FLORIDA GULF COAST UNIVERSITY BOARD OF TRUSTEES
CONFERENCE CALL MEETING

Friday, December 7, 2018

EDWARDS HALL, ROOM #309
Florida Gulf Coast University

Meeting Minutes

Members:
Present: Trustee Robbie Roepstorff (in person) – Vice Chair; Trustee Ashley Coone (by phone); Trustee Richard Eide, Jr. (by phone); Trustee Joseph Fogg III (by phone); Trustee Mike McDonald (in person); Trustee Leo Montgomery (by phone); Trustee Kevin Price (by phone); Trustee Kenneth Smith (by phone); Trustee Stephen Smith (by phone); and Trustee Christian Spilker (by phone).

Not Present: Trustee Blake Gable – Chair (Excused Absence); Trustee Darlene Cors (Excused Absence); and Trustee Jalisa White (Excused Absence).

Others:
Staff: President Mike Martin; Provost and Vice President for Academic Affairs James Llorens; Vice President for Administrative Services and Finance, and Executive Director of FGCU Financing Corporation Steve Magiera; Vice President for University Advancement, and Executive Director of FGCU Foundation Chris Simoneau; Vice President and General Counsel Vee Leonard; Vice President for Student Success & Enrollment Management Mitchell Cordova; Director of Internal Audit Bill Foster; Director of Equity, Ethics and Compliance, and Title IX Coordinator Precious Gunter; Director of Operations Tiffany Reynolds; Assistant Director of Board Operations Tiffany Jackson; Project Manager Melissa Pind; and Executive Assistant to the Vice President and Chief of Staff Bruna Ugolotti.

Item 1: Call to Order, Roll Call, and Opening Remarks
Vice Chair Robbie Roepstorff called the meeting to order at 9 a.m. and said the meeting had been duly noticed and was originating from Edwards Hall Room 309 on the campus of Florida Gulf Coast University. She requested Vice President and General Counsel Vee Leonard call the roll and state for the record which trustees and staff members were present. Roll call was taken with 10 of 13 members present, thus meeting quorum requirements.

Vice Chair Roepstorff said that while the standing presentation given at regular FGCU Board of Trustees meetings on the University’s Student Success and Enrollment
Management Initiative would be made at the January 8, 2019 meeting, the President had a few brief updates to provide. She called on President Mike Martin.

President Martin stated the Student Engagement Unit was now up and running and an Integrated Care Council had been created to ensure that every student had a full package of health care including mental health. He stated FGCU opened this fall with close to 100 percent occupancy which indicated FGCU continued to attract students to the residence halls which he felt was important. He stated buildings were being added to create a “one-stop-shop” area for non-direct academic support on Campus in the plaza area near Howard Hall, McTarnaghan Hall, and the Wellness Center. He stated he believes a more functional articulation arrangement with Florida SouthWestern State College (FSW) had been reached which would provide students a smoother transition from FSW to FGCU. He stated attention was being focused on a targeted recruitment of those students who choose FGCU as a first choice. He stated a $1 million investment had been made in additional scholarships.

President Martin reported FGCU had reorganized advisors into a new classification and as a result almost each of the advisors received significant increases in salary. He explained if the Public Employees Relations Commissions (PERC) decided the advisors needed to reenter the Union, the advisor’s salaries would revert to their June 30 salary, plus 2 percent or $1500, whichever was greatest. He stated there were three searches underway: the Associate Vice President for Enrollment Management, the Bower School of Music Director, and the Dean of Marieb College of Health and Human Services.

Vice Chair Roepstorff thanked President Martin for his remarks and called for questions from the Board. There were no questions or comments.

**Item 2: Approval of Minutes** (See Tabs #1-2)

Vice Chair Roepstorff stated there were two action items for the Approval of Minutes.

**September 10, 2018 Workshop (TAB #1)**

Vice Chair Roepstorff called for a motion for the minutes of the September 10, 2018 Workshop.

