

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

TUESDAY, 11 SEPTEMBER 2007  
9:00 A.M.  
FLORIDA INTERNATIONAL UNIVERSITY  
UNIVERSITY PARK CAMPUS  
GRAHAM CENTER BALLROOMS  
MIAMI, FLORIDA

**AGENDA**

- |   |                              |
|---|------------------------------|
| <b>I. CALL TO ORDER</b>   | <b>CHAIRMAN DAVID PARKER</b> |
| <b>II. CHAIRMAN’S REMARKS</b>   | <b>DAVID PARKER</b>          |
| <b>III. FOUNDATION REPORT</b>   | <b>LARRY KAHN</b>            |
| <b>IV. REQUESTS TO ADDRESS THE BOARD</b>                                    | <b>DAVID PARKER</b>          |
| <b>V. UNIVERSITY REPORT</b>   | <b>MODESTO MAIDIQUE</b>      |
| <b>VI. ITEMS FOR BOARD REVIEW</b>   |                              |
| <b>A. ACTION ITEMS</b>  |                              |
| <b>1. CONSENT AGENDA</b>  | <b>DAVID PARKER</b>          |
| A. MINUTES, 28 JUNE 2007 ( <i>EXHIBIT “A”</i> )                             |                              |
| B. MINUTES, 17 AUGUST 2007 ( <i>EXHIBIT “B”</i> )                           |                              |
| C. INVESTMENT POLICY ASSET ALLOCATION AMENDMENT ( <i>EXHIBITS “C – F”</i> ) |                              |
| D. HUMAN RESOURCE POLICIES ( <i>EXHIBITS “G – H”</i> )                      |                              |
| E. POLICY ON CENTERS AND INSTITUTES ( <i>EXHIBIT “I”</i> )                  |                              |
| <b>B. REPORTS</b>   |                              |
| <b>2. COMMITTEE REPORTS</b>   |                              |
| ▪ FINANCE AND AUDIT   | <b>KIRK LANDON</b>           |
| ▪ ACADEMIC POLICY   | <b>PATRICIA FROST</b>        |
| <b>VII. OTHER BUSINESS</b>  | <b>DAVID PARKER</b>          |
| <b>VIII. ADJOURNMENT</b>  | <b>DAVID PARKER</b>          |

NEXT FULL BOARD MEETING IS SCHEDULED FOR 16 NOVEMBER 2007

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**THE FLORIDA INTERNATIONAL UNIVERSITY  
BOARD OF TRUSTEES**

**11 SEPTEMBER 2007**

**SUBJECT: FULL BOARD MEETING MINUTES, 28 JUNE 2007**

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**PROPOSED BOARD ACTION:**

Adopt the following Resolution:

RESOLVED that the minutes of the meeting of the Florida International University Board of Trustees' Meeting held on 28 June 2007, attached to this Resolution as Exhibit "A," are hereby approved.

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**EXHIBITS/SUPPORTING DOCUMENTS:**

- EXHIBIT "A": 28 JUNE 2007 FULL BOARD MEETING MINUTES.

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**THE FLORIDA INTERNATIONAL UNIVERSITY  
BOARD OF TRUSTEES**



**BOARD MEETING  
MINUTES  
28 JUNE 2007**

**I. Call to Order**

Chairman David Parker convened the meeting of The Florida International University Board of Trustees at 9:06 a.m., on Thursday, 28 June 2007, at University Park Campus, MARC International Pavilion, Miami, Florida.

The following attendance was recorded:

***Present:***

David Parker	Claudia Puig
Jorge Arrizurieta	Modesto Maidique
Albert Dotson	Larry Kahn,
Bruce Hauptli	<i>Chairman FIU Foundation</i>
Marbely Hernandez	<i>Board of Directors</i>
Miriam Lopez	
Albert Maury	

***Excused:***

Betsy Atkins  
Patricia Frost  
Armando Guerra  
Kirk Landon  
Rosa Sugrañes

**II. Chairman's Remarks:**

Chairman Parker welcomed all Trustees, University faculty and staff. He introduced and welcomed newly appointed Trustees Albert Maury, President and COO of Leon Medical Centers Health Plans, and Jorge Arrizurieta, Chair of International Policy Group and Governmental Consultant with Akerman Senterfitt. He also welcomed new Student Trustee Marbely Hernandez, Student Government Association President for University Park Campus, who took office on 1 May 2007. He also recognized Foundation Directors Joan Peven Smith and Noel Guillama-Alvarez.

On behalf of the Board of Trustees, Chairman Parker extended his gratitude to former Student Trustee Alfonso Leon for his commitment and dedication to the Board, to the University and to students.

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Chairman Parker noted that, on behalf of the Board, he was honored at the opportunity presented to the University to host the Florida Board of Governors Meetings during June 2007.

President Maidique provided an update on the first meeting of the Joint BOT-BOD Gap Analysis Committee, noting that the Committee will report to the Board in October on the steps needed to achieve the FIU at FIFTY goals previously presented to the Board. Chairman Parker noted that in the 24 June 2007 Miami Herald's, Speak Up Section, the FIU Board of Directors and Board of Trustees sent a joint message to the community requesting feedback for the FIU at FIFTY vision.

Chairman Parker noted that in June 2007 FIU's Biscayne Bay Campus celebrated its 30<sup>th</sup> anniversary, adding that the campus hosted more than 8,000 students, and offered the community a state of the-art conference center. He congratulated Trustees Miriam Lopez and Rosa Sagrañes for being named to the list of the top 50 women leading businesses in Florida. He noted that the list was a research publication of our University's Center for Leadership in cooperation with the Metropolitan Center.

### **III. FIU Foundation Report**

Foundation Chairman Larry Kahn reported on fundraising efforts and provided an update on Foundation investments as of 30 April 2007. He also reported that Alumni membership surpassed the annual goal.

### **IV. Requests to Address the Board:**

*There were no requests to address the Board*

### **V. University Report**

President Maidique reported that the Council on Education for Public Health (CEPH), the accrediting agency for public health schools and programs, granted the University's Stempel School of Public Health full accreditation in June 2007.

President Maidique reported on the "Best in Class" campaign, noting more valedictorians from South Florida chose FIU than any other university in the country. He added that the valedictorians were highlighted in June 2007 as the University launched the first two in a series of advertisements featured in the *Miami Herald*.

President Maidique reported that FIU was the first public university in Florida to meet Federal Emergency Management Agency (FEMA) hazard mitigation planning standards. He noted that both FEMA and the Florida Division of Emergency Management commended the University's Disaster Resistant University (DRU) All-Hazards Mitigation Plan.

President Maidique announced the signing of the American College and University Presidents Climate Commitment, noting that the signing of this commitment further solidified the University's focus on the environment and on research in this field.

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## VI. Items for Board Consideration:

### A. Action Items

#### 1. *Consent Agenda:*

Chairman Parker asked for comments on any items included in the Consent Agenda. Hearing none, the Board adopted the following Resolution:

RESOLVED, that the following matters included in the Consent Agenda are hereby approved:

- A. MINUTES, 26 APRIL 2007 (*EXHIBIT "A"*)
- B. TENURE NOMINATIONS (*EXHIBIT "B"*)
- C. TENURE AS A CONDITION OF EMPLOYMENT NOMINATIONS (*EXHIBIT "C"*)
- D. REQUEST FOR A BSN-TO-PHD IN NURSING PROGRAM TRACK (*EXHIBIT "D"*)
- E. REQUEST FOR A MS IN ATHLETIC TRAINING (*EXHIBIT "E"*)
- F. UNIVERSITY EQUITY REPORTS (*EXHIBIT "F"*)

#### 2. **Operating Budget FY 2007-2008 and Tuition Fee Rule**

Finance and Audit Committee Vice Chair Miriam López introduced the University's Operating Budget for FY 2007-2008 for Board consideration and approval. University CFO and Sr. Vice President for Administration Vivian Sanchez presented the University wide 2007-2008 Operating Budget, provided a summary by fund, delineated strategic issues and proposed Resolutions.

After discussion, the Board adopted the following Resolution:

RESOLVED that the Florida International University Board of Trustees (the BOT) approves the 2007-2008 University Operating Budget [including tentative approval of the 2007-2008 Operating Budget of the FIU Foundation, Inc., attached to this Resolution as Exhibit "G"] subject to approval by the FIU Foundation Inc. Board of Directors; and

FURTHER RESOLVED that the BOT delegates to the University President the authority to amend the budget to adjust to changing circumstances, including the authority to reasonably increase expenditures based on the receipt of additional funding during the operating year and authority to make any changes resulting from the final approval of the 2007-08 Operating Budget of the FIU Foundation, Inc. by its Board of Directors; and

FURTHER RESOLVED that the University President shall keep the BOT informed of any changes in excess of 2% made to the total approved 2007-2008 Operating Budget during the operating year.

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Trustee Miriam López announced that there was an amendment to the University Tuition Fee Rule, noting that the amended Resolution was distributed to all Trustees and has been reviewed by the Finance and Audit Committee. Trustee Miriam Lopez introduced the amended University Tuition Fee Rule for Board consideration and approval. The Board approved the Resolution as amended.

After discussion, the Board adopted the following Resolution:

WHEREAS, the Florida International University Board of Trustees (the BOT) is authorized to set tuition and fees for the University within the limits provided by law;

WHEREAS, the Legislature has provided the Florida Board of Governors (the BOG) or its designee, the BOT, with authority to set 2007-2008 Academic Year tuition and fees for graduate, graduate professional, and nonresident students (at any level of instruction);

THEREFORE, BE IT RESOLVED THAT, the BOT approves the 2007- 2008 Academic Year tuition and fees increases reflected in the revised Tuition Fees Schedule Regulation FIU-1101 attached hereto as Exhibit "H" with the following changes (necessitated by the Governor's veto of the portion of the proviso language in Specific Appropriation 156 that established the maximum for undergraduate tuition for the 2007-2008 Fall/Spring Term at \$77.39.):

- a. The Undergraduate Resident Fee (charged to Resident and Non-Resident students) shall be \$73.71, the same amount that was charged in academic year 2006-2007.
- b. The Undergraduate Student Financial Aid Fee (charged to Resident and Non-Resident students) shall be \$3.68, the same amount that was charged in academic year 2006-2007.

However, in the event the Board of Governors authorizes the universities to charge an Undergraduate Resident Fee greater than \$73.71, President Maidique is delegated the authority to revise the Tuition Fees Schedule Regulation FIU-1101 to reflect the greater amount.

BE IT FURTHER RESOLVED THAT, the BOT delegates authority to the University President to forward the Regulation to the Board of Governors for approval and to approve any subsequent amendments that are based on comments to the Regulation received from the Board of Governors and as a result of the regulation-making process;

AND BE IT FURTHER RESOLVED, that the President report to the BOT at its next regularly scheduled meeting on any substantive change requested or made to the Regulation as a result of comments received by the Board of Governors and the regulation-making process.



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### **3. Legislative Budget Request 2008-2009 Operating, Fixed Capital Outlay, Supplemental Educational Plant Survey and Master Plan Update**

Trustee Miriam López introduced the Legislative Budget Request 2008-2009 for Board consideration and approval. CFO Vivian Sanchez and AVP of Real Estate Development and Planning Charles Scurr presented the Legislative Budget Request 2008-2009, providing a summary of the priorities and proposed resolutions.

After discussion, the Board adopted the following Resolution:

WHEREAS, the Florida Board of Governors (the BOG) has the power to operate, regulate, control and be fully responsible for the management of the whole university system (Section 7, Article IX, Florida Constitution); and

WHEREAS, included within this responsibility is the development of an annual, system-wide Legislative Budget Request; and

WHEREAS, Section 1001.74(12), Florida Statutes, requires the universities' Boards of Trustees to submit an institutional budget request based on the guidelines established by the BOG; and

WHEREAS, Section 216.023(1), Florida Statutes, requires the submission of a legislative budget request to the Legislature and Governor based on an independent judgment of needs;

THEREFORE, BE IT RESOLVED that The Florida International University Board of Trustees (the BOT) hereby approves the Florida International University 2008-2009 Legislative Budget Request, attached to this resolution as Exhibit "I"; and

BE IT FURTHER RESOLVED that the BOT authorizes the University Administration to amend the Legislative Budget Request to adjust to changing circumstances and to report to the BOT at its next regularly scheduled meeting of any substantive or material change made; and

BE IT FURTHER RESOLVED that the BOT authorizes the University Administration to take all actions necessary to implement this Resolution.

AVP Scurr presented the Fixed Capital Outlay Legislative Budget Request, 2008-2009, for Board consideration and approval. He also noted that the Capital Improvement plan presented additional academic and academic support facilities needed for a five-year period.

After discussion, the Board adopted the following Resolution:

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WHEREAS the University must submit to the Board of Governors its Fixed Capital Outlay Legislative Budget Request for 2008-2009.

THEREFORE BE IT RESOLVED that the Florida International University Board of Trustees (the BOT) approve the Florida International University 2008-2009 Fixed Capital Outlay (FCO) Legislative Budget Request consisting of the 5-year capital improvement plan (CIP) for Public Education Capital Outlay (PECO) projects, the Courtelis Facilities Enhancement Challenge Grant program list, and the Appropriations Bill proposed project list prepared pursuant to Sections 1013.64, 1001.74, 1011.40 and 1013.60, Florida Statutes and attached to this Resolution as Exhibit "J"; and

BE IT FURTHER RESOLVED that the BOT authorizes the University President to amend the 2008-2009 Fixed Capital Outlay (FCO) Legislative Budget Request to adjust to changing circumstances not-to-exceed 15% for each year and that any changes made will be further reported to the Board of Trustees at the next board meeting.

BE IT FURTHER RESOLVED that the BOT authorizes the University Administration to take all actions necessary to implement this Resolution.

Trustee Miriam López announced that there was an amendment to the Supplemental Educational Plant Survey, noting that the amended Resolution was distributed to all Trustees and has been reviewed by the Finance and Audit Committee. The Board approved the Resolution as amended.

After discussion, the Board adopted the following Resolution:

WHEREAS Florida Statute 1013.31(1)(a) requires that the Board of Trustees arrange for an Educational Plant Survey to determine the University's needs; and

WHEREAS a survey was conducted pursuant to the requirements of the Statute:

THEREFORE BE IT RESOLVED that the Florida International University Board of Trustees (the BOT) adopts The Florida International University 2005-2006 Supplemental Educational Plant Survey, as mandated by Florida Statutes (Section 1013.31, F.S., 2005) which is attached to this Resolution as Exhibit "K"; and

BE IT FURTHER RESOLVED that the BOT authorizes the University President to amend the 2005-2006 Supplemental Educational Plant Survey Amendment to align to the changes made in the Fixed Capital Outlay LBR, 2008-2009 for each year or to incorporate technical revisions and review comments by the Board of Governors and that any changes made will be further reported to the BOT at its next board meeting;

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and

BE IT FURTHER RESOLVED that the BOT authorizes the University Administration to take all actions necessary to implement this Resolution.

AVP Scurr presented the 2000-2010 Campus Master Plan Amendment No. 1 for Board consideration and approval, noting that the master plan served to identify general land uses and address the need and plans for provision of roads, parking, public transportation, solid waste, drainage, sewer, potable water, and recreation and open space during the coming 10 to 20 years.

