

# FAU FINANCE CORPORATION

Item: 1

## BOARD OF DIRECTORS

Thursday, October 25, 2012

**SUBJECT: ROLL CALL AND APPROVAL OF MINUTES OF THE JUNE 12, 2012 MEETINGS OF THE FAU FINANCE CORPORATION BOARD OF DIRECTORS.**

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### PROPOSED BOARD ACTION

Initiate roll call to document member participation to ensure that appropriate quorum numbers are achieved and to approve the minutes of the June 12, 2012 FAU Finance Corporation Board of Directors meetings.

### BOARD MEMBERS

Mr. Anthony Barbar, Chair           \_\_\_

Mr. Scott Adams, Vice Chair       \_\_\_

Mr. Peter LoBello                   \_\_\_

# FAU FINANCE CORPORATION

## BOARD OF DIRECTORS

### DRAFT MINUTES

Tuesday, June 12, 2012

1. **ROLL CALL AND APPROVAL OF THE MINUTES OF THE JANUARY 20, 2012 AND MARCH 14, 2012 MEETINGS OF THE FAU FINANCE CORPORATION (FAU) BOARD OF DIRECTORS (BOD).**

**Handout:** Draft Minutes of the January 20, 2012 FAUFC BOD meeting.  
Draft Minutes of the March 14, 2012 FAUFC BOD meeting.

The meeting of the FAUFC BOD was convened by Mr. Anthony Barbar, Chair, at 1:36 p.m. Roll call commenced, confirming quorum, with the following members of the FAUFC BOD in addition to Mr. Barbar, participating:

Mr. Peter LoBello.

The following officers were in attendance:

Mr. Dennis Crudele, Executive Director, and Stacey Semmel, Secretary/Treasurer.

The following guests were in attendance:

From FAU Housing and Residential Life: Ms. Jill Eckardt, Director (via teleconferencing), Ms. Irina Marcarelli, Coordinator-Accounting, Ms. Artie Jamison, Associate Director, Ms. Sandy Chan, Assistant Director/Business Services and Mr. Adam Schwartz; Ms. Ilene Mates, Director, FAU Student Affairs Operations; Ms. Michelle Smith, Director of Operations-Capstone on Campus; Ms. Linda Elliott, Administrative Assistant/FAU Financial Affairs. Ms. Elizabeth Rubin, FAU Associate General Counsel.

Upon call, a motion was made by Mr. LoBello and seconded by Mr. Barbar to approve the minutes of the January 20, 2012 and March 14, 2012 meetings without change or correction. **The motion passed unanimously.**

2. **REQUEST FOR APPROVAL OF THE FAU FINANCE CORPORATION'S 2012-13 OPERATING BUDGET.**

**Handout:** FAUFC Operating Budget FY 2013.

Mr. Crudele reminded members that the FAUFC Bylaws require the annual preparation and BOD approval of a fiscal year operating budget. The budget must also receive FAU

Board of Trustees approval and that it is scheduled to be presented to the BOT on June 19, 2012.

A review began noting that prior year budgets had reflected only funding related to project construction but this year now reflects funds associated with operations of the housing system. The system is expected to generate approximately \$28.5 million in revenue with operating expenses for housing and the administration projected at approximately \$17.4 million.

The \$17.4 million is available for debt service with approximately \$13.4 million due for housing and \$1.7 million due on the stadium which meets the debt service ratio and bond covenant requirements. Mr. Crudele recapped the decision made to capitalize interest for an additional six months resulting in the lower debt service amount due on the stadium this year. Additionally, he advised that slightly over \$5 million has been deposited in the reserve fund held with Regions Bank.

Concluding this budget review, Mr. Crudele pointed out additional operating information provided on a per facility basis and the anticipation of earning just over \$1 million in revenues from prior year with expenses rising only \$347,000 over prior year. Additionally again this year, in anticipation of having housing waiting lists, a Request for Proposal for off-campus housing has been prepared to accommodate students as needed. He noted occupancy rates at 97-98 percent.

A motion was made by Mr. LoBello and seconded by Mr. Barbar to approve the 2012-13 Operating Budget of the FAU Finance Corporation's as presented. The motion passed unanimously.

### 3. **REQUEST FOR APPROVAL OF THE UPDATED HOUSING DOCUMENTS.**

**Handout:** Revised Initial Resolution of the FAUFC BOD; FAUFC BOD Resolution Closing the Lien of 2010 Indenture; FAUFC BOD 2012 Award Resolution; Trust Indenture; Bond Purchase Agreement; First Amendment to the Ground Sublease; Amended Restate Tri-party Management Agreement with FAUFC, C-BB Management and the FAU BOT; Continuing Disclosure Undertaking; and, Preliminary Official Statement (POS).

Members were reminded that the financing plan for the new undergraduate housing project had been approved by this Board in March 2012 and sent to the Division of Bond Finance (DBF) and the Board of Governors (BOG) for approval. Mr. Crudele advised that the DBF and BOG requested that clarifying language be added to the debt resolution and supporting documents. This language specifies that the debt will be secured by a pledge of revenues net of operating expenses needed for the project. The language change is technical in nature with no change to the actual financing plan.

The BOG has requested the amended documents be presented to the FAUFC BOD and FAU BOT for approval prior to the BOG formally reviewing and considering approval. With FAUFC BOD approval today, the request will go to the FAU BOT on June 19, 2012 and then to the BOG Facilities Committee and full BOG on June 21, 2012.

Mr. Crudele advised that in discussions with ratings agencies while including a funded debt reserve was not necessary to make the bonds more saleable it was desirable to include one. The agencies reaffirmed ratings with an A+ from Fitch and an A1 rating from Moody's, replicating those of the Innovation Village project. After release of the POS it will go to Standard and Poors as well.

It was clarified for Members that there are actually three separate issues to be considered for approval. Upon verification that each issue requires individual approval, a motion was made and seconded to approve each of the three following issues as presented:

- The resolution authorizing the issuance of debt and requesting the FAU BOT to approve the issues of such debt to finance the construction of student housing facilities on the Boca Raton campus;
- The resolution related to the restriction on the issuance of future series of capital improvement revenue bonds that are secured by a pledge of system revenues on a parity with the lien granted to holders of certain outstanding capital improvement revenue bonds (Innovation Village Project), Series 2010A previously issued by the FAU Finance Corporation; and,
- The resolution of the FAUFC approving the financing of certain student housing facilities located on the Boca Raton campus of FAU and authorizing the execution and delivery of the trust indenture pursuant to which the FAUFC's capital improvement revenue bonds (student housing project), series 2012a are to be issued in an aggregate principal amount not to exceed \$50,000,000; delegating to the chairperson or the executive director the authority to execute and deliver a bond purchase agreement relating to the delegated negotiated sale of such series 2012a bonds in accordance with the parameters set forth herein and including authorizing the delivery of a preliminary official statement with respect to the series 2012a bonds and delegating the authority to deem such document final; authorizing the execution and delivery of a final official statement; delegating to the chairperson or the executive director the authority to execute and deliver a first amendment to ground sublease agreement, an amended & restated management agreement, a continuing disclosure undertaking; and certain other related documents; appointing the underwriter, and the trustee; and providing an effective date.

**Each individual motion was passed unanimously.**

4. **ADJOURNMENT OF MEETING.** With no other issues to discuss, a motion was made and seconded to adjourn the meeting. **The meeting was adjourned at 1:54 p.m.**