



Item: AF: A-M

**AUDIT AND FINANCE COMMITTEE**

**Thursday, February 16, 2012**

**SUBJECT: ROLL CALL AND APPROVAL OF THE DRAFT MINUTES OF THE DECEMBER 14, 2011 AUDIT AND FINANCE COMMITTEE MEETING.**

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**PROPOSED COMMITTEE ACTION**

Initiate roll call to document member participation to ensure appropriate quorum numbers are achieved and to approve the minutes of the December 14, 2011 Audit and Finance Committee meeting.

**COMMITTEE MEMBERS**

Mr. Anthony Barbar, Chair	_____
Mr. Thomas Workman, Jr., Vice Chair	_____
Mr. David Feder	_____
Dr. Angela Graham-West	_____
Dr. William McDaniel	_____
Mr. Abdol Moabery	_____
Mr. Robert Rubin	_____
Mr. Robert Stilley (ex-officio)	_____
Mr. Paul Tanner	_____

**BOT MEMBERS**

Dr. Jeffrey Feingold	_____
Mr. Ayden Maher	_____
Mrs. Sherry Plymale	_____
Dr. Julius Teske	_____



**DRAFT MINUTES**  
**AUDIT AND FINANCE COMMITTEE**  
**Wednesday, December 14, 2011**

**AF: A-M. Roll Call and Approval of Minutes for the October 19, 2011 BOT Audit and Finance Committee meeting.**

Mr. Anthony Barbar, Chair of the Board of Trustees (BOT) Audit and Finance Committee (AFC), convened this meeting at 10:31 a.m. Roll call commenced with the following Committee members, in addition to Mr. Barbar, participating: Mr. Thomas Workman, Jr., Mr. David Feder, Dr. Angela Graham-West, Dr. William McDaniel, Mr. Abdol Moabery (via teleconference), Mr. Robert Rubin, Mr. Robert Stilley, and Mr. Paul Tanner.

Other Trustees attending the meeting included: Mr. Ayden Maher, Ms. Sherry Plymale and Dr. Julius Teske.

The following University officials participated: Dr. Mary Jane Saunders, University President; Mr. Dennis Crudele, Senior Vice President for Financial Affairs; Ms. Jill Eckardt, Director-Housing and Residential Life; Mr. Tom Donaudy, Vice President for Facilities; and, Mr. David Kian, Senior Vice President for Strategic Relations and General Counsel.

Mr. Barbar called for approval of the minutes of the October 19, 2011 AFC meeting. With no discussion, a motion was made and seconded to approve the minutes without change or correction. **The motion passed unanimously.**

Mr. Barbar introduced the next agenda item to review proposed housing rental rates and reminded members of their request to receive proposed rates for the next academic year in advance of being formally asked to approve the rates.

**AF: I-1. Review of Proposed Housing Rates, 2012-13.**

Mr. Crudele advised members that the rental rates being presented are preliminary based on projected housing operating needs for the year. The formal request for AFC approval on the finalized rental rates will occur during the Spring 2012 semester. He then introduced Ms. Eckardt to provide the details.

Ms. Eckardt presented a summary of the housing rental rates proposed for each of the residential halls on the Boca Raton and MacArthur campuses for academic year 2012-13. Members were informed that this rate schedule has been developed in consultation with Capstone Management and the FAU Finance Corporation. The recommendations represent a five to six percent for single rooms and a zero rate increase for double rooms. Ms. Eckardt advised that further adjustments to

these rates are possible pending the receipt of more complete fiscal year operating cost data including that of the new Innovation Village facilities.

Discussion ensued on topics including:

- Housing occupancy rates which for the Fall semester has been at nearly 98 percent, up 1.8 percent over prior year, reflecting outstanding retention for the August to December period.
- Clarification that the rental rates being charged are per student for each semester with payment due at the beginning of each semester. The contracts are for just over four months. For the Fall semester, students moved in mid-August with their contract officially ending in mid-December, but members were informed that residents are not required to vacate their rooms during breaks, including semester breaks. Approximately 600 students remain in the facilities pending the start of a new semester enabling them to retain their rooms and any employment obligations.
- Acknowledgment that FAU has among the most expensive housing in the State University System but also has among the newest most highly-technological residential halls, with associated debt service.
- Assurance that FAU Residential Halls remain comparable to the local housing market according to surveys initiated to ensure that FAU housing remains competitive.
- Update on the status of the new Innovation Village Housing which this semester had an overall occupancy of 96 percent.

In conclusion, a suggestion was made that during rental rate budget deliberations that management be as focused on supply and demand pricing as in increases by percentage.

**AF: I-2. Review of Proposed Housing and Traffic and Parking Projects.**

Mr. Crudele began narration of a PowerPoint presentation on proposed Housing and Traffic and Parking projects.

Housing. Phase One of this initiative was identifying the type of housing required and a location to build the facility. Freshman housing is a critical need and three viable sites located on the south side of campus near the lakes and existing freshman housing have been identified.

Phase Two requires an update of the Housing Feasibility Study and the consultant previously utilized has been contracted to complete this study. It was noted that with the increase in freshmen enrollment and the requirement of these students to have FAU Meal Plans, additional food service facilities will be needed and will be incorporated within this facility since current facilities can no longer meet service demands.