Trustee Joseph Fogg made a motion to approve the minutes of the September 10, 2018 Workshop. Trustee Richard Eide seconded the motion. There was no public comment, or Board discussion. The vote was 10-0 in favor of the motion.

**September 11, 2018 Meeting (TAB #2)**

Vice Chair Roepstorff called for a motion for the minutes of the September 11, 2018 Meeting.

Trustee Leo Montgomery made a motion to approve the minutes of the September 11, 2018 Meeting. Trustee Mike McDonald seconded the motion. There was no public comment, or Board discussion. The vote was 10-0 in favor of the motion.
Item 3: Finance, Facilities and Administration Committee (See Tabs #3-4)

Vice Chair Roepstorff called on Committee Chair Ken Smith to present this information.

Trustee K. Smith stated there were two action items on the agenda. He called on Vice President for Administrative Services and Finance, and Executive Director of FGCU Financing Corporation Steve Magiera to present the items.

Carryforward Funds from Fiscal Year Ending June 30, 2018 (TAB #3)

Vice President for Administrative Services and Finance, and Executive Director of FGCU Financing Corporation Steve Magiera reported the carryforward discussion stemmed from the inappropriate use of carryforward funds by the University of Central Florida (UCF). He stated the University of South Florida (USF) also indicated a misuse of carryforward funds. He explained as a result of fund misuse, the Board of Governors (BOG) approved a Strategic Deployment Plan of university carryforward funds. Mr. Magiera briefly reviewed the State-wide numbers involved. He reported the BOG requested that all universities present a Carryforward Funds Plan for spending and all carryforward funds were frozen until the approval of plans at the January BOG Meeting. He stated on June 30, 2018 FGCU had just over $13 million in carryforward funds, which included the Statutory Reserve Requirement amount of just under $8 million. He reported it also included the $5 million required in the FGCU Board of Trustees (BOT) Reserve, and $512,000 in the Talent Gap Program. He stated expenditures on the Talent Gap Program were appropriated by the State. He stated the carryforward balance as of October 31, 2018 was $13.4 million; the Statutory Reserve Requirement remained the same at just under $8 million. He reported the FGCU BOT required Reserve Requirement fund had been zeroed out (but not removed) in case it was funded again in the future. He stated the Talent Gap Programs was at $437,000 because some of the money had been spent since July 1. He stated there was about $5.1 million for Facilities, Infrastructure, and Information Technology which was a reservation of funding for the purchase and installation of a new Enterprise Resource Planning (ERP) system for Financial and Human Resource (HR) management. He explained the reason numbers were higher now than in June was because governments used encumbrance accounting, which was when an item was ordered the money was set aside, or encumbered, and upon receipt the money became accounts payable. He explained on occasion the payment was less than the monies set aside which caused the slight increase in carryforward funds from June 30 to today.

Mr. Magiera stated the BOG would approve the spending plans of the universities in January and this was the Carryforward Funds Plan that FGCU would put forward if the FGCU BOT approved.

Trustee Fogg stated he understood the $5 million FGCU Board of Trustees Reserve Requirement, which the BOG no longer allowed, was to be removed and added to a new reserve for the purpose of purchasing a new computer system. He asked if this was correct. Mr. Magiera responded in the affirmative. Trustee Fogg asked if FGCU was currently waiting for the BOG to agree to this plan. Mr. Magiera responded that Trustee Fogg was correct.
Trustee Eide asked if the computer system update would have been done with or without the opportunity to change funds around. Mr. Magiera responded in the affirmative; he briefly explained how it would have been done without this change in funds. Mr. Magiera stated that the computer system upgrade was originally planned for a year or two in the future, and if FGCU was rewarded new monies from the Legislature, he would have asked President Martin to reserve some funding for this project. He said that since they have the money for the upgrade now, they will move the money and hopefully move forward and have the new system under contract by June 30, 2019. Trustee Eide asked if this would have been a budget item otherwise. Mr. Magiera confirmed that the upgrade was coming sooner rather than later, but this was speeding it up about a year sooner than originally planned.

