

FAU FINANCE CORPORATION

BOARD OF DIRECTORS MINUTES Tuesday, OCTOBER 28,2025

1. ROLL CALL AND APPROVAL OF THE MINUTES OF JUNE 24,2025, FAU FINANCE CORPORATION (FAUFC) BOARD OF DIRECTORS.

The FAUFC Board of Directors meeting, held in person and virtually via Teams, was convened at 2:00 p.m. by Chair Roland Valdivieso. Roll call commenced, confirming a quorum, with the following members participating in addition to Mr. Valdivieso: Mr. Pablo Paez, Mr. Scott McCleneghen, and Mr. Joseph Ambrosio.

No public comments.

The following officers were in attendance:

Mr. Jayson Iroff, Executive Director and VP of Financial Affairs & CFO

The following University guests attended:

Dr. Larry Faerman, Vice President of Student Affairs; Ms. Elizabeth Rubin, Associate General Counsel; Dr. Brian Fisher, Associate VP of Student Affairs and Operations; Ms. Louisa Kelly, Associate VP of Financial Operations and University Controller; Mrs. Azita Dotiwala, Director of Budget, and Planning; Dr. Stacy Volnick, Executive VP for Administrative Affairs and COO; Mr. Matt Eisner, Associate Director of Financial Strategy and Analytics; Mrs. Henri Padron, Executive Assistant to VP & CFO.

The following guests attended:

Mr. Ken Kurdziel, CPA: James Moore & Co. Firm Mr. Chris Noyes, James Moore & Co. Firm.

A motion was made and seconded to approve the **minutes of June 24, 2025**, without change or correction. **The motion passed unanimously.**

1. Approval of Rental Rates for Talon Hall Fiscal Year 2026-2027.

Dr. Larry Faerman, Today, we are seeking your consideration and approval of the proposed housing rates for Talon Hall for the 2026–2027 academic year, prior to presenting them to the Board of Trustees. If you refer to page five, you will see that the original plan included a mixture of four-bedroom/two-bath and three-bedroom/one-bath units to achieve a total of 670 beds. However, during the design phase, it was determined that transitioning to primarily three-bedroom/one-bath units, with a limited number of one-bedroom/one-bath units, would maximize the physical footprint and overall building capacity. This updated configuration results in a positive financial impact, increasing projected revenue by approximately \$123,000 and improving the debt coverage ratio by 0.01%. The proposed rates are consistent with the previously approved rate structure presented in the resolution adopted by this Board, the Board of Trustees, and the

Board of Governors. Additionally, the rates for the one-bedroom/one-bath units are aligned with the established rates currently in place in RH3 on the Jupiter campus.

Also included for your reference are the already approved 2026–2027 housing rates for all room types, as adopted by this Board and the Board of Trustees as part of the three-year housing rate plan approved in 2023–2024. We respectfully request your approval to advance these proposed rates to the Board of Trustees at their November meeting.

A motion to approve the **Housing Rental Rates for Talon Hall fiscal year 2026-2027** was made, seconded, and approved. **The motion passed unanimously.**

2. Presentation of the Audited Fiscal Year 2024-2025 Financial Statements.

Mr. Ken Kurdziel and Mr. Christ Noyes present the audit for the fiscal year 2024-2025 financial statements. This letter is the required communication to those charged with governance regarding the audit. It outlines the auditors' responsibilities, the scope of the work performed, and key observations from the audit process. The letter confirms that the audit was conducted to provide *reasonable, rather than absolute, assurance* that the financial statements are free from material misstatement.

As part of the audit, internal controls were reviewed to understand and assess risk; however, no separate internal control audit was performed. The auditors identified the standard-required risk considerations—such as the potential for management override of controls and the risk of improper revenue recognition—which are common across all organizations. The audit was structured to address these risks, and **no issues or findings were identified during this review.**

The letter also confirms that there were:

- **No difficulties encountered during the audit.**
- **No unusual transactions**
- **No uncorrected or materially corrected misstatements.**
- **No changes in significant accounting policies**
- **No significant accounting estimates requiring attention.**

Certain disclosures within the financial statements are noted as being particularly important for governance review, including:

- Cash and investments.
- Bond-related disclosures
- Related party transactions

Finally, the auditors reviewed the Management Discussion and Analysis (MD&A) to ensure it is consistent with the audited financial statements.

The audit concluded with an **unmodified (clean) opinion**, which is the highest level of assurance an auditor can provide.

Note 3 outlines the Corporation's capital assets, including the major addition this year for construction in progress related to Talon Hall, totaling approximately \$24 million, along with the ongoing depreciation of existing assets. Note 4 provides detailed information on outstanding bonds, including issuance amounts, maturities, annual payment schedules, and pledged revenues. It also includes a roll-forward schedule showing beginning balances, principal repayments, and the new bond activity. Additional notes describe current construction commitments, the stadium operating agreement, and related party transactions with the University and the FAU Foundation.

The final report issued under Government Auditing Standards addresses internal controls over financial reporting. As part of the audit, we reviewed these controls to inform our approach and did not identify any deficiencies. Overall, this was a very clean audit, and we appreciate your team's cooperation and responsiveness throughout the process. The organization's financial position is strong.

The performance of the housing system is a key driver, and occupancy rates are exceptionally high. This performance supports the planned expansion, including Talent Hall. Additionally, the organization comfortably meets its debt service coverage requirements and related financial covenants. Taken together, these indicators reflect a solid and healthy financial position for the corporation.