After discussion, the Board adopted the following Resolution:

WHEREAS Florida Statute 1013.30 requires that each university board of trustees prepares and adopts the Campus Master plan; and

WHEREAS Florida Statute 1013.30(9) requires the Board of Trustees to approve any minor changes to the plan:

THEREFORE BE IT RESOLVED that the Florida International University Board of Trustees (the BOT) adopts Amendment No.1 to the Florida International University 2000-2010 Campus Master Plan Update, State Project No. BR-813 as a minor change amendment to the Master Plan approved by the Board at its July 26, 2004 meeting prepared in accordance with requirements of 1013.30, Florida Statutes, attached to this Resolution as Exhibit "L, Land Use Map – Amendment 1, Revised 6/28/07"; and

BE IT FURTHER RESOLVED that the BOT authorizes the University Administration to take all actions necessary to implement this Resolution.

#### **4. Amendment to the Operating Procedures of the Florida International University Board of Trustees**

Chairman David Parker introduced the proposed amendments to the Operating Procedures. He noted the substantive changes to the document. Chairman Parker announced that there was an amendment to the Amendment to the Operating Procedures of the Florida International University Board of Trustees, noting that the amendment was distributed to all Trustees. The Board approved the amendment to Exhibit "M" as presented.

After discussion, the Board adopted the following Resolution:

WHEREAS the Operating Procedures of the Florida International University Board of Trustees (the BOT), Article IV, "Amendment of Operating Procedures," provides that the Operating Procedures may be altered, amended or repealed by a two thirds vote of all members of the BOT; and

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WHEREAS changes in the BOT operations have necessitated changes to the Operating Procedures;

THEREFORE BE IT RESOLVED that the BOT hereby adopts the amendments to the Operating Procedures of the Florida International University Board of Trustees attached to this Resolution as Exhibit "M."

#### **5. Florida International University Foundation, Inc. Bylaws as Amended and Restated on the 30<sup>th</sup> day of May 2007.**

FIU Foundation Inc. Board of Directors Chairman Larry Kahn III presented "The Florida International University Foundation Inc. Bylaws as Amended and Restated on the 30<sup>th</sup> day of May 2007" for Board approval. He noted that the Florida Administrative Code required that any amendments to the Articles of Incorporation or Bylaws of the Foundation be submitted to the Board of Trustees for approval.

After discussion, the Board adopted the following Resolution:

WHEREAS, pursuant to F.A.C. 6C8-6.100 (2) (c), the Florida International University Board of Trustees (the BOT) must approve any amendments to the FIU Foundation, Inc. Bylaws before their becoming effective; and

WHEREAS, the Florida International University Foundation, Inc.'s Board of Directors has approved the amendments, which are attached hereto as Exhibit "N";

THEREFORE BE IT RESOLVED, that the BOT hereby approves the attached Amended Foundation Bylaws and authorizes the Executive Director of the Foundation to take all actions necessary pertaining to these Amended Bylaws.

#### **6. Committee Status Reports**

Committee Chair Albert Dotson reported on items heard by the Administration and Athletics Committee. Vice President for Governmental Relations Steve Sauls provided a Governmental Relations update. Chairman Parker thanked the Committees for their work noting that their careful review of university issues was of invaluable service to the entire Board.

#### **VII. Other Business:**

Trustee Miriam López introduced the Enrollment Growth and Tuition Resolution for Board consideration and approval, noting that the Resolution was drafted under the auspices of the Finance and Audit Committee.

After discussion, the Board adopted the following Resolution:

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WHEREAS The Florida International University (FIU) enrolls more than 38,500 students whose access to a university education is critical to upward mobility, economic opportunity, and community well being; and

WHEREAS FIU as the nation's largest university with a majority of students from traditionally underserved populations fulfills a unique national role, state obligation and local mission in the educational attainment of minority students; and

WHEREAS FIU's dramatic enrollment growth has been consistently funded at a level less than the cost of maintaining current service levels required by new students; and

WHEREAS Florida's State University System total funding (tuition, general revenue and lottery) per student lagged behind the U.S. average for public universities in 2004-05 by 12%; and

WHEREAS Florida's State University System ranked 12<sup>th</sup> out of 16 among states in the South (SREB) in total funding per student in 2005-06 down from 7<sup>th</sup> in 2000-01; and

WHEREAS The Florida International University Board of Trustees (the BOT) recognizes that tuition levels below 90% of the nation's public universities is constraining the university's ability to maintain access, improve quality and meet the needs of FIU students; and

WHEREAS FIU and its sister institutions have borne a costly unfunded state mandate to create Enterprise Information Systems for efficiency and improved safeguards for student safety and security; and

WHEREAS FIU and its sister institutions have consistently not been funded for cost of living increases for faculty and staff or for competitive salaries to attract and retain outstanding personnel; and

WHEREAS FIU and its sister institutions have persistently received under funding of enrollment and as a result the State University System is in the bottom quartile nationally in student/faculty ratios; and

WHEREAS FIU must attract 80 additional faculty to achieve the 75<sup>th</sup> percentile (bottom quartile) student/faculty ratio or 360 additional faculty to achieve the national average student/faculty ratio; and

WHEREAS the BOT shares constitutional authority with the Florida Board of Governors (the BOG) to provide for the needs of FIU, and relies on the strong support of the Governor and the Legislature to maintain and enhance Florida's public university system;

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THEREBY the BOT calls upon the Governor to work with the BOG and university Boards of Trustees and the Legislature as partners to develop the financial and governance compact needed to maintain and enhance the quality of Florida's public universities, maintain access to provide opportunities to Florida's college-ready students, recognize the unique missions and needs of Florida's metropolitan-serving universities such as FIU, and insure that as the nation's fourth largest state, and gateway to Latin America, the state is providing nationally recognized and globally competitive university undergraduate and graduate educational opportunities to its citizens; and

FURTHERMORE the BOT encourages the Board of Governors to seek clarification to its constitutional authority to meet the universities' needs through the setting of enrollment policies, market-based tuition policies, need based aid policies, and a new technology service fee in conjunction with university boards of trustees; and

FURTHERMORE the BOT encourages the Legislature to support a broad plan developed by the BOG to provide for the state's universities; provide adequate state revenue to fund the backlog of enrolled students for whom the universities are not receiving enrollment funding; fully fund new FTIC enrollment and Community College transfers, provide additional enrollment workload associated with ongoing efforts to increase retention and graduation rates, and recognize the unique challenges and demands placed upon urban-serving universities such as FIU; and

FURTHERMORE, in recognition of the fiscal constraints and uncertainty facing the State of Florida, the BOT commits to seeking management efficiencies and enrollment strategies to maintain service to currently enrolled students, and minimize and forestall enrollment freezes should they be unavoidable; and

FURTHERMORE, the BOT looks forward to a reenergized partnership with the BOG, the Governor of the State of Florida and the Florida Legislature to meet the educational needs and aspirations of Florida's citizens whom we are all privileged to serve.

### **VIII. Adjournment:**

Since there was no other business, the meeting of the Florida International University Board of Trustees was adjourned on Thursday, 28 June 2007, at 11:10 a.m.

*MB*  
7.5.07

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David Parker  
*Chairman*  
*FIU Board of Trustees*

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Modesto A. Maidique  
*Corporate Secretary*  
*FIU Board of Trustees*

*Attachments: Exhibits "A," "B," "C," "D," "E," "F," "G," "H," "I," "J," "K," "L," "M," & "N"*

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**THE FLORIDA INTERNATIONAL UNIVERSITY  
BOARD OF TRUSTEES**

**11 SEPTEMBER 2007**

**SUBJECT: FULL BOARD MEETING MINUTES, 17 AUGUST 2007**

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**PROPOSED BOARD ACTION:**

Adopt the following Resolution:

RESOLVED that the minutes of the meeting of the Florida International University Board of Trustees' Meeting held on 17 August 2007, attached to this Resolution as Exhibit "B," are hereby approved.

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**EXHIBITS/SUPPORTING DOCUMENTS:**

- EXHIBIT "B": 17 AUGUST 2007 FULL BOARD MEETING MINUTES.

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THE FLORIDA INTERNATIONAL UNIVERSITY  
BOARD OF TRUSTEES



**BOARD MEETING**  
**MINUTES**  
**17 AUGUST 2007**  
**Via Conference Call**

**I. CALL TO ORDER**

Chairman David Parker convened the meeting of The Florida International University Board of Trustees at 10:33 am, on Friday, 17 August 2007, via Conference Call.

The following attendance was recorded:

***Present:***

David Parker	Kirk Landon
Jorge Arrizurieta	Albert Maury
Betsy Atkins	Claudia Puig
Albert Dotson	Rosa Sugañes
Patricia Frost	Larry Kahn, <i>Chairman FIU</i>
Bruce Hauptli	<i>Foundation Board of Directors</i>
Marbely Hernandez	

***EXCUSED:***

Armando Guerra  
Miriam López  
Modesto Maidique

**II. CHAIRMAN'S REMARKS:**

Chairman Parker welcomed all Trustees, University faculty and staff. Chairman Parker thanked all Trustees for making themselves available for the meeting.

**III. ITEMS FOR BOARD REVIEW:**

○ **Action Items**

**1. FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. OPERATING BUDGET, 2007-2008**

FIU Foundation Inc. Board of Directors Chairman Larry Kahn III introduced the FIU Foundation Inc. Operating Budget, 2007-2008, for Board consideration and approval. FIU Foundation Director Noel Guillama-Alvarez, Chair of the Foundation Finance and Audit Committee presented the FIU Foundation Inc Operating Budget, 2007-2008, providing a

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summary by fund.

After discussion, the Board adopted the following Resolution:

WHEREAS, pursuant to the Florida Administrative Code Section 6C8-6.100 (4), the Florida International University Foundation, Inc. (FIU Foundation, Inc.) must submit an annual budget, which has been approved by its governing board and recommended by the University President to the Florida International University Board of Trustees (the BOT) for review and approval; and

WHEREAS, the FIU Foundation, Inc. Board of Directors has approved the FIU Foundation, Inc. Operating Budget for 2007-2008 on 24 July 2007, attached hereto as Exhibit "A," and the University President is recommending its approval;

THEREFORE, BE IT RESOLVED, that the BOT hereby approves the attached FIU Foundation, Inc. Operating Budget for 2007-2008 and authorizes the Executive Director of the FIU Foundation, Inc. to take all actions necessary pertaining to this Operating Budget.

Chairman Parker and Vice Chair Albert Dotson thanked the members of the FIU Foundation Board of Directors for their hard work and dedication.

**2. RATIFICATION OF SALARIES ARTICLE FOR 2006-2007 BETWEEN THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES AND THE UNITED FACULTY OF FLORIDA – FIU CHAPTER**

Chairman Parker introduced the Ratification of the Salaries Article for 2006-2007, between the Florida International University Board of Trustees and the United Faculty of Florida for Board consideration and approval. Executive Vice President and Provost Ronald Berkman reported on key points covered by the Salaries Article, noting that on Thursday, 2 August 2007, the faculty voted 122 to 1 to ratify the Salaries Article for 2006-2007.

After discussion, the Board adopted the following Resolution:

WHEREAS, the Florida International University Board of Trustees (the BOT) is the public employer of all employees of the University and is obligated to engage in collective bargaining with employees who are represented by a union; and

WHEREAS, certain employees of the University are part of a bargaining unit represented by the United Faculty of Florida – FIU Chapter (the UFF); and

WHEREAS, representatives of the BOT and the UFF have engaged in collective bargaining and have reached agreement on the terms of the Salaries Article for 2006-2007, attached hereto as Exhibit "B"; and

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WHEREAS, the majority of the bargaining unit employees represented by the UFF voted in favor of ratification of the Salaries Article on 1-2 August 2007;

THEREFORE BE IT RESOLVED, that the BOT hereby ratifies the Salaries Article for 2006-2007, attached hereto as Exhibit "B"; and

BE IT FURTHER RESOLVED, that the University Administration take all actions necessary to give effect to this Resolution.

Chairman Parker congratulated the President, the negotiating teams, the Provost, the administration and the faculty for their diligence in completing negotiations.

**IV. OTHER BUSINESS:**

Chairman Parker noted that there was an additional item, which required Board consideration and approval. Provost Berkman presented the Honorary Degree Recipient for Board review, noting that it was the last wish of Kristina Panagos, who suffered from a terminal illness, to receive a Bachelor of Science degree from Florida International University. He added that because Ms. Panagos did not complete all of the requirements set forth to receive a regular Bachelor's degree, the recommendation was that she be awarded an honorary degree. He also added that the proposed honorary degree for Ms. Panagos was recommended by the Chemistry and Biology department Chairs and by petitions signed by faculty from Chemistry and Biology, the Dean of Arts and Sciences, the Faculty Senate and the Provost and approved by the President.

After discussion, the Board adopted the following Resolution:

WHEREAS, Kristina Panagos has completed a substantial amount of coursework at the undergraduate level; and

WHEREAS, Kristina Panagos' grade point average is evidence of her academic dedication; and

WHEREAS, Kristina Panagos is suffering from a terminal illness deemed irreversible by nationally recognized medical institutions; and

WHEREAS, Kristina Panagos' medical condition has made it impossible for her to pursue further coursework; and

WHEREAS, Kristina Panagos and her family have requested, as her last wish, for Kristina to receive a Bachelor of Science degree from FIU; and

WHEREAS, the Florida International University Faculty Senate's Honorary Degrees and Awards Committee has recommended that the University award Kristina Panagos an

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Honorary Bachelor of Science and the University President recommends its approval;

THEREFORE BE IT RESOLVED, that the Florida International University Board of Trustees hereby approves the award of an Honorary Bachelor of Science degree to Kristina Panagos.

Vice Chair Dotson congratulated the Administration and the Faculty for their work.

**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 Friday, 17 August 2007, at 11:04 am.

MB  
8.21.07

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David Parker  
*Chairman*  
*FIU Board of Trustees*

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Modesto A. Maidique  
*Corporate Secretary*  
*FIU Board of Trustees*

*Attachments: Exhibits "A" & "B"*

**THE FLORIDA INTERNATIONAL UNIVERSITY  
BOARD OF TRUSTEES**

11 SEPTEMBER 2007

**SUBJECT: REVISED INVESTMENT POLICY STATEMENT**

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**PROPOSED BOARD ACTION:**

Adopt the following Resolution:

WHEREAS, in June 2005, the Florida International University Board of Trustees (the BOT) adopted an Investment Policy Statement for the investment of University funds; and

WHEREAS, Wilshire Consulting, Inc., the University's investment advisor, has recommended the adoption of certain revisions to the Investment Policy Statement. A summary of the recommended changes to the Investment Policy Statement is attached to this Resolution as Exhibit "C." The proposed revisions to the Investment Policy Statement are attached to this Resolution as Exhibit "D"; and

WHEREAS, the University's Investment Committee has reviewed the proposed revisions to the Investment Policy Statement, and recommends the adoption of the revisions; and

WHEREAS, the University desires to accept the recommendations made by Wilshire Consulting, Inc., and adopt the revised Investment Policy Statement attached to this Resolution as Exhibit "E"; and

THEREFORE, BE IT RESOLVED that the BOT hereby approves (i) the revised Investment Policy Statement attached to this Resolution as Exhibit "E," and (ii) the University's investment of funds pursuant to the revised Investment Policy Statement.

