



Item: BF: A-M

BUDGET AND FINANCE COMMITTEE

Tuesday, November 16, 2021

SUBJECT: ROLL CALL AND APPROVAL OF THE DRAFT MINUTES FOR THE JUNE 8, 2021 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 8, 2021 Budget and Finance Committee meeting.

COMMITTEE MEMBERS

| | |
|---------------------------------|-------|
| Mr. Brent Burns, Chair | _____ |
| Mr. Shaun Davis, Vice Chair | _____ |
| Mr. Anthony Barbar (ex-officio) | _____ |
| Mr. Daniel Cane | _____ |
| Dr. Kimberly Dunn | _____ |
| Ms. Barbara Feingold | _____ |
| Mr. Brad Levine | _____ |

BOT MEMBERS

| | |
|----------------------|-------|
| Mr. Piero Bussani | _____ |
| Mr. Earnie Ellison | _____ |
| Mr. Abdol Moabery | _____ |
| Ms. Elycia Morris | _____ |
| Mrs. Sherry Murphy | _____ |
| Mr. Maxwell Simonson | _____ |



**BUDGET AND FINANCE COMMITTEE
DRAFT MINUTES
Tuesday, June 8, 2021**

BF: A-M. Roll Call and Approval of Minutes for the April 10, 2021 BOT Budget and Finance Committee Meeting.

Mr. Robert Stilley, Chair of the Board of Trustees (BOT) Budget and Finance Committee, convened this meeting via Webex at 10:25 a.m. Roll call commenced with the following Committee members, in addition to Mr. Stilley, participating: Mr. Brent Burns, Vice Chair; Mr. Shaun Davis (ex-officio), Ms. Mr. Abdol Moabery (ex-officio), Mr. Daniel Cane, and Dr. Kimberly Dunn.

Other Trustees attending the meeting included: Ms. Barbara Feingold, Ms. Elycia Morris, and Mr. Maxwell Simonson.

The following University officials participated: Dr. John Kelly, President; Ms. Stacy Volnick, Vice President Administrative Affairs & CAO; Ms. Jessica Cohen, Associate Vice President for Financial Affairs; Ms. Stacey Bell, FAU Foundation CFO; Mr. David Kian, Vice President Legal Affairs & General Counsel; Mr. Gabe Eszterhas, Sr Associate Dean for Finance; Dr. Safiya George, Dean and Professor College of Nursing & Academic Affairs; Ms. Louisa Kelly, Business Manager College of Nursing; Mr. Craig Dunlap, Dunlap & Associates.

Upon call, a motion was made and seconded to approve the minutes of the April 10, 2021 Budget and Finance Committee meeting without change or correction. The motion passed unanimously.

BF: A-1. Review and Approval of the FAU 2021-22 Proposed Operating Budget.

Ms. Volnick informed the board of several changes since March contributing to the overall financial health of the University. Ratings calls were conducted, the \$12.8M holdback will be released June 30th, \$73M will be received in HEERF funds and housing occupancy increased from 92% to 101% with the addition of over 700 new beds. The debt service coverage in March was 1.71 and today is 1.95. The 2021 academic year saw a 3.4% increase in undergraduate credit hours and a 1.7% increase in graduate credit hours.

Ms. Volnick presented the 2021-22 Proposed Operating budget, along with the five-year budget summary. The proposed revenue budget is in line with last year. The proposed expenditure budget had the largest change in carryforward due to the pauses in travel, hires and other expenditures.

New reporting to the BOT is a slide showing actual efforts of the DSOs in FY20 and FY21 and budgeted efforts for FY22. The University documents employee actual time and effort provided to the DSOs to support the purpose for and value of such services. The DSO budgeted efforts include use of University property, facilities and personnel.

Lastly, a funding update including HEERF I, II, and III was presented indicating \$136,192,667 was awarded to the University with a balance of \$100,370,627. The Fiscal Review Taskforce reviews needs and requests, investigates efficiencies, determines opportunities for revenue enhancement, makes recommendations to the President and informs the board routinely.

Upon question, Ms. Volnick informed the board that the HEERF funding balance of \$100M will be spent by the end dates with the help of the Fiscal Review Taskforce.

A motion was made and seconded to recommend BOT approval of the 2021-22 FAU Operating Budget 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-2a. Review and Approval of the 2021-22 Budget for the FAU Finance Corporation (FAUFC).

Ms. Volnick reviewed the proposed FAUFC 2021-22 Operating Budget recognizing the three components of housing, administration and the stadium associated with this budget. During the May 6, 2021 FAUFC board meeting, this budget was approved.

Upon question, Ms. Volnick clarified that the UMI Scholarship transfer line was reduced to zero since it was removed from the DSO budget and placed in the Student Affairs budget, no change was made with regards to the focus of the initiative.

