



**Board of Trustees Workshop  
December 13, 2016**

PRESENTED BY

**Angela M. Poole CPA, Vice President Finance and Administration/CFO  
and**

**Sameer Kapileshwari P.E., Associate Vice President for Facilities  
Florida Agricultural and Mechanical University**



# Finance and Facilities Committee Workshop

## AGENDA

- Facilities Overview – Panel Discussion
- Financial Overview
- Athletics Facilities Discussion
- High Level Issues





# Development Strategy

- The development strategy should be consistent with the goals contained in the proposed FAMU Strategic Plan and Master Plan
- Strategic Plan will be presented for approval June 30, 2017
- Status update report is expected February 2017

FLORIDA AGRICULTURAL AND MECHANICAL  
UNIVERSITY

Strategic Plan

2010-2020



*2020 VISION*  
*With Courage*

*Submitted*  
*October 8, 2009*

*Approved by the FAMU Board of Trustees*  
*October 15, 2009*





# Facilities Overview – Panel Discussion

- Public Private Partnerships (P3)
- Lessons Learned Across SUS
- Campus Master Plan
- Stakeholder Roles





# FAMU Education Plant Survey- 2015

Space Category	Space Needs by Space Types (sq.ft.)	Satisfactory Space Inventory	*Net Space Needs %
<u>Instructional</u>			
Classroom	102,348	115,391	118%
Teaching laboratory	127,935	205,904	167%
Research Laboratory	219,195	36,099	24%
<u>Academic Support</u>			
Study	161,795	115,363	80%
Instructional Media	17,058	3,625	30%
Auditorium/Exhibition	25,587	12,020	47%
Teaching Gymnasium	94,542	931	73%
<u>Institutional Support</u>			
Student Academic Support	0	0	
Office/Computer	312,136	238,943	92%
Campus Support Services	51,382	43,577	116%

Estimated \$180 million of deferred maintenance campus-wide





# Measuring the Return on Physical Assets (ROPA)

The annual investment needed to ensure buildings will properly perform and reach their useful life  
**“Keep-Up Costs”**

**Annual Stewardship**

The accumulation of repair and modernization needs and the definition of resource capacity to correct them  
**“Catch-Up Costs”**

**Asset Reinvestment**

The effectiveness of the facilities operating budget, staffing, supervision, and energy management

**Operational Effectiveness**

The measure of service process, the maintenance quality of space and systems, and the customers opinion of service delivery

**Service**

**Asset Value Change**

**Operations Success**





# Peer Group Used for System Facilities Study

ROPA+ Peer Group	Location
Alcorn State University*	Lorman, MS
Armstrong State University	Savannah, GA
Cheyney University*	Cheyney, PA
Jackson State University*	Jackson, MS
Kansas State University	Manhattan, KS
Mississippi Valley State University*	Itta Bena, MS
Spelman College*	Atlanta, GA
Texas A&M University – Corpus Christi	Corpus Christi, TX
University of Memphis	Memphis, TN
University of Southern Mississippi	Forest, MS

## Peer Group Considerations:

Peers were selected based on size, technical complexity, public/private, and location

*\*HBCU peers*





# Density Drives Capital Demand

Higher density will drive greater capital demand

## Density Factor Affects:

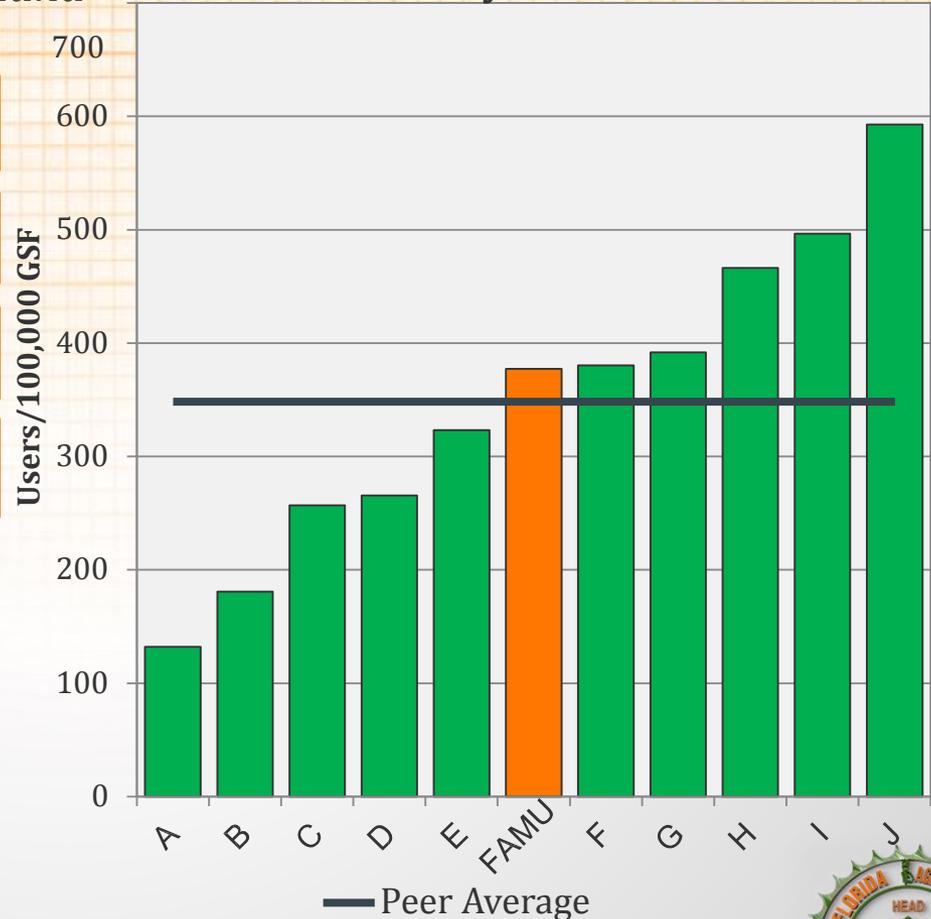
- Capital investment need
- Maintenance and custodial staffing levels
- Custodial materials and supplies
- Wear and tear on facilities

Density Factor: How busy is campus?

$\frac{\text{Students} + \text{Faculty} + \text{Staff (FTE)}}{100,000 \text{ occupied sq ft}^*}$

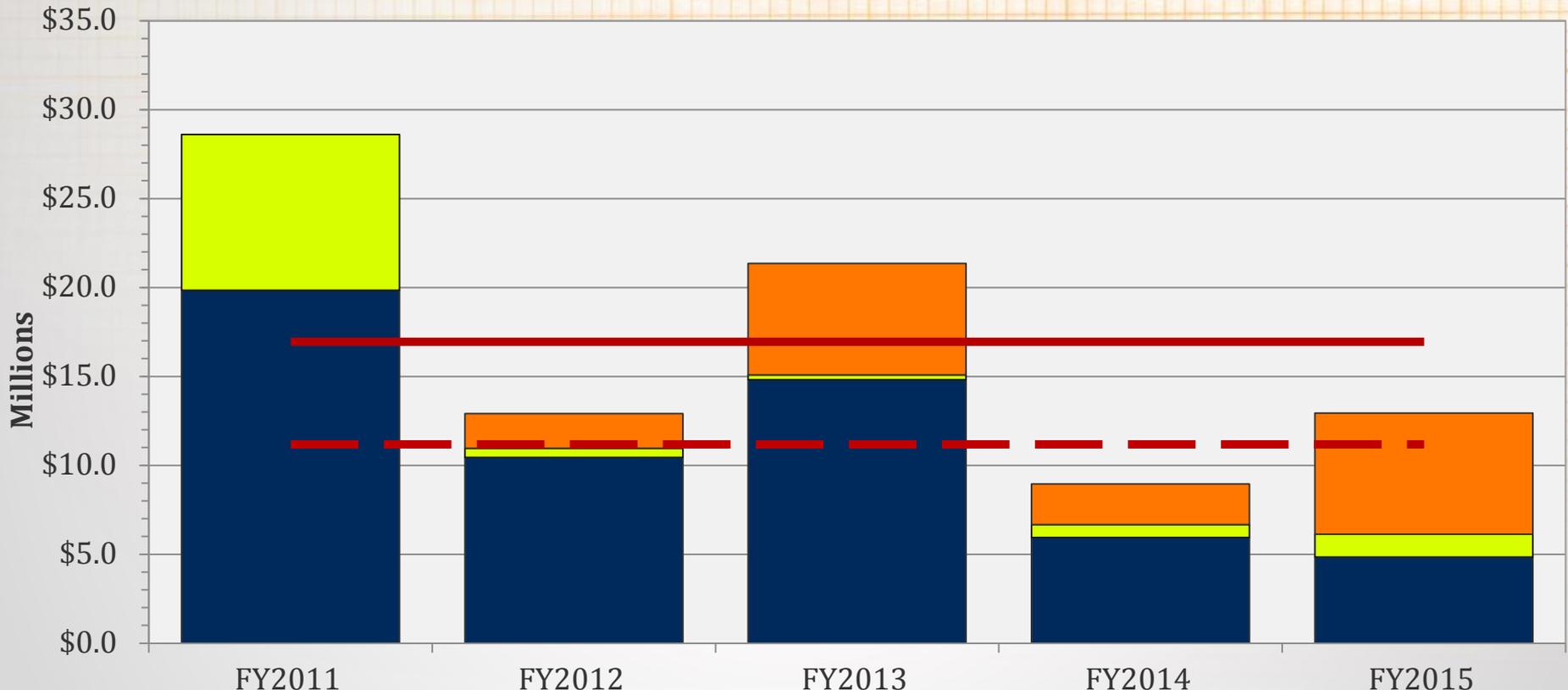
\*includes occupied non E&G space

### Density Factor





# Capital Investment Trends 2011-2015



Existing Space Investment  
New Space Investment  
Average Spending to Existing Space

Infrastructure Investment  
Average Total Spending





# Core Observations

## Space

- Updated Renovation Data shows that 69% of space is under 25 years old
- FAMU faces similar demands from density, building size, complexity of grounds as peers.

## Capital

- Fluctuations in capital spending due to volatile one time funding, which has declined in recent years
- Capital strategy has created a system of “Haves” and “Have nots”

## Operations

- FAMU consumes energy as similar levels to peers
- Limited investment in planned maintenance compared with peers
- Greater operational inputs at a lower cost

## Service

- Lower Campus inspection scores relative to peers
- Utilization of work order system shows areas of opportunity





# Palmetto North

FAMU is facing an urgent need to replace its aging housing facilities and infrastructure Palmetto North to meet current and planned enrollment demand



Palmetto North opened in 1974



Conceptual rendering for proposed renovations to Palmetto North

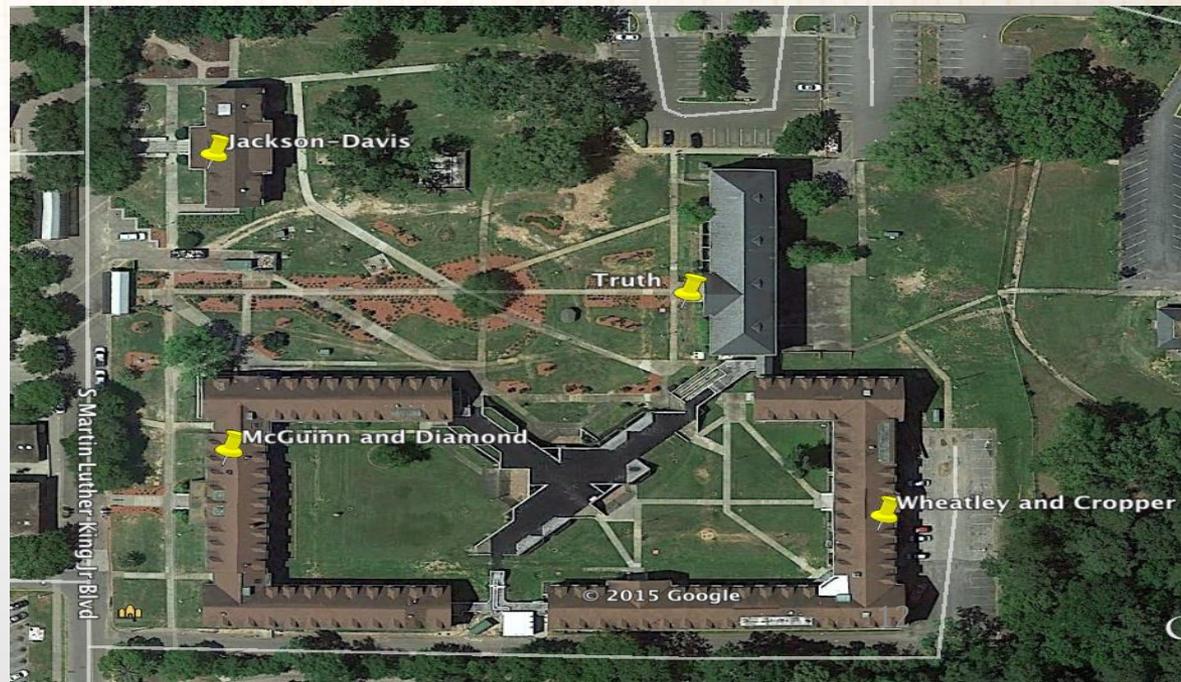




# Pentaplex Complex

The Pentaplex Complex, consists of four vacant former women's residential facilities and one occupied women's residential facility on the "main street" of FAMU's campus in Tallahassee:

- McGuinn Hall, which opened in 1938
- Diamond and Cropper Halls, opened in 1947
- Wheatley Hall, opened in 1953
- Truth Hall, opened in 1958





# FAMU Housing Financing Options

- Public Private Partnerships (“P3”)
- Traditional Bonds
- Commercial/Private financing





# Florida A&M University Public Private Partnership Project

FAMU is exploring various financing options to address its housing challenges.

