fight valuably for our country and lost. They later found him and he was honored posthumously.

And the recognition for, again, Lieutenant James Reed Polkinghorne, and he can be found even in Rome and Sicily where he's been honored on foreign land.

So those are the two recommendations that have been brought forth from Dr. Friday-Stroud and her team. And, therefore, we recommend --

TRUSTEE CARTER: Motion.

TRUSTEE DORTCH: I have a motion. Is there a second?

CHAIRMAN LAWSON: Second.

TRUSTEE DORTCH: Then moved and second. Any opposed? Hearing none. All in favor let it be known by aye.

ALL TRUSTEES: Aye.

TRUSTEE DORTCH: Opposed is nay.

The motion carries. And this concludes the business of the DSO committee. And I want to thank the committee chairman for allowing us to serve.

CHAIRMAN LAWSON: Thank you. I'd like to call to order of the special committee on athletics. Would you, please -- Mrs. Wallace is not here. Attorney Barge-Miles, will you please call roll?

MRS. BARGE-MILES: Trustee Cavazos.

TRUSTEE CAVAZOS: Here.

MRS. BARGE-MILES: Trustee Dortch.

TRUSTEE DORTCH: Here.

MRS. BARGE-MILES: Trustee Lawrence.

TRUSTEE LAWRENCE: Here.

MRS. BARGE-MILES: Trustee Lawson.

CHAIRMAN LAWSON: Here. Thank you.

MRS. BARGE-MILES: You have a quorum.

CHAIRMAN LAWSON: Thank you. So we will start with -- well, the position here is an informational item. But, again, per our earlier conversation it will be an informational item here that we'll try to vote in the full board meeting around the budget.

And again, we are operating somewhat out of order because typically we are coming post the budget approval process.

But today we want to spend probably a little more time than normal really walking you through the contents of the athletic budget, the mechanics behind the athletic revenue generation plan.

And I think that there has been even more diligence put into this than in years past. I will tell you upfront, you're going to see numbers that are going to make you uncomfortable.

And I think the rationale for that is that historically we have underestimated revenue projections and over -- I'm sorry. Overestimated revenue projections and underestimated expenses.

So with help of our interim CFO, our -- both our interim CFOs, and Joe coming in with a set of fresh eyes and really pulling these numbers apart and really looking at three years of revenue and expenses, we think that we are closer to a realistic number, based on three years of pure expenses, three years of revenue generation and looking ourselves in the mirror and trying to be as frank as we can about what's the true expense load. What's the true revenue generation power. And I'll tell you again, so I ask you to go through the entire presentation and ask questions.

You will be uncomfortable with the

outcome, but the outcome, we think, is realistic.

And then we will begin to talk about how we will deal with the issue of the gap between revenue and expenses. And if there was a question about how that impacts the operating budget.

And we'll talk in detail about that because this gap, based on how the state requires us to cover it, does not come out of the traditional operating expenses.

And we'll walk you through all of those mechanics so that everybody understands. And, again, we're probably going to take a little more time than normal to give you a very detailed discussion.

And, quite frankly, we're using our notes from the detailed discussion that we gave to the Board of Governors around how we developed it. Why we think these assumptions make sense this year versus previous years.

And I think that we have to be careful when we say that because we've gone into a few years now saying we think we've got the right number.

But this year, I think multiple sets of fresh eyes, Mr. Bouie, Joe, our interim CFO, et cetera. The numbers tend to make a little more sense. But again, I'll caution you up front, you're not going to be comfortable with the outcome.

But we'll talk you through that and we'll talk you through how we plan to deal with the numbers that we'll show you on the page.

So Mrs. Ingram, I would ask that you give us the long version.

And Board I would ask, whether you're on the committee or not, I'd ask that you ask detailed questions about what you see.

Mrs. Ingram?

MRS. INGRAM: Good morning, again, everyone. I will start with the status and results of the 2019 fiscal year-end closeout.

At the June Board of Governor's audit and compliance committee meeting, Chair Lawson provided an athletics budget update as of June 2nd, 2019.

Against the starting budget of $10,003,000, we had received at that time 7.8 million in actual revenues, so that represented about 80 percent of the starting budget.

At that time we projected slightly over $1 million in additional revenues that would need to be collected, leaving an estimated year-end 313,000-dollar budget shortfall.

This amount of additional revenues included an expected $759,000 in transfers, which did not happen.

There are a number of factors that contributed to the additional shortfall, as follows.

We did not meet the revenue projection in a number of areas, most significantly the Investing in Champions campaign where we estimated $900,000 in collections. And that $900,000 was arrived at looking over our past two years towards this effort, which was at that amount.

But as of June 2nd we had only collected $159,000. As of July 26th that increased to about $437,000. And as of July 30th, in preparation and with our discussion for the Board of Governors, it was around $552,000.

As of August 7, after the August 2

year-end closeout, that amount has increased to approximately $625,000.

We had also included a FAMU foundation transfer of approximately $298,000 into the total amount of revenue collected, which was actually intended as a repayment toward the auxillary's deficit repayment plan.

As such, it was determined that it will be inappropriate to use those transferred foundation dollars to cover athletics operating expenses.

We also made changes to other transfers coming in, including removing funds from the projected transfers of vending concession dollars to assure better compliance with our most recent auditor general operational audit as it relates to the appropriate use of those funds.

We also changed the expectation of transfers from the National Alumni Association and the FAMU Boosters, relying instead on the FAMU foundation for their support.

We reported that we expected to raise funds to close the gap.

The next line, please. We're on slide --

that will be Page 3 will be the next slide. And going from right to left.

TRUSTEE MOORE: Okay.

MRS. INGRAM: So you can do a side-by-side comparison, if you would like.

CHAIRMAN LAWSON: That's the right slide. Mrs. Ingram, if you could summarize -- I think the big question on the table is when we presented in June the deficit was projected at 313.

That number grew at the end of the academic year to roughly 900-plus. So if you could do the walk-through or walk across of what drove it from 313 to 900; and then how did the team close that out at the end of the academic year so the budget zeroed out.

I think that's the big question. So if you could just walk us through that, that would be great.

MRS. INGRAM: Thank you.

So thereafter, with a change in leadership within finance and administration in early June, we went back to review progress to date. So that was as of July 26th in preparation for our July 30 monthly update with the Board of

Governors, which meant looking at what was actually budgeted for 2018 and that was the $10,003,000, with what was actually received as of that date, which was 8.9 million.

So we collected an additional 2.1 million above the 7.8, leaving a shortfall now of approximately $968,000.

We did indicate to the University leadership and the Board of Governors that this number was preliminary and contingent upon final year-end closeout, which took place on August 2nd.

So upon completion of the reconciliation of accounts within athletics, as well as reassessing student fees and student fee waivers for students within athletics, we determined that an additional 44 -- $44,000 would need to be identified in order to balance the 2018/2019 budget, bringing the total amount needed to slightly above $1 million, specifically $1,012,000.

CHAIRMAN LAWSON: I'm sorry. Mrs. Ingram, can you stop right there? I just want to clarify for the group, because I can see questions.

So the gap between what we showed the Board of Governors in June and what we showed the Board of Governors a couple weeks ago, we showed them in June $313,000. We showed them a few weeks ago -- slide the other way, $996,000 as the gap.

So the question should be, what drove that divide?

What drove that divide was an overestimation of incoming revenue.

MRS. INGRAM: And so --

CHAIRMAN LAWSON: Hold on. Mrs. Ingram, hold on for one second.

I'm answering these questions clearly for the Board, because it's important that we know this because we have to answer this outwardly.

So from 313 to 968 was a difference in decrease in incoming revenues.