**BACKGROUND INFORMATION:**

**A. STATUTORY AUTHORITY**

**"Florida Uniform Management of Institutional Funds Act", §1010.10, Florida Statutes (2004)** (the "Act"), statute governing investment policy for educational institutions such as the University, provides in part:

Under the Act, members of a governing board of an institution shall invest institutional funds pursuant to a prudent investor standard. So long as the Governing Board complies with the prudent investor standard, the Governing Board

may invest Institutional Funds in any kind of property or any type of investment including, but not limited to shares or interests in regulated investment companies, mutual funds, common trust funds, investment partnerships, and real estate investment trusts.

Additionally, the Act provides that a prudent governing body may delegate investment and management functions with respect to Institutional Funds to a third party agent provided that the Governing Body exercises reasonable care, skill and caution in selecting the agent; establishing the scope and terms of the delegation consistent with the purposes of the institutional fund and periodically reviewing the agent's actions to monitor the agent's performance and the agent's compliance with the terms of the delegation.

**B. EXPLANATION OF PROPOSED BOARD ACTION:**

The BOT Finance and Audit Committee is requested to recommend Board adoption of a Resolution to accept certain changes that have been approved by the FIU Investment Committee to the previously approved investment policy statement.

The changes which are represented in the attached "Investment Policy Revisions" chart are reflected in the Appendices to the policy on pages 12-16. These revisions reflect the acceptance of an alternative asset allocation mix as recommended by the investment advisors to the committee, Wilshire Consulting.

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**EXHIBITS/SUPPORTING DOCUMENTS:**

- EXHIBIT "C" – SUMMARY OF RECOMMENDED CHANGES TO INVESTMENT POLICY STATEMENT
- EXHIBIT "D" – INVESTMENT POLICY STATEMENT, REVISED SEPTEMBER 2007 (REDLINED COPY)
- EXHIBIT "E" – INVESTMENT POLICY STATEMENT, REVISED SEPTEMBER 2007
- EXHIBIT "F" – OPERATING FUND INVESTMENTS (BOND ISSUE INVESTMENTS EXCLUDED)



## **FLORIDA INTERNATIONAL UNIVERSITY**

### **Summary of changes to Investment Policy Statement**

**September 11, 2007**

Florida International University is requesting the BOT Finance and Audit Committee adopt a resolution to accept certain changes that have been approved by the FIU Investment Committee to the previously approved investment policy statement.

The changes which are represented in the attached "Investment Policy Revisions" chart are reflected in the Appendices to the policy on pages 12-16. These revisions reflect the acceptance of an alternative asset allocation mix as recommended by the investment advisors to the committee, Wilshire Consulting.

**The changes to the portfolio are expected to increase total returns while maintaining the current level of volatility.**

The allocation mix changes the Strategic Capital and Reserve Pools and reduces the Working Capital Pool percentage of the total portfolio. Additionally asset mix changes within the Strategic Capital and Reserve Pool reflect increases to TIPS, International Equity, and Absolute Return offset by reductions in U.S. Equity, Real Estate, High Yield Bonds, and Investment Grade Bonds.

# Florida International University Investment Policy Revisions

<u>Current Portfolio</u>	<b>Working Capital Pool</b>	<b>Strategic Capital Pool</b>	<b>Reserve Pool</b>	<b>Total Combined</b>
<b>% of Total</b>	<b>40%</b>	<b>50%</b>	<b>10%</b>	<b>100%</b>
Cash Equivalents	40.00	0.00	0.00	16.00
Short - Int. Fixed Income	60.00	0.00	0.00	24.00
Fixed Income (Inv. Grade)	0.00	40.00	40.00	24.00
TIPS	0.00	10.00	10.00	6.00
High Yield	0.00	10.00	10.00	6.00
<b>Total Fixed Income</b>	<b>100.00</b>	<b>60.00</b>	<b>60.00</b>	<b>76.00</b>
<b>Absolute Return</b>	<b>0.00</b>	<b>10.00</b>	<b>10.00</b>	<b>6.00</b>
<b>REITS</b>	<b>0.00</b>	<b>10.00</b>	<b>10.00</b>	<b>6.00</b>
U.S. Equity	0.00	15.00	15.00	9.00
International Equity	0.00	5.00	5.00	3.00
<b>Total Equity</b>	<b>0.00</b>	<b>20.00</b>	<b>20.00</b>	<b>12.00</b>
<b>Expected Return</b>	3.92	6.59	6.59	5.55
<b>Risk (Standard Deviation)</b>	2.77	5.93	5.93	4.29

<u>Recommended Portfolio</u>	<b>Working Capital Pool</b>	<b>Strategic Capital Pool</b>	<b>Reserve Pool</b>	<b>Total Combined</b>
<b>% of Total</b>	<b>30%</b>	<b>60%</b>	<b>10%</b>	<b>100%</b>
Cash Equivalents	40.00	0.00	0.00	12.00
Short - Int. Fixed Income	60.00	0.00	0.00	18.00
Fixed Income (Inv. Grade)	0.00	30.00	30.00	21.00
TIPS	0.00	20.00	20.00	14.00
High Yield	0.00	5.00	5.00	3.50
<b>Total Fixed Income</b>	<b>100.00</b>	<b>55.00</b>	<b>55.00</b>	<b>68.50</b>
<b>Absolute Return</b>	<b>0.00</b>	<b>20.00</b>	<b>20.00</b>	<b>14.00</b>
<b>REITS</b>	<b>0.00</b>	<b>5.00</b>	<b>5.00</b>	<b>3.50</b>
U.S. Equity	0.00	12.50	12.50	8.75
International Equity	0.00	7.50	7.50	5.25
<b>Total Equity</b>	<b>0.00</b>	<b>20.00</b>	<b>20.00</b>	<b>14.00</b>
<b>Expected Return</b>	3.92	6.69	6.69	5.88
<b>Risk (Standard Deviation)</b>	2.77	5.48	5.48	4.31

**THE OPERATING FUNDS INVESTMENT POOL**

**OF**

**FLORIDA INTERNATIONAL UNIVERSITY**

**INVESTMENT POLICY STATEMENT**

**GOALS, POLICIES AND PROCEDURES**

Adopted June 29, 2005

Revisions: September 11, 2007

### **Purpose and scope**

This document will provide the framework for the investment management of Florida International University's operating funds investment pool (the "Fund"). Specifically, it will address:

- the general goals of the investment program
- the policies and procedures for the management of the Funds' assets
- investment guidelines (asset allocation)
- performance objectives

The philosophy incorporated herein is to allow for sufficient flexibility in the management process to capture investment opportunities as they may occur, yet set forth reasonable parameters to ensure prudence and care in the execution of the investment program.

#### **I. General Investment Goals and Objectives**

The general investment goals are broad in nature to encompass the purpose of the Fund and its investments. They articulate the philosophy by which Florida International University Board of Trustees will manage the Fund's assets.

1. The overall goal of the Fund is to provide funds through a carefully planned and executed investment program necessary for regular expenses, capital expenditures and overall liquidity needs. There are both short term liquidity needs and longer term needs that allow for some incremental longer term growth of these assets. Specifically, the Fund's shall be managed with the following objectives:
  - a) Maintain the safety of the principal;
  - b) Maintain the necessary liquidity to ensure funds are available to support operational needs;
  - c) Obtain a reasonable return for a prudent level of risk
2. Florida International University seeks to produce a return on investment which is based on levels of operating liquidity needs and investment risk that are prudent and reasonable, given prevailing capital market conditions. While Florida International University recognizes the importance of the preservation of capital, it also adheres to the theory of capital market pricing which maintains that varying degrees of investment risk should be rewarded with compensating returns.

## **Policies and Procedures**

Webster's Dictionary defines "policy" as a "plan or principle" and "procedure" as the "method" by which a task is accomplished. Together, the policies and procedures of the investment program guide its implementation and outline the specific responsibilities of the Board of Trustees (the "BOT"), the Investment Committee, and the internal staff for the Fund.

Therefore, it is the policy of Florida International University, that:

The investment of the assets of the Fund shall be based on a financial plan that will consider:

- the financial condition of Florida International University
- the expected long term capital market outlook
- Florida International University's risk tolerance
- future planned capital expenditures and cash requirements
- debt service requirements
- current and projected expenses
- inflation

The financial plan measures the potential impact of alternative investment policies in terms of risk and return based on various levels of asset diversification and the current and projected cash flows of the Fund.

### **I. Governance**

#### **Board of Trustees (Audit and Finance Committee)**

The Florida International University Board of Trustees is responsible for the oversight and approval of the overall investment policy of the operating portfolio. This oversight responsibility will include the final approval and any modifications to the Investment Policy of the University as written in the Investment Policy Statement (the "IPS"). This policy addresses specifics relating to:

- investment goals and objectives
- policies and procedures
- asset allocation policy targets specifying minimum and maximum ranges
- rebalancing policy
- selection of investment managers
- authorized investments

#### **Investment Committee**

The Investment Committee recognizes that matters concerning the investment of the operating fund assets owned by the University merit serious attention and frequent consideration.

1. The Investment committee, at a minimum, will consist of: an individual designated by the Board of Trustees; the Chief Financial Officer of the

## Exhibit "D"

University; the Treasurer of the University; and a representative from University academics

The Investment Committee, with the guidance and recommendations of the consultant, is responsible for:

- directing all of its efforts toward the investment objectives stated in the IPS
- performing at least annually a review of the investment objectives stated in the IPS
- ensuring that the objectives stated in the IPS are practical and reflect the mission of the University
- hiring an investment consultant, subject to the approval of the Board of Trustees
- implementing and monitoring the asset allocation policy
- conducting an annual formal review of the investment structure
- developing an updated financial projection a minimum of every three years
- selecting and monitoring of qualified, competent Investment Managers
- terminating investment managers failing to maintain acceptable quantitative (e.g. risk/return profile) and/or qualitative (e.g. organizational changes) standards
- developing and reviewing the objectives and guidelines given to each specific investment manager
- meeting at least quarterly to review the results of the investment portfolios
- determining whether the investment objectives set forth herein are being met and whether the investment guidelines are being followed
- providing regular performance reports to the Board of Trustees

### Staff

The staff is an integral part of the day to day requirements of the operating portfolio. The staff has the responsibility of administering and coordinating the implementation decisions made by the Investment Committee and the Board of Trustees. The staff is responsible for:

- administering the investments of the Fund at the lowest possible cost, being careful to avoid sacrificing quality
- administering the rebalancing policy
- day-to-day interaction with the consultants and investment managers

## **Investment Guidelines**

Investment guidelines establish parameters for the Total Fund and for each investment manager to follow while implementing their respective investment strategies. Guidelines address asset allocation, restricted transactions, diversification, quality and turnover.

### **I. Asset Class/Category Characteristics**

#### **Cash Equivalents**

The purpose of the cash equivalents portfolio is to provide liquidity to fund operational expenses, debt service and other short term cash needs.

#### **Fixed Income**

This asset class is intended to be representative of the overall U.S. investment grade bond market. The purpose of the fixed income portfolio is to provide a high level of current income to provide liquidity for intermediate cash flow needs and to provide diversification benefits during periods of a stock market decline.

#### **TIPS**

Treasury Inflation Protected Securities are fixed income investments in which the principal is adjusted periodically based on changes in CPI. The purpose of the TIPS portfolio is to provide fixed income like returns with the additional diversification benefits of inflation protection.

#### **Absolute Return**

This asset class is intended to be representative of a broadly diversified hedge fund strategy intended to provide an "absolute return" in any market environment with low – intermediate level of risk. This strategy is intended to provide modest return enhancement to that of fixed income with diversification benefits derived from its low correlation to other asset classes.

#### **High Yield**

This asset class is intended to be representative of the non-investment grade U.S. bond market (bonds rated BB or lower). The purpose of this fixed income portfolio is to provide a higher level of current income to compensate for the additional level of credit risk employed. The purpose of this portfolio is to provide some return enhancement and diversification benefit in order for the Fund to realize long-term growth above inflation.

#### **REITS**

This asset class is intended to be representative of the Real Estate Investment Trust market. The purpose of the REIT portfolio is to provide a higher level of current income and capital appreciation than fixed income with diversification benefits from its low correlation to both stocks and bonds.

## Exhibit "D"

### U.S. Equity

This asset class is intended to be representative of the overall U.S. stock market. The purpose of the equity portfolio is to provide a high level of capital appreciation in order for the Fund to realize long-term growth above inflation.

### International Equities

The purpose of the international equity portfolio is to provide exposure to equity in international developed equity markets. Exposure to international equities enhances returns of the combined equity portfolio while reducing return volatility.

## **II. Investment Pools**

Total Combined Pool - This pool is the overall combined portfolio of the Operating Funds Investment Pool. In its entirety it is intended to satisfy the overall objectives and constraints set forth in the Investment Policy Statement herein.

The Total Combined Pool is divided into three distinct pools; each pool has a different investment time horizon, investment objective, and minimum and maximum asset class allocations.

Working Capital Pool – This pool is short-term in nature, and is intended to provide for the immediate normal operating requirements of Florida International University. This pool may include certain restricted funds and therefore, will comply with any state and /or federal regulations. It is expected that this fund in its entirety will be invested in The Florida State Treasury Investment Pool or a similar investment vehicle.

Reserve Pool – This pool encompasses a state mandated unencumbered reserve. This pool is intended to be invested over the medium-longer term, and will provide a stable and growing uncommitted resource.

Strategic Capital Pool – The cash needs of this portfolio are intermediate and long term in nature. Therefore, this pool is intended to be invested over the medium-term, and will provide returns commensurate with an intermediate term investment time horizon.

\* Revenue Bonds will be outside of the purview of these investment pools and will be invested in compliance with all relevant federal and state laws.



### III. Authorized Investments

Investment guidelines establish parameters for each investment manager to follow while implementing their respective investment strategies. The following information addresses authorized investments and restrictions at the overall asset class policy level. Each underlying manager will have a specific set of guidelines that may be more restrictive than those at the overall policy level.

