

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND AUDIT COMMITTEE

THURSDAY, 6 SEPTEMBER 2007

8:30 A.M.

FLORIDA INTERNATIONAL UNIVERSITY
MARC INTERNATIONAL PAVILION
UNIVERSITY PARK CAMPUS
MIAMI, FL

MEMBERSHIP

KIRK LANDON, *CHAIR*

MIRIAM LÓPEZ, *VICE CHAIR*

ARMANDO GUERRA

BRUCE HAUPTLI

ALBERT MAURY

NOEL GUILLAMA-ALVAREZ, FOUNDATION BOARD OF DIRECTORS

AGENDA

- | | |
|---|-----------------------|
| I. CALL TO ORDER | KIRK LANDON |
| II. APPROVAL OF MINUTES | KIRK LANDON |
| III. CHAIR'S REMARKS | KIRK LANDON |
| IV. FOLLOW-UP TO ITEMS FROM PREVIOUS MEETINGS | KIRK LANDON |
| V. ITEMS FOR COMMITTEE REVIEW | KIRK LANDON |
| A. ACTION ITEMS | |
| 1. INVESTMENT POLICY ASSET ALLOCATION AMENDMENT | ALEXANDER ZYNE |
| 2. HUMAN RESOURCE POLICIES | VIVIAN SANCHEZ |
| a. OPERATIONAL EXCELLENCE/SERVICE AWARD | |
| b. TUITION WAIVER PROGRAM | |
| B. REPORTS (FOR DISCUSSION - NO ACTION REQUIRED) | |
| 3. OFFICE OF INTERNAL AUDIT REPORT | TED GUBA |
| 4. SPONSORED RESEARCH REPORT | GEORGE WALKER |
| 5. CFO & ADMINISTRATION UPDATE | VIVIAN SANCHEZ |
| a. PECO ADJUSTMENTS | |
| b. BUDGET REDUCTION PLAN | |

C. REPORTS (*FOR INFORMATION ONLY*)

- | | |
|---|------------------|
| 6. FOUNDATION REPORT | ALEXANDER ZYNE |
| 7. TREASURY REPORT - UNIVERSITY INVESTMENT
COMMITTEE | ALEXANDER ZYNE |
| 8. ENVIRONMENTAL – REGULATORY & COMPLIANCE | JENNIFER MWASELA |
| 9. UNIVERSITY COMPLIANCE REPORT | LEYDA BENITEZ |
| VI. OTHER BUSINESS | KIRK LANDON |
| VII. ADJOURNMENT | KIRK LANDON |

NEXT FINANCE AND AUDIT COMMITTEE MEETING
IS SCHEDULED FOR
NOVEMBER 15, 2007

**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND AUDIT COMMITTEE**

6 SEPTEMBER 2007

SUBJECT: FINANCE AND AUDIT COMMITTEE MEETING MINUTES, 19 JUNE 2007

PROPOSED COMMITTEE ACTION:

Adopt the following Resolution:

RESOLVED that the minutes of the meeting of the Florida International University Board of Trustees' Finance and Audit Committee held on 19 June 2007, attached to this Resolution as Exhibit "A," are hereby approved.

EXHIBITS/SUPPORTING DOCUMENTS:

- EXHIBIT "A": 19 JUNE 2007 FINANCE AND AUDIT COMMITTEE MEETING MINUTES.

FACILITATOR/PRESENTER:

- COMMITTEE CHAIR KIRK LANDON

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**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES**



**FINANCE AND AUDIT COMMITTEE
MINUTES
19 JUNE 2007**

I. Call to Order

The Florida International University Board of Trustees' Finance and Audit Committee meeting was called to order by Committee Chair Kirk Landon at 8:00 am on Tuesday, 19 June 2007, in the University Park Graham Center Ballrooms, Miami, Florida.

The following attendance was recorded:

Present

Kirk Landon, *Chair*
Albert Dotson
Armando Guerra
Bruce Hauptli
Albert Maury

Excused

Miriam López, *Vice Chair*

President Modesto Maidique and Trustee Marbely Hernandez were also in attendance.

II. Approval of Minutes

Committee Chair Kirk Landon asked if there were any additions or corrections to the minutes of the 24 April 2007, Finance and Audit Committee meeting. Hearing none, the Committee adopted the following:

RESOLVED that the minutes of the meeting of the Finance and Audit Committee, held on 24 April 2007, and attached to this Resolution as Exhibit "A," are hereby approved.

III. Chair's Remarks

Committee Chair Landon welcomed Trustees and staff to the meeting. He introduced and welcomed newly appointed Trustees Albert Maury, President and COO of Leon Medical Centers Health Plans and new Student Trustee Marbely Hernandez, Student Government Association President for University Park Campus, who took office on May 1, 2007.

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President Maidique introduced newly appointed Vice President for University Community Relations Sandra Gonzalez-Levy, noting that she would assume her duties in July 2007. President Maidique also introduced newly appointed Associate Vice President of Real Estate Development and Planning Charles Scurr.

IV. Follow-up to Items from Previous Meetings

Committee Chair Landon reported that the Office of Internal Audit Follow-up Status report reflected the deferral of the Frost Art Museum item until November 2007. He noted that the two items which remained outstanding would be deferred to the next regularly scheduled Finance and Audit Committee meeting in September.

V. Items for Committee Review

A. Action Item

1. Proposed 2007-2008 Operating Budget and Tuition Fee Rule

CFO and Senior Vice President for Administration Vivian Sanchez presented the University's 2007-2008 Operating Budget for Committee review. She provided a summary by fund, delineated strategic issues and proposed resolutions.

After discussion, the Committee recommended the following Resolution for Board approval:

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 "B," 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.

CFO Sanchez announced that there was an amendment to the University Tuition Fee Rule Resolution. She introduced the amended University Tuition Fee Rule for Committee review. The Committee approved the Resolution as amended.

After discussion, the Committee recommended the following Resolution for Board approval:

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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 "C" with the following changes (necessitated by the Governor's veto of the 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.

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

CFO Sanchez and AVP Real Estate Development and Planning Charles Scurr presented the Legislative Budget Request 2008-2009 for Committee review, noting that the Legislative Budget Request issues addressed the SUS Strategic Plan and were aligned with the University's Strategic Plan.

After discussion, the Committee recommended the following Resolution for Board approval:

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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 "D"; 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 Committee review. He also noted that the Capital Improvement plan presented additional academic and academic support facilities needed for a five-year period.

After discussion, the Committee recommended the following Resolution for Board approval:

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) approves 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 "E"; and

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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 BOT at its next board meeting; and

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

AVP Scurr announced that there was an amendment to the Supplemental Educational Plant Survey. AVP Scurr presented the 2005-2006 Supplemental Educational Plant Survey Amendment for Committee review, noting that the survey aided in the formulation of plans for housing the educational programs and student population, faculty, administrators, staff, and auxiliary and ancillary services of the campus. The Committee approved the Resolution as amended.

After discussion, the Committee recommended the following Resolution for Board approval:

WHEREAS Florida Statute 1013.31(1)(a) requires that the each university 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 "F"; and

BE IT FURTHER RESOLVED that the Board 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; 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 Committee review, 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 Committee recommended the following Resolution for Board approval:

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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 that each university 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 "G, 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.

B. Reports

3. Office of Internal Audit Report

University Internal Audit Director Ted Guba presented the Office of Internal Audit Report, providing updates on ongoing audits.

4. Sponsored Research Report

Vice President for Research George Walker presented the Sponsored Research Report, reporting on grants administration, indirect cost recovery rates and customer satisfaction.

5. – 8. Reports

Committee Chair Landon requested that the CFO Update, the Foundation Report, the Treasury Report and the Environmental – Regulatory and Compliance reports provided in the agendas be accepted as written. There were no objections.

9. University Compliance Report

University Compliance Officer Leyda Benitez presented the University Compliance Program Report, noting the implementation of a new initiative that would allow for the submission of completely anonymous reports via telephone or the web.

VI. Other Business

No other business was raised.

VII. Adjournment

With no other business, Committee Chair Landon adjourned the meeting at 10:07 am.

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<i>Trustee Requests</i>	<i>Follow-up</i>	<i>Completion Date</i>
1. <i>Committee Chair Kirk Landon requested that the University's Administration evaluate the possible benefits of joining the Venture Society.</i>	TBA	TBA
2. <i>Committee Chair Kirk Landon requested that a University-appointed official spearhead the initiative of reaching out to past donors and to provide a report detailing these efforts on an annual basis. (deferred from the 24 April 2007 Finance and Audit Committee Meeting)</i>	<i>Vice President Sandra Gonzalez-Levy</i>	<i>10 September 2007</i>
3. <i>Committee Chair Kirk Landon requested that the University's Office of Student Affairs coordinate research efforts to evaluate and analyze the possible re-introduction of Cooperative Education (co-op) Programs to the University.</i>	<i>(referred to the Board of Trustees Academic Policy and Student Affairs Committee)</i>	

Exhibits attached: "A," "B," "C," "D," "E," "F," & "G"

MB
 6.25.07

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**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND AUDIT COMMITTEE**

6 SEPTEMBER 2007

SUBJECT: REVISED INVESTMENT POLICY STATEMENT

PROPOSED COMMITTEE ACTION:

Recommend Board adoption of 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 "B." The proposed revisions to the Investment Policy Statement are attached to this Resolution as Exhibit "C"; 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 "D"; and

THEREFORE, BE IT RESOLVED that the BOT hereby approves (i) the revised Investment Policy Statement attached to this Resolution as Exhibit "D," 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.

EXHIBITS/SUPPORTING DOCUMENTS:

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

FACILITATOR/PRESENTER:

- ALEXANDER ZYNE

FLORIDA INTERNATIONAL UNIVERSITY

Summary of changes to Investment Policy Statement

6 September 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>	<u>Working Capital Pool</u>	<u>Strategic Capital Pool</u>	<u>Reserve Pool</u>	<u>Total Combined</u>
% of Total	40%	50%	10%	100%
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
Total Fixed Income	100.00	60.00	60.00	76.00
Absolute Return	0.00	10.00	10.00	6.00
REITS	0.00	10.00	10.00	6.00
U.S. Equity	0.00	15.00	15.00	9.00
International Equity	0.00	5.00	5.00	3.00
Total Equity	0.00	20.00	20.00	12.00
Expected Return	3.92	6.59	6.59	5.55
Risk (Standard Deviation)	2.77	5.93	5.93	4.29

<u>Recommended Portfolio</u>	<u>Working Capital Pool</u>	<u>Strategic Capital Pool</u>	<u>Reserve Pool</u>	<u>Total Combined</u>
% of Total	30%	60%	10%	100%
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
Total Fixed Income	100.00	55.00	55.00	68.50
Absolute Return	0.00	20.00	20.00	14.00
REITS	0.00	5.00	5.00	3.50
U.S. Equity	0.00	12.50	12.50	8.75
International Equity	0.00	7.50	7.50	5.25
Total Equity	0.00	20.00	20.00	14.00
Expected Return	3.92	6.69	6.69	5.88
Risk (Standard Deviation)	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 6, 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 "C"

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 "C"

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

Investment Guidelines - US Equity	
Authorized Investments:	Status
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
Restrictions:	Guideline
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 "C"

Fixed Income – Investment Grade

Investment Guidelines - Investment Grade Fixed Income	
Authorized Investments:	Status
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
Restrictions:	Guideline
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 "C"

Fixed Income – High Yield

Investment Guidelines - High Yield Fixed Income	
Authorized Investments:	Status
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
Restrictions:	Guideline
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 "C"

International Equity

Investment Guidelines - International Equity	
Authorized Investments:	Status
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
Restrictions:	Guideline
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 "C"

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
% of Total	40%	50%	10%	100%
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
<i>Total Fixed Income</i>	100	60	60	76
<i>Absolute Return</i>	0	10	10	6
<i>REITS</i>	0	10	10	6
U.S Equity	0	15	15	9
International Equity	0	5	5	3
<i>Total Equity</i>	0	20	20	12

	Working Capital Pool	Strategic Capital Pool	Reserve Pool	Total Combined Pool
% of Total	30%	60%	10%	100%
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
<i>Total Fixed Income</i>	100.00	55.00	55.00	68.50
<i>Absolute Return</i>	0.00	20.00	20.00	14.00
<i>REITS</i>	0.00	5.00	5.00	3.50
U.S Equity	0.00	12.50	12.50	8.75
International Equity	0.00	7.50	7.50	5.25
<i>Total Equity</i>	0.00	20.00	20.00	14.00

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 "C"

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 "C"

Reserve Pool

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

Strategic Capital Pool

	<u>Target (%)</u>	<u>Minimum (%)</u>	<u>Maximum (%)</u>
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
Fixed Income	40	35	45
TIPS	10	7	13
Absolute Return	10	7	13
High Yield	10	7	13
REITS	10	7	13
International Equity	5	2	8
Domestic Equity	15	12	18

Total Combined Pool

	<u>Target (%)</u>	<u>Minimum (%)</u>	<u>Maximum (%)</u>
Working Capital Pool	4030	3525	10093
Strategic Capital Pool	5060	0	5570
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 "C"

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

Relative to asset allocation targets, index weighted by:

4030 .% x	Florida State Treasury Investment Pool <u>(91 Day Treasury Bill)</u>
2421 .% x	Lehman Aggregate Bond Index
614 .% x	Lehman TIPS Index
614 .% x	CPI + 3.25% (<i>Absolute Return benchmark</i>)
63.5 % x	ML High Yield Master II Index
63.5 % x	Wilshire REIT Index
98.75 % x	Dow Jones Wilshire 5000 Index (US Equity broad market)
35.25 % 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:

100 % 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:

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

Exhibit "C"

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

Relative to asset allocation targets, index weighted by:

40 <u>30</u> %	x	Lehman Aggregate Bond Index
10 <u>20</u> %	x	Lehman TIPS Index
10 <u>20</u> %	x	CPI + 3.25% (<i>Absolute Return benchmark</i>)
10 <u>5</u> %	x	ML High Yield Master II Index
10 <u>5</u> %	x	Wilshire REIT Index
15 <u>12.5</u> %	x	Dow Jones Wilshire 5000 Index (US Equity broad market)
5 <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)

	Expected Return (%) <u>(inflation at 2.50<u>2.25</u>%)</u>
Cash Equivalents	3.00
Fixed Income	4.75 <u>5.25</u>
TIPS	4.25 <u>5.00</u>
Absolute Return	5.75 <u>7.75</u>
High Yield	6.25 <u>6.75</u>
REITs	7.00 <u>5.75</u>
U.S Equity	8.00 <u>8.25</u>
International Equity	8.00 <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 6, 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

Investment Guidelines - US Equity	
Authorized Investments:	Status
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
Restrictions:	Guideline
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

Investment Guidelines - Investment Grade Fixed Income	
Authorized Investments:	Status
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
Restrictions:	Guideline
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

Investment Guidelines - High Yield Fixed Income	
Authorized Investments:	Status
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
Restrictions:	Guideline
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

Investment Guidelines - International Equity	
Authorized Investments:	Status
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
Restrictions:	Guideline
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
<u>% of Total</u>	30%	60%	10%	100%
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
<u>Total Fixed Income</u>	100.00	55.00	55.00	68.50
<u>Absolute Return</u>	0.00	20.00	20.00	14.00
<u>REITS</u>	0.00	5.00	5.00	3.50
U.S Equity	0.00	12.50	12.50	8.75
International Equity	0.00	7.50	7.50	5.25
<u>Total Equity</u>	0.00	20.00	20.00	14.00

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 "D"

Reserve Pool

	<u>Target (%)</u>	<u>Minimum (%)</u>	<u>Maximum (%)</u>
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

	<u>Target (%)</u>	<u>Minimum (%)</u>	<u>Maximum (%)</u>
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

	<u>Target (%)</u>	<u>Minimum (%)</u>	<u>Maximum (%)</u>
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 "D"

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 "D"

