

FAU FINANCE CORPORATION

BOARD OF DIRECTORS

AGENDA

Monday, October 20, 2014 2:00 p.m.

President's Conference Room

Boca Raton Campus, Building 10, Room 340

Call in Number: 1-888-537-7715 / Passcode: 59289651#

1. Roll Call and Approval of the Draft Minutes of the May 21, 2014 Meeting of the FAUFC Board of Directors
2. Nominations and Elections for Elected Directors to the Board
Note: Elected Director Peter LoBello's four-year term has ended on December 15, 2013. Elected Directors are eligible to serve two consecutive terms of four years in length.
3. Request for Approval of the 2015-16 Housing Budget and Rental Rates
4. New Business
5. Adjournment of Meeting

FAU FINANCE CORPORATION

Item: 1

BOARD OF DIRECTORS

Monday, October 20, 2014

SUBJECT: ROLL CALL AND APPROVAL OF THE DRAFT MINUTES OF THE MAY 21, 2014 FAU FINANCE CORPORATION BOARD OF DIRECTORS MEETING.

PROPOSED BOARD ACTION

Initiate roll call to document member participation to ensure that appropriate quorum numbers are achieved and to approve the minutes of the May 21, 2014 FAU Finance Corporation board of Directors meeting.

BOARD MEMBERS

Mr. Anthony Barbar, Chair ___

Mr. Scott Adams, Vice Chair ___

Mr. Peter LoBello ___

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

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.

FAU FINANCE CORPORATION

Item: 2

BOARD OF DIRECTORS

Monday, October 20, 2014

SUBJECT: NOMINATIONS AND ELECTIONS FOR ELECTED DIRECTORS TO THE BOARD.

PROPOSED BOARD ACTION

Nomination and election of Elected Director(s).

BACKGROUND INFORMATION

The FAU Finance Corporation By-laws require the nomination and election of Directors to the Board every four years. Elected Director Peter LoBello's four year term has ended on December 15, 2013. Elected Directors are eligible to serve two consecutive terms of four years in length.

Supporting Documentation: N/A

Presented by: Anthony Barbar

Phone: 561-405-0625

FAU FINANCE CORPORATION

Item: 3

BOARD OF DIRECTORS

Monday, October 20, 2014

SUBJECT: REQUEST FOR APPROVAL OF THE 2015-16 HOUSING BUDGET AND RENTAL RATES.

PROPOSED BOARD ACTION

Review and recommend approval of the proposed Housing rental rates and projected budget for 2015-16.

BACKGROUND INFORMATION

The Department of Housing and Residential Life is proposing rate increases for the 2015-16 fiscal year. FAU Housing operates as an auxiliary operation and must maintain a positive cash flow and meet minimum debt service coverage ratio as required under bond covenants. The proposed increases are necessary to meet these requirements.

With the exception of an increase of 10% for Algonquin Hall, increases range from 1.4% to 6.3%

Supporting Documentation: PowerPoint Presentation on Proposed 2015-16 Housing Rental Rates
FAUFC Housing FY 15-16 Budget

