

The Florida State University Board of Trustees Meeting
Florida State University Alumni Center
Tallahassee, Florida
Thursday, February 26, 2009
SUMMARY MEETING MINUTES
9:00 AM - 11:00 AM

Members Present: Trustees Susie Busch-Transou, June Duda, David Ford, Laymon Hicks, Jim Kinsey, Harold Knowles, Leslie Pantín, Jr., Jim Smith and Jayne Standley were present. Trustee Haggard participated by phone. Trustees Garcia and Brooks had excused absences.

- 1. Call to Order and Welcome: Mr. Harold Knowles, Vice Chairman**
 - Chairman Jim Smith was present but was ill, so Vice Chairman Knowles welcomed everyone to the Board of Trustees' meeting.

- 2. Approval of Minutes**
 - Trustee David Ford moved approval of the minutes of the meeting of November 14, 2008. Trustee Susie Busch-Transou seconded, and the motion passed unanimously.

- 3. Updates & Reports**
 - Vice Chairman Knowles recognized the work of former Trustee staff members Laura Brock and TaWanda Durant. He also noted that this was the final meeting for Trustee Laymon Hicks and Trustee Jayne Standley and expressed the appreciation of the Board for their service. He also provided an update on recent campus activities.

- 4. Comments, Faculty Senate: Dr. Eric Walker**
 - Dr. Eric Walker noted the uncertain times and anxiety about colleagues, staff members and students. He said that the faculty pledges its best efforts to steer through this crisis. The faculty appreciates its representation on the Budget Crisis Committee and welcomes the principles of transparency and open consultation. The faculty regrets that the Pathways of Excellence initiative must be slowed and endorses the principle of managing potential cuts strategically to maintain the core strengths of the institution. The faculty has experienced minor inconveniences so far but is braced for more bad news. They pledge to work with the Board of Trustees to get better outcomes.

- 5. Comments, Student Government Association: Robert Jakubik**

- Mr. Jakubik is incoming president of the Student Government Association. He recognized the service of Laymon Hicks and announced a March 4th Rally in Tally organized by the Florida Student Association to support higher education.

6. Legal Update: Ms. Betty Steffens

- Ms. Steffens reported that the Leon County Grand Jury determined that none of the parties involved with a proposed biomass facility that would have been built on state property leased by Florida State has violated any laws or ethical matters. That is the final word of Leon County and its citizens on this issue.

7. Florida State University Foundation Campaign Report: Mr. Charles Rasberry

- Mr. Rasberry reported that the value of the total university endowment as of December 31, 2008, was \$401,052,191 (FSU Foundation: \$308,514,119; FSU Research Foundation: \$68,985,612; Seminole Boosters, Inc.: \$23,552,460).
- The long-term investment pool was valued at \$447 million in December of 2007 and about \$315 million as of December 2008. This is typical behavior in this economy of university endowments and investments.
- The Foundation is working to protect the endowment and protect the university and navigate through tough economic times and will make adjustments regarding payouts. Projected payout for next year will drop to about \$14.2 million.
- Foundation expenditures on behalf of the university have ranged from \$25 million in '05 and '06 to nearly \$60 million in '07 and \$30 and \$20 million in '08.
- One of Mr. Rasberry's goals is to be able to send the university about \$100 million a year. He would like to see Foundation funds contribute about 10 per cent of the university's budget in the next six to eight years. After that, he would like to see the Foundation providing 10-15 per cent of the university's budget.
- The Foundation has trimmed \$1.1 million out of its budget.
- The Courtelis and matching gift challenge programs have a little more than \$21 million awaiting state dollars.
- Last year was the best fundraising year ever for Florida State. Fundraising is down about 10 per cent from last year, but is ahead of '07.
- To deal with difficulty raising major gifts, the Foundation is refocusing on annual giving.

Trustee Busch-Transou noted that 90 per cent of the Board of Trustees have participated in the annual fund initiative.

