

The Florida State University Board of Trustees
Conference Call (850) 644-2255
March 26, 2004
9:00 a.m. to 10:00 a.m.

MINUTES

Members Present: Dr. Auzenne, Mr. Brooks, Mrs. Duda, Mr. Ford, Dr. Furlow, Mr. Garcia, Mr. Haggard, Mr. Knowles, Dr. Marshall, Dr. McGee, Mr. Smith, and Mr. Sullivan, Mr. Thrasher.

1. Call to Order and Welcome

Chairman Thrasher convened the conference call of the Florida State University Board of Trustees at Room 201 Westcott Building in Tallahassee, Florida at 9:00 a.m., March 26, 2004. The following members were present: Dr. Auzenne, Mr. Brooks, Mrs. Duda, Mr. Ford, Dr. Furlow, Mr. Haggard, Mr. Knowles, Dr. Marshall, Mr. Garcia, Mr. Smith, and Mr. Sullivan, Mr. Thrasher. Dr. McGee had an excused absence.

Chairman Thrasher welcomed everyone to the meeting, and introduced the new President of the FSU Student Government Association, Jarrett Eady. Dr. Marshall made a motion to suspend the Board of Trustees' Operating Procedure Section 203 (b) to take up the items listed on the agenda. Dr. Auzenne seconded the motion that passed unanimously.

2. Chair's Remarks

First, Chairman Thrasher thanked the Board members for completing the presidential evaluation forms. He said that the next step is that he will take the completed forms, evaluate them, and draft a report for discussion with the President at the June Board meeting. Mr. Thrasher said that the evaluations were outstanding. Second, he said that he and President Wetherell met with Peter Rummell, a member of the Board of Governors, who is also a member of the Council of 100. The Council issued a report that proposes some significant changes in higher education. Mr. Thrasher is going to invite him to the next Board meeting to discuss the report. Finally, he said that he was delighted to announce that Carolyn Roberts, Chair of the Board of Governors, will be the Spring graduation speaker.

3. Legislative Update

Ms. Kathleen Daly provided the Board members with an update of legislative activities up to the fourth week of the Legislative Session. She provided the status of the University's major projects within the current Legislative process. Funding for major projects and priorities were scattered between the House and Senate Appropriations bills at different levels. Ms. Daly said the School of Chiropractic, which included \$9 million, passed the first week of session and was sent to the Governor. She also provided an update on the status of legislation affecting the University.

President Wetherell added six things to her report. First, there is an important opportunity to occupy a building in Immokalee to establish a rural track for the College of Medicine. Second, in the Senate Appropriations bill there is \$1.3 million to address a transfer of the Appleton Museum. Third, there has been an agreement on the Asolo. Fourth, there is an opportunity to more actively participate on the Leon County Civic Center Board. Because FSU has about 90% of the business there, we have proposed to restructure the board with seven positions for FSU, two for FAMU, two for Leon County, and two for the City of Tallahassee. Fifth, undergraduate and graduate enrollment are increasing and it is very important to manage it and get funding to address the additional students. Finally, the University will be opening a FSU Foundation Branch Office in South Florida.

Chairman Thrasher complimented Ms. Daly, Ms. Hinkle and the President for the excellent job that they were doing for the University.

4. Action Items:

Chairman Thrasher asked Mr. John Carnaghi, Senior Vice President for Finance and Administration, to present the five action items for the Board's consideration. The first item was a request for Board consideration of the rental rates for housing in the Fall of 2004. He said that each year the operating units that have auxiliary operations review the rates being charged currently and compare these rates to anticipate revenues and examine at the rates charged by peer institutions as well as local competition if appropriate to determine our competitiveness. Based on this analysis the University proposes an increase ranging from 2.86% on the older, less in demand facilities to 5.19% on newer, more in demand facilities. The residence halls are at capacity and have waiting lists. The increase will fund three categories of expenses: on-going minor renovations and facility improvements, increases in salaries and benefits for employees and funding for reserves for future renovation needs. Dr. Coburn added that the usual process of inclusion of student groups was used to arrive at the proposed rates. Mr. Smith made a motion to approve the rental rates for student housing for Fall 2004. Dr. Marshall seconded the motion, which passed unanimously.

The second item was the renaming of the Florida State University Developmental Research School as the Stan Marshall Developmental Research School. Mr. Carnaghi said that on special occasions, universities bestow one of its highest honors on a person who has made extraordinary contributions to the institution. He said this is the case with the decision to name the FSU Developmental Research School after a former Dean of the College of Education and also a former President who is now a trustee of this Institution, Stanley Marshall. Mr. Carnaghi said the Stan Marshall Developmental Research School would be attributed to a person who has devoted his professional career to improving education in our state. He said Dr. Marshall has a long history with the developmental school and has helped advance the Laboratory School concept to its current high standards. It is one of the A-rated schools in our state. Mr. Carnaghi said that in light of these and many, many other achievements by Dr. Marshall it is fitting that his work and contributions be recognized by attaching his name to the developmental research school into perpetuity.

Chairman Thrasher said that this recognition is long overdue. He said that he hoped that this is just the beginning of many recognitions for Dr. Marshall's wonderful contributions to Florida State University, and indeed education in the State of Florida and the United States. Mr. Knowles made a motion to rename the Florida State University Developmental School as the Stan Marshall Developmental School. Dr. Auzenne seconded the motion, which passed unanimously.

Dr. Marshall thanked the Board and President Wetherell for the honor. He said it was especially gratifying because he had children in that school for 29 consecutive years.

