



Item: BF: A-M

BUDGET AND FINANCE COMMITTEE

Tuesday, June 10, 2025

SUBJECT: ROLL CALL AND APPROVAL OF THE DRAFT MINUTES FOR THE April 8, 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 April 8, 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. Darsham Gonzalez	_____
Mr. Jon Harrison	_____
Mr. Brad Levine	_____
Mr. Jonathan Satter	_____
Mrs. Linda Stoch	_____
Dr. William Trapani	_____
Ms. Tina Vidal-Duart	_____



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BUDGET and FINANCE COMMITTEE

MINUTES

Tuesday, April 8, 2025

BF: A-M ROLL CALL AND APPROVAL OF MINUTES FOR FEBRUARY 4, 2025, 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. Earnie Ellison, Mr. Brad Levin, Mrs. Shery Murphy, and Mr. Scott McCleneghen; Mr. Stefan Andjelkovic; Mr. Jon Harrison; Ms. Tina Vidal-Duart and Mr. Jonathan Satter.

The following university officials participated: Mr. Adam Hasner, President; Mr. Jayson Iroff, Vice President of Financial Affairs and CFO; Dr. Larry Faerman, Vice President of Student Affairs; Dr. Gregg Fields, Interim Vice President for Research and Professor; Ms. Elizabeth Rubin, Associate General Counsel; Mrs. Melina Alban, Director of University Budget; Mr. Matt Eisner, Associate Director of Financial Strategy and Analytics; Ms. Louisa Kelly, Associate VP of Financial Operations and University Controller, Mrs. Michelle DePalma, CFO FAU Foundation, and Dr. Gregg Fields, Interim VP, Institutional Advancement.

A motion was made and seconded to approve February 4, 2025, minutes without change or correction. **The motion passed unanimously.**

BF:A-1 Request for Approval of Amendments to Regulation 8.003 Special Fees, Fines, and Penalties.

Ms. Elizabeth Rubin presented the Amendment to Regulation 8.003, special fees, fines, and penalties. **No new fees are being proposed.** This is primarily a cleanup and clarification update to align the regulation with existing practices and Board of Governors' authorizations. The updated regulation has been shared with the Board of Governors ahead of finalization, and no concerns have been raised.



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Health Services Charge: Updated language from "at cost" to include federally regulated allowable fee schedules, reflecting current billing practices at the Sh1dent Health Center.

Developmental Research School (D. Henderson & FAU High): These schools are authorized by the state to charge an activity fee. Proposal to allow the School Advisory Board (comprised of parents, administrators, and community members) to set this fee, with final approval by the university president or designee. It aligns with practices at other schools and labschools.

Educational Research Center for Child Development: Fee removed from the regulation since FAU no longer operates such a center. **Distance Learning Fee:** This is not new; it has existed for over 10 years. Added to the regulation to ensure transparency and alignment with audit requirements. The fee is within the Board of Governors' parameters.

Admissions Deposit: This was added for recordkeeping, though it has long been charged. Includes: \$100 non-refundable deposit for first year and transfer undergraduate students. A seat deposit for the College of Medicine. Delegation for 'At Cost' Charges: Items/services listed as "**at cost**" (e.g., a \$50 microscope) no longer need Board approval. Delegated to the university president to streamline administrative processes.

A motion was made and seconded to approve the Amendments to regulation 8.003, special fees, fines, and penalties without change or correction. **The motion passed unanimously.**

BF: 1-1 Update on University Financial Performance - FY 2024-25 Second Quarter, Period Ended December 31, 2024.

Mr. Jayson Iroff presented an update on University Financial Performance for FY24 -25, the second quarter, which ended December 31, 2024. The university is experiencing strong financial performance, driven by higher-than-expected student tuition and fee growth. Expenses are being controlled within the board-approved operating budget. The university outperforms expectations due to better enrollment growth, particularly in tuition and fees-expenses tracking within budget. Enrollment positively impacts most of the funds that make up the operating budget. The operating budget breakdown presentation uses a "Pyramid of the



