FAU
BOARD OF TRUSTEES
Florida Atlantic University

Item: AF: A-1

AUDIT AND FINANCE COMMITTEE

Wednesday, October 22, 2008

SUBJECT: REQUEST TO AMEND THE 2007-2008 AND 2008-2009 FAU OPERATING BUDGETS TO REFLECT CHANGES ASSOCIATED WITH THE LEASE OF FAU'S EDUCATIONAL BROADBAND SERVICE SPECTRUM TO CLEARWIRE SPECTRUM HOLDINGS II, LLC.

PROPOSED COMMITTEE ACTION

Recommend approval to amend the 2007-2008 and 2008-2009 FAU Operating Budgets to reflect the revenues and proposed expenditures associated with Florida Atlantic University's lease of its excess Educational Broadband Service spectrum to Clearwire Spectrum Holdings II, LLC ("Clearwire"). The Committee is requested to recommend increasing the 2007-2008 Auxiliary Revenue Budget by $8,643,155. The Committee is also requested to recommend increasing the 2008-2009 Auxiliary Revenue Budget by $5,990,195 and to increase the 2008-2009 Auxiliary Expenditure Budget by $10,079,895 consistent with the proposed expenditure plan presented on September 10, 2008.

BACKGROUND INFORMATION

At the September 10, 2008 Board of Trustees Committee of the Whole meeting, there was a presentation on FAU's lease of its excess Educational Broadband Service (EBS) spectrum capacity to Clearwire. As indicated in the presentation, Clearwire was the successful bidder in a competitive ITN process and was awarded a lease with the University that provides for payments associated with the lease of EBS licenses. Also presented was a proposed expenditure plan for the payments that focused on six strategic areas: Fostering Student Successes, Strengthening the Information Technology Infrastructure; Strategic Investment in Research; University-wide Academic Enhancement; Establishing an Academic Enhancement Endowment; and Rewarding Faculty and Staff Contributions to Florida Atlantic University's Mission.

The September 10 presentation pertaining to the requested expenditures for rewarding faculty and staff contributions proposed establishing a pool of funding to provide all eligible personnel a salary increase of 1 percent, effective November 1, 2008, as well as a one-time non-recurring lump-sum bonus of $1,000.00. The presentation also proposed establishing a comparable pool of funding to address potential compensation increases for in-unit faculty.

Lease payments to the University were made in June 2008; therefore, it is necessary to amend the 2007-2008 Auxiliary Revenue budget by the amounts of these payments. For the 2008-2009 year, it is necessary to amend both the Revenue and Expenditure Budget to reflect projected revenues and expenditures consistent with the strategic expenditure plan presented to the Board at the September presentation.

IMPLEMENTATION PLAN/DATE

Upon approval by the Board of Trustees.

FISCAL IMPLICATIONS

The Amendments will increase the 2007-2008 Auxiliary Revenue Budget and the 2008-09 Auxiliary Revenue and Expenditure Budgets. The projected expenditures will be less than the total revenue received over the 2007-2008 and 2008-2009 fiscal years.

Supporting Documentation: **N/A.**

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