



Board of
Trustees

FLORIDA INTERNATIONAL UNIVERSITY
FINANCE AND AUDIT COMMITTEE

MONDAY, 30 MARCH 2009

8:30 A.M.

FLORIDA INTERNATIONAL UNIVERSITY
GRAHAM CENTER BALLROOMS
UNIVERSITY PARK CAMPUS
MIAMI, FL

MEMBERSHIP

KIRK LANDON, *CHAIR*

MIRIAM LÓPEZ, *VICE CHAIR*

BETSY ATKINS

THOMAS BRESLIN

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. UNIVERSITY TECHNOLOGY FEE | ROSA JONES
MIN YAO |
| 2. UNIVERSITY IDENTITY THEFT PREVENTION PROGRAM | LEYDA BENITEZ |
| 3. RECRUITMENT AND SELECTION POLICY | JAFFUS HARDRICK |
| 4. PRE-EMPLOYMENT REQUIREMENTS POLICY | JAFFUS HARDRICK |
| 5. AUTHORIZATION FOR THE ISSUANCE OF DEBT TO FINANCE THE CONSTRUCTION OF PARKING GARAGE V AT UNIVERSITY PARK CAMPUS | VIVIAN A. SANCHEZ
JOHN M. MILLER |
| 6. INVESTMENT POLICY STATEMENT | JOHN M. MILLER |

B. REPORTS *(FOR DISCUSSION – NO ACTION REQUIRED)*

- | | |
|--|---|
| 7. FOUNDATION REPORT | NOEL GUILLAMA-ALVAREZ |
| 8. CFO & ADMINISTRATION UPDATE | VIVIAN A. SANCHEZ |
| a. BUDGET VARIANCE ANALYSIS – SECOND
QUARTER 2008 | |
| 9. PEOPLESOFT UPDATE | VIVIAN A. SANCHEZ |
| a. CONTRACTS & GRANTS | |
| b. FINANCIALS UPGRADE | |
| 10. FIU COLLEGE OF MEDICINE HEALTH CARE
 NETWORK | JOHN ROCK |
| 11. OFFICE OF INTERNAL AUDIT REPORT | PYONG CHO
MANUEL SANCHEZ |
| 12. SPONSORED RESEARCH REPORT | ANDRES GIL |
| 13. ATHLETICS UPDATE | PETE GARCIA |

C. REPORTS *(FOR INFORMATION ONLY)*

- | | |
|--|--------------------------|
| 14. TREASURY REPORT | JOHN M. MILLER |
| 15. ENVIRONMENTAL – REGULATORY & COMPLIANCE | JENNIFER MWAISELA |
| 16. UNIVERSITY COMPLIANCE REPORT | LEYDA BENITEZ |

VI. OTHER BUSINESS	KIRK LANDON
---------------------------	--------------------

SENIOR MANAGEMENT DISCUSSION OF AUDIT PROCESSES

VII. ADJOURNMENT	KIRK LANDON
-------------------------	--------------------

NEXT FINANCE AND AUDIT COMMITTEE MEETING
IS SCHEDULED FOR
11 JUNE 2009

**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee**

30 March 2009

SUBJECT: FINANCE AND AUDIT COMMITTEE MEETING MINUTES, 13 NOVEMBER 2008

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 13 November 2008, attached to this Resolution as Exhibit "FA-Minutes," are hereby approved.

EXHIBITS/SUPPORTING DOCUMENTS:

- Exhibit "FA-Minutes": 13 November 2008 Finance and Audit Committee meeting minutes.

FACILITATOR/PRESENTER:

- Committee Chair Kirk Landon

This page intentionally left blank



**FINANCE AND AUDIT COMMITTEE
MINUTES
13 NOVEMBER 2008**

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 8:32 am on Thursday, 13 November 2008, in University Park Graham Center Ballrooms, Miami, Florida.

The following attendance was recorded:

Present

Kirk Landon, *Chair*

Miriam López, *Vice Chair*

Betsy Atkins

Thomas Breslin

Albert Maury

II. Approval of Minutes

Committee Chair Kirk Landon asked if there were any additions or corrections to the minutes of the 11 September 2008, 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 11 September 2008, 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 also welcomed newly appointed Vice President for Advancement Robert Conrad to the meeting, noting that this position played an integral role in assisting the University meet its goal of financial stability through fundraising.

Committee Chair Landon noted that the implementation rate for outstanding audit issues improved significantly since the Committee last met. He recognized the University's Office of Internal Audit for their hard work and commitment to meeting audit deadlines.

Committee Chair Landon stated that considering the State's persistent deteriorating financial situation, the University would benefit from identifying diverse methods of revenue generation as well as economizing wherever possible.

IV. Follow-up to Items from Previous Meetings

Since the Committee last gathered, Committee Chair Landon met with Senior Vice President of Medical Affairs and College of Medicine Dean John Rock to discuss medical school topics such as the Faculty Practice Plan. He noted that VP Rock and Vice President for Student Affairs Rosa Jones were scheduled to present the Faculty Practice Plan, renamed the College of Medicine Health Care Network, during this meeting.

As a follow-up to his request from the last Committee meeting, Committee Chair Landon met with the University's Chief Information Officer Min Yao to discuss the implementation of PantherSoft Contracts & Grants Module and the upgrade of PantherSoft Student Administration System. He congratulated CIO Yao and his staff for the successful implementation of the Student Administration module, which was completed on time and within budget.

In an effort to streamline the University's hiring process, Committee Chair Landon met with Vice President for Human Resources Jaffus Hardrick to discuss strategies that would facilitate an increased efficiency in personnel recruitment. He noted that VP Hardrick would demonstrate three critical improvements for Human Resources where processes were streamlined.

During the last Committee meeting, Committee Chair Landon requested an update on how the University compared with other institutions regarding workplace injuries. Associate Vice President for Environmental Health & Safety Jennifer Mwaisela stated that the reported University workplace injuries were within the average when compared to workplace injury reports from other state agencies.

V. Items for Committee Review

A. Action Items

1. Revised Capital Improvement Plan

Sr. Vice President for Administration and CFO Vivian Sanchez presented, for Committee review and approval, a revision to the Capital Improvement Plan for the period FY2009-2010 through FY2013-2014. She stated that the Capital Improvement Plan was approved by the Board on 12 June 2008, as part of the 2009-2010 Fixed Capital Outlay Legislative Budget Request. He added that the revised Capital Improvement Plan, presented for Committee approval, included three additional priorities: the remodeling of existing buildings in University Park and Biscayne Bay as well as the renovation of the Academic Data Center.

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

RESOLVED that the Florida International University Board of Trustees approves a revision to the University's Capital Improvement Plan, for the period 2009-2010 through 2013-2014,

in the form attached to this Resolution as Exhibit "B" to reflect needed university renovations that improve services and operational efficiencies.

2. Capital Improvement Fee Trust Fund (CITF) Legislative Budget Request, 2008-2009

CFO Sanchez presented the CITF Legislative Budget Request for 2008-2009. CFO Sanchez stated that as CITF funds for all Universities were reduced as a result of the 2008 Legislative Session, this request was for a transfer of \$500,000.00 funds from the Arena Expansion and Renovation of East Wing/Lobby to the Stadium Field House/Student Meeting Rooms project. Vice President of Student Affairs Rosa Jones commented that the student body approved of the change.

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

WHEREAS, the Florida International University Board of Trustees (the BOT), on March 14, 2008, approved the list of projects to be funded by the Capital Improvement Fee Trust Fund (CITF) for inclusion in the 2008-09 Legislative Budget Request (LBR); and

WHEREAS, Florida International University's original CITF allocation was reduced from \$17,703,456 to \$12,703,456 as a result of the 2008 Legislative Session whereby all University CITF funds were reduced; and

WHEREAS, the University administration recommends a reallocation of funds between two existing approved CITF Projects. This reallocation is limited to a transfer of \$500,000.00 from the Arena Expansion and Renovation of East Wing/Lobby Project to the Stadium/Student Meeting Rooms Project; and

WHEREAS, this reallocation will permit the University to adjust to changing project circumstances and will result in no change to the aggregate CITF amounts allocated to the University by the Florida Board of Governors and the Florida Legislature;

THEREFORE, BE IT RESOLVED that the Florida International University Board of Trustees (the Board) approves the Florida International University 2008-09 Capital Improvement Fee Trust Fund (CITF) Legislative Budget Request, revised project list to reflect the reallocation and recommends that the Florida Board of Governors approve the adjustment and include the request in any budget amendment submission to the Florida Legislature, as necessary or appropriate; and

BE IT FURTHER RESOLVED that the Florida International University Board of Trustees authorizes the University Administration to take all actions necessary to implement this Resolution.

3. FIU Direct Support Organizations Financial Audits, 2007-2008

Assistant Vice President for FIU Foundation and Support Organizations Aime Martinez presented the FIU Direct Support Organizations Financial Audits for FY2007-2008. She reported that

Rachlin, LLP was the external auditor which performed the financial audits for the FIU Foundation, Inc, the FIU Research Foundation, Inc. and the FIU Athletics Finance Corp, noting that the audits were conducted in accordance with Government Auditing Standards. She reported that the auditors did not find any deficiencies that they considered to be material weaknesses. She noted that audits for the FIU Foundation, Inc. and the FIU Research Foundation, Inc. were already approved by their respective boards, with only the audit for the FIU Athletics Finance Corp. pending Board approval.

FIU Foundation, Inc.

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

WHEREAS, pursuant to Regulation FIU-1502 2.(f), the Florida International University Foundation, Inc. (FIU Foundation, Inc.) must submit an independently conducted financial audit of its accounts and records, which has been approved by its governing board and recommended by the University President to the Florida International University Board of Trustees (the BOT) for review and approval; and

WHEREAS, the FIU Foundation, Inc. Financial Audit for 2007-2008, attached hereto as Exhibit "C," has been submitted and approved by the Executive Committee of the FIU Foundation, Inc. on November 4, 2008, and the University President is recommending its approval, pending the approval of the FIU Foundation, Inc. Board of Directors;

THEREFORE, BE IT RESOLVED that the BOT hereby approves the attached FIU Foundation, Inc. Financial Audit for 2007-2008 and authorizes the Executive Director of the FIU Foundation, Inc. to take all actions necessary pertaining to this Financial Audit, including filing the report with the Auditor General.

FIU Research Foundation, Inc.

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

WHEREAS, pursuant to Regulation FIU-1502 2.(f), the Florida International University Research Foundation, Inc. (FIU Research Foundation, Inc.) must submit an independently conducted financial audit of its accounts and records, which has been approved by its governing board and recommended by the University President to the Florida International University Board of Trustees (the BOT) for review and approval; and

WHEREAS, the FIU Research Foundation, Inc. Financial Audit for 2007-2008, attached hereto as Exhibit "D", was approved by the FIU Research Foundation, Inc. Board of Directors on November 4, 2008 and the University President is recommending its approval;

THEREFORE, BE IT RESOLVED that the BOT hereby approves the attached FIU Research Foundation, Inc. Financial Audit for 2007-2008 and authorizes the Executive Director of the FIU Research Foundation, Inc. to take all actions necessary pertaining to this Financial Audit, including filing the report with the Auditor General.

FIU Athletics Finance Corp.

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

WHEREAS, pursuant to Regulation FIU-1502 2.(f), the Florida International University Athletics Finance Corporation (FIU Athletics Finance Corp.) must submit an independently conducted financial audit of its accounts and records, which has been approved by its governing board and recommended by the University President to the Florida International University Board of Trustees (the BOT) for review and approval; and

WHEREAS, the FIU Athletics Finance Corp. Financial Audit for 2007-2008 is attached hereto as Exhibit "E", and the University President is recommending its approval, pending the approval of the FIU Athletics Finance Corp. Board of Directors;

THEREFORE, BE IT RESOLVED that the BOT hereby approves the attached FIU Athletics Finance Corp. Financial Audit for 2007-2008 and authorizes the Executive Director of the FIU Athletics Finance Corp. to take all actions necessary pertaining to this Financial Audit, including filing the report with the Auditor General.

4. Florida International University College of Medicine Self-Insurance Program

Senior Vice President of Medical Affairs and College of Medicine Dean John Rock deferred to the College of Medicine's Deputy General Counsel Jody Lehman to present the FIU College of Medicine Self-Insurance Program for Committee review and approval. Deputy GC Lehman stated that several factors were evaluated in the selection process of a medical malpractice program since the bid process began in November 2007: the scope of coverage, short and long term costs, and control over funds and claims management. She stated that the establishment of a Self-Insurance Program would serve the needs of the college, adding that each of the medical schools in Florida have already chosen a self-insurance program.

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

BE IT RESOLVED that the Florida International University Board of Trustees (the BOT) approves the proposed amendment to Board of Governors Regulation Section 10.001, attached hereto as Exhibit "F", granting FIU the authority to establish a Self-Insurance Program to provide coverage for the clinical faculty practices; and

BE IT FURTHER RESOLVED THAT, the BOT delegates to the University President the authority to forward the proposed revisions to the BOG Regulation to the Board of Governors and to request that the BOG take the necessary action to revise the BOG Regulation 10.001. The University President may also approve any subsequent amendments to the proposed revisions in response to comments received from the Board of Governors;

AND BE IT FURTHER RESOLVED, that the President report to the BOT at its next regularly scheduled meeting on any substantive changes made to the proposed revisions to BOG Regulation 10.001 as a result of comments received by the Board of Governors.

Reports

5. FIU College of Medicine Health Care Network

Dean Rock presented the FIU College of Medicine Health Care Network, a partnership between the University Health Services (UHS) and the College of Medicine. He noted that the College of Medicine intended to utilize the UHS medical office space after hours to provide specialist physician services to FIU faculty, staff, and students, as well as providing primary care for faculty and staff. He added that the College would reimburse UHS for cost of space utilization, security, utilities, custodial services, supplies and services used. He stated that the College of Medicine doctors would also provide expertise in medical and practice management to UHS personnel. He reported that the agreement would be subject to review and or modification on an annual basis, with operational issues identified and addressed as the partnership develops.

Trustee Thomas Breslin requested that the FIU College of Medicine be attentive to possible trademark issues due to the use of "HCN" by Health Choice Network, a local health care provider and supporter of the development of our College of Medicine. He requested an update at the next Committee meeting.

6. Office of Internal Audit Report

Committee Chair Landon requested that the Audit Report be accepted as written. There were no objections.

7. Foundation Report

University Treasurer John Miller presented the Foundation Report, providing an update on the Foundation's finances and investment performance. He reported that the Foundation budgeted for \$2.9 million in revenues for the first quarter, but due to the current market condition, incurred a \$9.6 million loss. He reported that to date, the Foundation estimated fiscal year losses to be -23.4%, or \$30.7 million, adding that other state universities experienced similar performances from their portfolios and expected similar losses.

8. Treasury Report

University Treasurer John Miller presented the Treasury Report. He reported that due to the current State financial crisis, University investment earnings fell -2.2%, or -\$3.8M in the first quarter of FY08-09.

9. Construction Bond Update

University Treasurer John Miller presented the Construction Bond Update, noting projects currently under consideration that required debt funding: the Miami-Dade Department of Public Health Complex, FIU Parking Garage V, and the FIU Graduate Student Housing. He stated that as the credit insurance market was in turmoil, conditions were not favorable to pursue credit insurance. He provided a timetable indicating that Board approval for debt issuance would need to occur no later than the March 2009 meeting.

10. CFO & Administration Update

CFO Sanchez presented the CFO and Administration Update. In the Legislative Update, she reported that with legislative State cuts, University base budget cuts, and State appropriation shortfalls that the University experienced a loss of \$1.8 million. She reported that enrollment growth in resident FTEs combined with differential tuition resulted in additional gross revenues of \$2.5 million. She stated that vacant University positions accounted for approximately \$2.0 million in savings during the first quarter, noting 14 new vacancies in addition to the 54 existing vacancies currently under recruitment. She also noted that there were 118 additional vacancies currently not under recruitment.

CFO Sanchez stated that regardless of the market outcome, the University must continue to manage funds appropriately and continue implementing its conservative budget plan.

11. Athletics Update

Athletics Director Pete Garcia presented the Athletics Update. He reported that the University was currently pursuing an agreement which would allow a major league soccer team to utilize the stadium facilities. He noted the potential benefits of the agreement for the University, such as the generation of revenue and the creation of significant donor opportunities.

AD Garcia reported that pending Board approval, the Golden Panther Arena would be renamed the U.S. Century Bank Arena, based on the Bank's donation to the University. He thanked Committee Chair Landon for his generous donation to the stadium Field House.

12. and 13. Reports

Committee Chair Landon requested that the Environmental – Regulatory & Compliance Report and the University Compliance Report be accepted as written. There were no objections.

VI. Other Business

The Finance and Audit Committee met with the University's senior management as mandated by the Committee's charter.

VII. Adjournment

With no other business, Committee Chair Landon adjourned the meeting at 11:00 am.

<i>Trustee Requests</i>	<i>Follow-up</i>	<i>Completion Date</i>
1. <i>Trustee Atkins requested that University administration analyze and evaluate the benefits of acquiring technology-based equipment deemed end of life (older than nine months), which could be donated or sold at deeply discounted prices to FIU, which would also result in a tax advantage for corporations.</i>	<i>CFO Sanchez</i>	<i>March 2009</i>
2. <i>Trustee Landon requested that Dr. Rock present mid-year reports regarding the partnership between the College of Medicine and University Health Services.</i>	<i>Dr. Rock</i>	<i>June 2009</i>

FIU Board of Trustees
Finance and Audit Committee
Minutes
13 November 2008
Page 8

DRAFT

<i>3. Trustee Breslin requested a report on the use of "HCN" acronym for the FIU Health Care Network.</i>	<i>General Counsel Cristina Mendoza</i>	<i>March 2009</i>
---	---	-------------------

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

*MG
11.18.08*

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
30 March 2009

SUBJECT: UNIVERSITY TECHNOLOGY FEE

PROPOSED COMMITTEE ACTION:

Recommend Board Adoption of the Following Resolution:

WHEREAS, the Florida International University Board of Trustees (“the BOT”) has the power to establish a Technology Fee for the University pursuant to the Board of Governors Regulation 7.003, and F.S. 1009.24, amended by the Florida Legislature during the spring 2007 session; and

WHEREAS, the Board of Governors Regulation and F.S. 1009.24 authorize each state university board of trustees to establish a technology fee of up to 5% of the tuition per credit hour, beginning with the fall term of the 2009-2010 academic year; and

WHEREAS, the University’s Technology Fee Committee, composed of fifty percent students and fifty percent staff reviewed and approved the proposal to establish this fee, and their final report is attached hereto as Exhibit “A”; and

WHEREAS, the Technology Fee Committee held open student forums and provided general recommendations regarding the process and use of the technology fee;

THEREFORE BE IT RESOLVED that the BOT approves the Technology Fee of 5% of the tuition per credit hour, effective the beginning of the Fall term, 2009;

BE IT FURTHER RESOLVED that the increase will fund enhanced instructional technology resources for faculty and students; and

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

BACKGROUND INFORMATION:

Authority:

BOG Regulation 7.003 Fees, Fines and Penalties.; states in relevant part

(8) Technology Fee – Each university board of trustees may establish a technology fee to be paid by all students. The fee may be up to 5 percent of the tuition charged per credit hour. The revenue from this fee shall be used to enhance instructional technology resources for students and faculty. The revenue and expenditures shall be budgeted in the Local Fund budget entity.