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

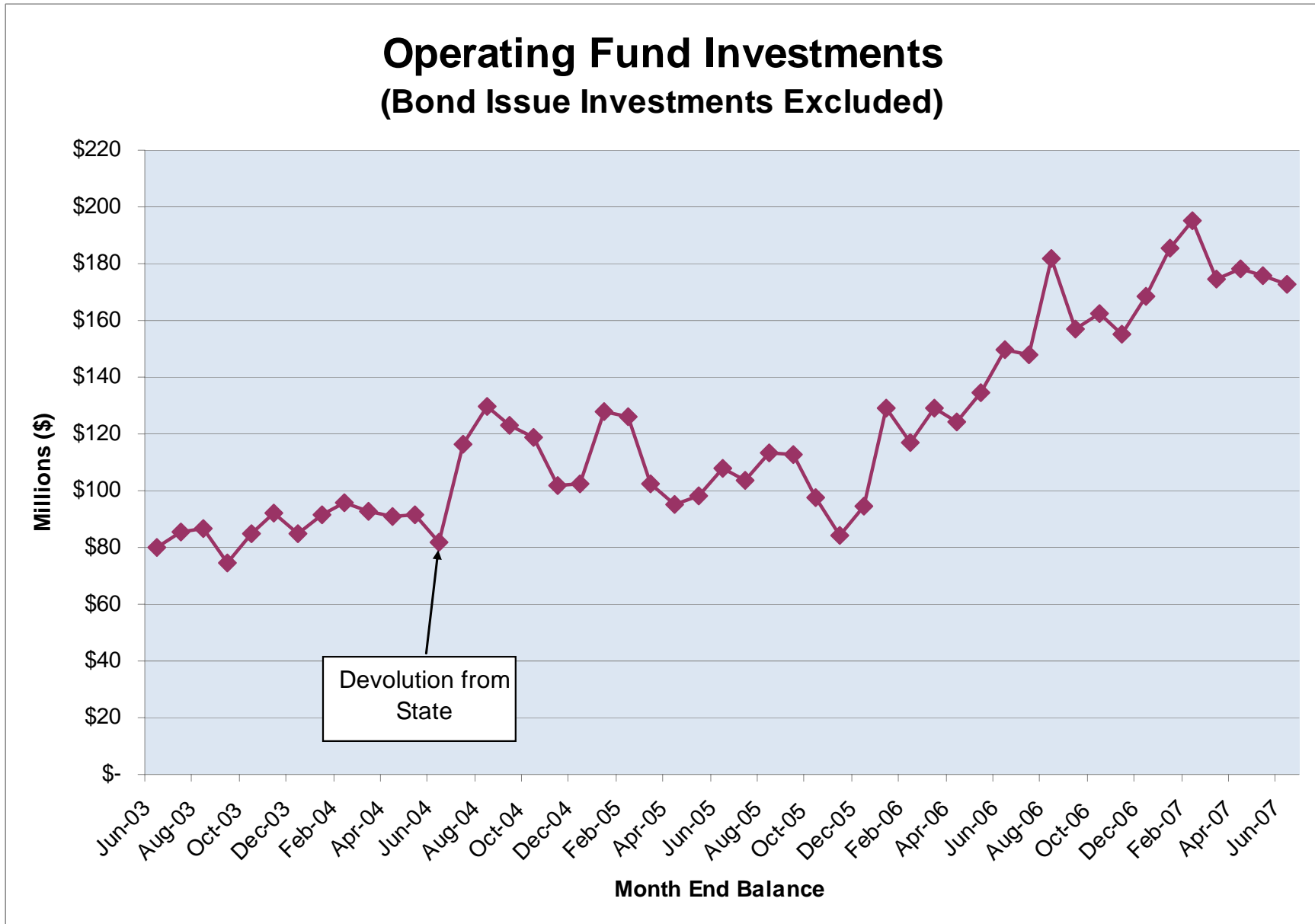
2. Relative to capital market assumptions:

(Wilshire's published assumptions, 2007)

	<u>Expected Return (%)</u> <u>(inflation at 2.25%)</u>
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**

6 SEPTEMBER 2007

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

PROPOSED COMMITTEE ACTION:

Recommend Board Adoption of 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 "F"; and to the Tuition Waiver Program Policy attached hereto as Exhibit "G";

BE IT FURTHER RESOLVED, that the Operational Excellence/Service Award Policy attached hereto as Exhibit "F" and the Tuition Waiver Program Policy attached hereto as Exhibit "G" 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 “F”: DIVISION OF HUMAN RESOURCES – AMENDED OPERATIONAL EXCELLENCE/SERVICE AWARD POLICY
- EXHIBIT “G”: DIVISION OF HUMAN RESOURCES – AMENDED TUITION WAIVER PROGRAM POLICY

FACILITATOR/PRESENTER:

- VIVIAN A. SANCHEZ

**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 "G"

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 "G"

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
FINANCE AND AUDIT COMMITTEE**

6 SEPTEMBER 2007

SUBJECT: OFFICE OF INTERNAL AUDIT REPORT

PROPOSED COMMITTEE ACTION:

None. Discussion item.

EXHIBITS/SUPPORTING DOCUMENTS:

- INTERNAL AUDIT REPORT

FACILITATOR/PRESENTER:

- TED GUBA

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Meeting of the Finance and Audit Committee

BOARD OF TRUSTEES

Office of Internal Audit

September 6, 2007

Audit Committee Meeting

September 6, 2007

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FIU

FLORIDA INTERNATIONAL UNIVERSITY
Miami's public research university

Executive Summary – Office of Internal Audit Status Report
Board of Trustees
Finance and Audit Committee
August 21, 2007

This report details the current status of the Office of Internal Audit. During this reporting period, we issued the following audit reports: **Payroll Systems Implementation Review of ADP** (Report No. 06/07-07), **Review of Computer Workstation Security University-Wide** (Report No. 06/07-08), **Cash Counts at University Park and Biscayne Bay** (Report No. 06/07-10), **Audit of Construction-Change Orders for Major Construction Projects** (Report No. 06/07-11), **Harvest, Tidal, TouchNet Oracle Databases** (Report No. 06/07-12), and, **University Foundation-Unrestricted Fund Expenses** (Report No. 06/07-13). All reports were previously provided to the Finance and Audit Committee members.

Since the June 19th meeting, the Office of Internal Audit has performed a financial risk assessment and completed a draft of the University Internal Audit plan for the fiscal year 2007-2008. Also, auditable Information Technology areas were evaluated and high risk exposures were identified using appropriate risk factors. The plan is currently being reviewed by appropriate management and will be an action item for our next meeting. Our investigative activities to date are also included in the plan.

Finally, attached is a summary on the current status of management's implementation of prior recommendations from internal and external audits. Our current implementation rate is 77 percent as compared with 69 percent at the last Finance and Audit Committee Meeting.

I look forward to seeing you on September 10, and if you have any questions prior to the meeting, please feel free to contact me at (305) 348-2465.

Ted Guba
Audit Director

**FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT
INVESTIGATIONS
August 21, 2007**

<u>INVESTIGATIONS/RESPONSIBLE EXECUTIVE</u>	<u>Target Date to Complete</u>	<u>Assigned Auditor</u>
<i>1. College of Business Complaint-Dean Joyce Elam</i>	<i>September</i>	<i>Sanchez</i>
<i>2. Facilities Complaint- CFO & Senior VP Vivian Sanchez</i>	<i>September</i>	<i>Cho</i>
<i>3. Grade Change Complaint-VP Corinne Webb</i>	<i>October</i>	<i>Mayungbe</i>
<i>4. Sponsored Research Complaint</i>	<i>September</i>	<i>Sanchez</i>

**FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT**

Training and Seminars Update

The following is an update on both attended and planned seminars through August 2007. All seminar topics are directly related to critical functions of our office. Below is a recap of completed training hours for the current and prior years by auditor.

	<u>2007-2008</u>	<u>2006-2007</u>
Ted Guba	N/A	40 hours
Pyong Cho	40 hours	63 hours
Manny Sanchez	23 hours	37 hours
Phillip Maddux	N/A	57 hours
Tenaye Arneson	N/A	34 hours
Albert Mayungbe	40 hours	34 hours

DATE	ATTENDED SEMINARS 2007-2008	HOURS	AUDITOR
06/29/07	FICPA Ethics Course	4	Manny Sanchez
07/08-11/07	IIA International Conference	17	Manny Sanchez
07/16/07	NACUBO Webcast	2	Manny Sanchez
07/15-20/07	18 th Annual ACFE Fraud Conference	40	Albert Mayungbe
07/15-20/07	18 th Annual ACFE Fraud Conference	40	Pyong Cho
PLANNED SEMINARS			
09/30-10/4/07	ACUA 51 th Annual Conference	22	Ted Guba
09/30-10/4/07	ACUA 51 th Annual Conference	22	Tenaye Arneson

FOLLOW-UP STATUS REPORT – OFFICE OF INTERNAL AUDIT

The following summarizes the current status of audit issues from prior internal audit reports as of July 2007

Note: Items bolded in Status column (Yes or No) are due for implementation this period.

Report	Audit Issue(s)	Responsible Executive/Director	Status	Revised Due Date	Original Due Date
Computer Network Security Report Issued: May 4, 2001	1. Security Risk Analysis 2. Information Technology Resources	Sanchez/Yao/Granto Sanchez/Yao/Grillo	Yes Yes	N/A N/A	Pending Funding
Access Controls Over PS Student Records Module Report Issued: Feb. 23, 2006	Confidential and exempt from public records by Florida Statutes For 29 recommendations, 28 implemented and 1 outstanding	Sanchez/Yao/Grillo	No	11/07	12/06
Access Controls Over PS Financial Aid Module Report Issued: May 5, 2006	Confidential and exempt from public records by Florida Statutes For 19 recommendations, 18 implemented and 1 outstanding	Sanchez/Yao	No	10/07	Various
Access Controls Over PS Admissions Module Report Issued: June 20, 2006	Confidential and exempt from public records by Florida Statutes For 24 recommendations, 24 implemented, (1 Due)	Sanchez/Yao/Foster	Yes	N/A	Various
Access Controls Over PS Student Financials Module Report Issued : June 30, 2006	Confidential and exempt from public records by Florida Statutes For 22 recommendations, 20 implemented, 2 outstanding	Sanchez/Yao/Grillo	No No	09/07 10/07	Various
Allegations Against the Director of Enterprise Technology Support Services Report Issued: July 7, 2006	1. Conflict of Interest – Gift (Rec. #3.2) 2. Purchasing Rule – Gift (Rec. #3.3)	Sanchez/Yao Sanchez/Millspaugh	Yes No	N/A 09/07	09/06 09/06
University's Time & Effort Certification Systems Report Issued: Nov. 3, 2006	1. Certification of Time & Effort	Walker/Barabino	Yes	N/A	04/07
University's Time & Effort Certification Systems* (System Security) Report Issued: Nov. 15, 2006	Confidential and exempt from public records by Florida Statutes For 2 recommendations, 1 implemented, 1 outstanding. (1 Due)	Walker/Barabino	Yes	N/A	11/06
Review of Security Over Conference Calls Report Issued: Dec. 1, 2006	Confidential and exempt from public records by Florida Statutes For 2 recommendations, 2 implemented (1 Due)	Sanchez/Yao	Yes	N/A	02/07
Student Administration (SA) Oracle Databases* Report Issued: Dec. 19, 2006	Confidential and exempt from public records by Florida Statutes For 35 recommendations, 27 implemented, 8 outstanding. (3 Due)	Sanchez/Yao	No (3)	Various	Various
Allegations Against The Executive Dean of the College of Engineering & Computing Report Issued: Jan 17, 2007	1. Written Policies (Rec. #1.2) 2. Disbursement Policies & Procedures (Rec. #1.3) 3. Guidelines (Rec. #1.4)	Sanchez/Denton/ Elkin	No No No	10/07 10/07 10/07	02/07 02/07 02/07
Audit of University Health Services-Patient Information Systems* Report Issued: Feb. 28, 2007	Confidential and exempt from public records by Florida Statutes For 26 recommendations, 16 implemented, 10 outstanding. (9 Due)	Sanchez/Yao Jones/Dollinger	Yes (5) No (4)	N/A Various	Various

Report	Audit Issue(s)	Responsible Executive/Director	Status	Revised Due Date	Original Due Date
Allegations Against the EMBERS Project at the College of Education Report Issued: March 16, 2007	1. Payroll Internal Controls 2. Use of University Video Resources	Berkman/Miron	Yes Yes	N/A N/A	06/07 06/07
Audit of the Contracts & Grants Expenditures (Other Than Payroll) Report Issued: March 21, 2007	1. Physical Inventory of Property (Rec. #1.2) 2. Indirect/Direct Costs (Rec. #3.2) 3. Sponsored Research vs. Auxiliaries (Rec. #5.1)	Sanchez/Bond Walker/Barabino	Yes No Yes	N/A 08/07 N/A	06/07 06/07 07/07
Audit of Victim Advocacy Center-Patient Information Systems* Report Issued: May 16, 2007	Confidential and exempt from public records by Florida Statutes For 10 recommendations, 9 implemented, 1 outstanding. (3 Due)	Jones/Aaron	Yes (2) No (1)	N/A 08/07	05/07 06/07
Allegations Against the Associate Director of Purchasing Services Report Issued: May 25, 2007	1. Appropriate Action 2. Reference Checks 3. Background Checks 4. Credit Checks	Sanchez/Millspaugh Sanchez/Cuesta-Gomez	Yes Yes Yes No	N/A N/A N/A N/A	05/07 05/07 05/07 12/07
Audit of the University-Wide Computer Workstation Security Report Issued: June 19, 2007	Confidential and exempt from public records by Florida Statutes For 2 recommendations, 2 outstanding.	Sanchez/Yao	No	N/A	08/07 12/07
Audit of Counseling & Psychological Services Center-Patient Information Systems Report Issued: July 5, 2007	Confidential and exempt from public records by Florida Statutes For 19 recommendations, 6 implemented, 13 outstanding (6 Due)	Jones/Nowell	Yes (6)	N/A	07/07
Cash Counts at University Park & Biscayne Bay Report Issued: July 9, 2007	1. Panic Button 2. Officer at the SF Office	Jones/King	Yes (2)	N/A	07/07
Audit of the University's Change Orders for Major Construction Projects Report Issued: July 9, 2007	1. A/E Errors and Omissions (Rec.#1.1 & #1.2) 2. Change Order Initiated by Owner/User (Rec.#2.1 & #2.2) 3. Construction Change Order Justification Form (Rec. #3.1 & #3.2) 4. Classification of Change Orders 5. Tax Savings Not Achieved for the Owner Direct Purchase Program	Sanchez/Citarella	No Yes (2) Yes (2) No Yes	N/A N/A N/A N/A N/A	09/07 07/07 07/07 11/07 07/07
Audit of the Harvest, Tidal, & TouchNet Oracle Databases Report Issued: July 24, 2007	Confidential and exempt from public records by Florida Statutes For 8 recommendations, 3 implemented, 5 outstanding (3 Due)	Sanchez/Yao	Yes (3) No	N/A N/A	07/07 Various
Audit of the University Foundation – Unrestricted Fund Expenses Report Issued: July 30, 2007	1. Approvals for Foundation Disbursements 2. Alcoholic Beverages Purchases (Rec.#2.1 & #2.2) 3. Gift Policies (Rec. #3.1 & #3.2) 4. Duplicate Payments (Rec. #4.1 & #4.2) 5. Foundation Disbursement Guidelines	Sanchez/Zyne	Yes No No No No	N/A N/A N/A N/A N/A	07/07 10/07 10/07 & 01/08 09/07 & 07/09 10/07

FOLLOW-UP STATUS REPORT – PEOPLESOFT FINANCIALS SYSTEM AUDIT

The following summarizes the current status of audit issues from the State Auditor’s PeopleSoft Financials System Audit (Report #2007-006) as of July 2007. *Note: Items bolded in Status column (Yes or No) are due for implementation this period.*