Presented by: Dr. Corey King

Phone: 561-297-3988

Florida Atlantic University Finance Corporation

Housing FY 15-16 Budget

DETAIL

	Algonquin	UVA	IRT	HPT	GPT	Admin.	IVAN	IVAS	Parliament	Total FY16
OPERATING REVENUES:										
Resident Housing Fees	547,800	4,037,069	4,244,360	3,435,620	4,196,183	659,490	5,570,600	5,371,000	4,513,770	32,575,892
Student Repair Fees	8,400	20,800	41,160	14,400	14,910	-	22,820	44,990	32,080	199,560
Conference/Guest Housing Fees	760	10,000	23,170	223,810	138,660	520	11,430	10,920	50,000	469,270
Interest Income						78,000				78,000
TOTAL OPERATING REVENUES	556,960	4,067,869	4,308,690	3,673,830	4,349,753	738,010	5,604,850	5,426,910	4,595,850	33,322,722
OPERATING EXPENSES:										
Salaries and Benefits	158,148	236,464	350,781	311,415	347,729	1,268,791	279,631	273,013	351,537	3,577,509
OPS	23,133	104,604	115,448	116,593	120,813	341,025	-	-	115,406	937,022
Management Fee	14,599	69,616	93,897	93,129	93,129	-	93,897	92,975	16,741	567,982
Utilities	92,867	414,615	485,789	362,190	390,840	169,600	445,550	318,474	397,130	3,077,055
Maintenance	56,000	194,500	146,000	143,200	129,900	58,600	172,100	176,000	109,900	1,186,200
Service Contracts	15,600	188,100	100,400	91,800	90,400	37,300	139,000	144,400	96,000	903,000
Admin and Supplies	6,309	14,329	37,461	19,762	25,439	396,639	17,015	33,630	26,192	576,776
Marketing and Printing	-	-	-	-	-	120,000	-	-	-	120,000
Training and Development	-	1,800	1,800	1,800	1,800	83,970	1,800	1,800	1,800	96,570
Special Projects (Technology)										-
Special Projects (Residential Life)	1,060	5,045	6,820	6,764	6,776	127,800	6,820	6,753	6,921	174,761
Special Projects (Maintenance)					125,000					125,000
Director's Reserves										-
Contingency	-	15,000	15,000	15,000	15,000	25,000	-	-	15,000	100,000
TOTAL OPERATING EXPENSES	367,717	1,244,074	1,353,396	1,161,654	1,346,826	2,628,725	1,155,813	1,047,045	1,136,627	11,441,876
Net Operating Revenue Over Expense	189,243	2,823,795	2,955,294	2,512,176	3,002,927	(1,890,715)	4,449,037	4,379,865	3,459,223	21,880,846
Non-Operating Expenses										
Repair and Replacement Fund	11,139	81,357	86,174	73,477	86,995	-	81,081	119,951	86,487	626,661
Overhead/Student Affairs Allocation	12,348	56,046	64,713	62,554	69,767	386,254	31,148	35,850	66,639	785,318
TOTAL NON-OPERATING EXPENSES	23,487	137,403	150,887	136,031	156,762	386,254	112,229	155,801	153,126	1,411,979
Total Expenses	391,204	1,381,477	1,504,282	1,297,685	1,503,588	3,014,978	1,268,042	1,202,846	1,289,753	12,853,856
Net Revenue Over Expense	165,756	2,686,392	2,804,408	2,376,145	2,846,165	(2,276,968)	4,336,808	4,224,064	3,306,097	20,468,866
DEBT SERVICE:										
DBF Existing Housing Debt	-	1,001,380	1,576,738	1,468,114	1,719,673	-	-	-	-	5,765,905
2013 Babs/Tax IV - Senior Debt (2010A/Tax)	-	-	-	-	-	-	5,461,205	5,461,205	-	10,922,411
2012A Parliament Hall 2012	-	-	-	-	-	-	-	-	2,793,575	2,793,575
2012B IV -2012B	-	-	-	-	-	-	157,717	157,717	-	315,434
Babs Subsidy	-	-	-	-	-	-	(1,355,620)	(1,355,620)	-	(2,711,239)
TOTAL DEBT SERVICE	-	1,001,380	1,576,738	1,468,114	1,719,673	-	4,263,303	4,263,303	2,793,575	17,086,086
Net Revenue Over Expense	165,756	1,685,012	1,227,670	908,031	1,126,492	(2,276,968)	73,505	(39,239)	512,522	3,382,780
Depreciation Expense						5,294,897				5,294,897
TOTAL REVENUES OVER EXPENSES	165,756	1,685,012	1,227,670	908,031	1,126,492	(7,571,865)	73,505	(39,239)	512,522	(1,912,116)
Debt Service Coverage Ratio (DSCR)										2.27