Section 1009.24 (13)(s), Florida Statutes (2008), State University Student Fees; states in relevant part

(s) A technology fee of up to 5 percent of the tuition per credit hour, beginning with the fall term of the 2009-2010 academic year. The revenue from this fee shall be used to enhance instructional technology resources for students and faculty. The technology fee shall not be included in any award under the Florida Bright Futures Scholarship Program.

EXHIBITS/SUPPORTING DOCUMENTS:

- Exhibit “A”: Technology Fee Committee Final Report

FACILITATOR/PRESENTER:

- Rosa Jones
- Min Yao



TO: Rosa Jones, Vice President for Student Affairs

FROM: Cathy Akens, Assistant Vice President for Student Affairs
Chair, Technology Fee Committee

SUBJECT: Technology Fee Committee Final Report

DATE: March 16, 2009

The Technology Fee Committee held four committee meetings and two public hearings to discuss the implementation of a Technology Fee. The two hearings were held March 9, at Biscayne Bay Campus, and March 10 at University Park Campus. In addition to the feedback shared by members of the University community directly with committee members, an email account was established to solicit feedback. An email was sent to all students about the hearings and inviting their input via this email address.

The committee met on March 16, 2009, and voted in favor of the implementation of a technology fee. The vote was 6 to 2, in favor of the fee. It should be noted that the committee, while recommending the fee, wishes to remind the University's administration, that implementing this fee at a time when students also face possible tuition increases and difficult economic times, is certain to create a burden for some of our students. The committee discussed whether to support the fee being implemented at the full 5%; there was mixed opinion on this issue, particularly among student members who spoke on behalf of the impact of this fee on individual students. The committee is not recommending a percentage for the increase, as we were unable to reach consensus.

Additional Committee Recommendations

The committee puts forward the following additional recommendations.

1. An advisory council, made up of students, faculty, and staff, should be appointed by the administration to provide advisement to the CIO on the use and allocation of Technology fee funds. A process should be developed to allow members of the university community the opportunity to propose project ideas.
2. Funds collected from the Technology Fee should not be used to offset reductions in technology organizations budgets.
3. There should be a method developed to report on the ongoing implementation progress on technology fee projects. Transparency regarding the use of the fee funds is critical to students.

4. There should also be a method developed to report on the accomplishments/impact of the technology fee.
5. The necessity of this fee should be reviewed by the Advisory Council every two years, to evaluate whether it should be continued.
6. The University should continue to explore ways to assist students, for whom this added fee (and/or other costs of attending the University) creates a personal hardship.

Committee Members:

Cathy Akens (Chair), Assistant Vice President for Student Affairs

Nick Autiello, Student

Elizabeth Bejar, Assistant Provost for Academic Affairs

Kenasha Paul, Student

Laura Probst, Dean of Libraries

Helena Ramirez, Student

Sholom Neistein, Student

Min Yao, Vice President and Chief Information Officer

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
30 March 2009

SUBJECT: UNIVERSITY IDENTITY THEFT PREVENTION PROGRAM

PROPOSED COMMITTEE ACTION:

Recommend Board Adoption of the Following Resolution:

WHEREAS, pursuant to the Fair and Accurate Credit Transactions Act of 2003 (FACT Act), the Federal Trade Commission promulgated the Red Flags Rule which requires institutions that offer or maintain “covered accounts” to develop and implement a written Identity Theft Prevention Program; and

WHEREAS, Florida International University has determined, pursuant to a risk assessment, that it offers and maintains “covered accounts” and, as such, must have in place a written Identity Theft Prevention Program; and

WHEREAS, pursuant to the Red Flags Rule, the initial Identity Theft Prevention Program must be approved by the Florida International University Board of Trustees (“the BOT”), or an appropriate committee thereof;

NOW, THEREFORE, BE IT RESOLVED, that the BOT hereby adopts the Florida International University Identity Theft Prevention Program, in the form, attached as Exhibit “B” hereto.

BACKGROUND INFORMATION:

In order to comply with the Federal Trade Commission’s Red Flags Rule, Florida International University must develop, implement and maintain a written Identity Theft Prevention Program if it offers or maintains “covered accounts,” which are defined to include accounts designed to permit multiple payments or transactions such as student financial aid loans, short-term loans or student or staff debit accounts. The Red Flags Rule requires that the initial Identity Theft Prevention Program be approved by the Board of Trustees or an appropriate committee thereof. Full compliance with the Red Flags Rule is required by May 1, 2009.

LEGAL AUTHORITY:

Sections 114, FACT Act; Federal Trade Commission’s Red Flags Rule, 16 CFR Part 681.

EXHIBITS/SUPPORTING DOCUMENTS:

- Exhibit “B”: University Identity Theft Prevention Program

FACILITATOR/PRESENTER:

- Leyda Benitez

This page intentionally left blank

DRAFT

Florida International University

Identity Theft Prevention Program

Effective beginning March ____, 2009

I. PROGRAM ADOPTION

Florida International University developed this Identity Theft Prevention Program pursuant to the Federal Trade Commission's ("FTC") Red Flags Rule, which implements Section 114 of the Fair and Accurate Credit Transactions Act of 2003. This Program was developed by a working group comprised of University representatives from areas potentially impacted by the Red Flags Rule, after consideration of the size and complexity of the University's operations, and the nature and scope of the University's activities. This Program is to be presented to the Finance and Audit Committee of the Florida International University Board of Trustees for approval and shall be implemented on or before May 1, 2009.

II. DEFINITIONS AND PROGRAM

A. Red Flags Rule Definitions Used in this Program

1. "Covered Account" is an account maintained by the University that involves or is designed to permit multiple payments or transactions such as a student financial aid loan, short-term loan account, emergency loan account, or student or staff debit card account. A Covered Account is also an account for which there is a reasonably foreseeable risk to customers or to the safety and soundness of the institution from identity theft, including financial, operational, compliance, reputation, or litigation risks.
2. "Identifying information" is any name or number that may be used, alone or in conjunction with any other information, to identify a specific person including: name, address, telephone number, social security number, date of birth, government issued driver's license or identification number, alien registration number, government passport number, employer or taxpayer identification number and student identification number.
3. "Identity Theft" is a fraud committed or attempted using the identifying information of another person without authority.
4. "Program Administrator" is the individual designated with primary responsibility for oversight of the program. The President shall designate the University's Program Administrator. See Section VI below.
5. "Red Flag" is a pattern, practice, or specific activity that indicates the possible existence of Identity Theft.

B. Fulfilling Requirements of the Red Flags Rule

Under the Red Flags Rule, Florida International University is required to establish an Identity Theft Prevention Program (hereafter “the Program”) tailored to its size, complexity and nature of its operations. The Program must include reasonable policies and procedures to:

1. Identify relevant Red Flags for new and existing Covered Accounts and incorporate those Red Flags into the Program.
2. Detect Red Flags that have been incorporated into the Program.
3. Respond appropriately to any Red Flags that are detected to prevent and mitigate Identity Theft.
4. Ensure the Program is updated periodically to reflect changes in risks to University students and staff and to the safety and soundness of the institution from Identity Theft.

III. IDENTIFICATION OF RED FLAGS

In order to identify relevant Red Flags, the University considers the types of accounts that it offers and maintains, methods it provides to open its accounts, methods it provides to access its accounts, and its previous experiences with Identity Theft. The University identifies the following Red Flags in each of the listed categories:

A. Notifications and Warnings from Credit Reporting Agencies

Red Flags

1. Report of fraud accompanying a credit report.
2. Notice or report from a credit agency of a credit freeze on an applicant.
3. Notice or report from a credit agency of an active duty alert for an applicant.
4. Receipt of a notice of address discrepancy in response to a credit report request.
5. Indication from a credit report of activity that is inconsistent with an applicant’s usual pattern or activity.

B. Suspicious Documents

Red Flags

1. Identification document or card that appears to be forged, altered or inauthentic.
2. The photographic or physical description on the identification document or card is not consistent with the appearance of the applicant or person.
3. Other document with information that is not consistent with existing information on file.
4. Application that appears to have been altered or forged.

C. Suspicious Personal Identifying Information

Red Flags

1. Identifying information presented that is inconsistent with other information the person provides (example: inconsistent birth dates).
2. Identifying information presented that is inconsistent with other sources of information (example: an address not matching an address on a loan application).
3. Identifying information presented that is the same as information shown on other applications that were found to be fraudulent.
4. Identifying information presented that is consistent with fraudulent activity (example: an invalid phone number or fictitious billing address).
5. Social security number presented that is the same as one given by another person.
6. An address or phone number presented that is the same as that of another person.
7. A person fails to provide complete personal identifying information on an application when reminded to do so.
8. A person's identifying information is not consistent with the information that is on file.

D. Suspicious Covered Account Activity or Unusual Use of Account

Red Flags

1. Change of address for an account followed by a request to change the person's name.
2. Payments stop on an otherwise consistently up-to-date account.
3. Account used in a way that is not consistent with prior use.
4. Mail sent to the person is repeatedly returned as undeliverable.
5. Notice to the University that a person is not receiving mail sent by the University.
6. Notice to the University that an account has unauthorized activity.
7. Breach in the University's computer system security.
8. Unauthorized access to, or use of student or staff account information.

E. Alerts from Others

Red Flags

1. Notice to the University from a person, Identity Theft victim, law enforcement or other person that the University has opened or is maintaining a fraudulent account for a person who is engaged in Identity Theft.

IV. DETECTION OF RED FLAGS

A. Student Enrollment and Student and Staff Issuance of PantherCARD

In order to detect any of the Red Flags identified above associated with the enrollment of a student or with the opening of a student or staff Covered Account, University personnel will take the following steps to obtain and verify the identity of the person enrolling, or opening the account. These steps are also applicable when the student, staff member, or visiting faculty member requests a PantherCARD.

Detect

1. Require certain identifying information such as name, date of birth, academic records, home address or other identification.

2. Verify the person's identity at time of issuance of student identification card (review of driver's license or other government-issued photo identification).
3. Place a "hold" on the PantherCARD as soon as the person calls the Panther Card Office, provides identifying information, and notifies the Office that his or her card has been misplaced or stolen.
4. Require personal appearance at the University's Graham Center or Wolfe Center in order to issue a replacement card, following steps #1 and 2 above.

B. Existing Accounts Involving Students

In order to detect any of the Red Flags identified above for an existing Covered Account involving a student, University personnel will take the following steps to monitor transactions on an account:

Detect

1. Verify the person's identity if they request information (in person, via telephone, via facsimile, via e-mail).
2. Ensure that the person is authorized to receive the information that is requested.
3. Verify the validity of requests to change billing addresses by mail or e-mail and provide the person with a reasonable means of promptly reporting incorrect billing address changes.
4. Verify changes in banking information given for billing and payment purposes.

C. Consumer ("Credit") Report Requests involving Applicants for Employment, Current Employees and Volunteers for which Criminal Background Checks are Sought

In order to detect any of the Red Flags identified above for an employment or volunteer position for which a credit or criminal background report is sought, University personnel will take the following steps to assist in identifying address discrepancies:

1. Require written verification that the address provided by the applicant, employee or volunteer is accurate at the time the request for the credit report is made to the consumer reporting agency.
2. In the event that notice of an address discrepancy is received, verify that the credit report pertains to the applicant, employee or volunteer for whom the

requested report was made and report to the consumer reporting agency an address that the University has reasonably confirmed is accurate.

V. PREVENTING AND MITIGATING IDENTITY THEFT

In the event University personnel detect any identified Red Flags, such personnel shall take one or more of the following steps, depending on the degree of risk posed by the Red Flag:

A. Prevent and Mitigate

1. Continue to monitor a Covered Account for evidence of Identity Theft.
2. Contact the person for which a consumer report was run.
3. Change any passwords or other security devices that permit access to Covered Accounts.
4. Not open a new Covered Account.
5. Provide the person with a new student identification number.
6. Notify the Program Administrator for determination of the appropriate step(s) to take.
7. Notify law enforcement.
8. File or assist in filing a Suspicious Activities Report ("SAR").
9. Determine that no response is warranted under the particular circumstances.

B. Protect Student Identifying Information

In order to further prevent the likelihood of Identity Theft occurring with respect to Covered Accounts, the University will take the following steps with respect to its internal operating procedures to protect student identifying information:

1. Ensure that its Web site is secure or provide clear notice that the Web site is not secure.
2. Ensure complete and secure destruction of paper documents and computer files containing student account information when a decision has been made to no longer maintain such information.

3. Ensure that office computers with access to Covered Account information are password protected.
4. Avoid use of social security numbers as, under Florida law, the collection and use of social security numbers is only permitted when either specifically authorized by law or imperative for the performance of the University's duties and responsibilities. Please note that any department/unit that collects social security numbers from individuals must provide written notification to the individuals stating the purpose for such collection.
5. Ensure computer virus protection is up-to-date.
6. Require and keep only the kinds of student identifying information that are necessary for University purposes.

VI. PROGRAM ADMINISTRATION

A. Oversight

Responsibility for developing, implementing and updating this Program lies with an Identity Theft Prevention Committee ("Committee") for the University. The Committee is headed by a Program Administrator who may be the President of the University or his or her designee. Two or more other individuals designated by the President of the University or the Program Administrator comprise the remainder of the Committee membership. The Program Administrator will be responsible for ensuring appropriate training of University staff on the Program, for reviewing any staff reports regarding the detection of Red Flags and the steps for preventing and mitigating Identity Theft, determining which steps of prevention and mitigation should be taken in particular circumstances, and considering periodic changes to the Program.

B. Staff Training and Reports

University staff responsible for implementing the Program shall be trained either by or under the direction of the Program Administrator in the detection of Red Flags and the responsive steps to be taken when a Red Flag is detected. University staff shall be trained, as necessary, to effectively implement the Program. University employees are expected to notify the Program Administrator once they become aware of an incident of Identity Theft or of the University's failure to comply with this Program. At least annually or as otherwise requested by the Program Administrator, University staff responsible for the development, implementation, and administration of the Program shall report to the Program Administrator on compliance with this Program. The report should address such issues as effectiveness of the policies and procedures in addressing the risk of Identity Theft in connection with the opening and maintenance of Covered Accounts, service provider arrangements, significant incidents involving Identity

Theft and management's response, and recommendations for changes to the Program.

C. Service Provider Arrangements

In the event the University engages a service provider to perform an activity in connection with one or more Covered Accounts, the University will take the following steps to ensure the service provider performs its activity in accordance with reasonable policies and procedures designed to detect, prevent and mitigate the risk of Identity Theft.

1. Require, by contract, that service providers have such policies and procedures in place.
2. Require, by contract, that service providers review the University's Program and report any Red Flags to the University employee with primary oversight of the service provider relationship or the Program Administrator.

D. Program Updates

The Committee will periodically review and update this Program to reflect changes in risks to students, faculty and staff, and the soundness of the University from Identity Theft. In doing so, the Committee will consider the University's experiences with Identity Theft situations, changes in Identity Theft methods, changes in Identity Theft detection and prevention methods, and changes in the University's business arrangements with other entities. After considering these factors, the Program Administrator will determine whether changes to the Program, including the listing of Red Flags, are warranted. If warranted, the Committee will update the Program.

This page intentionally left blank

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

30 March 2009

SUBJECT: RECRUITMENT AND SELECTION POLICY

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 University currently has four policies and one guideline that address how business is conducted regarding recruitment and selection, which include Advertising; New Employee Experience; Employment Offers; Internal Recruitment Promotions, Demotions and Transfers; and Interdepartmental Hiring Guidelines; and

WHEREAS, in order to streamline and provide clarity, one comprehensive policy, Recruitment and Selection, should be adopted superseding the four aforementioned policies and one guideline;

NOW, THEREFORE, BE IT RESOLVED that the BOT approves the Recruitment and Selection Policy, attached hereto as Exhibit “C”;

BE IT FURTHER RESOLVED that the Recruitment and Selection Policy, attached hereto as Exhibit “C” shall be effective immediately; and

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

BACKGROUND INFORMATION:

LEGAL AUTHORITY:

SECTION 1001.74, FLORIDA STATUTES (2008), K-20 GOVERNANCE, UNIVERSITY BOARDS OF TRUSTEES POWERS AND DUTIES, STATES IN PART:

(5)(a) To the extent delegated by the Board of Governors . . . , each board of trustees shall establish the personnel program for all employees of the university, including the president.

EXPLANATION FOR PROPOSED BOARD ACTION:

The Division of Human Resources is proposing Board adoption of a University Recruitment and Selection policy to provide a comprehensive policy that will address and clarify the recruitment process.

EXHIBITS/SUPPORTING DOCUMENTS:

- Exhibit “C”: Division of Human Resources – Recruitment and Selection

FACILITATOR/PRESENTER:

- Jaffus Hardrick



FLORIDA INTERNATIONAL UNIVERSITY

OFFICIAL UNIVERSITY POLICY

All University Employees

SUBJECT (R*)	EFFECTIVE DATE (R)	POLICY NUMBER
Recruitment & Selection		DRAFT
RESPONSIBLE UNIVERSITY DIVISION/DEPARTMENT (R)	RESPONSIBLE UNIVERSITY OFFICER (R)	
Division of Human Resources/Recruitment Services Department Florida International University	Jaffus Hardrick Vice President Division of Human Resources	

POLICY STATEMENT (R)

Florida International University shall recruit external and internal employees through competitive searches and internal marketing and promotional processes. Recruitment & Selection processes must be guided by the University's commitment to diversity. Internal recruitment will be utilized to support career mobility of qualified existing employees, consistent with the University's commitment to diversity. The recruitment and selection of new hires and internal promotions and transfers must be approved by the Division of Human Resources.

