



Item: BF: A-M

BUDGET AND FINANCE COMMITTEE

Tuesday, November 14, 2017

SUBJECT: ROLL CALL AND APPROVAL OF THE DRAFT MINUTES FOR THE JUNE 27, 2017 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 June 27, 2017 Budget and Finance Committee meeting.

COMMITTEE MEMBERS

Mr. Thomas Workman, Jr., Chair	_____
Mr. Daniel Cane, Vice Chair	_____
Mr. Anthony Barbar (ex-officio)	_____
Mr. Shaun Davis	_____
Mr. Abdol Moabery	_____
Mr. Robert Rubin	_____
Mr. Robert Stilley	_____

BOT MEMBERS

Dr. Michael Dennis	_____
Dr. Malcolm Dorman	_____
Dr. Jeffrey Feingold	_____
Ms. Emily Lawless	_____
Ms. Mary Beth McDonald	_____
Dr. Kevin Wagner	_____



**BUDGET AND FINANCE COMMITTEE
DRAFT MINUTES
Tuesday, June 27, 2017**

ACTION ITEMS

BF: A-M. Roll Call and Approval of the Draft Minutes for the May 16, 2017 BOT Budget and Finance Committee Meeting.

Mr. Thomas Workman, Chair of the Board of Trustees (BOT) Audit and Finance Committee (AFC), convened this meeting at 10:05 a.m. Roll call commenced with the following Committee members, in addition to Mr. Workman, participating: Mr. Anthony Barbar (ex-officio), Mr. Shaun Davis (via phone), Mr. Abdol Moabery, Mr. Robert Rubin and Mr. Robert Stilley.

Other Trustees attending the meeting included: Dr. Michael Dennis (via phone), Dr. Jeffrey Feingold, Ms. Emily Lawless and Dr. Kevin Wagner.

The following University officials participated: Dr. John Kelly, President; Mr. Art Kite, Interim Vice President for Financial Affairs; Dr. Daniel Flynn, Vice President of Research; and Mr. David Kian, Vice President for Legal Affairs.

Upon call, a motion was made and seconded to approve the minutes of the May 16, 2017 BFC meeting without change or correction. The motion passed unanimously.

BF: A-1. Update and Approval of the FAU 2017-18 Preliminary Operating Budget.

Mr. Kite presented the 2017-18 FAU Operating Budget and informed the board that the governor approved the budget the night before this meeting on June 26th. Although the presentation shows "preliminary" budget approvals, Mr. Kite explained that the numbers shown are the final budget numbers and the board will approve it as final.

A motion was made and seconded to recommend approval of the final FAU 2017-18 Operating Budget. The motion passed unanimously.

BF: A-2. Approval of Refinancing Terms for Stadium Bonds.

Mr. Kite provided a summary of the Stadium Bond refinancing process and indicated that since the last meeting after sending out a request to fifteen financial institutions, four Requests for Proposal (RFP) were received. The FAU Finance Corporation met on June 19th and approved Regions Bank as the lender as

they had the best term and rate. The interest rate improved from 4.16% to 2.61% which is a savings of around \$6.2M in present value terms. The annual debt service is reduced by \$554k in fiscal year 2018, the call date has been extended from 3 years to 10 years and the maturity date has stayed the same. This is within the guidelines of the Board of Governors.

A motion was made and seconded to recommend approval of the refinancing terms for Stadium Bonds. The motion passed unanimously.

BF: A-3. Review and Approval of the 2017-18 FAU Harbor Branch Oceanographic Institute Foundation (HBOIF) Operating Budget.

The proposed budget was approved by the HBOIF Board of Directors on April 25, 2017. This budget deviates from the 2016-17 budget, in material part with an additional \$400,000 designated for legal expenses associated with a declaratory judgment action initiated by HBOIF against FAU on March 30, 2017. In order to give HBOIF and FAU time to mediate the pending legal action and reach a mutually agreeable resolution on a proposed Operating Budget for 2017-18, the FAU administration is requesting that this Board grant a continuation of the 2016-17 HBOIF Operating Budget for one quarter, through September 30, 2017.

Mr. Kite introduced Mr. William Stewart, Esq. Secretary of the HBOIF board and Legal Counsel to present the budget and answer questions from the board. Mr. Stewart explained that there are two sources of revenue, state license plate revenue estimations and the endowment, which is limited to a 5% yearly distribution.

A question was put forth regarding a conflict of interest by being the General Counsel and being the Secretary of the board and Mr. William stated he is attending today as the Secretary of the board only and is ex-officio without a vote.

Upon question, Mr. Stewart believed there were approximately \$30k in legal fees in last year's budget compared to the \$440k that is being asked for in this budget. Mr. Stewart confirmed that the additional expense for legal fees will take away from research and will come from the endowment which is not specific in what it can be spent on.

Upon query, Mr. Stewart stated that the endowment fund is \$70M, the state license plate fund is about \$3M and the mission of HBOIF is to support the activities of the institute in ocean science and engineering. He refused to debate the merits of the litigation after several board members questioned the reasoning.

Dr. Flynn stated that he believes the HBOIF budget as it is put forth does not serve in the best interest of HBOI and does not recommend approval from the board. He instead suggested a continuation of the prior year budget through the first quarter of FY18 until litigation is over so research can continue to be supported. The budget will then be revisited prior to September 30, 2017.

A motion was made and seconded to recommend BOT approval of the HBOIF 2017-18 Operating Budget as a continuation of the prior year (2016-17) through the first quarter of FY18 and authorize the University

President to amend the Budget as necessary consistent with Board of Governors and Board of Trustees directives and guidelines. The motion passed unanimously.

BF: A-4. Update and Approval of the FAU 2017-18 Preliminary Capital Outlay Budget.

Mr. Kite presented the final Capital Outlay budget of \$19,547,838 and requested approval.

With no questions or comments put forth, a motion was made and seconded to recommend approval of the final 2017-18 Capital Outlay budget.

A motion was made and seconded to adjourn the meeting. **The meeting was adjourned at 10:48 a.m.**