Report	Audit Issue/Recommendation	Responsible Executive/Director	Status	Revised Due Date	Original Due Date
Finding No. 1: University Governance of IT**	A University-level governance model should be adopted to create a centralized authority for managing and securing enterprise data. Written procedures should be initiated to address areas with consistent enterprise application to support the confidentiality, availability and integrity of information resources. For 8 action plans, 7 implemented and 1 outstanding. (1 Due)	Sanchez/Yao	No	09/07	Various
Finding No. 2: Application Environment and Support Function**	University management should strengthen its control surrounding its enterprise information resources and systems.	Sanchez/Yao	No	09/07	07/01/07
Finding No. 3: Access Authorization	In order to preserve integrity, confidentiality, and availability of its information resources, the University should strengthen access authorization controls in the above cited areas. Specifically, users' roles should be reviewed to ensure they are reflective of the job duties of the individual to whom they are assigned and correction mode access should be granted on a limited basis according to defined circumstances and responsibilities. Further, the University should develop detailed procedures necessary to ensure that all terminated or transferred employees' access rights are timely revoked. For 3 action plans, 3 implemented. (1 Due)	Sanchez/Yao	Yes	N/A	12/31/06
Finding No. 6: Environmental Controls	The University should implement and maintain environmental controls to ensure the safety of data center resources from environmental hazards.	Sanchez/Yao	No	12/07	06/01/07

FOLLOW-UP STATUS REPORT STATEWIDE FEDERAL AWARDS AUDIT

The following summarizes current status of audit issues from the State Auditor's Federal Awards Audit (Report #2007-146) as of July 2007. *Note: Items bolded in Status column (Yes or No) are due for implementation this period.*

Audit Issue/Recommendation (Finding Number)	Responsible Executive/Director	Status	Revised Due Date	Original Due Date
1. The institution should implement procedures that allow for employees' unused leave to be readily identified to the Federal grants on which the employees worked throughout their employment at the institution so that costs related to unused leave payments to terminated employees can be allocated to all appropriate Federal grants. (FA 06-113)	Walker/Barabino	No	12/07	07/07
2. The institution should enhance its procedures to ensure that compliance with Federal cost-share requirements is adequately documented. (FA 06-117)	Walker/Barabino	Yes	N/A	03/07

Explanatory Notes

- Explanation of Status in chart – Yes = implemented; No = not fully implemented; bolded items were due for implementation this period.
- * – Means that Management's responses on outstanding audit issues due by July 2007 were reported separately to the Finance and Audit Committee, since they were confidential and exempt from public records by Florida Statutes.
- ** – Means that Management's responses on outstanding audit issues due by July 2007 were reported separately to the Finance and Audit Committee, since they were related to Information Technology, a sensitive area. However, these findings were reported by the State Auditor to the public.
- For those recommendation noted in bold as **No** (not implemented) in the status column of this schedule, the "Management Responses to Outstanding Audits Issues" section (following page) details management's current action plan.
- N/A – Revised due date is not applicable because the recommendation was either implemented or was not due during this reporting period.

Follow-up Status Report Summary

Total number of audit issues due for implementation as of July 2007: **52**

Total number of audit issues completed as of July 2007: **40 (77% implementation rate)**

Total number of audit issues outstanding as of July 2007: **30**

FLORIDA INTERNATIONAL UNIVERSITY
Management Responses to Outstanding Audit Issues
July 31, 2007

Audit of the Contracts & Grants Expenditures (Other than Payroll)

1. Audit Issue: **Indirect Costs** (Recommendation #3.2)

Status: Partially Implemented

Action Plan to Complete:

Direct expenditures for federal projects that do have direct exemption approval will be reviewed quarterly commencing with the period ending June 30, 2007. The initial review will be completed August 31, 2007.

Statewide Federal Awards Audit

1. The institution should implement procedures that allow for employees' unused leave to be readily identified to the Federal grants on which the employees worked throughout their employment at the institution so that costs related to unused leave payments to terminated employees can be allocated to all appropriate Federal grants. **(FA 06-113)**

Action Plan to Complete:

A fringe benefit rate that includes unused leave was proposed to the Department of Health Human Services, Division of Cost Allocation. The proposed rates are under review with an expected approval by December 31, 2007.

**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND AUDIT COMMITTEE**

6 SEPTEMBER 2007

SUBJECT: OFFICE OF SPONSORED RESEARCH REPORT

PROPOSED COMMITTEE ACTION:

None. Discussion Item.

EXHIBITS/SUPPORTING DOCUMENTS:

- SPONSORED RESEARCH REPORT

FACILITATOR/PRESENTER:

- GEORGE WALKER

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FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES FINANCE AND AUDIT COMMITTEE

OFFICE OF SPONSORED RESEARCH ADMINISTRATION (OSRA) REPORT SEPTEMBER 6, 2007

The enclosed tables and figures reflect the externally funded sponsored activity managed by OSRA for fiscal years 2006 and 2007. The data is summarized by major activities, applications, awards, and expenditures. The FIU research enterprise continues to make great strides by maintaining and selectively increasing the level of external funding, increasing the quality of applications, increasing the indirect cost recovery, regular return of indirect cost to departments, increasing the level of service to investigators, and improving the management of the grant portfolio. Our ongoing surveys used to guide us in the delivery of quality service have provided evidence that our support strategies work well and have indicated areas for improvement. Feedback from the surveys will be shared with the Board periodically.

Fiscal year 2007 applications for external funding have increased in the strategic funding areas of health care research, engineering, technology, and environment. Overall, the quantity of applications submitted in fiscal year 2007 was less in comparison to fiscal year 2006 submissions. The decrease in overall applications is largely due to efforts to increase the quality of applications, and to focus application submissions in the strategic funding areas of research.

External awards received in fiscal year 2007 totaled \$90.8 million, slightly less than the awards received in fiscal year 2006. Awards are expected to increase in the future as funding is obtained in the strategic research areas, as the number of research faculty increases, and as funds are invested in research programs.

Research expenditures totaled \$81.1 million in fiscal year 2007, a 7.7 percent increase over that for fiscal year 2006. Additionally, the effective or average indirect cost rate increased resulting in increased indirect cost recovery. The return of indirect cost to colleges occurs on a monthly basis and prior to the fiscal year end each college received the indirect cost earned through June 30, 2007. The accounts receivable has significantly decreased, but the OSRA staff continue to work towards decreasing the receivable to less \$10 million. The collection of research expenditures is given the highest priority by issuing timely request for the reimbursement of expenditures, and constant follow up on outstanding receipts.

Additional management tools will be developed in fiscal year 2008 that will provide the administrative staff and faculty the ability to administer funds with ease. A few examples of the management tools are as follows: InfoEd for electronic application routing, revised grant reports for management of projects, increased training opportunities for administrative staff, accounts receivable database, enhancements to the external awards page, and the PeopleSoft grants suite to be available in fiscal year 2009.

As the University continues to invest in the research enterprise, applications, awards, and expenditures will further increase, exacerbating the need for vigorous administrative tools that will be instituted in the upcoming fiscal year.

Table 1

Applications Comparison FY 2006 vs. FY 2007 by College/School/Center/Division

College/School/Center/Division	July 2005 – June 2006			July 2006 – June 2007			% change
	Direct Costs	Indirect	Total	Direct Costs	Indirect	Total	
Academic Affairs	\$8,394,786	\$960,482	\$9,355,268	\$6,356,767	\$894,372	\$7,251,139	-22%
ARC	\$9,112,593	\$3,129,748	\$12,242,341	\$7,506,733	\$2,171,095	\$9,677,828	-21%
College of Architecture and the Arts	\$280,793	\$0	\$280,793	\$19,543,093	\$0	\$19,543,093	6860%
College of Arts and Sciences	\$48,204,992	\$13,809,925	\$62,014,917	\$40,850,559	\$12,096,893	\$52,947,452	-15%
College of Business Administration	\$2,150,699	\$224,667	\$2,375,366	\$1,421,922	\$272,654	\$1,694,576	-29%
College of Education	\$26,834,700	\$2,901,884	\$29,736,584	\$13,936,260	\$1,243,782	\$15,180,042	-49%
College of Engineering and Computing	\$58,384,524	\$11,560,839	\$69,945,363	\$76,138,251	\$16,258,779	\$92,397,030	32%
College of Law	\$74,000	\$0	\$74,000	\$218,516	\$0	\$218,516	195%
College of Medicine	\$0	\$0	\$0	\$4,179,816	\$1,494,691	\$5,674,507	N/A
College of Nursing and Health Sciences	\$7,671,658	\$1,026,556	\$8,698,214	\$8,247,260	\$1,827,819	\$10,075,079	16%
College of Social Work, Justice & Public Affairs	\$64,704,198	\$10,111,811	\$74,816,009	\$10,309,264	\$2,920,519	\$13,229,783	-82%
Division of Finance and Administration	\$61,482	\$0	\$61,482	0	0	0	-100%
Division of Student Affairs	\$4,133,775	\$281,532	\$4,415,307	\$4,580,837	\$362,114	\$4,942,951	12%
Division of University Advancement	\$116,681	\$0	\$116,681	\$199,937	\$0	\$199,937	71%
Honors College	\$0	\$0	\$0	\$50,000	\$0	\$50,000	N/A
IHRC	\$5,256,922	\$294,062	\$5,550,984	\$1,408,003	\$335,924	\$1,743,927	-69%
School of Hospitality & Tourism Management	\$0	\$0	\$0	\$38,665	\$1,162	\$39,827	N/A
School of Journalism and Mass Communication	\$1,812,300	\$698,119	\$2,510,419	\$1,150,087	\$250,384	\$1,400,471	-44%
SERC	\$27,487,275	\$7,815,794	\$35,303,069	\$7,363,648	\$1,655,115	\$9,018,763	-74%
Stempel School of Public Health	\$15,567,329	\$4,202,742	\$19,770,071	\$22,217,359	\$7,879,215	\$30,096,574	52%
UTS	\$1,165,831	\$297,509	\$1,463,340	\$948,699	\$93,455	\$1,042,154	-29%
TOTAL	\$281,414,538	\$57,315,670	\$338,730,208	\$226,665,676	\$49,757,973	\$276,423,649	-18%

The effective/average indirect cost rate increased—20% vs. 22% in FY 06-07.