And in just a second Mrs. Ingram will show you where those line items were.

Then the question should be from the Board, if the number grew to 968, how did you close that.

We closed that with transfers from the foundation of 968,106 that are legitimate transfers in from the foundation.

Underneath that transfer line from the foundation, there are dollars from NAA Boosters, et cetera. But it shows in a bucket of foundation transfers because all of those dollars between boosters and NAA and other support organizations are housed in the foundation.

So those were legitimate dollars that were transferred under the foundation umbrellas to close the gap.

Okay. Everyone clear on that? Okay. Then, Mrs. Ingram, if you would, could you share with us the line items where we came in under our projections on the revenue side?

MRS. INGRAM: Yes. We did not meet the revenue projections in a number of areas, but most significantly it was the Investing in Champions campaign. And that's where we estimated $900,000 in collections.

CHAIRMAN LAWSON: So that's a critical point because it will help us as we get to this coming year's budget, because as opposed to being aggressive in our revenue estimations, we are now going to be more conservative in our revenue estimations; hence, you're going to see a number at the end of this presentation that, like I said, you're not going to be comfortable with.

But we're trying to show -- that we are showing the reality of what we truly think versus an aggressive projection.

TRUSTEE WASHINGTON: So looking at the Investing In Champions we came in less than $300,000 -- the gap is about 300 -- 275,000. That's not the seven. So where did the rest of the -- where were the rest of the shortfalls?

MR. SCHWEIGERT: Can I do this really quick?

TRUSTEE WASHINGTON: Because that doesn't get us from three to one. It gets us from three to six. Where's the rest of the gap?

MRS. INGRAM: Well, we had also included -- when we talk about the Investing in Champions, as of June 2nd we had only collected 159 and now we're up to about 625.

But like you said, it's still shy or short of the 900,000. But we had also included a FAMU Foundation transfer of approximately $298,000 into the total amount of revenue collected. But that was actually intended to go towards a repayment for the auxillary deficit repayment.

MR. EDDINGTON: Right.

TRUSTEE WASHINGTON: We should not have counted.

MRS. INGRAM: We should not have counted that.

We made changes to other transfers coming in, including removing funds from the projected transfer of vending concession dollars, because there was a question around how to appropriately use concession dollars. So we have concession dollars coming in on game day, and then we also have concession dollars coming in for vending.

So after consulting with the appropriate parties, and to ensure compliance with our most recent auditor general, operational audit, we decided to take those off, as well.

So we also changed the expectation of transfers from the National Alumni Association. That was around $100,000. And the FAMU Boosters. That was around $130,000, because those funds did not come in specifically for this use.

So we decided to rely instead on other appropriate funds from the foundation. And we reported that we expected to raise funds to close the gap.

So when we made the change in leadership, we went back and we looked at the dollars, we indicated that, you know, we did have that shortfall of 968, but then it also, after looking at our student fee waivers for students within athletics and how we handle those dollars, we determined that there was an additional $44,000.

So we move from the $968 million -- thousand. Excuse me. I'm not trying to make things worse. But $968,000 to add in the $44,000 to $1,012,814.

So after deliberation with the president and representatives from the University's budget counsel, which also included representatives from the foundation, it was determined that while it was not the president's original intent for use of those funds, it would be in the best interest of the University to cover the shortfall with the president's discretionary fund.

And that fund is comprised of unrestricted dollars from donors managed through the FAMU foundation.

So with the transfer of these funds from this appropriate funding source, we should be able to close the 2018/2019 fiscal year with a balanced budget.

CHAIRMAN LAWSON: Okay. So let's stop there for a second and make sure. Joe, do you have an extra comment?

MR. MALESZEWSKI: So I think some of the questions went to, were there any other areas that we were short on our revenue projections. And I think the answer to that is yes.

In the athletics advertising category, we came in below the expected revenues, likewise in royalties, athletics parking and vending and the Tag Brag Program.

Each of those, in addition to the Investing in Champions came in, you know, significantly below the original revenue projection amounts.

And as of June 2nd when that information was reported, we were still anticipating significant collections in those areas.

In July and then in August, we recognized that those revenue projections were not going to be realized. So that also adds to the additional dollars that we anticipated needing from the foundation that we hadn't in earlier reporting periods.

TRUSTEE WASHINGTON: So part of me, because I'm now mincing words, but you said should be able to close the gap.

So are there things that we are anticipating hitting that we will not be able to close? And like are there outstanding things? Is the budget closed? Where are we on that process?

MR. BOUIE: Straight answer, no. There is no anticipation of missing the budget. We're actually hoping, once I get back to the office on Monday, this number actually may be a little less. So, no, we won't miss it at all.

CHAIRMAN LAWSON: And does that answer?

TRUSTEE WASHINGTON: That's fine.

CHAIRMAN LAWSON: Dave.

TRUSTEE LAWRENCE: So you talked about the president's discretionary account. What's in that account? What do you have left in the account?

MR. ROBINSON: Well, I have a million less than I did before this happened. I started out the year -- and Dr. Friday-Stroud can tell you better. I had about $5 million that I wanted to do special things with this year.

You know, part of that came out of the METS contribution. You know, I specified some of that for scholarship. Some of it I was investing back in food services. And, you know, the biggest part was student scholarship, right.

So as you go through the year, monies are donated and there are monies that have been contributed over time and the interest earnings on those.

I can't give you right now exact numbers as to how much of those dollars are available. Doctor Friday-Stroud can.

But, you know, we have exhausted all of those, Trustee Lawrence, but at the same time I guarantee you that I had other plans, you know, for those funds.

TRUSTEE LAWRENCE: I think that's

important for us to know. Because it means on behalf of the students and faculty, and you can't do some things that you wanted to do.

MR. ROBINSON: Yes.

TRUSTEE MOORE: I think therein lies my point and concern, because we are closing the gap. But then are we then creating the same kind of model going into the next year because I would rather, as you mentioned, focus on those prior students and faculty moving forward, those things.

But we can't because for whatever reason -- and I'm interested in whether this is a system-related issue.

Because we talk about, especially tied to the Investing in Champions and what we had over two years prior that that had been the $900,000 that we could now anticipate.

What happened in our -- and when we say conservatives, you know, to be honest, I know that we haven't gotten to that part of it.

But what's changed about that, you know, move to the position of wanting or expecting less from that because then it's going to have to come from somewhere.

And I think that we're going to have to
pull, you know, discretionary funds and
scholarships and everything else to be able to
support it.

TRUSTEE WASHINGTON: My concern is, if we
were spending within our means, we wouldn't
have to have these problems.

So is it an expenditure problem or a
revenue problem or a mix of both?

Because, you know, while athletics are
important, so is graduating our students. And
so I think that we are sending, whether
intentionally or un, signals about athletics
versus academics.

And, I mean, it's -- I mean, we have to do
this because we have to close this gap. But
for next year, I would hate to be in this
position again because, again, we've been in
this position last year and the year before and
the year before.

And so I think we, in talking about
accountability and driving accountability down
into the system, now we need to start here with
this budget and our expectations of revenue and
expenditures and how we can hold ourselves

accountable to those revenues and expenditures.

TRUSTEE DORTCH: I think we also should not fool ourselves about the importance of athletics in recruiting and retention of students, as well.

And so it shouldn't be either/or. It should be, what do we do to meet the need and demand and enhance this.

And we can easily sit around the table and talk about what's been done. But we must always remember the primary responsibility of the board is to provide the resources for the institution or organization.

So the key should be, what are the steps that need to be taken. I mean, I've written checks, and I'm sure many of you have, when there has been solicitation.