We envision a project, including:

- Development of Student Housing along the East Corridor
- Development of a Mixed Use-Town Center
- Development of an Athletics Complex





# Facilities Overview- Public Private Partnerships

## Attendees:

Herman Bulls, Vice Chairman, Jones Lang LaSalle

Meghan Mick, Wood and Partners

Roger Godwin, Managing Principal, DAG Architects

David Vincent, Senior Vice President, JRA Architects

## Other contributors:

Board of Governors

Prairie View A&M University

Florida International University

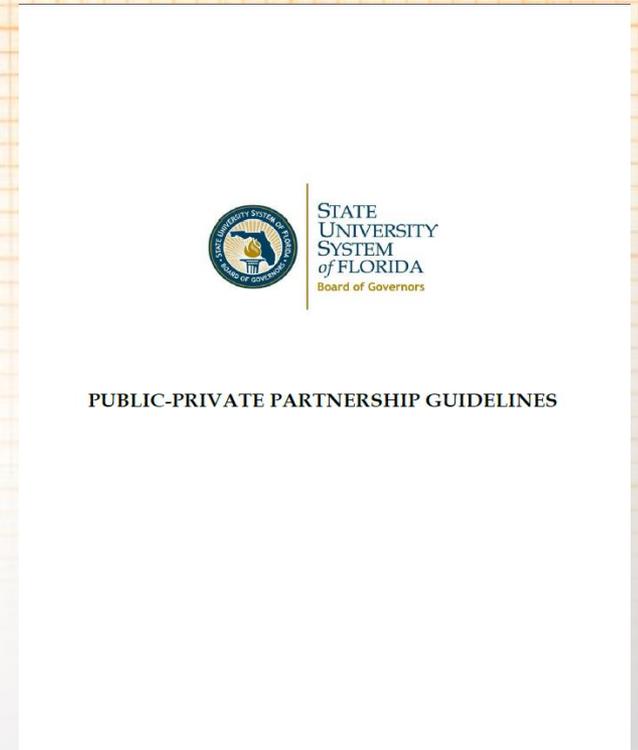
University of South Florida





# Board of Governors P3 Guidelines

- Approved by Board of Governors on 9/3/15
- Provides a structure for Board of Governors approval of university projects
- Guidelines drafted in concert with all 12 universities and the State Board of Administrations' Division of Bond Finance





# Board of Governors P3 Guidelines

## State University System Project Applicability

- Applicable to projects over \$5 million
- Project ground lease over 40 years must be justified
- Project debt should not exceed 30 years without justification
- Project revenues should provide at least a 1.2 coverage ratio
- Not applicable to Energy Performance-Based Contracts





# Board of Governors P3 Guidelines

## Feasibility Determination

- Costs to the students is a prime consideration
- The need of the Project in relation to other university needs
- The overall cost of Project
- The lease adequately protects the university interest
- The credit rating of the university is not affected negatively
- The Project owner has adequate debt coverage and funds in reserve
- Project owner qualifications
- Term of lease (< 40 years)
- Term of debt (< 30 years)





# Board of Governors P3 Guidelines

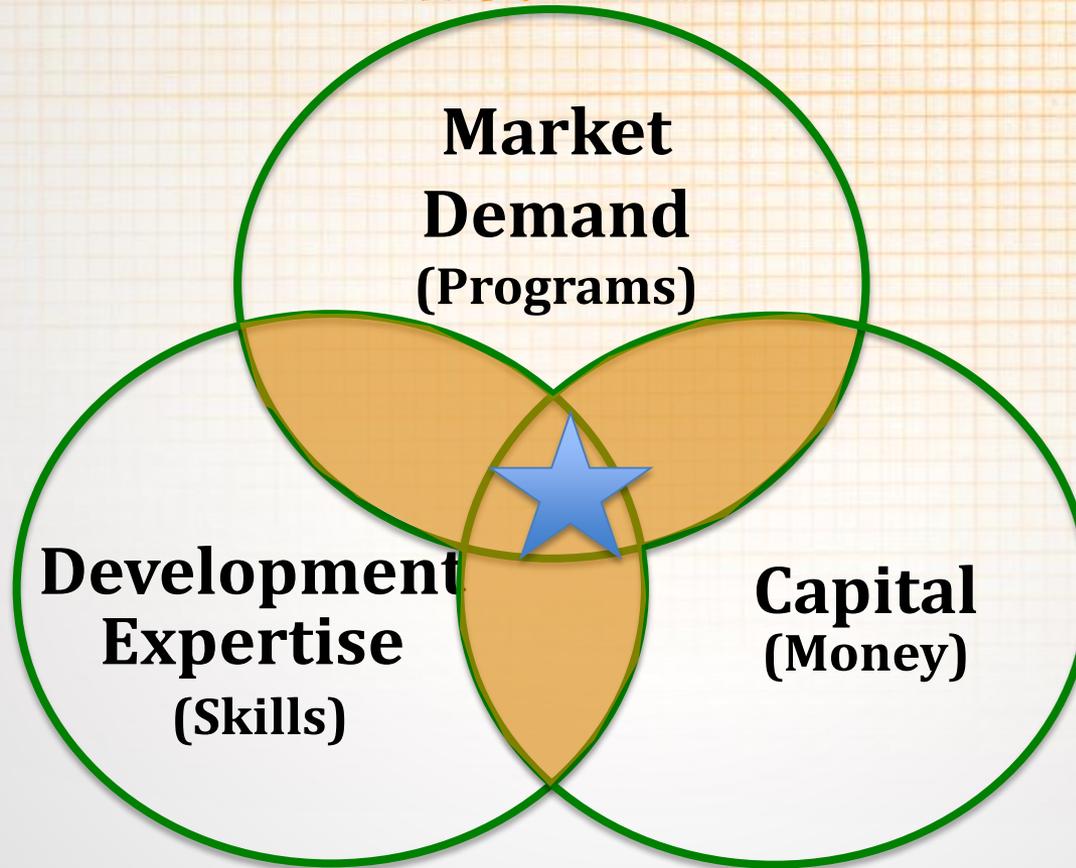
## Board of Governors Considerations for Approval

- Project necessary to fulfill need and consistent with university mission
- Project shown to be needed, in demand, and financially prudent
- Adequate recourse in the event of default
- Reasonableness of the return to the private partner relative to risk
- Impact on existing university bonds





# Elements of a Successful Development





# Capital vs. Control



Capital

- Quick return
- Building to commercial standards
- Discipline of market forces

Programmatic and  
Quality Control

- Patience, long-term view
- Building to 100-year institutional standards
- Flexibility





# Comparing Transaction / Development Alternatives

## Risk / Reward Matrix

		Sale	Ground Lease (no participation)	Ground Lease (with participation)	JV or PPP Development/ LLC	University Stand Alone Development
Risk	Level	Low	Med-Low	Medium	Med-High	High
	Reasons	Cashflows Certain	Cashflows Certain	% of Cashflow Certain, Partial Risk	Cashflows Uncertain, Risks shared	Cash flow uncertain. All risks assumed.
	Timing / Control	No Control	No Control until Lease Expiration	Limited Control until Lease Expiration	Shared Control until Agreement Expires	University has Complete Control
Results	Return Expectations	Capital Investment plus Growth Factor	Fixed Return on Values Contributed	Fixed Return plus Potential Upside	Variable Return as a % of Cashflows	University would receive market based returns.
	Cost Impacts	None	Ground lease can be structured to cover debt carry.	Ground lease can be structured to cover some debt carry additional risk.	Possible equity contribution	University funds all acquisition an development costs until completion; long term refinance





# Project Delivery Structures

## Traditional Delivery

Public Delivery

Design-Bid-Build

Design-Build

## Public-Private Partnerships

Management Contracts

Operations and Maintenance Contract

Lease-like Agreements

Lease-Develop-Operate

Design-Build-Operate-Maintain

Sale-Leaseback

Concessions

Design-Build-Finance-Operate-Maintain

Build-Operate-Transfer

## Privatization

Divestiture

Ground Lease

Sale

Private Sector Ownership and Risk Assumption

LOW

Private Sector Financing

HIGH





# Public Private Partnership (P3) *Goals & Objectives*

## University Goals

Modernize the campus with amenities that students demand

Focus institutional investment on state-of-the-art facilities for instruction and research rather than amenities

Keep new construction projects credit rating neutral

Generate revenue

## P3 Advantages

Access to Additional Financial Resources and Delivery Structures

Risk Allocation & Mitigation

Operational Efficiencies and Life-Cycle Savings

Monetization of Existing Assets





# Facilities Overview – Lessons Learned

## FIU

4 Phased Procurement Process

Phase 1: Preparation & Planning

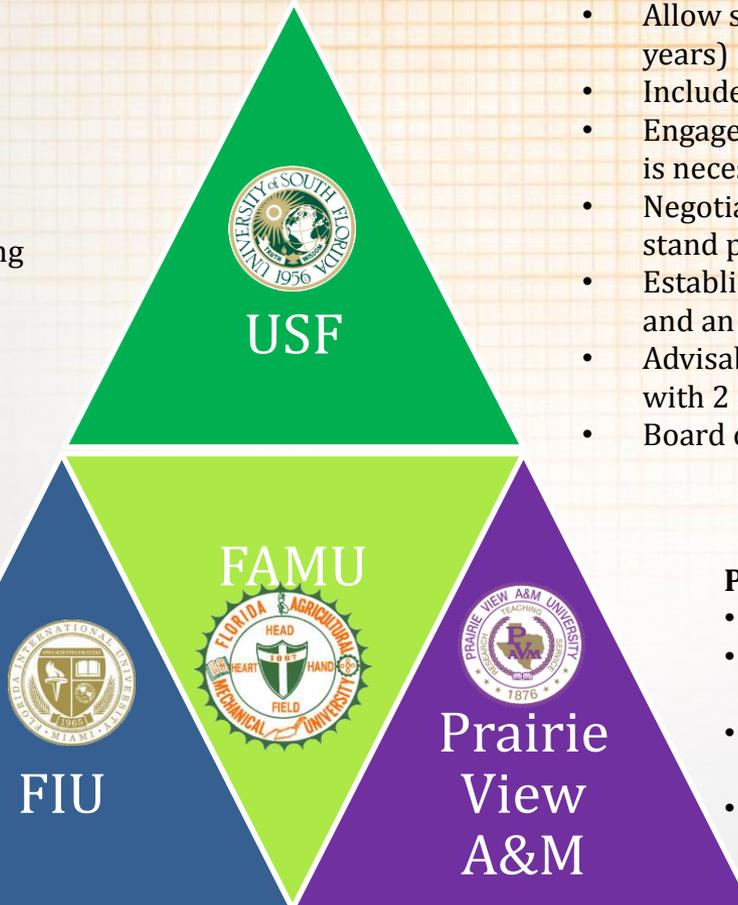
Phase 2: Project Screening (Decision #1)

Phase 3: Two-step P3 Solicitation

3a: RFQ (Decision #2)

3b: RFP (Decision #3)

Phase 4: Contracting (Decision #4)



## USF

- Allow sufficient time for the process (it can exceed 2 years)
- Include retail space with housing
- Engagement with all stake holders throughout the process is necessary
- Negotiate terms and conditions from legal and financial stand point
- Establish a selection committee, a negotiation committee, and an advisory committee
- Advisable to simultaneously continue final negotiations with 2 companies with intent to award
- Board of Trustees with Governmental relations is helpful

## Prairie View A&M

- Include partners in building into the project
- Consider using partners to renovate and reopen offline facilities
- Revenue Sharing Ground Lease – University shares in net cash flow
- Student-led Sports Complex Fee by referendum over the life of the debt





# CASS Site Selection and Campus Master Plan Updates

- CASS building and site selection update
- Future Land Use and Master Plan Update





# Center for Access and Student Success

## Background:

The FAMU Center for Access and Student Success (CASS) is designed to be a multipurpose building serving as a one-stop shop for recruitment and student services. It will also include computer labs, study space, and student meeting space.