Figure 1

Comparison of Proposals Submitted

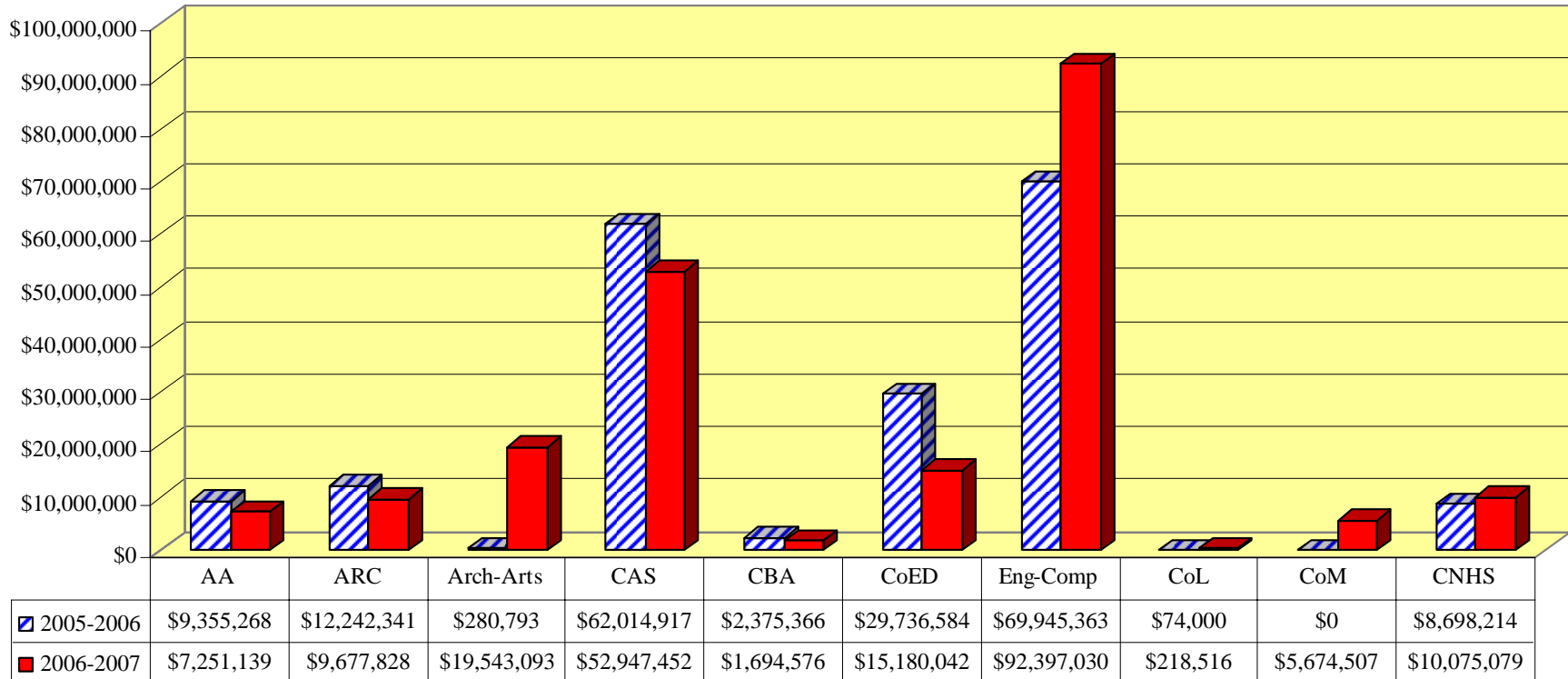


Figure 1—continued

Comparison of Proposals Submitted-continued

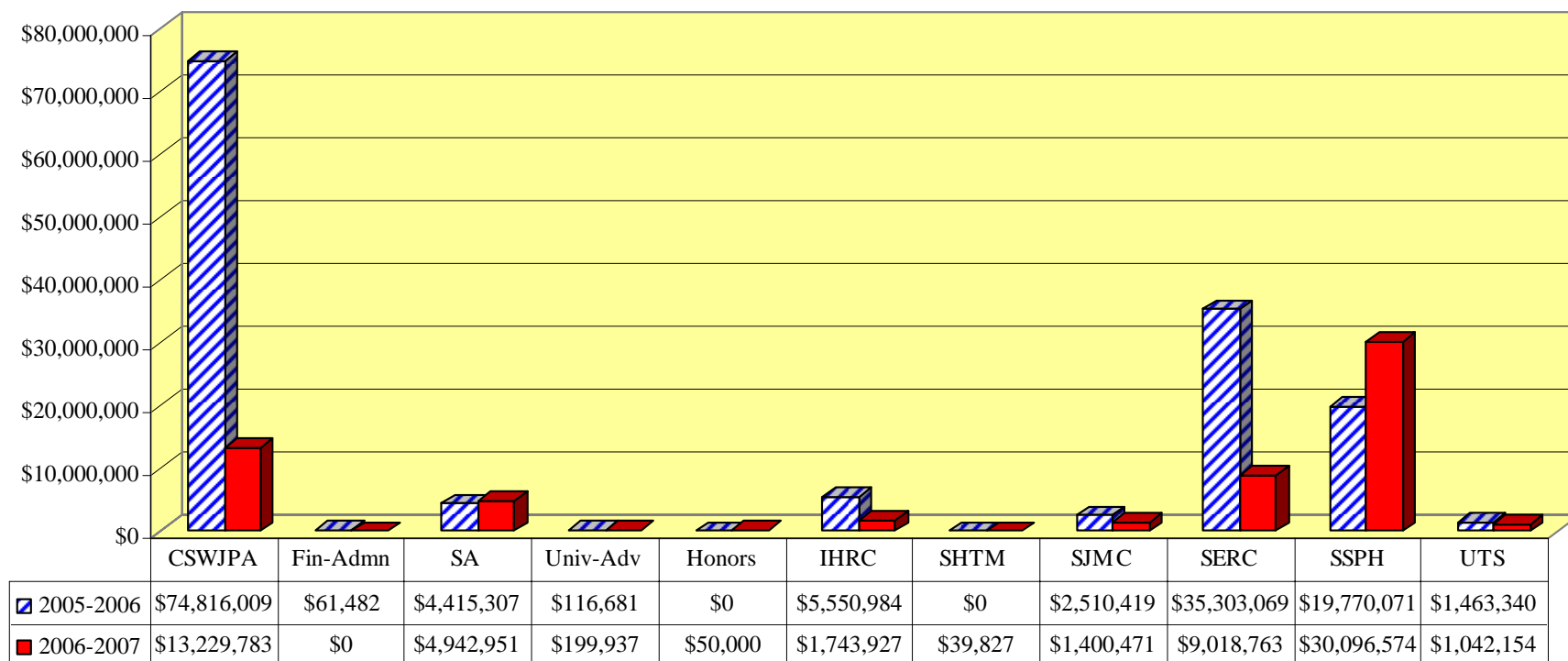


Table 2

Awards Comparison FY 2006 vs. FY 2007 by College/School/Center/Division							
College/School/Center/Division	July 2005 – June 2006			July 2006 – June 2007			% change
	Direct Costs	Indirect	Total	Direct Costs	Indirect	Total	
Academic Affairs	\$3,514,071	\$210,943	\$3,725,014	\$3,236,962	\$284,643	\$3,521,605	-5%
ARC	\$6,745,666	\$1,999,830	\$8,745,496	\$7,596,376	\$2,548,248	\$10,144,624	16%
College of Architecture and the Arts	\$374,739	\$0	\$374,739	\$332,064	\$909	\$332,973	-11%
College of Arts and Sciences	\$13,352,394	\$2,955,735	\$16,308,129	\$13,141,308	\$3,216,383	\$16,357,691	0%
College of Business Administration	\$1,161,801	\$150,634	\$1,312,435	\$574,816	\$69,253	\$644,069	-51%
College of Education	\$6,604,161	\$308,011	\$6,912,172	\$3,897,280	\$231,986	\$4,129,266	-40%
College of Engineering and Computing	\$13,019,346	\$2,463,483	\$15,482,829	\$12,581,696	\$2,391,483	\$14,973,179	-3%
College of Law	\$74,000	\$0	\$74,000	\$266,669	\$0	\$266,669	260%
College of Medicine	\$0	\$0	\$0	\$1,954,398	\$698,096	\$2,652,494	N/A
College of Nursing and Health Sciences	\$4,400,320	\$339,240	\$4,739,560	\$3,686,815	\$550,433	\$4,237,248	-11%
College of Social Work, Justice & Public Affairs	\$7,622,888	\$1,275,762	\$8,898,650	\$7,974,410	\$1,089,813	\$9,064,223	2%
Division of Finance and Administration	\$350,644	\$0	\$350,644	\$144,146	\$0	\$144,146	-59%
Division of Student Affairs	\$1,715,324	\$48,472	\$1,763,796	\$1,764,673	\$77,269	\$1,841,942	4%
Division of University Advancement	\$4,500	\$0	\$4,500	\$179,437	\$0	\$179,437	3887%
Honors College	\$0	\$0	\$0	\$25,000	\$0	\$25,000	N/A
IHRC	\$5,495,754	\$486,701	\$5,982,455	\$3,443,239	\$312,995	\$3,756,234	-37%
School of Hospitality and Tourism Management	\$0	\$0	\$0	\$25,000	\$0	\$25,000	N/A
School of Journalism and Mass Communication	\$172,367	\$21,136	\$193,503	\$93,000	\$0	\$93,000	-52%
School of Public Health	\$6,126,765	\$1,586,605	\$7,713,370	\$5,455,666	\$1,549,194	\$7,004,860	-9%
SERC	\$5,957,922	\$1,181,971	\$7,139,893	\$5,423,812	\$1,173,893	\$6,597,705	-8%
University Technology Services	\$2,346,543	\$167,580	\$2,514,123	\$3,848,786	\$925,264	\$4,774,050	90%
TOTAL	\$79,039,205	\$13,196,103	\$92,235,308	\$75,645,553	\$15,119,862	\$90,765,415	-2%

The effective/average indirect cost rate increased—16.7% vs. 20% in FY 06-07.

Figure 2

Awards Comparison

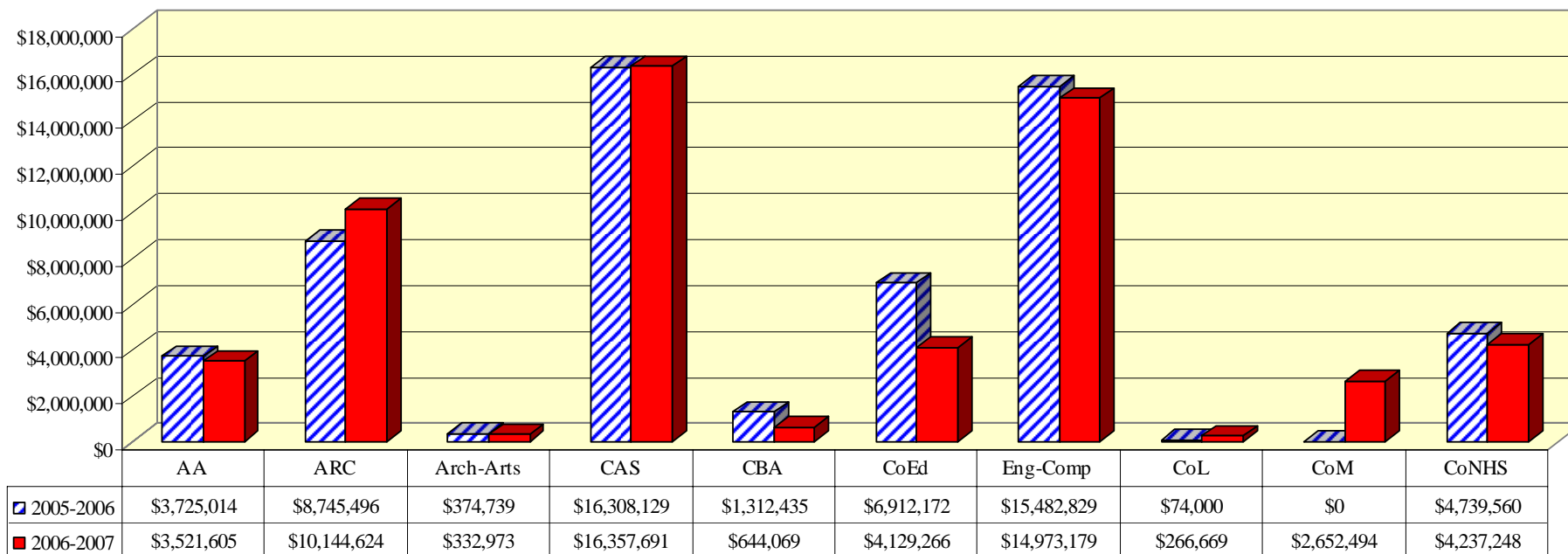


Figure 2—continued

Awards Comparison-continued

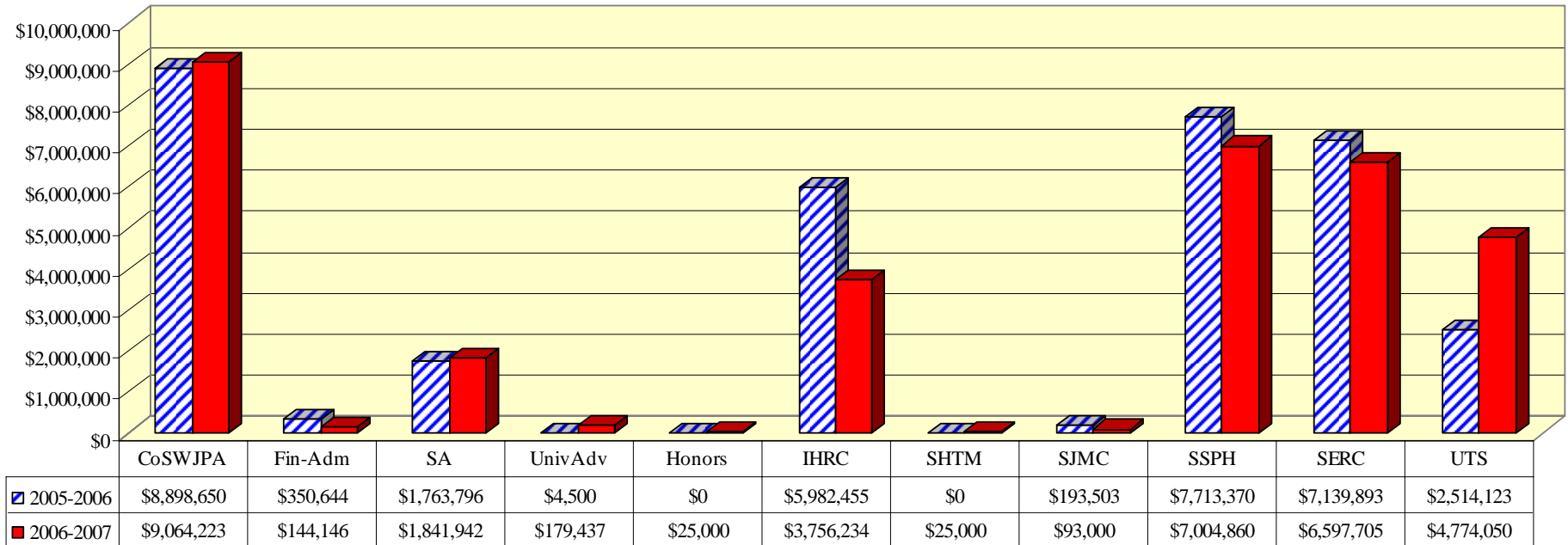


Table 3

Contracts and Grants Awarded by Major Funding Sources for Research, Service, and Training				
Source	Award Increment Direct Costs	Award Increment F&A	Amount	Percent
July 2005 — June 2006				
Federal Government	\$52,942,484	\$11,408,302	\$64,350,786	70%
State & Local Government	\$10,227,244	\$563,644	\$10,790,888	12%
Private/Other Sources	\$15,869,477	\$1,224,157	\$17,093,634	19%
Total	\$79,039,205	\$13,196,103	\$92,235,308	100%
July 2006 — June 2007				
Federal Government	\$54,626,982	\$13,294,095	\$67,921,077	75%
State & Local Government	\$10,839,152	\$1,041,477	\$11,880,629	13%
Private/Other Sources	\$10,179,419	\$784,290	\$10,963,709	12%
Total	\$75,645,553	\$15,119,862	\$90,765,415	100%

Table 4

July 1, 2006 – June 30, 2007 Expenses by College/School/Center/Division

College/School/Center/Division	YTD Total Direct Costs	YTD F&A	YTD Total Expenses
ABR/MBRS	\$3,442,806	\$1,059,268	\$4,502,074
Academic Affairs	\$2,908,830	\$463,572	\$3,372,402
ARC	\$5,786,737	\$2,008,947	\$7,795,684
College of Architecture & the Arts	\$993,788	\$2,444	\$996,232
College of Arts & Sciences	\$9,425,359	\$2,117,071	\$11,542,430
College of Business Administration	\$722,369	\$96,997	\$819,366
College of Education	\$4,826,569	\$273,663	\$5,100,232
College of Engineering & Computing	\$10,329,221	\$2,382,806	\$12,712,027
College of Medicine	\$330,020	\$106,787	\$436,807
College of Nursing & Health Sciences	\$3,046,724	\$194,011	\$3,240,735
College of Social Work, Justice, & Public Affairs	\$5,471,703	\$1,364,275	\$6,835,978
Division of Finance & Administration	\$147,583	\$0	\$147,583
Division of Student Affairs	\$1,662,938	\$86,901	\$1,749,839
Division of University Advancement	\$214,333	\$0	\$214,333
IHRC	\$3,056,859	\$329,110	\$3,385,969
School of Journalism & Mass Communication	\$226,517	\$37,680	\$264,197
SERC	\$5,662,255	\$1,427,923	\$7,090,178
Stempel School of Public Health	\$5,533,872	\$1,852,839	\$7,386,711
UTS	\$3,338,854	\$196,745	\$3,535,599
TOTAL	\$67,127,337	\$14,001,039	\$81,128,376

Table 5

F&A Expensed/Returned July 1, 2006 through June 30, 2007		
College/School/Center/Division	Total Expensed	Total Returned
ABR/MBRS	\$1,059,268	\$317,781
Academic Affairs	\$463,572	\$173,990
ARC	\$2,008,947	\$1,004,474
College of Architecture & the Arts	\$2,444	\$733
College of Arts & Sciences	\$2,117,071	\$635,121
College of Business Administration	\$96,997	\$29,099
College of Education	\$273,663	\$82,099
College of Engineering & Computing	\$2,382,806	\$714,842
College of Medicine	\$106,787	\$32,036
College of Nursing & Health Sciences	\$194,011	\$58,203
College of Social Work, Justice, & Public Affairs	\$1,364,275	\$395,146
Division of Finance & Administration	\$0	\$0
Division of Student Affairs	\$86,901	\$26,070
Division of University Advancement	\$0	\$0
IHRC	\$329,110	\$98,733
School of Journalism & Mass Communication	\$37,680	\$11,304
SERC	\$1,427,923	\$428,377
Stempel School of Public Health	\$1,852,839	\$561,864
UTS	\$196,745	\$59,024
TOTAL	\$14,001,039	\$4,628,896

**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND AUDIT COMMITTEE**

6 SEPTEMBER 2007

SUBJECT: CFO AND ADMINISTRATION UPDATE

PROPOSED COMMITTEE ACTION:

None. Discussion item.

EXHIBITS/SUPPORTING DOCUMENTS:

- CFO AND ADMINISTRATION UPDATE
 - a. PECO ADJUSTMENTS
 - b. BUDGET REDUCTION PLAN

FACILITATOR/PRESENTER:

- VIVIAN SANCHEZ

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CFO & Administration Update

EXTERNAL AUDIT UPDATE

The State Auditor General's Office will provide a presentation at the board meeting.

PECO ADJUSTMENTS

At the June 19th Finance and Audit Committee Meeting, the Educational Plant Survey was endorsed by the Committee and subsequently approved at the June 28th Board of Trustees Meeting. The approved resolution pertaining to the Educational Plant Survey authorizes the President to incorporate technical revisions and review comments by the Board of Governors and report any changes made to the BOT at its next board meeting. Following an informal review with Board of Governor's staff, FIU was instructed to make technical adjustments to the survey. The technical revisions include separating the Biscayne Bay Campus projects as in the original survey. In addition, although the Graduate Classroom building and the Hurricane Center are fully funded and no longer on our PECO request, FIU was instructed to include these on the space needs tracking spreadsheet. There were no substantive changes in any of the projects. All of the projects approved by the Board of Trustees continue to be in the Survey in the order approved by the Board.

STATE BUDGET REDUCTION UPDATE

After cutting the State University System (SUS) by 4% of its General Revenue recurring appropriation, the state has asked the SUS for a plan of 10% reduction. We had originally been informed that the cut would range from 4% to 10%. As is evidenced in the State's recent distributions, the 4% has already taken place. Though 10% seems unlikely, the BOG is stating that the State's revenue projections are not improving. At the latest State Revenue Estimating Conference on August 1, 2007, the State reduced its projected FY 2007-08 General Revenue forecast by \$1.1 billion or approximately 4%.

At this point, the University is planning for a 6% (\$13 million) reduction to its recurring General Revenue appropriation. The budget reductions will have a multi-year impact of approximately two to three years. Based on the State's revenue forecasts, the University does not assume any base budget increases will occur in the next two years.