REASON FOR POLICY (O*)

The purpose of this policy is to ensure that Florida International University will attract and retain diverse and the most highly qualified workforce available to effectuate its academic, research, and service mission. It is our intention to make public, any information about employment opportunities at the university to as many people as necessary to ensure compliance with the EEO and other applicable laws. To do so, it is essential to conduct effective external recruitment searches and also support current employees in their career goals by providing fair and equitable internal transfer and promotional processes.

This policy is specifically concerned with the recruitment phase of the selection process and addresses the behavior expected from all persons in the university community who have a role in conducting specific recruitment activities when an employment opportunity exists.

Commitment to EEO/AA and Diversity

It is required by law that Florida International University provides equal employment opportunity to all, without regard to race, color, religion, age, disability, sex, sexual orientation, national origin, marital status, and veteran status. It is further required by law that the University ensures that its policies and practices are non-discriminatory. As a federal contractor, goals have been established to address any underutilization of women and/or minorities.

The Equal Opportunity Programs department annually updates its written plan for Women and Minorities. Upon completion, the university analyzes the participation of women and minorities in each job group. If women or minorities are underutilized in any job group, the University sets goals for each such job group. The University must be able to document that it made good faith efforts to meet any established goals, which means that the appropriate steps will be taken to ensure that persons of the underutilized group, whether women or minorities or both, as well as all others, are considered in the selection process.

RELATED INFORMATION (O)

Recruitment & Selection Procedures
Compensation & Classification Guidelines
Moving & Relocation Policy
I-9 Requirements Policy

HISTORY (O)

As it relates to Non-Bargaining unit faculty and staff, this policy consolidates policy statements contained in the following policies, and as such, supersedes them:

Advertising
New Employee Experience
Employment Offers
Internal Recruitment, Promotion, Demotions & Transfers

CONTACTS (R)**Administrative Office's Address**

Carolyn F. Jackson
Director, Recruitment Services
Division of Human Resources
Florida International University
11200 S.W. Eighth Street, PC 234
Miami, Florida 33199

Telephone Number

(305) 348-2500

Fax Number

(305) 348-6476

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
30 March 2009

SUBJECT: PRE-EMPLOYMENT REQUIREMENTS POLICY

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 a Pre-employment Requirements Policy; and

WHEREAS, the Pre-employment Requirements Policy for University non-bargaining employees should be amended for a more comprehensive policy to address the appropriate investigation to conduct of prospective and current regular full-time, part-time or temporary employees; and

NOW, THEREFORE, BE IT RESOLVED that the BOT approves the amendment to the Pre-employment Requirements Policy, attached hereto as Exhibit “D”;

BE IT FURTHER RESOLVED that the Pre-employment Requirements Policy, attached hereto as Exhibit “D” shall be effective immediately; and

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

BACKGROUND INFORMATION:

LEGAL AUTHORITY:

SECTION 1001.74, FLORIDA STATUTES (2008), K-20 GOVERNANCE, UNIVERSITY BOARDS OF TRUSTEES POWERS AND DUTIES, STATES IN PART:

(5)(a) To the extent delegated by the Board of Governors . . . , each board of trustees shall establish the personnel program for all employees of the university, including the president.

EXPLANATION FOR PROPOSED BOARD ACTION:

The Division of Human Resources is proposing Board adoption of an amendment to the Pre-employment Requirements Policy for non-bargaining employees in order to provide a more comprehensive policy to address the appropriate investigation to conduct of prospective and current regular full-time, part-time or temporary employees.

EXHIBITS/SUPPORTING DOCUMENTS:

- Exhibit “D”: Division of Human Resources – Pre-employment Requirements

FACILITATOR/PRESENTER:

- Jaffus Hardrick



FLORIDA INTERNATIONAL UNIVERSITY

OFFICIAL UNIVERSITY POLICY

University Staff (non-bargaining unit faculty, ~~and~~ employees, and new hires)

SUBJECT (R*)	EFFECTIVE DATE (R)	POLICY NUMBER
PRE-EMPLOYMENT REQUIREMENTS	July 2005 Revised 02/2008	
RESPONSIBLE UNIVERSITY DIVISION/DEPARTMENT (R)	RESPONSIBLE UNIVERSITY OFFICER (R)	
Division of Business and Finance <u>Division of Human Resources/Recruitment Services Department</u> Florida International University	Vivian A. Sanchez Jaffus Hardrick <u>Senior Vice President of Administration</u> <u>and Chief Financial Officer Human Resources</u>	

POLICY STATEMENT (R)

All prospective candidates for employment at Florida International University (FIU or University) for a regular full-time, part-time or temporary position will, at a minimum, be subject to a reference check, a criminal history check, and any other background check required by law. Depending on the particular position sought, prospective candidates may be required to undergo additional background checks including, without limitation: education verification, license verification, creditworthiness, drug testing and more in-depth criminal background check which includes fingerprinting.

Background checks shall be conducted in accordance with all applicable federal and state laws. The University shall review the results of all background checks and shall make a final determination regarding suitability for employment.

The University will conduct the following background checks under these circumstances:

Background Checks

- ~~• All prospective employees may be subject to background checks upon an offer of employment. Employment is contingent upon the satisfactory results of the investigation.~~
- ~~• Checks will include federal, state, and local criminal background. Those positions that require operation of a motor vehicle will include a driver's license check.~~
- ~~• The Division of Human Resources (DHR) reviews the reports and makes decisions regarding suitability for employment based on findings and the particular job.~~

Fingerprinting

~~All prospective employees may be subject to fingerprinting upon an offer of employment, depending on the offered position. The DHR conducts fingerprinting checks through the Federal Department of Law Enforcement (FDLE) for all positions in Law Enforcement, Child Care and those with responsibility for handling cash, or working in the Residence Halls.~~

~~□ The DHR reviews reports and makes decisions regarding suitability for employment based on findings and the particular job.~~

1. Reference Checks

- The University shall conduct reference checks on all prospective employees.

2. Criminal History Checks

- The University shall conduct criminal history checks on all prospective candidates who are final applicants for open positions;
- -The University shall conduct criminal history checks on current employees who are final applicants for promotional or transfer opportunities to positions where criminal history checks are required by law;
- The University shall conduct more in-depth criminal checks which includes fingerprinting, through the Florida federal

Department of Law Enforcement, for the following positions, including, without limitation: law enforcement personnel, individuals handling cash or managing cash transactions, all financial services positions, individuals who will have unrestricted access to master keys, information technology positions, individuals who will work in The Children's Creative Learning Center, or individuals working in the University Residence Halls.

- Federal or state law may dictate that certain additional prospective candidates undergo these or other background checks including, without limitation, employees who will work with certain levels and types of controlled substances in research, radioactive materials, or select agents; and instructional or non-instructional personnel who will work with a State of Florida school board.

Reference Checks

- ~~Hiring departments must conduct reference checks on all prospective employees to establish suitability for employment using the guidelines established by the DHR.~~
- ~~The DHR reviews the written findings and makes decisions regarding suitability for employment based on information obtained and the particular job.~~

3. Language Proficiency

- The University shall ensure that all faculty members with teaching assignments are proficient in speaking English.

Language Proficiency

- ~~All faculty employees with teaching assignments must be proficient in speaking English.~~

4. Educational Verification

- The University shall conduct educational verification checks of all prospective candidates for positions requiring a degree.

5. License Verification

- The University shall conduct license verification checks on all prospective candidates for positions where a license may be required or preferred.

6. Driver's License Checks

- The University shall conduct driver's license checks on all prospective candidates or current employees who will be assigned to drive a University State vehicle. See also Acquisition, Assignment and Use of University Vehicles policy.

7. Creditworthiness Checks

- The University shall conduct creditworthiness checks on all prospective candidates for positions that are responsible for handling money or have financial duties, e.g. Controllers, Financial Services, etc.

8. Drug Testing

- The University shall ensure drug testing on all prospective candidates for law enforcement positions and positions that specifically state this as a condition of employment requirement in the job description as a condition of employment, job posting, or offer letter.
- ~~Drug Testing~~
- ~~All prospective employees may be subject to a urine drug test upon an offer of employment, depending on the offered position.~~
- ~~Successful completion of a urine drug test is a condition of employment with Florida International University's Public Safety Department.~~

REASON FOR POLICY (O*)

~~To ensure that the University conducts thorough investigations of prospective employees.~~ To ensure that the University conducts appropriate investigation of prospective and current regular full-time, part-time or temporary employees.

CONTACTS (R)**Administrative Office's Address****Telephone Number****Fax Number**

Director, ~~Joann Cuesta Gomez~~ Carolyn Jackson
~~Employee and Labor Relations~~ Recruitment Services
 Division of Human Resources
 Florida International University
 11200 S.W. Eighth Street, PC ~~236~~ 234
 Miami, Florida 33199

(305) 348-~~2079~~ 2500(305) 348-~~2872~~ 6476***R = Required*****O = Optional**

This page intentionally left blank

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
30 March 2009

SUBJECT: AUTHORIZATION FOR THE ISSUANCE OF DEBT TO FINANCE THE CONSTRUCTION OF PARKING GARAGE V AT UNIVERSITY PARK CAMPUS

PROPOSED COMMITTEE ACTION:

Recommend Board Adoption of the Following Resolution:

WHEREAS, enrollment growth at the Florida International University ("University") over the last several years has created ever increasing demands for parking; and

WHEREAS, when the last garage, Red Parking Garage, was opened in Fall 2003, University student headcount was 32,885. By Fall 2008, headcount increased to 39,093, and as a result the current 5,000 structured and 5,104 surface parking spaces at the University's main campus are inadequate to meet demand; and

WHEREAS, the University desires to construct Parking Garage V to add a net additional 1,750 parking spaces to the University's parking system.

NOW, THEREFORE, BE IT RESOLVED by the Florida International University Board of Trustees ("the BOT") as follows:

Section 1. The BOT hereby requests the Florida Board of Governors to request the Division of Bond Finance of the State Board of Administration of Florida (the "Division") to issue bonds in an amount not exceeding \$32,000,000 (the "Bonds") for the purpose of financing a portion of the construction of Parking Garage V on the campus of the University, to fund a debt service reserve fund and to pay certain costs of issuing the bonds.

Section 2. The University currently has four parking garages on its main campus providing 5,000 structured parking spaces. The proposed Parking Garage V would add a net additional 1,750 parking spaces to the University's parking system. Parking Garage V will include approximately 30,000 gross square feet of shell space. In addition approximately 11,000 gross square feet of Public Safety Offices will be housed within the structure. The portion of Parking Garage V that will house the Public Safety Offices will be funded with approximately \$3.2 million in Public Education Capital Outlay ("PECO") funds previously authorized by the State of Florida and approximately \$700,000 in other sources. Parking Garage V (the "Project") is reflected on the approved master plan for the University and is consistent with the mission of the University because it will provide additional parking spaces to meet the ever increasing demands for parking created by growth in enrollment over the past several years. Construction of the Project is expected to begin in June, 2009, and to be completed by August, 2010. Proceeds of the Bonds, along with PECO and University funds, are anticipated to be sufficient to complete the construction of the Project.

Legislative approval of the Project has been obtained pursuant to section 1010.62, Florida Statutes. No proceeds of the Bonds will be used to finance operating expenses of the University.

Section 3. The Bonds are to be payable from and secured by a lien on the revenues of the parking system of the University and will be payable on a parity basis with the outstanding Parking Facility Revenue Bonds, Series 1995, Series 1999 and Series 2002, all of which were issued through the Division. Parking system revenues include mandatory student fees, decal sales, fines, and meters. Expenses include operating, maintenance and administrative costs. The University is legally authorized to secure the Bonds with the revenues to be pledged pursuant to section 1010.62, Florida Statutes. The University is also committed to ensuring that sufficient revenues will be generated to fulfill the University's obligations with respect to the Bonds.

Section 4. The Bonds will mature not more than 30 years after issuance, including any extensions or renewals thereof. The Project has an estimated useful life of 50 years, which is beyond the anticipated final maturity of the Bonds. The Bonds will bear interest at a fixed interest rate.

Section 5. The Bonds will be sold by the Division through either a competitive or negotiated sale. A negotiated sale may be desirable due to the uncertainty in the financial markets. An analysis showing that a negotiated sale is desirable is attached in Appendix A. Any selection of underwriters or financial advisors should be accomplished through a competitive selection process. Any bond insurance or other credit enhancement should be chosen through a competitive selection process analyzing the cost of the insurance or credit enhancement and the expected interest cost savings resulting from their use.

Section 6. The BOT will ensure that the University complies with all requirements of federal and state law relating to the Bonds, including but not limited to, laws relating to maintaining the exemption from taxation of interest payments on the Bonds and continuing secondary market disclosure of information regarding the Bonds.

Section 7. The President of the University, Chief Financial Officer, and/or Treasurer of the University are hereby authorized to take all actions and steps, to execute all instruments, documents, and contracts, and to take all other actions consistent with the terms of this resolution in connection with the execution, sale and delivery of the Bonds.

Section 8. In making the determination to finance the Project, the BOT, through a presentation to the BOT by University staff, has reviewed the information attached to Appendix A and finds that the issuance of the Bonds is in compliance with the Debt Management Guidelines, the University's debt management policy, and applicable law.

Section 9. This Resolution shall take effect immediately upon its adoption.

Adopted this _____ day of _____, 2009.

STATUTORY AUTHORITY:

This Resolution is being adopted pursuant to the provisions of Section 1010.62, F.S., regarding the issuance of Bonds to finance the construction of the Project, and which provides that the University is legally authorized to secure the bonds with the revenues to be pledged.

Appendix A

The following documents have been reviewed by the BOT, through a presentation to the BOT by University staff, prior to the execution of this Resolution:

- a. the project program and description of the debt security supporting repayment and the lien position the debt will have on that security;
 - b. an analysis showing that a negotiated sale may be desirable;
 - c. a budget summary and draw schedule for the project;
 - d. sources and uses of funds for the project;
 - e. an estimated debt service schedule;
 - f. a five year history and a five year projection of the pledged revenues and the debt service coverage.
-

EXHIBITS/SUPPORTING DOCUMENTS:

- Appendix A

FACILITATOR/PRESENTER:

- John Miller

This page intentionally left blank

PARKING GARAGE V

Parking & Transportation
Public Safety
Business Services

Project Program

Project Summary

Construction:	<p>Start Date: June 22, 2009 Completion Date: August 10, 2010</p>
Project Description:	<p>FIU currently has four parking garages on its main campus providing 5,000 structured parking spaces. The proposed Parking Garage V project would add approximately 2,100 parking spaces. Since the garage would eliminate 350 ground spaces, the net additional 1,750 parking spaces to the Parking System would increase total parking spaces to 11,854 and structured parking spaces to 7,100. The Garage includes approximately 30,000 gross square feet of shell space for future retail operations. In addition, approximately 11,000 gross square feet of Public Safety Offices will be housed within the structure. The garage will be constructed as a seven-level structure and consist of spaces for students, faculty and staff. The Project is included in the current Campus Master Plan.</p>
Demand Analysis:	<p>Over the past several years, enrollment growth has created ever increasing demands for parking. When the last garage, Red Parking Garage, was opened in Fall 2003, university student headcount was 32,885. By Fall 2008, headcount had increased to 39,093. Current parking facilities in place at the beginning of Fall 2008 were inadequate to meet demand.</p>
Project Cost:	<p>The proposed project's cost is \$40.9 million excluding financing costs. The Public Safety Offices portion of the Project represents \$3.9 million of the project costs and will be funded by \$3.2 million in PECO appropriations (BT-875) and \$0.7 million in other sources. The remaining \$37.0 million of project costs and debt service reserve will be financed with tax-exempt revenue bonds in an amount not to exceed \$32 million and cash reserves of \$9 million within Parking & Transportation.</p>
Debt Structure:	<p>The proposed debt obligations to be issued by the State of Florida Division of Bond Finance are anticipated to be issued with a 30-year maturity and bear interest as fixed rate bonds.</p>
Security:	<p>The University will secure its debt service payments by a pledge and lien on Operating Revenues that include mandatory student fees, decal sales, fines, and meters. Expenses include operating, maintenance and administrative costs.</p> <p>In FY06-07, the Parking System reported Operating Revenues totaling \$7.8 million, Investment Income of \$0.2 million, Operating Expenses totaling \$3.4 million and Depreciation of \$1.1 million for Pledged Revenues (Unadjusted) of \$5.7 million. In FY07-08, the Parking System reported Operating Revenues totaling \$8.4 million, Investment Income of \$0.2 million, Operating Expenses totaling \$3.7 million and Depreciation of \$1.1 million for Pledged Revenues (Unadjusted) of \$6.1 million.</p> <p>For both FY07-08 and FY08-09, the University approved increases to various Parking System Revenue components including \$10/semester increase to student transportation fees and \$5-\$30 increases on executive, administrative, faculty and staff decal rates. For FY06-07 and FY07-08, the Adjusted Pledged Revenues were \$7.3 and \$7.1 million, respectively or an average of \$7.2 million. The University retains the ability to increase student fees, decal rates, fines, meter rates and other sources of revenue.</p>

PARKING GARAGE V

Parking & Transportation

Public Safety

Business Services

Recommendation for competitive sale or negotiated sale

Parking Revenue Bonds

Series 2009

The debt issuance guidelines established in the Board of Governors Debt Management Guidelines require that prior to issuing any debt obligations an analysis be completed to assess the relative benefits of a negotiated sale of bonds versus a competitive bid process.

The following factors were considered in making a determination as to the best method of sale for the Series 2009 FIU Parking Revenue Bonds:

- There has been incredible volatility in the market and as such, a competitive bid could result in a relatively high interest cost or failed sale outcome depending on market conditions on the day of sale.
- Under certain market conditions, it would be beneficial to have the State of Florida Division of Bond Finance negotiate a sale of the bonds.
- Conversely, if market conditions at the time of sale are good, and general demand for bonds of this type is good, a competitive bid and sale should result in a lower interest cost and would be preferential.
- At this time, it is not possible to determine what market conditions will be at the time of sale, expected in June/July 2009.

Based on these factors, a competitive or negotiated sale may be indicated based on market conditions at that time, and FIU will utilize the method recommended as most favorable by the Division of Bond Finance based on market conditions at the time of sale.

