

**Florida Agricultural and Mechanical University
Board of Trustees**



**Special Committee on Athletics Meeting
Monday, November 7, 2016 @ 5:00 p.m.
Conference Call**

Committee Members: Chairman Kelvin Lawson, Trustee Dortch, Trustee Grable, Trustee Lawrence, Trustee Smith

AGENDA

- | | | |
|------|--|--------------------|
| I. | Call to Order | Chairman Lawson |
| II. | Roll Call | Colandra Covington |
| III. | Action Items
Approval of Minutes for September 14, 2016 | Chairman Lawson |
| IV. | Information Items | |
| | A. FY 2016-2017 Athletics Budget to Actual Revenues and Expenditures | VP Poole |
| | B. Status of Corrective Actions Regarding Athletics Deficit | VP Poole |
| | C. Football Season Update | Coach Alex Woods |
| | D. Booster Activity Update | VP Cotton |
| V. | Adjournment | |



**Florida Agricultural and Mechanical University
Board of Trustees
ACTION ITEM**

Item III – Approval of Minutes for September 14, 2016

**Special Committee on Athletics
Monday, November 7, 2016
Agenda Item: III**

Item Origination and Authorization				
Policy _____	Award of Bid _____	Budget Amendment _____	Change Order _____	
Resolution _____	Contract _____	Grant _____	Other <u>X</u>	

Action of Board				
Approved _____	Approved w/ Conditions _____	Disapproved _____	Continued _____	Withdrawn _____

Subject: Approval of the Special Committee on Athletics Minutes for September 14, 2016.

Rationale: Approval of the minutes from the previous meeting for the record.

Attachments: September 14, 2016 Summary Minutes

Recommendation: It is recommended that the board approve the September 14, 2016 minutes.

**Florida Agricultural and Mechanical University
Board of Trustees**



**Special Committee on Athletics
Trustee Kelvin Lawson, Chair**

**Wednesday, September 14, 2016 @ 3:45 p.m.
Grand Ballroom
Tallahassee, Florida**

SUMMARY MINUTES

(Action Items, questions by the Chair and President are in bold)

Committee Members Present: Chairman Kelvin Lawson; Trustee Dortch; Trustee Grable; Trustee Lawrence; and Trustee Smith

Chairman Lawson called the meeting to order at 4:12 p.m. Mrs. Darlene Garcia called the roll. A quorum was established.

Information Items

The FY 2016-2017 Athletics Budget to Actual Revenues and Expenditures were presented.

Action Items, questions and comments associated with this agenda item:

2016-2017 Athletics Budget – Revenues vs. Expenditures	Is there a general sense of what we have brought in with the fundraising effort? (Moore) \$285K, \$441K-\$70K for student endowment, sold approx. 3700 season tickets. (AD Overton)
	We are going to try to push some of the coaches into the classroom to reduce salaries. (Chair)
	What was the cause of the increase in ticket sales? (Grable) Excitement with new coach, change in processes, enhancements to stadium, making phone calls.

Review of Projected Five-Year Plan for Revenues and Expenditures

The review of the projected Five-Year Plan for revenues and expenditures was presented. This item was added at the request of Trustee Carter during the last meeting.

There were no questions for this item.

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Discussion of Proposed Repayment of Auxiliary Funds

Background was provided by Chairman Lawson.

Key points:

- How much is the deficit?
- How did the deficit occur?
- Where did the dollars come from?
- How do we deal with this issue?
- How do we keep this from re-occurring? We have a Corrective Action Plan in place.
- Issue has been elevated to the Board of Governors after receiving 2 audit criticisms and will be elevated to the Legislature if we receive a 3rd audit criticism.
- Need to work with the Inspector General on payment plan.
- Meeting before Board of Governors in Sarasota next week.
- After meeting we can bring back to the Board for approval.