- Mr. Rasberry also reported on a student initiative to raise \$100,000 for faculty. It is an effort called “Protect Our Professors.”

Trustee Pantín asked Mr. Rasberry to provide information at the next meeting regarding specifics on how Foundation funds are used at the university.

- Campaign performance to date stands at \$284,525,325

8. Seminole Booster Campaign Report: Mr. Andy Miller

- The Boosters’ budget now exceeds \$50 million annually, and the Boosters generate over \$29 million in gift revenue.
- Mr. Miller commented on the fact that the University has seen unprecedented growth and development in Olympic sports in ‘08 and ‘09. The Boosters produced their first magazine and three national players of the year.
- Annual fund pledged fell by 1.7 per cent, only the second time in 32 years that contributions have fallen back. Total gift revenue, including endowment capital gifts was up by 8.99 per cent. The campaign is slightly over \$100 million at this time, and Mr. Miller expects the goal of \$110 million to be reached by next fall.
- The Boosters have 17,000 annual supporters.
- The Boosters’ endowment is \$23 million, with \$10 million invested long-term in a reserve fund. They have real estate with a market value of \$68 million and outstanding debt of \$68 million. Mr. Miller is optimistic that much of that debt is tied into performing assets, sky box and suite revenue.
- Declining ticket and advertising revenues are a concern. The Boosters are trying to scale down operations while increasing revenue potential. The Boosters accomplished a 10 per cent operating budget cut in ‘08 – ‘09 and are looking for at least another 10 per cent in ‘09 – 10.
- The focus now needs to be on grassroots and deferred giving. The Boosters are developing a more regional approach to fundraising and are using new technology and social networking to connect donors with the program.
- In terms of attracting fans to games and building revenue, Mr. Miller would like to see a national championship playoff and conference alignment. The ACC is geographically too large, and it would help to find a way to bring Georgia Tech into the conference.

Chairman Smith noted that distance is a problem in the conference in terms of fans being able to attend. He also noted that coaches' salaries are excessive and that it's time for leadership to bring back reality.

President Wetherell responded that there is talk about forming an ACC scheduling process to help reduce budgets in all sports. Discussion continued on playoffs and bowl games and how they are controlled.

Chairman Smith asked that a resolution be drafted for the Board of Trustees consideration at the June Board meeting to the ACC commissioner to realign the schedule, drop the 12th game, and rethink holding the championship game at a neutral site. Trustee Kinsey asked about enhanced Friday activity or associated sports or other events as added incentives to travel to games. Trustee Busch-Transou thanked Mr. Miller for emphasizing coach outreach and urged encouraging women's athletic coaches to participate, too.

9. University Relations & Advancement Report: Ms. Lee Hinkle

- Ms. Hinkle reported on participation in "Circles of Influence," an ROTC-sponsored Chinook helicopter flight event rarely offered to civilians.
- The University will soon be honoring Col. William Wesley Wood, a 1984 Florida State graduate who died in 2005 in Operation Iraqi Freedom, with the dedication of a room in Harp Johnson Hall.
- Ms. Hinkle called on Lt. Col. John Devillez, Army ROTC battalion commander for an update on Florida State's ROTC program.
- The Siegel+Gale-produced brand identity program and visual system are being completed and implemented on campus. The new Admissions web site and Viewbook will be ready and delivered in the near future.
- Heritage Day 2009, "Greatness through Generations," featured the opening of the Mary Lou Norwood Reading Room at Strozier Library as well as tours of historic places on campus
- Seven Days of Opening Nights 2009 has been successful. During the renovation of Ruby Diamond Auditorium, performance venues throughout the community have been used.
- The Alumni Association has begun its centennial yearlong series of events with a Gershwin concert by Tommy Wright.
- The Alumni Association is going on the road with events in Orlando, Tampa, Miami and Atlanta. Programs will include presentations by the Career Center, Admissions Office and the Film School. Florida State's three recent Rhodes Scholars will also be featured.

- The Office of Government Relations has been preparing for the upcoming legislative session.