My business partner wrote a check for $400,000. That was for the school of business. I'm going to go back and look at how we can write some more checks. But all of us need to be engaged in making sure again it's not either/or. I mean, it's what we do to enhance.

And after the removal and the leadership changes, even that department, we now have

stability because there have been other
challenges because we didn't have the right
kind of leadership.

Our president is here, our athletic
director. So I think, yes, we've got to make
sure we're responsible. But the next big thing
is, Mr. Chair, what do we do to get to that
point?

CHAIRMAN LAWSON: Let me try to address
it, because I think this is good dialogue and
this is exactly what I wanted to happen because
we need to get all of our points of exactly
what we need. I want everybody to understand
exactly where we are.

So this closes out, call it last academic
year. Nicole -- I'm sorry. Trustee Washington
brings up some great points. Trustee Dortch
brings up great points. Trustee Lawrence
brings up great points.

But I just want to share some perspective.
The team dug in and they're giving you the
reality. The reality isn't pretty.

So our efforts need to be around, are we
squeezing the expenses as hard as we can to
bring them down.

And then number two you'll see, are our -- do we have the enterprise focus hard enough on raising needed funds to drive this model, because the reality of the athletics -- and it's -- and I'm not an expert on athletics, but there's only one school in the state system that's self-sufficient. Every other school in the state system relies on investments from foundation boosters, et cetera.

So we're no different in that regard. However, our ability to raise those funds has been slipping in the last couple years, whereas I look at our neighbor across the street, Florida State, not to, you know, to compare ourselves to them, but they operated in a deficit last year. They used money from their booster club to close the gap. Now their booster club has a lot of money in it, so big difference.

So I think these are all good questions. I'm not going to profess to be the expert. But what I wanted profess to do is provide you guys with 100 percent transparency of where the numbers really are.

And then collectively we have to make

decisions on around how we want to move forward.

I'm going to show -- we're going to show you this year's proposed budget that is going to start with a gap.

The opportunity with that gap is we're starting 12 months in advance to try to work on that gap to close it, not taking money from the Enterprise and quit trying to figure out how to raise more money.

So that's the high-level view of what we're going to show next. But I think -- and don't get me wrong, team. I really appreciate these questions because we have to challenge ourselves on -- yes. We're focused on graduating students. We're focused on creating pharmacists and on and on and on and on.

We have an athletic program on the field. We want to win. We want to go into the stadium and have a good time, at a cost, but at what cost? You know, what cost are we willing to bear it at?

But the one thing I do look at, and this is not a discussion on fundraising, but our fundraising efforts in this arena have been going south for two years in a row, which is putting more pressure on all of these numbers.

So there's some things that collective -- and when I say we, I mean foundation, us, boosters, everybody needs to do to keep this moving or we're going to be forced to really look at programs and say, do we want to be an X-number of sport program.

And we may have to eventually look to cut some programs. And none of us want to do that. So we're trying to show you a budget with no program cuts.

Now, the next question becomes, as a board, you know what, guys, not happy with that. You've got to look at program cuts.

Because I think we've trimmed out all of the, for lack of a better term, fat. We've downsized people. We've downsized expenses. We cut travel. The team used to fly, now they're taking the bus.

So we've gone after the expenses as hard as I think we can. The next opportunity is do you start to cut programs, which might impact our standing, you know, in our division.

So but those are things that as a board, those are the tough decisions that we have to lean into.

So I appreciate all the questions. Are there any more questions about the ending of this past academic year before we show you the news about this coming year?

Mr. Bouie and Joe, did you guys have any other comments?

MR. MALESZEWSKI: Not to this. I do not, to your specific point.

MR. BOUIE: No. And I want to add. You're spot on with the other institutions and, in fact, nationwide. 95 percent of the athletic programs don't end up in the black unless they have revenue from other sources, like their foundations or booster clubs.

So it's not a FAMU issue. It's an athletic operating model that exists. And the only ones that are profitable are institutions like UF, which is the one in the State, Texas, Ohio State who has the billion-dollar TV contracts and oil reserves. Those are the only schools that operate in the black from the athletic perspective.

MR. ROBINSON: So I'm getting word that

it's hard for people back in Tallahassee to hear. We have some people gathered in the conference room who may want to chime in at the appropriate time. So if we can remember that we have to speak loud.

TRUSTEE REED: Just another question, Chair. And I appreciate the transparency as you articulated here.

We also mentioned that as a part of this overall budget planning, we were making up for what I would characterize as sins of the past.

CHAIRMAN LAWSON: Yes.

TRUSTEE REED: So how are we addressing that here?

CHAIRMAN LAWSON: Great question. We have in the proposed budget for this coming year two additional items in the budget.

One is the -- if I'm not mistaken, Mrs. Ingram, please correct me -- the plan deficit repayment number. The number changes from year to year. It's a 12-year repayment plan.

We also have, which we will get into in a second, we are -- today we have an NCAA penalty that we have to pay, as well.

MR. ROBINSON: Well --

CHAIRMAN LAWSON: Well, we're appealing; however, to be safe, we put that number in the budget, as well. We are hoping it goes down or away.

But to be transparent -- and I don't want to overuse that word -- but to show the real numbers, we put that number in the budget, as well, hoping it goes away.

TRUSTEE REED: Okay. So is the repayment a part of what we're using? Are we closing the budget this year, including making the repayment or not making the repayment?

CHAIRMAN LAWSON: I think the answer is -- Joe, am I correct?

MR. MALESZEWSKI: Yes. So as we open this fiscal year, we're in year four of a 12-year repayment plan. We budgeted for both athletics and the foundation to have money to make the payments agreed upon in September of 2016.

For the prior year and the two years before that, the repayment plan relied wholly on the foundation for making the payments -- can they not hear me?

UNIDENTIFIED SPEAKER: This is

(inaudible). The foundation has made the last payment. This year it would be the foundation, as well as a smaller amount coming from athletics.

And I think you had that amount in our pool budget that you all approved at the Board of Trustees, you all approved it back in June.

CHAIRMAN LAWSON: So Trustee Reed, to answer it even another way. The 12-year plan called for the foundation to pay the first three years. Athletics to start kicking in as payment in the fourth year.

So we have the fourth year payment in this proposed budget from athletics, as well as we have the NCAA fine -- again, we're appealing -- but to be safe we put that fine amount in this coming year's budget, as well.

Because in my opinion, we need to account for everything in one place versus a couple different places. If we get relief from the NCAA, that number will go away or come down. But we put it in the budget for visibility.

TRUSTEE DORTCH: Sins of the past, too. Not from this administration.

TRUSTEE WOODY: And that amount is how

much?

TRUSTEE WASHINGTON: Some of it says.

CHAIRMAN LAWSON: $365,000.

MRS. INGRAM: $305,000.

CHAIRMAN LAWSON: I'm sorry. Trustee Woody's question was how much is the NCAA fine. It's pending. It's $305,000, Mrs. Ingram?

MRS. WALLACE: You have 305?

TRUSTEE EASON: 305.

CHAIRMAN LAWSON: Okay. So $305,000 you'll see when we get to that page, that's in the budget. We do -- there are a couple of more questions that I don't want to --

TRUSTEE REED: There's a comment from the president.

CHAIRMAN LAWSON: Oh, I'm sorry.

MR. ROBINSON: I just want to point out that repayment for this year is actually coming out of the foundation. It has been budgeted by the foundation. It's in their budget they have approved, the foundation approved.

And then when it comes to the NCAA penalty, we are not certain based on our appeal what's going to happen. We also don't know what the terms of the payment would be. It could be a one-time payment. It could be stretched out over several years. We're not sure.