To meet the required \$13 million, FIU will absorb as much as possible from the overall university budget prior to impacting the units base funding. We have been able to identify reductions for a total of \$4.9 million. The remaining \$8.1 million savings will come from the units. The \$8.1 million reduction will be distributed to each of the President's direct reports in the same proportion as their total budget. In turn, each direct report Vice President will tier, based on strategic importance and funding levels, each of their direct report departments. Therefore, the percent cut will vary by department and within departments ensuring that cuts are strategically allocated.

In addition, the President has appointed a Budget Stabilization Task Force that will simultaneously analyze and recommend new revenue sources and medium to long term savings initiatives. This task force will define the criteria that will be used to assess the criticality and impact of administrative and academic programs. The members appointed to the task force are:

Dr. Divina Grossman, Dean Nursing & Health Sciences
Dr. Rosa Jones, Vice President Student Affairs & Undergraduate Studies
Dr. Mary Levitt, Faculty Representative – BBC
Micah Mintz, Student Representative
Dr. Richard Olson, Faculty Representative – UP
Ms. Vivian Sanchez, Chief Financial Officer & Senior Vice President Administration
Mr. Daniel Townsend, Associate Director Facilities Management
Dr. George Walker, Vice President Research & University Graduate School

COLLEGE OF MEDICINE

On June 12, 2007, FIU received formal notice by the Liaison Committee for Medical Education (LCME) board that a site visit was approved for November 18-20th, 2007. This site visit, along with the final submission of the Medical Education Database and Self Study due in October, 2007, is pivotal in determining FIU's outcome for provisional accreditation. The LCME board will make their final recommendation for provisional accreditation at the February 2008 meeting.

At the June 2007 meeting, the LCME board issued several new standards and revisions to existing standards which both FIU and UCF will be required to meet, as they go into effect in July. The College of Medicine staff and committees continue to make refinements to the sections of the self-study in response to these revisions.

The College of Medicine recruitment and hiring efforts are on track. It is expected that all Theme Leaders and many Course Directors will be on board prior to the LCME site visit in November. Additionally, the search for the Executive Associate Dean of Finance and Administration was successful and the candidate started on August 6, 2007.

The renovations to the facilities housing the College of Medicine are underway and are expected to be completed by the November site visits. These renovations include adding additional faculty office and student study areas. It is expected that once the new Nursing and Allied Health Building is completed in December 2009, the remaining spaces of Health Sciences I & II will be retrofitted for use by the College of Medicine. Additionally, the firm of Perkins & Will continues with the design of the Master Plan for the Academic Health Sciences Complex.

Discussions continue with representatives from Jackson Health Systems and FIU regarding the development of the annual operating agreement between both entities. We anticipate to complete agreements by late fall 2007. Additionally, FIU continues to have discussions with potential private partners in the community.

FIU has submitted an amended 10-year budget to the Board of Governor's asking for an overall increase of \$3.7 million dollars for 2008-09 in E&G appropriations, bringing the 2008-09 incremental request to \$9.8 million. The request was made due to specific changes required by the LCME through discussion with Executive Management at FIU and through the issuance of new and revised standards. The main areas of impact are faculty, Information Technology (IT), and Library. Faculty increases are driven primarily from a fundamental change in the type and delivery of the curriculum. The traditional curriculum called for basic sciences to be taught in the first two years and clinical rotations in the last two years of the program delivered in a lecture type setting. The new curriculum calls for integration of the clinical sciences (organ specific) from the beginning of the program delivered in a case based small group setting. Additionally, new standards call for students to have expanded community service experiences. The IT as well as the Library aspects of the increase deal with specific dedicated levels of support and resources not previously anticipated. These changes were presented at the BOG August meeting.

INFORMATION TECHNOLOGY

Enhance Technology Services at Biscayne Bay Campus

In response to requests and service demands at Biscayne Bay Campus (BBC), the Division of Information Technology has taken steps to enhance the coordination and communication of technology services on that campus. In addition to appointing an Assistant Director of Technology Operations, a technology service team has been dispatched to BBC. These steps are intended to significantly improve the response time and level of service at BBC.

Secure Wireless Network

The new secure wireless network has been deployed throughout the University and "went live" August 15, 2007. With 625 wireless access points, this network is accessible in all general purpose university classrooms on Biscayne Bay Campus (BBC), Pine Center, University Park (UP) Campus, Engineering Center, in the Green Library, and in 50% of the open areas on BBC and UP campuses. In addition, through joint efforts between University Housing and the Division of Information Technology, this network is accessible by students in UP student resident buildings. Any FIU student, faculty or staff member may use the new secure wireless network. With deployment of this network, we can declare that FIU is now a wireless campus and we join the ranks of other major research universities in terms of offering students and faculty a secure wireless learning and teaching environment.

HUMAN RESOURCES

Payroll/HR System Conversion Project

The Payroll Transition Project went live on June 15, 2007 as scheduled. The new on-line timekeeping system, *TimeSaver*, has allowed the University to move from paper based transactions to an on-line time/leave entry process eliminating the need to manually collect, sort and input thousands of timecards every two weeks.

Since "Go Live", we have successfully completed four production payrolls under the new system and are in the final stages of the stabilization period for Phase I. This part of the project entails monitoring the system to ensure that it is functioning as intended. It also involves verifying that the business processes established are being followed by our managers and employees to ensure proper system functionality. Due to the complexity of importing and/or extracting information from over 20 sources and making that information compatible for the system in the production environment, there are new data conditions we have discovered that require some adjustments to the way information is passed through the files and managed to maintain consistently effective payroll operations. As a result, the stabilization period required additional support and has extended the initial implementation period of 30 days in Phase I to 60 days. The next major milestone will be managing the high volume of contracts and payroll functions for our Fall Faculty population which will include new and returning Faculty members. We will continue to create awareness of the new system and will be providing on-going training and technical support to assist employees with the transition process.

Looking ahead, Phase II of the project will include automation of current business processes and additional functionality such as Performance Management, Compensation Management and Reporting Requirements for Academic Affairs.

Recruitment of Critical Positions

The position of the Executive Director of Libraries will now be filled as Dean of University Libraries with the appointment of Ms. Laura Probst, effective October 1, 2007. Ms. Probst has served as Head of Public Services and Associate Librarian at Pennsylvania State University since 2000. Prior to her current position, she served at the University of Minnesota as the Head of the Music Library and Coordinator of Arts and Humanities Collections. She holds a Master of Science in Library Science from the University of Illinois, Urbana-Champaign and a Master of Arts in Musicology from the University of Minnesota. We look forward to welcoming Ms. Probst this Fall.

The Search and Screen Committee for the Vice President of Human Resources has been working with the search firm of Greenwood and Associates. A pool of approximately 45 candidates was certified by the University Equal Opportunity Programs Office. Eight finalists were identified and interviewed by the Committee. Of those eight, five candidates were selected for executive interviews and two finalists identified. We expect to finalize the process by the end of September.

	Class- room	Teaching Lab	Study	Research Lab	Office	Aud/ Exhibition	Instruct. Media	Student Academic Support	Gym	Campus Support Services	Total NASF
Space Needs by Space Type 2010-11*	314,454	358,447	456,584	257,186	960,023	78,093	29,415	15,619	150,199	131,001	2,751,021
Less:											
1) Current Inventory as of October 2005											
A) Satisfactory Space	139,417	230,204	182,123	204,128	530,405	96,323	15,712	4,108	62,896	78,248	1,543,564
B) Unsatisfactory Space to be Remodeled											0
C) Unsatisfactory Space to be Demolished/Terminated											0
D) Total Under Construction	6,035	22,173	40,325	0	29,700	10,600	150	4,204	0	6,630	119,817
Art Museum (FECG)	700	0	0	0	7,165	10,600	0	1,300	0	5,500	25,265
Central Utilities Plant Sub Station	0	0	0	0	400	0	0	0	0	0	400
College of Law	5,335	22,173	40,325	0	22,135	0	150	2,904	0	1,130	94,152
Total Current Inventory	145,452	252,377	222,448	204,128	560,105	106,923	15,862	8,312	62,896	84,878	1,663,381
2) Projects Funded for Construction thru 2005											
Office/Classroom (Graduate School of Business)	24,775	0	4,680	0	22,760	0	0	0	0	2,490	54,705
Social Sciences	17,500	0	0	0	15,570	0	500	0	0	1,500	35,070
Nursing & Health Science (Molecular Biology)	0	23,784	0	0	10,880	0	0	0	0	0	34,664
Total Funded Construction	42,275	23,784	4,680	0	49,210	0	500	0	0	3,990	124,439
Plus: Planned Demolition	0	0	0	0	0	0	0	0	0	0	0
Net Space Needs	126,727	82,286	229,456	53,058	350,708	(28,830)	13,053	7,307	87,303	42,133	963,201
Percent of:											
Current Inventory and Funded Projects Minus Demolition Space Needs	60%	77%	50%	79%	63%	137%	56%	53%	42%	68%	65%

NOTES: Funded projects consisting of space that is not eligible for fixed capital outlay budgeting are not shown.
* 2010-11 Space Needs based on 2000-01 NASF/FTE factors and projected FTE of 26,031

FLORIDA INTERNATIONAL UNIVERSITY 2006-07 CIP

	Class- room	Teaching Lab	Study	Research Lab	Office	Aud/ Exhibition	Instruct. Media	Student Academic Support	Gym	Campus Support Services	Total NASF
Space Needs by Space Type 2010-11	314,454	358,447	456,584	257,186	960,023	78,093	29,415	15,619	150,199	131,001	2,751,021
Net Space Needs from Form B	126,727	82,286	229,456	53,058	350,708	(28,830)	13,053	7,307	87,303	42,133	963,201
Percent of Space Needs	60%	77%	50%	79%	63%	137%	56%	53%	42%	68%	65%
3) Projects Funded for Planning thru 2005-2006	0	0	0	0	0	0	0	0	0	0	0
Sub Total Net Space Needs	126,727	82,286	229,456	53,058	350,708	(28,830)	13,053	7,307	87,303	42,133	963,201
Sub Total Percent	60%	77%	50%	79%	63%	137%	56%	53%	42%	68%	65%
4) 2006-07 CIP Projects											
Proj 1) Facilities Infrastructure/Capital Renewal	0	0	0	0	0	0	0	0	0	0	0
Sub Total Net Space Needs	126,727	82,286	229,456	53,058	350,708	(28,830)	13,053	7,307	87,303	42,133	963,201
Sub Total Percent	60%	77%	50%	79%	63%	137%	56%	53%	42%	68%	65%
Proj 2) Science/Classroom Complex-UP	25,000	30,000	12,750	0	12,000	0	1,000	1,000	0	0	81,750
Sub Total Net Space Needs	101,727	52,286	216,706	53,058	338,708	(28,830)	12,053	6,307	87,303	42,133	881,451
Sub Total Percent	68%	85%	53%	79%	65%	137%	59%	60%	42%	68%	68%
Proj 3) Satellite Chiller Plant	0	0	0	0	500	0	0	0	0	0	500
Sub Total Net Space Needs	101,727	52,286	216,706	53,058	338,208	(28,830)	12,053	6,307	87,303	42,133	880,951
Sub Total Percent	68%	85%	53%	79%	65%	137%	59%	60%	42%	68%	68%
Proj 3a) Graduate Classroom Building, UP	7,500	0	5,000	10,500	10,000	0	750	1,200	0	0	34,950
Sub Total Net Space Needs	94,227	52,286	211,706	42,558	328,708	(28,830)	11,303	5,107	87,303	42,133	846,501
Sub Total Percent	70%	85%	54%	83%	68%	137%	59%	60%	42%	68%	69%
Proj 4) Health-Science Lab Clinic, UP	14,860	10,710	510	0	13,420	0	0	0	0	0	39,500
Sub Total Net Space Needs	79,367	41,576	211,196	42,558	315,288	(28,830)	11,303	5,107	87,303	42,133	807,001
Sub Total Percent	75%	88%	54%	83%	69%	137%	59%	60%	42%	68%	71%
Proj 5) Student Academic Support Center, UP	6,000	0	10,000	0	32,400	0	0	1,600	0	0	50,000
Sub Total Net Space Needs	73,367	41,576	201,196	42,558	282,888	(28,830)	11,303	3,507	87,303	42,133	757,001
Sub Total Percent	77%	88%	56%	83%	73%	137%	59%	70%	42%	68%	72%
Proj 6) Department of Health/FIU Public Health, UP	0	5,000	0	0	26,000	0	0	0	0	0	31,000
Sub Total Net Space Needs	73,367	36,576	201,196	42,558	256,888	(28,830)	11,303	3,507	87,303	42,133	726,001
Sub Total Percent	77%	90%	56%	83%	76%	137%	59%	70%	42%	68%	74%
Proj 7) Public Safety Building, Up	0	0	0	0	12,000	0	0	0	0	3,000	15,000
Sub Total Net Space Needs	73,367	36,576	201,196	42,558	244,888	(28,830)	11,303	3,507	87,303	39,133	711,001
Sub Total Percent	77%	90%	56%	83%	77%	137%	59%	70%	42%	70%	74%
Proj 8) Humanities Center/Arts & Sciences Offices, UP	4000	15,000	4,000	5,000	15,500	0	0	0	0	0	43,500
Sub Total Net Space Needs	69,367	21,576	197,196	37,558	229,388	(28,830)	11,303	3,507	87,303	39,133	667,501
Sub Total Percent	78%	94%	57%	85%	78%	137%	59%	70%	42%	70%	76%
Proj 9) Science Laboratory Complex, UP	16,300	4,000	34,700	28,000	20,000	0	2,000	1,000	0	0	106,000
Sub Total Net Space Needs	53,067	17,576	162,496	9,558	209,388	(28,830)	9,303	2,507	87,303	39,133	561,501
Sub Total Percent	83%	95%	65%	96%	80%	137%	66%	77%	42%	70%	80%
Proj 9a) International Hurricane Center, UP	0	1,000	0	3,000	12,000	0	1,000	0	0	0	17,000
Sub Total Net Space Needs	53,067	16,576	162,496	6,558	197,388	(28,830)	8,303	2,507	87,303	39,133	544,501
Sub Total Percent	83%	95%	65%	96%	84%	137%	66%	77%	42%	70%	80%
Proj 10) Remodeling/Renovation of Existing Space	0	0	0	0	0	0	0	0	0	0	0
Sub Total Net Space Needs	53,067	16,576	162,496	6,558	197,388	(28,830)	8,303	2,507	87,303	39,133	544,501
Sub Total Percent	83%	95%	65%	96%	84%	137%	66%	77%	42%	70%	80%
Proj 12) Construction Management & Engineering Expansion, EC	6,500	7,000	7,000	0	5,000	0	0	2,000	0	0	27,500
Sub Total Net Space Needs	46,567	9,576	155,496	6,558	192,388	(28,830)	8,303	507	87,303	39,133	517,001
Sub Total Percent	85%	97%	66%	96%	85%	137%	66%	89%	42%	70%	81%

FLORIDA INTERNATIONAL UNIVERSITY 2006-07 CIP

	Class- room	Teaching Lab	Study	Research Lab	Office	Aud/ Exhibition	Instruct. Media	Student Academic Support	Gym	Campus Support Services	Total NASF
Proj 13) Training Complex, (Human Resources), UP	0	0	0	0	14,420	0	0	0	0	10,000	24,420
Sub Total Net Space Needs	46,567	9,576	155,496	6,558	177,968	(28,830)	8,303	507	87,303	29,133	492,581
Sub Total Percent	85%	97%	66%	96%	86%	137%	66%	89%	42%	78%	82%
Proj 14) Honors College, UP	10,500	0	3,000	3,000	9,500	0	0	0	0	0	26,000
Sub Total Net Space Needs	36,067	9,576	152,496	3,558	168,468	(28,830)	8,303	507	87,303	29,133	466,581
Sub Total Percent	89%	97%	67%	98%	87%	137%	66%	89%	42%	78%	83%
Proj 15) Graduate School Business Phase II, UP	20,600	3,410	12,000	0	40,740	0	0	0	0	0	76,750
Sub Total Net Space Needs	15,467	6,166	140,496	3,558	127,728	(28,830)	8,303	507	87,303	29,133	389,831
Sub Total Percent	95%	98%	70%	98%	92%	137%	66%	89%	42%	78%	86%
Proj 16) Social Science, Phase II - UP	9,000	0	3,200	0	16,878	0	1,000	0	0	5,000	35,078
Sub Total Net Space Needs	6,467	6,166	137,296	3,558	110,850	(28,830)	7,303	507	87,303	24,133	354,753
Sub Total Percent	98%	98%	70%	98%	93%	137%	70%	89%	42%	82%	87%

