

FAU FINANCE CORPORATION

BOARD OF DIRECTORS

MINUTES

Tuesday, June 14, 2011

(Approved during the October 7, 2011 FAUFC BOD meeting.)

1. ROLL CALL AND APPROVAL OF MINUTES OF THE JANUARY 20, 2011 FAU FINANCE CORPORATION BOARD OF DIRECTORS MEETING.

Handout: Draft Minutes of the January 20, 2011 FAUFC Meeting.

The meeting of the FAU Finance Corporation Board of Directors (FAUFC BOD) was convened by the Chair, Mr. Dennis Crudele, at 3:30 p.m. Roll call commenced, confirming quorum, with the following FAUFC BOD members in addition to Mr. Crudele, participating:

Mr. Scott Adams (via teleconference) and Mr. Peter LoBello.

The following official participated:

Ms. Stacey Semmel, FAUFC Secretary/Treasurer.

The following guests were in attendance:

Ms. Elizabeth Rubin and Ms. Linda Elliott.

Upon call, a motion was made by Mr. LoBello and seconded by Mr. Adams to approve the minutes of the January 20, 2011 meeting without change or correction. **The motion passed unanimously.**

2. REQUEST FOR APPROVAL OF THE 2011-12 FAU FINANCE CORPORATION OPERATING BUDGET.

Handout: Proposed 2011-12 FAUFC Operating Budget.

Mr. Crudele introduced this item noting that this is the first year of significant funding with this budget now reflecting the operational needs of FAU Housing. He reminded members that the FAUFC By-laws require the creation of an annual budget at the beginning of each fiscal year to be approved by this Board, the University President and FAU Board of Trustees (BOT).

Mr. Crudele advised that this budget was constructed in cooperation between Capstone On-campus Management and the Department of Housing and Residential Life and encompasses operational needs of existing housing and the Innovation Village

Housing (IVH). A review of the figures commenced with operating revenues projected at \$27.5 million, expenses at \$11.3 million and total debt service at \$8.5 million with depreciation and cash flow at below the line calculation. Additionally, Capstone management fees of \$524,217 are included in the budget. Members were advised that the budget closely mirrors the performa previously approved by this Board and the BOT. Mr. Crudele commented that cash flow and the net income to the University are in-line with original projections.

Discussion followed on topics including:

- Clarification that the line item lease expense is associated with the original \$12 million capitalized ground lease.
- Advising that Capstone On-campus Management has been actively engaged for months preparing for the Fall 2011 opening by hiring staff and other initiatives necessary to operations;
- Verifying that construction of the IVH is ahead of schedule and that substantial completion has been met with the minor hit-list items currently being addressed. Fall 2011 occupancy is assured;
- Noting that concerns of being unable to fill IVH has been invalidated with 1,023 reservations in IVH already ascertained;
- Noting the significant attraction incurred for FAU with the additional housing and the stadium; and,
- Clarify the future role of the FAUFC BOD as providing financial oversight with quarterly budget status report being distributed. A request was made to ensure that significantly detailed reporting be provided to include any deviations in the projected budget categories.
- Questioning the number of employees earning the salary and benefits component of the budget. Mr. Crudele advised that he would research and provide this information.

Upon conclusion of member questions and comments, Mr. Crudele called for a motion to approve the FAUFC 2011-12 Operating Budget; and delegate to the FAUFC Chair, the authority to amend these budgets as appropriate during the fiscal year consistent with Legislative, Board of Trustees and Board of Governors directives and guidelines. A motion was made by Mr. Adams and seconded by Mr. LoBello to approve the FAUFC 2010-11 Operating Budget. **The motion passed unanimously.**

Mr. Crudele noted the electronic distribution to members of the SEC required arbitrage reports. These reports show no arbitrage issues and will review not be required again until March 2015.

3. **ADJOURNMENT OF MEETING.** With no further issues to discuss, **the meeting was adjourned at 3:43 p.m.**