But the appropriate thing is to go ahead and put it in, in the event that we don't win the appeal or overcome the appeal.

TRUSTEE WASHINGTON: Just a quick question. In the terms of the repayment, I know it says the sins of the past. But I do believe we have an adjustment, because now what the repayment was versus what it was in six -- well, when we started this process versus what it is now. Do we have a timeline for the adjustment and there's an extra couple million dollars I think that we now have to pay back. What is the plan for incorporating that into the overall repayment plan?

MR. ROBINSON: That's something they'll have to take out. And I want everybody to understand, too, is that we presented it at the plan to the BOG, you know, the audit at the plans committee, it wasn't something approved by the -- it was something we agreed to honor that. But now that we've discovered that there's another couple millions, the number's different. So we need to go back and with all transparency with a new plan.

TRUSTEE WASHINGTON: There's a timeline for that.

CHAIRMAN LAWSON: Yeah. We'll be at the upcoming audit meeting. And the key is that the BOG will not -- I'm trying to come up with the right term. They did not approve, but they agreed to our repayment plan and our actions.

And all the numbers that we are showing here, we've already shown to them in our last update that we had that Mrs. Ingram did.

By the way, I wanted to compliment Mrs. Ingram on going through the weeds and getting us a much clearer understanding of where all these numbers are.

I think she's done, in an interim role, an outstanding job. And even for me, I've been close to this for a couple years, she did provide some additional clarity for me on a couple of issues.

So we do appreciate your support. So, team, I want to now lean into this coming year's budget. And like I keep saying, you're going to see some numbers that are going to make you uncomfortable.

I think the challenge is, ask us questions on how those numbers were developed and then ask us questions on, okay, all right, so what's the game plan to close this, right? Because that's the multimillion dollar question that will be on the table at the end of the presentation.

Mrs. Ingram, can you take us into -- just go ahead and skip into this year's projection.

MRS. INGRAM: So the University reviewed the 10.4 million revenue projections for 2019/2020 to evaluate whether they were reasonable.

And based upon the assessment, a number of revenues were adjusted downward. Those specifically being athletic advertising, Investing In Champions, athletic parking, vending and transfers.

So the revised revenue projection of 9.4 million was determined to be more realistically achievable.

These revenue projections were based upon review of prior year revenue projections and informed by current events and circumstances.

And all parties involved agree that the 9.4 million represents a realistic and achievable level of revenue generation.

CHAIRMAN LAWSON: So Mrs. Ingram, if I could stop you right there and then throw you a bit of a curve ball.

Could we talk, because we have a little time, could we talk by line item and talk about why we think -- and Joe can chime in, as well, because you did the three-year walk-through with us -- why we think, and Dr. Eason, as well, why we think, you know, starting with the 3.1 million, you know, you can skip smaller items like parking, et cetera.

But why do we think starting with the 3.1, coming down that line to get to 9.34 is a good revenue projection?

And then why, if the board is paying attention, why did we go from 10 million to 11.2 for this coming year.

MRS. INGRAM: Well, the expense projections are based upon the -- we went through an analytical review of prior year's financial audits. So we looked at 2013/14, 14/15, 15/16 and 2016/17.

We also looked at the general ledger expenditures, with emphasis given to the most recent year's expenses.

So these projections here are informed based on that historical information. So in terms of what we budgeted, the $550,000 -- we're projecting $550,000 for our football gate receipts. Did you have anything additional that you needed me --

CHAIRMAN LAWSON: Mr. Eason, the reason I asked you to chime in on that, you're probably closer to football game receipts. You know, we're having how many, six home games?

TRUSTEE EASON: We're having six home games. I think if you go back up to fees, that should be a slight increase because we've increased our student body incoming by about 300 students. So that's going to increase slightly.

Football gate receipts, we've gone up now through -- we had six games last year, but last year our gates we had six games, but we priced it out at four.

This year we're pricing it out at six games. So that should be a significant difference there.

CHAIRMAN LAWSON: And again, home games.

TRUSTEE EASON: These are home games.

MR. ROBINSON: Right. But in terms of playing games is the Investing In Champions package. And this may be part of what happened with regards to the revenue.

TRUSTEE CARTER: Could you ask him to speak up, please?

MR. ROBINSON: Yeah, I'm sorry. The pricing of the Investing In Champion package has been increased to go from a four-game package to a six-game package.

So that may, on the other hand, have contributed to we know some of the concerns by fans who didn't want to go there with us.

But on the other hand, we believe this is ADs and team projection that based upon the success of the team and football last year, that that might turn around.

But the pricing for previous years of Investing In Champions was based on four games. Now it's based on six. So the revenue from that accordingly will increase.

TRUSTEE EASON: Again, in terms, if you

look at the game guarantees. The game guarantees this year will increase over what we projected last year.

And the other game guarantees, that's talking about the basketball, both men's and women's. Again they'll have that increase as opposed to last year.

CHAIRMAN LAWSON: John, I'm sorry. The reason you have confidence in that is because of signed contracts?

TRUSTEE EASON: We have signed contracts. The contracts have been signed. So that should increase, as I said.

When you talk about other game -- game guarantees, we're talking about just football. Other game guarantees, we're talking about men and women's basketball. So that should increase this coming season.

Athletic concession sales, we're still working on that to increase that. We're looking at an outside vendor to come in and help us with that area, which would help increase the sales.

Also, athletic programs. Athletic programs says we increased that last year.

We're hoping to increase that again this year.

Football season ticket sales, last year we sold we had 6,600. We're hoping to increase that.

One of the things we find in terms of ticket sales, we tend to buy tickets late, as opposed to early.

So again, we'll have quite a few walkups and then quite a few people will come in late.

Also as of August the 15th, other tickets will now start to go on sale.

What we tried to do is hold back to allow our Investing in Champions people get their tickets first now that the others are going on sale.

Also, what we increased, what we plan to do in that area to entice people to come back and do more by going out to the 220 Club and various groups and personally deliver those packages to those people.

Also now if you looked at the athletic advertising sales, we have been making an effort to go out and actually talk with individuals.

In the past, as opposed to last year and this year, we went out, but we had too much in kind. So now we're going out and we're seeking cash as opposed to in kind.

Royalties, we're hoping to.

UNIDENTIFIED SPEAKER: Dr. Eason, this is Friday-Shroud. I want to just give an update on where we are right now with the athletic advertising because that is one of the areas where we have been providing some assistance with.

And the projection is for $150,000 this year. Right now we are at $110,000, and we are working on some additional ones. So we're closing in on that 150 right now. We're at 110,000 right now.

TRUSTEE MOORE: Thank you.

TRUSTEE EASON: Okay. And again, one of the things that we're doing now that really has not been done in the past, if you look at the signs around the stadium, also at Lawson Center, at times in the past we have not gone out to collect that revenue and we let those people just stay there.

Now we've gone out and actually gone to those individuals to get the money. If not, we're taking those signs down. So that's something that's been different.

If you look at royalties, we're actively now going out trying to look at the royalties coming. We're looking around the stadium where we have vendors coming in and selling items that we do not receive royalties from those items. So we're doing that. NCAA revenue, basketball receipts. In terms of basketball receipts --

CHAIRMAN LAWSON: John, I'm sorry. Because NCAA revenue is a big number. Can you explain that money?

TRUSTEE EASON: NCAA revenue is money that we have coming in from the NCAA. They guarantee so much money -- they guarantee us -- guarantee so much money each year. So we'll get that money. That's guaranteed.

CHAIRMAN LAWSON: So 400 is guaranteed?

TRUSTEE EASON: Yes. That's guaranteed. It will be coming in from the NCAA.