The third item was approval to participate in the Department of Education School as Lender Program. Mr. Carnaghi explained that the school as a lender program is a federally approved program under the federal student loan umbrella and is voluntary for students. He said that students can get loans from any approved institution, however FSU will be working with Sallie May on this loan program. Mr. Carnaghi indicated that Sallie May was selected after a very thorough process used by the purchasing department. There were six companies narrowed down to two: Nelnet and Sallie May. The faculty, students, and financial aid office staff decided that Sallie May made the best offer. So the University will become a representative for Sallie May and the federal program authorizes the University to be a lender as a school only for Graduate Students and Professional Students. The program does not apply to undergraduates. The program will guarantee the best rates available. Students will be working with FSU staff. For this, Sallie May would pay the University an amount of money, which will be used for loan, scholarship, and contract programs. He said that he estimates the pool to be about a \$36 million that professional and graduate students seek. It is also estimated that \$20-25 million will be the business through the University. If so, an excess of one million dollars a year can be added to need based undergraduate loan programs. He said some employees would have to be added. Mr. Carnaghi said that if the Board approves the program they would start this summer and offer it to medical students.

Chairman Thrasher asked for a motion to approve the University's participation in the Department of Education School as Lender Program. Mr. Ford made a motion, which Dr. Auzenne seconded. Mr. Thrasher announced that he was not going to vote on the motion. He said his firm has a relationship with Sallie May, and in an abundance of caution to ensure that there is no undue influence, which there has not been, he would not participate in the vote. The motion passed with 12 votes and Mr. Thrasher abstained.

The fourth item was a request for approval for refinancing the London Bonds of the Florida State University International Programs Association, Inc. (FSUIPA). Mr. Carnaghi indicated that in 1992 bonds were sold to finance the acquisition of property in London to provide facilities. In 1994, two years later, \$9.1 million was refinanced for more favorable interest rates. Now, ten years later, there is an opportunity to refinance again, effective April of 2004 on the \$7.4 million still owed on the facility. The current rate is 5.5% including letter of credit fees. The new variable rate, initially, will be approximately \$1.5 million. He said that given a variety of assumptions the expected savings and present values could be somewhere in the name of \$1.1 million and maybe as high as \$3 million, depending on the rates received. The FSU foundation will no longer be required to guarantee this loan, freeing the foundation of this potential liability.

Mr. Knowles asked Mr. Carnaghi whether the University has a bond attorney that gives advice and if there is a financial advisor. Mr. Carnaghi indicated that there is counsel on this issue and that he would be bringing a report and explanation to the June Board meeting concerning the bond process. Mr. Knowles said that when bonds are diffused as in this instance, there may be companion bond issues that are floating around the University. He asked if there is someone who takes a global look at all of the bond issues on a continuing basis for the University. Mr. Carnaghi said that it is not done. He said the University does not have, for example, a treasurer. Each organization has a business officer reporting back to Finance and Administration. Mr. Knowles asked if there would be a report on all of our bonding issues and financial advisors. Mr. Carnaghi said there would be such a report at the June meeting. Mr. Smith made a motion to approve refinancing of the London bonds in the Florida State University International programs. Dr. Marshall seconded the motion, which passed unanimously.

The fifth item was a request for approval of the bond issue for the West Campus Dining Facility and amendment to the current master plan. Mr. Carnaghi said that in September of 2003 the Board approved the issuance of bonds for two university food service projects. One was the restoration of the Johnston dining hall. The second is a new facility on the west end of campus to serve students, employees, visitors from residence halls, medical school, psychology, and biology with a quality food program. In submitting the authorization for bond issuance to the Division of Bond Finance a problem was encountered. The Department of Education had encumbered the process with the following requirement: "Issuance of bonds shall be contingent upon final modification and approval of the campus master plan and the campus development agreement to include the dining facilities." He said that the Master Plan is in the process of being updated. By mid-April, it must be submitted to five state agencies, the city of Tallahassee, and Leon County for comments. They will then have ninety days to respond and concurrently we're going to hold to public hearings to explain our master plan update and to receive citizen input. Mr. Carnaghi said that at the September Board meeting it would be finalized. However, the new dining halls cannot wait for the new plan without harming the food service schedule. Mr. Eady made a motion to approve the bond issue for the west campus dining facility and amendment to the current master plan. Dr. Auzenne seconded the motion, which passed unanimously.

5. Provost's Report

Dianne Harrison, Associate Vice President for Academic Affairs & Dean of Graduate Studies, presented the Provost's report to the Board. First, she discussed the status of the SACS accreditation process. The SACS site team visit will take place on April 7-9, with an initial meeting between the president and the team chair, which is the President of the University of Alabama, Robert Witt. The University has responded to all of their previous questions and the informal indications are that we are doing very well. The bulk of the time on campus will be spent discussing the quality enhancement plan. There will be one meeting with a few members of the Board of Trustees. Second, Dr. Harrison asked the Board to approve the same academic calendar that we used last year with the proper adjustments made to the dates based on the current year. Mr. Knowles asked whether the calendar would be identical to the calendar from the previous year that governs the vacation period that

employees received the past year? Dr. Harrison said that is correct. Mr. Smith made a motion to approve the University Calendar that we used last year with proper adjustments made to the dates based on the current year. Mr. Knowles second the motion, which passed unanimously.

6. President's Report

President Wetherell said that a tentative route through campus for the Legacy Walk has been finalized. He said that Parent's Weekend would include many activities including the Spring Football game and the Ice Cream Social. Dr. Wetherell announced that the President's Faculty seminar would be starting with Pulitzer Prize winner, Dr. Louis Menand on Thursday, April 1, 2004.

7. Adjournment

Chairman Thrasher thanked everyone and the meeting adjourned at 10:08 a.m.

The Florida State University Board of Trustees approved the minutes on June 28, 2004