Trustee Fogg asked if the BOG would ever consider restoring the $5 million FGCU BOT Trustee Reserve Requirement. Mr. Magiera responded that he did not believe the funds would be restored.

President Martin stated he and Chair Blake Gable were invited to a workshop prior to the last BOG meeting with the BOG leadership and Chancellor. He reported the general message was to spend down the carryforward monies and not hold a large amount in reserve. He stated the BOG indicated technology was an approved method of spending down the carryforward monies. He explained had the BOG not required the universities to spend the accumulated carryforward monies, FGCU would have sat on the funding it received for five or six months to accumulate the carryforward fund before it was allocated to operations to pay for the computer system; now the operation allocations would be made earlier in the fiscal year and the carryforward monies would still accumulate, but would be committed toward the end of the fiscal year to prevent over accumulation.

Vice Chair Roepstorff stated at the annual BOG Trustee Summit, all university board chairs and vice chairs were instructed to spend any reserves.

Trustee S. Smith asked for more information regarding the $5.132 million estimated funding for the purchase of the ERP and where the number came from. Mr. Magiera responded two different programs, Oracle and Workday, were being considered. He said Workday was popular with other universities. He stated this was a two-part system starting with installation of the financial system and the HR system, followed by the student services system. He stated the estimated cost of phase one was approximately $4 million, and phase two (student services) would also be approximately $4 million. He stated FGCU had a contract with Gartner who was assisting with pricing and implementation. Trustee S. Smith asked if the $4 million included software and pricing/implementation services, but not internal costs, such as time spent by staff. Mr. Magiera responded in the affirmative. He stated the $4 million was a ballpark figure at this time; more specific figures would be forthcoming. Trustee S. Smith stated he was experienced in this type of venture and offered to assist in any way.
Trustee K. Smith asked if there was any further discussion. Hearing none, he called for a motion.

Trustee S. Smith made a motion to approve the Carryforward Funds from Fiscal Year Ending June 30, 2018. Trustee Eide seconded the motion.

Trustee K. Smith stated the FGCU BOT Trustee Reserve was originally created to cover storm costs and was created during a time when funding was limited and difficult to acquire. He cautioned the FGCU BOT to consider items of recent history. He stated FGCU was a smaller school with a smaller budget, thus the dollars were smaller. He stated if Hurricane Irma had made landfall in Fort Myers the damage could have been exponentially more than it was. He asked Mr. Magiera how many payrolls could be paid with the current reserves. Mr. Magiera responded the FGCU BOT Reserve would have covered one payroll and the statutory reserve would have covered two payrolls.

Trustee K. Smith stated if there was a serious event the reserve funds were crucial for FGCU. He stated he understood that the Federal Emergency Management Agency (FEMA) and the State would assist, but he worried about how quickly assistance would arrive. He said FEMA was currently a year behind. He stated he worried about spending these reserve funds as there was a fiduciary responsibility to ensure the University was fiscally secure. He stated he was mentioning this to ensure the Board members had a firm understanding of what they were being asked to do. He wanted the Board to understand the consequences of these actions. He explained as a younger school, FGCU would be more detrimentally affected by the action as opposed to more established schools which might have more options fiscally.

Trustee Eide stated he understood that FGCU had lost the autonomy to build a reserve fund. He asked Trustee K. Smith to offer some solutions. Trustee K. Smith responded he had none and asked President Martin for any suggestions. President Martin stated he agreed the Board needed to understand its fiduciary responsibility. He stated he agreed the Board needed to understand the consequences of following BOG directives, even though it was mandatory. Vice Chair Roepstorff thanked Trustee K. Smith for his comments and she agreed the reserve funds had been set up responsibly for emergency use.

President Martin stated, assuming this went forward as directed by the BOG, he and the Cabinet would attempt to delay financial commitments, as much as possible, until the fourth quarter of the fiscal year. He explained this would leave funds in the reserve for emergencies during the first three quarters of the Fiscal year.