Basketball receipts 15,000 -- I'm sorry -- basketball receipts, in the past what we've done is that the basketball receipts were engrained in the Invest in Champions package.

So if you bought an Invest in Champions packet, then basketball receipts are in there -- I'm sorry. The tickets were in that packet.

What we decided to do was break that out so that basketball tickets will be separate. Would not be -- so that should help us there in terms of additional revenue. And so we're breaking that out.

FAMU Rising, which is Dr. Friday-Stroud, in terms of their being efforts to go out and raise money. And you see that line there is 240,000 --

TRUSTEE REED: And that's different than what we had in the last budget. We're terming it differently now? Because I don't see it as a line item in the previous budget.

Dr. Friday-Stroud.

DR. FRIDAY-STROUD: Yes. So last year it was not in the budget. It was a part of what we were doing as Investing in Champions and just other efforts.

But because of the other -- the decreases in other revenue areas, we are now putting the FAMU Rising in as a part of the budget.

But you're correct, it was not a part of it in last year's or years prior.

TRUSTEE REED: So this would be in addition to Investing in Champions because we also have an Investing in Champions one, as well.

DR. FRIDAY-STROUD: Correct. Yes. This is over and above Investing In Champions. Because what we really need to understand is that Investing in Champions is not a donation.

Investing in Champions just pays for the cost of services that people get. And so the FAMU Rising is donation, tax-deductible donation.

Investing in Champions is not. Investing in Champions is revenue based on services provided.

TRUSTEE EASON: Okay. Can we move on to Tag Brag. Tag Brag we've been talking with the boosters about taking over Tag Brag. We do not have enough staff, significant staff, to go out and really push Tag Brag like we should. So we're going out and we're going to ask those individuals to help us with that.

Invest in Champions, if you notice that 525 up there, we're about 625 as of today. And we feel like that's going to increase slightly.

Just this past week we've had the individuals calling in. We've made personal calls to individuals. And that should go up a little bit more.

Florida --

TRUSTEE REED: So Tag Brag, that revenue that we're expecting this year, where was it in last year's budget?

MR. MALESZEWSKI: You've got to look down lower in the report.

DR. FRIDAY-STROUD: Last year it was not a part of the budget. Tag Brag last year was similar to FAMU Rising. It wasn't completely a part of the budget.

We brought it in as an add on. But this year it's actually being put in on the front end as part of the budget.

TRUSTEE REED: Thank you.

TRUSTEE EASON: Okay. If we move on to Florida Consortium. You'll notice the 900,000 there. I had a meeting this past Thursday with that particular organization, a conference call.

As opposed to this point last year, that is increasing. And so last year was -- last year was the first time in 11 years that that actually increased.

So we're looking again, hopefully based on the projections early, is that we should have a slight increase this year in terms of Florida Consortium.

CHAIRMAN LAWSON: And just for clarification. That's really money from the Florida Classic.

TRUSTEE EASON: That's the Florida Classic, yes.

CHAIRMAN LAWSON: And that's been a fairly-stable revenue line over the last three to five years.

TRUSTEE EASON: Okay. If you move down to Miac (phonetic) revenue, again, that's guaranteed money that's coming in. It's not a projection. That's guaranteed of what we should have from them.

Again, you look down to athletic parking and also vending, again, what we're doing in that area we're breaking up in terms of how we're selling the parking in the stadium.

In the past we've had parking right around the stadium. Now we're not only using the stadium, but we're going out and using the parking decks, which we did not use in the past.

Also, we're looking at -- we're tailgating. We're selling spots in terms of tailgating in our mobile home areas and all that increased revenues in those areas.

And we have the softball team and Coach Wiggins and her staff will go out and help us in terms of helping us monitor those areas to make sure that we collect the revenue.

In terms of the vending, again, we're selling spots in terms of the vending. We had a -- we're increasing that over last year in terms of the price that those were sold at. So hopefully we'll have an increase there.

Again, any other questions in terms of these line items?

CHAIRMAN LAWSON: I think -- I guess I would pose a question for the total staff. John, Mrs. Ingram and Joe, when you guys did the three years kind of look back, are you more comfortable with these numbers than you've been in the past?

MR. MALESZEWSKI: I'll answer first, if that's okay. I believe these numbers are conservative numbers. I think some of the discussions that have been had so far today demonstrate that that's true.

So Dr. Friday-Stroud mentioned the amount of funds already achieved in the advertising sales area.

We tried to be conservative. If Investing In Champions, for instance, bounced back to the level of funds that they were able to raise the prior two years before this, you know, we're significantly below that on the revenue projection $525,000.

I certainly want to make a point. I'm not a decision-maker in any of these processes, but I get to observe the conversations.

The determination around athletics advertising and the issue of in-kind service versus actual dollars received.

So those were the nature of some of those discussions. I believe they came up with a realistic but conservative revenue projection for the coming year.

CHAIRMAN LAWSON: And then I guess the

question for John is, you know, two years ago, a year and a half ago, we went through an expense reduction in the department.

TRUSTEE EASON: That is correct.

CHAIRMAN LAWSON: Head count, travel, you name it. Do you -- is there more than we can take out on the expense side or do you feel like we've hit the wall?

TRUSTEE EASON: I think it's -- in essence, we've hit the wall. Why do I say that? Right now we can't do everything we want to do because of personnel. And you look at salaries and those kind of things.

I've talked with some of my counterparts and ACCUs. They're struggling the same as we are in terms of trying to fund their programs.

One of the mistakes that our sister institution in this state did was they cut staff. Now what they're trying to do is go back and hire those people because they found out that didn't work. It hurt them more.

And also in terms of looking at some other institutions that may be moving down in a lower division, they found that that didn't work, as well. They ended up cutting programs and they have suffered because they have gone down in terms of their revenue projections.

So it may seem difficult at this point because of what we're doing. This is difficult in terms of trying to cut back. We've cut back in terms of the travel.

Our football team -- last year we took an extra bus ride. That was the day we had Michael, the hurricane. Our team went on a bus ride for 10 hours, played a game, won, came back on a bus that night and then went out the next day and went out into the community.

Those are some of the things you don't look at. But again, they had the option to go on a plane, but we did not have the funds and we needed to look at long-term. So what we did, we decided to go by bus.

CHAIRMAN LAWSON: So board, I mean, these are the numbers that meet early projections for this coming year. And as you can see, the difference between, call it 1.2, I rounded up, and 9.34, it's a pretty big difference between those two numbers.

So therein lies the challenge that we have. That is our proposed gap going into this coming year. We want to -- we wanted to identify that now to give us 12 months, approximately 12 months, to work on closing that.

So do we have -- are we prepared to talk about some of the ideas to close the gap, Mrs. Ingram?

MRS. INGRAM: No. We need to continue to evaluate that. But we do know that we need to start now. Particularly in partnering with advancement and development for fundraising.

Also AD Eason met with the entire athletics department to set specific expectations about how we will operate within the budget and the expectation of coaching staff to raise funds specific to their sports.

And as you indicated before, you know, we looked at several different options, but we felt that this was the best to assure that we remain in compliance.

To have minimum disruption, as it relates to our current programs and structure. And also to ensure ongoing Title IX compliant as it relates to the number of men and women sports.

CHAIRMAN LAWSON: So again, this is where we stand today. What we didn't put up here on the screen are any contributions from DSO or support organizations like boosters, 220 and others.

Those contributions will come in to help us address the deficit. But we wanted to just be crystal clear at the beginning of the year where we think this deficit is based on the science that these guys have put on it.

