

FAU FINANCE CORPORATION

BOARD OF DIRECTORS

DRAFT MINUTES

Wednesday, May 21, 2014 9:00 a.m.

1. ROLL CALL AND APPROVAL OF THE DRAFT MINUTES OF THE DECEMBER 3, 2013 FAU FINANCE CORPORATION BOARD OF DIRECTORS MEETING.

The meeting of the FAU Finance Corporation (FAUFC) Board of Directors (BOD) was convened by Mr. Anthony Barbar, Chair. Roll call commenced, confirming quorum, with the following members of the FAUFC BOD in addition to Mr. Barbar, participating:

Mr. Scott Adams, Vice Chair.

The following officers were in attendance:

Ms. Dorothy Russell, Executive Director, and Ms. Stacey Semmel, Secretary/Treasurer.

The following guests were in attendance:

Dr. Charles Brown, Vice President of Student Affairs; Mr. Patrick Chun, Athletics Director; Mr. Brian Battle, Acting Associate Athletic Director Bus. & Fin.; Ms. Michelle Smith, Regional VP of Operations for FAU Housing/Capstone-on-Campus; Ms. Ilene Mates, Assistant VP of Student Affairs for Finance; Ms. Sandy Hill, Executive Vice President for FAU Housing/Capstone-on-Campus; Jessica Cohen, Associate Controller; and, Ms. Jessica Camacho, Administrative Assistant/FAU-Financial Affairs.

Upon call, Mr. Barbar advised that Ms. Russell has been extended the role of the Executive Director of the FAU Finance Corporation due to her new title as Vice President for Financial Affairs and Chief Financial Officer at FAU.

A motion was made by Mr. Adams and seconded by Mr. Barbar to approve the minutes of the December 3, 2013 meeting without change or correction. The motion passed unanimously.

2. FISCAL YEAR 2013-14 FINANCIAL AND OPERATIONAL PERFORMANCE REPORT ON THE FAU HOUSING SYSTEM, BOCA RATON CAMPUS.

Ms. Russell informed members that this discussion would focus on the 2013-14 Housing Financials. She reviewed the total revenues and expenses and the projection vs. budget for 6/30/2014. Total revenue projection is \$30,457,063, which is down from the projected budget of \$34,261,316. The variance of \$3,804,253, constitutes a housing occupancy rate of only 89% due to a variety of issues that occurred this year affecting occupancy. Ms. Russell reminds members of the housing occupancy discussion that took place at the December 3, 2013 FAUFC meeting during the mid-year housing assessment item and explained that the Board of Trustees is well aware of this as well. She explained

that the bottom line remains satisfactory due to a reduction of expenses to offset the reduction in revenue.

Mr. Adams requested more frequent updates on ratios and trends in housing. Ms. Russell agreed and will provide quarterly updates to the FAUFC.

No further questions or comments were presented.

3. REQUEST FOR APPROVAL OF THE 2014-2015 FAU FINANCE CORPORATION OPERATING BUDGET.

Ms. Russell reviewed housing, administrative and stadium operating and non-operating revenues and expenses projected for fiscal year ending June 30, 2015. The budget meets debt service requirements and provides net income of approximately \$7.6 million. Expenses have been reduced by \$400k compared to last year and all other numbers have remained constant. As for the Stadium income, Ms. Russell stated that it is applied directly to the Stadium debt.

Ms. Russell explained that the President would like to focus on recruiting out-of-state students to fill housing, attend football games and to contribute to the diversity and strength of the University from a financial standpoint. As a result, a Stadium Manager position will be added to bring in revenues from events beyond football to strengthen the Stadium's presence and to fully utilize the facility. Ms. Russell explained that the FAUFC will transfer \$2M to FAU to attract out-of-state students, which should generate 100-150 students from outside Florida and out of the country. A master planning initiative, which is a two year process, is required every ten years and will be a \$350k fee each year for the next two years. After these expenses are included, the fund balance should still be \$4.8M.

Mr. Adams inquired about the marketing plan regarding the recruitment of out-of-state students and Ms. Russell explained the value in that out-of-state students bring in about \$20,000 tuition and fees on an annual basis while in-state students bring in about \$6,000 annually. In addition, Mr. Barbar explained the presence on campus during weekends and at football games will be much greater with the increase of out-of-state students.

A motion was made by Mr. Adams and seconded by Mr. Barbar to approve the proposed 2014-15 Operating Budget of the FAU Finance Corporation's and Stadium Budget as presented. The motion passed unanimously.

4. REVIEW OF PROPOSALS AND SELECTION OF AN AUDITOR FOR FAUFC AUDIT FOR FISCAL YEAR 2013-14.

At the last FAUFC meeting, a suggestion was made to review other options for the 2013-14 audit since McGladrey & Pullen had been used for the last three years. Three proposals were submitted by the following auditing entities:

- Berger, Toombs, Elamn, Gaines & Frank
- S. Davis & Associates, P.A.
- Keefe, McCullough & Co, LLP

The recommendation by Ms. Russell is to select Keefe, McCullough & Co, LLP since the Foundation has used this company recently and their cost is approximately \$5,000 less expensive than McGladrey & Pullen were last year.

A motion was made by Mr. Barbar and seconded by Mr. Adams to approve the selection of Keefe, McCullough & Co, LLP for the 2013-14 FAUFC audit. The motion passed unanimously.

5. **ADJOURNMENT OF MEETING.** With no other issues to discuss, a motion was made and seconded to adjourn the meeting. The meeting was adjourned at 9:29 a.m.