FLORIDA INTERNATIONAL UNIVERSITY
Biscayne Bay Campus
Analysis of Space Needs by Category - Form B
 Net Assignable Square Feet Eligible for Fixed Capital Outlay Budgeting

Based on FTE 4681	Class-room	Teaching Lab	Study	Research Lab	Office	Aud/Exhibition	Instruct. Media	Student Academic Support	Gym	Campus Support Services	Total NASF
Space Needs by Space Type 2010-11	55,423	45,546	77,283	61,227	136,123	14,043	2,341	2,809	0	19,740	414,535
Less:											
1) Current Inventory as October 2005											
A) Satisfactory Space	46,689	67,553	31,174	14,240	92,798	6,449	1,529	0	0	21,872	282,304
B) Unsatisfactory Space to be Remodeled	0	0	0	0	0	0	0	0	0	0	0
C) Unsatisfactory Space to be Demolished/Terminate	0	0	0	0	0	0	0	0	0	0	0
D) Total Under Construction	0	0	0	0	952	0	0	0	0	0	952
Wolfe University Center Addition	0	0	0	0	952	0	0	0	0	0	952
											0
											0
											0
											0
Total Current Inventory	46,689	67,553	31,174	14,240	93,750	6,449	1,529	0	0	21,872	283,256
2) Projects Funded for Construction thru 2005											
											0
											0
Total Funded Construction	0	0	0	0	0	0	0	0	0	0	0
Plus: Planned Demolition	0	0	0	0	0	0	0	0	0	0	0
Net Space Needs	8,734	(22,007)	46,109	46,987	42,373	7,594	812	2,809	0	(2,132)	131,279
Percent of:											
Current Inventory and Funded Projects Minus Demolition											
Space Needs	84%	148%	40%	23%	69%	46%	65%	0%	0%	111%	68%

NOTES: Funded projects consisting of space that is ineligible for fixed capital outlay budgeting are not shown. Space needs factors have been adjusted.

Analysis of Facilities Inventory Impact of Survey Recommended Survey

FLORIDA INTERNATIONAL UNIVERSITY - BISCAYNE BAY CAMPUS

	Classroom	Teaching Lab	Study	Research Lab	Office	Auditorium Exhibition	Instructional Media	Student Academic Support	Gymnasium	Campus Support services	Total NASF
Space Needs by Space Type 2010-11	55,423	45,546	77,283	61,227	136,123	14,043	2,341	2,809	0	19,740	414,535
Net Space Needs from Form B	8,734	(22,007)	46,109	46,987	42,373	7,594	812	2,809	0	(2,132)	131,279
Percent of Space Needs	84%	148%	40%	23%	69%	46%	65%	0%	0%	111%	68%
3) Projects Funded for Planning thru 2005-2006	0	0	0	0	0	0	0	0	0	0	0
Sub Total Net Space Needs	8,734	(22,007)	46,109	46,987	42,373	7,594	812	2,809	0	(2,132)	131,279
Sub Total Percent	84%	148%	40%	23%	69%	46%	65%	0%	0%	111%	68%
4) 2010-11 CIP Projects											
Proj 11) Classroom/Office, BBC (P,C,E)	8,000	0	6,000	8,000	16,800	0	800	0	0	0	39,600
Sub Total Net Space Needs	734	(22,007)	40,109	38,987	25,573	7,594	12	2,809	0	(2,132)	91,679
Sub Total Percent	99%	148%	48%	36%	81%	46%	99%	0%	0%	111%	78%
Proj 17) Theater. BBC (P,C,E)	0	0	2,000	0	1,200	2,500	0	1,000	0	0	6,700
Sub Total Net Space Needs	734	(22,007)	38,109	38,987	24,373	5,094	12	1,809	0	(2,132)	84,979
Sub Total Percent	99%	148%	51%	36%	82%	64%	99%	36%	0%	111%	80%
Total Net Space Needs	734	(22,007)	38,109	38,987	24,373	5,094	12	1,809	0	(2,132)	84,979
Total Percent of Net Space Needs	99%	148%	51%	36%	82%	64%	99%	36%	0%	111%	80%

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**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND AUDIT COMMITTEE**

6 SEPTEMBER 2007

SUBJECT: FIU FOUNDATION REPORT

PROPOSED COMMITTEE ACTION:

None. Discussion Item.

EXHIBITS/SUPPORTING DOCUMENTS:

- FIU FOUNDATION, INC. - FINANCIAL STATEMENTS RECAP & INVESTMENT SUMMARY, JUNE 30, 2007

FACILITATOR/PRESENTER:

- ALEXANDER ZYNE

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FIU FOUNDATION, INC.

**FINANCIAL STATEMENTS RECAP
& INVESTMENT SUMMARY**

June 30, 2007

Florida International University Foundation, Inc.

Financial Statements Recap Through Period Ended June 30, 2007

(In Thousands of Dollars)

	2006-07 Total Year <u>Actuals</u>	2006-07 Total Year <u>Budget</u>	<u>Variance</u>		2005-06 Total Year <u>Actuals</u>
RECEIPTS:					
<u>Contributions:</u>					
University-Wide Scholarships/Programs	\$655	\$200	\$455	[1]	\$331
Endowments	\$4,936	\$18,440	(\$13,504)	[2]	\$4,417
Building Funds	\$2,667	\$11,350	(\$8,683)	[3]	\$3,817
Colleges, Schools, Centers	\$3,858	\$3,700	\$158		\$4,422
Athletics Operations	\$439	\$670	(\$231)	[4]	\$632
Alumni Membership	\$187	\$140	\$47		\$158
Annual Fund	\$648	\$445	\$203	[5]	\$319
TOTAL CONTRIBUTIONS	\$13,390	\$34,945	(\$21,555)		\$14,096
<u>Other Revenues:</u>					
MARC Building - Rental Income	\$1,598	\$1,575	\$23		\$1,584
Estimated Investment Returns	\$18,531	\$8,050	\$10,481	[6]	\$8,825
Administrative Fee	\$2,703	\$0	\$2,703	[7]	\$1,815
TOTAL RECEIPTS	\$36,222	\$44,570	(\$8,348)	[8]	\$26,320
EXPENSES:					
<u>Operational</u>					
Annual Fund	\$285	\$320	\$35		\$351
Administrative Operating Fund	\$1,659	\$1,565	(\$94)		\$1,038
Total Operational Expenses	\$1,944	\$1,885	(\$59)		\$1,389
<u>University Programs</u>					
University-Wide Scholarships/Programs	\$918	\$350	(\$568)	[9]	\$380
Building Funds	\$4,546	\$3,545	(\$1,001)	[10]	\$3,373
Colleges, Schools, Centers	\$5,824	\$5,700	(\$124)		\$5,369
MARC Building	\$805	\$840	\$35		\$872
Athletics	\$164	\$315	\$151		\$934
Alumni Programs	\$124	\$140	\$16		\$183
General Reserve	\$23	\$40	\$17		\$19
Administrative Fee	\$2,703	\$0	(\$2,703)	[7]	\$1,815
Total University Program Expenses	\$15,107	\$10,930	(\$4,177)		\$12,945
TOTAL EXPENSES	\$17,051	\$12,815	(\$4,236)	[11]	\$14,334
Excess of Receipts over Expenses	\$19,171	\$31,755	(\$12,584)		\$11,986

NOTES:

- [1] New fund raising efforts for First Generation Scholarships have generated approximately \$340,000 in donations, with an additional \$30,000 transferred from license plate funds in December 2006 in support of these scholarships. In addition, new gifts totaling \$85,000 have been received to establish new university-wide scholarships and programs.
- [2] A \$10 million pledge expected in January in support of endowed scholarships in the College of Medicine has been withdrawn. A \$5 million pledge payment also in support of endowed scholarships in the College of Medicine expected in January has not yet been received. In spite of this, several new endowed gifts totaling approximately \$1.5 million have been received for various new programs.
- [3] A \$10 million pledge expected in January in support of the College of Medicine building has been withdrawn. The following donations, however, have been collected in excess of the budgeted amount: \$700,000 for the Frost Art Museum, \$350,000 for the International Hurricane Center and \$275,000 for the Chapman Graduate School of Business Complex.
- [4] Athletics board dues in the amount of \$48,000 were budgeted for receipt in the current fiscal year but were received and posted on June 30, 2006. The additional variance is a result of shortfalls in revenues mainly for the baseball, men's basketball and women's basketball programs. It should also be noted that current year revenues do not include sponsorship revenues whereas 2005-06 revenues include \$220,000 in sponsorship revenues.
- [5] Unrestricted funds from the university were received in support of administrative operations. This was an unbudgeted receipt. In addition, annual giving revenues are under budget by \$156,000, and there is an additional \$33,000 of unrealized Council of 100 dues. An excess of \$10,000 and \$17,000 respectively over budgeted amount, however, has been received from BOD dues and merchandise royalties.
- [6] Upon the recommendation of Consulting Services Group, a 7% investment gain was budgeted for fiscal year 2006-07, whereas actual returns were 16.9% for the year.
- [7] An administrative fee of 4% was charged to all permissible endowed accounts on June 30, 2007 and was recorded as revenue to the Administrative Reserve. An offsetting entry for an equal amount is reflected under expenses.
- [8] A net decrease of \$34,000 in pledged revenue is not included in this figure.
- [9] An unbudgeted payment in excess of \$529,000 was made to the university in December for First Generation Scholarships. An additional \$30,000 of license plate funds were transferred to this account in support of the program.
- [10] An unbudgeted expense of \$1 million for the football stadium was incurred in April 2007 (funds were transferred to the FIU Athletics Corp). Unlike other building funds, the Courtelis Facilities Program does not providing matching funds for athletics facilities.
- [11] Depreciation expense for the MARC Building equivalent to \$327,011 is not included in this figure.

Florida International University Foundation, Inc.
Preliminary Performance Summary as of
June 30, 2007

<i><u>Fund/Manager/Inception Date</u></i>	<u>Market Value</u>	<u>% Allocation</u>	<u>Target Allocation</u>	<u>Current Month</u> <i>(05/07-06/07)</i>	<u>Trailing 3 Months</u> <i>(03/07-06/07)</i>	<u>Calendar YTD 2007</u> <i>(12/06-06/07)</i>	<u>Fiscal YTD</u> <i>(06/06-06/07)</i>	<u>Trailing 3 Year</u> <i>(06/04-06/07)</i>	<u>Trailing 5 Year</u> <i>(06/02-06/07)</i>	<u>Since Inception</u>
Total Fund (6/30/00)	\$131,217,223	100.0%	100.0%	-0.5%	4.5%	7.3%	16.9%	11.5%	10.3%	4.9%
Total Fund Composite				-0.8%	2.8%	4.5%	14.0%	10.1%	9.4%	4.1%
<i>+/- Benchmark</i>				<i>0.3%</i>	<i>1.7%</i>	<i>2.7%</i>	<i>2.9%</i>	<i>1.4%</i>	<i>0.9%</i>	<i>0.8%</i>
Total Equity Accounts (6/30/00)	\$68,555,975	52.2%	50.0%	-1.2%	6.4%	9.8%	23.9%	16.1%	14.2%	4.8%
Total Equity Composite				-1.4%	5.3%	7.4%	20.8%	15.1%	13.2%	2.0%
<i>+/- Benchmark</i>				<i>0.2%</i>	<i>1.1%</i>	<i>2.4%</i>	<i>3.1%</i>	<i>1.0%</i>	<i>1.0%</i>	<i>2.8%</i>
Total Fixed Income Accounts (6/30/00)	\$31,166,347	23.8%	25.0%	0.1%	0.5%	1.8%	5.7%	4.2%	5.1%	5.8%
Total Fixed Income Composite				0.1%	0.4%	1.8%	5.7%	4.0%	4.4%	5.6%
<i>+/- Benchmark</i>				<i>0.0%</i>	<i>0.1%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.2%</i>	<i>0.7%</i>	<i>0.3%</i>
Total Alternative Investments (3/1/02)	\$31,494,901	24.0%	25.0%	0.5%	4.6%	8.2%	14.8%	10.6%	9.5%	9.2%
Total Alternative Composite				-0.5%	0.5%	2.0%	9.3%	5.9%	6.6%	5.4%
<i>+/- Benchmark</i>				<i>1.0%</i>	<i>4.2%</i>	<i>6.2%</i>	<i>5.4%</i>	<i>4.7%</i>	<i>2.9%</i>	<i>3.8%</i>

Florida International University Foundation, Inc.
Preliminary Performance Summary as of
June 30, 2007

<i>Fund/Manager/Inception Date</i>	Market Value	% Alloc.	Target Alloc.	Current Month (05/07-06/07)	Trailing 3 Months (03/07-06/07)	Calendar YTD 2007 (12/06-06/07)	Fiscal YTD (06/06-06/07)	Trailing 3 Year (06/04-06/07)	Trailing 5 Year (06/02-06/07)	Since Investment Inception
<i>Domestic Equity Managed Accounts</i>										
Atalanta Sosnoff Large Cap Growth (3/1/06) Russell 1000 Growth Index	\$16,118,085	12.3%	12.5%	-2.4%	5.4%	5.8%	19.9%	N/A	N/A	12.8%
				-1.5%	6.9%	8.1%	19.0%	8.7%	9.3%	11.8%
Wedge Capital Large Cap Value QVM (12/29/06) Russell 1000 Value Index	\$16,262,018	12.4%	12.5%	-2.0%	5.9%	9.7%	N/A	N/A	N/A	9.7%
				-2.3%	4.9%	6.2%	21.9%	15.9%	13.3%	6.2%
Advisory Research Small Cap Value (6/1/01) Russell 2000 Value	\$9,640,788	7.3%	7.5%	-1.4%	7.2%	9.6%	20.2%	20.7%	17.7%	17.7%
				-2.3%	2.3%	3.8%	16.1%	15.0%	14.6%	14.1%
IronBridge Small Cap Core Equity (12/2/03) Russell 2000 Small Cap Index	\$9,384,026	7.2%	7.5%	0.1%	7.3%	12.7%	22.6%	14.2%	N/A	14.2%
				-1.5%	4.4%	6.5%	16.4%	13.5%	13.9%	13.4%
<i>International Equity Managed Accounts</i>										
Julius Baer International Equity Fund (12/2/03) MSCI EAFE Index	\$9,287,887	7.1%	5.0%	1.8%	8.9%	14.4%	35.2%	28.5%	N/A	26.5%
				0.2%	6.7%	11.1%	27.5%	22.8%	18.2%	22.2%
ING International Value A (6/1/01) MSCI EAFE Index	\$7,863,169	6.0%	5.0%	-1.4%	4.7%	9.7%	27.1%	21.1%	18.8%	13.1%
				0.2%	6.7%	11.1%	27.5%	22.8%	18.2%	12.2%
<i>Core Fixed Income Managed Accounts</i>										
Seneca Enhanced Core Fixed (6/1/01) Lehman Brothers Aggregate Index	\$9,352,841	7.1%	10.0%	-0.4%	-0.5%	0.9%	5.9%	4.0%	5.1%	5.3%
				-0.3%	-0.5%	1.0%	6.1%	4.0%	4.5%	5.2%
Hillswick Asset Management (6/1/01) Lehman Brothers Aggregate Index	\$4,964,030	3.8%	10.0%	0.0%	-0.9%	0.3%	6.3%	3.7%	4.8%	5.6%
				-0.3%	-0.5%	1.0%	6.1%	4.0%	4.5%	5.2%
<i>Alternative Investments</i>										
Crystal Associates Topaz Fund (3/1/02) Lehman Brothers Aggregate Index	\$11,508,764	8.8%	10.0%	0.5%	4.4%	7.0%	14.8%	10.3%	10.5%	10.5%
				-0.3%	-0.5%	1.0%	6.1%	4.0%	4.5%	4.6%
Ironwood Partners (03/01/04) Lehman Brothers Aggregate Index	\$8,909,659	6.8%	7.5%	0.5%	4.0%	8.4%	13.3%	10.7%	N/A	9.7%
				-0.3%	-0.5%	1.0%	6.1%	4.0%	4.5%	0.8%
Ironwood Partners (NDM Gift) (08/01/05) Lehman Brothers Aggregate Index	\$1,560,582	1.2%	N/A	0.5%	4.0%	8.4%	13.3%	N/A	N/A	12.2%
				-0.3%	-0.5%	1.0%	6.1%	4.0%	4.5%	3.3%
Collins Capital (3/1/07)	\$4,366,688	3.3%	3.8%	0.5%	N/A	N/A	N/A	N/A	N/A	9.1%
Titan Advisors (3/1/07) 50% S&P 500/ 50% Leh Agg	\$4,299,208	3.3%	3.8%	0.7%	N/A	N/A	N/A	N/A	N/A	7.5%
				-1.0%	2.9%	4.0%	13.2%	7.9%	7.8%	3.4%
DTC Private Equity (\$5 Million Commitment)	\$850,000	0.6%								
<i>Common Fund & Gift Annuity Accounts</i>										
Common Fund Short Term Bond (6/1/85) 90 Day T-Bills	\$1,895,904	1.4%	N/A	0.4%	1.5%	3.5%	6.5%	4.5%	3.4%	5.4%
				0.4%	1.2%	2.5%	5.1%	3.7%	2.7%	4.8%
SunTrust Balanced Annuity Account (10/22/03) 70% Lehman Aggregate / 30% S&P 500	\$631,344	0.5%	N/A	-0.5%	3.0%	4.2%	9.7%	6.3%	N/A	6.9%
				-0.7%	1.5%	2.8%	10.3%	6.3%	N/A	6.4%
State of Florida Treasurer Fund (4/1/03) 90 day T-bill	\$14,322,228	10.9%	5.0%	0.4%	1.3%	2.5%	5.1%	4.1%	N/A	3.9%
				0.4%	1.2%	2.5%	5.1%	3.7%	2.7%	2.9%
Total Common Fund & Annuity	\$16,849,476									

