

FAU FINANCE CORPORATION
BOARD OF DIRECTORS MEETING
Tuesday, June 29, 2010
President's Conference Room – Room 340, Boca Raton Campus

MINUTES

(Approved during the August 12, 2010 FAUFC Board of Directors Meeting)

1. ROLL CALL AND APPROVAL OF MINUTES OF THE MAY 7, 2010 FAU FINANCE CORPORATION BOARD OF DIRECTORS MEETING.

Handout: Draft Minutes of the May 7, 2010 FAUFC Meeting.

The meeting of the FAU Finance Corporation (FAUFC) was convened by Chairman Mr. Dennis Crudele at 3:32 p.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 in attendance:

Ms. Stacey Semmel, FAUFC Secretary/Treasurer; Ms. Audra Lazarus, FAU Associate General Counsel; and, Ms. Linda Elliott.

Upon call, a motion was made by Mr. Adams and seconded by Mr. LoBello to approve the minutes of the May 7, 2010 meeting without change or correction. **The motion passed unanimously.**

2. REVIEW AND APPROVE THE FAU FINANCE CORPORATION'S 2010-11 OPERATING BUDGET.

Handout: FAUFC Balance Sheet and Income Statement for Fiscal Year Ending June 30, 2011.

Mr. Crudele introduced this item and reminded members that the FAUFC By-laws require the creation of an annual budget for approval by the University President and Board of Trustees at the beginning of each fiscal year. Ms. Semmel was introduced to provide comment on the proposed budget.

Ms. Semmel noted the simplicity of the proposed budget, which is due to the fact that few financial transactions will be occurring during this period of Innovation Village Housing (IVH) construction. Next fiscal year, 2011-12, with the opening of IVH, the FAUFC in conjunction with the Department of Housing and Residential Life and Capstone On-campus Management, will need to construct a more robust budget to address the operational needs of FAU Housing.

Upon call, a motion was made by Mr. LoBello and seconded by Mr. Adams to approve the FAUFC 2010-11 Operating Budget. **The motion passed unanimously.**

3. **REVIEW OF PROPOSALS AND SELECTION OF AN AUDITOR FOR FAUFC AUDIT AND TAX SERVICES FOR FISCAL YEAR 2010-11.**

Handout: Proposals from Gerstle, Rosen & Goldenberg, P.A. and McGladrey & Pullen, LLP.

Ms. Semmel informed members that three proposals had been sought to provide the FAUFC its audit and tax services but only two proposals were received. Those two proposals, from Gerstle, Rosen & Goldenberg, P.A. and McGladrey & Pullen, LLP, were presented today. Price Waterhouse Coopers declined to submit a proposal due to the small size of this account.

A major difference between the two proposals is the fees, with Gerstle, Rosen & Goldenberg, P.A. proposing to charge \$8,000 and McGladrey & Pullen, LLP proposing to charge \$20,000. Ms. Semmel advised the Board of her familiarity with each company and recommended McGladrey and Pullen.

Discussion followed with members agreeing that the higher charge proposed by McGladrey and Pullen is associated with the more extensive experience of that firm; experience which the Board expected could benefit the FAUFC in light of the anticipated future growth of the FAUFC's assets. Additional conversation centered on the feasibility of negotiating with McGladrey and Pullen for a lower price for the first contract year, with future pricing increases as the FAUFC grows. The Board authorized Ms. Semmel to proceed with pricing renegotiations with McGladrey and Pullen.

Upon conclusion of the discussions, it was recommended that this issue be deferred pending further negotiations with the respondent companies. **The decision to defer this issue pending further negotiation passed unanimously.**

4. **REVIEW AND ADOPTION OF THE FAU DEBT MANAGEMENT/VARIABLE RATE DEBT AND INTEREST RATE SWAP GUIDELINES.**

Handout: State of Florida, Florida Board of Governors Debt Management Guidelines, April 27, 2006 As and FAU Variable Rate Debt and Interest Rate Swap Guidelines.

Mr. Crudele advised members that effective April 2006, the FAU Board of Trustees (BOT) had approved the University's debt management guidelines as required by the Board of Governors (BOG). The BOG now requires Direct Support Organizations, such as the FAUFC, to adopt these guidelines which outline the materials required to be submitted to the BOT, BOG staff and the Division of Bond Finance in support of any request to issue debt.

In light of the possibility that variable rate debt with interest rate swaps might be issued in connection with the stadium or other future University or FAUFC projects, , adopting these

guidelines will authorize the use of such a financing plan as well as meet the requirements of the BOG.

Members were advised that these guidelines were developed in consultation with the university's financial advisor, Craig Dunlap, of Dunlap and Associates. Additionally, these guidelines are substantially similar to those adopted by the University of Central Florida and Florida International University, both of which were approved by the BOG.

A motion was made and seconded to approve the FAU Debt Management Guidelines and the Variable Rate Debt and Interest Rate Swap Guidelines. **The motion passed unanimously.**

Future Business:

Mr. Crudele advised members that in the near future negotiations with Regions Bank will be finalized and meeting(s) will need to be scheduled for the this Board to review and obtain approval of the final FAU Stadium Financing Plan, as well as to revisit the FAUFC auditor issue.

Additional discussion items focused on the functional relationship guidelines currently under development and expected to be reviewed during the September 2010 BOG meeting; President Saunders' commitment to the stadium project; and, a Stadium Capital Campaign.

5. ADJOURNMENT OF MEETING. With no further discussion issues put forth, **the meeting was adjourned at 3:49 p.m.**