This project will enhance academic progression and contribute towards students' overall health, wellness and safety.





# Facilities Overview – Panel Discussion Center for Access and Student Success



## Return on Investment

### Expected Outcomes (after completion of the building):

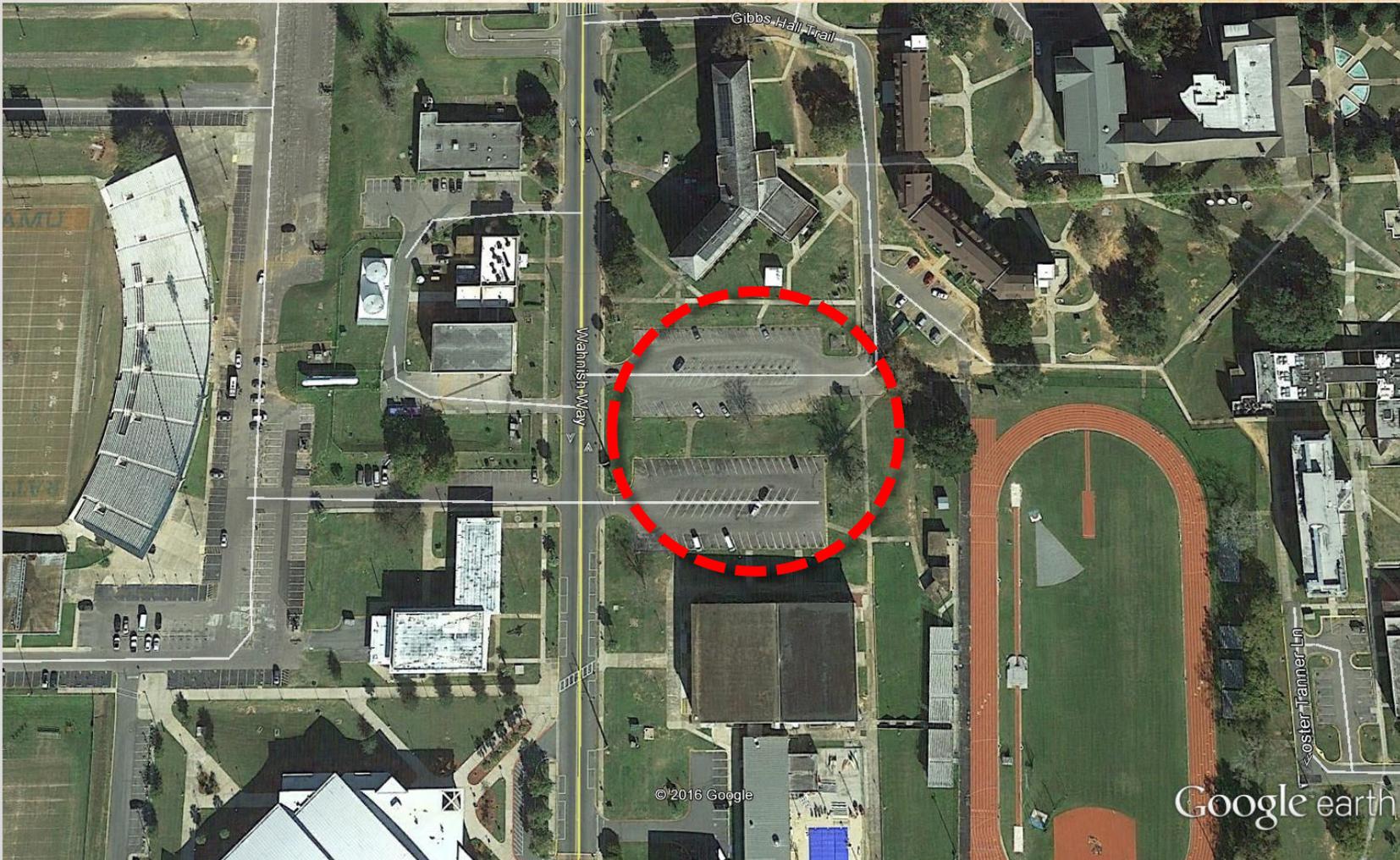
- Improve first year retention rate of students by 5% from 81% to 86%
- Improve retention rate for students with GPA 2.0 and above from 70% to 80%
- Increase in graduation rate by 23% from 39% to 62%
- Expand outreach with increased number of student contacts for academic services by 10% from 82,000 to 90,200
- Increase in counseling services and visits to students by 10% from 4,849 to 5,334
- Greater visibility and access to student affairs administrators
- Enhanced ability to recruit world class students
- Improvement in customer service for students, parents and alumni and shorten wait times and streamline transaction processes







# Site Selection - Center for Access and Student Success (CASS)





# Conceptual Rendering (Aerial View) Center for Access and Student Success



**JRA**  
Architects, Inc.

Aerial View

FAMU CASS Building

Proposed building aerial view and site improvements

November 23, 2016

04

A





# Conceptual Rendering (Front View) Center for Access and Student Success



Rendering	FAMU CASS Building
Conceptual rendering	November 23, 2016
07	A





# Changes in Programs in CASS Building Comparing Current to Proposed Site

## CURRENT PROGRAMS AT APPROVED SITE

### Division of Finance & Administration

- Student Financial Services (Cashier's Office)
- Business & Auxiliary Services

### Division of Academic Affairs

- Registrar
- Undergraduate Student Success Center

### Office of Enrollment Management

- Undergraduate Admissions
- Financial Aid
- Enrollment
- New Student Orientation

### Division of Student Affairs

- Office of the Vice President
- Public Safety

### Office of Student Development

- Counseling Services
- Center for Disability Access & Resources (CeDAR)
- Veterans Affairs
- Judicial Affairs
- Career Center

### Office of Student Life

- Housing & Residential Life

### Additional Program Space Available at Proposed Site

- Health Center
- Scholarship Office





# Advantages and Disadvantages of Currently Approved CASS Site

## ADVANTAGES

- Project has been approved and partially supported with PECO funds
- Student Center is located in the center of the Campus, which provides better accessibility for students
- New building can be blended with the proposed P3 project to upgrade the entire site
- Close proximity to Lee Hall and Foote-Hilyer (all administrative services)
- Schematic Design is complete and Design Development is nearing completion

## DISADVANTAGES

- Added cost to demolish existing building on site
- Added cost to salvage historic items
- Added cost due to steep slope of site
- Added cost for storm water (No land available on site for pond, would need to get water to existing pond)
- Added cost to upgrade water and sewer mains: Existing appear to not comply with current codes
- No land available for additional parking





# Advantages and Disadvantages of Potential CASS Site Relocation

## ADVANTAGES

- Additional parking areas are available
- Direct access to existing central storm water facility and water and sewer lines
- Site is flat parking lot (no demolition costs or additional site preparation needed)
- Existing chiller and steam plants are across the street for direct access
- Site is located in the center of the campus, which provides better accessibility for students
- The construction cost savings would cover additional design fees associated with moving the location

## DISADVANTAGES

- Portions of schematic and design development phases will need to be repeated
- Delayed building opening
  - Redesign of the schematic and site package could add another 4 to 6 months
  - Substantial Completion could be delayed by up to one year (from Summer 2018 to Summer 2019)
- The update to the master plan would be needed to reflect the new site for CASS building
- The change in location of CASS building will impact the sites for the P3 project





# Status of CASS Funding

<b>Total Requested</b>	<b>\$39,355,000</b>
Less:	
PECO allocations received 2014-15	(6,155,000)
<u>PECO allocations received 2015-16</u>	<u>(6,500,000)</u>
Remaining Balance Needed:	\$26,700,000

## Current Status:

- \$2M encumbered for Professional Fees (A/E - JRA Architects)
- \$10.6M allocated for Preconstruction, Demolition, Site work (CM – Ajax Corp.)
- Construction Audit Firm selected - (Carr, Riggs, Ingram CRI)





# Summary of Cost Impact

## Cost avoidance at Gaither site:

• Building Demolition	\$528,000
• Salvaged historic items	\$100,000
• Additional work due to site slope	\$150,000
• Partial demolition of Gray Hall	\$ 60,000
• Water and sanitary infrastructure upgrades	<u>\$300,000</u>
<b>Total cost avoidance:</b>	<b><u>\$1,138,000</u></b>

## Cost increase at Gaither site (due to increased sf)

• Additional 4,000 SF at (\$240/SF) of which 2,000SF is reclaimed due to efficiency gain from atrium space	<u>(\$480,000)</u>
• Redesign costs	<u>(\$450,000)</u>
<b>Total additional programming and redesign costs:</b>	<b><u>\$930,000</u></b>

**Net Cost Impact Savings (Decrease)** **\$208,000**

## Sunk Costs Impact due to new location (Continued)

### Funds expended to date include:

• Professional Fees (A/E - JRA Architects)	\$476,507
• Asbestos & Lead-based Paint Survey and IT fiber relocation	<u>\$ 42,392</u>
<b>Total funds expended to date:</b>	<b><u>\$518,899</u></b>





# Design Status

## Center for Access and Student Success

### Project Schedule

- Conceptual Schematic Design April 2017
- Advanced Schematic Design May 2017
- Design Development October 2017
- **Site work** **TBD**
- **Structural Work** **TBD**
- **Substantial Completion** **Spring/Summer 2019**





# Master Plan Update

EXISTING FACILITIES KEY		012 GEORGE CONOLY GREENHOUSE		031 DAIRYBARN AND WINERY		047 DIAMOND HALL		059 GIBBS HALL		075 COLLEGE OF PHARMACY		111 BENJAMIN BANNEKER-A		168 UTILITIES SUBSTATION		603 STUDENT UNION CAREER CENTER	
001	LEE HALL	013	PRESIDENT'S HOUSE	032	M.S. THOMAS INDUSTRIAL ARTS	048	SAMPSON HALL	061	OLD DRS	076	SMALL ANIMAL LAB	112	BENJAMIN BANNEKER-B	170	STUDENT SERVICES CENTER	604	STUDENT UNION GRAND BALLROOM
002	JACKSON DAVIS HALL	014	TUCKER HALL	036	S.B.I WEST & NORTH	049	COLEMAN LIBRARY	067	GENERAL CLASSROOM	080	P.O.M. BLDG. A	124	GIBBS COTTAGE	171	PARKING GARAGE-1	605-608	SOUTH PALMETTO BLDG A-D
003	UNIVERSITY COMMONS	015	MONROE HOUSE	038	CENTRAL CHILLED WATER PLNT.	050	S.B.I. EAST	068	FOSTER-TANNER MUSIC CTR.	081	P.O.M. BLDG. B	131-133	SCHOLARSHIP HOUSES	206	POLICE STORAGE	609	SOUTH PALMETTO COMMONS BLDG-E
005	N.B. YOUNG HALL	016	SCHOOL OF ARCHITECTURE	040	SCHOOL OF JOURNALISM	051	WHEATLEY HALL	069	FOSTER-TANNER CERAMIC CTR.	082	P.O.M. BLDG. C	134	CHILD CARE CENTER	300	BRAGG STADIUM	701	NEW D.R.S. GYMNASIUM
006	S.B. SOUTH	021	GAITHER GYM	041	UNIV. ACTIVITIES CENTER	052	CENTRAL HEAT PLANT	070	FOSTER-TANNER ART CTR.	083	P.O. HAZARDOUS STORAGE-A	136E-W	FAMU VILLAGE	305	GAUMORE-POWELL ATHLETIC FIELDHOUSE	702	NEW D.R.S. ADMINISTRATION BUILDING
007	CARNEGIE CENTER	025	HAZARDOUS STORAGE	042	COUNSELING CENTER	054	FOOTE-HILYER ADMIN CENTER	071	GORE EDUCATION COMPLEX	084	P.O. HAZARDOUS STORAGE-B	161	WILLIAM GRAY JR. PLAZA	315	LAWSON TEACHING GYMNASIUM	703	NEW D.R.S. ELEMENTARY SCHOOL
008	LUCY MOTEN	026	UNIV. BASEBALL DUGOUT	043	MC GUNN HALL	055	JONES HALL	072	D.R.S.-GYM	086	P.O. MECH. CHILLER	162	PALMETTO HOUSING PHASE III	561-562	PERRY-PAIGE BUILDING	704	NEW D.R.S. CAFETERIA
009	WARE-RHANEY	029	RECREATION CENTER	044	TRUTH HALL	056	SCIENCE RESEARCH FACILITY	073	FOSTER-TANNER BAND BLDG.	087	P.O.M. STORAGE	163	PALMETTO HOUSING PHASE III	601	STUDENT UNION OFFICE BLDG.		
011	ATHLETIC STORAGE	030	USDA TELECONFERENCE CTR.	046	CROPPER HALL	058	HOWARD HALL	074	DYSON PHARMACY	094	FOSTER TANNER OBSERV. TWR.	164	PALMETTO COMMONS LAUNDRY	602	STUDENT UNION MULT-USE BLDG		