#### US Equity Portfolios

<b>Investment Guidelines - US Equity</b>	
<b>Authorized Investments:</b>	<b>Status</b>
Equity securities denominated in US dollars and traded on recognized US exchanges including NASDAQ	Authorized
Common and preferred Stock	Authorized
Securities convertible into common and preferred stock	Authorized
Rights and warrants	Authorized
Depository receipts	Authorized
Cash vehicle available through the trustee	Authorized
<b>Restrictions:</b>	<b>Guideline</b>
Maximum investment in an individual company	5% of account market value
Maximum ownership of an individual company's outstanding shares	10%
Maximum cash or cash equivalent position	10% of account market value
Maximum position in preferred stocks	5% of account market value
Maximum position in convertible securities	5% of account market value
Maximum position in rights and warrants	10% of account market value
Maximum position in depository receipts	10% of account market value
Margined stocks	Prohibited
Shorts sales	Prohibited
Real or personal property	Prohibited
Commodities or commodity contracts	Prohibited
Swaps, options, or other derivatives	Prohibited
Limited partnerships	Prohibited
Venture capital	Prohibited
Letter stock and other securities restricted as to public resale	Prohibited
Borrowing and/or lending funds or securities	Prohibited
Maximum position in dollar-denominated equity securities issued by non-US domiciled companies but traded on a recognized US exchange	10% of account market value
Investments with a market capitalization less than the smallest security or greater than the largest security in the Benchmark at time of purchase	Prohibited
Maximum position in investments with a market capitalization less than the smallest security or greater than the largest security in the Benchmark	5% of account market value

Exhibit "D"

Fixed Income – Investment Grade

<b>Investment Guidelines - Investment Grade Fixed Income</b>	
<b>Authorized Investments:</b>	<b>Status</b>
Fixed Income securities issued in the U.S. investment grade bond market	Authorized
Rule 144A securities with registration rights	Authorized
Non dollar securities and securities of issuers outside the U.S.	Authorized
U.S. Treasury, Agency, Eurodollar, and Swap financial futures	Authorized
Interest rate swaps	Authorized
Options on securities otherwise allowable under the guidelines	Authorized
Agency mortgage dollar rolls	Authorized
Cash vehicle through trustee	Authorized
<b>Restrictions:</b>	<b>Guideline</b>
Maximum invested in securities not paying in US dollars	10% of account market value
Maximum invested in issuers domiciled outside the US	10% of account market value
Maximum invested in non US dollar-denominated assets	10% of account market value
Cross-currency hedging	Prohibited
Rated by both S&P and Moody's (except US government and agency securities)	Required
Rated BBB-/Baa3 or higher at time of purchase	Required
Convertible securities and preferred stocks	Prohibited
Maximum position in securities not rated or rated BB+ /Ba1 or lower	5% of account market value
Collateralized securities must have a credit quality rated AAA by S&P and rated Aaa by Moody's	Required
Interest-only (IO) securities	Prohibited
Collateralized Bond Obligations, Collateralized Debt Obligations, and Collateralized Loan Obligations	Prohibited
Credit derivatives	Prohibited
Maximum per any one issuer	5% of account market value
Maximum duration exposure derived from futures, options or swaps	20%
Borrowing and/or lending of funds or securities	Prohibited
Leverage	Prohibited

Exhibit "D"

Fixed Income – High Yield

<b>Investment Guidelines - High Yield Fixed Income</b>	
<b>Authorized Investments:</b>	<b>Status</b>
Registered high yield and Rule 144A, with registration rights, fixed income securities and debt obligations issued by public, corporate, and sovereign entities	Authorized
Securities issued or guaranteed by the US government, its agencies and instrumentalities	Authorized
Forward contracts on "eligible" securities	Authorized
Common stock, preferred stock and options or warrants to purchase common or preferred stock only where included in a unit with, or attached to, fixed income securities or upon conversion of a convertible security or exercise of a warrant or option or received in a reorganization	Authorized
Convertible securities and preferred stocks, if most of their value is attributable to their yield and other fixed income features	Authorized
Cash vehicle through trustee	Authorized
<b>Restrictions:</b>	<b>Guideline</b>
Maximum position in an individual security (excluding Government securities)	5% of account market value
Maximum position in any one issuer (excluding Government securities)	5% of account market value
Maximum position in Rule 144A, with registration rights, securities	5% of account market value
Maximum position in emerging market debt (corporate or sovereign debt of countries with credit rating BB+/Ba1 or lower)	5% of account market value
Purchase of securities on margin	Prohibited
Short sales	Prohibited
Securities lending	Prohibited
Employ leverage	Prohibited
Structured securities (e.g. ABS, CMBS, CDO) except for equipment trust certificates	Prohibited
Maximum position in equipment trust certificates	5% of account market value
Investment in direct real estate or real estate mortgage loans	Prohibited
Debt issued by corporate entities involved in real estate otherwise allowed under these guidelines	Permitted
Investment in commodities or commodity contracts	Prohibited
All securities at the time of purchase must be rated single-B or higher by both S&P and Moody's (securities issued w/o rating are exempt if one can be reasonably expected within one month of issuance)	Required
Maximum invested in securities not rated single-B or higher by both S&P and Moody's and any equity securities received into the account	5% of account market value

Exhibit "D"

International Equity

<b>Investment Guidelines - International Equity</b>	
<b>Authorized Investments:</b>	<b>Status</b>
Countries represented in the MSCI EAFE benchmark	Authorized
Equity securities of companies domiciled in countries represented in the MSCI EAFE benchmark	Authorized
Common and Preferred Stock	Authorized
Securities convertible into common and preferred stock	Authorized
Rights and warrants	Authorized
Depository receipts	Authorized
Rule 144A securities	Authorized
Foreign currency and currency forwards of countries allowable under the guidelines	Authorized
International index futures contracts used solely for hedging purposes	Authorized
Cash vehicle available through the trustee	Authorized
<b>Restrictions:</b>	<b>Guideline</b>
Maximum investment in an individual company	5% of account market value
Maximum ownership of an individual company's outstanding shares	10%
Maximum cash or cash equivalent position	10% of account market value
Maximum position in preferred stocks	5% of account market value
Maximum position in convertible securities	5% of account market value
Maximum position in rights and warrants	10% of account market value
Maximum position in private placement securities eligible for resale pursuant to Rule 144A	10% of account market value
Private placements outside of Rule 144A	Prohibited
Maximum position in depository receipts	10% of account market value
Margined stocks	Prohibited
Shorts sales	Prohibited
Real or personal property	Prohibited
Commodities or commodity contracts	Prohibited
Swaps, options, or other derivatives	Prohibited
Limited partnerships	Prohibited
Venture capital	Prohibited
Letter stock and other securities restricted as to public resale	Prohibited
Foreign currency and currency forward contracts for hedging purposes	Permitted
Use of derivatives to expose more than 100% of the net assets of the account to equity securities	Prohibited
Net aggregate holdings of foreign currency exposure in excess of net assets of the account	Prohibited
Borrowing and/or lending of funds or securities	Prohibited

#### Authorized Investments – Hedge Funds

As this asset class is intended to be representative of a broadly diversified hedge fund strategy intended to provide an “absolute return” in any market environment with low – intermediate level of risk. This strategy is expected to be implemented through a fund-of-funds investment vehicle. The organization managing the fund-of-fund vehicle must be registered with the SEC. Specific investment guidelines will be reviewed and approved by the Investment Committee prior to the implementation of such an investment vehicle.

#### Commingled Investment Vehicles and/or Mutual Funds

Investment may be made in commingled vehicles and or mutual funds in which a specified set of guidelines developed for a broad number of institutions are already predetermined. It will be expected that these portfolios be managed in a manner consistent with but not specific to the specified restrictions made in this section. These guidelines will be reviewed and approved by the Investment Committee prior to the implementation of such an investment vehicle.

#### **IV. Asset Allocation Guidelines**

The long-term allocation guidelines adopted by the BOT shall be expressed in terms of a target and ranges for each asset class to provide sufficient flexibility to take advantage of shorter-term market opportunities as they may occur. The asset allocation shall be sufficiently diversified to maintain risk at a reasonable level without imprudently sacrificing return.

The target allocation to each asset class will differ between the various pools as denoted in a previous section of the IPS. The asset allocation of each of the individual investment pools and the total combined pool are summarized in **Appendix I – Asset Allocation Targets and Rebalancing Policy**.

#### **V. Manager Selection**

The Investment Committee, with the guidance and recommendations of the consultant, is responsible for the selection and continued monitoring of qualified, competent investment managers. The manner of procurement will be in compliance with University policy and Florida law.

#### **VI. Performance Measurement & Evaluation**

Investment objectives provide quantifiable standards to measure and evaluate the progress of both the investment pools and each individual investment manager. For the purpose of monitoring and evaluating the ongoing investment activity and results, both relative and comparative performance standards and objectives are defined.

## Exhibit "D"

1. **Relative standards** are used to review the return and risk at both the Pool and individual manager level. The relative standards for the pool level will represent a target policy index that will be constructed from the relative market indices weighted by the Total Fund's target allocation to each asset class. Each individual investment manager will be evaluated relative to an appropriate benchmark. An appropriate benchmark is defined as an identifiable market index or a "normal" portfolio that is constructed to replicate the manager's investment style. Benchmarks for each investment manager are identified in the Individual Manager section of this document.
2. **Comparative standards** are used to evaluate the returns of both the pool and each of its asset class components.
3. **Objectives** are established to measure the long-term (3 to 5 years) results of the Total Pool and each investment manager. The Committee must recognize the limitations of reviewing results over short-term horizons; however, current performance can serve as an early indication of the Fund's progress toward meeting the more fundamental primary objectives.

The Fund' performance objectives can be divided into two components: objectives for the overall fund and objectives for the individual portfolio components. Both levels of objectives will be incorporated into quarterly reviews of the Fund's performance.

The performance objectives for each individual investment pool and the Total Combined Pool are detailed in **Appendix II – Performance Objectives**.

### Appendix 1 – Asset Allocation Targets & Rebalancing Policy

#### Asset Allocation Guidelines

The asset allocation guidelines differ between the various funds, and are summarized as follows:

	Working Capital Pool	Strategic Capital Pool	Reserve Pool	Total Combined Pool
<b>% of Total</b>	<b>40%</b>	<b>50%</b>	<b>10%</b>	<b>100%</b>
Cash Equivalents	40	0	0	16
Short -Int. Fixed Income	60	0	0	24
Fixed Income (Inv. Grade)	0	40	40	24
TIPS	0	10	10	6
High Yield	0	10	10	6
<b><i>Total Fixed Income</i></b>	<b>100</b>	<b>60</b>	<b>60</b>	<b>76</b>
<b><i>Absolute Return</i></b>	<b>0</b>	<b>10</b>	<b>10</b>	<b>6</b>
<b><i>REITS</i></b>	<b>0</b>	<b>10</b>	<b>10</b>	<b>6</b>
U.S Equity	0	15	15	9
International Equity	0	5	5	3
<b><i>Total Equity</i></b>	<b>0</b>	<b>20</b>	<b>20</b>	<b>12</b>

	Working Capital Pool	Strategic Capital Pool	Reserve Pool	Total Combined Pool
<b>% of Total</b>	<b>30%</b>	<b>60%</b>	<b>10%</b>	<b>100%</b>
Cash Equivalents	40.00	0.00	0.00	12.00
Short -Int. Fixed Income	60.00	0.00	0.00	18.00
Fixed Income (Inv. Grade)	0.00	30.00	30.00	21.00
TIPS	0.00	20.00	20.00	14.00
High Yield	0.00	5.00	5.00	3.50
<b><i>Total Fixed Income</i></b>	<b>100.00</b>	<b>55.00</b>	<b>55.00</b>	<b>68.50</b>
<b><i>Absolute Return</i></b>	<b>0.00</b>	<b>20.00</b>	<b>20.00</b>	<b>14.00</b>
<b><i>REITS</i></b>	<b>0.00</b>	<b>5.00</b>	<b>5.00</b>	<b>3.50</b>
U.S Equity	0.00	12.50	12.50	8.75
International Equity	0.00	7.50	7.50	5.25
<b><i>Total Equity</i></b>	<b>0.00</b>	<b>20.00</b>	<b>20.00</b>	<b>14.00</b>

#### Asset Allocation Ranges and Rebalancing Policy

Asset allocation refers to the strategic deployment of assets among the major classes of investments such as domestic equity, fixed income and cash equivalents. The asset allocation decision reflects the Fund's return requirements as well as the Fund's tolerance for return variability (risk) within the context of the expected liabilities of the fund. Asset allocation policy is widely recognized and accepted as the primary source of return and risk for the investment program. It is used for setting the parameters for long term risk and return in order to meet the Plan's long-term financial objectives. The Board of

Exhibit "D"

Trustees has adopted an asset allocation policy that identifies the strategic target weights to each of the major asset classes. The tables below highlights the general asset classes approved for investment, the strategic target weights and the allowable ranges around the target weights:

*Working Capital Pool* - The Florida State Treasury Investment Pool and the State Board of Administration Local Government Investment Pool ("SBA") ~~is an~~ are appropriate investment options for this pool and would not be subject to the following rebalancing ranges.

	<u>Target (%)</u>	<u>Minimum (%)</u>	<u>Maximum (%)</u>
Cash Equivalents	40	30	50
Short Term Fixed Income	60	50	70



Exhibit "D"

***Reserve Pool***

	<u>Target (%)</u>	<u>Minimum (%)</u>	<u>Maximum (%)</u>
Cash Equivalents	0	0	5
Fixed Income	<del>4030</del>	<del>3525</del>	<del>4535</del>
TIPS	<del>1020</del>	<del>715</del>	<del>1325</del>
Absolute Return	<del>1020</del>	<del>715</del>	<del>1325</del>
High Yield	<del>105</del>	<del>72</del>	<del>138</del>
REITS	<del>105</del>	<del>72</del>	<del>138</del>
International Equity	<del>57.5</del>	<del>24.5</del>	<del>810.5</del>
Domestic Equity	<del>1512.5</del>	<del>129.5</del>	<del>1815.5</del>

***Strategic Capital Pool***

	<u>Target (%)</u>	<u>Minimum (%)</u>	<u>Maximum (%)</u>
Cash Equivalents	0	0	5
<del>Fixed Income</del>	<del>30</del>	<del>25</del>	<del>35</del>
<del>TIPS</del>	<del>20</del>	<del>15</del>	<del>25</del>
<del>Absolute Return</del>	<del>20</del>	<del>15</del>	<del>25</del>
<del>High Yield</del>	<del>5</del>	<del>2</del>	<del>8</del>
<del>REITS</del>	<del>5</del>	<del>2</del>	<del>8</del>
<del>International Equity</del>	<del>7.5</del>	<del>4.5</del>	<del>10.5</del>
<del>Domestic Equity</del>	<del>12.5</del>	<del>9.5</del>	<del>15.5</del>
<del>Fixed Income</del>	<del>40</del>	<del>35</del>	<del>45</del>
<del>TIPS</del>	<del>10</del>	<del>7</del>	<del>13</del>
<del>Absolute Return</del>	<del>10</del>	<del>7</del>	<del>13</del>
<del>High Yield</del>	<del>10</del>	<del>7</del>	<del>13</del>
<del>REITS</del>	<del>10</del>	<del>7</del>	<del>13</del>
<del>International Equity</del>	<del>5</del>	<del>2</del>	<del>8</del>
<del>Domestic Equity</del>	<del>15</del>	<del>12</del>	<del>18</del>

***Total Combined Pool***

	<u>Target (%)</u>	<u>Minimum (%)</u>	<u>Maximum (%)</u>
Working Capital Pool	<del>4030</del>	<del>3525</del>	<del>10093</del>
Strategic Capital Pool	<del>5060</del>	0	<del>5570</del>
Reserve Pool	10	7	20

A **Rebalancing Policy** is designed to provide a disciplined approach to control the risk exposure of the Fund to the investment categories that have deviated from the established target policy weights. Rebalancing parameters are addressed at the asset class level. The rebalancing policy requires a reallocation to be made whenever the quarter-end allocations exceed the minimum or maximum allocations specified above. Naturally occurring cash flows shall be used to the fullest extent possible to minimize transaction costs and rebalance toward policy targets.

## Appendix II – Performance Objectives

The performance objectives for the overall fund are threefold:

1. objective relative to asset allocation targets
2. objective relative to capital market assumptions
3. objective relative to inflation

The first objective results in a comparative index that reflects Florida International University’s unique asset allocation policy (see example in Table 1). Exceeding this objective indicates that the active management of the various portfolio components has added value over a passively-managed fund with a similar asset mix. The second objective, to compare asset class performance to the capital market assumptions, ensures that the asset mix continues to achieve the long-term goals of the Fund. The inflation objective requires that the investment performance provide an adequate real return over the expected rate of inflation, the primary driver of costs.

Individual portfolio components also have performance objectives reflecting the unique investment style of each category. The investment style and performance benchmarks are also shown in Table 1.