Background information was presented as follows:

- Consistent with SUS institutions, Florida Agricultural and Mechanical University, uses the term “auxiliaries” to represent a number of revenue generating activities¹.
- Since auxiliaries/educational business activities are primarily revenue-generating business type activities, their spending authority is controlled by available cash.
- Pursuant to BOG Regulation 9.013 FAMU has determined that the auxiliaries will be self-supporting on a *collective basis, except for athletics*. As such, the non-Athletics auxiliary funds are maintained in a single bank account.
- No records are available to indicate which specific fund was used to fund athletics expenses during 2008-2012 as individual transactions were not recorded as payables.
- The 2013 and 2014 Auditor General Operational Audits noted auxiliary funds were used to provide for Athletics Expenses.
- Available cash balances from 2008-2015 were reviewed for 89 auxiliary funds
- In order to determine the amount to be replenished to each auxiliary fund, reasonable estimates were calculated based on a pro-rata allocation method from available cash balances from revenue generating auxiliaries during each year from 2008-2015 and a comparison of cash balances available to transfer as of the date of the analysis, excluding funds with bond requirements.

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Allocation of Pooled Auxiliary Balances Used to Fund Athletics Deficits 2008-2015:

An allocation of pooled Auxiliary balances used to fund Athletics deficits from 2008 – 2015 was presented. Legal options were also discussed as well as authorized use of funds by Direct Support Organizations.

Proposed Structure for Repayment to Auxiliary Funds

The proposed structure for the repayment of Auxiliary funds was presented.

Suggested Recommendations/Options:

The suggested recommendations are as follows:

1. Record related payable of \$7,014,034 from Athletics to the identified funds.
2. Obtain support from DSOs to replenish cash deficits in accordance with Florida Statute 1004.28(1)(a)2
3. Establish repayment plan with initial payment beginning in fiscal year 2016-2017 for a term extending 12 years.

Corrective Actions/Prevention Plan:

Corrective actions and a prevention plan was proposed as follows:

1. Implement 3 year budget and cash balance review process to include:
 - A. Year 1 – monthly reviews with BOG representative/President/CFO/AD/Chair of Athletics Committee.
 - B. Year 2 – monthly reviews with budget office and CFO and quarterly reviews with President/CFO/AD/Chair of Athletics Committee.
 - C. Year 3 – monthly reviews with budget office and CFO and quarterly reviews with President/CFO/AD/Board Chair.
2. Require CFO and President approval of auxiliary transfers to athletics to ensure only allowed sources are used.
3. Restrict release of approved annual Athletics budget to 75% based on prior year's history of collected amounts until adequate revenues are realized.
4. Monthly reconciliation of p-card purchases, open purchase orders, and vendor invoices
5. Reduce team travel expenses
6. Implement aggressive fundraising campaign from Athletics and DSO groups
7. Request Board of Governors to conduct a study of SUS institutions on use of auxiliary funds and other funds to support Athletics

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8. Review and update operating guidelines for auxiliary enterprises to establish reporting and accountability requirements
9. Track Expenses for spirit groups in separate auxiliary fund based on established budgets

Auxiliary Funds	What was the total again? (Woody) \$7,014,034
	Does this plan assume we will not incur any more debt this year and years out? (Washington)
	What did we do when we were amassing this debt? (Trustee Lawrence) The debt occurred by expenses outstripping revenue. Funds were taken out of Auxiliary Funds to cover the gap. By statute we were not supposed to do that. (Lawson)

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Football Season Update

This item was moved to the Full Board meeting. Coach Woods was unable to attend due to practice.

Booster and Fundraising Update

This item was skipped. It was discussed at length in the Budget and Finance Committee meeting.

Approval of Multi-Year Athletic Agreements

Summary:

1. Jamey Shouppe, Head Baseball Coach
Annual Salary: \$95,000.00
Effective Date: July 1, 2016
Expiration Date: June 30, 2019 or the first day following any post-season game
2. Veronica Wiggins, Head Softball Coach
Annual Salary: \$77,000.00
Effective Date: July 1, 2016
Expiration Date: June 30, 2019 or the first day following any post-season game
3. Dr. Darlene Moore, Men's/Women's Track and Field/Cross Country Coach
Annual Salary: \$81,000.00
Effective Date: July 1, 2016
Expiration Date: June 30, 2019 or the first day following any post-season event

<i>Multi-Year Agreements</i>	Are we moving coaches into teaching? (Grable)
	Would we consider some additional language in the contracts or does it already exist? (Grable) We may have to make some revisions.