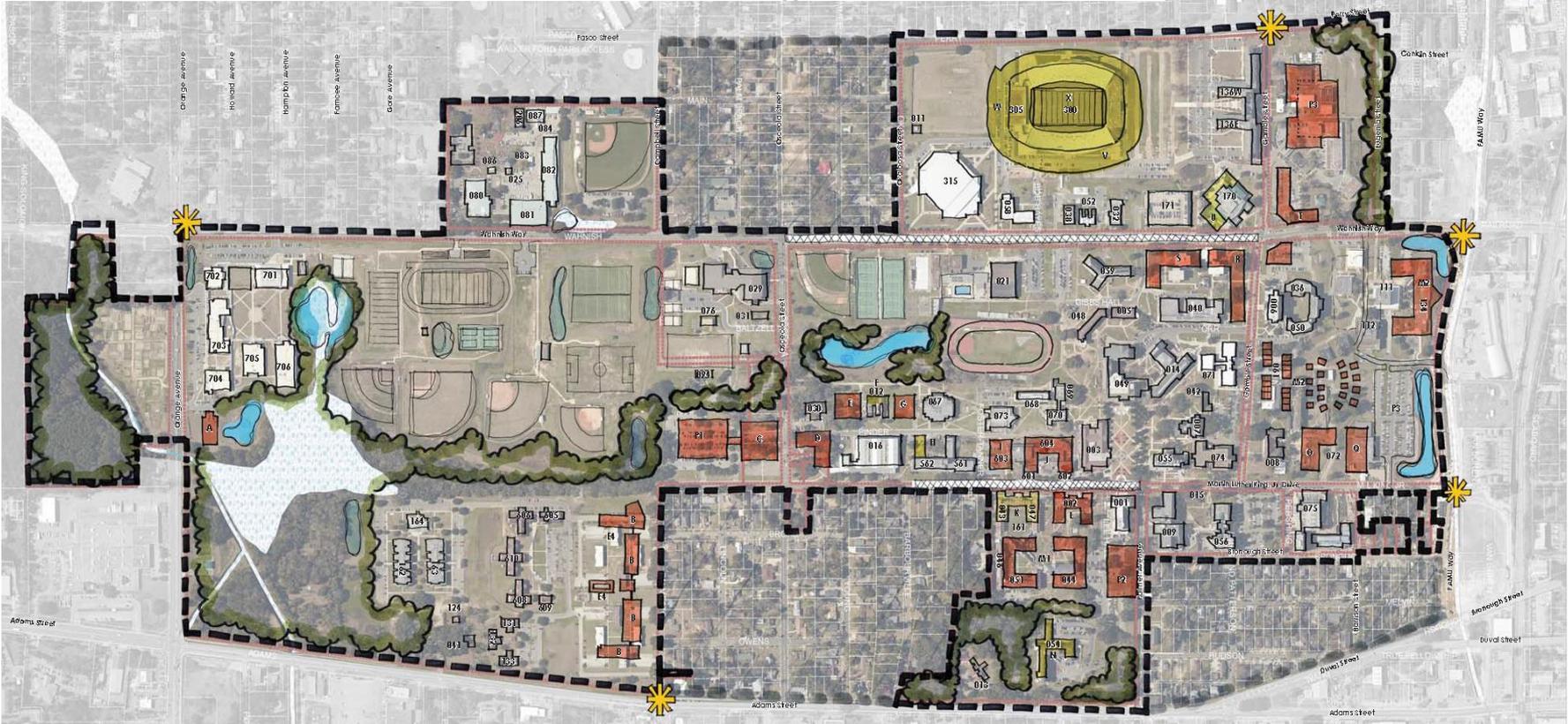
## FLORIDA AGRICULTURAL & MECHANICAL UNIVERSITY CONCEPTUAL MASTER PLAN

CAMPUS MASTER PLAN UPDATE 2015 - 2025

TALLAHASSEE, FLORIDA  
AUGUST 2016

**LEGEND**

CONSERVATION	EXISTING UNIVERSITY BOUNDARIES
STORMWATER MANAGEMENT FACILITY	EXISTING FACILITY
ADDITIONS/RENOVATIONS	GATEWAYS
PROPOSED FACILITIES	





# Campus Master Plan

- The development of the FAMU Master Plan Update is a requirement pursuant to Subsection 1013.30 (9) F.S.
- The 2010-2020 FAMU Master Plan has been completed and posted on our website
- In September 2016, we requested and were approved to initiate the first of two public hearings
- With proposed CASS site change, an update to the master plan will be required and could take up to 90 days





# Campus Master Plan Status

**To date, we have completed the following phases:**

Phase I – Evaluation

Phase II – Inventory and Analysis

- President's Vision and Senior Leadership input
- Campus development agreement (two year extension)
- Underground utility analysis

Phase III – Conceptual Design

Phase IV – Preliminary Master Plan (in conjunction with Steering Committee)

Phase V – Draft Final Master Plan





# Updated Campus Master Plan Schedule

**The following is the tentative schedule with the goal of completing the final master plan by September 2017:**

## September 2016

- Final Master Plan Presentation to Board of Trustees
- Informal Public Information Session Open House

## March 2017+90 days

- First Public Hearing
- Submit Draft Master Plan to Host Community + State agencies
- Second Public Hearing / Subsequent BOT Meeting to Adopt Campus Master Plan

## September 2017

- Approval of Final Updated Master Plan

*\* Contingent upon Host Community + State Agency review concluding earlier than the 90 day review period authorized per Florida Statutes*





# Recommendations

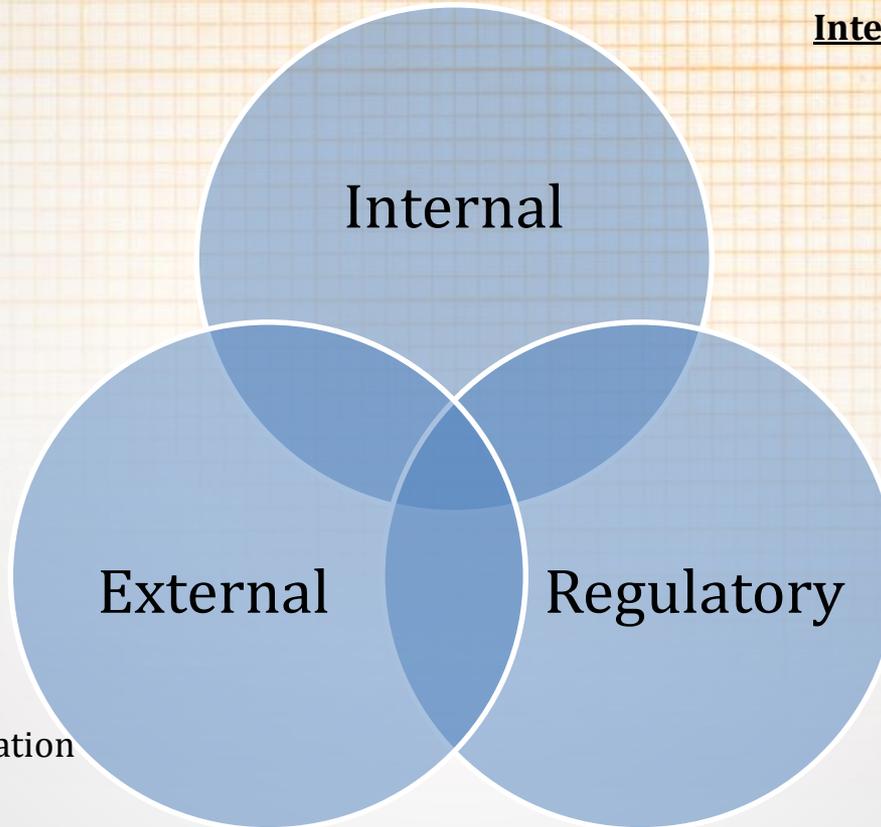
President and management recommends:

- Locate CASS building near Gaither Gymnasium
- Include additional student focused programs such as the health and career center in the new CASS building location
- Continue with presentations from and negotiations with the two potential private partners for P3
- BOT to reapprove the master plan reflecting proposed updated site for CASS building (near Gaither) at March 2017 meeting and commence with host community engagement and 90-day review with final adoption at September 2017 meeting





# Stakeholders Roles



## Internal

- Board of Trustees
- Senior Leadership team
- Finance and Administration
- Student Affairs
- University Housing
- Facilities
- Auxiliaries
- Master Plan Steering committee

## Regulatory

- Board of Governors
- Division of Bond Finance
- Legislature and Governor

## External

- Architects & Engineers
- Construction managers
- Financial Analyst
- Consultants
  - Master Plan
  - P3
  - Legal
- US Department of Education
- Private Lenders





# Facilities Overview – Panel Discussion

## Stakeholders Roles

Continuing dialogue and stakeholder engagement with:

- U.S. Department of Education (DOE-HBCU Capital Financing Program)
- Rice Financial Products Company (DOE designated bond authority)
- Florida Division of Bond Finance (Bond oversight for FL State agencies)
- Florida Board of Governors (Oversight and governance for all State University System of Florida)
- Bretwood Capital Partners LLC (Financial Analyst for FAMU)
- Jones Lang LaSalle (Owner's consultant for Public-Private-Partnership)
- Wood and Partners (Owner's consultant for Master Planning)
- DAG Architects (Owner's Architect for Student Union program development)
- JRA Architects (Owner's Architect for CASS building)
- Internal team members –Senior leadership team, Finance and Administration, Student Affairs, University Housing, Facilities Planning Construction and Safety
- Master Planning steering committee





**Thank you**

**Questions?**



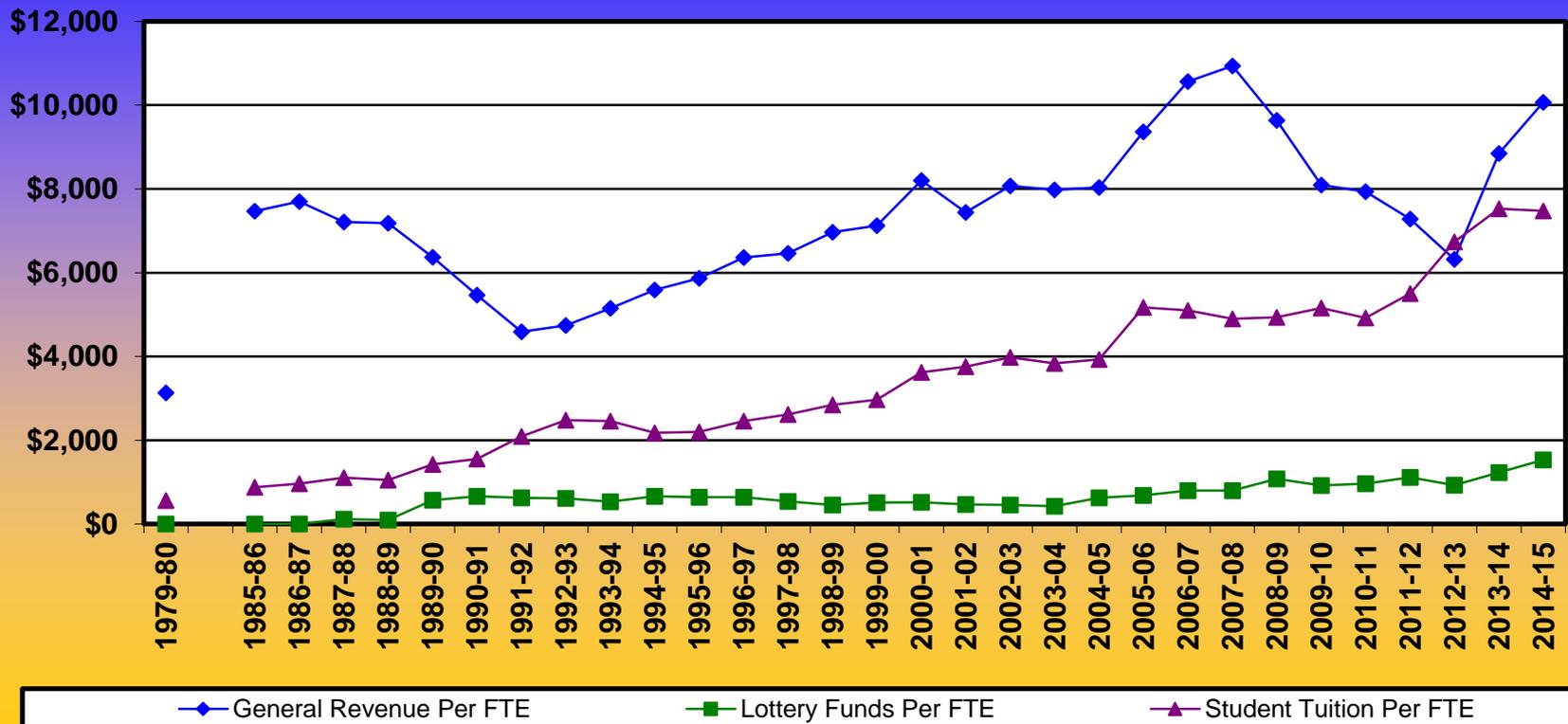


# Financial Overview

- Financial statement snapshot and challenges
- Updated budget to actual
- Utilization of current performance funding
- Athletics financial snapshot
- Discussion on budget planning timeline