Trustee K. Smith noted he felt the computer software system an appropriate choice for the funds. He stated he understood this was a BOG directive, but he cautioned the Board if there was a problem, it was the Board who would be liable. He stated he felt he had an obligation to explain what the potential problematic issues were.

Trustee Christian Spilker stated he understood the Board had a fiduciary responsibility, but he also felt the Board had no choice in the matter. He asked if this was something
the Board was required to approve. He stated if the BOG was mandating this, then this
was a BOG matter and maybe Board approval was not required. Trustee K. Smith
responded he was unsure. Mr. Magiera indicated the BOG required a spending plan be
sent to the BOG which would then be approved at the January meeting. He reported if
a plan was not submitted, or if the BOG did not approve the submitted plan, the money
would remain frozen.

Trustee Fogg explained the Legislature did not approve of the large reserves, and while
FGCU did not have the large reserves over which the Legislature was concerned,
FGCU was still subject to the new laws.

Trustee Spilker stated that he intended to vote “no.” He asked if there was an option to
take the risk of frozen funds for a time, work with the Legislature, get to the delegation,
and see if there was a solution during the upcoming session which would permit the
retention of the emergency reserve.

Vice Chair Roepstorff asked if there was a way to move the funds from the reserve into
an account which the Board had authority over in the event of an emergency. Mr.
Magiera responded if there was a major hurricane or emergency event, funds would be
reallocated as needed to cover payroll.

Trustee S. Smith asked about Directors and Officers (D&O) Insurance. Vice President
and General Counsel Vee Leonard responded the University did have D&O Insurance.
She stated this insurance did not cover everything, but generally speaking if a trustee or
the Board was acting and making decisions in the capacity of a trustee then the
insurance would cover it. She stated an additional $1 million in individual liability had
also been acquired for each trustee.

Trustee Fogg stated he joined the Board a short time ago and had thoroughly reviewed
the insurance coverage, had outside counsel review it, made suggestions which were
honored, and as a result he was satisfied with the liability coverage.

Trustee Montgomery asked if there was insurance coverage for hurricane damage, and
business interruption insurance. Mr. Magiera responded most universities were self-
insured through the Department of Management Services at the State, but carried
insurance for catastrophes. Trustee K. Smith indicated the issue was cash flow needs
versus reimbursement time.

Trustee Fogg stated he intended to vote in favor of this item for two reasons. The first,
was if the University ran into an emergency situation such as a hurricane, there was
flexibility to move monies around to cover obligations and he felt the State would come
to the University’s aid in case of an emergency. The second reason was that he felt it
was unwise to ignore the directive from the BOG.

Trustee Eide agreed with Trustee Fogg’s reasons and would also vote in favor of the
motion. He stated the same Legislature which required the reserve fund sweep was the
same Legislature FGCU was approaching with a substantial monetary request this year. Trustee Eide stated he would not like to see FGCU singled out as the “red flag” institution in this matter at the same time the University was requesting funds.

Trustee K. Smith asked if there was any more discussion or public comment. There was none. The vote was 7-3 in favor of the motion, with Trustees K. Smith, S. Smith and Spilker dissenting.

Regulation: FGCU-PR7.006 Waivers of Tuition and Fees (TAB #4)
Mr. Magiera stated the Stanley Tate Project STARS Scholarship Program which was started a long time ago and had affiliates such as Take Stock in Children, etc., purchased prepaid programs for disadvantaged youths. He stated on June 16, 2009 the FGCU Board of Trustees put into place a new fee called the Tuition Differential Fee. He explained this fee came into play after the prepaid programs were purchased, and it was agreed all Universities would waive the Tuition Differential Fee for these prepaid plans that were already purchased. He stated the Board of Governors (BOG) asked the boards of trustees at each university to approve an actual waiver to make it official in writing that this fee was not being collected. He stated this also allowed the State University System (SUS) to collect data regarding how much this cost the SUS. He stated Metric 3 was the metric which determined the cost to attend, and this would now be included in that metric as a negative or an adjustment against the cost to attend. He explained this particular regulation had been adjusted to include this waiver specifically.