<i>Bed Design</i>										
Total Bed Design	95	435	611	607	606	2	611	605	620	4,192
<i>Less Non-Revenue Beds:</i>										
Staff	3	14	23	22	18	2	28	21	24	155
Tour Rooms	-	-	4	4	-	-	4	-	4	16
Total Revenue Bed Design	92	421	588	585	588	-	583	584	596	4,037
FTIC Beds	-	-	529	527	529	-	-	-	536	2,121
Returning Beds	83	379	-	-	-	-	525	526	-	1,513
No. of Revenue Producing Beds	83	379	529	527	529	N/A	525	526	536	3,634
Budgeted % occupancy (Revenue Beds)	90%	90%	90%	90%	90%	N/A	90%	90%	90%	90%

FAU Finance Corporation

Housing FY 15-16 Budget

SUMMARY

	Total FY16
OPERATING REVENUES:	
Resident Housing Fees	32,575,892
Student Repair Fees	199,560
Conference/Guest Housing Fees	469,270
Interest Income	78,000
TOTAL OPERATING REVENUES	33,322,722
TOTAL EXPENSES	12,853,856
TOTAL DEBT SERVICE	17,086,086
NET REVENUE OVER EXPENSE	3,382,780

October 2014



**Division of Student Affairs
Department of Housing and
Residential Life**

**Proposed 2015-2016
Housing Rental Rates**

Making Waves



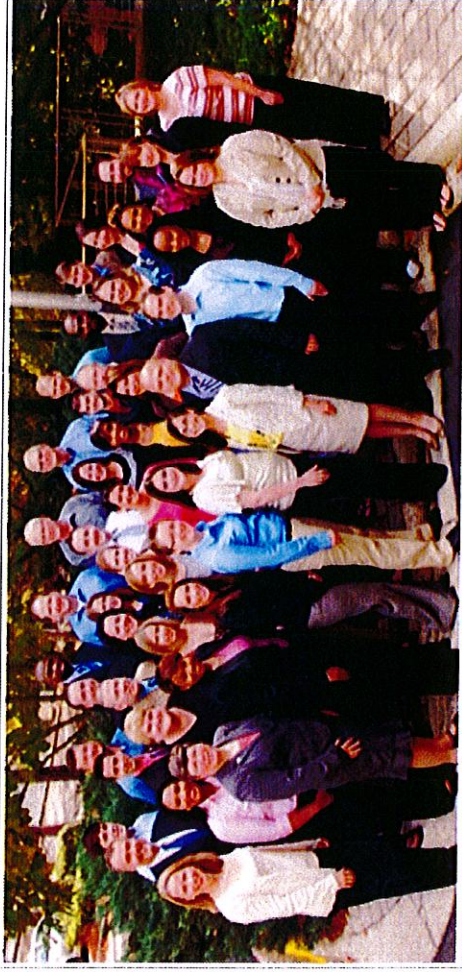
Actions Taken as Interim VP for Student Affairs

1. Retain Capstone On-campus Management as a consultant for housing occupancy management
2. Restructure occupancy database to reflect “real-time data”
3. Increase frequency of processing room assignments (improving efficiency in communication to students)
4. Developed a marketing strategy involving direct visibility at new student orientation, personal phone calls to new and returning students, and a social media campaign for students regarding housing availability
5. Staffing and Budget modifications to streamline assignments/contract processes

These immediate actions resulted in increasing occupancy for Fall 2014 from 73% (2,960) in May to the current occupancy at 86.6% (3,512).

Making Waves

Capstone On-Campus Management



Capstone On-Campus Management is a group of housing professionals clearly focused on providing management and consulting services for student housing owned by non-profits, colleges, universities, and foundations, with corporate headquarters in Birmingham, Alabama. As a result of their focus, Capstone has become the leading provider of third-party management services to non-profit owners, currently managing 23,780 beds, serving 25 campuses nationwide.