10. Consent Items: One Motion

Trustee Pantín moved to approve these three consent items. The motion was seconded by Trustee Hicks and passed unanimously.

- Approval of SGA Bills and Resolutions for FSU Main Campus, Panama City Campus and Sarasota Campus – Fall Term 2008
- Adoption of Affirmative Action Plan and Related Programs
- Identity Theft Prevention Program (Red Flag Rules)

11. Approval of FSU Strategic Plan: Dr. Robert Bradley

- The Academic Affairs Subcommittee has recommended revisions to the Strategic Plan with respect to the mission and vision, the strategic priorities, the supporting goals and university initiatives. A historic prologue to the mission has been added. The concepts of Strength, Skill and Character have been incorporated. The vision statement has been revised and tailored to indicate that we are going to be one of the world's premier institutions of higher education, concerned transforming the lives of our students, shaping the future of the state and nation, and offering programs of national and international distinction. There are two new priorities in addition to the existing priorities. One relates to ensuring operational excellence while maintaining financial integrity. The second is building national reputation. Once the overall plan is approved, metrics will be associated with each of them to allow for regular reports.
- Dr. Bradley reviewed strategic priorities and related supporting goals, reported on results of a campus survey, and reviewed urgent and immediate initiatives, along with costs for full funding.

Trustee Duda moved to approve the major elements of the Strategic Plan. The motion was seconded by Trustee Pantín and passed unanimously.

12. Academic Affairs Update: Dr. Lawrence Abele

- Despite the great financial stress, things are going very well. There is a very strong class enrolled now, and are ahead of schedule for fall enrollment. Residence halls are beautiful, the campus looks good, and strong students and faculty have been receiving awards.
- We are in the fourth year for the National Survey of Student Engagement, and we have improved in every category.

13. Research Activities/Grants: Dr. Kirby Kemper

- Because foundations and agencies are funding fewer grants, Florida State researchers are submitting more proposals.
- Federal funding is not going down.
- Undergraduates are anxious to get involved with research immediately, and our grant dollars allow that to happen.
- The College of Medicine research program is growing well, with major grants from NIH.
- The new materials science building is LEED certified. The local expert got his bachelor's degree in mechanical engineering and is finishing his master's in mechanical engineering at the College of Engineering.
- The Origins '09 program will mark the International Year of Science and the 200th birthdays of Abraham Lincoln and Charles Darwin. During the two weeks of programming, the concept of evolution will be addressed in many realms.

14. Action Items (ACTION)

- Approval of Medical School Scholarships/Waivers
- Approval of Master of Fine Arts in Screen Writing and Play Writing
- Approval of Material and Supply Fees – 2009-2010
- Approval of Amending the Delegation of Authority to the President

Trustee Pantín moved to approve these items as a group. Trustee Hicks seconded the motion, which passed unanimously.

15. Student Affairs: Dr. Mary Coburn

- Renovation of the Reservation is complete.
- The Center for Leadership and Civic Education has been placed on the President's Honor Roll for Service.
- Three students have completed the Global Pathways program, 13 more will finish this semester, and 163 are in the pipeline.
- Student philanthropy continues to be remarkable. Dance Marathon raised \$375,000 for the College of Medicine and the Children's Miracle Network. Relay for Life will be held April 3 and 4. The Big Event—a new community service initiative – will be held March 28.

16. Athletic Update/NCAA: Mr. Monk Bonasorte

- Athletics has not heard from the NCAA on our infractions. The department has imposed penalties on itself.
- The department is looking at budget cuts and revenues.
- Sports teams are doing very well in ACC competition.
- Pairing games of men's and women's teams to reduce costs is under consideration.

17. Action Items (ACTION)

- Approval of Resolution to Issue Bonds Not to Exceed \$40 Million for Construction of the Wellness Center

Trustee Smith moved to approve this item. Trustee Ford seconded the motion, which passed unanimously.