There was no further business. The meeting adjourned at 4:34 p.m.

Kelvin Lawson
Committee Chairman

Transcribed by:
Darlene W. Garcia

Edited by:
Colandra Covington-Kelley



**Florida Agricultural and Mechanical University
Board of Trustees
INFORMATION ITEM**

**Special Committee on Athletics
Monday, November 7, 2016
Agenda Item: IV. A.**

Subject: FY 2016 – 2017 Athletics Budget to Actual Revenues and Expenditures

Summary: Update on FY 2016 – 2017 Athletics Budget to Actual Revenues and Expenditures

FLORIDA A&M UNIVERSITY
ATHLETICS REVENUE AND EXPENSES
 Budget Status Report As of 10/06/2016

REVENUE		Budget	Actual	Percent of Total Budget	
Fee	601080	3,652,683.00	1,852,610.00	50.72%	Collections from 2016 Fall
Football Gate Receipts	602130	289,517.00	6,050.00	2.09%	
Game Guarantees	602131	1,852,712.00	0	0.00%	Miami, Coastal Carolina, and 5th Quarter guarantees in process
Concessions Sales	602132	104,500.00	245.49	0.23%	
Athletic Program Sales	602133	5,600.00	0	0.00%	
Football Season Tickets	602134	337,500.00	68,540.00	20.31%	
Advertising Sales	602136	325,800.00	10,000.00	3.07%	
Royalty	602139	150,000.00	0	0.00%	
NCAA Revenues	602141	450,000.00	0	0.00%	
Ticket Sales Away Games	602143	18,000.00	36,377.00	202.09%	
Basket ball Receipts	602144	18,000.00	0	0.00%	
Other Rev	602150	183,188.00	10,874.00	5.94%	
Florida Consortium	602152	800,000.00	2,288.00	0.29%	
MEAC/SWAC Revenue	602153	400,000.00		0.00%	
Cash Over Short	604075		758		
Misc	604090	250,000.00			
Foundation	683900	100,000.00			
Total		8,937,500	1,987,742	22.24%	

EXPENSES		Budget	Encumbrances and Expenses	Difference	Percent of Total Budget	
Salaries	711000	3,397,584	3,503,220	(105,636)	103.11%	Expense dollars have been shifted for restructuring, salary increases, and compliance function implementation
OPS	712000	352,103	219,718	132,385	62.40%	
Expenses	720000	3,610,483	1,189,286	2,421,197	32.94%	
Scholarships	720000	1,450,000	1,094,035	355,965	75.45%	\$200,000 of scholarship awards will be funded from Title IX
Mandatories	721000	120,462		120,462	0.00%	
Other Capital Outlay	750000	6,868		6,868	0.00%	
Total		8,937,500	6,006,259	2,931,241	67.20%	

Game Guarantees to be collected:	
University of Miami	640,000
Coastal Carolina	100,000
5th Quarter Classic	350,000
	1,090,000
Deferred Ticket Sales	163,804
September Receipts not Posted	244,950
	1,498,754
Total Accounts Receivables	1,498,754
Monies Collected	1,987,742
Accounts Receivable	1,498,754
	3,486,496
Total Revenue as of 9/30/2016	3,486,496 39.01%



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INFORMATION ITEM**

**Special Committee on Athletics
Monday, November 7, 2016
Agenda Item: IV. B.**

Subject: Corrective Action Update

Summary: Update on the corrective action status regarding the Athletics deficit.



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INFORMATION ITEM**

**Special Committee on Athletics
Monday, November 7, 2016
Agenda Item: IV. C.**

Subject: Football Season Update

Summary: Update on the football season presented by Coach Alex Woods.



**Florida Agricultural and Mechanical University
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INFORMATION ITEM**

**Special Committee on Athletics
Monday, November 7, 2016
Agenda Item: IV. D.**

Subject: Booster Update

Summary: Updates and status of the FAMU Boosters will be provided by VP George Cotton.