Parking Garage 5 + Shell Space + Public Safety
PGAL 9-12-08 SCHEME 1 - BUILDING CONSTRUCTION COST - DRAFT BUDGET SUMMARY
Revised 9/15/2008

SPACE TYPE	NASF	NASF/GSF FACTOR	GSF	CONST. COST PER GSF	TOTAL COST \$	Garage	Shell	Public Safety
Parking Stalls - 2,100					\$27,433,823	\$27,433,823		
Shell	30,000	1.0	30,000		\$2,239,911		\$2,239,911	
Public Safety Offices	-	-	11,165	\$242.39	\$2,706,284			\$2,706,284
AREA TOTALS	30,000		41,165					
TOTAL BUILDING CONSTRUCTION COST					\$32,380,018	\$27,433,823	\$2,239,911	\$2,706,284
1. CONSTRUCTION COMPONENTS								
a. Building Construction Cost					\$32,380,018	\$27,433,823	\$2,239,911	\$2,706,284
b. Environmental Impacts/Mitigation								
c. Site Preparation/Demolition					\$1,539,787	\$1,371,390	\$168,397	
d. Landscape/Irrigation								
e. Plazas / Walkways (630 GSF public safety sally port)					\$152,706			\$152,706
f. Roadway Improvements (Access Road)								
g. Telecommunications (exterior)								
h1. Electrical Service (full back up for public safety)								
h2. Electrical Service (for garage & Shell)								
i. Water Distribution System (extend to street main)								
j. Sanitary Sewer System (w/ lift station)								
k. Storm Water System								
l. Chilled Water System (n/a stand alone)								
m. Signage								
SUBTOTAL CONSTRUCTION COMPONENTS					\$34,072,511	\$28,805,213	\$2,408,308	\$2,858,990
2. OTHER PROJECT COMPONENTS								
a. Trailer Purchase and Installation					\$144,158			\$144,158
b. Professional Fees					\$1,833,121	\$1,549,737	\$129,568	\$153,815
Base Agreement - A/E)				\$1,833,121				
Special Consultants (list type)								
c. Fire Marshal					\$85,181	\$72,013	\$6,021	\$7,147
d. Inspection Services					\$506,700	\$506,700		
Project Representative				\$191,700				
Code Inspector				\$105,000				
Threshold Inspector				\$210,000				
e. Insurance Consultant (N/A)								
f. Surveys/Tests					\$153,500	\$153,500		
Topographical Survey				\$10,000				
Geotechnical Tests				\$15,000				
Soil and Concrete Testing				\$70,000				
Post-tension stressing review & logging				\$56,000				
HVAC System Tests				\$2,500				
g. Permit/Impact/Environmental Fees					\$8,000	\$8,000		
Permits (Stormwater DEP)				\$5,000				
WASA				\$3,000				
Environmental								
h. Artwork (Public Safety)					\$13,531			\$13,531
i. Movable Furnishings & Equipment					\$792,898	\$299,837	\$41,303	\$451,758
General Office Furniture- Public Safety				\$158,758				
Ash Urns, Litter Receptacles and Benches- Garage				\$84,000				
Telecom./Audio Visual- Public Safety				\$293,000				
Telecom./Audio Visual- Garage				\$183,577				
Telecom./Audio Visual- Shell				\$41,303				
Facilities Operations - Garage				\$32,260				
j. Project Administration Fee (3%)					\$1,226,400	\$1,023,750	\$84,300	\$118,350
k. Contingencies (5%)					\$2,044,000	\$1,706,250	\$140,500	\$197,250
SUBTOTAL OTHER PROJECT COMPONENTS					\$6,807,489	\$5,319,787	\$401,692	\$1,086,010
TOTAL PROJECT COST (Items #1 & #2)					\$40,880,000	\$34,125,000	\$2,810,000	\$3,945,000

* All construction costs based upon PGAL cost estimate dated September 12, 2008.

PARKING GARAGE V

Parking and Transportation

Public Safety

Business Services

Preliminary Debt Service Scenarios

Summary of Assumptions

- 1 Issue Date July 1, 2009
- 2 No Capitalized Interest
- 3 Level Debt Service
- 4 Project Fund amount of \$37 million, contributed equity of \$9 million
- 5 First Principal July 2010
- 6 First Interest January 2010
- 7 Final Maturity 2039 - 30 years
- 8 Insurance @ 60 bps upfront (amortized at 10 bps throughout life of bonds) and Fully Funded
DSRF - Assured Guaranty Bond Insurance
- 9 Current market scale - subject to change.
- 10 Senior Lien debt
- 11 Underwriter \$5.50/COI \$500,000/DBF Fee \$30,000 (fees are estimates and will be confirmed at
closing)

	Proposed Debt	
Par Amount	\$	31,280,000
Project Amount		37,000,000
Cash Contribution		9,000,000
Capitalized Interest		-
Debt Service Reserve Fund	\$	2,209,663
Total Interest Cost (assumed)		5.7692%
Remaining Debt Profile		
Series 1995	\$	4,120,000
Series 1999		5,160,000
Series 2002		18,185,000
Series 2009		31,280,000
Total Parking System Debt	\$	58,745,000

PARKING GARAGE V

Parking and Transportation

Public Safety

Business Services

Sources and Uses of Funds

Sources:

Bond Proceeds:	Par Amount	\$	31,280,000
	Original Issue Discount		(293,020)
	Premium		323,344
			<u>31,310,324</u>

Other Sources of Funds:	Cash Contribution		<u>9,000,000</u>
-------------------------	-------------------	--	------------------

Total Sources:		\$	<u>40,310,324</u>
-----------------------	--	-----------	--------------------------

Uses:

Project Fund Deposits:	Project Fund	\$	37,000,000
------------------------	--------------	----	------------

Other Fund Deposits:	Debt Service Reserve Fund		2,209,663
----------------------	---------------------------	--	-----------

Delivery Date Expenses:	Cost of Issuance	\$	500,000
	Underwriter's Discount		172,040
	Bond Insurance @ 60 bps		397,205
	Divison of Bond Finance Fee		<u>30,000</u>
			1,099,245

Other Uses of Funds:	Additional Proceeds		1,416
----------------------	---------------------	--	-------

Total Uses:		\$	<u>40,310,324</u>
--------------------	--	-----------	--------------------------

Note: 10 year call/60 bps Bond Insurance

PARKING GARAGE V

Parking and Transportation

Public Safety

Business Services

Proposed Fixed Rate Series 2009 - \$31,280,000 Par

Division of Bond Finance Issued

Level Debt Structure

Insured

Senior Lien

Period Ending	Proposed Series 2009 - Fixed	Aggregate		Average Adjusted Pledged Revenue*	Coverage
		Outstanding Debt Service	Aggregate Debt Service		
7/1/2010	2,207,163	3,017,140	5,224,303	7,237,600	1.39
7/1/2011	2,207,313	3,021,490	5,228,803	7,237,600	1.38
7/1/2012	2,207,013	3,021,245	5,228,258	7,237,600	1.38
7/1/2013	2,206,263	3,025,180	5,231,443	7,237,600	1.38
7/1/2014	2,205,063	3,023,261	5,228,324	7,237,600	1.38
7/1/2015	2,208,413	3,028,590	5,237,003	7,237,600	1.38
7/1/2016	2,209,663	3,031,959	5,241,621	7,237,600	1.38
7/1/2017	2,209,413	2,373,509	4,582,921	7,237,600	1.58
7/1/2018	2,207,663	2,378,124	4,585,786	7,237,600	1.58
7/1/2019	2,209,413	2,377,051	4,586,464	7,237,600	1.58
7/1/2020	2,206,413	1,740,240	3,946,653	7,237,600	1.83
7/1/2021	2,205,163	1,738,140	3,943,303	7,237,600	1.84
7/1/2022	2,205,263	1,741,590	3,946,853	7,237,600	1.83
7/1/2023	2,208,263	-	2,208,263	7,237,600	3.28
7/1/2024	2,206,013	-	2,206,013	7,237,600	3.28
7/1/2025	2,204,550	-	2,204,550	7,237,600	3.28
7/1/2026	2,206,075	-	2,206,075	7,237,600	3.28
7/1/2027	2,204,438	-	2,204,438	7,237,600	3.28
7/1/2028	2,204,638	-	2,204,638	7,237,600	3.28
7/1/2029	2,206,388	-	2,206,388	7,237,600	3.28
7/1/2030	2,204,400	-	2,204,400	7,237,600	3.28
7/1/2031	2,205,600	-	2,205,600	7,237,600	3.28
7/1/2032	2,207,300	-	2,207,300	7,237,600	3.28
7/1/2033	2,204,200	-	2,204,200	7,237,600	3.28
7/1/2034	2,206,300	-	2,206,300	7,237,600	3.28
7/1/2035	2,208,000	-	2,208,000	7,237,600	3.28
7/1/2036	2,209,000	-	2,209,000	7,237,600	3.28
7/1/2037	2,209,000	-	2,209,000	7,237,600	3.28
7/1/2038	2,207,700	-	2,207,700	7,237,600	3.28
7/1/2039	2,204,800	-	2,204,800	7,237,600	3.28
Total	66,200,875	33,517,519	99,718,394		

* Calculation of Average Adjusted Pledged Revenue is attached

PARKING GARAGE V

Parking and Transportation

Public Safety

Business Services

Parity / Incurrence Test

	<u>FY2006-07</u>	<u>FY2007-08</u>	<u>Average</u>
Parking System Revenues	\$ 7,760,626	\$ 8,428,812	
plus Investment Income	245,544	249,627	
less Parking System Expenses	(3,379,826)	(3,654,826)	
plus Depreciation	<u>1,068,100</u>	<u>1,121,196</u>	
Pledged Revenues (Unadjusted)	<u>5,694,444</u>	<u>6,144,809</u>	<u>\$ 5,919,627</u>
Adjustments			
2007-08 Rate increases			
Executive permits	1,110		
Administrative permits	13,035		
Staff permits (<\$25K)	8,150		
Staff permits (<\$25K)	5,566		
Staff permits (<\$25K)	7,735		
Staff permits (<\$25K)	24,681		
Students (Fall/Spring)	426,816		
Students (Summer)	155,544		
2008-09 Rate increases			
Executive permits	450	780	
Administrative permits	7,900	8,280	
Staff permits (<\$25K)	4,075	4,175	
Staff permits (<\$25K)	5,060	4,480	
Staff permits (<\$25K)	4,550	4,740	
Staff permits (<\$25K)	12,990	12,610	
Students (Fall/Spring)	711,360	704,620	
Students (Summer)	<u>259,240</u>	<u>248,000</u>	
Adjusted Pledged Revenues	<u>\$ 7,342,706</u>	<u>\$ 7,132,494</u>	<u>\$ 7,237,600</u>
Average Adjusted Pledged Revenues			\$ 7,237,600
Proposed Fixed Rate Series 2009 - \$31,280,000 Par			5,241,621
Maximum Annual Debt Service Coverage			1.3808

PARKING AND TRANSPORTATION
Historical Statements of Revenue and Expenses
Historical Debt Service Coverage

	<i>Actual 2003-04</i>	<i>Actual 2004-05</i>	<i>Actual 2005-06</i>	<i>Actual 2006-07</i>	<i>Actuals 2007-08</i>
<u>OPERATING REVENUES</u>					
Parking Decal and Fees	\$ 4,395,093	\$ 5,968,904	\$ 6,091,210	\$ 6,633,129	\$ 7,178,376
Visitor Parking	333,606	359,164	349,081	359,173	343,565
Traffic Fines and Towing	648,333	599,560	575,774	1,006,564	1,183,158
TOTAL OPERATING REVENUES	\$ 5,377,032	\$ 6,927,628	\$ 7,016,065	\$ 7,998,866	\$ 8,705,099
<u>OPERATING EXPENSES</u>					
Salaries and Wages	986,170	1,230,556	1,140,047	1,308,375	1,318,453
Other Operating Expenses	706,151	1,332,271	1,519,285	1,567,300	1,878,761
Depreciation and Amortization Expense	438,245	513,590	1,062,616	1,068,100	1,121,196
TOTAL OPERATING EXPENSES	\$ 2,130,566	\$ 3,076,417	\$ 3,721,948	\$ 3,943,775	\$ 4,318,410
OPERATING INCOME	\$ 3,246,466	\$ 3,851,211	\$ 3,294,117	\$ 4,055,091	\$ 4,386,689
add Depreciation and Amortization	\$ 438,245	\$ 513,590	\$ 1,062,616	\$ 1,068,100	\$ 1,121,196
add Interest Income	672,610	361,989	27,118	450,699	249,347
less Panther Express Revenue		(600,146)	(222,161)	(238,240)	(276,287)
add Panther Express Expense		628,581	585,613	563,949	663,584
ADJUSTED OPERATING INCOME	4,357,321	4,755,225	4,747,303	5,899,599	6,144,529
Principle Paid on Capital Debt and Lease	1,510,000	1,560,000	1,615,000	1,675,000	1,735,000
Interest on Asset Related Debt	1,496,807	1,446,995	1,392,832	1,336,378	1,275,443
Total Debt Service	\$ 3,006,807	\$ 3,006,995	\$ 3,007,832	\$ 3,011,378	\$ 3,010,443
Debt Service Coverage	1.45	1.58	1.58	1.96	2.04

PARKING AND TRANSPORTATION
Parking System Planning Model
Updated: 03/04/2009

	<i>Projected 2008-09</i>	<i>Projected 2009-10</i>	<i>Projected 2010-11</i>	<i>Projected 2011-12</i>	<i>Projected 2012-13</i>	<i>Projected 2014-15</i>
Beginning Cash Balance	\$ 11,021,748	\$ 12,383,855	\$ 8,777,008	\$ 5,163,775	\$ 6,407,837	\$ 7,809,742
REVENUES:						
Parking Decal/Fees	7,963,160	8,236,457	8,374,013	8,996,389	9,201,440	9,219,979
Visitor Parking	334,537	348,000	361,900	376,400	391,500	407,100
Fines/Towing	658,207	721,000	721,800	722,600	723,500	724,400
Transportation Sales	290,000	290,000	290,000	290,000	290,000	290,000
Interest Income on Fund Balance	219,000	192,000	136,000	80,000	99,000	121,000
Other	-	-	167,920	167,931	167,909	167,852
TOTAL REVENUES	9,464,903	9,787,457	10,051,633	10,633,320	10,873,349	10,930,330
<i>Growth Assumptions</i>	9%	3%	3%	6%	2%	1%
EXPENDITURES:						
Parking Administration	2,646,507	2,700,000	2,951,063	3,160,000	3,223,000	3,287,000
Transportation Systems	755,000	770,000	785,000	801,000	817,000	833,000
Other Expenses	-	-	-	-	-	-
TOTAL EXPENDITURES	3,401,507	3,470,000	3,736,063	3,961,000	4,040,000	4,120,000
<i>Growth Assumptions</i>	6%	2%	8%	6%	2%	2%
OPERATING INCOME	\$ 6,063,396	\$ 6,317,457	\$ 6,315,571	\$ 6,672,320	\$ 6,833,349	\$ 6,810,330
Adjusted Operating Income*	6,528,396	6,797,457	6,810,571	7,183,320	7,360,349	7,353,330
Debt Service	\$ 3,016,771	\$ 5,224,304	\$ 5,228,804	\$ 5,228,259	\$ 5,231,444	\$ 5,228,325
Debt Svc. Coverage	2.16	1.30	1.30	1.37	1.41	1.41

*adjusted for transportation revenues and expenses which are not in the parking system debt service coverage ratio

Assumptions:

- Revenue growth based on additional access and decal sales and does not include a price increase after fiscal year 2008-09.
- Revenue increase of 6% in FY2011-12 associated with College of Medicine, School of Public Health and Department of Health facilities.
- Expenses are expected to grow at 2% annually.

This page intentionally left blank

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

30 March 2009

SUBJECT: INVESTMENT POLICY STATEMENT AMENDMENT

PROPOSED COMMITTEE ACTION:

Recommend Board Adoption of the following resolution:

WHEREAS, with the enactment of the Florida K-20 Education Code (Chapters 1000 through 1013, Florida Statutes), the Florida Legislature empowered The Florida International University Board of Trustees ("the BOT") with the powers previously held by the Florida State Board of Education; and

WHEREAS, Section 1011.42, Florida Statutes, consistent with the devolution of powers to individual local university boards, empowered the BOT with responsibility for management of the financial affairs of the University, including the acceptance, withdrawal and investment of University funds; and

WHEREAS, the BOT is an "institution" as defined in Section 1010.10, Florida Statutes (the "Act"); and

WHEREAS, the Act allows the University to invest its funds pursuant to a prudent investor standard and in accordance with all applicable laws, rules and regulations; and

WHEREAS, the University Investment Committee was created as an advisory committee and will take no action regarding University policies without adoption by the BOT; and

WHEREAS, the University's Investment Committee (the "Committee") has reviewed the proposed revisions to the Investment Policy Statement, attached as Exhibit "E", to define eligible investments in the Working Capital Pool as investments in the following:

- Florida State Treasury
- Florida State Board of Administration
- Qualified Public Depositories as defined by the State of Florida
- US Government and its Agencies
- Money Market and Short Term Fixed Income Funds Rated in the AA/Aa category or higher by at least two of the following rating agencies: Moody's Investors Service, Standard and Poor's and Fitch;

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

BACKGROUND INFORMATION:

LEGAL AUTHORITY:

Pursuant to 1011.42, Florida Statutes.

EXHIBITS/SUPPORTING DOCUMENTS:

- Exhibit "E": Investment Policy Statement

FACILITATOR/PRESENTER:

- John Miller

FLORIDA INTERNATIONAL UNIVERSITY

OFFICIAL UNIVERSITY POLICY

University Community (faculty, staff and students)

SUBJECT (R*)	EFFECTIVE DATE (R)	POLICY NUMBER
INVESTMENT POLICY STATEMENT (IPS)	June 29, 2005	
RESPONSIBLE UNIVERSITY DIVISION/DEPARTMENT (R)	RESPONSIBLE UNIVERSITY OFFICER (R)	
Division of Business and Finance Florida International University	Vivian A. Sanchez Senior Vice President of Administration and Chief Financial Officer	

POLICY STATEMENT (R)

It is the policy of Florida International University (the "University") that:

The investment of the University's operating funds investment pool (the "Fund") shall be based on a financial that will consider:

- the financial condition of the 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.

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 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.

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 University's operating funds 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 University; the Treasurer of the University; and a representative from University academics. In addition, up to two business community and other representatives with specific expertise in investment and portfolio management may be added to strengthen the Committee's capabilities. The need for adding members will be determined by the Chair of the Board of Trustees in consultation with the Chair of the Finance and Audit Committee.

The Investment Committee, with the guidance and recommendations of the investment consultant hired by the University, 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 to the Board of Trustees with regular performance reports on the investment portfolios

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.

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 the University ~~(funds awaiting clearance), and other short-term investments of the University.~~ This pool may include certain restricted funds and therefore, will comply with any applicable state and/or federal laws, rules and 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.

