

FAU FINANCE CORPORATION

BOARD OF DIRECTORS

DRAFT MINUTES

Tuesday, October 30, 2018

1. ROLL CALL AND APPROVAL OF THE DRAFT MINUTES OF THE JULY 31, 2018 FAU FINANCE CORPORATION (FAUFC) BOARD OF DIRECTORS (BOD) MEETING.

The meeting of the FAUFC BOD was convened at 9:15a.m. by Mr. Anthony Barbar, Chair. Roll call commenced, confirming quorum, with the following members of the FAUFC BOD in addition to Mr. Barbar, participating: Mr. Thomas Workman, Mr. Robert Rollins (via phone) and Mr. Michael Woody (via phone).

The following officers were in attendance:

Mr. Art Kite, Executive Director, and Ms. Stacey Bell, Secretary/Treasurer.

The following guests were in attendance:

Ms. Jessica Cohen, Assistant Vice President and University Controller; Dr. Corey King, Vice President for Student Affairs; Mr. Michael Cocuzza, Director of Finance and Housing Operations; Mr. Jeff Atwater, Vice President of Strategic Initiatives and CFO; Ms. Elizabeth Rubin, Associate General Counsel; Ms. Priscilla Moxey, Associate Director, Accounting and Finance; Mr. Ron Oliver, Director of Student Success/UMI; Mr. Matthew Hinds, Director SA Administration; Mr. Jeremy Thompson, Capstone on Campus Management; Mr. Scott Travis, Capstone on Campus Management; Mr. Craig Dunlap, Dunlap and Associates (via phone), Ms. Sylvia Dunlap, Dunlap and Associates (via phone); and, Ms. Jessica Camacho, Administrative Assistant.

The following guests were in attendance only for Item 3:

Mr. Israel Gomez, C.P.A. Partner with Keefe McCullough and Mr. Marc Grace, C.P.A. Manager with Keefe McCullough.

A motion was made and seconded to approve the minutes of the July 31, 2018 meeting without change or correction. **The motion passed unanimously.**

2. NOMINATION AND ELECTION OF OFFICERS.

The FAUFC By-laws required the nomination and election of Officers to the board. The Officers that were nominated are as follows:

Chair – Mr. Anthony Barbar

Vice Chair – Mr. Robert Rollins

Secretary/Treasurer – Mr. Thomas Workman

A motion was made and seconded to nominate and elect the above listed Officers. **The motion passed unanimously.**

3. REVIEW OF THE AUDITED FAU FINANCE CORPORATION FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2018.

Mr. Gomez presented the Financial Statements, provided highlights and stated it was a clean opinion with no modifications. The debt service calculations are in compliance and all payments made timely, no weaknesses in controls and no adjusting journal entries.

4. REQUEST APPROVAL OF NEW STUDENT HOUSING FINANCING.

Dr. King explained the objectives of both the Boca housing project and Jupiter housing project. Housing retention has gone up to 50%, enrollment has increased along with FTIC and housing occupancy has increased from 87% to 105% in the last few years. The main objective for Boca is to maintain and enhance existing housing by the elimination of substandard student housing and also ensure adequate future housing and support facilities on campus for FAU needs. The Jupiter objective is to ensure provision of public and private housing facilities on the campus and within the host community adequate to meet the needs of FAU's enrollment. The total project cost is \$88M (Not-to-Exceed) with a total of 771 beds (616 Boca and 155 Jupiter) both opening Fall of 2021. The demolition of Algonquin is also included.

In the resolution there is a change on page #2 to \$43,650,000 which is reflected in the supporting documentation.

This will be presented to the Board of Governors for approval. A motion was made and seconded to approve the new Housing financing. **The motion passed unanimously.**

5. REQUEST FOR APPROVAL OF THE INNOVATION VILLAGE HOUSING REFINANCE.

Through an advance refunding, FAUFC expects to save approximately \$5.37 million (present value) during the loan term, interest rates as of 10/17/2018. By achieving greater than 5% present value savings (estimated 5.02%) and not extending the loan term, FAUFC does not need to submit the package to the Board of Governors for approval – $\$5,370,000 / \$106,955,000 = 5.02\%$. FAUFC will be the issuer of the Series 2019 bonds for the Project and IVA refunding together, which will reduce underwriter's fee by \$600,000.

A motion was made to approve the POS and authorize the refinance as presented in the resolution. **The motion passed unanimously.**

6. HOUSING REPORT AS OF SEPTEMBER 30, 2018.

Dr. King provided the board with an update on housing comparing budget to actuals and explained that revenue is up 49% and expenses are at 21%.

7. REQUEST FOR APPROVAL OF THE 2019-20 HOUSING BUDGET AND RENTAL RATES.

Dr. King stated that there are no rate increases for 2019-20. A comprehensive meeting with Capstone on Campus Management took place as well as leadership changes. There have been enhancements in academic initiatives, more resources are available to students living on campus. New washer/dryers

were installed in Innovation Village North and South at no extra cost and new digital security cameras and improved weekend maintenance were also implemented.

Occupancy has continued to increase and reached 115% at the start of the fall semester. It is currently at 105%. Due to this, the hotel program started with 109 students at the hotel and 58 are still there. FY18 budgeted 94% and ended at 100% occupancy, FY19 budgeted at 96% with a projected balance of \$3M and FY20 budgeted at 100% occupancy with a projected balance of \$2M which will be invested in deferred maintenance. The total deferred maintenance is \$3.3M for elevator replacements and roof replacements.

With the demolition of Algonquin, the hotel program will be needed again for the FY20 fall and spring semesters totaling \$1.3M for 50 rooms and approximately 90 residents.

A motion was made and seconded to approve the 2019-20 Housing Budget and Rental Rates as well as the hotel lease. **The motion passed unanimously.**

8. REQUEST FOR APPROVAL OF OFFICE OF INFORMATION TECHNOLOGY (OIT) FUNDING.

The Office of Information Technology has completed an extensive evaluation of various phone systems to replace the aging Unify phones. This process took close to two years to complete.

A motion was made and seconded to approve funding up to \$2,200,000 for the infrastructure of the University's phone system. **The motion passed unanimously.**

9. REQUEST FOR APPROVAL OF THE INCREASE TO THE HVAC PROJECT.

Dr. King explained the original board approval of this project was \$5.7M and with the minor changes for safety reasons (refrigerant, fire alarm system, Indian River Tower chiller and fire hydrant line stop and new valve) there has been an increase of \$74,000. A suggestion was made to instead approve a not-to-exceed amount of \$100,000.

A motion was made and seconded to approve the increase to the HVAC project up to \$100,000 for a total of \$5.8M for the project. **The motion passed unanimously.**

10. ADJOURNMENT OF MEETING. With no other issues to discuss, a motion was made and seconded to adjourn the meeting. The meeting was adjourned at 10:05 a.m.