

**SUMMARY MINUTES**  
**CALLED BOARD OF TRUSTEES MEETING**  
**June 27, 2012**

Chairman Solomon Badger called the meeting to order at or about 9:00 a.m. Chairman Badger noted that at the Board of Governors meeting last week, the vacancy on the board, they appointed Mr. Cleve Warren to fill the vacancy. He is a Jacksonville native and CEO of Essential Capital. President Ammons shared this information with FAMU board members in a memorandum sent last week. The chairman noted, "Trustee Warren looks forward to joining the board; however, a prior commitment prevents him from joining the call today."

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 Marissa West and Trustee Karl White. A quorum was established.

Chairman Badger noted that although the board requested the meeting today, recent changes in the University's budget requires that the board review the budget matter in a slightly different perspective. He recognized President Ammons to present information regarding the budget. Materials were sent to the members yesterday.

President Ammons thanked the Chairman and added his welcome to Trustee Warren. He informed the board that he had spoken with Trustee Warren last week after his appointment. "He's ready to go and looking forward to joining this board" and the president looked forward to meeting with Mr. Warren soon.

The president informed the board that last week the Board of Governors reviewed all requests for tuition differential increases. Although the FAMU Board of Trustees approved a 15% increase, the Board of Governors approved a 12% increase for FAMU, subject to the submission of a plan on retention, graduation and student indebtedness.

President Ammons asked the staff to revise the 2012-13 budget in light of the decrease in tuition revenue. Further, although the president discussed goals associated with the budget, in light of the changes, “there are fewer goals that we can focus upon. I will ask CFO Teresa Hardee to present the budget and note the four areas that we can address with the reallocation of internal funds and/or tuition differential.” Further the divisions had to take additional cuts to their respective budgets in order to keep a balanced budget. Therefore, the president proposed the funding of the following items with the limited resources allocated to the University:

1. Graduation and Retention Rates (a BOT goal)
2. Student Safety (Hazing personnel in the President’s Office and the Music Department—Special Assistant to the President and Compliance Officer in Music)
3. Audit and Compliance (1 investigator) as requested by Vice President Richard Givens
4. Comprehensive Campaign (5 positions) as requested by Vice President Haynes

President Ammons asked Vice President and CFO Teresa Hardee to walk the board through the revised budget.

CFO Hardee noted several actions that transpired over the last couple of weeks regarding the University's budget. Although the Board of Trustees approved a tuition increase of 15% at the April meeting, the Board of Governors approved a lower tuition differential of 12%, subject to the submission of a detailed plan denoting how the University will increase graduation and retention rates along with solution for lowering student debt loans. The 12% tuition increase represents approximately \$3.6 million in tuition revenue. However this is \$923,186 less than the amount budgeted by the Legislative Session, which allocated 15% in FAMU's original budget. The University would recommend using its reserves to absorb the \$19.8 million reduction to its 2012-13 operating budget.

In addition, the decline in enrollment has not materially changed since the last board meeting. Therefore, an adjustment (reduction) in the amount of \$2.5 million has been applied to each division. This will be a “current year” reduction in anticipation of enrollment return (or increasing) in 2013-14.

The CFO noted that in order to capture the additional reductions to the University's budget, each division absorbed a dollar amount of this reduction based on the

percentage of the division to the total E&G budget. For example, if the EIT represents 6% of the University's E&G budget then this division absorbed 6% of the reduction. "Most divisions will absorb their respective reductions through re-alignment of their budgets, re-allocation of resources -- especially through the freezing of vacant or unfilled positions. Again a 3 percentage point decrease in tuition differential will be absorbed through reduction of vacant positions across the university. Although this will curtail some plans for each division, the University must balance its budget."

So how do we meet our goals? How do we maintain academic quality with limited resources? At this junction, when tuition contributes more to the cost of educating our students than state appropriation, we must strategically allocate our resources for the best interest of FAMU.

No other funding has been re-allocated. Based on the requested list submitted at the last BOT meeting, if a division implemented any request on that list, it must be done within the confinement of its budget, which means that the divisions must strategically align and/or re-align its resources to accomplish its request(s). The University will recommend the approval of the 2012-13 budget which you have before you on the legal sheet representing E&G, Auxiliaries, Contracts and Grants, etc did not significantly change from the last BOT meeting.