A motion was made and seconded to recommend BOT approval of the FAUFC 2021-22 Operating Budget 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-2b. Review and Approval of the 2021-22 Budget for the FAU Research Corporation (FAURC).

Ms. Asseff reviewed the proposed FAURC Operating Budget for 2021-22 noting that this budget was approved at the March 31, 2021 board meeting. Revenues, which are Grants & Contracts and Royalties, are on an upward trajectory. The Investment Income budget is in line with prior years. The 5-year budget to actual activity was presented. Ms. Asseff also informed the board that several patents are in the process of being negotiated to be sold.

A motion was made and seconded to recommend BOT approval of the FAURC 2021-22 Operating Budget 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-2c. Review and Approval of the 2021-22 Budget for the FAU Clinical Practice Organization (FAU CPO).

Mr. Eszterhas reviewed the proposed CPO Budget for 2021-22 for the College of Medicine portion, noting that this budget was approved at the April 19, 2021 board meeting. The 2021-22 budget is

essentially flat compared to the prior fiscal year's budget. Mr. Eszterhas noted that the College of Medicine represents 71% of the total CPO budget, College of Nursing represents 27% and College of Education represents about 2%. The 5-year budget to actual activity was presented. This fiscal year was heavily impacted by COVID and patient encounters only recovered in April. Clinical service revenue due to low inpatient censuses and low emergency room visits at partner hospitals.

Upon query, Mr. Eszterhas provided the locations of clinical services, in patient and emergency room shifts. Direct patient care is held at the FAU clinic 880 NW 13th Street. He also described what the Communications and Disorders clinic does, how they advertise and their charges. Mr. Eszterhas also confirmed that telemedicine is available at the clinics and will continue offering it.

Ms. Kelly reviewed the proposed 2021-22 CPO Budget for the College of Nursing portion. The community health center opened a second health center in West Palm Beach in late 2020. Due to this, the revenue projections have increased in primary care, mental health and diabetes education services. Additionally, the Memory and Wellness Center, which is targeted more towards the elderly and memory disorders, has come up with a new model for sustainability going forward because of lost revenue and closure due to the pandemic. Expenses are in line with revenues.

Upon question, Dr. George explained that patient population varies between the three centers and services are provided by licensed professionals. Students do rotate between centers under the supervision of faculty and staff.

Dr. George commented on a grant for a new program that will be received, pending a press release, with the support of Florida Blue. The clinics health equity nursing college program will provide scholarships to a number of students over 4 years.

A motion was made and seconded to recommend BOT approval of the FAUCPO 2021-22 Operating Budget 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-2d. Review and Approval of the 2021-22 Budget for the FAU Foundation, Inc. (FAUF).

Ms. Bell presented the proposed 2021-22 Foundation Operating Budget that the FAUF Board of Directors approved during their April 21, 2021 meeting. The proposed budget has increased \$1.2M or 31% over the prior year. Scholarship funds have been consistent for the last five years as well as support to the University for lobbyist activities and other business-related expenses. Operating expenses have increased 5% due to database software, donor cultivation and support for alumni operations.

A motion was made and seconded to recommend approval of the 2021-22 FAUF Operating Budget 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-3. Review and Disapproval of the 2021-22 Annual Budget for FAU Harbor Branch Oceanographic Institute (HBOIF).

Ms. Volnick stated that the HBOIF budget was approved by their board on April 29, 2021. The budget includes over \$227,600 in payroll expenses, over \$214,000 in contract professional services expenses, and more than \$590,000 in legal fees including \$500,000 in fees to fund the litigation that HBOIF initiated

against the University. It is the opinion of the administration that the many of the expenses are wasteful or inappropriate and therefore recommends that the Board reject this budget and require HBOIF to approve a revised budget.

A motion was made and seconded to disapprove the 2021-22 HBOIF Operating Budget. **The motion passed unanimously.**

BF: A-4. Request for Approval of the Parliament Hall Housing Refinance.

Ms. Volnick stated that the FAUFC currently has \$28.6M in outstanding debt principal for the Parliament Hall. The forward delivery net present value savings is \$6.7M or 17.6%. By achieving greater than 5% present value savings and not extending the bond term, FAUFC does not need to submit a package to BOG for approval. This is the first forward funding delivery in 20 years in the state and the first in the SUS. Low interest rates are locked in now for bonds issued in the future. The motion for the board is to approve the resolution to move forward with this refinance.

Upon question, Ms. Volnick informed the board that there are other refinancing opportunities for the future and introduced our external financial advisor, Mr. Dunlap. He explained that the next opportunity will be bonds issued in 2015 and are callable in July of 2025. Typically, there is a seven to ten year call provision, Innovation village bonds were issued in 2010 and refunded in 2020, etc.

A motion was made and seconded to approve the resolution for the Parliament Hall housing refunding. **The motion passed unanimously.**

With no further questions or comments put forth, a motion was made and seconded to adjourn the meeting. **The meeting was adjourned at 11:33 a.m.**