**TABLE 1 -  
Five-Year Performance Objectives**

### Methodology

1. Relative to asset allocation targets, indexes that represent appropriate asset classes

Target Portfolio Weight	x	Representative cash equivalent portfolio
Target Portfolio Weight	x	Investment grade fixed income index
Target Portfolio Weight	x	TIPS index
Target Portfolio Weight	x	Absolute return benchmark
Target Portfolio Weight	x	High yield fixed income index
Target Portfolio Weight	x	REIT Index
Target Portfolio Weight	x	Broad U.S equity index
<u>Target Portfolio Weight</u>	<u>x</u>	<u>International equity index</u>
100%		Total Fund Benchmark

Exhibit "D"

**Total Combined Pool** -objectives (net of all fees and costs)

Relative to asset allocation targets, index weighted by:

<del>4030</del> .% x	Florida State Treasury Investment Pool <u>(91 Day Treasury Bill)</u>
<del>2421</del> .% x	Lehman Aggregate Bond Index
<del>614</del> .% x	Lehman TIPS Index
<del>614</del> .% x	CPI + 3.25% ( <i>Absolute Return benchmark</i> )
<del>63.5</del> % x	ML High Yield Master II Index
<del>63.5</del> % x	Wilshire REIT Index
<del>98.75</del> % x	Dow Jones Wilshire 5000 Index (US Equity broad market)
<del>35.25</del> % x	<u>MSCI EAFE (int'l developed markets)</u>
100%	Total Combined Pool Benchmark

**Working Capital Pool** -objectives (net of all fees and costs)

Relative to asset allocation targets, index weighted by:

<del>100</del> % x	Florida State Treasury Investment Pool <u>and/or Cash Equivalents</u>
100%	Working Capital Pool Benchmark

**Strategic Capital Pool** -objectives (net of all fees and costs)

Relative to asset allocation targets, index weighted by:

<del>4030</del> % x	Lehman Aggregate Bond Index
<del>4020</del> % x	Lehman TIPS Index
<del>4020</del> % x	CPI + 3.25% ( <i>Absolute Return benchmark</i> )
<del>405</del> % x	ML High Yield Master II Index
<del>405</del> % x	Wilshire REIT Index
<del>4512.5</del> % x	Dow Jones Wilshire 5000 Index (US Equity broad market)
<del>57.5</del> % x	<u>MSCI EAFE (int'l developed markets)</u>
100%	Strategic Capital Pool Benchmark

Exhibit "D"

**Reserve Pool** -objectives (net of all fees and costs)

Relative to asset allocation targets, index weighted by:

<del>40</del> <u>30</u> %	x	Lehman Aggregate Bond Index
<del>10</del> <u>20</u> %	x	Lehman TIPS Index
<del>10</del> <u>20</u> %	x	CPI + 3.25% ( <i>Absolute Return benchmark</i> )
<del>10</del> <u>5</u> %	x	ML High Yield Master II Index
<del>10</del> <u>5</u> %	x	Wilshire REIT Index
<del>15</del> <u>12.5</u> %	x	Dow Jones Wilshire 5000 Index (US Equity broad market)
<del>5</del> <u>7.5</u> %	x	<u>MSCI EAFE (int'l developed markets)</u>
100%		Reserve Pool Benchmark

2. Relative to capital market assumptions:

(Wilshire's published assumptions, ~~2005~~2007)

	<b>Expected Return (%)</b> <b><u>(inflation at <del>2.50</del><u>2.25</u>%)</u></b>
Cash Equivalents	3.00
Fixed Income	<del>4.75</del> <u>5.25</u>
TIPS	<del>4.25</del> <u>5.00</u>
Absolute Return	<del>5.75</del> <u>7.75</u>
High Yield	<del>6.25</del> <u>6.75</u>
REITs	<del>7.00</del> <u>5.75</u>
U.S Equity	<del>8.00</del> <u>8.25</u>
International Equity	<del>8.00</del> <u>8.25</u>

3. Relative to inflation:

Total Combined Pool - ~~2.53~~3.5% in excess of Consumer Price Index

**THE OPERATING FUNDS INVESTMENT POOL**

**OF**

**FLORIDA INTERNATIONAL UNIVERSITY**

**INVESTMENT POLICY STATEMENT**

**GOALS, POLICIES AND PROCEDURES**

**Adopted: June 29, 2005**

**Revisions: September 11, 2007**

### **Purpose and scope**

This document will provide the framework for the investment management of Florida International University's operating funds investment pool (the "Fund"). Specifically, it will address:

- the general goals of the investment program
- the policies and procedures for the management of the Funds' assets
- investment guidelines (asset allocation)
- performance objectives

The philosophy incorporated herein is to allow for sufficient flexibility in the management process to capture investment opportunities as they may occur, yet set forth reasonable parameters to ensure prudence and care in the execution of the investment program.

#### **I. General Investment Goals and Objectives**

The general investment goals are broad in nature to encompass the purpose of the Fund and its investments. They articulate the philosophy by which Florida International University Board of Trustees will manage the Fund's assets.

1. The overall goal of the Fund is to provide funds through a carefully planned and executed investment program necessary for regular expenses, capital expenditures and overall liquidity needs. There are both short term liquidity needs and longer term needs that allow for some incremental longer term growth of these assets. Specifically, the Fund's shall be managed with the following objectives:
  - a) Maintain the safety of the principal;
  - b) Maintain the necessary liquidity to ensure funds are available to support operational needs;
  - c) Obtain a reasonable return for a prudent level of risk
2. Florida International University seeks to produce a return on investment which is based on levels of operating liquidity needs and investment risk that are prudent and reasonable, given prevailing capital market conditions. While Florida International University recognizes the importance of the preservation of capital, it also adheres to the theory of capital market pricing which maintains that varying degrees of investment risk should be rewarded with compensating returns.

## **Policies and Procedures**

Webster's Dictionary defines "policy" as a "plan or principle" and "procedure" as the "method" by which a task is accomplished. Together, the policies and procedures of the investment program guide its implementation and outline the specific responsibilities of the Board of Trustees (the "BOT"), the Investment Committee, and the internal staff for the Fund.

Therefore, it is the policy of Florida International University, that:

The investment of the assets of the Fund shall be based on a financial plan that will consider:

- the financial condition of Florida International University
- the expected long term capital market outlook
- Florida International University's risk tolerance
- future planned capital expenditures and cash requirements
- debt service requirements
- current and projected expenses
- inflation

The financial plan measures the potential impact of alternative investment policies in terms of risk and return based on various levels of asset diversification and the current and projected cash flows of the Fund.

### **I. Governance**

#### **Board of Trustees (Audit and Finance Committee)**

The Florida International University Board of Trustees is responsible for the oversight and approval of the overall investment policy of the operating portfolio. This oversight responsibility will include the final approval and any modifications to the Investment Policy of the University as written in the Investment Policy Statement (the "IPS"). This policy addresses specifics relating to:

- investment goals and objectives
- policies and procedures
- asset allocation policy targets specifying minimum and maximum ranges
- rebalancing policy
- selection of investment managers
- authorized investments

#### **Investment Committee**

The Investment Committee recognizes that matters concerning the investment of the operating fund assets owned by the University merit serious attention and frequent consideration.

1. The Investment committee, at a minimum, will consist of: an individual designated by the Board of Trustees; the Chief Financial Officer of the

## Exhibit "E"

University; the Treasurer of the University; and a representative from University academics

The Investment Committee, with the guidance and recommendations of the consultant, is responsible for:

- directing all of its efforts toward the investment objectives stated in the IPS
- performing at least annually a review of the investment objectives stated in the IPS
- ensuring that the objectives stated in the IPS are practical and reflect the mission of the University
- hiring an investment consultant, subject to the approval of the Board of Trustees
- implementing and monitoring the asset allocation policy
- conducting an annual formal review of the investment structure
- developing an updated financial projection a minimum of every three years
- selecting and monitoring of qualified, competent Investment Managers
- terminating investment managers failing to maintain acceptable quantitative (e.g. risk/return profile) and/or qualitative (e.g. organizational changes) standards
- developing and reviewing the objectives and guidelines given to each specific investment manager
- meeting at least quarterly to review the results of the investment portfolios
- determining whether the investment objectives set forth herein are being met and whether the investment guidelines are being followed
- providing regular performance reports to the Board of Trustees

### Staff

The staff is an integral part of the day to day requirements of the operating portfolio. The staff has the responsibility of administering and coordinating the implementation decisions made by the Investment Committee and the Board of Trustees. The staff is responsible for:

- administering the investments of the Fund at the lowest possible cost, being careful to avoid sacrificing quality
- administering the rebalancing policy
- day-to-day interaction with the consultants and investment managers



## **Investment Guidelines**

Investment guidelines establish parameters for the Total Fund and for each investment manager to follow while implementing their respective investment strategies. Guidelines address asset allocation, restricted transactions, diversification, quality and turnover.

### **I. Asset Class/Category Characteristics**

#### **Cash Equivalents**

The purpose of the cash equivalents portfolio is to provide liquidity to fund operational expenses, debt service and other short term cash needs.

#### **Fixed Income**

This asset class is intended to be representative of the overall U.S. investment grade bond market. The purpose of the fixed income portfolio is to provide a high level of current income to provide liquidity for intermediate cash flow needs and to provide diversification benefits during periods of a stock market decline.

#### **TIPS**

Treasury Inflation Protected Securities are fixed income investments in which the principal is adjusted periodically based on changes in CPI. The purpose of the TIPS portfolio is to provide fixed income like returns with the additional diversification benefits of inflation protection.

#### **Absolute Return**

This asset class is intended to be representative of a broadly diversified hedge fund strategy intended to provide an "absolute return" in any market environment with low – intermediate level of risk. This strategy is intended to provide modest return enhancement to that of fixed income with diversification benefits derived from its low correlation to other asset classes.

#### **High Yield**

This asset class is intended to be representative of the non-investment grade U.S. bond market (bonds rated BB or lower). The purpose of this fixed income portfolio is to provide a higher level of current income to compensate for the additional level of credit risk employed. The purpose of this portfolio is to provide some return enhancement and diversification benefit in order for the Fund to realize long-term growth above inflation.

#### **REITS**

This asset class is intended to be representative of the Real Estate Investment Trust market. The purpose of the REIT portfolio is to provide a higher level of current income and capital appreciation than fixed income with diversification benefits from its low correlation to both stocks and bonds.

## Exhibit "E"

### U.S. Equity

This asset class is intended to be representative of the overall U.S. stock market. The purpose of the equity portfolio is to provide a high level of capital appreciation in order for the Fund to realize long-term growth above inflation.

### International Equities

The purpose of the international equity portfolio is to provide exposure to equity in international developed equity markets. Exposure to international equities enhances returns of the combined equity portfolio while reducing return volatility.

## **II. Investment Pools**

Total Combined Pool - This pool is the overall combined portfolio of the Operating Funds Investment Pool. In its entirety it is intended to satisfy the overall objectives and constraints set forth in the Investment Policy Statement herein.

The Total Combined Pool is divided into three distinct pools; each pool has a different investment time horizon, investment objective, and minimum and maximum asset class allocations.

Working Capital Pool – This pool is short-term in nature, and is intended to provide for the immediate normal operating requirements of Florida International University. This pool may include certain restricted funds and therefore, will comply with any state and /or federal regulations. It is expected that this fund in its entirety will be invested in The Florida State Treasury Investment Pool or a similar investment vehicle.

Reserve Pool – This pool encompasses a state mandated unencumbered reserve. This pool is intended to be invested over the medium-longer term, and will provide a stable and growing uncommitted resource.

Strategic Capital Pool – The cash needs of this portfolio are intermediate and long term in nature. Therefore, this pool is intended to be invested over the medium-term, and will provide returns commensurate with an intermediate term investment time horizon.

\* Revenue Bonds will be outside of the purview of these investment pools and will be invested in compliance with all relevant federal and state laws.

### III. Authorized Investments

Investment guidelines establish parameters for each investment manager to follow while implementing their respective investment strategies. The following information addresses authorized investments and restrictions at the overall asset class policy level. Each underlying manager will have a specific set of guidelines that may be more restrictive than those at the overall policy level.

#### US Equity Portfolios

<b>Investment Guidelines - US Equity</b>	
<b>Authorized Investments:</b>	<b>Status</b>
Equity securities denominated in US dollars and traded on recognized US exchanges including NASDAQ	Authorized
Common and preferred Stock	Authorized
Securities convertible into common and preferred stock	Authorized
Rights and warrants	Authorized
Depository receipts	Authorized
Cash vehicle available through the trustee	Authorized
<b>Restrictions:</b>	<b>Guideline</b>
Maximum investment in an individual company	5% of account market value
Maximum ownership of an individual company's outstanding shares	10%
Maximum cash or cash equivalent position	10% of account market value
Maximum position in preferred stocks	5% of account market value
Maximum position in convertible securities	5% of account market value
Maximum position in rights and warrants	10% of account market value
Maximum position in depository receipts	10% of account market value
Margined stocks	Prohibited
Shorts sales	Prohibited
Real or personal property	Prohibited
Commodities or commodity contracts	Prohibited
Swaps, options, or other derivatives	Prohibited
Limited partnerships	Prohibited
Venture capital	Prohibited
Letter stock and other securities restricted as to public resale	Prohibited
Borrowing and/or lending funds or securities	Prohibited
Maximum position in dollar-denominated equity securities issued by non-US domiciled companies but traded on a recognized US exchange	10% of account market value
Investments with a market capitalization less than the smallest security or greater than the largest security in the Benchmark at time of purchase	Prohibited
Maximum position in investments with a market capitalization less than the smallest security or greater than the largest security in the Benchmark	5% of account market value

Exhibit "E"

Fixed Income – Investment Grade

<b>Investment Guidelines - Investment Grade Fixed Income</b>	
<b>Authorized Investments:</b>	<b>Status</b>
Fixed Income securities issued in the U.S. investment grade bond market	Authorized
Rule 144A securities with registration rights	Authorized
Non dollar securities and securities of issuers outside the U.S.	Authorized
U.S. Treasury, Agency, Eurodollar, and Swap financial futures	Authorized
Interest rate swaps	Authorized
Options on securities otherwise allowable under the guidelines	Authorized
Agency mortgage dollar rolls	Authorized
Cash vehicle through trustee	Authorized
<b>Restrictions:</b>	<b>Guideline</b>
Maximum invested in securities not paying in US dollars	10% of account market value
Maximum invested in issuers domiciled outside the US	10% of account market value
Maximum invested in non US dollar-denominated assets	10% of account market value
Cross-currency hedging	Prohibited
Rated by both S&P and Moody's (except US government and agency securities)	Required
Rated BBB-/Baa3 or higher at time of purchase	Required
Convertible securities and preferred stocks	Prohibited
Maximum position in securities not rated or rated BB+ /Ba1 or lower	5% of account market value
Collateralized securities must have a credit quality rated AAA by S&P and rated Aaa by Moody's	Required
Interest-only (IO) securities	Prohibited
Collateralized Bond Obligations, Collateralized Debt Obligations, and Collateralized Loan Obligations	Prohibited
Credit derivatives	Prohibited
Maximum per any one issuer	5% of account market value
Maximum duration exposure derived from futures, options or swaps	20%
Borrowing and/or lending of funds or securities	Prohibited
Leverage	Prohibited

Exhibit "E"