And then the plan is over the next 12 months to raise monies through the foundation, through the boosters, through other support organizations to try to close that gap as well as if we have any upside on the revenue projections to continue to try to close that gap.

But to start working on it now versus waiting, you know, a month or two before the academic year closes to start that number.

And then the question, and I think I know the correct answer to it, how does it impact our operating budget? Because we can't take funds from our operating budget to address this.

So this technically has no impact. I

think that was Trustee Reed's question. This has no negative impact on our operating budget.

We're facing into a situation that some of our other six institutions are faced with every year, starting the year with a budget deficit in athletics.

Some of them have greater resources and foundations and boosters to offset that. But we're starting from a common place.

So our challenge is to raise more funds, work with the various support organizations to raise more funds.

You know, as I look at the expenses, and I've been through this with John before, you know, we have our guys riding on the buses versus flying these days, which is not good. But we have to do what we have to do to try to bring this expense load down.

So this is it, Board. So I just wanted to share with you guys where we are and let's discuss it.

TRUSTEE REED: Mr. Chair --

TRUSTEE DORTCH: Could I --

TRUSTEE REED: So one question, just so I'm clear how to read this.

So from an expense standpoint, the 11.18 which we're saying budget, that's what we're saying is the budget this year for athletics.

CHAIRMAN LAWSON: Yeah. And what we did, Trustee Reed is, we were spending at that level, although we weren't capturing it in one place. So these guys went back with Mrs. Ingram. I want to give her credit for this. They've captured all of those miscellaneous expenses and put it all on one page. Mr. Bouie helped, as well.

TRUSTEE REED: Got it. And then so we're saying right now, against the budget we're expecting revenues of about 8.9 million based on what we have -- what we're talking about here, right? In terms of fees, football games, those are revenues?

TRUSTEE WASHINGTON: That's 8.9. That's 8.9 is budgeted.

CHAIRMAN LAWSON: Okay.

TRUSTEE REED: And then we're saying we have additional, what we're calling transfers of 2.28 that essentially will balance the budget revenues versus expenses, right?

CHAIRMAN LAWSON: Yes.

MR. BOUIE: That is correct.

CHAIRMAN LAWSON: I was going to make sure when I say yes I'm looking at Mrs. Ingram that that's a yes.

MRS. INGRAM: Yes.

TRUSTEE REED: So as we talk about the transfer. Can you give us a little more detail about that because that's essentially -- what was said today, outside of the fact that we still have other revenues that could come in that's going to help us offset that.

Can we talk about the transfer fees and kind of what's in the details of that. Because essentially that's what we're saying is we're going to allocate some funds that we're going to utilize that will be kind of what we will level in as we get closer.

So at the end the day we're going to balance the budget based on assuming we get this, plus we're going to use these transfer fees. If we can just talk about that, the transfer fee for a minute.

MRS. INGRAM: Well, the transfer, as we indicated before, would be forthcoming in partnership and working with the foundation.

So I would ask Dr. Friday-Stroud to share any additional information she has regarding that.

TRUSTEE REED: Because they're highing about two extra than what we've had in the past, right?

DR. FRIDAY-STROUD: You're correct, Trustee Reed. It is a lot higher than what has been done in the past.

We had seen an increase in fundraising. The challenge for us has been that we don't always get to the time in where those increases come in, because donors dictate where their dollars go.

So while the amount has been plugged in, it is a plug-in and we are going to work hard to reach it, but know that that has never been an amount that has ever been garnered heretofore.

We are working very diligently on multiple fronts with athletics to increase other revenue streams. But I, too, am challenging that we have to look at expenses because, you know, that plug-in number is steep.

I mean, I don't know any other way to

sugarcoat this. But we are working at it. I can say that we have some plans to get there, but the amount is steep.

And understanding that dollars raised is one thing. And then, you know, there's an assumption that there are dollars that are just available in the foundation, and that's not true. If it's anything around a foundation's budget that has to be approved by the 31-member foundation board and then come back before you all to be approved.

And as I said, our 19 -- the foundation's 19/20 -- 20/19 and 20/20 budget you all approved that already in June.

So if it's founded by a budget perspective it's coming -- it would be coming back -- it has to go back before the foundation board and then come back before you.

Also, if it's coming from that area, that then impacts the investment value that the University currently has, because there are no other sources of funds on which to pull dollars.

So we know if you pull from one area there's, you know, there's going to be a decrease in another area. So we need to be mindful of all the ramifications, because there's no, you know, pot of gold sitting in the foundation waiting to be spent.

And then again, the other way to get it is to raise it. And while we did thankfully with the support of all of our friends, we increased cash donations. But even our cash donations this year only went up a little over a million dollars.

So to say that we're going to have a million in aid or 2 million over that, that is unrestricted or designated to just athletics, it's a stretch. But, you know, that's the plug-in number that was --

TRUSTEE REED: Right. So maybe just for me. So is the terminology correct? Like you're calling it now a transfer and the term transfer, which makes me -- suggests that it means we're allocating and we're going to basically move to it.

DR. FRIDAY-STROUD: The term transfer is appropriate because it would be dollars that are coming from outside of athletics. So that's why I've called it a transfer, because it's coming from an allowable source outside of athletics and outside of the university.

CHAIRMAN LAWSON: That's true. I think what Craig is saying is that those dollars aren't sitting there, and it's truly going to be a transfer if and when the dollars come in.

TRUSTEE REED: Right.

CHAIRMAN LAWSON: So I think maybe we need to add some additional language around that, Mrs. Ingram. It will be a transfer.

MRS. INGRAM: Yes, sir.

CHAIRMAN LAWSON: But it's transferred dependent upon if the dollars are available. We'll go to Trustee Dortch, Moore and Washington.

TRUSTEE DORTCH: I think the first thing as a board, we need to understand when we see the numbers in the foundation, they don't have a liquidity. So it's not like it's cash money sitting there with investments and restricted funds.

So what Dr. Friday-Stroud was sharing, is that this is a stretch even for them, because they're restricted funds. They have investments. So that's not money you can just go into the foundation and say, give me 5 million. So that's the first thing.

The other thing that's going to be important is while we trust that there's an effort and everybody's going to be hands-on-deck on this, there's got to be a monitoring of what we are. And we know that between now and December is when there's the greatest opportunity, because after football season is up we don't have that cash flow coming in and the department from all the others.

Other than the guarantees from basketball to go play some of the biggies and get a nice check.

So I think Mr. Chairman and to the leadership, there needs to be a plan that monitors at least our quarter. And then in that plan there's got to be, if X doesn't happen, then Y will.

I mean, as tough as it may be, you've got to be able to come up with a plan that says we're going to cut X, Y and Z because we can't come in and say, we hope we got it and then we end up next year with a deficit.

So there's got to be some painstaking decisions and some contingency plans. If we don't get there, we see the slippage and we're going to cut. And it may not be a happy thing, but we, by the same token, are trying to get this there but the Board of Governors and everybody's watching every university. And for us, we've got to watch it anyway.

And so I think what's got to happen is quarterly monitoring. If in six months we see that we are way behind, and that's got to be an up front contingency plan on we're going to cut -- I mean, we do this in business a lot but sometimes you cut salaries, sometimes the owner doesn't get paid a penny and sometimes you liquidate.

So all of that, I think, that's going to be important to go along with this.

TRUSTEE MOORE: Mr. Chair, I join in the comments of Reed and Dortch and add to it, because my biggest concern is that as Dr. Friday-Stroud indicated, that's a big assumption. That's bigger than anything that we've ever said before.

I would offer the position, if we truly

want to be conservative, why would we assume the posture of the number of the expenses now that we've projected in the past. We can continue to monitor because we can come back for budget amendments. We can change that.