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 proceeds 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

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

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

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 Florida International University Board of Trustees 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

For the Strategic and Reserve Pools, 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.

For the Working Capital Pool, management is authorized to invest in the following managers and investments:

- Florida State Treasury
- State Board of Administration
- Qualified Public Depositories as defined by the State of Florida
- U.S. Government and its Agencies
- Money Market and Short Term Fixed Income Funds rated AA or higher by at least two of the following ratings agencies: Moody's Investors Service, Standard & Poor's and Fitch.

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.

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's 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**.

REASON FOR POLICY (O*)

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.

CONTACTS (R)**Administrative Office's Address**

John M. Miller
University Treasurer
Office Finance and Administration
Florida International University
11200 S.W. Eighth Street, PC 523
Miami, Florida 33199

Telephone Number

(305) 348-2101

Fax Number

(305) 348-3678

HISTORY (R)

Effective June 29, 2005; Revision Date(s): September 11, 2007; March 12, 2008.

RELATED INFORMATION (O)**Appendix I – 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	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 Florida International University 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 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

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	65	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 the 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
Target Portfolio Weight	x	International equity index
100%		Total Fund Benchmark

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 rate)
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	<u>91 Day Treasury Bill rate</u> 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

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

*R = Required

*O = Optional

This page intentionally left blank

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
30 March 2009

SUBJECT: FIU FOUNDATION, INC. REPORT

PROPOSED COMMITTEE ACTION

None. Discussion Only.

BACKGROUND INFORMATION

Noel Guillama-Alvarez, Treasurer of the FIU Foundation, Inc. Board of Directors, will report on activities of the FIU Foundation Board since the last meeting of the Committee.

EXHIBITS/SUPPORTING DOCUMENTS:

- FIU Foundation, Inc. – Preliminary Financial Statements Recap & Investment Summaries, January 31, 2009

FACILITATOR/PRESENTER:

- Noel Guillama-Alvarez

This page intentionally left blank

FIU FOUNDATION, INC.

**PRELIMINARY
FINANCIAL STATEMENTS RECAP
& INVESTMENT SUMMARIES**

January 31, 2009

FIU FOUNDATION, INC.
Preliminary Recap of Statement of Activities¹
Through the Period Ended January 31, 2009

(In Thousands of Dollars)

	2008-09	2008-09		2008-09	2007-08	2007-08
	7-month	7-month		Annual	7-month	Total Year
	<u>Budget</u>	<u>Actuals</u>	<u>Variance</u>	<u>Budget</u>	<u>Actuals</u>	<u>Actuals</u>
REVENUES:						
<u>Contributions:</u>						
Endowments	\$8,184	\$1,439	(\$6,745)	[1] \$9,645	\$8,613	\$12,768
Non-Endowed Funds:						
Scholarship & Programs	\$4,122	\$4,530	\$408	[2] \$6,322	\$3,453	\$5,249
Building Funds	\$537	\$658	\$121	[3] \$1,045	\$1,826	\$2,052
Annual Fund	\$259	\$344	\$85	[4] \$331	\$222	\$374
Pledged Revenue	\$4,696	\$5,219	\$523	[5] \$13,228	(\$5,000)	\$8,904
TOTAL CONTRIBUTIONS	\$17,798	\$12,190	(\$5,608)	\$30,571	\$9,114	\$29,347
<u>Other Revenues:</u>						
MARC Building - Rental Income	\$999	\$653	(\$346)	[6] \$1,333	\$1,185	\$1,241
Estimated Investment Returns	\$3,138	(\$35,238)	(\$38,376)	[7] \$5,373	(\$3,811)	(\$5,449)
Administrative Fee	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL OTHER REVENUES	\$4,137	(\$34,585)	(\$38,722)	\$6,706	(\$2,626)	(\$4,208)
TOTAL REVENUES	\$21,935	(\$22,395)	(\$44,330)	\$37,277	\$6,488	\$25,139
EXPENSES:						
<u>University Programs:</u>						
Scholarships & Programs	\$5,239	\$4,148	\$1,091	[8] \$8,273	\$4,265	\$8,719
Building Funds	\$1,461	\$1,398	\$63	[9] \$1,461	\$2,011	\$2,021
Annual Fund	\$240	\$242	(\$2)	\$367	\$250	\$433
TOTAL UNIVERSITY PROGRAMS EXPENSES	\$6,940	\$5,788	\$1,152	\$10,101	\$6,526	\$11,173
<u>Operational:</u>						
MARC Building	\$465	\$327	\$138	[10] \$1,579	\$421	\$825
Administrative Reserve	\$1,143	\$844	\$299	[11] \$1,802	\$724	\$1,680
General Reserve	\$1,915	\$1,116	\$799	[12] \$3,807	\$44	\$353
Administrative Fee	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL OPERATIONAL EXPENSES	\$3,523	\$2,287	\$1,236	\$7,188	\$1,189	\$2,858
TOTAL EXPENSES	\$10,463	\$8,075	\$2,388	\$17,289	\$7,715	\$14,031
EXCESS REVENUES OVER EXPENSES	\$11,472	(\$30,470)	(\$41,942)	\$19,988	(\$1,227)	\$11,108

1. These financial statements recaps reflect revenue on a modified accrual basis and expenses on a cash basis.

*Please refer to Appendix A for detailed variance notes.

Florida International University Foundation, Inc.
Preliminary Performance Summary as of
January 31, 2009

<i><u>Fund/Manager/Inception Date</u></i>	Market Value	% Allocation	Target Allocation	Current Month 12/31/2008 01/31/2009	Trailing 3 Months 10/31/08- 01/31/2009	Fiscal YTD 6/30/08 - 01/31/2009	Trailing 1 Year 1/31/2008 01/31/2009	Trailing 3 Year 1/31/2006 01/31/2009	Trailing 5 Year 1/31/2004 01/31/2009	Since Investment Inception
Total Fund (6/30/00)	\$93,014,403	100.0%	100.0%	-4.5%	-7.2%	-27.2%	-28.1%	-6.4%	-0.2%	-0.2%
Total Fund Composite				-5.2%	-5.6%	-20.8%	-22.7%	-5.0%	0.2%	-0.7%
+/- Benchmark				0.7%	-1.5%	-6.5%	-5.4%	-1.3%	-0.4%	0.5%
Total Equity Accounts (6/30/00)	\$43,408,526	46.7%	50.0%	-8.9%	-11.4%	-35.3%	-38.1%	-10.7%	-1.4%	-2.6%
Total Equity Composite				-10.3%	-14.6%	-39.4%	-42.3%	-14.2%	-4.2%	-5.9%
+/- Benchmark				1.4%	3.2%	4.1%	4.2%	3.5%	2.8%	3.3%
Total Fixed Income Accounts (6/30/00)	\$20,080,371	21.6%	18.0%	-1.2%	5.4%	-1.3%	-1.7%	3.2%	3.3%	5.2%
Total Fixed Income Composite				-1.9%	6.1%	2.8%	2.8%	4.5%	3.8%	5.4%
+/- Benchmark				0.7%	-0.7%	-4.1%	-4.5%	-1.2%	-0.5%	-0.2%
Total Alternative Investments (3/1/02)	\$29,525,507	31.7%	32.0%	0.2%	-8.4%	-27.8%	-25.1%	-4.6%	0.3%	2.5%
Total Alternative Composite				-3.9%	-1.0%	-12.9%	-15.0%	-1.2%	1.1%	2.3%
+/- Benchmark				4.2%	-7.3%	-14.9%	-10.0%	-3.5%	-0.8%	0.2%

Florida International University Foundation, Inc.
Preliminary Performance Summary as of
January 31, 2009

<i>Fund/Manager/Inception Date</i>	Market Value	% Alloc.	Target Alloc.	Current Month 12/31/2008 01/31/2009	Trailing 3 Months 10/31/08- 01/31/2009	Fiscal YTD 6/30/08 - 01/31/2009	Trailing 1 Year 1/31/2008 01/31/2009	Trailing 3 Year 1/31/2006 01/31/2009	Trailing 5 Year 1/31/2004 01/31/2009	Since Investment Inception
<u>Domestic Equity Managed Accounts</u>										
Atlanta Sosnoff Large Cap Growth (3/1/06)	\$11,600,971	12.5%	12.5%	-4.4%	-11.1%	-29.3%	-33.8%	N/A	N/A	-8.5%
Russell 1000 Growth Index				-4.8%	-10.8%	-35.6%	-36.4%	-11.1%	-4.8%	-11.4%
Wedge Capital Large Cap Value QVM (12/29/06)	\$10,112,163	10.9%	12.5%	-6.8%	-7.7%	-35.9%	-40.0%	N/A	N/A	-22.8%
Russell 1000 Value Index				-11.5%	-16.7%	-35.3%	-41.8%	-13.1%	-3.5%	-24.4%
Advisory Research Small Cap Value (6/1/01)	\$5,003,490	5.4%	5.0%	-14.1%	-17.5%	-32.1%	-33.7%	-10.2%	2.2%	6.0%
Russell 2000 Value				-14.3%	-19.6%	-32.4%	-36.5%	-14.4%	-3.4%	2.5%
IronBridge Small Cap Core Equity (12/2/03)	\$4,734,073	5.1%	5.0%	-10.1%	-15.1%	-36.1%	-33.8%	-10.2%	N/A	-0.6%
Russell 2000 Small Cap Index				-11.1%	-17.1%	-35.1%	-36.8%	-14.3%	-4.1%	-3.0%
<u>International Equity Managed Accounts</u>										
Julius Baer International Equity Fund (12/2/03)	\$6,049,108	6.5%	7.5%	-11.6%	-11.9%	-43.9%	-45.3%	-10.5%	N/A	3.6%
MSCI EAFE Index				-9.8%	-9.5%	-42.6%	-43.4%	-11.8%	-0.3%	1.1%
Brandes International Equity Fund (6/1/01)	\$5,908,721	6.4%	7.5%	-12.0%	-8.5%	-37.0%	-42.4%	-10.3%	0.0%	1.5%
MSCI EAFE Index				-9.8%	-9.5%	-42.6%	-43.4%	-11.8%	-0.3%	0.0%
TOTAL EQUITY INVESTMENTS	\$43,408,526	46.7%	50.0%							
<u>Core Fixed Income Managed Accounts</u>										
SCM Advisors Enhanced Core Fixed (6/1/01)	\$9,467,665	10.2%	7.5%	0.2%	6.9%	1.5%	-0.1%	4.0%	3.6%	5.1%
Lehman Brothers Aggregate Index				-0.9%	6.2%	3.2%	2.6%	5.2%	4.3%	5.4%
Hillswick Asset Management (6/1/01)	\$4,389,564	4.7%	3.0%	-0.9%	8.0%	9.1%	8.6%	7.7%	6.1%	7.0%
Lehman Brothers Aggregate Index				-0.9%	6.2%	3.2%	2.6%	5.2%	4.3%	5.4%
Brandywine Global Opp Bond (1/1/08)	\$5,774,440	6.2%	5.0%	-3.2%	2.2%	-13.5%	-13.2%	N/A	N/A	-10.9%
Citigroup World Gov't Bond Index				-4.3%	6.3%	1.0%	2.3%	7.2%	5.1%	5.6%
<u>Common Fund & Gift Annuity Accounts</u>										
Common Fund Short Term Bond (6/1/85)*	\$0	0.0%	2.5%							
SunTrust Balanced Annuity Account (10/22/03)	\$448,702	0.5%	N/A	-1.5%	0.0%	-12.7%	-15.4%	-3.1%	N/A	1.3%
70% Lehman Aggregate / 30% S&P 500				-3.2%	-0.2%	-9.5%	-11.5%	0.1%	N/A	2.6%
TOTAL FIXED INCOME INVESTMENTS	\$20,080,371	21.6%	18.0%							
<u>Alternative Investments</u>										
Ironwood Partners (03/01/04)	\$8,057,126	8.7%	10.0%	2.2%	-7.7%	-26.3%	-25.4%	-4.5%	N/A	0.4%
Lehman Brothers Aggregate Index				-0.9%	6.2%	3.2%	2.6%	5.2%	4.3%	0.8%
Ironwood Partners (NDM Gift) (08/01/05)	\$1,759,544	1.9%	N/A	2.2%	-7.7%	-26.3%	-25.4%	-4.5%	N/A	-2.4%
Lehman Brothers Aggregate Index				-0.9%	6.2%	3.2%	2.6%	5.2%	4.3%	4.3%
Collins Capital (3/1/07)	\$6,519,506	7.0%	6.0%	0.7%	-11.7%	-30.8%	-26.5%	N/A	N/A	-8.2%
50% S&P 500/ 50% Leh Agg				-4.7%	-4.3%	-17.3%	-20.0%	-3.3%	0.2%	-9.4%
Titan Advisors (3/1/07)	\$7,780,256	8.4%	6.0%	2.4%	0.3%	-13.8%	-10.0%	N/A	N/A	-0.3%
50% S&P 500/ 50% Leh Agg				-4.7%	-4.3%	-17.3%	-20.0%	-3.3%	0.2%	-9.4%
DTC Private Equity (\$5 MM Commitment)	\$1,983,324	2.1%	5.0%							
DTC Private Equity III (\$2.5 MM Commitment)	\$50,000	0.1%								
Montagu Newhall Partners IV (\$2.5 MM Com.)	\$302,829	0.3%								
Cohen and Steers Realty (12/16/08)	\$1,393,326	1.5%	2.5%	-17.1%	N/A	N/A	N/A	N/A	N/A	-15.5%
FTSE EPRA / NAREIT Real Estate Index				-17.3%	-25.9%	-46.6%	-48.0%	-18.3%	-3.7%	-16.5%
Deutsche Bank Liquid Comm. Fund (1/1/08)	\$1,679,596	1.8%	2.5%	-4.4%	-20.2%	-55.4%	-38.5%	N/A	N/A	-34.5%
TOTAL ALTERNATIVE INVESTMENTS	\$29,525,507	31.7%	32.0%							
TOTAL FUND	\$93,014,403	100.0%	100.0%							

*These are short-term liquid funds

Variance Notes:

[1] The negative variance for endowed revenues is attributable to timing of collections on a few major gifts. Two endowment pledge payments for the College of Medicine totaling \$4.5M were budgeted for receipt during the first half of the fiscal year but are expected in May 2009 instead. In addition, a \$2M gift budgeted for receipt in November for an endowment in the College of Arts & Sciences is still under negotiations.

[2] Various non-endowed gifts expected in the first half of the fiscal year have not yet been received. The negative variance for non-endowed revenues caused by the timing of these collections was completely offset primarily by the early collection of various gifts in excess of \$500K received by the College of Medicine and the recognition of deferred royalties revenue totaling \$674K divided equally between Athletics and Alumni Relations.

[3] A \$100K donation for the Astrophysics Building expected in June 2009 was received early.

[4] The Annual Giving program has been successful at increasing alumni participation and securing additional donations from alumni, parents, students and friends of FIU. In addition, the year-to-date revenues from BOD membership contributions has already exceeded the annual budget as a result of new membership and an overall higher than anticipated collection rate.

[5] The budgeted change in contributions receivable for the 7-month period ended January 31, 2009 was \$4.7M versus the actual change in contributions receivable for this period, which totaled \$5.2M. There is a positive variance of \$2.2M for endowment pledges, which is attributed to the signing of a major gift in the College of Medicine sooner than anticipated. The positive variance is offset by a \$1.7M variance for non-endowed pledges related to various gifts that are still under negotiations.

Below is an aging schedule of all Foundation contributions receivable, net of a 1% allowance as of 1/31/09:

	Current Year	1-2 years**	3-4 years	5+ years	TOTAL
ENDOWED*	\$3,949,111	\$16,929,423	\$4,811,004	\$1,121,670	\$26,811,209
NON-ENDOWED*	\$3,822,071	\$3,062,757	\$1,068,128	\$74,787	\$8,027,743
TOTAL*	\$7,771,183	\$19,992,180	\$5,879,132	\$1,196,457	\$34,838,950

* *Receivables on the statement of financial position total \$32.4M because they are discounted to their present value. The total discount to contributions receivable is \$2.4M.*

***Includes State matching funds for endowments pledged in FY 2006-07 and FY 2007-08 in the amount of \$6.5M expected in FY 2009-10.*

[6] Unrealized derivative losses of approximately \$350K on the MARC Building loan caused the reduction of MARC Building revenues. The losses are a result of current interest rates being significantly lower than the negotiated swap rate of 4.63%.

[7] Upon the recommendation of Consulting Services Group (CSG) and further reduction by the Board's Investment Committee, investment returns were budgeted at 4% for the 2008-09 fiscal year. Current fiscal year-to-date losses total approximately 27.2%, or \$35.2M. The major drivers of the losses are in our equity (both domestic and international) and alternative investment portfolios, and they are in line with that of other university investment portfolios. The unprecedented downturn in domestic markets has been caused by a combination of factors including: ongoing weakness in the housing market; scarcely available credit; the well-publicized difficulties of large financial services companies and U.S. automakers; the largest government bail-out in US history (financial sector and auto makers); the multi-billion securities fraud scheme by Bernard L. Madoff (estimated at over \$50 billion); highest unemployment rate since 1976; lags in retail sales, especially throughout the holiday season; and declining commodity prices, particularly energy. The recession has also extended into the global markets, further exacerbating the negative market conditions and position of our investment portfolio.

[8] The positive variance in expenses for Scholarships & Programs is attributable to timing, mainly in the Frost Museum, Athletics, and Academic Affairs. In the Frost Museum, Foundation expenses tied to sponsorship revenues not yet received have, in turn, been deferred, resulting in a positive variance of \$230K. In addition, there were 2 large payments in Athletics totaling \$380K budgeted for November that have not yet been processed. Finally, Academic Affairs expenses in excess of \$400K related to the Kauffman Initiative budgeted for the first quarter of the fiscal year will be processed in the second half of the year instead.

[9] Matching funds from the Alec Courtelis program for the Law School Building in the amount of \$163K have not come in this year as requested from the State. This is the university's #1 request for the upcoming year. The positive variance has been offset by an unbudgeted expense of \$100K related to the Kovens Conference Center in BBC. This donation was received after the match for the Kovens Center was submitted and was therefore not matched.

[10] Budgeted expenses for utilities, maintenance & repairs, custodial, waste, and water & sewage related to the MARC Building totaling approximately \$70K have not yet been billed to the Foundation. In addition, \$50K in budgeted expenses for building roof repairs has not yet been incurred. There have also been additional interest savings on the variable portion of the MARC building loan as a result of the current low interest rate environment.

