

FAU FINANCE CORPORATION

Tuesday, June 29, 2010

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

PROPOSED BOARD ACTION

Initiate roll call to document member participation to ensure appropriate quorum numbers are achieved and to approve the minutes of the May 7, 2010 Board of Directors meeting.

COMMITTEE MEMBERS

Mr. Dennis Crudele, Chair _____

Mr. Scott Adams, Vice Chair _____

Mr. Peter LoBello _____

FAU FINANCE CORPORATION
BOARD OF DIRECTORS MEETING
Friday, May 7, 2010
President's Conference Room – Room 340, Boca Raton Campus

DRAFT MINUTES

1. **CALL TO ORDER/ROLL CALL.** The meeting of the FAU Finance Corporation (FAUFC) was convened by Chairman Mr. Dennis Crudele at 10:04 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 in attendance:

Ms. Stacey Semmel, FAUFC Secretary/Treasurer; Ms. Audra Lazarus, FAU Associate General Counsel; Mr. David Kian, FAU Senior Vice President and General Counsel; and Ms. Linda Elliott.

2. **APPROVAL OF MINUTES OF THE MARCH 31, 2010 MEETING.**

Handout: Draft Minutes of the March 31, 2010 FAUFC meeting.

Upon call, a motion was made by Mr. LoBello and seconded by Mr. Adams to approve the minutes of the March 31, 2010 meeting without change or correction. **The motion passed unanimously.**

3. **APPROVAL OF FEE LETTER AND COMMITMENT LETTER TO REGIONS BANK.**

Handout: Proposed Fee Letter and Commitment Letter to Regions Bank and Term Sheet.

Mr. Crudele reminded members that in February, 2010, FAU issued an Invitation to Negotiate which proposed the FAUFC borrowing up to \$62 million in financing for the FAU Stadium. Six responses were received; three for comprehensive services and three for trustee services. The committee charged with reviewing the proposals, along with FAU's General Counsel Office and FAU's financial advisor, Craig Dunlap of Dunlap & Associates, Inc., concluded that separate trustee services were unnecessary as these services are included within the comprehensive services to be provided.

Presentations were heard from three banks for the comprehensive services and significant negotiation followed with each of the respondents, which included PNC Bank, Bank of America and Regions Bank. The bank best able to meet the needs of FAU was Regions Bank. Regions Bank was then awarded the opportunity to negotiate further with FAU to provide the stadium financing.

Regions Bank's proposal provides a commitment to lend up to \$35 million of the \$62 million debt and to arrange a syndicate of financial institutions to provide the remaining \$27 million balance. Additionally, the bank will serve as the lead arranger for the syndicate eliminating the need for FAU to negotiate directly with multiple other banks. In order for Regions Bank to be the Lead

Arranger and proceed in assembling a syndicate of financial institutions, the FAUFC must enter into a Fee Letter and a Commitment Letter (and term sheet) with Regions Bank.

The action needed today is for this Board to provide approval of the Fee and Commitment Letters to Regions Bank, thereby authorizing Regions to proceed in procuring the financial institution syndication for the \$27 million remaining balance of the \$62 million debt. Regions Bank will then have three weeks to assemble this syndicate; they have estimated a 95 percent success rate in obtaining full syndication.

The Board noted the tight timeframe for obtaining the required approvals. Approvals must be obtained from the FAUFC Board, the FAU Board of Trustees (BOT) and, through the Florida Division of Bond Finance (DBF), the Florida Board of Governors (BOG) during their June 16-18 meetings.

Discussion by the Board included the following:

- Stadium Financing ITN Award. It was noted that PNC's proposal provided for only \$31 million of the total \$62 million debt requested and of that \$31 million, only \$15.5 million would be financed directly by PNC. The balance was intended to be provided by a syndicate of financial institutions. Their best and final offer, as approved by their Pittsburgh office, fell significantly short of the Regions Bank proposal.
- FAU Banking Services. FAU is likely to re-bid its University banking services in the near future.
- Debt Service. Financing projections call for approximately \$5.5 million in Innovation Village Housing debt proceeds to finance stadium infrastructure, with another \$6.5 million of Innovation Village Housing debt proceeds to finance vertical improvements of the Stadium (pending BOG approval of the Innovation Village "functional relationship" test). Revenues generated from ticket sales, premium seating and suite sales, concessions, catering, parking, and sponsorships, and name right revenues will also be applied to debt service on the Stadium.
- Florida Atlantic University Foundation, Inc. (FAUF). While acknowledging recent financial constraints of the FAUF, the Board discussed the possibility of arranging with the FAUF to provide some funds to establish the requested depository relationship with Regions Bank as described in the Fee Letter. No commitment has been made or is expected of the FAUF under the Fee Letter. Any funding provided by the FAUF would be on a temporary basis until a revenue flow is established in the FAUFC to fulfill the Regions requested depository relationship and to fulfill other stadium project funding needs.
- Naming Rights. Preliminary conversations were held with Regions Bank, but at this time the bank has chosen not to pursue naming rights in connection with the Stadium project.
- Legal and Fair Market Value Reviews. Members were assured by both Mr. Crudele and Mr. Kian that full legal and market reviews have been conducted by FAU Financial Affairs officers, the FAU General Counsel's Office, FAU's Bond Counsel and FAU's Financial Advisor. All are confident that the best deal and rates have been reached with Regions Bank at this time.

The Board was advised that fee issues and technicalities still need finalizing with Regions Bank. Approving the Fee and Commitment letter (and term sheet) today only authorizes Regions Bank to act as Lead Arranger and to assemble the necessary syndicate participants to finance the outstanding \$27 million balance of the \$62 million debt. The final financing plan must be approved by this Board and will be presented for its approval prior to the May 26, 2010 BOT meeting.

Further discussion followed on collateral requirements. Mr. Kian advised that there is no advance collateral; going forward, as part of the final plan, a security interest will exist on assets, i.e., ticket revenues, a portion of student athletics fees, up to \$1 million in away-game guarantees, etc. At this point, and until the closing of the loan, there is no collateral requirement.

With no further discussion, a motion was made by Mr. Adams and seconded by Mr. LoBello to approve the Fee and Commitment Letters, in substance and form as presented, to Regions Bank for the financing of the FAU Stadium, and to delegate to the Chair of the FAU Finance Corporation authority to amend such Letters as necessary, execute such Letters and enter into negotiations for related documents and agreements. **The motion passed unanimously.**

Future Business:

Mr. Crudele took a moment to advise members that in the near future meeting(s) will need to be scheduled to provide approval of the final FAU Stadium Financing Plan, to develop the FAUFC 2010-11 Operating Budget in conjunction with Capstone and the Department of Housing and Residential Life, and to choose an outside auditor for FAUFC Financial Statements. Proposals (since bids are not required) are currently being accepted from auditing firms to provide this service, and a list of finalist will be provided to this Board for final selection.

4. ADJOURNMENT.

With no further discussion issues put forth, **the meeting was adjourned at 10:25 a.m.**