- Approval of Housing Rates Increase Effective Fall 2009

Trustee Kinsey moved to approve this item. Trustee Duda seconded the motion, which passed unanimously.

- Approval of Local Fees 2009-2010 (A&S, Athletics and Health)

Trustee Busch-Transou moved to approve this item. Trustee Hicks seconded the motion, which passed unanimously.

- Approval of Suspension of Mandatory Student Health Insurance.

Trustee Smith modified the motion to discontinue the mandatory insurance program for one year and revert to the mandate at the end of the year, but withdrew his motion. Trustee Kinsey offered a substitute motion to suspend the mandate for one year and require the Board of Trustees to readdress the issue if the suspension is to continue. Trustee Standley seconded the motion. After extensive discussion, the motion failed on a vote of 5-3.

18. Finance and Business: Mr. John Carnaghi

- Ralph Alvarez explained the University's three-year financial plan, focusing on projected budget reductions in response to decreased state revenues. If there are no additional cuts, the University will end 2008-2009 with \$15.4 million allocated more than revenues. That gap will be plugged with non-recurring dollars. Legislative actions will have significant effects on the 2009-2010 budget, as well as the impact of the federal stimulus package. Florida State has plans to accommodate another 7 per cent (\$21 million) in state reductions, a plan that will reduce vice presidents' budgets another \$35 million on July 1, 2009. That is a total of \$56 to \$60 million in cuts over the past three years. The governor's budget recommendations include federal stimulus funding, which is non-recurring. There is still a great deal of uncertainty for 2009-2010. By the second quarter of 2010 there is a hope

that there will be some kind of economy recovery and that state revenues will come back up.

19. Action Items (ACTION)

- Approval of Technology Fee

Chairman Smith moved to approve this item. Trustee Duda seconded the motion, which passed unanimously.

- Approval of Campus Master Plan Revision (Withdraw Biomass Plant)

Chairman Smith moved to approve this item. Trustee Busch-Transou seconded the motion, which passed unanimously.

20. Open Forum for Board Members' Discussion

- Chairman Smith asked if budget-forced elimination of total programs would come back to the Board for approval. This discussion might provide an opportunity to focus on programs that are distant from the core mission. President Wetherell indicated that the June Board meeting has been moved back to allow additional time between the adjournment of the Legislature and the time the Board is asked to make decisions. Indications are that the University will be about \$60 million below where it was last fall. The amount and effect of federal stimulus dollars is unknown, but the stimulus dollars are nonrecurring, so decisions will need to be made about how those dollars are used and effects they are not carried forward to future years. President Wetherell suggested either that a day be added to the June Board meeting or that the meeting be streamlined to deal only with the budget, since it will have significant ramifications for the years to come. President Wetherell said that the administration will bring a comprehensive plan to the Board to reflect 2008-2009, 2009-2010 and future projected budgets. The administration is going to try to make decisions that position Florida State University within the mission of becoming a flagship major public graduate research institution and will bring the Board a package of recommendations. The Board will see everything the administration does and will know the rationale for all actions.

21. President's Report: Dr. T.K. Wetherell

- President Wetherell thanked the faculty. They have been very involved and very helpful and understand the magnitude of the issues and problems the university is facing. No public university has ever had to deal with the challenges this system is confronting now.

- The President noted that students are going to the Capitol March 4 to rally for the differential tuition bill. He expressed appreciation for the students who are working on the POP campaign to raise \$100,000 for faculty members, but added that there is a \$60 million budget gap to be filled.
- President Wetherell said that the new Materials Science Building where the next Board meeting will be held is a great facility. The composite energy-efficient car developed through that program will be taken to Daytona to showcase it.
- The President noted that the Foundation and Boosters have done a great job in working on a billion dollar campaign at such a difficult time.
- The President said it is a feather in the cap of our researchers to be doing so well with National Science Foundation funding.
- President Wetherell thanked Jayne Standley and Laymon Hicks for their service.

22. Adjournment

The meeting adjourned at 12.20 PM.