



Item: BF: A-M

BUDGET AND FINANCE COMMITTEE

Tuesday, April 8, 2025

SUBJECT: ROLL CALL AND APPROVAL OF THE DRAFT MINUTES FOR THE February 4, 2025 BOT BUDGET AND FINANCE COMMITTEE MEETING.

PROPOSED COMMITTEE ACTION

Initiate roll call to document member participation to ensure appropriate quorum numbers are achieved and to approve the minutes of the February 4, 2025 Budget and Finance Committee meeting.

COMMITTEE MEMBERS

Mr. Pablo Paez, Chair	_____
Mr. Robert Flipppo, Vice Chair	_____
Mr. Shaun Davis	_____
Mr. Scott McCleneghen	_____
Mr. Piero Bussani (ex-officio)	_____
Mrs. Sherry Murphy (ex-officio)	_____

BOT MEMBERS

Mr. Stefan Andjelkovic	_____
Dr. Kimberly Dunn	_____
Mr. Jon Harrison	_____
Mr. Brad Levine	_____
Mr. Jonathan Satter	_____
Mrs. Linda Stoch	_____
Ms. Tina Vidal-Duart	_____



FLORIDA ATLANTIC UNIVERSITY

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BUDGET and FINANCE COMMITTEE

MINUTES

Tuesday, February 4, 2025

BF: A-M ROLL CALL AND APPROVAL OF MINUTES FOR NOVEMBER 19, 2024, BOT BUDGET, AND FINANCE COMMITTEE MEETING.

Chair Pablo Paez, a roll call commenced, confirming a quorum. The following members participated in the meeting: Vice Chair Robert Flippo, Mr. Piero Bussani, Mr. Shaun Davis, Mrs. Elycia Morris, Dr. Kimberly Dunn, Mr. Stefan Andjelkovic, Mr. Brad Levin, Mrs. Shery Murphy, Mr. Jon Harrison, Mr. Scott McCleneghen, Mr. Jonathan Satter, Ms. Tina Vidal-Duart and Mrs. Linda Stoch.

The following university officials participated: Ms. Stacy Volnick, Interim President; Mr. Jayson Iroff, Vice President of Financial Affairs and CFO; Dr. Larry Faerman, Vice President of Student Affairs; Mr. Brain White, Vice President of Intercollegiate Athletics; and Ms. Elizabeth Rubin, Associate General Counsel.

A motion was made and seconded to approve the November 19, 2024, minutes without change or correction. **The motion passed unanimously.**

BF: A-1 Approval of the FY25-26 FAU Financial Corporation Budget.

Mr. Jayson Iroff presented the FY2026 Housing Budget for the Finance Corporation, providing context for new board members and explaining the Corporation's role in supporting student housing and athletic facilities financing. The Finance Corporation operates as a legally separate entity that assists the university in financing residence halls and the stadium, with a governance process that involves both the Finance Corporation Board and the University Board of Trustees. Housing operations represent the Corporation's financial activity, covering student housing across the Boca Raton and Jupiter campuses. There are approximately 5,147 beds, with a new housing project adding 670 beds by 2026-27 to help meet ongoing demand, which exceeds current capacity by about 1,200 beds.

The Finance Corporation's financial structure is split between two systems: facilities financed through state-issued Division of Bond Finance (DBF) bonds, which have first claim on housing revenues, and facilities directly financed through Finance Corporation bonds, which have secondary access to those funds. The Corporation also manages financing for the 30,000-seat stadium, which was developed through Finance Corporation bonds. This year, the stadium received new naming rights, contributing additional revenue. These funds and pledged revenues from housing rents, fees, and athletics revenues support ongoing operations, debt service, and future capital projects.



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For the current fiscal year, the Finance Corporation expects to miss revenue targets by about \$53,000 due to minor fluctuations in summer enrollment. Still, occupancy remains strong at over 99% for fall and spring. Operating expenses are projected to exceed budget by approximately \$650,000 due to higher-than-expected repairs and maintenance costs. However, savings in salaries, utilities, and other expenses help offset these overages, leaving the Corporation projected to finish the year \$1.4 million ahead of budget, representing a 9.6% favorable variance. The outlook for the following year factors in these trends, alongside conservative estimates for revenue growth and expense management.

The proposed FY2026 budget reflects a second consecutive year of a 5% rental rate increase, which was approved by the Board of Trustees last year. Additional revenue growth will come from the new stadium naming rights agreement, adding about \$1 million in athletic revenue. Interest income is also projected to increase due to the ongoing drawdown of \$128 million in bond proceeds for the upcoming housing project. The Finance Corporation anticipates using some reserves for capital projects and maintenance, but overall reserves are expected to remain stable over the next two years. We're asking you to approve this budget as part of the complete budget that the Board approved for the FY 2025-2026 from the FAU Finance Corporation.

A motion to approve the FAUFC FY 2025-26 budget was made, seconded, and approved. **The motion passed unanimously.**

BF: 1-1 Review of FAU Financial Performance Second Quarter FY 2024-25.

Mr. Jayson Iroff provided an update on FAU's financial performance. Current Year Performance:

- Revenue is projected slightly under budget by \$53,000 (0.1%) on a \$46.2 million budget, with occupancy over 99%.
- Operating expenses are expected to exceed budget by \$650,000 (3%) due to increased maintenance costs. Non-operating revenues, including athletic pledges and interest income, are performing well, resulting in an overall \$1.4 million (9.6%) surplus above budget. FY 25-26 Budget Projections:
- Incorporates a 3.5% rental rate increase, leading to a projected 3.2% revenue growth.
- Operating expenses are aligned with current performance trends.
- Interest income is expected to remain elevated due to bond proceeds from the new housing project.

Debt & Reserves:



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Debt & Reserves:

- Debt obligations are met through pledged revenues. DBF debt service and operating expenses are prioritized before surplus flows into the broader housing system.
- The 2017 bonds will require refinancing in 2027, modeled conservatively at 5%.
- Reserves are stable, with slight potential decreases due to capital renewal projects.
- Construction for the new housing project is ongoing, and \$3 million in interest income is anticipated through 2027.

ADJOURNMENT OF MEETING. With no other issues to discuss, a motion was made and seconded to adjourn the meeting. The meeting adjourned at 10:53 am.