Trustee Fogg stated that he would like to learn more information about the waiver. Mr. Magiera stated he would contact Trustee Fogg regarding this matter.

Trustee McDonald made a motion to approve Regulation: FGCU-PR7.006 Waivers of Tuition and Fees. Trustee Eide seconded the motion. There was no public comment or Board discussion. The vote was 9-0 in favor of the motion.

Item 4: Old Business
There was no old business for discussion.

Item 5: New Business
There was no new business for discussion.

Item 6: Closing Remarks, and Adjournment
Vice Chair Roepstorff stated the next Board Meeting would be held Tuesday, January 8, 2019 at 8:30 a.m. She wished everyone a joyful holiday season.

Vice Chair Roepstorff adjourned the meeting at 9:56 a.m.
Minutes prepared by Transcription Experts, and reviewed by Tiffany Jackson, FGCU Assistant Director of Board Operations.

Agenda Items:

A. See Tabs #1 – 4

Attachment:

A. Record of Votes
<table>
<thead>
<tr>
<th>TRUSTEES</th>
<th>September 10, 2018 Workshop (TAB #1)</th>
<th>September 11, 2018 Meeting (Tab #2)</th>
<th>Carryforward Funds from Fiscal Year Ending June 30, 2018 (Tab #3)</th>
<th>Regulation: FGCU-PR7.006 Waivers of Tuition and Fees (Tab #4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Trustee Ashley Coone</td>
<td>Yes/No</td>
<td>Yes/No</td>
<td>Yes/No</td>
<td>Yes/No</td>
</tr>
<tr>
<td>2 Trustee Darleen Cors (excused absence)</td>
<td>Yes/No</td>
<td>Yes/No</td>
<td>Yes/No</td>
<td>Yes/No</td>
</tr>
<tr>
<td>3 Trustee Richard Eide</td>
<td>Yes/No</td>
<td>Yes/No</td>
<td>Yes/No</td>
<td>Yes/No</td>
</tr>
<tr>
<td>4 Trustee Joseph Fogg</td>
<td>Yes/No</td>
<td>Yes/No</td>
<td>Yes/No</td>
<td>Yes/No</td>
</tr>
<tr>
<td>5 Trustee Blake Gable (excused absence)</td>
<td>Yes/No</td>
<td>Yes/No</td>
<td>Yes/No</td>
<td>Yes/No</td>
</tr>
<tr>
<td>6 Trustee Mike McDonald</td>
<td>Yes/No</td>
<td>Yes/No</td>
<td>Yes/No</td>
<td>Yes/No</td>
</tr>
<tr>
<td>7 Trustee Leo Montgomery</td>
<td>Yes/No</td>
<td>Yes/No</td>
<td>Yes/No</td>
<td>Yes/No</td>
</tr>
<tr>
<td>8 Trustee Kevin Price</td>
<td>Yes/No</td>
<td>Yes/No</td>
<td>Yes/No</td>
<td>Yes/No</td>
</tr>
<tr>
<td>9 Trustee Kenneth Smith</td>
<td>Yes/No</td>
<td>Yes/No</td>
<td>Yes/No</td>
<td>Yes/No</td>
</tr>
<tr>
<td>10 Trustee Stephen Smith</td>
<td>Yes/No</td>
<td>Yes/No</td>
<td>Yes/No</td>
<td>Yes/No</td>
</tr>
<tr>
<td>11 Trustee Christian Spilker</td>
<td>Yes/No</td>
<td>Yes/No</td>
<td>Yes/No</td>
<td>Yes/No</td>
</tr>
<tr>
<td>12 Trustee Jalisa White (excused absence)</td>
<td>Yes/No</td>
<td>Yes/No</td>
<td>Yes/No</td>
<td>Yes/No</td>
</tr>
<tr>
<td>13 Trustee Robbie Roepstorff</td>
<td>Yes/No</td>
<td>Yes/No</td>
<td>Yes/No</td>
<td>Yes/No</td>
</tr>
</tbody>
</table>