[11] The positive variance in Administrative Reserve expenses is a result of timing. Various expenses for Foundation Operations, Capital Campaign, Lobbying and expenses related to the President's allowances for entertainment and special events have not yet been incurred or have been deferred.

[12] Due to negative market conditions, expenses related to the University strategic investment have been delayed. Only salary-related expenses and committed expenses are currently being processed.

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
30 March 2009

SUBJECT: CFO & ADMINISTRATION UPDATE

PROPOSED COMMITTEE ACTION

None. Discussion Only.

BACKGROUND INFORMATION

Vivian Sanchez, Sr. VP for Administration and CFO, will provide financial and administrative updates.

EXHIBITS/SUPPORTING DOCUMENTS: ■ CFO & Administration Update

FACILITATOR/PRESENTER: ■ Vivian Sanchez

This page intentionally left blank

Budget Variance Analysis

(\$ in millions)

Budget	Current Year Actual	Year To Date December 31, 2008	
		Variance Fav/(Unfav)	
		\$	%
Revenues			
Educational and General (net) ²	192.1	200.5	8.4 4%
Auxiliary Enterprises	76.7	67.8	(8.9) -12%
Sponsored Research	42.9	32.9	(9.9) -23%
Student Scholarships	54.2	56.3	2.1 4%
Concessions	0.2	0.2	(0.1) -28%
Intercollegiate Athletics	13.2	14.0	0.7 6%
Activities and Service	7.6	8.0	0.5 6%
FIU Foundation Inc	20.5	(19.5)	(40.0) -195%
FIU Research Foundation	0.0	0.1	0.1 100%
FIU Athletics Finance Corp	3.0	2.6	(0.4) -14%
Interfund Adjustments ³	(5.9)	(6.2)	(0.3) 5%
Total University Budgeted Revenues	404.4	356.8	(47.7) -12%
Expenses			
Educational and General	176.9	151.5	25.4 14%
Auxiliary Enterprises	49.6	46.3	3.2 7%
Sponsored Research	40.8	38.6	2.2 5%
Student Scholarships	54.2	56.9	(2.8) -5%
Concessions	0.2	0.2	0.1 35%
Intercollegiate Athletics	10.2	10.6	(0.3) -3%
Activities and Service	7.6	7.3	0.3 4%
FIU Foundation Inc	9.4	7.3	2.1 22%
FIU Research Foundation	1.0	1.0	(0.0) 0%
FIU Athletics Finance Corp	0.6	0.7	(0.1) -11%
Interfund Adjustments	(5.9)	(6.2)	0.3 -5%
Total University Budgeted Expenses	344.7	314.3	30.4 9%
Principal Payment of debt ⁴	1.4	1.2	0.2 14%
Change in Net Assets	58.3	41.2	(17.1) -29%

Notes:

¹ The financials presented above reflects the state budgeting methodology which differs from full accrual Financial Statements. The following have the most significant impact:

- **Depreciation of Assets:** For budgeting purposes equipment purchases are fully expensed in their acquisition year, therefore depreciation is not included in the budget.

- **Unrealized gains and losses:** The investment results are recognized as revenues in the budget however GASB accounting principles require that if be recorded as an expense.

² E&G revenues are net of waivers and uncollectible amounts.

³ Interfund transfers have been included resulting in higher revenue and expenses by fund allowing for an individual fund performance analysis. The interfund adjustments above eliminate this double counting. However, interfund transactions such as tuition funded by scholarships and auxiliary services provided to other units have not been eliminated. Since revenues and expenses are equal, the interfund adjustments are the same for both.

⁴ Principal payment of debt reflected above per BOG requirement that debt service payments be shown on a cash basis.

COLLEGE OF MEDICINE

The Office of Student Affairs received a final total of 3,332 applications for the inaugural 2009 fall class which will be announced in May of 2009. The recruitment process has already begun for the class of 2010.

The College of Medicine has commenced preparation for provisional accreditation. Seventeen subcommittees have been structured to assist with the self-study process that will begin later this summer. These subcommittees will meet to discuss the College of Medicine's response to the Liaison Committee on Medical Education (LCME) provisional database questions. Faculty and staff throughout the University, including the College of Medicine and students from the inaugural class, will partake in this significant process.

FACILITIES & CONSTRUCTION

The following is an update of major construction projects:

Projects Complete

- **Frost Art Museum**– \$18.0M project cost. Project has been substantially completed and warranty phase has expired. Grand opening held in November 2008 in conjunction with Art Basel. Minor projects for Keenen – Flagler Family Discovery Gallery will begin in May and completed by June 2009.
- **Wolfe University Center (BBC)** – Food Court Project providing three additional dining options for students, faculty and staff is complete.
- **Aquatic Complex Renovation (BBC)** - Completed as a minor project in December 2008. Grand opening held January 2009. Competitive NCAA meet conducted January 2009.

Projects Under Construction

- **College of Nursing and Health Sciences** – \$46.9M project cost. Structure is complete. Approximately 45% complete are the exterior architectural pre-cast panels, metal panels and interior stud wall installation. LEED documentation is in progress for certification, with the goal of Silver within reach. This will be the first building on campus with a “green roof”. Target completion date is November 30, 2009, with a move in date of December 2009. On schedule. Timing critical to integration of first Med School class.
- **Stadium Field house and Student Meeting Rooms** - \$12.6M project cost. Exterior structure is virtually complete, roofing is now being installed. Interior finishes to follow. Target completion is July 2009.

Projects Under Design – PECO Approved

- **School of International and Public Affairs (SIPA)** – \$22.8MM Project cost. Project is in Construction Document phase. University was successful in securing a construction contract with a Construction Management firm, Suffolk Construction.

In order to expedite delivery, the Guaranteed Maximum Price (GMP), will be established and submitted in 3 different phases with a not to exceed price. The first phase will consist of the foundation and site work. Foundation GMP will be delivered to the University by March 15th. Site mobilization will commence the week of March 16th. Project to be LEED certified with a goal of achieving Silver. Design includes a “green roof” over the auditorium, which will be FIU's first “green roof” over an enclosed space. Delivery date: August 2010.

- **International Hurricane Research Center** – \$15M Project cost. A/E contract has been executed. Several design meetings have been conducted with A/E, FMD and the user to clarify wind tunnel scope. Program verification and design started in March. Three conceptual designs will be delivered to the University in April, 2009 for design review and approval. CM selection is next critical step concurrent with design. Delivery date: December 2010.
- **Science Classroom Complex** - \$50.0M Project cost. A revised space program outline was completed and approved. The President ratified the selection of the architectural firm of Perkins+Will for this commission. The administration will commence negotiations with the selected firm. Delivery date: March 2012.
- **Robert Stempel College of Health-** \$54.3M Project cost. This Project has two components – The Robert Stempel College of Health (SCH), a \$23.3M PECO funded project, and a Miami-Dade County Department of Health (DOH) component. The FIU Program Committee for the SCH has recently completed a Program Outline establishing base line space documentation for SCH. FIU and DOH staff will start working on the combined Program Outline seeking areas of opportunities for shared facilities and best fits between the two programs. The DOH component was ratified by an executed Affiliation Agreement dated September 26, 2007 and 30 year lease between FIU and the Miami-Dade County Department of Health. This \$31.0M component of the project will provide approximately 95,000 GSF of offices housing 21 administrative programs, a shared research lab, and patient clinic. It presents a unique opportunity for collaboration, returning Educational and Public health Practice benefits by sharing knowledge, data, faculty and public health professionals providing a singular opportunity for our students. The intent is to develop both projects as one integrated facility where basic services and circulation (vertical transportation, infrastructure, emergency power for example) can be shared to maximize programmatic needs. FIU will need to issue bonds to construct the facility. Delivery date: March 2012.

Projects Under Design – Bonded

- **Parking Garage 5/Public Safety/Retail** – Project budget \$40M. Conceptual Design phase was reviewed and approved by President Maidique. Construction Management firm, Turner Construction, is under contract. Design team has selected a pre-cast structure based on a detailed price and schedule comparison between cast-in-place and pre-cast building systems. Providing appropriate funding is in place, the project is scheduled to be delivered August 2010 instead of the previously

determined October 2010. Funding availability by May 2009 is critical to accelerated schedule. Delivery date: August 2010.

- **Graduate Student Housing** – Program has been completed. A/E selection placed on-hold after identifying short-listed firms due to volatility and uncertainty of bond markets. FIU has prioritized debt requirements for the PG5/Public Safety and DOH projects.

HUMAN RESOURCES

The Division of Human Resources continues to make great strides toward achieving the goals of enhancing customer service, improving processes and practices and managing performance. The following provides a brief summary of initiatives undertaken by the division over the past months:

- New recruitment re-design process has been implemented to help recruit and fill positions in a timely manner. The recruitment consultative model will allow Human Resources (HR) to fulfill a critical leadership role in the University's recruitment processes and be a strategic business partner to help achieve the University's goals.
- The new FICA Alternative Savings Plan for non-benefit eligible employees was rolled out in February. As an alternative to after-tax 6.2% Social Security contributions, this plan allows for employee pre-tax contributions of 7.5% earnings and tax-deferred growth. Funds are immediately vested at 100%, investment options are self-directed and employees can designate their beneficiary. Not only does the eligible employee benefit, but FIU benefits as well by saving the matching 6.2% on Social Security withholding. The estimated first year savings is \$1.5M for the University. Other participating Florida universities include the University of Florida, University of South Florida, Florida State University and Florida Atlantic University.
- On March 1, 2009, the division launched a new Human Resources website that is attractive and user-friendly. Also implemented is a new online Total Compensation Statement which details the earnings, cost of benefits and investment the University makes in its employees.
- HR has partnered with Business Services on the following two programs:
 - FIU employees can now receive a 20 percent discount on every meal at most University Park and Biscayne Bay Campus dining locations (exclusions include Faculty Club, Panther Stop and Bookstore Café) by using their Panther Card. The plan, which provides three payment options, is valid for one year from date of purchase.

- HR is piloting a new wellness program beginning March 9, 2009, called “HEALTHMILES”. This program will encourage employees to improve their health and earn incentives through an innovative walking program.
- The Director of Equal Opportunity Programs search has been launched with the new director slated to be on board by the spring of 2009.

This page intentionally left blank

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
30 March 2009

SUBJECT: PEOPLESOFT UPDATE

PROPOSED COMMITTEE ACTION

None. Discussion Item.

BACKGROUND INFORMATION

Vivian Sanchez, Sr. VP for Administration and CFO, will provide the PeopleSoft Update.

EXHIBITS/SUPPORTING DOCUMENTS:	<ul style="list-style-type: none">▪ PeopleSoft Update
---------------------------------------	---

FACILITATOR/PRESENTER:	<ul style="list-style-type: none">▪ Vivian Sanchez
-------------------------------	--

This page intentionally left blank

PeopleSoft Update

Florida International University is in the process of implementing the Grants Suite and upgrading the Financials System to version 9.0. This is the second phase of the PeopleSoft conversion project which began last year with the successful upgrade of the Student Administration module to version 9.0.

Contracts and Grants

The PeopleSoft Grants Suite Version 9 is comprised of five modules including Grants, Contracts, Project Costing, Billing, and Accounts Receivable. This system will address the University's need for more effectively managing grants and contracts. The project team, which consists of both functional and technical staff, has completed the planning and fit-gap analysis phases of the project and is working on the design and configuration of the new features of new financial system. The implementation of the PeopleSoft Grants suite is projected to be completed in July 2009.

Financial Upgrade

The University is currently upgrading its PantherSoft Financial System from Version 8.4 to Version 9. Five existing business modules including Accounts Payable, General Ledger, Purchasing, Travel and Expenses, and Asset Management will be upgraded with the new PeopleSoft Financial System 9. With the upgrade, several direct support offices, such as the Foundation, will join the rest of the University and begin to use the new PantherSoft Financial System allowing for more efficient processes and integrated financial reporting. The new Financial System will also address the needs of managing the medical faculty practice plan and construction projects. The Financial System upgrade is planned to be completed in July 2009.

This page intentionally left blank

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
30 March 2009

SUBJECT: FIU COLLEGE OF MEDICINE HEALTH CARE NETWORK

PROPOSED COMMITTEE ACTION

None. Discussion Item.

BACKGROUND INFORMATION

John A. Rock, M.D., Senior VP for Health Affairs and Dean of the College of Medicine, will report on the activities of the Florida International University College of Medicine Health Care Network Faculty Group Practice, Inc. (the “HCN”) since the last meeting of the Committee.

EXHIBITS/SUPPORTING DOCUMENTS:

- FIU College of Medicine Health Care Network Report

FACILITATOR/PRESENTER:

- John A. Rock

This page intentionally left blank



MEMORANDUM
College of Medicine

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

From: John A. Rock, M.D.,
Senior Vice President for Health Affairs and Dean, College of Medicine

Subject: Report Regarding the Health Care Network

Date: March 9, 2009

The College of Medicine respectfully submits this report to the Finance and Audit Committee of the Florida International University Board of Trustees updating the Board about the activities of the Florida International University College of Medicine Health Care Network Faculty Group Practice, Inc. (the "HCN").

Election of Board Members:

The newly elected members of the HCN Board are:

Rodolfo Hernandez Gutierrez, M.D.
Alex Zyne (Elected at March 3, 2009 meeting)

Amendment of the Articles of Incorporation and Bylaws

The Board voted to amend the Articles of Incorporation and Bylaws to expand community Board membership and change technical meeting requirements.

Actuarial Report

Towers Perrin issued an actuarial report to set funding levels for the Self Insurance Program. The report was reviewed by the Board.

Business Opportunity Update

Dr. Fernando Valverde made a presentation describing the COM's progress in developing a practice site at University Health Services. Dr. Valverde also discussed several health care business opportunities that the COM is evaluating. Dr. Valverde noted that the COM is a magnet for growth in the health care sector.

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
30 March 2009

SUBJECT: OFFICE OF INTERNAL AUDIT REPORT

PROPOSED COMMITTEE ACTION

None. Discussion Only.

BACKGROUND INFORMATION

Pyong Cho and Manuel Sanchez, Audit Managers, will report on activities of the Office of Internal Audit since the last meeting of the Committee.

EXHIBITS/SUPPORTING DOCUMENTS:

- Office of Internal Audit Status Report, March 2009

FACILITATOR/PRESENTER:

- Pyong Cho
- Manuel Sanchez

This page intentionally left blank



Office of Internal Audit Status Report

BOARD OF TRUSTEES

March 30, 2009

Office of Internal Audit Status Report

TABLE OF CONTENTS

Executive Summary.....

Audits and Reviews

Investigations

Follow-up Status Reports

Management Responses to Outstanding Audit Issues

Training and Seminars Update



Executive Summary – Office of Internal Audit Status Report

Board of Trustees

Finance and Audit Committee

February 27, 2009

The report details the current status of the Office of Internal Audit, which includes audits, investigations, follow-up, and other audit related activities during this reporting period. As of February 27, 2009, we have completed the following audits: **the College of Arts & Sciences Environmental Studies Department, the IT Security Controls over the Surplus Property Process, and the College of Law.** In addition, the following audits were in progress: **the College of Education, the IT Security over the Payment Card Process, the University Purchasing Card Program, and the Accounts Receivable.**

As for investigations, an investigative report pertaining to **the University's Online Learning Program** was issued and another investigation pertaining to a **Research Center's Program** was completed. Also, a complaint pertaining to the misuse of a grant was received during this reporting period. Additionally, the report includes a summary of the current status of management's implementation of 88 prior recommendations from internal and external audits. Our current implementation rate is 72 percent as compared with 95 percent reported at the last Finance and Audit Committee Meeting.

Finally, the report includes a recap of completed training hours for the current fiscal year through February 27, 2009 by each auditor.

Please let me know if you have any questions or comments regarding our Internal Audit Status Report.

Pyong Cho
Interim Audit Director

**FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT**

AUDITS AND REVIEWS

As of February 27, 2009, the status of our audit and review activities is as follows:

<u>Audits and Reviews</u>	<u>Status</u>
1. Audit of the Applied Research Center's Information Systems	Completed/report issued
2. Audit of Controls over the ADP Payroll Process	Completed/report issued
3. Audit of the College of Arts & Sciences – Environmental Studies	Completed/report issued
4. Audit of IT Security Controls over the Surplus Property Process	Completed/report issued
5. Audit of the College of Law	Completed/report issued
6. Audit of the College of Education	Field work completed
7. Audit of IT Security over the Payment Card Process	Field work in progress
8. Audit of the University Purchasing Card Program	Field work in progress
9. Audit of the Accounts Receivable	Field work in progress

(Note: Items bolded are audit/review activities during this reporting period.)

**FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT
INVESTIGATIONS**

During this reporting period, we have received new allegations pertaining to the misuse of a grant. As of February 27, 2009, the status of our investigative activities is as follows:

Investigation/Responsible Executive

Status

- | | |
|---|---------------------------------|
| 1. Southeast Environmental Research Center (SERC)
Responsible Executive - Senior VP Walker/Dean Furton | Completed/report issued |
| 2. Improper Sales of FIU Equipment
Responsible Executives - VP Wartzok/Deans Grossman & Banya | Completed/report issued |
| 3. University's Online Learning Program
Responsible Executives - Provost Berkman/Executive Dean Elam | Completed/report issued |
| 4. A Research Center's Program
Responsible Executive - Senior VP Walker | Completed/report pending |
| 5. Misuse of a Grant
Responsible Executive - Senior VP Walker | Planning in progress |

(Note: Items bolded are investigative activities during this reporting period.)

**FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT
FOLLOW-UP STATUS REPORTS**

Summary of Follow-up Status Reports

Total number of audit issues due for implementation as of January 31, 2009: **88**

Total number of audit issues completed as of January 31, 2009: **63**

Implementation rate: **72%**

Explanatory Notes to Follow-up Status Reports

- Explanation of status column – **Yes** = implemented; **No** = not fully implemented; N/A = not due for implementation this period.
- For those recommendations noted in bold as **No** (not fully implemented) in the status column of this schedule, the “Management Responses to Outstanding Audit Issues” section details management’s current action plan.
- * in the report column – means that management’s responses on outstanding audit issues due by January 2009 were reported separately to the Finance and Audit Committee, since they were confidential and exempt from public records by Florida Statute.
- N/A in the revised due date column – revised due date is not applicable because the recommendation was either implemented or was not due during this reporting period.

**FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT**

FOLLOW-UP STATUS REPORT - INTERNAL AUDITS

The following summarizes the current status of audit issues from prior internal audit reports as of January 31, 2009.

Note: Items bolded in the status column (Yes or No) were due for implementation this period.