But why would we assume -- I'm concerned that if we approve this budget today, 11.1 million, folks will operate with the 11.1 million. We have obligations that point to that, and we may never get there. And then we've got a deeper hole because we made this assumption of what may or may not happen.

Are we not -- I mean, is it not an option just to operate where we've -- the expense part of it, project there. And if we need to come back, which we have to do and do that?

TRUSTEE WASHINGTON: So my -- go ahead.

TRUSTEE EASON: What I was going to say is when you look at the 11.1 what we've done is gone back and looked at historical data.

This is how much we've been actually spending. We've been spending this amount. What has been happening, as opposed to now, is that we've been spending this amount. No one knew that.

Now what is --

TRUSTEE MOORE: So I get your actual -- that's your actual.

TRUSTEE EASON: This is actually what we will need to spend based on historical data.

TRUSTEE MOORE: But what if we, what we had thought that we were doing, the 10 point whatever million, now that's our reality. And what if we extend it based off the 10-point something, eyes wide open, because we now know where bills are coming from, expenses. What if we billed -- or have expenditures through the 10 point whatever, three million?

MRS. INGRAM: Well, to build upon what has been said, I think the accounting system, and Mr. Bouie, please correct me if I'm wrong, is set up for the 10.4.

MR. BOUIE: That is correct.

MRS. INGRAM: Okay. And then the difference between the 10.4 and the 11.2, that's going to be held in reserve. Those funds will not be released unless the dollars have been raised.

MR. BOUIE: Absolutely. And to add a further clarification, and especially to

Trustee Dortch's point. Trustee Dortch said quarterly. Monthly I've asked the athletic budget director to submit an expense line by line of what's going on on a monthly basis.

So it was actually due on the 15th, which was yesterday. But I've been out on vacation so I don't know if she sent it or not.

But on the 15th of every month Erica Wilcox will submit monthly expenses for the previous month and they will analyze that as a group and then go forward.

So we'll be able to make those adjustments and pivots like you said.

CHAIRMAN LAWSON: Trustee Washington?

TRUSTEE WASHINGTON: In looking at this 2.2 and knowing that it is, in fact, not real money, that's 20 percent of our overall budget.

Like if we approve this, we are functionally approving a 20 percent in the red for next year. And we have set ourselves up for, and protested and proclaimed to all of our stakeholders that we are going to be conservative and we are going to manage the heck out of this budget. And what we are setting ourselves up for here is basically throwing that out.

I'm really struggling with -- you know, I understand this is what we have to spend. And this is how we went from perhaps the 300 projected deficit down to the one, and reconciling and getting everything on one ledger is critically important. But we have got to hold ourselves accountable for spending what we have and figuring out real controls.

Because we had this conversation last year about the 80 percent cap and we weren't going to spend more than 80 percent.

The ledger closed and stuff still kept coming in and we haven't paid it. So that doesn't work, or it didn't work last year. I don't know if there's another way to do this year or we figure out how to make it work.

But I don't have a whole lot of confidence in our ability of controlling our spending based on our prior behavior.

And we also have another operational audit coming up. And I hate to tell you all, we had a three day and we had to go before the J-line I (phonetic). What it's for, which is what we're setting ourselves up for, I don't know what that is. But I rather at least have had us take a position of this is not where we want to start versus, you know, let's see what happens.

MR. BOUIE: As an additional point of clarity, the expenses for 18/19 finished at $9.8 million. Just so you --

TRUSTEE MOORE: So what are we saying with the 11 million?

TRUSTEE WASHINGTON: I thought it was 11.1.

TRUSTEE MOORE: They said that was our actual.

MRS. INGRAM: No. The 9.8 was the actual. And the 11.2 was developed based on feedback from the athletics department in terms of what they thought was a more realistic budget going through the line item.

TRUSTEE MOORE: We're talking two different things because actual -- Mr. Chair, if you would allow me?

CHAIRMAN LAWSON: Go ahead. I have a question, as well. Go ahead.

TRUSTEE MOORE: I mean, you're saying actual, and so we're trying to state, too, hey, this is our real bubble that we're operating in. But then you're saying, okay, this is my real -- this is what I would really like to operate in. That's two different things.

CHAIRMAN LAWSON: I'm sorry.

MRS. INGRAM: If I may? The revised revenue projection, we had the 10.4 million. And then, based upon the assessment and then a number of revenues that we indicated were adjusted downward, that was the athletic, advertising, Investing in Champions, parking and transfers, then the revised revenue projections was the 9.4 million. And that was determined to be more realistically achievable.

So these revenue projections were based upon the review of the prior revenue projections.

TRUSTEE MOORE: The expenses.

MRS. INGRAM: Yes. And informed by current events and circumstances. So all parties agreed that 9.4 million represents a realistic and achievable level of revenue generation.

But based on what they're proposing to say, this is a more realistic budget of 11.2.

We need 11.2. We had a gap of 1.8 million.

CHAIRMAN LAWSON: Because my committee, there are only -- let's see. Is there enough -- yeah, there's a quorum of us.

So here's the proposal from me for my committee to consider. To approve this budget with last year's budget target of 10.003, with the new projected revenue of 9.341296, which will force us to work backward to try to manage the number to what --

TRUSTEE WASHINGTON: Why don't we go with the expenditure for last year?

TRUSTEE MOORE: VP Schweigert?

TRUSTEE WASHINGTON: Well, you said the budgeted. The budgeted is 10.003. The expenditure is 9.878 -- oh, wait. No. I'm looking at July. Sorry. But it's still, it's 9.879. The expenditure --

TRUSTEE REED: Total expenditures --

TRUSTEE WASHINGTON: -- is 9.879.

CHAIRMAN LAWSON: I'm sorry. Before I move forward with that, if I could hear -- Richard, do you have a perspective on this? Because I do have a proposal.

MR. SCHWEIGERT: Sure. And I know enough

to be dangerous. So kind of under the heading of a fresh look. You spend about 10 million.

In the accounting system we have them for this year restricted to 10.4, and that is based upon realistic assumptions of what can be transferred, how that will go.

The 11.2 is a budgeting figure, and that is the athletic department telling you what they believe they need to operate an athletic program.

With it being restricted at 10.4 in the accounting program -- and by the way, 65 percent of their expenditures we will know by December, because football's over.

If at any time revenues come in higher, of course we could release it and get up to the 11.2.

But right now, just from an accounting perspective, no accountant can book funds from a foundation that haven't been raised. Nobody would do that in a business.

So you have protections built in. The 11.2 is recognized by the University as a figure that they need. And I will, hopefully at some point, get a chance to talk with you further about other revenue ideas that within State of Florida regulations, our own regulations, might bring a fresh perspective.

But I wouldn't at this stage -- I've seen the 11.2 and I've talked with Dr. Eason and I've talked with the staff. I get how they get there. Of course they want to run a first-class athletic program.

I don't think we can wait until December to make a decision on cutting it, because every dollar you cut, you really have to cut two dollars to get one dollar if you do it in December, right? You're halfway through the year.

So I'm not in a huge panic right now, from my perspective. Counting control-wise, they're at 10.4 million. And there's significant effort internally to start looking about, could we get to 11.2 and how would we do that.

CHAIRMAN LAWSON: So with that, I have a proposal for the committee so I would ask that you guys listen closely and I'd love your comments.

TRUSTEE REED: Maybe before we go ahead. There's one other point we did mention and I just want to understand how we get here.

There were funds that we were paying back that we said were coming out of the budget. So is that -- how is that showing here?

MR. ROBINSON: Those are not in that. Those are in the foundation report.