## Florida A&M University Funding Per FTE Student



Source: State University System of Florida Board of Governors (2016) Funding History. Retrieved from <http://www.flbog.edu/about/budget/fundinghistory.php>





# Sources of Funding Education and General (E&G) Funds

The University's **E&G funds** come from:

- General Revenue Fund – funded primarily through Florida's sales tax
- The Florida Lottery
- Student and other fees, which includes student tuition and fees, and other lesser sources such as library fines, application fees, and late registration fees





# Sources of Funding

## Non-E&G Funds

- The sources of **Non-E&G** revenues are as follows:
  - **Sales and Services** from activities such as housing, athletics events, dining services, book store sales, parking, concessions, etc.
  - **Contracts and Grants** – this budget supports research, public service and training. Also includes:
    - Funding received from the Florida Department of Education for the Developmental Research School (FAMU DRS)
    - Pass through funds – funds allocated to external entities, but directed through the University





# Recurring vs. Non-Recurring Funds

- Recurring Funds are the permanent appropriated dollars making up the base budget.
- Non-Recurring Funds are the dollars appropriated for one fiscal year only.





# Financial Overview

## Condensed Statement of Net Position (In Thousands)

	September 30 Unaudited QTR 1 FY 2017	June 30 Unaudited FY 2016	June 30 Audited FY 2015
<b>Assets</b>			
Current and Other Non-Current Assets	\$ 118,067	\$ 113,300	\$ 141,911
Capital Assets, Net	<u>559,867</u>	<u>560,641</u>	<u>552,264</u>
<b>Total Assets</b>	<u>677,934</u>	<u>673,941</u>	<u>694,175</u>
Deferred Outflows of Resources*	<u>16,425</u>	<u>16,425</u>	<u>13,428</u>
<b>Liabilities</b>			
Current Liabilities	7,531	30,424	28,347
Long-Term Liabilities**	<u>169,751</u>	<u>163,340</u>	<u>155,086</u>
<b>Total Liabilities</b>	<u>177,282</u>	<u>193,764</u>	<u>183,433</u>
Deferred Inflows of Resources*	<u>7,530</u>	<u>7,530</u>	<u>23,141</u>
<b>Total Net Position</b>	<u>509,547</u>	<u>489,072</u>	<u>501,029</u>

\*Calculated during year-end closing

\*\*Include current portion of Long-term debt for QTR 1





# Financial Overview

## Condensed Statement of Revenues, Expenses and Changes in Net Position (In thousands)

	September 30	June 30	June 30	
	QTR 1 FY 2017	Unaudited FY 2016	Audited FY 2015	June 30, 2017 Projection Annualized
Total Operating Revenues	\$ 60,025	\$ 115,728	\$ 127,105	\$ 120,050
Total Operating Expenses	79,195	273,284	285,584	\$ 277,183
Operating Loss	(19,170)	(157,556)	(158,479)	\$ (157,133)
Net Nonoperating Revenues	39,645	106,076	144,802	\$ 138,758
Loss before Other Revenues	20,475	(51,480)	(13,677)	\$ (18,375)
Other Revenues	-	39,524	17,393	\$ -
Increase (Decrease) in Net Position	20,475	(11,957)	3,716	(18,375)
Net Position, Beginning of the Year	489,072	501,029	544,194	\$ 501,029
Adjustment to Beginning Net Position*	-	-	(46,881)	\$ -
Net Position, Beginning	489,072	501,029	497,313	\$ 501,029
Net Position, End of year	509,547	489,072	501,029	\$ 482,654

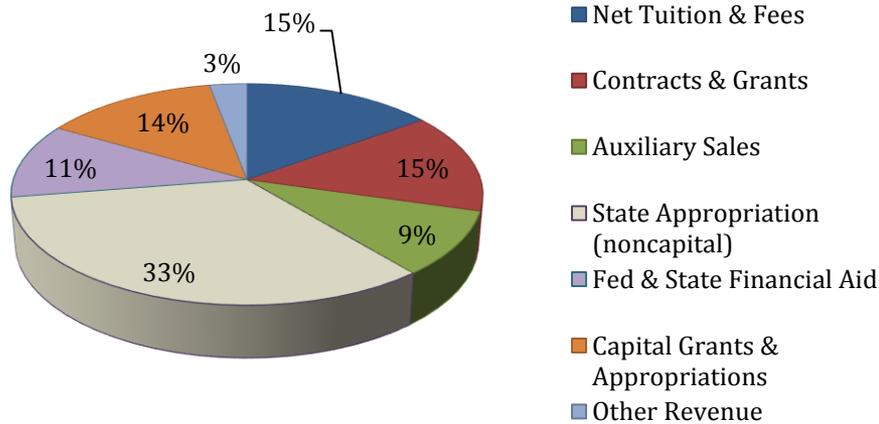
\*Beginning net position for FY 2015 was adjusted for implementation of GASB Statement No. 68



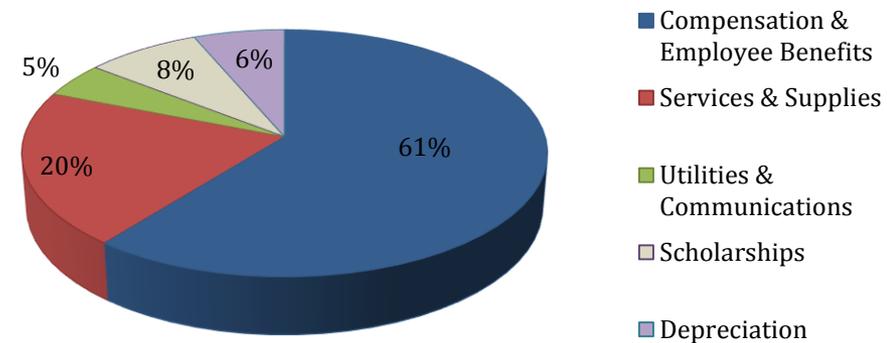


# FY 2016 -2017 Revenues and Expenses

Total Revenues, FY 2016



Operating Expenses, FY 2016





# FY 2016 -2017 Revenues and Expenses

Total Expenses and Revenues from Condensed Statements



Legend:  
Revenues  
Expenses





# Composite Financial Index (CFI) Review

## Purpose of the CFI

- *To provide overall assessment of the institutional financial health*

## Why the CFI for your institution?

- Provides a single number representing a holistic means of measuring institutional financial health
- Provides a means of monitoring progress against targets
- Allows concise communication of overall financial health to key stakeholders
- Simplifies and combines key financial ratios into one metric

## The CFI is established first by answering four key questions in context of mission:

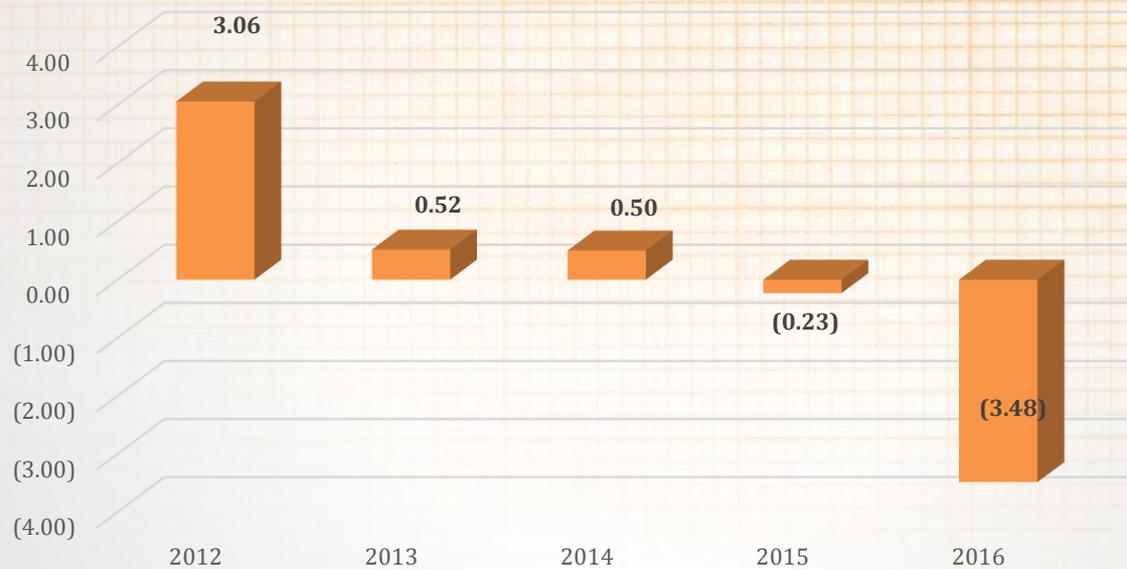
- Are resources sufficient and flexible enough?
  - *Primary Reserve Ratio*
- Are debt resources managed strategically?
  - *Viability Ratio*
- Does asset performance and management support direction?
  - *Return on Net Assets Ratio*
- Do operating results indicate living within means?
  - *Net Operating Revenues Ratio*