Report	Audit Issue(s)	Responsible Executive/Director	Status	Revised Due Date	Original Due Date
Frost Art Museum Report Issued: Jan. 28, 2005	1. Art Collection Records: <ul style="list-style-type: none"> • Inventory (Rec. #1.1) • Fair Market Value (Rec. #1.2) • Insurance (Rec. #1.3) • Assignment of Accession Numbers (Rec. #1.4) 2. Capitalization of Art Work (Rec. #3)	Berkman/Damian	Yes No No Yes No	N/A 06/09 06/09 N/A 06/09	04/06 04/06 04/06 04/06 07/05
Access Controls Over PS Student Records Module Report Issued: Feb. 23, 2006	1. Logging User Access (Rec. #2.1)	Yao/Grillo	Yes	N/A	12/06
Allegations Against the Director of Enterprise Technology Support Services Report Issued: July 7, 2006	1. Purchasing Rule - Gift (Rec. #3.3)	Sanchez/Millspaugh	No	03/09	09/06
Student Administration Oracle Databases Report Issued: Dec. 19, 2006	1. Client Network Security (Rec. # 2.1) 2. Data Access (Rec. #5.1)	Yao/Grillo	Yes N/A	N/A 02/09	04/07 04/07
Audit of the Contracts & Grants Expenditures (Other Than Payroll) Report Issued: March 21, 2007	1. Indirect/Direct Costs (Rec. #3.2)	Walker/Gil/ Barabino	N/A	07/09	06/07
Allegations Against the Associate Director of Purchasing Services Report Issued: May 25, 2007	1. Credit Checks (Rec. #2.3)	Hardrick/Cuesta-Gomez	No	03/09	12/07
Review of IT Resources in Student Affairs Health Departments Report Issued: Nov. 13, 2007	1. Evaluation of IT needs and consolidation of IT resources and security	Berkman/Jones	Yes	N/A	04/08
Review of Management's Actions to Prior Audit Recommendations Report Issued: Feb. 6, 2008	1. User Access Management (Rec. #1.3) 2. Close-out Checklist & Report of Expenditure Form (Rec. #1.1) 3. Excess of Expenses over Revenues (Rec. #2) 4. Excess of Revenues over Expenses (Rec. #3) 5. Project Accounting (Rec. #1)	Hardrick/Cuesta-Gomez Walker/Gil/ Barabino	No Yes No No N/A	03/09 N/A 03/09 03/09 N/A	11/08 06/08 06/08 06/08 07/09
Audit of University Minor Construction Projects Report Issued: May 16, 2008	1. Contractor Selection Process (Rec. #1.1) 2. Oversight of Minor Construction Projects (Rec. #4) 3. Decentralized Project Filing System (Rec. #6)	Sanchez/Cal/ Berenguer	No No No	03/09 12/09 03/09	12/08 08/08 10/08

Report	Audit Issue(s)	Responsible Executive/Director	Status	Revised Due Date	Original Due Date
Audit of University Consultant Expenses Report Issued: May 16, 2008	1. Competitive Solicitation (Rec. #2.3)	Sanchez/Millspaugh	Yes	N/A	11/08
Audit of Controls Over Decentralized Collections Report Issued: July 31, 2008	1. Theater and Dance (Rec. #2.1 - #2.6)	Bueno/Schriner	Yes	N/A	10/08
Audit of the AIDS Prevention Program's Information Systems* Report Issued: August 8, 2008	1. Data Encryption (Rec. #1) 2. Outlook Protection (Rec. #2) 3. Screen Saver Password Protection (Rec. #3) 4. Active Directory Migration (Rec. #4) 5. Administrative Privileges (Rec. #5) 6. Network Firewall (Rec. #6) 7. Network Access Translation (Rec. #7) 8. File Shares (Rec. #8) 9. Server Roles (Rec. #9.1, #9.2) 10. Intrusion Detection System (Rec. #10) 11. Active Directory User Accounts (Rec. #11.1 - #11.3) 12. Terminal Services & Remote Desktop (Rec. #12) 13. Access Database (Rec. #13) 14. Physical Access to Unauthorized System Closet (Rec. #14) 15. Location of Server & Backup Media (Rec. #15) 16. Backup Procedures (Rec. #16) 17. Contingency Plan (Rec. #17) 18. System Administration Resources (Rec. #18)	Treviño/Malow/Devieux	No Yes Yes Yes Yes No No No No Yes No Yes Yes No Yes Yes Yes No Yes	03/09 N/A N/A N/A N/A 03/09 03/09 03/09 03/09 N/A 03/09 N/A N/A 03/09 N/A N/A 03/09 N/A	10/08 10/08 10/08 10/08 10/08 11/08 11/08 11/08 10/08 10/08 11/08 10/08 10/08 11/08 07/09 10/08 10/08 10/08 10/08 10/08
Allegations Against the Southeast Environmental Research Center (SERC) Report Issued: August 26, 2008	1. Employee Classification (Rec. #3.2) 2. Property Accountability (Rec. #7) 3. Overall Recommendation (Rec. #10)	Hardrick/Cuesta-Gomez Furton/Jaffe	No Yes Yes	03/09 N/A N/A	11/08 12/08 12/08
Allegations of Improper Selling of FIU Equipment Report Issued: Sept. 8, 2008	1. Sales of FIU Equipment (Rec. #1.3) 2. Transfer of FIU Property (Rec. #2.1, #2.3, #2.4, #2.5)	Grossman/Doherty-Restrepo Banya/Mendez	Yes Yes	N/A N/A	09/08 11/08
Audit of the Applied Research Center's Information Systems* Report Issued: Oct. 15, 2008	1. Administrative Privileges (Rec. #1) 2. Password Policy and/or Procedures (Rec. #3.1) 3. Password Policy and/or Procedures (Rec. #3.2) 4. Asset Tracking & Management (Rec. #6)	Salas/Proni/Millares	Yes No Yes	N/A 03/09 N/A	11/08 12/08 12/08
Audit of Controls Over the ADP Payroll Process Report Issued: Nov. 25, 2008	1. Time Approval Process (Rec. #1.1 - #1.7) 2. Access Controls (Rec. #2.1 - #2.5)	Hardrick/Flores	Yes Yes	N/A N/A	01/09 01/09

Report	Audit Issue(s)	Responsible Executive/Director	Status	Revised Due Date	Original Due Date
Audit of the College of Arts & Sciences Environmental Studies Department Report Issued: Dec. 15, 2008	1. Unaccounted for Books (Rec. #1)	Furton/Clement/Bray	Yes	N/A	12/08
	2. Unauthorized Book Purchases (Rec. #2.1 & #2.2)		Yes	N/A	01/09
	3. Outstanding Invoices (Rec. #3.1& #3.3) (Rec. #3.2)		Yes	N/A	01/09
	4. Mutilated Vendor Receipts (Rec. #4)		N/A	N/A	03/09
	5. Signature Authority (Rec. #5)		No	02/09	01/09
	6. Travel Authorization Requests (Rec. #6)		Yes	N/A	12/08
	7. Property Accountability (Rec. #7.1& #7.3) (Rec. #7.2)		N/A	N/A	03/09
	8. Foundation Reimbursement Requests (Rec. # 8)		Yes	N/A	01/09
	9. Oversight and Legal Action (Rec. #9)		No	02/09	01/09
Allegations Against the University's Online Learning Program Report Issued: Dec. 19, 2008	1. Collection of Funds (Rec.#1.1)	Berkman/Elam	Yes	N/A	12/08
	2. Legal Action (Rec. #1.2)		Yes	N/A	12/08
	3. Monitoring Online Programs (Rec. #1.3)		Yes	N/A	12/08
	4. Guidance of Intellectual Property Rights (Rec. #1.4)		N/A	N/A	02/09
	5. Disciplinary Action (Rec. #1.5)	Hardrick/Cuesta-Gomez	Yes	N/A	12/08
	6. Appropriate Action (Rec. #1.6)	Berkman/Elam	Yes	N/A	12/08

**FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT**

FOLLOW-UP STATUS REPORT - EXTERNAL AUDIT

The following summarizes the current status of audit issues from the State Auditor's Operational Audit (Report No. 2008-120, dated March 11, 2008) as of January 31, 2009.

Note: Items bolded in the status column (Yes or No) were due for implementation this period.

Finding Number & Area	Audit Issue(s)/Finding	Responsible Executive/Director	Status	Revised Due Date	Original Due Date
Finding No. 12 Information Technology- University Governance	There was a need for improved University-level governance of the PeopleSoft financials system and the enterprise data contained therein.	Yao/Grillo	No	06/09	06/08
Finding No. 13 Information Technology- Application Environment and Support Function	Improvements were needed in certain security controls within the overall operations of the application and the supporting network environment at the University.	Yao/Granto	No	03/09	06/08

**FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT**

MANAGEMENT RESPONSES TO OUTSTANDING AUDIT ISSUES

Audit of the Frost Art Museum

1. Audit Issue: **Fair Market Value** (Recommendation #1.2)

Status: Not Implemented

Recommendation:

The Art Museum should assign a fair value to all collection items.

Action Plan to Complete:

Fair market value needs to be determined in order to properly insure the collection. An outside appraisal will be done by a certified art appraiser for insurance purposes. However, it would be most useful to wait until the artworks are moved, unpacked, and stored in the new museum to allow for easy access and visibility. The collection move was begun in January, 2009 and is scheduled to be completed by June 30, 2009.

New Target Date: June 30, 2009

2. Audit Issue: **Insurance** (Recommendation #1.3)

Status: Not Implemented

Recommendation:

The Art Museum should provide accurate information to Environmental Health & Safety regarding the value of the art collection to ensure adequate insurance coverage.

Action Plan to Complete:

Once the collection move has been completed we will be able to have a Fine Art Appraiser review the collection and provide an overall fair market value of the collection for the sole purpose of insuring the collection. Our current insurance policy is based on the insurance values indicated in the database records.

New Target Date: June 30, 2009

3. Audit Issue: **Capitalization of Art Work** (Recommendation #3)

Status: Not Implemented

Recommendation:

We recommend that the Art Museum work with Property Control and the Controller's Office to ensure that applicable art works are properly recorded in the University's property records, as required by AA Policy 14.30.

Action Plan to Complete:

A simple mechanism has been proposed for including artworks from museum's collection (with value over \$1,000) into the FIU property control system. It has been agreed that Property Control will enter the Frost collection number into the description column of the Property Control inventory list and the Frost registration department will be diligent in updating records in the collection database (with values greater than one thousand dollars) with Property Control numbers.

**FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT**

MANAGEMENT RESPONSES TO OUTSTANDING AUDIT ISSUES

In this way both departments will be able to cross-reference each other without corrupting their own particular numbering system.

Numerous works in the collection that have high insurance values (most notably are 18 monumental sculptures in the sculpture park) are on loan to the museum and would not be assigned a property control number. This may account for some discrepancy between insured value and the values that Property Control has on record.

For works that have no value listed, research will be conducted by referring back to donor files and object record files in order to update the records where possible. We will be able to focus on this project once the collection move has been completed at the end of June, 2009.

New Target Date: June 30, 2009

Allegations Against the Director of Enterprise Technology Support Services

1. Audit Issue: **Purchasing Rule – Gift** (Recommendation #3.3)

Status: Partially Implemented

Recommendation:

Purchasing Services should disseminate the University Purchasing rule regarding the acceptance of gifts from current or potential vendors to the entire University community on a periodic basis.

Action Plan to Complete:

Ethics in Purchasing and Gift Policy will be presented to the Operations Committee by March 16, 2009 for approval.

New Target Date: March 23, 2009

Allegations Against the Associate Director of Purchasing Services
--

1. Audit Issue: **Credit Checks** (Recommendation #2.3)

Status: Partially Implemented

Recommendation:

After consultation with the Office of the General Counsel, consideration should be given to perform credit checks on candidates requiring background checks. This will provide some comfort regarding the financial stability of an individual assigned to a sensitive position.

Action Plan to Complete:

The Division of Human Resources took this opportunity to also review expanding the Pre-Employment Requirements Policy while exploring the feasibility of conducting credit checks. The policy has been revised and expanded to include the following additional checks (i.e. educational verification, licensure verification, and specific checks for those in the healthcare field) and to include conducting checks faculty hires. The information was presented at the October Operations Committee meetings at which time there were concerns about the increased cost and scope of employees covered. They also provided feedback on the proposed revised policy.

**FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT**

MANAGEMENT RESPONSES TO OUTSTANDING AUDIT ISSUES

The committee members felt we should consider conducting appropriate checks only on newly hired employees as this would also reduce the cost. The Division of Human Resources incorporated the feedback and will re-present at the February Operations Committee meeting. Should the Operations Committee members approve, the changes will be presented at the next BOT Board meeting in March for approval and implementation. If the committee determines that the policy should not be changed, we will continue to operate under the current policy, and this audit item will be closed.

New Target Date: March 31, 2009

Review of Management's Actions to Prior Audit Recommendations
--

1. Audit Issue: **User Access Management** (Recommendation #1.3)
Status: Partially Implemented

Recommendation

Human Resources should work with UTS to develop a policy for locking the accounts of on-leave employees. This policy should include the handling of any exceptions to the policy as well as required documentation.

Action Plan to Complete:

Upon further review, it has been determined that removing access for employees who are on leave is not feasible. Many employees, depending on the type of leave granted, will continue to work remotely even when on an approved leave; therefore, automatically disabling access is not practicable. The Division of Human Resources has implemented a process by which supervisors will make the determination whether an employee should retain his/her computer access or if it should be temporarily disabled while on leave. The Division of Human Resources worked with UTS and developed procedures that will temporarily disable employee access if required by the employee's supervisor.

New Target Date: March 16, 2009

2. Audit Issue: **Excess of Expenses over Revenues** (Recommendation #2)
Status: Partially Implemented

Recommendation:

The Office of Sponsored Research Administration should ensure that all existing contracts and grants that have ended reflecting an excess of expenses over revenues are collected.

Action Plan to Complete:

Twenty-five projects remained open to allow for the collection of outstanding receivables or to determine the disposition of the cash balance. Each project is currently being processed for inactivation/closure, which will be completed by March 15, 2009.

New Target Date: March 15, 2009

**FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT**

MANAGEMENT RESPONSES TO OUTSTANDING AUDIT ISSUES

3. Audit Issue: **Excess of Revenues over Expenses** (Recommendation #3)
Status: Partially Implemented

Recommendation:

The Office of Sponsored Research Administration should ensure that contracts and grants reflecting an excess of revenues over expenses be verified and properly closed out with funds transferred out for other uses or reimbursed to the granting agency, as appropriate.

Action Plan to Complete:

Twenty-five projects remained open to allow for the collection of outstanding receivables or to determine the disposition of the cash balance. Each project is currently being processed for inactivation/closure, which will be completed by March 15, 2009.

New Target Date: March 15, 2009

Audit of University Minor Construction Projects
--

1. Audit Issue: **Contractor Selection Process** (Recommendation #1.1)
Status: Not Implemented

Recommendation:

We recommend that Facilities Management implement written procedures for administration of minor construction projects that include selecting contractors, requesting and receiving proposals, and maintaining documentation.

Action Plan to Complete:

The department contracted a qualified independent firm to conduct an overall assessment and action plan for the construction group that would include drafting a single procedure manual. The search process started in early 2008, and the qualified firm was contracted in November 2008. The scope of work with the consultant included development of a comprehensive “field guide” for minor construction projects. The construction and operations groups worked with the contractor to develop a preliminary draft in December 2008 that was subsequently revised in January 2009. A final draft is expected by late February 2009. The department expects to publish the field guide in March 2009 with initial implementation beginning March 15, 2009.

New Target Date: March 15, 2009

2. Audit Issue: **Oversight of Minor Construction Projects** (Recommendation #4)
Status: Partially Implemented

Recommendation:

In order to administer minor construction projects properly, we recommend that Facilities Management should implement a more reliable tracking system for monitoring and reporting. The data for the minor construction projects should be complete, updated and accurate.

**FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT**

MANAGEMENT RESPONSES TO OUTSTANDING AUDIT ISSUES

Action Plan to Complete:

The department continues to build and implement the database. At this point, the database includes a time and effort tracking system used to properly allocate construction service reimbursement charges. Full implementation of this component began in July 2008 and is functioning adequately. To assure consistent financial data, the development strategy is to download construction financial data directly from PantherSoft into the database. Because of the importance of the upgrade to PantherSoft 9.0 scheduled for July 2009, developing the automated interface must logically follow the implementation of the 9.0 upgrade. This recommendation has been partially implemented with a revised target date of December 15, 2009 for full financial integration.

New Target Date: December 15, 2009

3. Audit Issue: **Decentralized Project Filing System** (Recommendation #6)

Status: Not Implemented

Recommendation:

We recommend that Facilities Management establish written procedures that improve the maintenance and availability of project files for minor construction projects. These files should be organized and maintained in a central location.

Action Plan to Complete:

The written procedures will be published in the "field guide" being implemented in March 2009. All newly completed minor projects are being collected monthly for centralized filing.

New Target Date: March 15, 2009

Allegations Against the Southeast Environmental Research Center (SERC)

1. Audit Issue: **Employee Classification** (Recommendation #3.2)

Status: Partially Implemented

Recommendation:

We recommend that Human Resources evaluate the classification of SERC employees and accuracy of position descriptions.

Action Plan to Complete:

The issues from this audit finding impacted a specific group of staff positions. The Compensation Administration staff met with department heads and is in the process of reviewing position descriptions and will make the recommended changes accordingly.

New Target Date: March 16, 2009

**FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT**

MANAGEMENT RESPONSES TO OUTSTANDING AUDIT ISSUES

Audit of the College of Arts & Sciences Environmental Studies Department (EVR)

1. Audit Issue: **Mutilated Vendor Receipts** (Recommendation #4)
Status: Not Implemented

Recommendation:

We recommend that the Dean's Office work with EVR to recover \$155 inappropriately paid to the former Office Assistant and review reimbursements to the former Office Assistant prior to our audit period and recover any inappropriate payments identified.

Action Plan to Complete:

The College of Arts & Sciences will review reimbursements to the former Office Assistant prior to July 1, 2007 and confer with the Office of General Counsel to determine if FIU endorses taking legal action against the former Office Assistant to recover \$155 of inappropriate reimbursements made to her using mutilated vendor receipts.

New Target Date: February 28, 2009

2. Audit Issue: **Property Accountability** (Recommendation #7.2)
Status: Not Implemented

Recommendation:

We recommend that EVR establish a proper procedure for tracking its tangible assets.

Action Plan to Complete:

The laboratory manager and the office manager will maintain a property list on a shared drive that will identify property by account number and project ID.

