep our attention fixed on addressing this deficit, I know that we will see steady incremental decreases while ensuring that our coaches and student athletes have the resources they need to bring home championships."

President Ammons said that this concluded the presentations and the staff and he were happy to address any questions.

***Trustee Shannon moved that the board approve the Booster's budget based on the presentation. Trustee West seconded the motion and Chairman Badger opened the floor for discussion.***

Trustee Turnbull asked if anyone looked at a zero based budget. The response was no that had not been examined.

Trustee Warren asked about the lost of the band participation on the budget. He noted that the memorandum speaks to operating efficiencies; but, he didn't see the efficiencies in light of the documents.

Trustee Alston, as a follow-up to Trustee Turnbull and Trustee Warren's inquiries, asked if "we were to approve and hold constant the number (of certain categories) would that be problematic?" Yes, this could be problematic. President Ammons

responded that the 3% salary increase that the Board of Trustees approved as well as the 12% tuition increase on approved by the Board of Governors impact the overall budget in the athletics department. He responded to Trustee Warren's inquiry and noted that the goal is to maximize the talent within Florida and minimize the impact to the scholarship budget.

Trustee Alston asked if there should be a policy decision to put a dent in the deficit and "how do you get there?" President Ammons replied that the goal in fund-raising and the work in sales. This year is a historic first without the band; but, working with the sponsors at the classics and "we will work hard to offset the expected losses."

Trustee Turnbull inquired if the administrative salaries are paid from general revenue. The response was no, these are a part of the auxiliary budget.

Trustee Warren asked if this is an aggregate for the auxiliaries without a loan agreement. The answer was "yes."

Trustee Langston noted that a few years ago the surplus was at the million dollar level and now there is a million dollar deficit annually. He noted that maybe there needed to be a cap on the budget.

Trustee McWilliams asked for the timeline for the initiative suggested by VP Haynes and AD Horne.

Trustee Lawson asked AD Horne what occurs if we miss the \$380,000 initiative. Second, he asked if there are lines that can be controlled? AD Horne responded yes, travel and operating expenses can be controlled. He noted that he would work with CFO Hardee to control these areas.

Trustee Turnbull agreed with Trustee Lawson's last comment and expressed, "I feel strongly about balanced budgets and we need to look at it closely. Some issues that need intensive scrutiny."

Trustee Jennings inquired if the board capped travel and operating expenses at last year's levels, what's the impact? The answer was that such a cap could adversely impact the respective teams' competitiveness.

Trustee Montgomery commented that after the April meeting, "I made these points, we revisited this topic last month at the retreat, it's a cyclical non-

responsive answer. At some point, this has to stop. Will we fund something that continues to underperform?"

Trustee Warren remarked that not knowing the process or the presentations of the budget, and hoped that it is vetted at the finance committee meeting.

Trustee Montgomery noted that germane to the conversation in April and the process prior to and having gone through the process, "my desire is to revamp the budget process and more in-line with the peer institutions. I agree with your comments. I requested a budget book and will need a more detailed budget book going forward."

The staff informed the board that the Athletic budget for this year was approved at the June meeting. Further, the board deterred approving the booster's budget and requested this meeting to discuss the athletic deficit plan.

Trustee Alston reminded members that he voted no on the budget.

There was discussion about the board developing a policy on how to review the athletic deficit. The Budget and Finance Committee may develop it as an agenda item.

The chairman restated the motion and the vote was taken. The motion passed.

Next, the chairman recognized President Ammons. Dr. Ammons noted that earlier today, he submitted his resignation to Chairman Badger effective October 11, 2012, providing the requisite 90-day notice to the board.

Trustee Persaud expressed concern regarding the protocol for proceeding.

Trustee Montgomery offered a point of information and noted that any member could call a meeting with the consent of six other trustees. He then called for a meeting of the Board of Trustees on Friday. Chairman Badger noted that the meeting could occur between July 15 and August 2012.

Trustee Persaud expressed grave concerns about a letter he received two hours ago which have a tremendous impact on the institution and the need to provide leadership. There are issues of governance and leadership that need prompt discussion.

Several trustees noted the need to create an agenda and to discuss this matter as quickly as possible. Trustees agreed to meet on Monday, July 17, 2012. The staff was directed to send a copy of the president's contract and the recent amendment to each board member.

Trustee Warren noted that "there is a lot of emotion concerning this matter and there is a need for a genteel approach." He asked for a written legal opinion with respect to the letter of resignation. Attorney McKnight responded that the original contract and amendment would be sent to the board members.

Chairman Badger thanked everyone for participating on this call and noted that everyone would receive communications about the meeting on Monday.

There being no further conversation, the meeting adjourned.

Respectfully submitted,

*Rosalind Fuse-Hall*

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