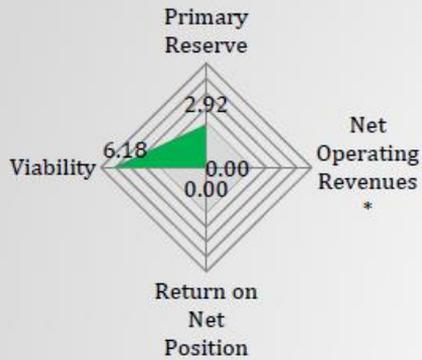
# Five Year CFI Trend

Composite Financial Index

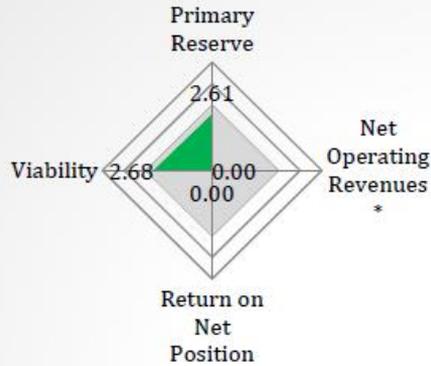


# CFI 5-Year Trend (Graphical Financial Profile)

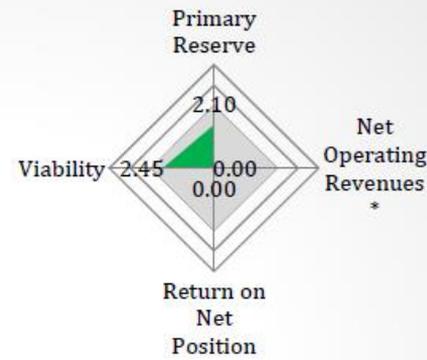
FY 2011-2012



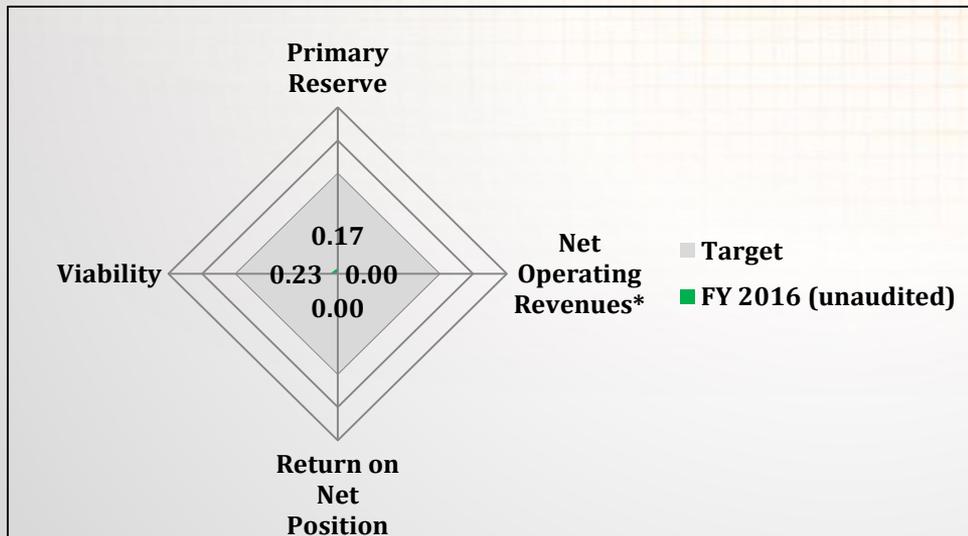
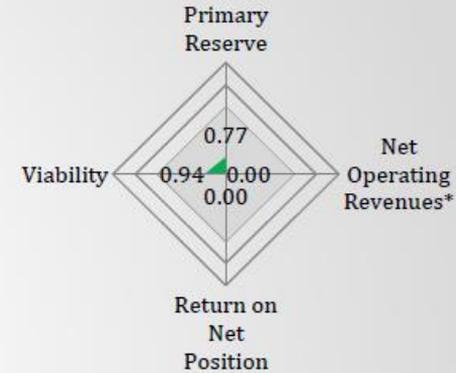
FY 2012-2013



FY 2013-2014

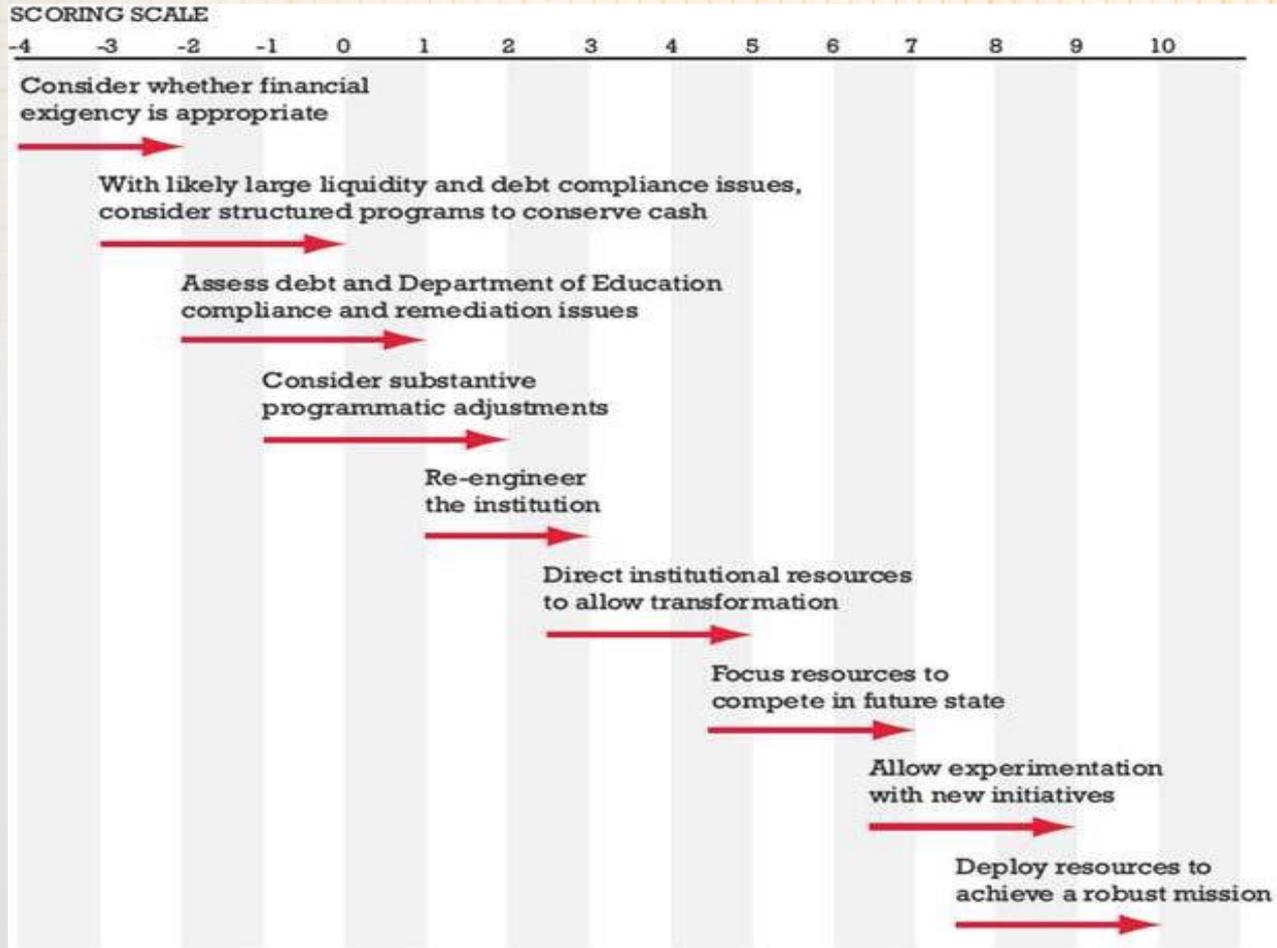


FY 2014-2015





# Scale for Charting Performance





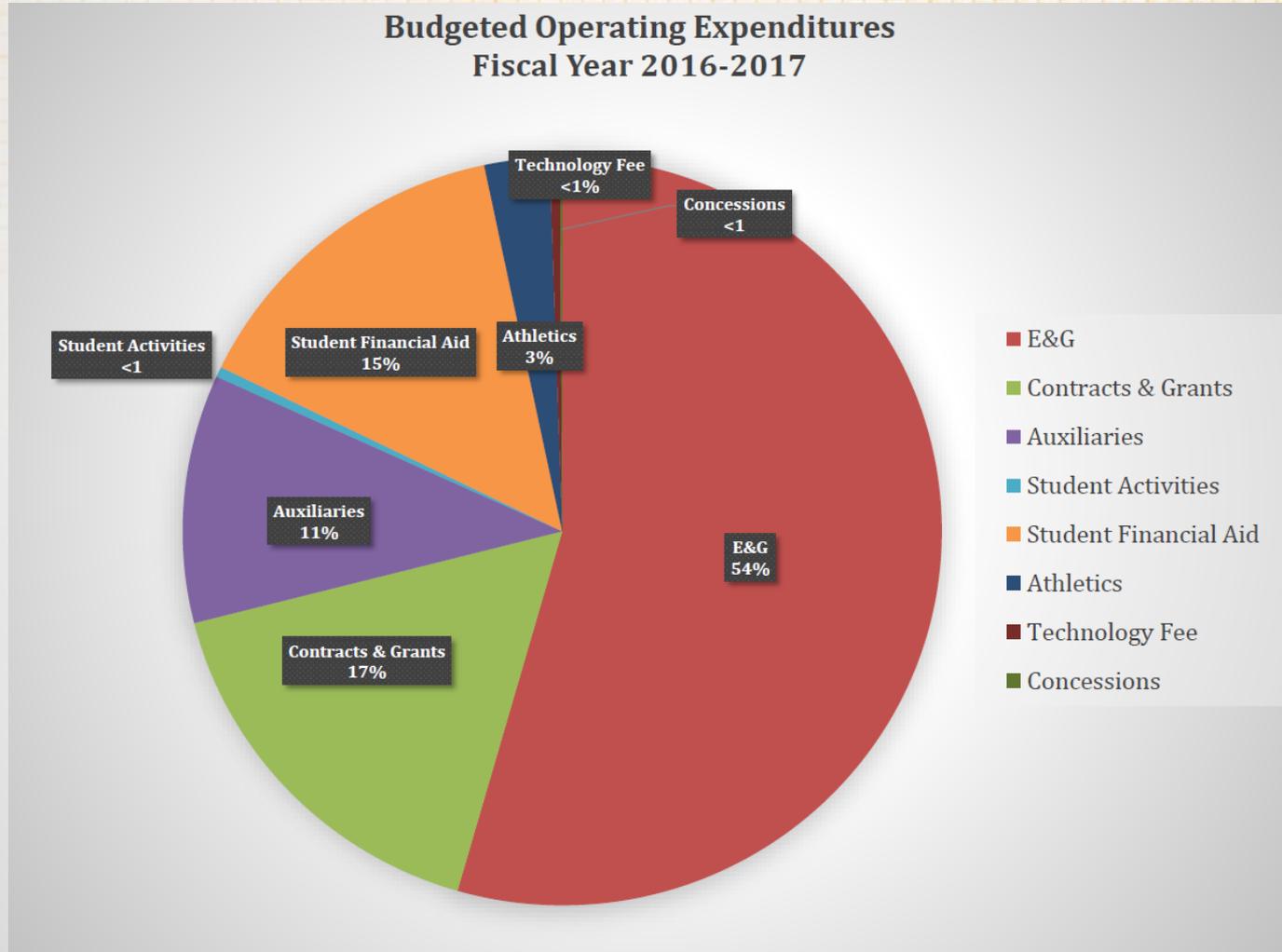
# Reflections

- Structural deficits occur when recurring revenues are less than recurring operating expenses.
- Are budgets incremental or a reflection of our strategic plan?





