

FAU FINANCE CORPORATION

BOARD OF DIRECTORS

DRAFT MINUTES

Wednesday, April 1, 2015 11:00 a.m.

1. **ROLL CALL AND APPROVAL OF THE DRAFT MINUTES OF THE OCTOBER 20, 2014 FAU FINANCE CORPORATION (FAUFC) BOARD OF DIRECTORS (BOD) MEETING.**

The meeting of the FAUFC 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 and Mr. Peter LoBello.

The following officers were in attendance:

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

The following guests were in attendance:

Dr. Corey King, Interim Vice President of Student Affairs; Mr. Michael Cocuzza, Director of Finance and Budgets for Division of Student Affairs; Mr. Patrick Chun, Athletics Director; Mr. Brian Battle, Associate Athletic Director; Ms. Michelle Smith, Regional VP of Operations for FAU Housing/Capstone-on-Campus; Ms. Jessica Cohen, Associate Controller; Ms. Elizabeth Rubin, Associate General Counsel; and, Ms. Jessica Camacho, Administrative Assistant/Financial Affairs.

The following guests were in attendance only for Item 2:

Mr. Israel Gomez, C.P.A. Partner with Keefe McCullough and Mr. Marc Grace, C.P.A. Manager with Keefe McCullough.

A motion was made and seconded to approve the minutes of the October 20, 2014 meeting without change or correction. **The motion passed unanimously.**

2. **REVIEW OF THE FAU FINANCE CORPORATION FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2014.**

The representative from Keefe McCullough, Mr. Gomez, presented the audited financial statements for the fiscal year ending June 30, 2014 to keep the Board of Directors informed about the financial status of the FAUFC. The financials reflect a \$3M increase in net position. Mr. Gomez stated it was a very clean report and the highest level report that can be completed. There were no comments, adjustments or significant deficiencies and the debt service requirements were met timely each quarter. Mr. Gomez also stated that the auditors experienced full cooperation from the FAU staff throughout the entire audit process.

Upon question, Ms. Semmel explained that although it looks like there is a surplus of cash, it is only due to a timing issue as a result of money transferred between the University and FAUFC.

No further questions or comments were put forth.

3. FINANCIAL AND OPERATIONAL PERFORMANCE REPORT ON THE FAU HOUSING SYSTEM, BOCA RATON CAMPUS FOR FISCAL YEAR 2014-15.

Ms. Russell provided a brief explanation on the housing rate increase for 2015-16, which was approved by the Board of Trustees Audit and Finance Committee and Full Board in October and November of last year. She then introduced Dr. King to review operating performance including occupancy rates for the current fiscal year. Dr. King stated that he put very aggressive steps into place in order to get the housing occupancy up to 87% in the fall. Due to the "melt" that occurs each year from fall to spring, the occupancy dropped to 83% in the spring semester. Academic suspensions, graduating students, and medical withdrawals accounted for most of the 4% decrease in housing occupancy from fall to spring. Projected revenue is \$30.1M, which is a \$1.19M revenue shortfall from what was projected earlier in the year. Dr. King had already made several changes to reduce expenses such as eliminating and combining positions and spending cuts to offset the shortfall, which resulted in a \$1.3M reduction in expenses overall. This reduction in expenses will be maintained going into the next fiscal year and leadership changes have also been made within the Housing department. The upcoming fall 2015 projection is 90% occupancy.

Ms. Russell explained how instrumental Capstone has been to get Housing to this point and they will continue to be strong partners who will help to further streamline revenues. Capstone hadn't been utilized correctly in the past but will be going forward.

Mr. Lobello inquired about summer semester occurrences and Dr. King provided stated that he expects approximately 700 students on campus. Last year there were 539 deposits for new students for summer and this year there are 713 deposits. Mr. Barbar added that accepted students who are in the bottom sector due to grades are required to attend in the summer and take courses, which will strengthen revenue and performance metrics. Students who do not do well over the summer can transfer to Palm Beach State College and will be able to come back as a transfer in future semesters. Parliament Hall and University Village Apartments will be open during the summer for students and will also be utilized for summer camps and conferences.

Dr. King stated that there are currently 2,554 applications to the University compared to 1,400 last year at this time. There has been much improvement in communication with students and parents since bringing on a full time Customer Service Response Specialist who personally responds very quickly to any and all questions that come through the department.

Upon question, Dr. King confirmed that students are talking about the new off campus housing development, University Park. Most of the students have revealed that it is too far from campus, there is no difference in amenities and no difference in cost compared to on-campus housing. Ms. Russell stated that this off campus housing competition has helped to directly focus on providing students with our amenities and what is uniquely offered through on campus housing.

After the board members and guests congratulated Dr. King on his permanent position of Vice President of Student Affairs, there were no further questions or comments.

4. **REQUEST FOR APPROVAL OF THE 2015-16 FAU FINANCE CORPORATION OPERATING BUDGET.**

Ms. Russell reviewed housing, administrative and stadium operating and non-operating revenues and expenses projected for the fiscal year ending June 30, 2016. The budget meets debt service requirements and provides net income of approximately \$7.1 million. The housing budget is based on 90% occupancy and net income is expected at \$7.6M. Administrative remains unchanged compared to last year and the stadium income is applied directly to the bond debt. Stadium will always net to zero given that any overage goes directly to Athletics. Ms. Russell expects ticket revenue to increase for the six games on the roster for next year including the opening game versus University of Miami. Overall the budget changes very little from year to year and the fund balance continues to grow.

Mr. Adams inquired about the total revenue and if other events besides football had an impact on that number. Ms. Russell confirmed that revenue from other events such as soccer games are included in the final number. These events generate student interest and the University is exploring more of these opportunities for the future. Mr. Chun added that there are several upcoming events for next year already scheduled such as Major League Lacrosse, USA Soccer and a potential bowl game.

Mr. Chun also mentioned that overall paid attendance is up 28% and there was a 58% increase in student attendance from 2013 to 2014, which is very impressive especially since only ten schools nationally have reported a student attendance increase. He also informed the board that the student section within the stadium has been moved from under the scoreboard to facing the scoreboard, which will attract more students to go to the games. Mr. Barbar stated that part of the tour during orientation now takes place in the student section of the Stadium.

A motion was made and seconded to approve the proposed 2015-16 Operating Budget of the FAU Finance Corporation's and Stadium Budget as presented. **The motion passed unanimously.**

DISCUSSION:

Discussion ensued between the board members regarding the housing tour that took place preceding this meeting. Mr. Adams stated that he was impressed with the maintenance, painting and overall cleanliness of the residence halls. He expressed his opinion about improving surveillance on the older buildings and all agreed that this was important to explore further. If necessary and readily available, the board will be provided with a quarterly housing report for the upcoming fiscal year.

Additional conversation followed regarding the Licenses to Carry Concealed Weapons or Firearms bill, which would allow an individual to carry a concealed weapon onto a university or college campus and into any building. There were concerns expressed on the subject and Ms. Russell suggested having Mr. Charles Lowe, Assistant Vice President for Public Safety at our next meeting if the bill is passed to provide a better understanding of how the University is preparing and if there will be policy changes.

Mr. Adams also requested a list of the performance based funding metrics that would be important for the board members to keep track of, which will be provided at the next meeting later this year.

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 11:46 a.m.