Making Waves

Strategies for 2015-2016

The following strategies are a direct result of consultation with, and recommendations by, Capstone:

- Strategy #1:** Confirm housing rates for 2015-2016 by November 2014
- Strategy #2:** Conversion of UVA Studio Doubles to Studio Singles (graduate students)
- Strategy #3:** Eliminate \$300 housing deposit and create a non-refundable \$100 administrative processing charge
- Strategy #4:** Establishment of 12 month contracts in UVA (graduate/international)
- Strategy #5:** Installation of Washers/Dryers in Innovation Village South
- Strategy #6:** Bundle laundry services costs into the housing rate
- Strategy #7:** Redesign re-contracting process (returning student friendly)
- Strategy #8:** Repurpose IRT to house 1st and 2nd year students
- Strategy #9:** Eliminate a housing “buy-out option”

Making Waves



Occupancy Evaluation

	2012-2013	2013-2014	2014-2015	2015-2016 (est.)
Total Revenue (available beds)	3,542	4,102	4,055	4,037
4 th week of classes	3,251	3,617	3,512	3,634
% Occupancy	91.8%	88.2%	86.6%	90.0%

Making Waves

2015-2016 Rate Changes

Boca Housing Facilities	Current 2014-15	Proposed 2015-16	\$ Change 14-15 vs. 15-16	% Change 14-15 vs. 15-16
Algonquin Hall				
Single	3,000	3,300	300	10.0%
Indian River Towers				
Double	3,300	3,365	65	2.0%
Single	4,500	4,600	100	2.2%
University Village Apartments				
4-Bedroom (Single)	4,100	4,200	100	2.4%
4-Bedroom (Single, 12 months)	4,330	4,330		
Double (Studio)	3,100	*		
1-Bedroom (Single, Efficiency)	4,500	4,600	100	2.2%
Studio (12 months)		5,100	5,100	
Heritage Park Towers				
Double (Suite A)	3,000	3,050	50	1.7%
Double (Suite C)	3,600	3,650	50	1.4%
Single (Suite B)	4,100	4,160	60	1.5%
Glades Park Towers				
Double (Suite A)	3,000	3,050	50	1.7%
Double (Suite C)	3,600	3,650	50	1.4%
Single (Suite B)	4,100	4,160	60	1.5%
Innovation Village Apartments North				
4-Bedroom (Single)	5,100	5,180	80	1.6%
2-Bedroom (Single)	5,400	5,480	80	1.5%
1-Bedroom (Single)	5,600	5,680	80	1.4%
Innovation Village Apartments South				
4-Bedroom (Single)	4,800	5,100	300	6.3%
1-Bedroom (Single)	5,600	5,680	80	1.4%
Parliament Hall				
Double	3,300	3,365	65	2.0%
Single	4,500	4,600	100	2.2%

* Rate type eliminated per Capstone recommendation (Strategic Plan item #2).

Jupiter Campus Residence Halls				
4-BEDROOM SUITE	4,300	4,370	70	1.6%

(One resident per bedroom, four per suite)

Making Waves

2015-2016 Rate Changes

On-Campus Rates - Summer

Current 2014-2015	Proposed 2015-2016	\$ Change 14-15 vs. 15-16	% Change 14-15 vs. 15-16
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Summer I *Prorated for 88 days*

Boca

UVA - Single	\$ 3,250	\$ 3,330	\$ 80	2.5%
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Jupiter

4 bedroom Suite	\$ 3,409	\$ 3,460	\$ 51	1.5%
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Summer II & III *Prorated for 47 days*

Boca

GPT - Single	\$ 1,736	\$ 1,760	\$ 24	1.4%
GPT - Double	\$ 1,270	\$ 1,290	\$ 20	1.6%
GPT - Super Double	\$ 1,524	\$ 1,550	\$ 26	1.7%
UVA - Single	\$ 1,736	\$ 1,780	\$ 44	2.5%

Jupiter

4 bedroom Suite	\$ 1,821	\$ 1,850	\$ 29	1.6%
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Making Waves