It is anticipated that the feasibility study and the Architect/Engineer/Construction Manager finalization of the program design can be completed by February 2012. The presentation of a request for approval from the AFC and the full BOT can be then be sought in February and March, respectively. Upon BOT approval, the documentation will be provided to the Division of Bond Finance (DBF) and the Board of Governors (BOG) for consideration to enable bonding

processes to proceed by April 2012. The new facility needs to be completed for Fall 2013 occupancy.

Mr. Crudele noted that the construction of this housing will displace some existing parking spaces. To offset the loss, a parking garage is also being proposed.

Upon query, clarification was provided that advance BOT approval is not required to obtain Architect/Engineer-Construction Manager services to begin developing initial program aspects of these projects. Payment for this portion of services is forward funded from University cash and Board approval of a resolution requiring reimbursement from bond proceeds will be initiated as has been standard procedure.

Management explained that the general information being provided now is to inform the Committee that the projects will be coming before them in the near future. No detailed information can be provided currently since required steps like the feasibility study must first be completed. To eliminate confusion, management explained various university processes including those on the bidding and selection of architectural and construction manager services and on financing university construction projects. While BOT approval is not required in procuring companies to provide construction services, it is required to obtain the financing of university construction projects. Members were advised that the resolutions to be brought before the BOT for approvals on these projects will include much detailed information including a guaranteed maximum price, the project program, feasibility study, sources and uses of project funds, an estimated debt service schedule, etc.

Further discussion centered on the use minority and small business services on university projects. Members were informed that such processes are in place and that FAU has an excellent record of using minority services as illustrated by having received the Outstanding University Award for 2011 certified minority business enterprise spend rates.

Parking. Mr. Crudele noted again that a construction of parking garage is being proposed and is slated to be constructed near the FAU Stadium. It will initially have a parking capacity of 1,000 spaces with additional infrastructure being incorporated to enable future expansion of an additional 1,000 spaces. Additionally, the first floor of the first garage is being designed to accommodate future retail space. The timeframe for approvals is the similar to that of the new housing project.

Conversation followed on the possibility of restricting freshman from having vehicles on campus which could eliminate some of the recurring student complaints about parking. Members were assured that this has been considered but since current parking is sufficient, if not convenient, no action is currently planned.

**AF: I-3. Review of the First Quarter Status of Florida Atlantic University's 2011-12 Operating Budget, July 1 – September 30, 2011.**

Mr. Crudele presented this report to provide the financial status of the seven components comprising FAU's Operating Budget for the first three months of fiscal year 2011-12 which were summarized as follows:

<b>Category</b>	<b>Fund Type</b>	<b>Adjusted Budget</b>	<b>First Quarter Actual</b>	<b>% of Actual to Budget</b>
<b>REVENUE (\$ 000)</b>				
	Educational & General	\$241,532	\$ 89,613	37.1
	Student Financial Aid	175,435	86,785	49.5
	Sponsored Research/Grants	52,650	8,382	15.9
	FAUF, Inc.	5,405	935	17.3
	ADHUS	4,900	1,175	24
	Total	62,955	10,492	16.7
	Auxiliary Enterprises	105,270	44,181	42.0
	Athletics	15,707	6,128	39.0
	Stadium	6,390	238	3.7
	Student Activities	8,233	3,984	48.4
	Concessions	500	66	13.1
	<b>TOTAL REVENUE</b>	<b>\$616,022</b>	<b>\$241,485</b>	<b>39.2</b>
<b>EXPENDITURES (\$ 000)</b>				
	Educational & General	\$241,532	\$ 53,691	22.2
	Student Financial Aid	174,484	83,224	47.7
	Sponsored Research/Grants	51,954	7,420	14.4
	FAUF, Inc.	5,179	1,089	21
	ADHUS	5,095	939	18.4
	Total	61,868	9,448	15.3
	Auxiliary Enterprises	102,609	23,746	23.1
	Athletics	15,707	4,521	28.8
	Stadium	2,535	317	12.5
	Student Activities	9,651	1,885	19.5
	Concessions	500	43	8.6
	<b>TOTAL EXPENDITURES</b>	<b>\$608,886</b>	<b>\$176,875</b>	<b>29.0</b>

Most noteworthy during this budget period was successfully meeting debt service requirements associated with the FAU Stadium which included first year payment of \$440,000 and the first installment to funding the second debt reserve of approximately \$1.3 million.

Review of data on student credit hour production followed revealing tremendous growth these past years; a critical factor equating directly to FAU operating revenue.

No questions or commentary followed.

**AF: I-1. Review of the 2012 Work Plan for the BOT Audit and Finance Committee.**

Mr. Crudele reviewed the annual work plan for the Audit and Finance Committee conveying a comprehensive list of information to be reported and action items to be considered during calendar year 2012. Members questioned meeting dates inconsistent with dates set by the BOT during its November 2011 meeting. Mr. Crudele concurred with the errors noted and the document will be amended accordingly.

With no further questions or discussion issues put forth, a motion was made and seconded to adjourn the meeting. **The motion passed unanimously. The meeting was adjourned at 3:49 p.m.**