

Approved



**THE FLORIDA INTERNATIONAL BOARD OF TRUSTEES
BOARD MEETING**

MINUTES

**Wednesday, 18 May 2005
Via Conference Call**

I. CALL TO ORDER

Chairman Adolfo Henriques convened the meeting of The Florida International University Board of Trustees at 4:32 p.m., on 18 May 2005, via Conference Call.

The following attendance was recorded:

PRESENT:

Adolfo Henriques
Betsy Atkins
Albert Dotson, Sr.
Patricia Frost
Bruce Hauptli
Kirk Landon

David R. Parker
Sergio Pino
Alex Prado
Rosa Sugrañes
Herbert Wertheim
Modesto Maidique

EXCUSED:

Miriam López
Claudia Puig

Attendance was recorded by Casandra Roache.

II. CHAIRMAN'S REMARKS:

Chairman Henriques welcomed all Trustees, University faculty, and staff to the meeting. He welcomed newly-appointed Student Trustee, Alex Prado, to his first full-board meeting.

III. ITEMS FOR BOARD CONSIDERATION

Due to time constraints of some presenters, Chairman Henriques asked that the Tax Exempt Financing item be reviewed out of order. Hearing no objections, the item was considered first.

1. TAX-EXEMPT FINANCING

Chairman Henriques reminded Trustees that under the provisions of devolution, the university is permitted to manage some of its revenues. University CFO Vivian Sanchez added that devolution created new investment options that will provide additional revenue streams for the university and those revenues may be used to cover items such as the repayment of loans.

Chairman Henriques noted that at the 10 February 2005 meeting, the Board approved the settlement of the U.S. government's claims against the University arising out of the performance of federally-sponsored agreements by the University's Hemispheric Center for Environmental Technology (HCET) and requested that the President find the best financial vehicle to finance the payment of \$10 million. The Chairman stated that the President's recommendation was for the Florida International University Research Foundation, Incorporated, to issue, on behalf of the Board of Trustees, a tax exempt note and taxable obligation for \$10 million.

After discussion, the BOT unanimously adopted the following resolution:

WHEREAS, on February 10, 2005, the Florida International University Board of Trustees (the "BOT") approved the settlement of the United States Government's claims against the University arising out of the performance of Federally sponsored agreements by the University's Hemispheric Center for Environmental Technology (the "Settlement");

WHEREAS, the BOT empowered the President of the University to find the best financial vehicle to finance the payment due pursuant to the Settlement; and

WHEREAS, the President of the University, acting through his designee, the University's Chief Financial Officer, after considering all reasonable options, has requested that the Florida International University Research Foundation, Incorporated (the "Research Foundation") issue on behalf of the BOT, a tax exempt note and taxable obligation, in an aggregate principal amount not to exceed \$10,000,000, to finance the payment due pursuant to the Settlement.

THEREFORE, BE IT RESOLVED THAT

(I) The BOT hereby approves the issuance of a five-year, fully amortized bank-qualified tax-exempt note (the "Tax-Exempt Note") and a taxable obligation (collectively, the "Obligations"), in a principal amount not to exceed \$10,000,000 in the aggregate, by the Research Foundation on behalf of the BOT to finance (a) payment of amounts due under the Settlement; and (b) certain costs relating to the Obligations, all pursuant to a note purchase agreement to be entered into by the Research Foundation and a financial institution to be selected by the Research Foundation (the "Lender"); and

(II) BE IT FURTHER RESOLVED that the BOT approve the existence and amended purposes of the Research Foundation attached hereto as Exhibit "B" and incorporated by reference herein; and

(III) BE IT FURTHER RESOLVED that the BOT hereby designates the Tax-Exempt Note as a qualified tax-exempt obligation, as defined under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended; and

BE IT FURTHER RESOLVED that these Resolutions shall become effective on this 18 day of May, 2005.

2. RATIFICATION OF MEMORANDUM OF UNDERSTANDING BETWEEN THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES AND THE UNITED FACULTY OF FLORIDA

President Maidique explained that impasse had been declared with the UFF but he had concerns that some faculty had not received a raise in over 18 months. He then reported that the collective bargaining committee of the Board had reluctantly agreed to enter into a MOU with the UFF providing a 4% salary increase for all faculty for fiscal year 2004 - 2005, as well as promotional increases in an amount equal to nine percent(9%) of the employee's June 30, 2004 base salary rate.

Chairman Henriques requested comments from Trustees on the proposed MOU. Several Trustees voiced strong concern on across-the-board salary increases, noting the importance of rewarding merit and thus a preference for merit-based increases. Chairman Henriques asked CFO Vivian Sanchez what the financial impact of a 4% across the board raise for faculty would be for the university. She reported that for the 2004-2005 fiscal year it would be approximately \$917,000 and \$2.18 million for fiscal year 2005-2006.

Trustee Hauptli praised President Maidique for his advocacy in Tallahassee which secured a 3.6% increase for all state employees and for his support of the MOU before the BOT. He added that university faculty was also committed to merit raises and that meritorious accomplishment should be rewarded. He noted that after the cost of living issue has been addressed through these across-the-board raises and he believed it was just and right that future raises be based only on merit. He also committed himself to communicate this message to the faculty. Chairman Henriques requested that all Trustees take note of Trustee Hauptli's comments.

Chairman Henriques noted that he had strong reservations about authorizing an across the board raise but, after many long discussion with President Maidique, he would reluctantly support the adoption of the MOU. He stressed that there would be no further wage increases for unions absent ratified or imposed collective bargaining agreements and that any future increases be solely merit-based. Several Trustees agreed with the Chairman's statements.

With no further discussion, the Board adopted the following Resolution:

WHEREAS, the Board of Trustees is the public employer for collective bargaining purposes,

WHEREAS, the majority of the Faculty of the Institution has not had a raise for eighteen months,

WHEREAS, because this is a unique time in the history of the institution as it tries to

reach a first agreement with the UFF at the local level,

THEREFORE, BE IT RESOLVED that the Board of Trustees ratifies the Memorandum of Understanding entered into between the Florida International Board of Trustees and the United Faculty of Florida, and attached to this Resolution as Exhibit "A."

IV. OTHER BUSINESS:

VP Marcos Perez reported on the success of the Women's Tennis team over the past season, culminating in a berth at the NCAA tournament. VP Perez noted that Coach Ronnie Bernstein was named the Sunbelt Conference Coach of the Year. Trustee Dotson requested that Chairman Henriques send a letter of congratulations to Coach Bernstein and the Women's tennis team.

President Maidique also invited all Trustees to attend the Inaugural Commencement for the College of Law on Sunday, 22 May 2005, at 2:00 p.m.

V. ADJOURNMENT:

Since there was no other business to come before the Board, the meeting of the Florida International University Board of Trustees was adjourned on Wednesday, 18 May 2005 at 5:20 p.m.

Adolfo Henriques
Chairman
FIU Board of Trustees

Modesto A. Maidique
Corporate Secretary
FIU Board of Trustees

Attachment: Exhibit "A."