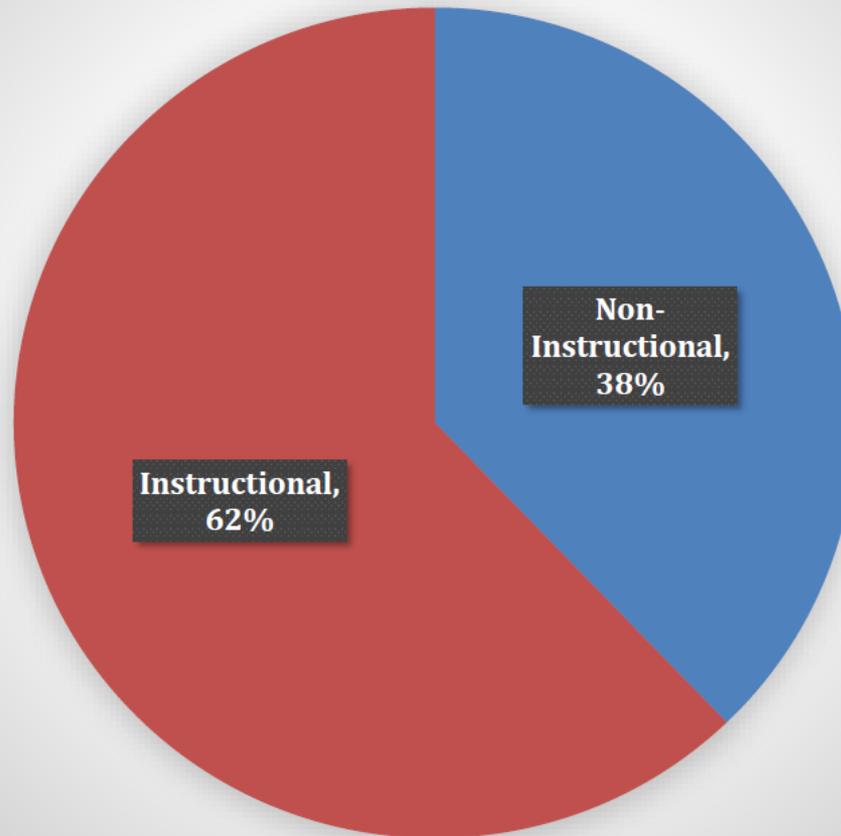
# Distribution of Budgeted Expenses





# Distribution of E&G Expenses

Education and General Budget  
Fiscal Year 2016-2017





# FY 2016-2017 E&G Operating Budget as of September 30, 2016

ADMINISTRATION	BUDGET	ENCUMB	EXPEND	TOTAL EXPEND COMMITTED	%EXPENDED/ COMMITTED
PRESIDENT	3,015,625	1,081,630	510,543	1,592,173	52.80%
COMMUNICATIONS/EXTERNAL AFF	1,212,632	610,272	259,239	869,511	71.70%
BROOKSVILLE	489,218	185,628	67,033	252,661	51.65%
VP ADMINISTRATION	8,735,786	4,387,861	2,810,997	7,198,858	82.41%
VP DEVELOPMENT	1,178,799	768,285	249,245	1,017,530	86.32%
VP AUDIT AND COMPLIANCE	727,577	481,415	156,322	637,737	87.65%
VP LEGAL AFFAIRS	1,301,274	911,495	311,660	1,223,155	94.00%
EIT	8,713,579	1,748,409	472,082	2,220,491	25.48%
PRESIDENTIAL RESERVE	4,129,460			-	0.00%
CAMPUS SECURITY	2,893,907	1,508,941	598,343	2,107,284	72.82%
<b>TOTAL ADMINISTRATION</b>	<b>32,397,857</b>	<b>11,683,936</b>	<b>5,435,464</b>	<b>17,119,400</b>	<b>52.84%</b>
<b>PLANT OPERATIONS &amp; MAINTENANCE</b>					
PHYSICAL PLANT	17,804,701	10,377,193	3,639,496	14,016,689	78.72%
FACILITIES PLANNING	1,214,264	649,967	204,516	854,483	70.37%
ENVIRONMENTAL SAFETY	429,283	297,799	100,888	398,687	92.87%
<b>TOTAL PO&amp;M</b>	<b>19,448,248</b>	<b>11,324,959</b>	<b>3,944,900</b>	<b>15,269,859</b>	<b>78.52%</b>
<b>LIBRARIES</b>					
UNIVERSITY LIBRARIES	4,508,674	1,653,506	1,298,277	2,951,783	65.47%
<b>STUDENT SERVICES</b>					
VP STUDENT AFFAIRS	8,775,801	3,008,351	1,122,495	4,130,846	47.07%
TUITION DIFFERENTIAL NEED BASE	2,100,000		685,749	685,749	32.65%
WOMEN ATHLETICS	711,591	314,028	94,751	408,779	57.45%
<b>TOTAL STUDENT SERVICES</b>	<b>11,587,392</b>	<b>3,322,379</b>	<b>1,902,995</b>	<b>5,225,374</b>	<b>45.10%</b>
<b>TOTAL NON I&amp;R</b>	<b>67,942,171</b>	<b>27,984,780</b>	<b>12,581,636</b>	<b>40,566,416</b>	<b>59.71%</b>
<b>INSTRUCTIONS AND RESEARCH</b>					
VP ACADEMIC AFFAIRS	9,255,073	4,087,791	1,727,014	5,814,805	62.83%
ESI	1,727,303	1,250,870	338,955	1,589,825	92.04%
SUSTAINABILITY CENTER	365,576	207,765	88,551	296,316	81.05%
ARCHITECTURE	3,702,783	2,668,623	663,591	3,332,214	89.99%
SOCIAL SCIENCES	13,266,537	9,279,010	2,401,542	11,680,552	88.05%
SBI	7,604,900	5,371,415	1,556,271	6,927,686	91.10%
CESTA	4,841,311	2,674,277	934,823	3,609,100	74.55%
JOURNALISM	2,628,994	1,559,157	506,340	2,065,497	78.57%
EDUCATION	6,082,055	3,473,662	1,106,796	4,580,458	75.31%
NURSING	2,199,587	1,310,205	415,393	1,725,598	78.45%
PHARMACY	11,513,752	7,116,158	2,679,920	9,796,078	85.08%
ALLIED HEALTH	4,166,151	2,632,311	915,097	3,547,408	85.15%
SCIENCE AND TECHNOLOGY	8,682,915	5,608,534	1,521,547	7,130,081	82.12%
GRADUATE STUDIES	2,828,578	484,713	275,594	760,307	26.88%
LAW SCHOOL	12,272,414	7,826,812	2,518,480	10,345,292	84.30%
TUITION DIFFERENTIAL	4,900,000	2,997,579	1,298,790	4,296,369	87.68%
<b>TOTAL I&amp;R</b>	<b>96,037,929</b>	<b>58,548,882</b>	<b>18,948,704</b>	<b>77,497,586</b>	<b>80.69%</b>
<b>TOTAL ALLOCATED E&amp;G</b>	<b>163,980,100</b>	<b>86,533,662</b>	<b>31,530,340</b>	<b>118,064,002</b>	<b>72.00%</b>
<b>TOTAL UNALLOCATED E&amp;G **</b>	<b>12,000,000</b>			<b>0</b>	<b>0.00%</b>
<b>TOTAL E&amp;G</b>	<b>175,980,100</b>	<b>86,533,662</b>	<b>31,530,340</b>	<b>118,064,002</b>	<b>67.09%</b>
** TUITION NOT COLLECTED BECAUSE OF DECREASE IN ENROLLMENT. THIS IS BUDGET AUTHORITY ONLY AND CANNOT BE SPENT IF DOLLARS ARE NOT COLLECTED.					





# FY 2016-2017 E&G Carryforward

Beginning E&G Carryforward Balance as of July 1, 2016	\$ 25,686,187
Restricted/Contractual Obligations	
5% Statutory Reserve Requirement	8,799,005
Board of Trustee Reserve Requirement	<u>8,799,005</u>
Total Restricted Funds	17,598,010
Strategic Expenditures	
Legal Fees	66,526
Veteran's Affairs	371,724
Information Technology Issues	1,138,380
Academic Affairs Areas	1,618,450
TEAM Grant	272,575
Utilities Cost	407,751
Scholarships	2,000,000
Board of Trustees	133,400
Nonacademic Areas	27,515
Tuition Differential	<u>1,090,000</u>
Total Commitments	7,126,321
Available E&G Carryforward Balance as of November 30, 2016	<u><u>\$ 961,856</u></u>



# Use of Board of Governors Student Success Funding (Performance Based Funding for FY 2014-2015 Metrics)



FLORIDA A&M UNIVERSITY 2016-17 E&G OPERATING BUDGET					
ADMINISTRATION	2016-2017 BUDGET	REDUCTIONS FROM BASE BUDGET	DISTRIBUTION OF PERFORM FUNDING	STRATEGIC INITIATIVES SUPPORTED BY PERFORMANCE FUNDING	NET IMPACT
<b>OFFICE OF THE PRESIDENT</b>					
OFFICE OF THE PRESIDENT	2,392,515	162,667	0		(162,667)
PRESIDENTIAL RESERVE	449,293	0	1,722,672	Presidential reserve for faculty and staff incentives.	1,722,672
BOARD OF TRUSTEES	127,640	0	0		0
UBOT LIASION OFFICE	322,885	21,953	0		(21,953)
SUSTAINABILITY CENTER	304,706	20,717	0		(20,717)
BROOKSVILLE	524,937	35,691	18,131	Start up costs for Brooksville campus	(17,560)
<b>TOTAL OFFICE OF PRESIDENT</b>	<b>4,121,976</b>	<b>241,028</b>	<b>1,740,803</b>		<b>1,560,005</b>
<b>ADMINISTRATION</b>					
CONTRACTS AND GRANTS	520,413	35,383	0		(35,383)
VP COMMUNICATIONS	1,301,169	88,467	16,876	Public relations and printing	(71,591)
VP ADMINISTRATION (including ITS, and Facilities)	38,603,918	2,624,685	1,533,976	Cybersecurity/NIST Framework, network and server upgrades, website upgrades, critical maintenance, project management, professional development, Student Financial Services, recruiting Support	(1,090,709)
VP DEVELOPMENT	1,270,799	86,402	43,873	Development and advancement support	(42,529)
VP AUDIT AND COMPLIANCE	780,699	53,080	66,586	Professional development, quality review, external audit	13,506
VP LEGAL AFFAIRS	1,396,274	94,933	147,836	Labor relations, collective bargaining, and other litigation support	52,903
CAMPUS SECURITY	2,949,437	0	0		0
<b>TOTAL ADMINISTRATION</b>	<b>46,822,709</b>	<b>2,982,949</b>	<b>1,809,147</b>		<b>(1,173,802)</b>
<b>TOTAL STUDENT SERVICES</b>	<b>11,801,425</b>	<b>412,934</b>	<b>392,771</b>	Recruiting travel, software upgrades, Veteran's Affairs	<b>(20,163)</b>
<b>TOTAL NON I&amp;R</b>	<b>62,746,110</b>	<b>3,636,910</b>	<b>3,942,721</b>		<b>305,811</b>
<b>ACADEMIC AFFAIRS (Instruction and Research)</b>					
<b>TOTAL I&amp;R</b>	<b>100,942,476</b>	<b>6,863,090</b>	<b>6,557,279</b>	Distribution to Schools and Colleges	<b>(305,811)</b>
UNCOLLECTIBLE REVENUES	12,291,514	0	0	Amounts not distributed to departments for spending. See updated estimate of tuition revenue shortfall below.	0
UNALLOCATED E&G	12,291,514	0	-		0
<b>TOTAL ALLOCATED E&amp;G</b>	<b>175,980,100</b>	<b>10,500,000</b>	<b>10,500,000</b>		<b>0</b>





# Tuition Revenue Shortfall Summary

## Tuition Revenue Shortfall Summary

Tuition Revenue Budget Authority (amount of revenues assigned to overall budget from tuition)	\$ 59,223,112
Updated estimate of student fee collections (Based on Fall 2016 enrollment of 9,625)	(52,287,472)
Anticipated Shortfall	<u>6,935,640</u>
Unallocated Revenues	<u>12,291,514</u>
Additional reserves expected based on reductions to base budget if all fees are collected	\$ 5,355,874





# Update on Central Strategies

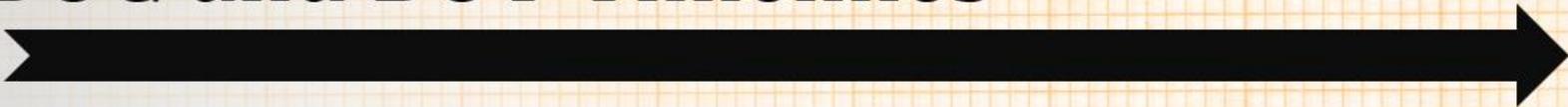
- Actionable strategies in FY2016-2017
- Status of major areas to realize savings:
  - Voluntary Separation Plan – **Not feasible at this time**
  - Implement campus motor pool – **In process for 3/2017 implementation**
  - Reduce use of consultants - **Implemented 7/2016**
  - Explore debt refinancing options – **In process of reviewing refunding options with Division of Bond Finance**
  - Bulk purchases for IT/equipment – **Implemented**
  - Procurement from shared SUS contracts – **Implemented 9/2016**
  - Outsourcing bulk mail, shipping, and printing – **Implemented 10/2016**
  - Mandatory use of University's copy center – **Implemented 11/2016**
  - **Recommend hiring freeze for current vacant positions**





# Financial Overview

## BOG and BOT Timelines



March	April	May	June	July	August	September
<ul style="list-style-type: none"> <li>• March Legislative session ended</li> <li>• Units begin internal budget planning processes</li> <li>• Preliminary Allocation from BOG received</li> </ul>	<ul style="list-style-type: none"> <li>• University Budget and Planning Committee will begin</li> <li>• Budget and Planning Committee will meet to review E&amp;G and Non-E&amp;G Budget requests</li> <li>• Budget and Planning Committee recommendations presented to the President</li> <li>• Final allocation from BOG received</li> </ul>	<ul style="list-style-type: none"> <li>• May BOT Budget Workshop</li> </ul>	<ul style="list-style-type: none"> <li>• President approves final allocations</li> <li>• Allocations made to respective departments</li> <li>• BOT approves preliminary budget</li> <li>• Submitted to BOG for review and approval</li> </ul>	<ul style="list-style-type: none"> <li>• Budget Office enters preliminary budget data into PeopleSoft</li> </ul>	<ul style="list-style-type: none"> <li>• Submit Final Operating Budget to BOG August</li> </ul>	<ul style="list-style-type: none"> <li>• BOT approves Operating Budget submitted to the BOG in August</li> </ul>





