

**FAU FINANCE CORPORATION
BOARD OF DIRECTORS MEETING
Friday, November 13, 2009**

DRAFT MINUTES

1. **CALL TO ORDER/ROLL CALL.** The first meeting of the FAU Finance Corporation (“FAUFC”) was convened by Chair-elect Mr. Dennis Crudele at 10:07 a.m. Roll call commenced, confirming quorum, with the following board members, in addition to Mr. Crudele, present:

Mr. Scott Adams (by teleconference), and Mr. Peter Lobello.

The following University officials were also in attendance:

Mr. David Kian, Ms. Audra Lazarus, Ms. Stacey Semmel, and Ms. Linda Elliott.

2. **ELECTION OF OFFICERS**

Handout: Proposed Slate of Officers.

A motion was made by Mr. Adams and seconded by Mr. Lobello to approve the slate of officers as nominated. The slate of nominated officers was reviewed as follows:

Chair:	Mr. Dennis Crudele
Vice Chair:	Mr. Scott Adams
Secretary/Treasurer:	Ms. Stacey Semmel

No further discussion or commentary followed. **The motion passed unanimously** to approve the slate of officers as presented.

3. **APPROVAL OF THE FAUFC BY-LAWS.**

Handout: FAU Finance Corporation Bylaws 2009.

Upon confirmation of individual review of the handout provided, a motion was made by Mr. Adams and seconded by Mr. Lobello to approve the FAUFC By-Laws.

Discussion followed as to whether input had been provided by the University General Counsel’s Office into the drafting and review of the proposed FAUFC By-Laws. Confirmation was provided that that the FAUFC By-Laws were created and reviewed by the University General Counsel’s office in consultation with bond counsel, Bryant, Miller & Olive P.A., and that the articles of incorporation, as well as the bylaws, properly address the legal requirements of FAUFC (a direct support organization of FAU). Ms. Audra Lazarus was introduced as the lead contact in the Counsel’s Office for matters pertaining to FAUFC.

With no further discussion, **the motion passed unanimously** to approve the FAU Finance Corporation By-Laws.

4. **APPROVAL OF RESOLUTION AUTHORIZING THE ISSANCE OF BONDS BY FAUFC IN CONNECTION WITH THE FAU INNOVATION HOUSING PROJECT.**

Handouts: FAU Finance Corporation Resolution Authorizing the Issuance of Debt and Requesting the FAU Board of Trustees to Approve such Issuance – Innovation Village Housing Project; Project Summary – FAU Innovation Village Housing Project; FAU Student Housing Market Student, July 2009; Draw Schedule - FAU Innovation Village Housing Project; Sources and Uses - FAU Innovation Village Housing Project; Debt Service - FAU Innovation Village Housing Project; Financing Assumptions - FAU Innovation Village Housing Project; Combined 6-30-05, 6-30-06, 6-30-07, 6-30-08 Housing Financial Statements – FAU Innovation Village Housing Project; FAU Housing Financial Statement and MD&A Notes for 6-30-09 - FAU Innovation Village Housing Project; Five Year Projection for Innovation Village Housing Project; Cash Flow Five Year Projections- FAU Innovation Village Housing Project; and, Negotiated Sale Analysis - FAU Innovation Village Housing Project.

Prior review of the handouts was confirmed, and a motion was made by Mr. Adams and seconded by Mr. Lobello to approve the resolution authorizing the issuance of bonds by FAUFC in connection with the FAU Innovation Housing project.

Discussion began clarifying that the total revenues in the housing system will be pledged to meet the debt service (first, to service existing debt, and second, to service the new debt) and operating expenses of both the Innovation Village housing and existing housing facilities.

Continued discussion centered on the pro's and con's of the sale of bonds. With recent strong reviews by the Standard & Poor's bond rating agency and the high demand from students for on-campus housing, the risk on not being able to fill the residence halls is minimal. The FAU housing system is strong with revenues anticipated to be sufficient to support this debt, as well as existing debt. Recourse on the new debt would be limited to the net revenues from this project and surplus revenues from the existing student housing, with no recourse or risk to other assets of FAU. This Board will be responsible for approving the annual housing budget and, with FAU Board of Trustees' approval, for setting the rental rates to ensure adequate funding to cover the annual debt service.

With no additional discussion, **the motion passed unanimously** to approve the resolution authorizing the issuance of bonds by FAUFC in connection with the FAU Innovation Housing Project.

5. **APPROVAL OF RESOLUTION AUTHORIZING THE REPAYMENT OF EXPENDITURES RELATED TO CERTAIN CAPITAL PROJECTS.**

Handout: FAU Finance Corporation Reimbursement Resolution.

Upon confirmation of prior review of the documentation provided, a motion made by Mr. Adams and seconded by Mr. Lobello to approve the resolution authorizing repayment of expenditures incurred (and to be incurred) by FAUFC, or the FAU Board of Trustees on behalf of FAUFC, related to certain capital projects in connection with the FAU Innovation Housing Project.

Discussion followed regarding the nature of the expenditures incurred (and to be incurred). Because of the critical timing of the student housing project, and in order to ensure that the project will be completed by Fall semester 2011, certain contractual obligations had to be initiated including the retention of the Architect/Engineer, Construction Manager and the performance of various utility and other infrastructure work. Additionally, preliminary site work was advance funded by the University. This work included, but was not limited to, projects such as schematic / design development, various site surveys, utility expansion (bringing electrical and sewer/water to the site), installation of an electrical vault and bond rating agency costs. All costs were incurred in accordance with standard University cost containment guidelines and involvement with University facilities personnel. Future costs are expected to be incurred prior to the issuance of the bonds.

To date, approximately \$1 million has been advanced by the University, and it is anticipated that approximately \$4.7 million will be expended prior to receipt of the bond proceeds. Repayment of such expenditures from the bond proceeds is expected to occur immediately upon the bond issuance.

With no additional discussion, **the motion passed unanimously** to approve the resolution authorizing the repayment of expenditures incurred (and to be incurred) by FAUFC, or the FAU Board of Trustees on behalf of FAUFC, related to certain capital projects in connection with the FAU Innovation Housing Project.

6. **Adjournment**

A motion was made by Mr. Lobello and seconded by Mr. Adams to adjourn the meeting. **The meeting was adjourned at 10:34 a.m.**