TRUSTEE WASHINGTON: Oh, but the athletics has $50,000.

MR. ROBINSON: Yeah, those are included. I think it was 50 or 60,000.

MR. MALESZEWSKI: Right at $50,000 was included as a part of the payment rescheduled plan that was agreed to in September of 2016.

TRUSTEE REED: Right. So it's in a separate line item here?

TRUSTEE WASHINGTON: It's part the of the expenses.

MR. BOUIE: No. It would be part of the expenses.

CHAIRMAN LAWSON: So before I position my proposal. I know in this 10.4 there is not the athletic penalty, the NCAA penalty.

So my 10.4 number has to be amended to at least 10.8. We have to have accountability for that penalty.

TRUSTEE DORTCH: If there is a penalty, there will be a lot of efforts. The question is, when does it hit? How much time do we have?

CHAIRMAN LAWSON: Right. So the question is about the penalty. So like we're really clear.

One, we don't know if it will truly be a penalty, but have to budget for it, in my opinion. We don't know if it's a one-time payment or a multiyear payment.

So we have to account for it now with the understanding that may be an adjustment to it in the future.

So with that being said, and please correct me if I'm wrong, the expenditures were ten --

TRUSTEE MOORE: He said they were --

TRUSTEE WASHINGTON: 79. What were they?

MR. BOUIE: 9879 for 18/19.

CHAIRMAN LAWSON: Plus the 400. So 9,879, plus the 400,500, which is around the 400,000. So ten --

TRUSTEE WASHINGTON: It's $305,000.

TRUSTEE MOORE: Yeah.

MR. ROBINSON: That didn't include the $50,000 that we're putting in there.

CHAIRMAN LAWSON: So $352,000.

TRUSTEE WASHINGTON: Yes. $352,000.

CHAIRMAN LAWSON: So $352,000, plus the 9.874. I'm -- my motion is that we give the University --

TRUSTEE WOODY: 400.

TRUSTEE WASHINGTON: It's not 400, it's 352.

CHAIRMAN LAWSON: It's 305.

MR. ROBINSON: It's 352. The way I'm looking at it is, if you include the penalty and then the amount that has to be paid back.

MRS. INGRAM: That was $50,000.

TRUSTEE EASON: So 352.

CHAIRMAN LAWSON: So hear me out, everyone. Actual expenditures were 9.874. NCAA penalty is 302 (sic). Repayment is 50. Those three numbers together, right, 10.231.

My motion is to give the athletic department, slash, university budget authority up to 10.231, pending further update at midyear as we relook into revenue and expenses.

TRUSTEE DORTCH: So moved.

TRUSTEE WOODY: Yes.

CHAIRMAN LAWSON: Motion made and properly seconded. Are there any questions?

I made a motion to second. Who's on the committee?

TRUSTEE DORTCH: I second it.

CHAIRMAN LAWSON: So only committee members can vote, just to be clear.

Are there any questions -- any questions from the Board at large before the committee votes? Any uneasy, any unrest?

TRUSTEE MOORE: I think there was a good discussion.

MRS. INGRAM: Well, I think someone has a question. Yes.

TRUSTEE CARTER: Mr. Chairman?

CHAIRMAN LAWSON: Yes. You're recognized.

TRUSTEE CARTER: Thank you very much.

Can you just give me the bottom line? You're throwing a lot of numbers around.

CHAIRMAN LAWSON: Yes, sir. I think that's you, Trustee Carter. What we're saying Matt is, this motion includes three numbers.

It include the actual expenditures, which were 9.874, according to the team. It includes the NCAA pending penalty of $302,000 (sic). It includes the required athletics repayment of $50,000, for a grand total of 10.231.

The motion is to give the university budget authority to operate at that number versus -- with the projected revenue stream, to be reviewed midyear for course direction or any adjustments.

TRUSTEE CARTER: Thank you.

CHAIRMAN LAWSON: So that's the motion. It's been properly second. Are there any other questions?

There being none, all those in favor of the motion, please say aye.

ALL TRUSTEES: Aye.

CHAIRMAN LAWSON: Motion carried.

TRUSTEE DORTCH: Mr. Chair, one other thing, and I think we listen to that and from what we heard from our CFO and what we heard from the projection.

When we meet in October, I think if the numbers are where they are, we can always amending the budget.

CHAIRMAN LAWSON: So here's some clarification, too, to that. With the president whispering in my ear, I got a little off track.

But we review this budget monthly with the athletic oversight committee. We also review this budget monthly with the Board of Governors.

So at any point in time if we see a need to change, we can bring that back to the full body and say, new things happened. We need to go up or down. Does everyone agree?

So I do think this has been really good discussion and guidance for us, because with fresh eyes we need to relook at this number, but we also have to be responsible, as well.

We want a good athletic program, but at the same time we have to be responsible.

So I think, you know, this is, I'm sure putting you guys in a little bit of a squeeze, but this is a number I think the Board is collectively comfortable with to move forward with.

TRUSTEE MOORE: Mr. Chair, would you also entertain sharing the monthly report with the full board so that we stay close to it, as well?

CHAIRMAN LAWSON: Absolutely.
TRUSTEE MOORE: Okay. Thank you.
MRS. INGRAM: In approving the operating budget, since the 11.2 was in the operating budget and we're improving the entire budget --
TRUSTEE MOORE: You make the amendment.
MRS. INGRAM: -- as amended.
CHAIRMAN LAWSON: Yeah, we'll make the amendment to the operating budget. But just to be clear, and Trustee Reed had a great question.
This deficit that we just approved does not impact negatively the operating budget.
TRUSTEE REED: (Nods head.)
MRS. INGRAM: Right.
MR. ROBINSON: Mrs. Ingram's point, you hadn't considered the budget yet so you don't have to amend anything. You can just add this to it when you approve the budget in the meeting.
CHAIRMAN LAWSON: Yes. Okay. So thank you, everybody. I mean, this has been a good, hardy discussion. I think we're in a better place. I think we're in aligned in place as a board behind these numbers.

TRUSTEE WASHINGTON: If I can just add. When we think about, you know, you said at the beginning like the order's different because we usually approve this budget after the -- I think we need to probably flip the order so that we can have this discussion before we approve our overall budget.

Because you see what just happened here; otherwise, we just kind of get this number. It's buried in a lot of other numbers and we don't really call it out.

So I think in future considerations, we incorporate the --

CHAIRMAN LAWSON: Sure. We can flip it. And there's also a bit of a pull and tug between this and budget and finance.

So I've kind of taken this number out of budget and finance and we review it separately every month, but it still goes underneath budget.

TRUSTEE WASHINGTON: Yeah. I'm just saying in the overall budget approval process, because really we usually approve the whole operating budget. And then if you come back with revisions, we don't actually call out the

athletic budget.
So what I would like to see in the future is we actually have it part of the process, however that fits in.
CHAIRMAN LAWSON: So just point of order, Joe. Our guest will be here at 11:00?
MR. MALESZEWSKI: My newest projection is 11:15 a.m. There's been an accident on I-75.
CHAIRMAN LAWSON: Well, worst-case scenario is you can certainly get us started in the discussion and respond to questions.
MR. MALESZEWSKI: Yes. I can certainly get us started in the discussion and respond to questions. And then Brent Sparkman, the partner of Carr, Riggs, whenever he arrives, any questions that people have specifically to him, could be addressed at that time.
CHAIRMAN LAWSON: Okay. So Board at this point we are prepared to transition into the full board meeting. But why don't we take, let's say, 20 minutes while we're trying to wait for him to come.
So let's take 20 minutes for those that may need to grab luggage and things like that, that will give you an opportunity to do that.