



Item: BF: A-M

BUDGET AND FINANCE COMMITTEE

Tuesday, June 4, 2019

SUBJECT: ROLL CALL AND APPROVAL OF THE DRAFT MINUTES FOR THE NOVEMBER 13, 2018 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 November 13, 2018 Budget and Finance Committee meeting.

COMMITTEE MEMBERS

Mr. Robert Stilley, Chair	_____
Mr. Brent Burns, Vice Chair	_____
Mr. Anthony Barbar (ex-officio)	_____
Mr. Abdol Moabery (ex-officio)	_____
Mr. Shaun Davis	_____
Mr. Mary Beth McDonald	_____
Mr. Robert Rubin	_____
Dr. Kevin Wagner	_____

BOT MEMBERS

Mr. Kevin Buchanan	_____
Dr. Michael Dennis	_____
Dr. Malcolm Dorman	_____
Dr. Jeffrey Feingold	_____
Mr. Brad Levine	_____

BUDGET AND FINANCE COMMITTEE
MINUTES
Tuesday, November 13, 2018

Action Items

BF: A-M. Roll Call and Approval of Minutes for the May 15, 2018 BOT Budget and Finance Committee Meeting.

Mr. Robert Stilley, Chair of the Board of Trustees (BOT) Budget and Finance Committee (BFC), convened this meeting at 10:30 a.m. Roll call commenced with the following Committee members, in addition to Mr. Stilley, participating: Mr. Shaun Davis, Vice Chair; Mr. Anthony Barbar (ex-officio), Mr. Brent Burns, Ms. Mary Beth McDonald, Mr. Robert Rubin and Dr. Kevin Wagner.

Other Trustees attending the meeting included: Dr. Michael Dennis, Mr. Brad Levine, Dr. Malcolm Dorman, Dr. Jeffrey Feingold, Mr. Abdol Moabery, and Mr. Kyle MacDonald

The following University officials participated: Dr. John Kelly, President; Mr. Jeff Atwater, Vice President for Strategic Initiatives and CFO; Dr. Corey King, Vice President for Student Affairs; and, Mr. David Kian, Vice President and General Counsel.

Upon call, a motion was made and seconded to approve the minutes of the May 15, 2018 BFC meeting without change or correction. **The motion passed unanimously.**

BF: A-1. Request for Approval of the Innovation Village Housing Refinance.

Mr. Atwater explained that the FAUFC currently has \$106.95 million in outstanding debt principal for the Innovation Village Apts. Through an advance refunding, FAUFC expects to save approximately \$5.37 million (present value) during the loan term. By achieving greater than 5% present value savings (estimated 5.02%) and not extending the loan term, FAUFC does not need to submit package to BOG for approval. The refunding will be accomplished under the 2012 Indenture and will eliminate the prior lien from the 2010 Indenture.

With no questions, a motion was made and seconded to approve the Innovation Village Housing Refinance. **The motion passed unanimously.**

BF: A-2. Review and Approval of the 2019-20 Projected Housing Budget and Proposed Rental Rates.

Dr. King presented the 2019-20 housing budget to the board and stated that there would be no rate increases this year. Actual occupancy in fiscal year 2014 was 88.2% and over the last five years there has been a significant increase in occupancy on campus with fiscal year 2019 at 104.7%. For

budgeting purposes, the occupancy for fiscal year 2020 has been set at 100%. A \$37M operating budget has been set for the upcoming year. Housing maintenance for FY20 will total approximately \$3.3M which includes roofing, painting, HVAC maintenance, etc.

Dr. King thanked the Fairfield Inn attendees for hosting the overflow of FAU students this current year. He presented the proposed hotel program for FY20 to house students which is included in the budget and described the security and amenities for students at the hotel.

With no questions, a motion was made and seconded approve the 2019-20 Housing Budget with rental rates remaining unchanged from the prior year. **The motion passed unanimously.**

BF: A-3. Request for Approval of New Student Housing Financing.

Dr. King explained the new housing expansion plan which will be presented for approval to the Board of Governors at the March 2019 meeting.

Total Project Cost \$88M (Not to Exceed, financed through the FAU Finance Corporation.

- Boca Project: 616 Total Beds, \$69.8M Project Budget, opening Fall 2021 (Former Algonquin site – demolition summer 2019) Objective: Maintain and enhance existing housing and ensure adequate future housing and support facilities on campus.
- Jupiter Project: 155 Total Beds, \$18.2M Project Budget, Opening Fall 2021. Objective: 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.