Fixed Income – High Yield

<b>Investment Guidelines - High Yield Fixed Income</b>	
<b>Authorized Investments:</b>	<b>Status</b>
Registered high yield and Rule 144A, with registration rights, fixed income securities and debt obligations issued by public, corporate, and sovereign entities	Authorized
Securities issued or guaranteed by the US government, its agencies and instrumentalities	Authorized
Forward contracts on "eligible" securities	Authorized
Common stock, preferred stock and options or warrants to purchase common or preferred stock only where included in a unit with, or attached to, fixed income securities or upon conversion of a convertible security or exercise of a warrant or option or received in a reorganization	Authorized
Convertible securities and preferred stocks, if most of their value is attributable to their yield and other fixed income features	Authorized
Cash vehicle through trustee	Authorized
<b>Restrictions:</b>	<b>Guideline</b>
Maximum position in an individual security (excluding Government securities)	5% of account market value
Maximum position in any one issuer (excluding Government securities)	5% of account market value
Maximum position in Rule 144A, with registration rights, securities	5% of account market value
Maximum position in emerging market debt (corporate or sovereign debt of countries with credit rating BB+/Ba1 or lower)	5% of account market value
Purchase of securities on margin	Prohibited
Short sales	Prohibited
Securities lending	Prohibited
Employ leverage	Prohibited
Structured securities (e.g. ABS, CMBS, CDO) except for equipment trust certificates	Prohibited
Maximum position in equipment trust certificates	5% of account market value
Investment in direct real estate or real estate mortgage loans	Prohibited
Debt issued by corporate entities involved in real estate otherwise allowed under these guidelines	Permitted
Investment in commodities or commodity contracts	Prohibited
All securities at the time of purchase must be rated single-B or higher by both S&P and Moody's (securities issued w/o rating are exempt if one can be reasonably expected within one month of issuance)	Required
Maximum invested in securities not rated single-B or higher by both S&P and Moody's and any equity securities received into the account	5% of account market value

Exhibit "E"

International Equity

<b>Investment Guidelines - International Equity</b>	
<b>Authorized Investments:</b>	<b>Status</b>
Countries represented in the MSCI EAFE benchmark	Authorized
Equity securities of companies domiciled in countries represented in the MSCI EAFE benchmark	Authorized
Common and Preferred Stock	Authorized
Securities convertible into common and preferred stock	Authorized
Rights and warrants	Authorized
Depository receipts	Authorized
Rule 144A securities	Authorized
Foreign currency and currency forwards of countries allowable under the guidelines	Authorized
International index futures contracts used solely for hedging purposes	Authorized
Cash vehicle available through the trustee	Authorized
<b>Restrictions:</b>	<b>Guideline</b>
Maximum investment in an individual company	5% of account market value
Maximum ownership of an individual company's outstanding shares	10%
Maximum cash or cash equivalent position	10% of account market value
Maximum position in preferred stocks	5% of account market value
Maximum position in convertible securities	5% of account market value
Maximum position in rights and warrants	10% of account market value
Maximum position in private placement securities eligible for resale pursuant to Rule 144A	10% of account market value
Private placements outside of Rule 144A	Prohibited
Maximum position in depository receipts	10% of account market value
Margined stocks	Prohibited
Shorts sales	Prohibited
Real or personal property	Prohibited
Commodities or commodity contracts	Prohibited
Swaps, options, or other derivatives	Prohibited
Limited partnerships	Prohibited
Venture capital	Prohibited
Letter stock and other securities restricted as to public resale	Prohibited
Foreign currency and currency forward contracts for hedging purposes	Permitted
Use of derivatives to expose more than 100% of the net assets of the account to equity securities	Prohibited
Net aggregate holdings of foreign currency exposure in excess of net assets of the account	Prohibited
Borrowing and/or lending of funds or securities	Prohibited

Authorized Investments – Hedge Funds

As this asset class is intended to be representative of a broadly diversified hedge fund strategy intended to provide an “absolute return” in any market environment with low – intermediate level of risk. This strategy is expected to be implemented through a fund-of-funds investment vehicle. The organization managing the fund-of-fund vehicle must be registered with the SEC. Specific investment guidelines will be reviewed and approved by the Investment Committee prior to the implementation of such an investment vehicle.

Commingled Investment Vehicles and/or Mutual Funds

Investment may be made in commingled vehicles and or mutual funds in which a specified set of guidelines developed for a broad number of institutions are already predetermined. It will be expected that these portfolios be managed in a manner consistent with but not specific to the specified restrictions made in this section. These guidelines will be reviewed and approved by the Investment Committee prior to the implementation of such an investment vehicle.

**IV. Asset Allocation Guidelines**

The long-term allocation guidelines adopted by the BOT shall be expressed in terms of a target and ranges for each asset class to provide sufficient flexibility to take advantage of shorter-term market opportunities as they may occur. The asset allocation shall be sufficiently diversified to maintain risk at a reasonable level without imprudently sacrificing return.

The target allocation to each asset class will differ between the various pools as denoted in a previous section of the IPS. The asset allocation of each of the individual investment pools and the total combined pool are summarized in **Appendix I – Asset Allocation Targets and Rebalancing Policy**.

**V. Manager Selection**

The Investment Committee, with the guidance and recommendations of the consultant, is responsible for the selection and continued monitoring of qualified, competent investment managers. The manner of procurement will be in compliance with University policy and Florida law.

**VI. Performance Measurement & Evaluation**

Investment objectives provide quantifiable standards to measure and evaluate the progress of both the investment pools and each individual investment manager. For the purpose of monitoring and evaluating the ongoing investment activity and results, both relative and comparative performance standards and objectives are defined.

## Exhibit "E"

1. **Relative standards** are used to review the return and risk at both the Pool and individual manager level. The relative standards for the pool level will represent a target policy index that will be constructed from the relative market indices weighted by the Total Fund's target allocation to each asset class. Each individual investment manager will be evaluated relative to an appropriate benchmark. An appropriate benchmark is defined as an identifiable market index or a "normal" portfolio that is constructed to replicate the manager's investment style. Benchmarks for each investment manager are identified in the Individual Manager section of this document.
2. **Comparative standards** are used to evaluate the returns of both the pool and each of its asset class components.
3. **Objectives** are established to measure the long-term (3 to 5 years) results of the Total Pool and each investment manager. The Committee must recognize the limitations of reviewing results over short-term horizons; however, current performance can serve as an early indication of the Fund's progress toward meeting the more fundamental primary objectives.

The Fund' performance objectives can be divided into two components: objectives for the overall fund and objectives for the individual portfolio components. Both levels of objectives will be incorporated into quarterly reviews of the Fund's performance.

The performance objectives for each individual investment pool and the Total Combined Pool are detailed in **Appendix II – Performance Objectives**.



### Appendix 1 – Asset Allocation Targets & Rebalancing Policy

#### Asset Allocation Guidelines

The asset allocation guidelines differ between the various funds, and are summarized as follows:

	<b>Working Capital Pool</b>	<b>Strategic Capital Pool</b>	<b>Reserve Pool</b>	<b>Total Combined Pool</b>
<b><u>% of Total</u></b>	<b>30%</b>	<b>60%</b>	<b>10%</b>	<b>100%</b>
Cash Equivalents	40.00	0.00	0.00	12.00
Short -Int. Fixed Income	60.00	0.00	0.00	18.00
Fixed Income (Inv. Grade)	0.00	30.00	30.00	21.00
TIPS	0.00	20.00	20.00	14.00
High Yield	0.00	5.00	5.00	3.50
<b><u>Total Fixed Income</u></b>	<b>100.00</b>	<b>55.00</b>	<b>55.00</b>	<b>68.50</b>
<b><u>Absolute Return</u></b>	<b>0.00</b>	<b>20.00</b>	<b>20.00</b>	<b>14.00</b>
<b><u>REITS</u></b>	<b>0.00</b>	<b>5.00</b>	<b>5.00</b>	<b>3.50</b>
U.S Equity	0.00	12.50	12.50	8.75
International Equity	0.00	7.50	7.50	5.25
<b><u>Total Equity</u></b>	<b>0.00</b>	<b>20.00</b>	<b>20.00</b>	<b>14.00</b>

#### Asset Allocation Ranges and Rebalancing Policy

Asset allocation refers to the strategic deployment of assets among the major classes of investments such as domestic equity, fixed income and cash equivalents. The asset allocation decision reflects the Fund's return requirements as well as the Fund's tolerance for return variability (risk) within the context of the expected liabilities of the fund. Asset allocation policy is widely recognized and accepted as the primary source of return and risk for the investment program. It is used for setting the parameters for long term risk and return in order to meet the Plan's long-term financial objectives. The Board of Trustees has adopted an asset allocation policy that identifies the strategic target weights to each of the major asset classes. The tables below highlights the general asset classes approved for investment, the strategic target weights and the allowable ranges around the target weights:

***Working Capital Pool*** - The Florida State Treasury Investment Pool and the State Board of Administration Local Government Investment Pool ("SBA") are appropriate investment options for this pool and would not be subject to the following rebalancing ranges.

	<u>Target (%)</u>	<u>Minimum (%)</u>	<u>Maximum (%)</u>
Cash Equivalents	40	30	50
Short Term Fixed Income	60	50	70

Exhibit "E"

***Reserve Pool***

	<b><u>Target (%)</u></b>	<b><u>Minimum (%)</u></b>	<b><u>Maximum (%)</u></b>
Cash Equivalents	0	0	5
Fixed Income	30	25	35
TIPS	20	15	25
Absolute Return	20	15	25
High Yield	5	2	8
REITS	5	2	8
International Equity	7.5	4.5	10.5
Domestic Equity	12.5	9.5	15.5

***Strategic Capital Pool***

	<b><u>Target (%)</u></b>	<b><u>Minimum (%)</u></b>	<b><u>Maximum (%)</u></b>
Cash Equivalents	0	0	5
Fixed Income	30	25	35
TIPS	20	15	25
Absolute Return	20	15	25
High Yield	5	2	8
REITS	5	2	8
International Equity	7.5	4.5	10.5
Domestic Equity	12.5	9.5	15.5

***Total Combined Pool***

	<b><u>Target (%)</u></b>	<b><u>Minimum (%)</u></b>	<b><u>Maximum (%)</u></b>
Working Capital Pool	30	25	93
Strategic Capital Pool	60	0	70
Reserve Pool	10	7	20

A **Rebalancing Policy** is designed to provide a disciplined approach to control the risk exposure of the Fund to the investment categories that have deviated from the established target policy weights. Rebalancing parameters are addressed at the asset class level. The rebalancing policy requires a reallocation to be made whenever the quarter-end allocations exceed the minimum or maximum allocations specified above. Naturally occurring cash flows shall be used to the fullest extent possible to minimize transaction costs and rebalance toward policy targets.

## Appendix II – Performance Objectives

The performance objectives for the overall fund are threefold:

1. objective relative to asset allocation targets
2. objective relative to capital market assumptions
3. objective relative to inflation

The first objective results in a comparative index that reflects Florida International University’s unique asset allocation policy (see example in Table 1). Exceeding this objective indicates that the active management of the various portfolio components has added value over a passively-managed fund with a similar asset mix. The second objective, to compare asset class performance to the capital market assumptions, ensures that the asset mix continues to achieve the long-term goals of the Fund. The inflation objective requires that the investment performance provide an adequate real return over the expected rate of inflation, the primary driver of costs.

Individual portfolio components also have performance objectives reflecting the unique investment style of each category. The investment style and performance benchmarks are also shown in Table 1.

**TABLE 1 -  
Five-Year Performance Objectives**

### Methodology

1. Relative to asset allocation targets, indexes that represent appropriate asset classes

Target Portfolio Weight	x	Representative cash equivalent portfolio
Target Portfolio Weight	x	Investment grade fixed income index
Target Portfolio Weight	x	TIPS index
Target Portfolio Weight	x	Absolute return benchmark
Target Portfolio Weight	x	High yield fixed income index
Target Portfolio Weight	x	REIT Index
Target Portfolio Weight	x	Broad U.S equity index
<u>Target Portfolio Weight</u>	<u>x</u>	<u>International equity index</u>
100%		Total Fund Benchmark

Exhibit "E"

**Total Combined Pool** -objectives (net of all fees and costs)

Relative to asset allocation targets, index weighted by:

30%	x	Florida State Treasury Investment Pool (91 Day Treasury Bill)
21%	x	Lehman Aggregate Bond Index
14%	x	Lehman TIPS Index
14%	x	CPI + 3.25% ( <i>Absolute Return benchmark</i> )
3.5%	x	ML High Yield Master II Index
3.5%	x	Wilshire REIT Index
8.75%	x	Dow Jones Wilshire 5000 Index (US Equity broad market)
<u>5.25%</u>	x	<u>MSCI EAFE (int'l developed markets)</u>
100%		Total Combined Pool Benchmark

**Working Capital Pool** -objectives (net of all fees and costs)

Relative to asset allocation targets, index weighted by:

<u>100%</u>	x	Florida State Treasury Investment Pool and/or Cash Equivalents
100%		Working Capital Pool Benchmark

**Strategic Capital Pool** -objectives (net of all fees and costs)

Relative to asset allocation targets, index weighted by:

30%	x	Lehman Aggregate Bond Index
20%	x	Lehman TIPS Index
20%	x	CPI + 3.25% ( <i>Absolute Return benchmark</i> )
5%	x	ML High Yield Master II Index
5%	x	Wilshire REIT Index
12.5%	x	Dow Jones Wilshire 5000 Index (US Equity broad market)
<u>7.5%</u>	x	<u>MSCI EAFE (int'l developed markets)</u>
100%		Strategic Capital Pool Benchmark

## Exhibit "E"

### **Reserve Pool** -objectives (net of all fees and costs)

Relative to asset allocation targets, index weighted by:

30%	x	Lehman Aggregate Bond Index
20%	x	Lehman TIPS Index
20%	x	CPI + 3.25% ( <i>Absolute Return benchmark</i> )
5%	x	ML High Yield Master II Index
5%	x	Wilshire REIT Index
12.5%	x	Dow Jones Wilshire 5000 Index (US Equity broad market)
<u>7.5%</u>	x	<u>MSCI EAFE (int'l developed markets)</u>
100%		Reserve Pool Benchmark