President Ammons added that the Board of Governors (BOG) asked the University to provide a detailed plan for graduation, retention and student indebtedness. He spoke with Chancellor Brogan on Tuesday and discussed how quickly the BOG would respond to the submission. The chancellor noted that the 12% increase is approved. He also noted that the tuition appeals committee, which consists of the BOG chairman and the respective committee chairs, will meet on "tomorrow to discuss an appeal. During that meeting the appeals committee will meet and discuss the plan FAMU submitted after this meeting today."

President Ammons recognized Provost Larry Robinson to highlight information about the plan that will be submitted. Provost Robinson walked the members through a PowerPoint regarding the Work Plan and the Annual Report. Together, the Work Plan and the Annual Report, form one of the primary vehicles for accountability for each University. "They go hand in hand." The Work Plan and its updates lay out various accountability metrics related to the Board of Governors' goals. Each university establishes targets to improve performance on these goals. The Work Plan also includes the individual university's primary initiatives for a three year window. He covered the strengths, proposed key

initiatives, key performance indicators, fiscal information, enrollment planning, and proposed new degree programs.

President Ammons concluded the presentation about the University budget and was prepared to respond to any questions.

Trustee Alston asked about the debt presentation and inquired if hiring a new debt counselor was needed because current financial aid personnel lack the training to do this work. Vice President Hudson replied that some are trained; however, "this person will be dedicated to one-on-one attention to this matter."

Trustee Alston asked what percentage of personnel doesn't have training among the financial aid counselors. Vice President Hudson replied that they could get that number.

Trustee Alston asked in reference to Athletics, and the commitment to reduce the deficit, "Are adequate resources of OPS and Athletic personnel available? Or, do we need realignment of the current staff?"

President Ammons noted that the 3% salary increases permits the staff to remain that is needed. Further, he noted that "we have intensified efforts with ticket sales and marketing and we are working hard to make progress" in Athletics.

Trustee Alston commented that in regards to the organizational structure, he commended the president for approving some positions, such as the Associate Vice President for Advancement. Is this a move to divert positions from the Foundation to the E&G budget? President Ammons noted that the search is on-going for that position. He informed the board that the Communications Office will not transfer to the Division of University Advancement at this time; but, these offices will work together. He noted how essential for these two offices to work collaboratively in preparation for the campaign. President Ammons noted that he is still considering moving the Provost to the Executive Vice President level; however, he has to work through the budget. He'd like to align the position with other SUS positions and to yield to faculty advancement. This is still in the planning stages.

**Trustee Lawson moved approval of the budget with the 12% tuition increase. Trustee Shannon seconded the motion and it carried.**

Chairman Badger recognized the President for the presentation of the Direct Support Organizations (DSO) budgets. President Ammons noted that each year the Board of Trustees reviews and approves these budgets. He asked Vice President Haynes to present the budgets.

Vice President Haynes asked Trustee Shannon to speak on these budgets. Trustee Shannon acknowledged that the DSOs 2012-13 operating budgets were submitted to the board for approval and asked if there were any questions.

**Trustee Shannon moved that the board approve the DSO budgets. Trustee Alston seconded the motion and the chairman opened the floor for discussion.**

Trustee Persaud asked what was the rationale for shifting the financial burden of certain positions from the Foundation to the E&G budget. Vice President Haynes responded that these positions were moved to the University and that market returns on investment had not been strong.

Trustee Jennings asked if the Foundation took any other steps to reduce its budget. Vice President Haynes responded yes, noting that the acquisition of the building will cut some costs.

Trustee Langston noted in response to Trustee Persaud's question that University support in every institution is to be included in the E&G budget. "In most instances, these positions are in E&G, and I applaud this move." He added that the administrative fee is flat and slightly down for the budget.

Trustee Jennings asked about the percentage of the increase from revenue associated with the building and the response was between \$10,000 to \$15,000.

Chairman Badger asked about the building's space capacity. Vice President Haynes responded that it depended on the request for needed space. He added that the Boosters will move into the space.