Dr. King expressed the need for this expansion due to the large increase in housing occupancy over the last few years in both freshman and returning students. He went over the presentation in detail explaining the process to the board. Upon query, Mr. Atwater explained the huge benefit to saving students money by living on campus, even if a small increase in rates were to be needed in coming years annual savings to students would still be very significant compared to living off campus.

With no further questions, a motion was made and seconded to approve the new student housing financing as presented. **The motion passed unanimously.**

BF: A-4. Request for Approval of Carryforward Commitments.

Mr. Atwater presented two items that the Board of Governors (BOG) asked of Universities, given the information that came to light regarding expenditures at UCF.

The first item not on the agenda is that the BOG asked each University President, General Counsel and CFO to certify 10 years back that any construction project \$10M in size or 10,000 square feet be reviewed to be sure funding sources used for construction were in alignment with state law. The Facilities team, General Counsel and Financial Affairs went through the exercise and narrowed all projects down to ten that fit the criteria. It was certified based on data that all funds were properly used and no carryforward was used at all, which has been provided to the BOG.

The second item which is on the agenda is for Trustees to certify the spending plan for committed carryforward dollars as of August 21, 2018, a date chosen by the BOG. Mr. Atwater explained to the board that the carryforward funds are unexpended E&G balances from all prior-period appropriations. The BOG Regulation 9.0007(3) (a) 2 indicates Universities shall accumulate these funds for activities such as, but not limited to a contingency for unfunded enrollment growth, potential budget reductions, anticipated increases in university operations and prior year encumbrances. Effective October 2018, the BOG asked each University to present the committed carryforward funds spending plan to their BOT for approval. The plan will be submitted to the BOG for review at their January meeting.

Upon query, Mr. Atwater explained some categories in more detail and has offered to provide a more detailed spreadsheet of how the dollars will be spent.

After brief discussion and no further questions, a motion was made and seconded to approve the carryforward commitments as presented. **The motion passed unanimously.**

Information Items

BF: I-1. Review of Fourth Quarter Financial Report (July 1, 2017 to June 30, 2018).

Mr. Atwater presented the year-end financial report which shows actual revenues and expenditures for each of the budgetary components and informs the board of the financial condition of the University. An update on each of the budget components was given by Mr. Atwater with year-end financial data summarized as follows:

Category and Fund Type	2016-17 Year-end				2017-18 Year-end			
	Budget	Actual	Remainder	% of Actual to Budget	Budget	Actual	Remainder	% of Actual to Budget
REVENUE								
Educational & General	\$334,975	\$345,368	\$10,393	103.1	\$337,720	\$348,692	\$10,972	103.2
Auxiliary Enterprises	128,235	110,532	(17,703)	86.2	134,419	118,320	(16,099)	88.0
Student Financial Aid	198,107	194,559	(3,548)	98.2	200,846	207,257	6,411	103.2
Student Activities	9,150	9,138	(12)	99.9	9,175	9,514	339	103.7
Athletics	27,105	26,023	(1,082)	96.0	29,331	28,306	(1,025)	96.5
Contracts & Grants *	60,515	72,497	11,982	119.8	62,485	71,836	9,351	115.0
Concessions	625	705	80	112.8	625	672	47	107.5
TOTAL REVENUE	\$758,712	\$758,822	\$110	100.0	\$774,601	\$784,597	\$9,996	101.3
EXPENDITURES								
Educational & General	\$322,710	\$327,052	-\$4,342	101.3	\$325,455	\$337,589	-\$12,134	103.7
Auxiliary Enterprises	142,153	107,531	34,622	75.6	148,210	113,715	34,495	76.7
Student Financial Aid	197,954	193,590	4,364	97.8	200,859	206,809	(5,950)	103.0
Student Activities	9,498	7,644	1,854	80.5	10,102	8,137	1,965	80.5
Athletics	27,105	26,130	975	96.4	29,331	28,306	1,025	96.5
Contracts & Grants *	60,515	56,996	3,519	94.2	62,485	64,852	(2,367)	103.8
Concessions	625	769	(144)	123.0	625	575	50	92.0
TOTAL EXPENDITURES	\$760,560	\$719,712	\$40,848	94.6	\$777,067	\$759,983	\$17,084	97.8

* Contracts & Grants fund type includes Foundation, HBOI, Henderson School, Division of Research, and Sponsored Research

With no questions or comments put forth, a motion was made and seconded to adjourn the meeting. **The meeting was adjourned at 11:30 a.m.**