**Thank you**

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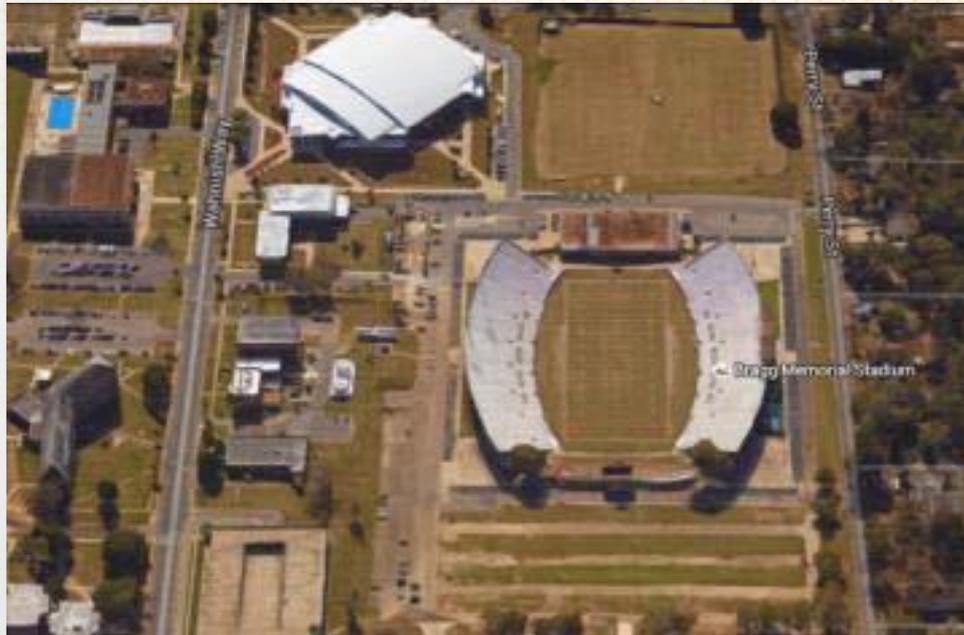
**Questions?**





# Athletics

- Athletics Financial Status and Deficit Corrective Action
- Bragg Stadium Repairs





# Athletics Financial Update

## As of December 1, 2016

REVENUES	Budget	Actual	Percent of Total Budget
Student Athletic Fee	3,652,683	1,851,894	50.70%
Football Gate Receipts	289,517	287,736	99.38%
Game Guarantees	1,452,712	662,705	45.62%
Concessions Sales	104,500	55,126	52.75%
Athletic Program Sales	5,600	5,581	99.66%
Football Season Tickets	337,500	225,625	66.85%
Advertising Sales	325,800	27,700	8.50%
Royalty	150,000	23,506	15.67%
NCAA Revenues	450,000	-	0.00%
Ticket Sales Away Games	18,000	255,989	1422.16%
Basket ball Receipts	18,000	-	0.00%
Other Rev	483,188	89,256	18.47%
Florida Consortium	800,000	325,175	40.65%
MEAC/SWAC Revenue	400,000	46,600	11.65%
Misc.	250,000	-	
Foundation	100,000	-	
	<b>\$ 8,837,500</b>	<b>\$ 3,856,893</b>	<b>43.64%</b>





# Athletics Financial Update

## As of December 1, 2016

EXPENSES	Budget	Encumbrances and Expenses	Difference	Percent of Total Budget	
Salaries	3,397,584	3,572,995	(175,411)	105.16%	Expense dollars have been shifted for restructuring, salary increases, and compliance function implementation
OPS	352,103	346,205	5,898	98.32%	
Expenses	3,610,483	1,855,292	1,755,191	51.39%	
Scholarships	1,450,000	1,127,111	322,889	77.73%	2016 Fall awards; \$200,000 to be funded by Title IX;
Mandatories	120,462	80,156	40,306	66.54%	
Other Capital Outlay	6,868	0	6,868	0.00%	
<b>Total</b>	<b>8,937,500</b>	<b>6,981,759</b>	<b>1,955,741</b>	<b>78.12%</b>	

As of December 1, 2016, Athletics encumbrances and expenses exceed cash collections by \$3,124,866. In order to remain in compliance with the corrective action plan, budget authority has been limited to no more than 75% of expected revenues. See projection on next slide.





# Athletics Financial Projection

## June 30, 2017

	Budget 6/30/2017	Projection 6/30/2017	Difference	Notes
<b>REVENUE</b>				
Student Athletics Fees	3,652,683	3,613,539	(39,144)	Based on actual fees collected in Fall semester with estimated 20% attrition for Spring and 75% discount for summer collections based on part-time enrollment
Football Gate Receipts	289,517	289,517	-	
Game Guarantees	1,452,712	1,452,712	-	Note: \$400,000 reclassified to Other Revenue to properly reflect parking revenues expected from Boosters.
Concessions Sales	104,500	104,500	-	
Athletic Program Sales	5,600	5,600	-	
Football Season Tickets	337,500	205,795	(131,705)	Estimated based on actual at 12/5/16. Do not have final reconciliation from Athletics for funds held at Foundation.
Advertising Sales	325,800	325,800	-	
Royalty	150,000	125,000	(25,000)	Estimate based on amounts collected for 6/30/16 fiscal year.
NCAA Revenues	450,000	450,000	-	
Ticket Sales Away Games	18,000	255,989	237,989	
Basketball Receipts	18,000	18,000	-	
Other Rev	583,188	88,566	(494,622)	Represents revenues from Games Day assets, parking and media from Boosters
Florida Consortium	800,000	800,000	-	
MEAC/SWAC Revenue	400,000	400,000	-	
Miscellaneous	-	758	758	
Athletics Fundraising	250,000	50,000	(200,000)	20% estimate. Do not have final reconciliation from Athletics for funds held at Foundation.
Foundation	100,000	100,000	-	
	<b>8,937,500</b>	<b>8,285,776</b>	<b>(651,724)</b>	
Projected surplus/(deficit)		<b>(651,724)</b>		



# Athletics Deficit Reduction Recommendations

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





# Corrective Action/Prevention Plan

## (Approved by BOT and submitted to BOG)

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
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





# Athletics Deficit Corrective Action Status

- Bragg Stadium Repairs and Auxiliary repayment are not included FY 2016-2017 Operating Budget
- Auxiliary repayment support being processed by Foundation
- Met with Board of Governors Inspector General
- Conduct weekly meetings with Budget Office and Athletics Business Office
- Need to strengthen controls in the following areas:
  - Cash collection and management
  - Purchasing and accounts payable
  - Employee onboarding
  - Internal budget monitoring
  - Fundraising





# Bragg Stadium 5-year Phased Approach

Task	Cost
I - Structural Repairs & Internal Stair Replacement Work to be done concurrently	\$ 622,000*
II - Sand Blast & Repainting of Structural Steel frame	\$ 1,937,500
III – Sand blast and repaint steel pans & Seat and Handrail Repairs (to prevent deterioration due to corrosion)	\$ 500,000
IV - Restroom Renovation or Replacement (8 areas) (Code/ADA compliance)	\$ 1,300,000
V – Press Box Replacement (for ADA compliance)	\$ 1,100,000
Total	\$ 5,459,500

\*Phase I repairs are not included in FY 2016-2017 Operating Budget.

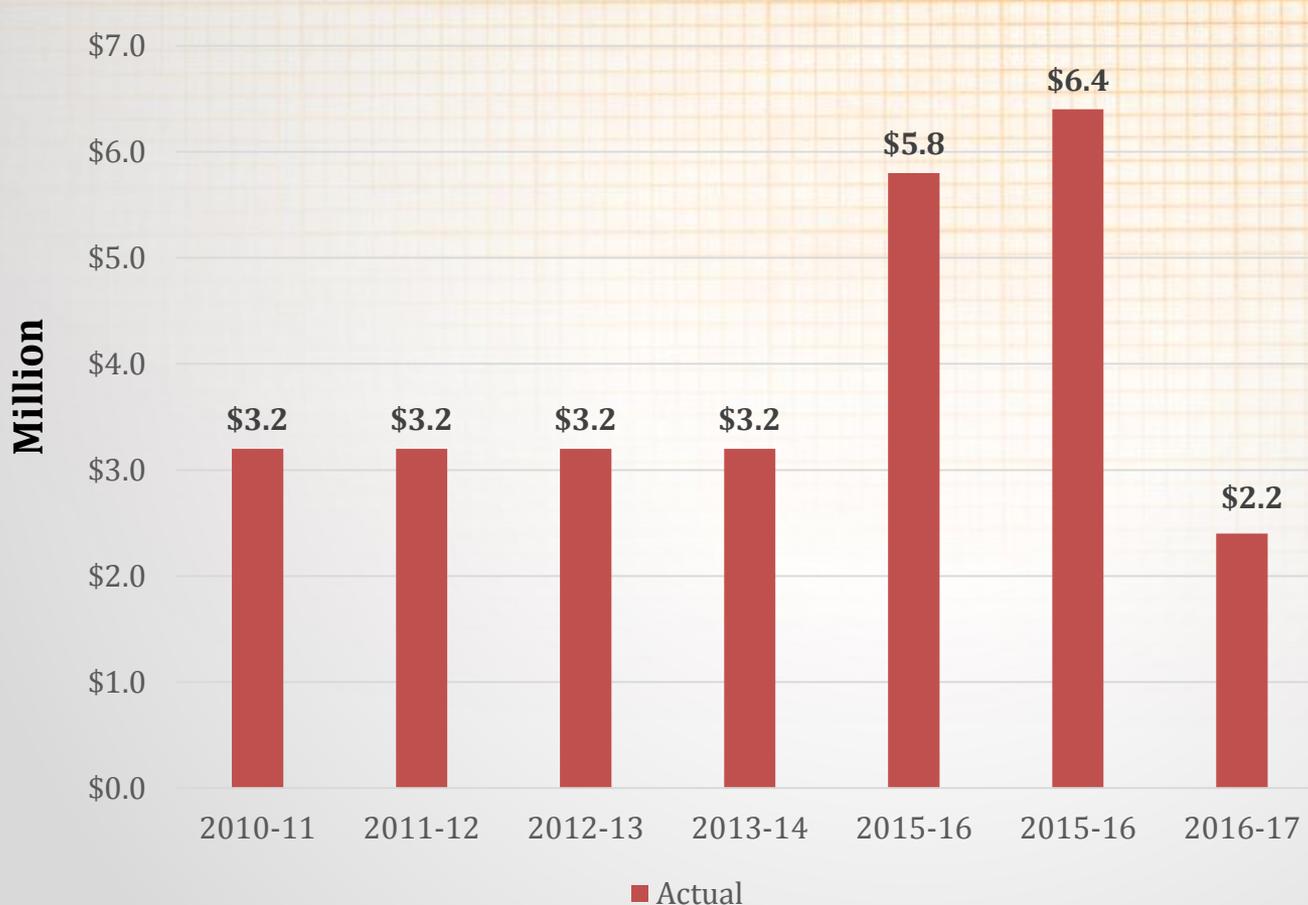
**Management recommends Athletics 1)implement an aggressive fundraising strategy and 2)develop a contingency plan to address 2017 Football season home games.**





# University Advancement Fundraising Assessment for Athletics

## 5-Year Fundraising Comparison



## Significant

- As a process for determining a practical approach in developing a strategy that increases funding resources for FAMU Athletics, it is necessary to review a 5-year giving average for the entire system.





# 3-Tier Development Strategy for Athletics

## **National Rattler Call To Action (\$2.5M)**

Targeted giving initiative for FAMU Athletics that bundles \$2.5M in individual, business, and alumni giving

## **The Rattler 150 (\$1.5M)**

Identify 150 FAMU Rattler supporters capable of committing \$10,000 over the life of a 3 year campaign

## **“Corporate sponsored” Black-tie Gala & Sports Weekend (\$1M)**





# Anticipated Timeline of Fundraising Strategy for Athletics for Bragg Stadium Repairs - Phase I



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March 2017  
\$225,000

June 2017  
\$400,000





# Significant Variables

- Departure from prior year practice of separate fundraising strategies
- Increase in Athletic Alumni engagement by 50%
- Ramp up in corporate/business giving to \$2M
- Commitment to 5-year plan to rebuild FAMU Athletics





# Tentative and Preliminary Contingency Plan for Bragg Stadium

- Relocate patrons to safe zones
- Install portable seating to accommodate for closed sections under construction





**Thank you**

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**Questions?**





# High Level Issues

- Items that the Board should be aware:
  - Ratings of P3s as Indirect Debt Issuances
  - Moody's Higher Education Outlook
  - Need consistent peer group defined
  - Enrollment Trends
  - Related SACSCOC Accreditation core principles and comprehensive standards
    - Control of finances
    - Financial stability
    - Financial resources
    - Control of physical resources
    - Operates and maintains appropriate physical resources





**Thank you**

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**Questions?**

