

FAU FINANCE CORPORATION

BOARD OF DIRECTORS

MINUTES

Thursday, March 30, 2023

1. ROLL CALL AND APPROVAL OF FEBRUARY 1, 2023, FAU FINANCE CORPORATION (FAUFC) BOARD OF DIRECTORS (BOD) MEETING DRAFT MINUTES.

The meeting of the FAUFC BOD was convened at 3:30 p.m. by Mr. Robert K. Rollings, Jr. Chair. Roll call commended, confirming quorum, with the following members of the FAUFC BOD, in addition to Mr. Rollings, participation: Mr. Thomas Workman, Mr. Bob Rubin, Mr. Pablo Paez, Mr. Roland Valdivieso, and Mr. Joseph Ambrosio.

Mr. Rollings, Chair, welcomed Mr. Joseph Ambrosio to the FAUFC Board as a new Board Member.

The following staff was in attendance:

Mr. Gregory DuBois, Executive Director and VP of Financial Affairs & CFO; Dr. Larry Faerman, Vice President; Student Affairs; Dr. Brian Fisher, Associate VP for Student Affairs and Operations. Ms. Elizabeth Rubin, Associate General Counsel, Mrs. Henri Padron, Executive Assistant.

A motion was proposed to approve the minutes from the previous meeting for February 1, 2023. It was seconded and approved. Motion to accept the minutes passed. **The motion passed unanimously.**

Officer Elections:

- Mr. Rollings, Chair, the next item on the agenda is the Officer Elections. The floor was opened for nominations for the position. Bob Rubin was nominated for Chairman of the Board; no other nominees were proposed, the floor was closed, and Bob Rubin was elected Chairman of the Board. The next nomination was opened for the Vice Chairman of the Board. Pablo Paez was nominated, no other nominees were proposed, the floor was closed, and Pablo Paez was elected Vice Chair; the remaining elections were tabled until Mr. Valdivieso could attend.

The floor was opened to continue the Election of Officers, and the floor was opened for the Secretary-Treasurer, Mr. Roland Valdivieso, who was nominated, seconded and voted for. Elections were closed.

A motion was proposed to approve the New Officers' Elections. It was seconded and approved. motion to accept the officers passed. **The motion passed unanimously.**

No public comments.

3. RESOLUTION ON INVESTMENTS:

Ms. Elizabeth Rubin advised on a proposed resolution regarding ESG considerations, specifically for both investments and procurement decisions. Mr. Greg DuBois advised that if the board were to move forward with passing the resolution, future investments would be monitored and guided so that they would not invest in certain items. Still, it would affect the ability to borrow money. Our future proposals would need a clear indication that we would not be moving in any direction that would involve ESG for investment and procurement purposes. Mr. Paez questioned whether large banks would discriminate against institutions regarding ESG usage and how ESG impacts the bank's lending and financial decisions. Chair Rubin proposed that section two be modified/amended to be more congruent to the Florida Legislative bill, the Executive Branch, and with consideration to the Chief Financial Officer guidelines issued last year. Also proposed was to rephrase to include "All procurement and contracting process of the corporation may not give any preference to ESG as part of the procurement and contracting process decisions."

A motion was made to accept the modified and amended phrase; it was seconded and passed.

The motion passed unanimously.

4. **Summary Analysis of Funding and Finance Options for the P3 Option.** The three financing options were reviewed and discussed: Issuing debt through the Division of Board of Finance, issuing debt through the finance corporation, and a P3 option. Mr. Dubois advised that his resources and data for this document came from the Division of Bond Finance, Mr. Jeff Atwater, previous CFO, whose staff conducts these reviews for the BOG and is familiar with the process. Mr. Ben, Watkins, who is a financial advisor to the BOG. Based on the past data on P3 and other financing options, the best option would be to issue Senior Debt through the finance corporation. Any other method would be subordinate to the existing lien structure under the current indenture. It was suggested that the newer board members become familiar with the revenue waterfall, maturity schedule, and the various debt and ratings currently held. It was stated that our current debt ratio is currently in a good position, and increasing the projected revenue on the new projects would continue to maintain the ratio in a good range. It was proposed to conduct a physical tour of the Housing Units for the new board members while reviewing the new Housing Project.

Mr. DuBois stated that his final recommendation was to go through the Finance Corporation for this project. The board requested recommendations be provided on the two-three items they should be considering when they go to request the funds for the project and asked Mr. DuBois to provide those three items at their next meeting.

5. **Capstone Agreement with the University (COCM)** Dr. Faerman discussed the past timeline regarding the renewal of the housing management services. As of Spring 2023, FAU and COCM have not reached an agreement on the contract renewal due to COCM's unwillingness to indemnify FAU for the actions of their employees, thus leaving FAU potentially liable was determined that it

would make sense for FAU to take on Facilities Management for the FC Facilities, as well as continue the management of the two facilities in Jupiter, which are not owned by the FC. This proposed change would onboard approximately 35 employees beginning June 10, 2023. This would bring on roughly \$ 6 million in expenditures, not including salaries and benefits, which would initiate the need for a structural change in the University Housing Department. Through this process, we will identify a senior housing officer whose sole focus will be leading the critical operation of the university on a daily basis, with strong direction and support from the university and the Finance Corp. With that, we will also need to work with the General Counsel's Office to establish an operating agreement between the Finance Corp and FAU for the management and operations of all housing and residential education programs, facilities, and services.

The Board questioned if other universities have taken the campus management in-house. It was advised that almost all universities do not use a third party for campus and housing management; thus, bringing this responsibility into the Housing Department is logical. The university has the capabilities to transition this seamlessly 100%.

6. **New Housing Project Timeline:** Mr. DuBois, the goal is to have the Housing Project Timeline document, which will include a Market Study Plan and Analysis, a Master Plan update along with the Program Package to be submitted to the BOG staff within 90 days before the board meeting that this Project will be presented at. The projected, anticipated BOG Board meeting that we would like to present this at is January 24, 2024. This would require us to submit our package to the Board of Governors in November of 2023 to allow for suggestions and revisions prior to submitting our final package for consideration at January 24, 2024, meeting. This would require financing, and we would need to hire a financial advisor to guide us during this process; we have previous financial advisors that we have used and have been pleased with. We would need to conduct a Competitive Solicitation for the Underwriter – which would need to begin now. Once this is complete, we will begin our design phase in January 2024 once the project is approved, then move into the construction phase beginning in January 2025, thus providing an 18-month building phase with a Fall 2026 occupancy. The Market Student and preliminary data collection were pushed back a bit, but the data will be ready come May 2023, and this will not affect the timeline—no further comments.

7. **Sunshine Law Review.** Ms. Elizabeth Rubin gave a board training session on DSOs and Sunshine laws.

ADJOURNMENT OF MEETING. With no other issues to discuss, a motion was made and seconded to adjourn the meeting. The meeting was adjourned at 4:55 pm.