

The Utley Foundation
Minutes Annual Meeting

The Utley Foundation, a Texas non-profit corporation (The "Corporation") was held on April 13, 2006, at 8:30 a.m. for the annual meeting at the Information Center on the campus of the University of Texas at Dallas. The meeting was called to order by Ann K. Utley, Chairperson.

Persons Participating:

Directors:

Claude Wilson
Ann K. Utley
Rusty Kelley – via conferencing
Albert Black – via conferencing
Dr. David Daniel
Dr. Darrelene Rachavong

Other Participants:

Luca Finocchiaro, Market Director, FirstWorthing
Patti Campbell, Sr. VO, Controller, FirstWorthing
Jonathan Denton, Waterview Park Area Manager
Ilene Keller, SalmonBeach & Associates, PLLC
William Sims, SalmonBeach & Associates, PLLC

The above Directors constituted a quorum of the board of directors.

Approval of Minutes:

The Chairperson asked for the approval of the minutes from the December 12, 2005 special meeting. The minutes were approved.

Notice:

Legal Notice of this special meeting was provided on March 31, 2006, and will be filed in the minute book of the corporation immediately preceding these minutes.

Management Report:

There is improved communication and support on initiatives with UTD and the new housing director, Matt Grief. The Code Blue emergency call boxes are all active. Lighting upgrades continuing with the final phase being the wall pack conversion in Phases I – VII. Staff turnover is still a priority as we continue to build a strong maintenance team. Three technicians have been replaced and one Assistant Maintenance Supervisor has in been hired in the last two weeks. The occupancy is in line with the budget. Expenses are high due to higher than anticipated winter turn, upgrades and safety

initiatives. Cash flow is extremely tight and is having to be managed daily due to required and necessary upgrades and safety initiatives. The new Area Manager, Jonathan Denton (AKA: "JD") is the right person for the job with experience, strong financial background, local market knowledge and well networked.

Dr. Daniel encouraged by the progress albeit sometimes he wished it was faster. He wants to see the Commission Reports' initiatives completed by September 1st. He expressed concern regarding recent issues with light inspections, service quality and reporting.

Mr. Wilson expressed concern regarding non-profit tax exemption as it relates to contributions to UTD. Due to operational needs there have not been a surplus to funnel back to UTD. These issues were tabled as Mrs. Utley agreed to seek counsel for clarification. Mr. Wilson also expressed concern regarding the replenishment of funds and the need for a rent increase plan to allow the Foundation to fulfill its mission. Dr. Daniel responded positively to future rent increases, possibly 4 to 5% as long as housing was meeting obligation towards students. He offered UTD's support to the financial stability of the Foundation.

Mr. Wilson raised a question about collections for current residents as well as for past residents. Mr. Finocchiaro said that past residents were sent to a third-party collection agency after trying to collect in-house for 45 days and after UTD has 15 days to attempt contact. This process was working well but greater UTD involvement in freezing accounts would be helpful. Dr. Daniel and Dr. Rachavong agreed to offer more university support.

2005 Audit

Before Mrs. Utley gave the floor to Mr. Sims and Ms Keller from SalmonBeach to review the 2005 audit, she mentioned appreciation for the improvements the FirstWorthing accounting team made with the difficulties due to different budget and reporting cycles between FirstWorthing, University Partners, UTD and the Foundation. It was requested that Ms Campbell and Mr. Finocchiaro research whether the Foundation's budget year could be changed to align with UTD's or University Partners' academic year. There was a general consensus that this would facilitate management of the Foundation for all involved. SalmonBeach representatives didn't see any particular issues with such a conversion.

Ms Keller mentioned the audit process went smooth as all were more familiar with processes, procedures, reports and accounting. Ms Keller gave an audit summary with no exceptions. A revised Cash Flow summary was distributed as its format was more in-line with other previous reports. Starbucks operating subsidy was mentioned as it was not budgeted.

The audit was unanimously approved as presented.

2006 Budget

Mrs. Utley introduced the 2006 operating budget for approval. Due to previously discussed concerns regarding contributions and fund replenishment requirements, motion to approve the budget was tabled. Mrs. Utley mentioned that D&O insurance would be going down to approximately \$3.5K yearly beginning in late spring with a savings of approximately \$6.7K yearly.

Financial Report on 1st Quarter, 2006 Operations

Mr. Finocchiaro discussed the preliminary financial position following first quarter operations. Mr. Finocchiaro covered the majority of this report in his management summary, therefore discussion centered on Starbucks. He presented an operating overview highlighting efforts to minimize expenses. He praised Aramark and Starbucks for cooperating in efforts to reduce expenses where possible without impacting service. The board approved the soft closure of Starbucks on May 15, 2006.

Other Business

Mrs. Utley stated the next scheduled board meeting will be Tuesday, December 5, 2006, 11:30 am., Callier Center, corner of Synergy and Floyd, University of Texas at Dallas. The purpose will be to approve the 2007 budget. Lunch will be served. We will have a presentation and tour of the center. We should be finished by 1:30 p.m. Please mark your calendars.

Adjournment

Prior to adjournment, on motion made, seconded, and unanimously carried, it was

RESOLVED, that all acts taken by officers of the Corporation, and all documents executed by such officers in connection with the business of the Corporation since the last meeting of the Board are hereby ratified and confirmed as the acts of the Corporation.

RESOLVED FURTHER, that the taking of such actions by any officer of the Corporation were conclusive evidence of such officer's authorization.

There being no further business to come before the board, the meeting was, on motion duly made, seconded, and unanimously carried, adjourned.

Dated: April 13, 2006

Approved:

Albert C. Black, Secretary

Ann K. Utley, Chairperson