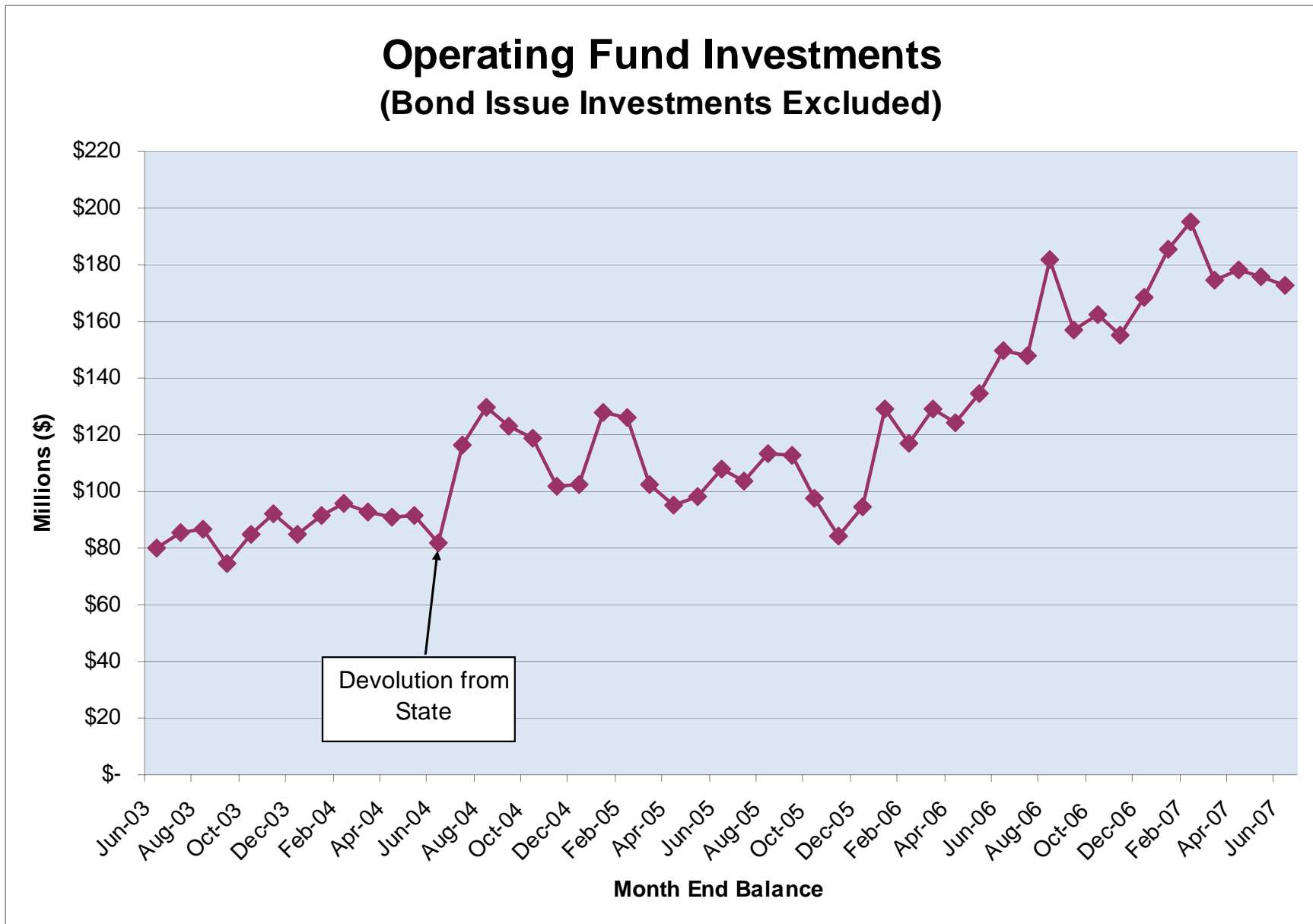
### 2. Relative to capital market assumptions:

(Wilshire's published assumptions, 2007)

	<b><u>Expected Return (%)</u></b> <b><u>(inflation at 2.25%)</u></b>
Cash Equivalents	3.00
Fixed Income	5.25
TIPS	5.00
Absolute Return	7.75
High Yield	6.75
REITs	5.75
U.S Equity	8.25
International Equity	8.25

### 3. Relative to inflation:

Total Combined Pool - 3.5% in excess of Consumer Price Index



**THE FLORIDA INTERNATIONAL UNIVERSITY  
BOARD OF TRUSTEES**

**11 SEPTEMBER 2007**

**SUBJECT: ADOPTION OF PERSONNEL POLICIES FOR NON-BARGAINING UNIT  
PERSONNEL**

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**PROPOSED BOARD ACTION:**

Adopt the following Resolution:

WHEREAS, the Florida International University Board of Trustees (the BOT) is the public employer of all employees of the University and has the power and duty to adopt personnel policies for all University employees; and

WHEREAS, the BOT adopted personnel policies for all University employees, including an Operational Excellence/Service Award (OE/SA) Policy and a Tuition Waiver Program Policy; and

WHEREAS, the Operational Excellence/Service Award Policy should be amended to provide flexibility in distribution of the Operational Excellence/Service Award (OESA) so that it does not always have to be added to the base salary; and

WHEREAS, the Tuition Waiver Program Policy should be amended to expand the types of courses permitted and to allow employees to immediately partake of this benefit;

THEREFORE, BE IT RESOLVED, that the BOT approves the amendment to the Operational Excellence/Service Award Policy attached hereto as Exhibit "G"; and to the Tuition Waiver Program Policy attached hereto as Exhibit "H";

BE IT FURTHER RESOLVED, that the Operational Excellence/Service Award Policy attached hereto as Exhibit "G" and the Tuition Waiver Program Policy attached hereto as Exhibit "H" shall be effective immediately solely for all non-bargaining unit personnel;

BE IT FURTHER RESOLVED, that the University Administration take all actions necessary to give effect to this Resolution.

**BACKGROUND INFORMATION:**

**LEGAL AUTHORITY:**

Resolution of the Florida Board of Governors, dated January 7, 2003. Resolution delegating and delineating powers of local boards of trustees provides in pertinent part:

19. Each board of trustees shall establish the personnel program for all employees of the university, including the president, pursuant to the provisions of chapter 1012 and, in accordance with rules and guidelines of the Board of Governors, including: compensation and other conditions for employment, recruitment and selection, nonreappointment, standards for performance and conduct, evaluation, benefits and hours of work, leave policies, recognition and awards, inventions and works, travel, learning opportunities, exchange programs, academic freedom and responsibility, promotion, assignments, demotion, transfer, tenure and permanent status, ethical obligations and conflicts of interest, restrictive covenants, disciplinary actions, complaints, appeals, and grievance procedures, and separation and terminations from employment. No rule of the Board of Governors shall be considered to in any way contravene the responsibility of each of the university board of trustees to act as the sole public employer with regard to all public employees of its universities for the purposes of collective bargaining in accordance with chapter 447, Florida Statutes.

**EXPLANATION FOR PROPOSED BOARD ACTION:**

The Human Resources division is proposing an amendment to two of the personnel policies adopted by the Board for non-bargaining unit personnel in order to provide flexibility in distribution of the Operational Excellence/Service Award (OESA) so that it does not always have to be added to the base salary, to expand the types of courses permitted under the Tuition Waiver Program, and to allow employees to immediately partake of this benefit.

---

**EXHIBITS/SUPPORTING DOCUMENTS:**

- EXHIBIT “G”: DIVISION OF HUMAN RESOURCES – AMENDED OPERATIONAL EXCELLENCE/SERVICE AWARD POLICY
- EXHIBIT “H”: DIVISION OF HUMAN RESOURCES – AMENDED TUITION WAIVER PROGRAM POLICY



**Florida International University  
Division of Human Resources**

**Operational Excellence/Service Award (OE/SA)**

**Purpose:**

To encourage excellence in performance and recognize exceptional individual performance.

**Policy:**

The OESA is recommended for employees who have demonstrated continuous outstanding performance, have made a significant contribution to the department's mission or strategic plan and/or have provided consistent support to the department's objectives.

The OESA Process will be monitored and approved by the Division of Human Resources. The OESA amount ~~may will~~ be added to the employee's base salary.

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## Tuition Waiver Program

### Purpose:

To facilitate eligible employees an opportunity to enhance their education by attending classes at the University with the intent of receiving a college degree or by attending classes that are related to their job assignment. Also, in the event that an employee does not enroll for 6 credits hours in a given semester, to allow a member(s) of the employee's immediate family the opportunity to enhance their education by attending classes at the University with the intent of receiving an undergraduate degree.

### Policy:

Full time employees ~~who have completed six months of continuous service~~ in an established position at the University are eligible to participate in the Tuition Waiver Program.

Eligible employees, employees' spouse, employee's same-sex domestic partner, or employees' dependent children under the age of twenty five (25) may enroll for up to a combined maximum of six (6) credit hours of FIU instruction each semester without payment of ~~the registration fee tuition~~. Only in-state tuition is covered.

Employees must be admitted as ~~a~~ degree seeking undergraduate or graduate students, ~~or admitted by a graduate program~~. If approved by their supervisor, ~~the employees~~ may enroll as ~~a~~ special students s and take courses that are specifically related to their job assignments s.

~~The E~~employees may register in regular lecture and laboratory courses, thesis, directed individual study, directed research courses, and internships, ~~excluding courses in the College of Law, College of Medicine, Executive Cohort programs~~ undergraduate limited access programs, and thesis, directed individual study, directed research courses, internships, CAPS Professional Development offerings (continuing education courses) are excluded, ~~or other one to one instructional courses~~.

For students admitted to doctoral programs who have reached the dissertation stage, the program will pay tuition for up to six (6) credit hours per semester for employees admitted to doctoral programs to pay for dissertation courses (7980 – 7989). A maximum of thirty (30) dissertation credits will be covered. For students admitted to thesis master's programs who have reached the thesis stage, the program will pay tuition for up to three (3) credit hours per semester for thesis courses (6970-6979). A maximum of nine (9) thesis credits will be covered.

Special laboratory or other required student fees must be paid by the individual.

An Employees attending classes with the intent of attaining an undergraduate or graduate degree must receive a grade of not less than a "B" in an "A-F" graded course or a "P" in a "P/F" graded course ~~for courses taken~~; a lower grade will result in the employee being charged for the course(s). For an employees taking more than six (6)

## Exhibit "H"

credit hours, the "B" or "P" grade eligibility will be applied to any six (6) hours receiving a minimum of a "B" or "P" grade.

~~An e~~Employees ~~are is~~ to discuss with their supervisor their intent to take classes and should schedule classes during off-duty hours whenever possible. When a desired class cannot be scheduled during off-duty hours, the supervisor may adjust the employee's work schedule, or allow the employee to use annual leave, accumulated compensatory time, or leave without pay based on the department's business necessity. The same rule applies if the employee is attending classes for Professional Development that is related to their job assignment.

In the event that the eligible employee does not enroll for six (6) credit hours in a given semester, the employee's eligible family members may enroll for the credit hours not being used by the employee, not to exceed a combined total of six (6) credit hours in-state tuition each semester for employee and family members.

Eligible family members must be admitted to FIU as degree seeking undergraduate or graduate student(s). A verification letter ~~from the Registrar's Office~~ must be provided at the time of application for the Tuition Waiver Program.

Family members may register in regular lecture and laboratory courses, thesis, directed individual study, directed research courses, and internships, needed to attain their undergraduate degree. ~~This will exclude courses in the~~ College of Law, College of Medicine, Executive Cohort programs, undergraduate limited access programs, ~~directed individual study, directed research courses, internships, and~~ CAPS Professional Development offerings (continuing education courses) are excluded.; ~~or other one to one instructional courses.~~

For students admitted to doctoral programs who have reached the dissertation stage, the program will pay tuition for up to six (6) credit hours per semester for dissertation courses (7980 – 7989). A maximum of thirty (30) dissertation credits will be covered. For students admitted to thesis master's programs who have reached the thesis stage, the program will pay tuition for up to three (3) credit hours per semester for thesis courses (6970-6979). A maximum of nine (9) thesis credits will be covered.

Special laboratory or other required students fees must be paid by the individual.

A Family members must receive a grade of not less than a "B" in an "A-F" graded course or a "P" in a "P/F" graded course~~for courses taken~~; a lower grade will result in the employee being charged for the course(s). For a family members taking more than six (6) credit hours, the "B" or "P" grade eligibility will be applied to any six (6) hours receiving a minimum of a "B" or "P" grade for the individual family member.

## Exhibit "H"

Employees will be responsible for paying tuition for any courses dropped by ~~the~~ employeess or ~~the~~ employee's's family memberss after the official Drop/Add period during the first week of classes.

Eligibility will be established by the Division of Human Resources.

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**THE FLORIDA INTERNATIONAL UNIVERSITY  
BOARD OF TRUSTEES**

11 September 2007

**SUBJECT: POLICY ON CENTERS AND INSTITUTES**

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**PROPOSED BOARD ACTION:**

Adopt the following Resolution:

WHEREAS the Chancellor of the Florida Board of Governors issued Policy Guideline 04.07.27, establishing policies and procedures for approving, classifying, operating, reviewing, and disbanding institutes and centers in the state University System and the Board of Governors has recently requested that universities act quickly to establish such policies and procedures; and

WHEREAS the Policy Guideline 04.07.27 required that each institution develop and publish clearly defined guidelines consistent with the System policies for establishing operating, evaluating/reviewing, and disbanding university institutes and centers; and

WHEREAS the Policy Guideline 04.07.27 provides, "Each university president or provost, if so designated by the trustees, may grant authorization for the development and implementation of university institutes and centers."; and

WHEREAS the proposed Florida International University Policy "Centers and Institutes at Florida International University", attached hereto as Exhibit "I", is intended to establish the University's policy guidelines and will replace 13.22 Center and Institute Quality Assurance 13.20 Role of Centers and Institutes, and 13.21 Initiations, Operation, and Disbanding of Centers and Institutes in the Academic Affairs Policy Manual;

THEREFORE BE IT RESOLVED the Florida International University Board of Trustees (the BOT) hereby approves the request for adoption of the proposed policy "Centers and Institutes at Florida International University" to establish clearly defined guidelines consistent with the System Policies;

BE IT FURTHER RESOLVED, that the BOT authorizes the University President to file the policy "Centers and Institutes at Florida International University" with the Florida Board of Governors, and designates the university president as the individual who may grant authorization for the development and implementation of university institutes and centers at Florida International University.

**BACKGROUND INFORMATION:**

**STATUTORY AUTHORITY:**

**Chancellor's Policy Guideline on Institutes and Centers #PG 04.07.27**, states in part:

Each institution shall develop and publish clearly defined guidelines consistent with System policies for establishing operating, evaluating/reviewing, and disbanding university institutes and centers

**Resolution of the Florida Board of Governors, dated January 7, 2003. Resolution delegating and delineating powers of local boards of trustees**, states in part:

Each board of trustees shall perform all duties assigned by law or by the Board of Governors.