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Colors of Money" to visualize the budget structure, with energy being the most significant component and concessions being the smallest. A dashboard slide tracks revenue and expense performance. The university is outperforming in revenue due to higher enrollment, and expenses are on track with the previous year. Revenue and expense overview: Actual performance exceeds expectations due to increased enrollment. Tuition performance revenue through December 31 has grown by \$10.2 million (6.9%) compared to the previous year, totaling \$157.1 million, the highest mid-year figure ever. Enrollment growth is the primary driver, with an increase of 3.1% (about 1,000 new full-time students). The university's tuition projection for the year has been revised upwards by \$8.8 million (5.3%). Expenses remain within budget, with a \$16.3 million difference between expenses and revenues, primarily attributed to auxiliary reserves for projects (e.g., Dunkin' Donuts renovation and parking lot upgrades). The university's year-to-date margin is around 20%, with a projected year-end margin of 5%, consistent with past performance. Other fund performances are auxiliary revenues increased by \$12.5 million, driven by growth in campus business activities (food service, bookstore) and executive degree programs. Athletic revenues are up by \$4.8 million, primarily due to growth in athletic fees and additional support for scholarships. Financial Aid increased in line with the growing student body, particularly state merit-based scholarships, and institutional aid. Contract and grant revenues are up by \$2.9 million, but at mid-year, only 43.6% of the budgeted revenues have been realized. This is a timing issue and is expected to normalize by year-end. In conclusion, the university is in a strong financial position, with revenues exceeding expectations and expenses well-controlled, reflecting the positive impact of strong enrollment and effective budget management.

Dr. Gregg Fields, FAU Research Corporation (FAURC), gave an update on research progress. Spending cycle Research expenditure typically follows an unusual cycle, with higher spending in the first and fourth quarters. Despite this pattern, there is confidence that the university will meet its annual budgeted research spending. Federal funding has seen significant growth, with a total of \$58.5 million through the end of quarter three, compared to \$46 million at the same time last year. This represents an increase of \$12.5 million. The MRI Research Center, which opened recently, is seeing substantial infrastructure investment. The university expects to realize the full benefits of this investment by the end of the fiscal year. The Cancer Center of Excellence: A notable achievement is a \$1.2 million award for a collaborative project with Memorial Cancer Institute that uses AI to diagnose glioblastoma. This project is part of ongoing research efforts. Overall, the university is ahead of last year's pace in terms of research funding and projects. There is confidence that the research expenditure will meet the fiscal year's targets.



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Mr. Jayson Iroff continues with the presentation, a Year-Over-Year financial performance summary, and stable fund performance. E&G (Education & General), Student Financial Aid, Athletics, and Student Government performed similarly to the prior year. These areas are expected to meet or come in below their expense targets for the fiscal year. Auxiliary enterprises are slightly behind last year's spending at mid-year, primarily due to large, multi-year projects that are budgeted but not entirely spent yet (e.g., infrastructure and renovations). As previously mentioned, mid-year performance appears lower for contracts and grants but is expected to normalize by fiscal year-end. E&G expense growth insight: year-over-year expense growth is \$14.8 million (7.7%), mainly driven by payroll increases. These increases were planned and budgeted, with current spending at 48% of the annual budget mid-year. Key drivers include a \$4 million increase in employer health insurance and retirement contributions. \$8.2 million increase from a 2.5% one-time retention bonus (November) and a 3% base salary increase (July). A detailed university income statement is provided at the end of the presentation and aligns with the points discussed above.

Mrs. Michelle DePalma, FAU Foundation Inc., DSO. 2ND quarter performance balance sheet strength. The university maintains a strong balance sheet, with a 2% overall asset increase. A key highlight is that the endowment reached \$300 million in Q2, a milestone reflecting strong investment performance. Asset reallocation, a transfer from current to non-current assets, occurred and was tied to a strategic investment shift to increase interest earnings through longer-term fixed income instruments. Unrestricted Activity (P&L) Revenues from endowment management and interest earnings are ahead of last year, driven by improved market performance, a strategy to maximize returns on fixed investments. The expenditure for foundation funds is slightly ahead of the prior year, primarily due to timing differences. Increased market returns allowed additional funding toward university initiatives and priorities during the budgeting process. Operating (Restricted) revenue contributions and restricted revenues are up compared to last year, though this is also largely timing-related, depending on when donors contribute or make pledges. Overall outlook: The university is pleased with its financial position, especially the growth in endowment and the ability to support more initiatives due to increased investment income.



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Mr. Jayson Iroff, FAU Finance Corporation (FAUFC) DSO, stated that the Financials remained unchanged from the last presentation, so no new updates were provided. FAU Clinical Practices (FAUCPO) is a smaller Direct Support Organization. Operating revenues were lower, primarily due to one fewer medical staff member, resulting in reduced billing. However, this also led to lower payroll expenses, offsetting the revenue dip. The organization operates with an annual budget of approximately \$200,000. Performance is expected to normalize to budget by year-end. No significant financial anomalies were reported, and these conclusions were confirmed with Greg. All DSO financials are aligned with expectations and have no significant issues or concerns.

Without question or comment, a motion was made and seconded to adjourn the meeting.

The meeting adjourned at 12:12 p.m.