A motion was made and seconded to approve the **Audited FY 2024-2025 Financial Statements**. **The motion passed unanimously.**

4. Revision of the FAUFC Investment Committee Policy and Committee Update.

Mr. Matt Eisner provided an update on the revision of the FAUFC Investment Policy. We are requesting Board approval for a revision to the Investment Policy Statement (IPS). By way of reminder, the FAU Finance Corporation Investment Committee is composed of:

- Treasurer, Trecia Myrie-Reid
- Controller, Louisa Kelly
- A designee of the Executive Director, Matt Eisner
- A designee of the Board Chair, Mr. Scott McCleneghen

The committee is responsible for recommending investment strategies, confirming objectives, and ensuring compliance with policy. Since convening, the committee has taken several actions:

1. **Reallocation to Florida Prime:** We evaluated lower-performing SPIA holdings and reallocated \$24.5M to Florida Prime, improving projected annual investment income by approximately \$120,000.
2. **Bank of America Operating Funds:** We renegotiated rates on our operating cash accounts, resulting in an improved yield of approximately 23 basis points.
3. **IPS Review:** As our investment program continues to mature, we identified the need to update the IPS to ensure continued compliance.

We will provide the Board with quarterly portfolio performance reports, including total return, benchmark comparisons, yield metrics, and asset allocation details.

Proposed IPS Revision:

Our current policy requires that 50% of short-term holdings be invested in government securities. Florida Prime, while a highly secure state-sponsored investment pool, does not meet that 50% government security threshold. To allow us to continue responsibly investing in Florida Prime, we propose:

- Adding explicit language recognizing state-sponsored investment pools as eligible investments; and
- Reducing the government security minimum in the short-term allocation from 50% to 25%.

These changes are reflected in the redlined IPS provided in your materials. We are requesting Board approval of the revised IPS.

A motion was made and seconded to approve the **Revision of the FAUFC Investment Committee Policy**. The motion passed unanimously.

5. New Housing Project Update.

Dr. Stacy Volnick provides an update on the New Housing Project. Construction is approximately 35% complete. The contractor is currently installing the exterior panels, scheduled for completion by mid-December. There has been tremendous visible progress on-site. The interior mock-up unit is expected to be completed by the end of November. This model unit will be furnished and will serve as a tool for quality control, design verification, and trade coordination. As construction continues, the FAU and design teams are closely monitoring quality control. We have seen an increased need to maintain strong oversight on projects of this scale, and I want to acknowledge and commend Azita and the Facilities team, as well as Brian and Student Affairs, for their diligent efforts in holding the contractor accountable and protecting the integrity of the design. The contractor is also addressing the State Fire Marshal requirements for FF&E staging by mid-July. Substantial completion remains on schedule for August 6, 2026. Lastly, I want to address a recent public misconception regarding the impact of this project on the campus owl population. Despite inquiries and media interest, we can confirm that the owl population has not been harmed. In fact, the population has more than doubled, and a new informational webpage has been launched to help clarify this. We will continue to support transparent and factual communication on this topic.

6. FAU Finance Corporation Fiscal Year 2024 & Q1 Fiscal Year 2025-2026 Financial Presentation.

Mr. Jayson Iroff, present FAU Finance Corporation Fiscal Year 2024 & Q1 FY 2025-2026 Financial, our goal is to avoid the off cycle challenges we've experienced in the past. This new structure will help us streamline our processes moving forward. With that in mind, I won't focus on year-end results in detail, as James Moore already provided a comprehensive overview. However, I do want to highlight a few key points that we discussed during our briefings. When you look at our year-end balances, both restricted and unrestricted reserves have continued to grow and remain very strong. This solid financial position is what allows us the flexibility to pivot when needed—just as we discussed earlier. It's truly a positive story from our year-end performance.

On the financial performance overview, James Moore covered most of the details I would typically address. But I do want to point out an update we added at the bottom of the report, which ties to the

Facility Improvement Plan. We broke the plan out by year and included our progress toward each milestone. This will be updated consistently at every meeting, and we are already considering additional enhancements to make the reporting even more granular. Our goal is to maintain complete transparency around our progress. You will also notice in the distributed materials that we included more detailed variance explanations—part of our ongoing effort to make the information more straightforward and reduce the time I need to spend presenting.

Turning to FY 24–25, as Ken mentioned, our core revenues remain strong. Occupancy is the primary driver, and our expense profile is aligned with our planned work. We stay on track with repairs, maintenance, and project progress, and our balance sheet continues to strengthen.

Looking at first-quarter performance, the trends are consistent with last year. One notable point is that housing revenues are slightly ahead of where we were at this time last year. It's too early to determine whether this will continue through the remainder of the year, but it is a positive indicator.

On the expense side, everything is performing as expected. Repairs and maintenance, along with other operating expenses, are aligned with the budget. As we move through the year and project timelines accelerate, if it appears that spending will exceed the budget in any category, we will bring forward a budget amendment for consideration. At this point, the numbers are presenting well. You'll notice that the \$25,000 variance in repairs and maintenance is related to timing. As discussed previously, much of the work must occur over the summer. With the fiscal year ending June 30 and beginning July 1, project timing can create pull-forward effects, with invoices paid earlier or later depending on when the work is completed. This is consistent with prior years and is the most significant timing factor affecting the first quarter. At the bottom of the report, you'll see our progress toward the FY 26 budget goals. Repairs and maintenance currently account for 24% of the annual plan, in line with first-quarter expectations. Capital spending is at 0.7%, which is also timing-related—activity will increase as we move into the spring and summer project cycles.

In summary, operations remain on plan, expenses are stable, and non-operating interest income continues to trend favorably, driven by the Town Hall construction funds and the strong work of the investment committee.

ADJOURNMENT OF MEETING. With no other issues to discuss, a motion to adjourn the meeting was made and seconded. The meeting was adjourned at 2:50 p.m.