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**EXHIBITS/SUPPORTING DOCUMENTS:**

- EXHIBIT "I" – FIU OFFICIAL UNIVERSITY POLICY – CENTERS AND INSTITUTES AT FLORIDA INTERNATIONAL UNIVERSITY
- APPENDIX A – FIU REQUEST FOR A NEW CENTER OR INSTITUTE
- APPENDIX B – FIU ANNUAL CENTER/INSTITUTE REPORT
- APPENDIX C – FIU CENTER/INSTITUTE DISBANDMENT FORM



# FLORIDA INTERNATIONAL UNIVERSITY

## OFFICIAL UNIVERSITY POLICY

*University Community (faculty, staff and students)*

SUBJECT (R*)	EFFECTIVE DATE (R)	POLICY NUMBER
CENTERS AND INSTITUTES AT FLORIDA INTERNATIONAL UNIVERSITY	August 30, 2007	
<b>RESPONSIBLE UNIVERSITY DIVISION/DEPARTMENT (R)</b>	<b>RESPONSIBLE UNIVERSITY OFFICER (R)</b>	
Division of Academic Affairs Florida International University	Ronald M. Berkman Executive Vice President, Provost and Chief Operating Officer	

POLICY STATEMENT (R)
<p><b>ESTABLISHMENT OF A CENTER OR INSTITUTE</b></p> <p>A center or institute shall report to the dean of the college or school in which it resides. If a center or institute is multidisciplinary and involves collaboration and cooperation across different colleges and/or schools, then it will report to the Vice President for Research unless a different reporting line is approved by the Provost.</p> <p>A center or institute must have a minimum critical mass of three FTE (faculty, staff, and graduate students) for approval.</p> <p><b>ANNUAL REPORTING REQUIREMENTS FOR ALL INSTITUTES AND CENTERS</b></p> <p>Each center or institute shall produce an annual report and a budget, and there shall be an external advisory board, if the unit serves the community, or an internal advisory board if the unit if there is little direct community interaction. The University expects that the annual report will clearly delineate how success has been measured, how the unit's function could not be performed by an academic department or by another center/institute, and how the center/institute has made an impact <u>per se</u>, i.e., outcomes of the center/institute which otherwise would not have occurred had there not been a center/institute.</p> <p>An annual report of actual and estimated expenditure and position data for all institutes and centers that are approved for all or part of a given fiscal year (July 1 – June 30) will include</p> <ul style="list-style-type: none"> <li>• Total funds expended during the previous fiscal year (July 1 – June 30) by funding source (State Appropriation to the State University System, Contracts and Grants, Fees for Services, and Private and Other Funds) and by entity.</li> <li>• Total positions during the previous fiscal year (July 1 – June 30) by funding source and type of position.</li> <li>• Intellectual contributions of the center/institute such as publications, presentations, patents, theses and dissertations.</li> </ul> <p><b>REVIEW CYCLE</b></p> <p>Each center and institute funded by E&amp;G funds will have a time-limited charter. For new Centers the first three years will be considered a start-up period after which a thorough review will be conducted to see if the center or institute is meeting the performance measures outlined in the establishment documentation. All continuing centers and institutes will be reviewed on a three to five year cycle. In periods of fiscal exigency, the review cycle can be accelerated. The result of that review may lead to the closure of a center or institute. In general, E&amp;G state support is expected to decrease as a portion of the budget after the first three formative years. To implement this expectation, deadlines will be agreed to by the Center Director, Dean, and Vice President for Academic Affairs.</p> <p>At the discretion of the Vice President for Research, at least one external consultant may be engaged for the continuation review. Factors considered in the continuation review include:</p>

- Support to graduate students in terms of stipends awarded and the number of theses and dissertations generated from center/institute participation, collaboration and activity.
- An increase in faculty scholarly productivity as measured by an average per capita faculty publication rate higher for faculty associated with the center than that for faculty from the same department who are not associated with a center/institute.
- Revenue production as shown by a higher average per capita contract and grant activity and higher returned F & A than that for faculty from the same department who are not associated with a center/institute.
- Return on investment as a ratio of external funds to E&G funds, when the latter are provided.
- Demonstrated interdisciplinary activities.
- Congruence of the mission of the center/institute and the University's strategic themes. The further a center/institute is from full congruence with the University's mission, the higher the expectation for fulfilling the quantitative measures as defined in the first four bullets.

#### REASON FOR POLICY (O\*)

On 27 July 2004, the Chancellor of the Florida Board of Governors issued Policy Guideline 04.07.27, which established policies and procedures for approving, classifying, operating, reviewing, and disbanding institutes and centers in the State University System. Policy Guideline #PG 04.07.27 replaces CM-C-07.00-01/99, Institutes and Centers. Institute and center type categories have been replaced with new designations, and each State University System institution shall develop and publish clearly defined guidelines consistent with System policies for establishing, operating, evaluating/reviewing, and disbanding university institutes and centers.

#### RELATED INFORMATION (O)

##### EXPECTATIONS OF CENTERS AND INSTITUTES <sup>1</sup>

Centers and institutes are expected to engage in at least seven of the following initiatives, three of which are mandatory:

- Respond to the overall academic mission of the University (mandatory)

##### Students

- Educate students (mandatory)
- Create and transfer knowledge to students
- Offer students opportunities to apply knowledge to the real world
- Support graduate students

##### Faculty

- Support faculty and research goals
- Increase faculty productivity

##### Network

- Increase interdisciplinary interactions
- Engage the community
- Be linked to broader programs and consortia

##### Impacts

- Transfer research to technology
- Translation of research findings to usable products for academia and/or public
- Have an impact on the economy

<sup>1</sup> Adapted from William R. Tash and Stephen Miles Sacks, *The Payoff: Evaluating Research Centers, Institutes, Laboratories and Consortia for Success!* 2004. Scipolicy special editions, no. 1. Haverford, PA: Scipolicy.

Resource Utilization /Return on Investment (ROI)

- Show a positive ROI [see Florida International University Request for a New Center or Institute, Section 7 for examples] (mandatory)
- Obtain external funding to enhance or replace the University’s initial E&G investment

**CONTACTS (R)**

**Administrative Office’s Address**

**Telephone Number**

**Fax Number**

Jeffery Gonzalez  
 Associate Vice President  
 Office of Planning and Institutional Effectiveness  
 Florida International University  
 University Park, PC 543  
 11200 S.W. Eighth Street  
 Miami, Florida 33199

(305) 348-2731

(305) 348-1908

**HISTORY (R)**

This document, Florida International University Policy on Centers and Institutes, is intended to be the University’s policy and guidelines and will replace 13.22 CENTER AND INSTITUTE QUALITY ASSURANCE, 13.20 ROLE OF CENTERS AND INSTITUTES, and 13.21 INITIATION, OPERATION, AND DISBANDING OF CENTERS AND INSTITUTES in the Academic Affairs Policy Manual.

**DEFINITION (R)**

A “Center” is an umbrella organization for one or more multiple academic units within a college or multiple colleges/schools that are working on related topics, providing an array of services to a broadly defined population. Institutes may be components of Centers

An “Institute” is an entity within one academic unit that provides services to a specifically defined population.

These definitions have not been used consistently in the past and there are some units that are designated as Centers that more properly shall be Institutes and vice versa. The nomenclature clarification in these definitions is intended prospective and not obligatorily retrospective.

**PROCEDURES (O)**

- Academic Affairs Procedure: Establishing a New Center or Institute at Florida International University
- Academic Affairs Procedure: Annual Center/Institute Reports for Centers and Institutes
- Academic Affairs Procedure: Disbandment of Centers and Institutes

**FORMS/ONLINE PROCESSES (O)**

- Florida International University Request for a New Center or Institute
- Florida International University Annual Center/Institute Report
- Florida International University Center/Institute Disbandment Form

**\*R = Required      \*O = Optional**

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**Appendix A**  
**FLORIDA INTERNATIONAL UNIVERSITY**  
**REQUEST FOR A NEW CENTER OR INSTITUTE**

**BACKGROUND**

**1. Title of Proposed Unit**

\_\_\_\_\_

**2. CIP Code(s)** \_\_\_\_\_

**3. Proposed Date for Initiation of Unit** \_\_\_\_\_

**4. Contact Person** \_\_\_\_\_

**a. Telephone** \_\_\_\_\_

**b. E-mail** \_\_\_\_\_

**c. Fax** \_\_\_\_\_

If this is a request for a center, please list the institutes, if any, that will be included under the center.

**PURPOSE: OBJECTIVES, MISSION, AND PRIORITIES**

**5. Unit Objectives and Contributions**

**5.1.** What is the discipline focus of the proposed unit?

**5.2.** What are the goals, objectives, and the rationale for the proposed unit?

**5.3.** What is the relationship of the proposed unit to the University's mission, priorities, and strategic themes?

**5.4.** For proposed research centers and institutes, explain how graduate and undergraduate education will be integrated with research.

**5.5.** What specific needs will the proposed unit meet and what measurable contributions will the proposed unit make to the University's mission, priorities, and strategic themes, to the Board of Governors' Strategic Plan, and to statewide priorities and needs?

- 5.6. What is the demand for the proposed unit's services? What clientele will the proposed unit serve?
- 5.7. How many graduate and/or undergraduate students will be engaged in the proposed unit's activities? How many postdoctoral fellows?
- 5.8. How many research or clinical professors will be supported in the unit?
- 5.9. For proposed research centers and institutes, explain how the unit's goals and objectives follow the pathways of funding for research.
- 5.10. What percentage of the proposed unit's efforts will be devoted to instruction, research and development, public service/outreach, technology transfer, other?

**6. Organization**

- 6.1. Describe the proposed unit's organizational structure.
- 6.2. Explain how the proposed unit is organized to meet its objectives.
- 6.3. Outline the composition of the internal or external advisory board.

**7. Outcomes**

Define the suite of outcomes by which the success of the unit will be gauged. Each outcome must have a corresponding measurable indicator to assess the proposed unit's success compared to department levels without the center or institute. Specific measurable outcomes might include:

<b>Outcome</b>	<b>Measurement Indicator</b>
Increased research, scholarship, creativity	<ul style="list-style-type: none"> <li>• Number of peer-reviewed publications</li> <li>• Number of other publications/media produced</li> <li>• Number of faculty research presentations</li> <li>• Number of performances, exhibits, or other venues for creative display</li> </ul>
Increased Faculty integration/collaboration/support	<ul style="list-style-type: none"> <li>• Number of research workshops hosted</li> <li>• Number of guest scholars hosted</li> <li>• Number of collaborative projects among FIU, industry, or clinical partners</li> </ul>

Increased Graduate Student Support	<ul style="list-style-type: none"> <li>• Number (FTE) of graduate students supported</li> <li>• Number of graduate committees served on by center/institute faculty</li> <li>• Number of graduate committees chaired by center/institute faculty</li> </ul>
<b>Outcome</b>	<b>Measurement Indicator</b>
Increased Education and Training	<ul style="list-style-type: none"> <li>• Number of FTE generated</li> <li>• Number of continuing education activities/training contact hours provided</li> <li>• Number of conferences hosted</li> <li>• Number of certificates granted</li> </ul>
Increased University and Public Service	<ul style="list-style-type: none"> <li>• Number of committees/boards chaired or served on</li> <li>• Other contributions of expertise</li> </ul>
Increased Public Recognition	<ul style="list-style-type: none"> <li>• Awards or honors received</li> <li>• Number of media publications/appearances</li> </ul>
Increased Self-sufficiency	<ul style="list-style-type: none"> <li>• ROI from contracts and grants &gt; 1.5</li> <li>• ROI from instruction and service &gt; 1.5</li> </ul>
Quality Assurance	<ul style="list-style-type: none"> <li>• Self-assessment instrument</li> </ul>

## 8. Resources

- 8.1. Describe the total resource requirements. Complete the appended table to reflect all sources of funds, including state, non-state, and reallocations.
- 8.2. List all personnel, titles, time and effort to be committed to the proposed unit and the salary source for the time.
- 8.3. Indicate who will supply physical facilities, space and administrative support for the unit.
- 8.4. Describe faculty relationships, released time agreements, and overhead recovery (F&A) sharing.
- 8.5. Designation of institutional stewardship: if the director leaves, will a new director be brought in?

**9. Quality Assurance Processes**

**9.1.** Describe the processes that will produce evidence to demonstrate the quality of the unit, for example

- Evidence that the unit supports the University’s mission, priorities and strategic themes, the Board of Governors’ Strategic Plan, and statewide priorities and needs.
- Evidence that the unit’s product or outcomes achieve stated objectives
- Evidence of organizational effectiveness
- Evidence of results from evaluations being used to improve the unit’s effectiveness.

**Table 1  
TOTAL RESOURCE REQUIREMENTS FOR THE PROPOSED NEW UNIT**

		1 <sup>st</sup> Year	2 <sup>nd</sup> Year	3 <sup>rd</sup> Year
1	Total Resource Requirements			
2	Resources Available from Federal Sources			
3	Resources Available from Other Non-State Sources			
4	Existing State Resources			
5	Resources Available through Internal Reallocation			
6	New State Resources Required			
	<b>Breakdown: New State Resources Required</b>			
7	FTE Staff			
8	Personnel Services			
9	Equipment and Instructional Needs			
10	Library			
11	Other Support Services			



## APPROVAL FORM

(Center/Institute Name)

(Proposed Implementation Date)

Approval of this request for a new center or institute constitutes a commitment by the signatories that the proposed center or institute will adhere to the University and Board of Governors' Guidelines on Centers and Institutes and will support the mission and goals of the University.

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Center Director

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Department Chair(s)

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Dean(s)

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Vice President for Research (if applicable)

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Vice President for Academic Affairs

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Provost

**Appendix B**  
**Florida International University**  
**Annual Center/Institute Report**  
**Fiscal Year \_\_\_\_\_**

**Name of Center/Institute:** \_\_\_\_\_

**Center/Institute Director's Approval**

**Director's Name:** \_\_\_\_\_

**Signature:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Dean's (s') Approval**

**Dean's (s') Name(s):** \_\_\_\_\_

**Signature:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Vice President for Research's Approval (if applicable)**

**George E. Walker**

**Signature:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Vice President for Academic Affairs' Approval**

**Douglas Wartzok**

**Signature:** \_\_\_\_\_

**Date:** \_\_\_\_\_

## Components of the Center/Institute Annual Report

### Objectives

List the unit's goals and objectives and explain the unit's relationship to the university's mission, priorities, and strategic themes.

### Organization

Attach a copy of the current organizational chart.

### Budget

Complete the chart below:

	SUS Appropriated Funds	Contracts and Grants	Fees for Services	Other	Total
Total Expenditures					
Positions	SUS Appropriated Funds	Contracts and Grants	Fees for Services	Other	Total
Faculty FTE					
A&P FTE					
USPS FTE					
Total FTE Positions					

### How Success Has Been Measured

In your prose description of how the Center/Institute's success has been measured during the previous fiscal year, please discuss each of the following:

#### Resource Investment

- Total E&G investment, including University match
- Total C&G revenues
  - Annual C&G expenditures
  - C&G contribution to student waivers
  - F&A return generated
- Auxiliary expenses
- Auxiliary revenues
- Private fundraising
- Revenues from student enrollments (tuition and fees)
- Total C&G/Total E&G
- Total space utilized by the Center/Institute
- Space return on investment
  - C&G generated per square foot of space allocation
  - F&A generated per square foot of space allocation
  - Total state and non-state revenues generated per square foot of space allocation

### **Outcome Measures**

- Creative Activity/Research/Scholarship
  - Peer-reviewed publications
  - Juried Exhibits/Performances
  - Research workshops/creative activity workshops hosted
  - Other publications/media produced
  - Faculty research presentations/creative activity presentations
  - Guest scholars/artists hosted
  - Collaborative projects among FIU, industry, clinical partners, other universities, e.g., NIH Roadmap
- Graduate Student Support
  - Graduate students supported
  - Graduate committees served by unit faculty
  - Graduate committees chaired by unit faculty
- Education and Training
  - FTE generated
  - Continuing education contact hours provided
  - Conferences hosted
  - Certificates granted
- Miscellaneous
  - Participation in regional or national consortia
  - Inventions/Patents generated
  - Technology transfer
  - Undergraduates supported
  - Multi-institutional projects/grants

### **Unique Contribution**

Describe how the unit's function could not be performed by an academic department or by another Center/Institute.

### **Impact**

Describe how the Center/Institute has made an impact.



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Signature of Requestor/Initiator

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Date

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Signature of Dean(s)

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Date

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Signature of Vice President  
for Academic Affairs

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Date

**THE FLORIDA INTERNATIONAL UNIVERSITY  
BOARD OF TRUSTEES**

11 SEPTEMBER 2007

**SUBJECT: COMMITTEE REPORTS**

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**PROPOSED BOARD ACTION:**

None. Discussion Items.

- FINANCE AND AUDIT COMMITTEE REPORT  
*CHAIR KIRK LANDON*
  - ACADEMIC POLICY COMMITTEE REPORT  
*CHAIR PATRICIA FROST*
- 

**EXHIBITS/SUPPORTING DOCUMENTS:**

- NONE

**FACILITATOR/PRESENTER:**

- KIRK LANDON
- PATRICIA FROST

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