**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND AUDIT COMMITTEE**

6 SEPTEMBER 2007

SUBJECT: TREASURY REPORT

PROPOSED COMMITTEE ACTION:

None. Discussion Item.

EXHIBITS/SUPPORTING DOCUMENTS:

- TREASURY REPORT - UNIVERSITY INVESTMENT COMMITTEE

FACILITATOR/PRESENTER:

- ALEXANDER ZYNE

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BOARD OF TRUSTEES
TREASURY REPORT
SEPTEMBER 6, 2007

University Investment Committee Meeting

The University Investment Committee met on August 6, 2007 to evaluate the proposals received relating to the search for replacement investment managers. During the June 11, 2007 meeting, the committee unanimously approved the termination of two managers within the following asset classes: Fixed Income (investment grade) and Small Cap U.S. Equities. Due to underperformance against their respective benchmarks and changes in the management structure, the services of Lotsoff Capital Management and Weiss, Peck & Greer will no longer be utilized once replacement managers can be identified.

During the RFP process, it was determined that there were not enough proposals for the Small Cap search. The committee agreed to reissue the RFP and conduct a new search for this asset class. In regards to the Fixed Income search, the committee is currently reviewing the submissions, and will be making a decision to replace the existing manager during the next committee meeting.

Finally, during the June 11, 2007 meeting, the committee was presented with an asset allocation review and recommendations from the Wilshire Consulting Group. The recommendation included the adoption of an alternative asset allocation mix for the Strategic Capital and Reserve Pool as well as a reduction in the allocation to the Working Capital Pool. The changes to the current portfolio are expected to increase the expected return of the portfolio while maintaining the expected volatility.

Exhibit A depicts the current portfolio asset allocation and the recommended portfolio asset allocation.

Exhibit A

<u>Current Portfolio</u>	Working Capital Pool	Strategic Capital Pool	Reserve Pool	Total Combined
% of Total	40%	50%	10%	100%
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
Total Fixed Income	100.00	60.00	60.00	76.00
Absolute Return	0.00	10.00	10.00	6.00
REITS	0.00	10.00	10.00	6.00
U.S. Equity	0.00	15.00	15.00	9.00
International Equity	0.00	5.00	5.00	3.00
Total Equity	0.00	20.00	20.00	12.00
Expected Return	3.92	6.59	6.59	5.55
Risk (Standard Deviation)	2.77	5.93	5.93	4.29

<u>Recommended Portfolio</u>	Working Capital Pool	Strategic Capital Pool	Reserve Pool	Total Combined
% of Total	30%	60%	10%	100%
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
Total Fixed Income	100.00	55.00	55.00	68.50
Absolute Return	0.00	20.00	20.00	14.00
REITS	0.00	5.00	5.00	3.50
U.S. Equity	0.00	12.50	12.50	8.75
International Equity	0.00	7.50	7.50	5.25
Total Equity	0.00	20.00	20.00	14.00
Expected Return	3.92	6.69	6.69	5.88
Risk (Standard Deviation)	2.77	5.48	5.48	4.31

Investment Return Performance June 30, 2007

The following table (*Exhibit B*) depicts the calendar year second quarter performance and full fiscal year as of June 30, 2007.

Exhibit B

Florida International University
Performance Summary as of
June 30, 2007

<u>Fund/Manager</u>	<u>Market Value</u>	<u>% Allocation</u>	<u>Target Allocation</u>	<u>Current Month (5/07-6/07)</u>	<u>Trailing 3 Months (3/07-6/07)</u>	<u>Calendar YTD 2007 (12/06-6/07)</u>	<u>Fiscal YTD (6/06-6/07)</u>	<u>Trailing 1 Year (6/06-6/07)</u>	<u>Since Inception</u>
Total Combined Pool	\$172,568,586	100.0%	100.0%	-0.5%	0.9%	2.5%	7.3%	7.3%	6.3%
Benchmark Index				-0.7%	0.7%	2.5%	8.2%	8.2%	6.9%
+/- Benchmark				0.2%	0.3%	0.0%	-1.0%	-1.0%	-0.6%
Cash Equivalents	\$89,865,928	52.1%	40.0%	0.5%	1.4%	2.6%	5.5%	5.5%	5.2%
91-Day Treasury Bill				0.4%	1.3%	2.6%	5.2%	5.2%	5.1%
+/- Benchmark				0.2%	0.2%	0.1%	0.3%	0.3%	0.1%
Total Combined Pool less Cash Equivalents	\$82,702,658	47.9%	60.0%	-1.6%	0.4%	2.5%	10.6%	10.6%	8.2%
Benchmark Index				-1.4%	0.3%	2.5%	10.3%	10.3%	8.0%
+/- Benchmark				-0.2%	0.1%	0.1%	0.4%	0.4%	0.2%

Performance Analysis

For year ending June 30, 2007, the University operating pool earned a return of 7.27% or \$11.98M compared to the weighted benchmark of 8.23%. The overweighting of Cash Equivalents, which returns less than the other investments, was the cause of the overall shortfall. The operating pool had cash equivalent allocation of 52.1%, while the target allocation was only 40.0%. The additional 12.1% was being invested in a lower returning asset class. The overweighting was a factor of more cash available for investment than planned, due to conservative cash flow forecasting.

Cash and Equivalents returned 5.6% which exceeded the benchmark of 5.2%. All other investments returned 10.6% compared to a benchmark of 10.3%. Only Lotsoff Small Cap, and Weiss, Peck & Greer bond fund fell short of their benchmarks.

Florida International University
Performance Summary as of
June 30, 2007

<i>Fund/Manager</i>	Market Value	% Allocation	Target Allocation	Current Month (5/07-6/07)	Trailing 3 Months (3/07-6/07)	Calendar YTD 2007 (12/06-6/07)	Fiscal YTD (6/06-6/07)	Trailing 1 Year (6/06-6/07)	Since Investment Inception
<u>CASH EQUIVALENTS</u>									
91-Day Treasury Bill	\$89,865,928	52.1%	40.0%	0.5%	1.4%	2.6%	5.5%	5.5%	5.2%
+/- Benchmark				0.4%	1.3%	2.6%	5.2%	5.2%	5.1%
				0.2%	0.2%	0.1%	0.3%	0.3%	0.1%
SPIA Account									
91-Day Treasury Bill	\$59,000,000	34.2%	--	0.6%	1.5%	2.6%	5.6%	5.6%	5.3%
+/- Benchmark				0.4%	1.3%	2.6%	5.2%	5.2%	5.1%
				0.2%	0.2%	0.1%	0.4%	0.4%	0.2%
SBA-LGIP Account									
91-Day Treasury Bill	\$30,865,928	17.9%	--	0.5%	1.4%	2.7%	--	--	4.6%
+/- Benchmark				0.4%	1.3%	2.6%	--	--	4.3%
				0.1%	0.1%	0.2%	--	--	0.3%
<u>DIVERSIFIED FIXED INCOME COMPOSITE</u>									
Benchmark Index	\$47,869,429	27.7%	36.0%	-0.5%	-0.3%	1.6%	6.5%	6.5%	5.1%
+/- Benchmark				-0.5%	-0.4%	1.5%	6.7%	6.7%	5.4%
				0.0%	0.1%	0.1%	-0.2%	-0.2%	-0.3%
Weiss, Peck & Greer									
Lehman Brothers Aggregate Index	\$31,522,964	18.3%	24.0%	-0.3%	-0.6%	0.8%	5.5%	5.5%	4.2%
+/- Benchmark				-0.3%	-0.5%	1.0%	6.1%	6.1%	4.8%
				0.0%	-0.1%	-0.1%	-0.6%	-0.6%	-0.6%
BlackRock HY Bond									
ML High Yield Master II	\$8,508,478	4.9%	6.0%	-1.4%	1.0%	4.2%	13.0%	13.0%	10.6%
+/- Benchmark				-1.7%	0.3%	3.1%	11.7%	11.7%	9.5%
				0.3%	0.7%	1.1%	1.3%	1.3%	1.2%
Northern Trust TIPS									
Lehman U.S. TIPS Index	\$7,837,987	4.5%	6.0%	-0.2%	-0.7%	1.7%	4.0%	4.0%	4.0%
+/- Benchmark				-0.2%	-0.8%	1.7%	4.0%	4.0%	4.0%
				0.0%	0.1%	0.0%	0.0%	0.0%	0.0%
TOTAL FIXED INCOME									
	\$137,735,357	79.8%	76.0%						
<u>HEDGE FUNDS</u>									
Aetos Alternatives Mgmt.	\$8,681,504	5.0%	6.0%	0.4%	3.8%	7.3%	12.7%	12.7%	10.3%
CPI + 3.25%				0.5%	2.3%	4.9%	6.0%	6.0%	6.2%
+/- Benchmark				-0.1%	1.5%	2.4%	6.7%	6.7%	4.1%
<u>REIT's</u>									
Urdang REIT	\$8,035,543	4.7%	6.0%	-9.4%	-10.1%	-6.1%	12.4%	12.4%	12.4%
NAREIT Equity				-9.1%	-9.0%	-5.9%	12.6%	12.6%	12.6%
+/- Benchmark				-0.3%	-1.1%	-0.2%	-0.1%	-0.1%	-0.1%
<u>DOMESTIC EQUITY COMPOSITE</u>									
DJ Wilshire 5000	\$13,366,947	7.7%	9.0%	-2.0%	6.3%	6.4%	18.1%	18.1%	7.6%
+/- Benchmark				-1.6%	6.1%	7.6%	20.5%	20.5%	14.2%
				-0.4%	0.3%	-1.2%	-2.4%	-2.4%	-6.6%
Northern Trust S&P 500									
S&P 500	\$10,451,493	6.1%	--	-1.7%	6.3%	7.0%	20.6%	20.6%	20.6%
+/- Benchmark				-1.7%	6.3%	7.0%	20.6%	20.6%	20.6%
				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Lotsoff Small Cap									
Russell 2000	\$2,915,454	1.7%	--	-3.0%	6.6%	4.5%	9.0%	9.0%	-0.9%
+/- Benchmark				-1.5%	4.4%	6.5%	16.4%	16.4%	8.4%
				-1.6%	2.1%	-2.0%	-7.5%	-7.5%	-9.3%
<u>INTERNATIONAL EQUITY COMPOSITE</u>									
The Boston Company Intl Core	\$4,749,234	2.8%	3.0%	-0.7%	6.4%	9.6%	27.7%	27.7%	22.2%
MSCI EAFE Index (N)				0.1%	6.4%	10.7%	27.0%	27.0%	21.8%
+/- Benchmark				-0.8%	0.0%	-1.1%	0.7%	0.7%	0.5%
Total Combined Pool less Cash Equivalents									
Benchmark Index	\$82,702,658	47.9%	60.0%	-1.6%	0.4%	2.5%	10.6%	10.6%	8.2%
+/- Benchmark				-1.4%	0.3%	2.5%	10.3%	10.3%	8.0%
				-0.2%	0.1%	0.1%	0.4%	0.4%	0.2%

MEMBERSHIP

Alexander G. Zyne, Assoc. Vice President for Real Estate Development & Interim
University Treasurer,
University Investment Committee Chair

Kirk Landon, Chair for the BOT Finance & Audit Committee

Vivian A. Sanchez, CFO and Senior Vice President Finance & Administration

DR. WILLIAM WELCH, DEPARTMENT CHAIR AND PROFESSOR FOR FINANCE,
College of Business Administration

CONSULTANT

Marc Friedberg, Vice President for Wilshire Consulting Group

OTHER STAFF

Brian Wszolek, Treasury Manager

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**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND AUDIT COMMITTEE**

6 SEPTEMBER 2007

SUBJECT: ENVIRONMENTAL – REGULATORY AND COMPLIANCE

PROPOSED COMMITTEE ACTION:

None. Discussion Item.

EXHIBITS/SUPPORTING DOCUMENTS:

- ENVIRONMENTAL STATUS REPORT,
SEPTEMBER 2007
- SAFETY & RISK MANAGEMENT REPORT,
SEPTEMBER 2007

FACILITATOR/PRESENTER:

- JENNIFER MWAISELA

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**Florida International University
Environmental Report to the FIU Board of Trustees
September 6, 2007**

COMPLIANCE:

The University is in compliance with all environmental permits. There are no violations on record with the five agencies that regulate environmental compliance at FIU.

On August 15, 2007 there was an accidental oil spill at the OE loading dock. This event had the potential to result in a violation notice and a fine from the Department of Environmental Resources Management (DERM). The initial clean-up cost was estimated at \$8,000. However, thanks to the efforts of two employees of the Risk Management & Environmental Health & Safety Department - Fire Safety Officer Mr. Johnny Suggs and Student Assistant Mr. Rohitesh D'souza, with assistance from Facilities Management personnel, the incident was managed so well that no violations were issued to the University. Further, the thoroughness of the response resulted in a note of congratulations on the final inspection report issued on August 17, 2007. The total clean-up costs - including labor, materials and hazardous materials disposal costs is estimated to be approximately \$2,500.

INITIATIVES:

On June 12, 2007, President Maidique announced that FIU had become a signatory to the American College & University Presidents Climate Change Commitment. FIU now stands together with a select group of colleges and universities from around the country committed to working toward achieving environmental sustainability.

The American College & University Presidents Climate Commitment is a high-visibility effort to address global warming by garnering institutional commitments to neutralize greenhouse gas emissions, and to accelerate the research and educational efforts of higher education to equip society to re-stabilize the earth's climate.