**Trustee Langston asked if they could separate the three items within the motion. Trustee Shannon withdrew her motion.**

**Trustee Langston moved that the board approve the budgets of the Foundation, Inc. and the National Alumni Association. Trustee Montgomery seconded the motion and it carried.**

The board discussed the FAMU Boosters' budget in conjunction with the current deficit in the Athletics Department. Trustee Montgomery asked about the plan for reducing the deficit in Athletics; "Are the Boosters and Alumni are working together?" Vice President Haynes noted that they are working collaboratively, especially on the season ticket sales. "Coach Taylor is visiting alumni chapters and raising funds." Trustee Montgomery asked, "Where's the evidence that something different will happen this year, to address the budget deficit?" They asked to see these two budgets at a subsequent meeting. President Ammons noted that the fiscal year for the Boosters would end on June 30, 2012 and the Boosters pay for the scoreboard and other items. Trustee Jennings noted, "Not sure the intent is to hold up the Boosters' budget; but, we want answers to the questions about the deficit." Trustee Alston inquired how soon could the staff return with a plan. Trustee Lawson asked if waiting two weeks would jeopardize the actions of the staff. President Ammons asked for a continuation budget to permit the Boosters to operate and submit a deficit reduction report within two weeks.

**Trustee Montgomery moved that the Boosters' budget continue at its current level funding until the board met on July 11, 2012 to reconsider the budget and consider the deficit reduction plan of the Athletics Department. Trustee Lawson seconded the motion and it carried.**

Trustee Lawson asked if the staff could explain head count and to distinguish what is new versus funding that fills positions. Trustee Turnbull added some denotation of which positions is administrative, faculty or for student support.

Chairman Badger asked Dr. Ammons to present the information regarding the marketing and communications plan.

President Ammons noted that at the June board retreat, the board asked to see a detailed plan and budget for the marketing and communications plan. Please note that the initial budget was increased and that amount is what is reflected in the current plan. Originally the request was for \$840,000 and was then increased to \$1 million and reflected in documents distributed to the board members yesterday. Dr. Ammons asked Mrs. Sharon Saunders, the Chief Communications Officer, to present this information.

Mrs. Saunders outlined the highlights of the communications plan. She noted that several factor require a structured communications plan. In light of the adverse publicity regarding the November hazing death of drum major Robert Champion;

the need to continue existing enrollment trends; as well as the need to garner support from alumni and other stakeholders for a successful \$50 million campaign, Florida A&M University (FAMU) will engage in several campaigns designed to promote and highlight the University's unique qualities and strengths. She noted five (5) goals to achieve these objectives.

Trustee Langston inquired if the staff used an outside firm to develop the plan. Mrs. Saunders responded not at this time. At the conclusion of the investigations, may need to employ an outside agency. Trustee Lawson thought the plan was comprehensive and well done; however, in light of the impending negative press, some additional public relations experts should be consulted about the timing to launch this campaign.

Trustee Montgomery supported Trustee Lawson's comments to spend more money on this. He inquired whether the Communications office was adequately staffed, especially in light of the increased requests over the last six (6) months and the timeliness of the responses to public records requests. Trustee Jennings also asked if the Communications Office was the only entity handling these requests. Trustee Persaud asked about the role of the public relations firm, DKC, Inc. Mrs. Saunders noted that the University is working with DKC; however, the requests are very time-consuming.

Trustee Turnbull asked about the value of spending the proposed costs; "it looks like we backed into these numbers." Trustee Alston asked how legal affairs impact this plan. Mrs. Saunders outlined the system for legal review before responding to the requests.

Trustee West asked about the value of the communication plan and to ensure that "we get what we pay for." She encouraged that the plan unite stakeholders and that we invest in these groups. For internal communications, she noted that students can help also.

Trustee Lawson asked that when the plan is vetted with outside consultants that we inquire if the right components are contained in the plan.

Trustee Jennings noted that the university needed to respond to the requests quickly and more positive stories were needed. He noted that "it's up to the president." Trustee Persaud agreed.

Trustee Montgomery agreed with Trustee West to use the student body and need to clear up the log jam. Timely responses “to the press permits us to tell our story.”

**Trustee Turnbull moved that the board approve the communications plan subject to the comments made by the trustees and confirmed in a written response. Trustee Alston seconded the motion and it carried.**

**Trustee Lawson moved that the plan include:**

- **Seek assistance from other offices to respond with to public records requests.**
- **Consult with internal offices.**
- **Vet with public relations firms regarding strategy, tactics and timing.**

**The motion was seconded by West and it carried.**

Chairman Badger thanked the President and the staff for getting “us to this moment.” Trustee Alston noted that President Ammons, the First Lady, and Vice President Hudson, Jr. were featured at the Broward Alumni Chapter meeting. They did a good job! The president thanked Trustee Alston for supporting the event.

Chairman Badger asked the staff to poll the board about a July 11<sup>th</sup> meeting.

There being no further business, the meeting adjourned.

Respectfully submitted,

*Rosalind Fuse-Hall*

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