

FAU FINANCE CORPORATION
BOARD OF DIRECTORS MEETING
Thursday, January 14, 2010
President's Conference Room, Boca Raton Campus

REVISED DRAFT MINUTES

1. **CALL TO ORDER/ROLL CALL.** The meeting of the FAU Finance Corporation (FAUFC) was convened by Chairman Mr. Dennis Crudele at 3:34 p.m. Roll call commenced, confirming quorum, with the following board members, in addition to Mr. Crudele, present:

Mr. Scott Adams (via teleconference) and Mr. Peter LoBello.

The following University officials were in attendance:

Ms. Stacey Semmel, Ms. Audra Lazarus and Ms. Linda Elliott.

2. **APPROVAL OF MINUTES OF THE NOVEMBER 13, 2009 FAUFC BOARD OF DIRECTORS MEETING.**

Handout: Draft Minutes of the November 13, 2009 FAUFC Board of Directors (BOD) meeting.

A motion was made by Mr. LoBello and seconded by Mr. Adams to approve the minutes of the November 13, 2009 meeting without change or correction. **The motion passed unanimously.**

3. **DISCUSSION OF THE REVISED FAU INNOVATION HOUSING PROJECT SUMMARY.**

Handout: Florida Atlantic University, Project Summary, FAU Finance Corporation, Innovation Village Housing Project.

Mr. Crudele began review of this document advising that the Division of Bond Finance (DBF) had concerns regarding the financing structure, specifically the issuance of the subordinate Series C bonds. Further analysis of that financing plan provided the ability to absorb Series C bonds into the Series A bond issuance with no adverse affect to the scope, cost, or debt ratio of the project. In fact it was projected that the elimination of the Series C bonds would achieve savings for the FAUFC and the University. As such, this document has been modified to reflect the elimination of the Series C bonds; the publicly offered Series A bonds, privately offered subordinate Series B bonds, as well as the option to explore Build America Bonds, remain.

The only other concern expressed by the DBF/BOG was ensuring that the Series B bonds are not saleable or transferable for the life of the Management Agreement and the FAU administration team is comfortable with this restriction.

It was noted that the parties are still in the process of fine-tuning the language, pricing numbers and working on the Trust Indenture documents that will have to go before the Florida Atlantic University Board of Trustees (BOT) at the next meeting scheduled on January 20, 2010.

Directors were advised that with the changes noted above, the DBF and BOG staff have approved the project and the request for approval of the Innovation Village Housing, Phase I is included in the agenda of January 28, 2010 BOG meeting.

Discussion followed concerning the revised project summary, verifying the net effect of this change. Mr. Crudele confirmed the beneficial aspect to FAU of the elimination of the Series C bonds, which lowered the overall cost of the project including a significant reduction to the developer's compensation. The developer recognized that without this concession the entire project would be jeopardized for lack of DBF and BOG approval.

Conversation concluded with the confirmation that the interest rate on the bonds has dropped from over 5 percent to approximately 4.96 percent and will be issued with a fixed rate as required by the DBF.

4. APPROVAL OF THE FINANCING PLAN.

Handout: Financing Plan: Cash Flow Analysis; Preliminary Unit Mix for the Cash Flow Analysis, Existing Debt Profile; Estimated Project Draw Schedule; Debt Service; and, Existing Housing Operating Revenues and Expenses.

Mr. Crudele addressed this item noting the data has been vetted internally, by the Royal Bank of Canada Capital Markets and by the DBF. The **interest rate** is currently 4.96 percent.

The Trust Indenture requires that this Board approve the financing plan which will be presented for approval to the **FAU** BOT and ultimately submitted for the approval of the BOG.

Discussion followed verifying that the financing plan encompasses the bond restructuring and revised project summary that was discussed and that an annual audit plan will be instituted per direct support organization due diligence practices.

A motion was made by Mr. Adams and seconded by Mr. LoBello to approve the financing plan. **The motion passed unanimously.**

5. ADJOURNMENT.

A motion was made by Mr. LoBello and seconded by Mr. Adams to adjourn the meeting. **The meeting was adjourned at 3:45 p.m.**