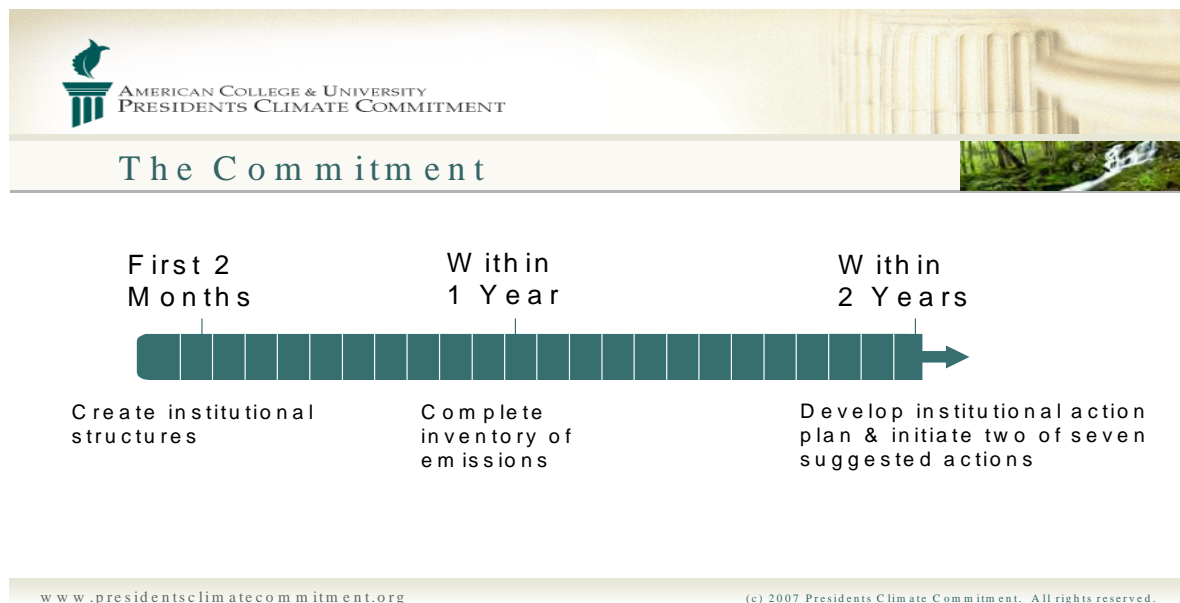
Building on the growing momentum for leadership and action on climate change, the Presidents Climate Commitment provides a framework and support for America's colleges and universities to go climate neutral. The Commitment recognizes the unique responsibility

that institutions of higher education have as role models for their communities and in training the people who will develop the social, economic and technological solutions to reverse global warming.

Presidents signing the Commitment are pledging to eliminate their campuses' greenhouse gas emissions over time. This involves:

- Completing an emissions inventory
- Within two years, setting a target date and interim milestones for becoming climate neutral.
- Taking immediate steps to reduce greenhouse gas emissions by choosing from a list of short-term actions.
- Integrating sustainability into the curriculum and making it part of the educational experience.
- Making the action plan, inventory and progress reports publicly available.

The time-line is as follows:



The University of Central Florida, Florida Gulf Coast University, University of Miami and University of Florida are also signatories to this Commitment.

Florida International University
Safety & Risk Management Report to the FIU Board of Trustees
September 6, 2007

The following represents an overview of safety accomplishment for the fiscal year 2006-2007:

- Achieved **34%** reduction in the number of **fire safety violations** issued to the University by the State Fire Marshal's Office
- Achieved **31%** reduction in the number of **workers' compensation claims** filed by employee for work place injuries
- Delivered Online Safety Training and completion certificates to **601 employees** and Research/Teaching Assistants
- Delivered Classroom Safety Instructions and completion certificates to **348 employees** and Research/Teaching Assistants
- Delivered **415 hours** of Field Safety Training to FIU scientific researcher divers
- Recorded 1 boating/diving accident in **773 non-dive missions and 3,407 dive missions**
- Collaborated with United States Coast Guard and NOAA to **host symposium**, at American Association of Underwater Scientists conference held at the University of Miami, on *Establishing an Effective Dive & Boat Safety Program*
- Received grant from Miami-Dade County to purchase and install **seven Automatic External Defibrillators (AED)** devices. The University matched this grant to allow for the installation of a total of **14 AED** in various University buildings
- Registered **19 new Class 3b and Class 4 Lasers** Devices with the Department of Health, increasing FIU's total number of registered devices to 75
- Coordinated for completion of **19 Laser Eye Safety Examinations**, in accordance with ANSI standards for users of Class 3b and Class 4 lasers
- Maintained compliance with inspection requirements for **235 chemical fume hoods** inspected twice per year, **49 biological safety cabinets** inspected once per year, and 75 eyewash stations & emergency showers inspected four times per year
- Reviewed and approved **103 special events applications** submitted by student groups and associations

- **Presented** “best practice” paper at the 51st. Annual Health Physics Society Conference in Fall 2006: Laboratory Risk Assessment Inspection Procedure
- **Submitted abstract** for the 52nd. Annual Health Physics Society Annual Conference in July 2006. Abstract was accepted: Review of Radioactive Materials Released from Production Reactors and Public Exposures
- Established the **Research Operations Sub-Committee** to support compliance efforts at the operations level, for research involving the use of Special Hazard Materials: Radioactive Materials, Laser Devices, Controlled Substances and Biological Materials
- Established **University policy for “Security in Laboratories with Special Hazard Materials”**
- Developed and published “**Illicit Discharge Detection and Elimination**” procedure
- Revised and updated the Spill Prevention Control and Countermeasure Plans (SPCC) for UP, BBC, EC and The Wolfsonian
- Established the **Industrial Safety Program** to support the occupational health and safety compliance requirements of in-sourced custodial and grounds keeping personnel
- Completed **Risk Management Insurance Manual** to standardize internal departmental procedures
- Received positive review from the FIU BOT Audit and Finance Committee regarding the management of **19 commercial insurance** policies maintained by the Risk Management & Environmental Health & Safety Office.
- Under the FIU Tennant User Policy, secured insurance coverage for **104 events** to enable members of the public to use University facilities with the appropriate limits of liability coverage
- Received a single finding of “non-conformance” on a 50-point inspection checklist for management of **13 regulated underground petroleum products storage tanks owned by the University.**
- Safely completed pick-up, transportation and disposal of more than **25,000 pounds** of hazardous chemical wastes generated from research and teaching laboratories University-wide

**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND AUDIT COMMITTEE**

6 SEPTEMBER 2007

SUBJECT: UNIVERSITY COMPLIANCE PROGRAM REPORT

PROPOSED COMMITTEE ACTION:

None. Discussion Item.

EXHIBITS/SUPPORTING DOCUMENTS:

- UNIVERSITY COMPLIANCE OFFICE
PROGRAM REPORT

FACILITATOR/PRESENTER:

- LEYDA BENITEZ

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MEMORANDUM

University Compliance Office

To: The Florida International University
Board of Trustees Finance and Audit Committee

From: Leyda Benitez
University Compliance Officer

Subject: University Compliance Program Report

Date: August 16, 2007

The University Compliance Office respectfully submits this report to the Finance and Audit Committee of the Florida International University Board of Trustees on the status of compliance initiatives since my last report to this Committee dated May 23, 2007. I thank you for the opportunity to update the Board on these important University matters.

I. Executive Summary:

1. The University Compliance Office continues to work on the strengthening of the institutional compliance program and of the infrastructure that is in place to support regulatory compliance at Florida International University. At present, it works on compliance initiatives involving the hiring process, the proportional allocation of leave time, privacy and ethics laws, information technology security, environmental, health and safety matters, among others. The first part of this report focuses on compliance initiatives undertaken since my last written report; the second addresses the current status of previously reported initiatives.
2. The University Compliance Office continues to work closely with the Office of the General Counsel in the development of an educational campaign for University personnel to better understand the ethical framework we are bound to follow pursuant to the Code of Ethics for Public Officers and Employees, which was adopted by the Florida Legislature as Part III of Chapter 112, Florida Statutes.
3. The University Compliance Office is working on the implementation of an ethics and compliance reporting helpline, EthicsPoint, Inc. With this helpline, the University community will be able to report known or suspected instances of non-

compliance on an anonymous basis by using either a toll-free telephone number or a web-based service. Implementation has just begun with a projected time line of eight weeks for full implementation.

II. Status of most recent institutional compliance initiatives undertaken by the University Compliance Office:

1. Agreement with EthicsPoint, Inc.: The University has entered into an agreement with EthicsPoint, Inc. to implement and maintain an ethics and compliance reporting helpline. This helpline will ensure the University community knows they are able to report compliance concerns in a completely anonymous fashion. The service will allow members of the FIU community to report instances of known or suspected misconduct, violation of law, or University standards via a toll-free telephone number or a web-based service. Our office is currently working on the implementation of this service. To date, we have reviewed and discussed the time line for implementation, the higher education risk categories and definitions, and determined which risk categories will be included as part of the reporting helpline.
2. College of Medicine Privacy Law Training: In anticipation of the HIPAA implementation date for the University, privacy law education and training will be provided to the University's College of Medicine staff employees as they begin to have limited interactions with patients and receive patient health information. This education and training is currently being developed.
3. Compliance Guidance Provided: Since my last report to this Committee, guidance has been requested and provided in various areas including, without limitation, copyright law guidance as it relates to the creation of a research database; ethics guidance as it relates to a proposed gift by a current vendor; privacy law guidance as it relates to the creation of a center-specific searchable database; and guidance regarding the university's alcohol rule, policies and procedures.
4. Ethics Education and Training: The University Compliance Officer and Deputy General Counsel have developed an educational program, consisting of a presentation and case studies, which covers the ethical obligations we must follow as public employees. The first presentation was given to The Wolfsonian Museum staff. The second presentation has been scheduled and will be provided to representatives from the Office of Sponsored Research Administration. Since these representatives interface with university researchers and administrative support staff, they are in a unique position to assist the University in identifying, early on, issues that may arise as they relate to conflicts of interest, nepotism, dealings with

one's own agency, etc. In fact, much of this information must be disclosed as part of the Internal Clearance Form that researchers must submit with their proposals. In addition to Florida laws, given that OSRA representatives and researchers interface with federal government employees, the training will also cover the ethical framework federal employees are bound to follow.

5. Reporting Individual Designation and Criteria: The University Compliance Officer is reviewing the criteria used to designate individuals within Florida International University as reporting individuals under Florida law. In addition, the University Compliance Officer is studying the list of individuals who are considered reporting individuals in other comparable state universities. Based on this review, the University will submit any required additions or deletions to the Florida Commission on Ethics as of the next reporting cycle which is due to the Commission in late Fall 2007.
6. Task Force on Mandatory Training Requirements for Employees: The task force addressing mandatory training requirements for employees has met on several occasions to discuss how to better streamline the efforts of the Division of Human Resources, Academic Affairs, College of Medicine, Risk Management and Environmental Health and Safety (EHS) and Facilities Management in order to ensure that all new or transfer employees receive any and all training required under federal and state laws. A new process has been identified to better capture required training as of the time a job description is posted, and that will follow this position until it is filled, and the new employee completes required training documented through both EHS and the Organization Development & Learning Office within the Division of Human Resources. This task force is now in the process of reviewing the documentation that will be used to support this enhanced regulatory process.
7. Update of general compliance education and training offered during the New Employee Experience: November 2007 marks one year since the University Compliance Office presents compliance basics to all new university employees during orientation, known as the New Employee Experience (NEE). From November 2006 through July 31, 2007, 556 Florida International University employees received compliance education and training, as follows:

- English NEE: 363
- Spanish NEE: 57
- MTO* : 136

* Employees transitioning from temporary to regular employment.

At the request of representatives from the Organization Development & Learning Office, we have met to discuss possible additions and changes to this presentation based on feedback received during the course of the year. Also, this 2007 Fall term there are at least five NEE presentations dedicated solely to new faculty members joining the university. Our office is working on developing a presentation that will address compliance concerns of particular interest to faculty.

III. Current status of other previously reported compliance initiatives:

1. Conflict of Interest in Research Policy and Centralized Disclosure Process: The University's revised Conflict of Interest in Research policy is undergoing internal review. We have worked on the development of a comprehensive form, process and database that can be used to capture all conflicts of interest disclosure information, whether employment or research related.
2. Digital Millennium Copyright Act of 1998 (DMCA): The framework for compliance with the DMCA was presented to the Operations Committee on Monday, August 6, 2007. The University IT Security Officer presented the policy, notice to be posted on the university's web site, and process employed by the University involving Academic Affairs, Human Resources, Information Technology and Student Affairs. Full implementation is expected shortly.
3. Implementation of the Health Insurance Portability and Accountability Act and related Privacy and Security regulations ("HIPAA") is under way. HIPAA Privacy and Security policies have been drafted and are at various stages of review. The Notice of Privacy Practices and the forms necessary for the exercise of individual rights have also been drafted. The HIPAA Committee's next meeting will focus on the development of university-wide HIPAA education and training as required by these regulations.
4. Information Technology Security Policies and Procedures: The University IT Security Officer presented a summary of the following policies, procedures and guidelines to the Operations Committee on Monday, August 6, 2007, with a full presentation expected within the next thirty days:
 - Data Stewardship
 - Sharing Access to IT Resources; Password Management
 - System and Application Management
 - Application Software Purchasing, Licensing and Use
 - Password Management Guidelines
 - Blocking Guidelines

5. In addition, the IT Security Officer is presenting to the IT Administrators Council a proposed policy addressing the Responsibilities of System and Network Administrators. Our office is presenting a policy on the Revocation of Student Networking Privileges, which captures what has been university practice for quite some time, to Student Affairs leadership for review and comment.
6. Leave Time Proportional Allocation Work Group: Representatives from the Office of Sponsored Research Administration, Payroll, Human Resources and Compliance are in the process of addressing a new Human Resources procedure that will proportionately allocate sick and vacation leave to those individuals who are paid from sponsored projects in light of applicable federal guidelines and the implementation of the ADP payroll system.
7. Office of Sponsored Research Administration: Since the last report to this Committee, the following policies and procedures from the Office of Sponsored Research Administration have been updated:
 - a. Approvals Required on Internal Clearance Form Prior to Proposal Submission to OSRA
 - b. Budget Transfers on Sponsored Projects
 - c. Cost and Payroll Transfers on Sponsored Projects
 - d. Deadlines for Proposal Submissions
 - e. Eligibility to Submit a Proposal as Principal Investigator
 - f. Export Controls
 - g. Identification of Special Handling Requirements for Proposal
 - h. Minimum Level of Effort Required for Designation as Principal Investigator
 - i. Negotiation and Execution of Sponsored Project Awards
 - j. Nepotism in Research
 - k. OSRA Prior Approval of Sponsored Project Proposals
 - l. Personnel Effort Pledged on Proposal for Sponsored Projects
 - m. Records Retention Schedule for Sponsored Project Documents
 - n. Sick Leave for Sponsored Project Employees
 - o. Sponsor Limit to Number of Proposal Submissions
 - p. Sponsored Project Proposal Confidentiality
8. Purchasing: Our office assisted in the drafting of a university policy addressing the solicitation and receipt of gifts by Florida International University employees. In order to finalize the drafting process, certain policy decisions must be reached by university senior leadership regarding the scope of applicability for this policy and the gift threshold amount.

9. Radiation Control: A new policy, titled “Security in Laboratories With Special Hazards,” is ready to be presented for approval to the Operations Committee.

10. University Policies and Procedures Library: The policies and procedures library is constantly in the process of update and maintenance. By way of example, since the last report to this Committee on May 23, 2007, there were approximately 280 policies and procedures that were revised or updated by incorporating a new or revised form, providing new contact information for the person or department overseeing the policy, or by an update in the procedure that implements the university standard.

I respectfully submit this report to the Finance and Audit Committee of the Florida International University Board of Trustees in anticipation of the meeting scheduled to take place on September 10, 2007. I welcome your questions, comments and concerns. Thank you.

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