New Target Date: February 28, 2009

3. Audit Issue: **Oversight and Legal Action** (Recommendation #9)
Status: Partially Implemented

Recommendation:

The results of this audit disclosed that there were several financial irregularities at EVR, including unaccounted for books, missing tangible assets, and improper reimbursements using mutilated receipts. Since EVR is mainly staffed with faculty members whose primary concern is teaching and conducting research, we recommend that the Dean's Office closely supervise and monitor EVR financial operations and consult with the Office of the General Counsel the possibility of bringing legal action against the former Office Assistant.

Action Plan to Complete:

The College of Arts & Sciences will confer with the Office of General Counsel to determine if FIU endorses taking legal action against the former Office Assistant to recover inappropriate payments, unaccounted for books, and missing tangible assets.

New Target Date: February 28, 2009

**FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT**

MANAGEMENT RESPONSES TO OUTSTANDING AUDIT ISSUES

State Auditor's Operational Audit
--

1. Audit Issue: **Information Technology – University Governance** (Finding No. 12)
Status: Partially Implemented

Recommendation:

There was a need for improved University-level governance of the PeopleSoft financials system and the enterprise data contained therein.

Action Plan to Complete:

The Media Sanitation policy is under review in the Office of the General Counsel. Expected presentation date is March 9, 2009. The Data Retention policy is still in development and the expected presentation date is June 9, 2009.

New Target Date: June 9, 2009

2. Audit Issue: **Information Technology – Application Environment and Support Function** (Finding No. 13)
Status: Partially Implemented

Recommendation:

University management should strengthen controls surrounding its enterprise information resources and systems in some areas.

Action Plan to Complete:

Policies are under review in the Office of the General Counsel. Expected presentation date is March 9, 2009

New Target Date: March 9, 2009

**FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT**

TRAINING AND SEMINARS UPDATE

The following is an update on continuing professional education (CPE) obtained by each auditor through February 2009. Internal auditors are required to enhance their knowledge, skills, and other competencies through CPE. Below is a recap of completed CPE hours for the current fiscal year by each auditor.

	<u>CPE Hours</u>
Pyong Cho	14 hours
Manuel Sanchez	13 hours
Albert Mayungbe	9 hours
Tenaye Arneson	5 hours
Hector Machado	8 hours

DATE	ATTENDED SEMINARS	HOURS	AUDITOR
07/10, 08/21/08	Ethics Point Webinar	2	Manuel Sanchez
07/10, 10/31, 08/13/08	Ethics Point Webinar	3	Pyong Cho
07/10, 07/31, 08/13/08	Ethics Point Webinar	3	Tenaye Arneson
08/13, 08/21/08	Ethics Point Webinar	2	Albert Mayungbe
08/28, 09/24, 10/08, 12/09/08	KPMG Webinar	4	Pyong Cho
08/28, 09/24, 10/08, 12/09/08	KPMG Webinar	4	Manuel Sanchez
09/11/08	PeopleTools 8.49	1	Manuel Sanchez
09/18/08	Paisley.Webex.com	1	Manuel Sanchez
09/24, 10/01, 10/08/08	KPMG Webinar	3	Albert Mayungbe
10/08/08	KPMG Webinar	1	Tenaye Arneson
10/29/08	Florida Institute of CPA's	4	Manuel Sanchez
10/29/08	Florida Institute of CPA's	4	Pyong Cho
10/29/08	Florida Institute of CPA's	4	Albert Mayungbe
11/06/08	Bisk Education	1	Tenaye Arneson
12/02/08	ACFE Webinar	1	Manuel Sanchez
12/18/08, 01/29/09	CPE Link	3	Pyong Cho
01/30/09	ISACA Seminar	8	Hector Machado

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
30 March 2009

SUBJECT: SPONSORED RESEARCH REPORT

PROPOSED COMMITTEE ACTION

None. Discussion Only.

BACKGROUND INFORMATION

Andres Gil, VP of Sponsored Research, will report on activities of the Office of Sponsored Research since the September meeting of the Committee.

EXHIBITS/SUPPORTING DOCUMENTS: ■ Office of Sponsored Research Report

FACILITATOR/PRESENTER: ■ Andres Gil

This page intentionally left blank

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

RESEARCH AND UNIVERSITY GRADUATE SCHOOL

**OFFICE OF SPONSORED RESEARCH ADMINISTRATION
REPORT THROUGH FEBRUARY 2009**

I. Introduction

In this semiannual report to the Board of Trustees, we focus on three areas. First, we present an [overview of sponsored research](#) applications, awards and expenditures¹ over the first seven months of the fiscal year and compare these to the same period of the prior fiscal year. Second, we report on [quality of service issues](#), including progress with our second annual customer service survey, continued progress in the implementation of electronic grant submission systems and the PeopleSoft Grants Suite, the process of embedding OSRA personnel in Colleges and new efforts in research development. Third, we report on several [research initiatives](#), including cluster hiring initiatives, research development plans and research space allocation.

We are transforming the Sponsored Research report presentation with the goal of providing information in a manner that will better assist the evaluation of sponsored research performance throughout the University. Two important changes reflected in this report are noteworthy. First, data on awards and expenditures for Colleges reflect the performance of College research faculty assigned to Centers and other Units. Thus, for example, awards and expenditures for a Principal Investigator from the Southeastern Research Center (SERC) and the department of Biology would be reflected in the values for the College of Arts & Sciences, as well as SERC. However, there is no double counting in the total values. We believe that this approach allows for a better understanding of the performance of the colleges as well as the centers. Second, we provide award data by key University strategic areas (e.g., health, environment, etc.) as well as by academic areas (e.g., Arts & Humanities, Social Science, Engineering, etc.).

In the following tables and figures, Fiscal Year (FY) covers July through January, except in Table 3—Expenditures, which covers the period of July through December.

II. Sponsored Research Overview

Awards: [Table 1](#) presents data comparing new awards during the first seven months of FY 2008 and FY 2009. The overall growth in awards was 30.8%, and the effective indirect rate increased from 16.81% to 20%. In terms of colleges, the College of Engineering and Computing had the largest increase in awards (99%), followed by the College of Medicine (82%), the College of Architecture and the Arts (63%) the College of Public Health and Social Work (60%) and the College of Arts & Sciences (32%). Three colleges had a decrease in awards: Business Administration (29%), Nursing and Health Sciences (28%) and Education (26%). [Figure 1](#)

¹ The period covered in Table 3—Expenditures, is six months (July through December).

provides a graphic representation of the awards by College. [Figure 2](#) shows the Effective Indirect Rate by College.

[Figures 3, 4](#) and 5 illustrate awards by strategic areas for the first seven months of FY 2008 and FY 2009. Figures 3 and 4 show the areas by amount of funding and [Figure 5](#) illustrates changes in the proportion of funding by area. Most notable is the increase in awards focusing on health-related research (26.4% of total funding in 2009 vs. 16.8% in 2008 [see [Figure 5](#)], and a doubling of funded dollars from \$6.8M to \$13.9M). There were also notable increases in the funding for international-related research (from \$7.7M to \$9.3M) and environmental/international research (from \$1.2M to \$4.9M).

[Figures 6, 7, 8](#) and [9](#) illustrate new award funding by various traditional academic areas. It is important to note that distinction in these areas is not always self-evident. For example, there is much social science research that focuses on health, and there may be educational research that focuses on health. Similarly, there may be social science research with a law or legal focus.

Finally, funding from the State of Florida has proportionally decreased, while funding from federal as well as private and other sources has slightly increased (see [Figure 10](#)).

Scientific Highlights from New Awards: Below we highlight ten projects associated with awards received by FIU research faculty during the first seven months of FY 2009. This is only a small sample of the exciting research currently taking place at FIU. The breadth of research ranges from health-related factors such as Hepatitis and HIV, to the treatment of anxiety for children, to parental intervention to reduce risky sexual behaviors among youth, as well as environmental research focusing on water ecosystems and global warming.

- 1) Funded by NIH: Co-infection with Hepatitis C (HCV) is becoming the main cause of death in HIV-infected patients in the United States. Among drug users, the proportion of HIV/HCV co-infection is 50%-90%. HCV infection leads to liver fibrosis, cirrhosis, end-stage liver disease, and hepatocellular carcinoma. This observational study is proposed to determine the association of oxidative stress and antioxidant status with HIV/HCV co-infection and progression of liver disease to provide the basis for potential future adjuvant therapies to reduce oxidative stress and suppress or delay fibrogenesis in HIV/HCV coinfecting patients (*PI: Marianna Baum, School of Public Health and Social Work*).
- 2) Funded by NSF: The ultimate goal of the project is to discover a process that can be used to recharge hydrogen fuel cells as an on-board energy source. This project will take advantage of the state-of-the-art high-pressure facilities at the National Synchrotron Light Source and the Los Alamos Neutron Science Center. Collaborators are from multiple universities and labs, including Stony Brook University, Stanford, Los Alamos National Lab, and Brookhaven National Lab (*PI: Jihua Chen, College of Engineering and Computing*).
- 3) Funded by NIH: The study examines social psychological factors impacting sexual behavior as well as dimensions of parenting during adolescence that are predictive of sexual risk

taking behavior during both adolescence and young adulthood for Latino youth. The analysis is grounded within the construct of acculturated parenting, which empirically identifies if a given parenting behavior is more typical of the culture of the country of origin or if it is more typical of the host culture. This contextualization has implications for how parenting programs, designed to reduce sexual activity, are framed to Latino parents. The research also compares the differential impact of parenting variables on adolescent sexual risk taking behavior as a function of Latino subgroup and explores differences in mediators of parental influence. The research will inform the development of interventions aimed at Latino parents to help them reduce sexual risk taking behavior on the part of their adolescent children and to help their children transition to healthy lifestyles during young adulthood (*PI: James Jaccard, College of Arts & Sciences*).

- 4) Funded by NASA: *WaterSCAPES: Science of Coupled Aquatic Processes in Ecosystems from Space* focuses on an integrated set of research and education activities centered on the coupled interaction between the hydrologic cycle and vegetation dynamics at the scale of ecosystems, analyzing the spatial temporal changes of this interaction and determining the influence of these changes on water cycling, vegetation structure, biomass dynamics and biodiversity (*PI: Fernando Miralles, College of Engineering and Computing*).
- 5) Funded by NSF: The project will fill the large gap in our understanding of physiological processes of arctic tundra vegetation during the cold season, and determine how these physiological processes contribute to the carbon dynamics of the ecosystem under current environmental conditions and scenarios of climate warming. This study is directly relevant to components of the US Global Change Research Program, which seeks to better quantify North American land carbon exchange and processes controlling its dynamics. The novel aspects of this research include a unique combination of approaches used to address cold season plant physiology, carbon acquisition under snow, carbon turnover, sources of water for the plants during the cold season, mortality, and respiration rate sensitivity to predicted changes in temperature. The results will lead to new insights into plant physiology and carbon dynamics of two tundra ecosystems during the cold season (*PI: Steven Oberbauer, College of Arts & Sciences*).
- 6) Funded by NSF: The proposed experiments with coherent prepared atoms in free space and in a cavity will lead to discoveries of new phenomena and contribute to the advancement of fundamental quantum optics and nonlinear optics at ultra-low light intensities. It will also lead to the development of new techniques to control the quantum states of atoms and photons, which will be useful for applications in quantum measurements and quantum information network. Studies of nonlinear optics at ultra-low light levels will be useful for photonics applications and optoelectronics devices such as quantum light switches and quantum phase gates (*PI: Yifu Zhu, College of Arts & Sciences*).

- 7) Funded by NIH: This project consists of a mediation-outcome research study evaluating the specificity, mediation, and treatment outcome enhancement of parent involvement for reducing anxiety disorders in children (*PI: Wendy Silverman, College of Arts & Sciences*).
- 8) Funded by NIH: The purpose of this study is to describe the experience of parents whose infant/child died in the NICU/PICU and the impact of the death on parent grief, mental health, personal growth, and family functioning during the first year after the death (*PI: JoAnne Youngblut, College of Nursing and Health Sciences*).
- 9) Funded by NSF: This long-term academic program prioritizes direct integration of science and education. It is structured around three goals: 1) *Conceptual ecological context*—to provide new insights into effects of aquatic ecosystem fragmentation through the development of novel approaches to the study of population- and community-wide aspects of food web structure; 2) *Grassroots environmental problem solving* —to actively engage students and the public through a series of grassroots tidal creek restoration projects, and to use these ecosystem-scale manipulations to integrate hypothesis-driven testing of ecological concepts with hands-on learning experiences, and 3) *Unique educational opportunities*—to provide unique educational opportunities for students and the general public, emphasizing opportunities for minorities underrepresented in scientific fields (*PI: Craig Layman, College of Arts & Sciences*).
- 10) Funded by NSF: NSF CREST Center for Innovative Information Systems Engineering brings together a multidisciplinary group of researchers, large-scale collaborative relationships, and a broad ecosystem of partners to perform research that will lead to information technologies that help to solve critical societal problems of national priority. In addition to training students, the Center will focus on four research projects: 1) *Effective Access to Complex Multimodal Data with Applications in Disaster Mitigation* will focus on developing effective techniques for managing and providing access to data that varies in type, source, location, time, and certainty by addressing storage optimization, data management, indexing and search, query techniques, and data presentation; 2) *Integrated Approach to Information Processing in Neuroscience* focuses on an integrated imaging/signal processing approach that will result in comprehensive views of the human brain in greater depth and detail through faster, affordable, more effective, and less invasive methods; 3) *Human Computer Interaction for Universal Access* has a long-term goal of enabling any prospective computer user to interact with computer-based systems, regardless of their disability status and regardless of the interaction challenges derived from the context in which the interaction is taking place, and 4) *Complex System Modeling, Analysis, and Realization* will focus on essential methodologies for modeling complex systems, a unified underlying semantic model, fundamental methods for compositional model analysis, and model-driven engineering technologies (*PI: Yi Deng, College of Engineering and Computing*).

Applications: [Table 2](#) and [Figure 11](#) show funding data on applications by colleges and other major centers and units. There has been an overall increase of 3.26% in the amount of funding being requested, and the indirect rate of applications has increased from 19.4% to 29.8%. However, evaluating application performance based on changes in funding presents challenges because one or two large grant applications in a given year can produce a misleading picture of progress. For example, the large decrease for the International Hurricane Center and the College of Medicine is because during FY 2008 each of these units applied for the State's Center of Excellence competition, \$10M proposal for each. A better barometer of applications and proposed research activities is the number of applications. [Figure 12](#) shows that the overall number of applications increased by 9.7%, with the Colleges of Engineering and Computing, Public Health and Social Work, and Medicine showing increases; Arts & Sciences remaining steady, and Nursing and Health Sciences and Education showing declines. It is also important to note that any changes by unit should not be judged on a single period. Grant application activities tend to be cyclical with the work of the research faculty, and thus with smaller units changes can "swing" dramatically.

Expenditures: [Table 3](#) presents Expenditure comparisons between FY 2008 and FY 2009. As of December 2008, expenditures were 10.75% below the previous year's period. By the end of January 2009, the difference had declined to 8.57%. A reduction in expenditures for FY 2009 is expected given that awards were 19% lower in FY 2008 compared to FY 2007. Given such decline, the current decrease is not as high as might have been expected. This may be related to already ongoing expenditures with the increase in awards this fiscal year.

We remain optimistic that FIU will again achieve the \$100M threshold in expenditures. The reasons for this are that:

- We expect expenditures to continue to increase during the remaining months of this fiscal year.
- Expenditures from the International Hurricane Research Center's Center of Excellence award have not been included yet.
- The higher indirect rate (42%) will produce higher expenditures based on the differential of the effective indirect rate and the new full rate.

III. Quality of Service

Setting up New Award Accounts: A specific quality of service area in which the Research Office has focused efforts pertains to the timing of setting-up accounts and budgets for incoming grants and contracts. This is an important service component given the time constraints associated with all grants and contracts.

Two and one half years ago, we began with the goal to have the accounts set-up for 80% of all awards within 5 working days of receiving the award, and 95% within 10 working days. However, it soon became evident that contracts tend to include negotiations that make it difficult to predict the timing of finalizing budgets and account set-up. As a result, in May 2007 we began to track grant and contracts separately. Our present goal is to complete the budget and account set-up for 75% of grants and 60% of contracts within 5 working days ([Figure 13](#)), and to complete more than 90% of grants and 80% of contracts within 10 working days ([Figure 14](#)). In

order to achieve these goals, we estimate that the average number of working days it takes to set-up accounts and budgets should be near or below five.

Improvements in the proportion of grants for which accounts have been set-up within five (5) working days can be seen in [Figure 13](#). Since May 2007, we have been near or surpassed the goal of 75% for grants for eleven out of 19 months, but need additional improvements to achieve this goal consistently. As for contracts, there is a clear trend of improvements, and for seven out of the last eight months we have achieved or surpassed the goal of 60%.

[Figure 14](#) illustrates improvements in the timing of setting-up accounts within 10 working days. We have achieved or approximated our goal with new grants since May 2007 and with contracts since December 2007. The improvements achieved in setting-up new accounts are perhaps best illustrated by the reduction in the average days it takes to set-up accounts (see [Figure 15](#)). We expect performance in this area to improve further with the implementation of PeopleSoft Grant Suite.

PeopleSoft Grants Suite Progress: The University is in the process of implementing the PantherSoft Financials Grants Suite. This project will implement a complete web-based solution for grants management. The Grants Suite includes the following five modules: Contracts, Grants, Project Costing, Billing and Accounts Receivable.

The PantherSoft Grants team has completed the design phase of this project and is currently in the initial stages of the test phase. The test phase will require the development of testing scripts and scenarios that will identify system errors and inefficiencies. The test phase has four different testing cycles—Unit, System, Integration and User Acceptance testing—that will last all the way prior to implementation. With each cycle, we are striving to eliminate system errors, ensure seamless integration and the delivery of the optimal grants management system.

New reports, new interfaces and new functionality are being developed to utilize the system to its fullest capabilities. Additionally, the team is documenting business processes and developing a training strategy to make the new tools available and to encourage utilization.

Based on the current analysis and business users' feedback, the tentative go-live date is July 13, 2009.

InfoEd Progress: The OSRA staff has been progressing on the systematic roll out of the InfoEd Proposal Development Module (PD). PD has been implemented and is currently being used in the College of Public Health and Social Work, The Wolfsonian and The Metropolitan Center. As of this update, the staff has met with the Research Administrators at the College of Nursing and Health Sciences, College of Engineering and Computing, College of Architecture and the Arts, College of Education and the College of Business to implement PD at their respective units. Training of the end users (administrators and faculty) is being arranged and conducted at the college level with the coordination of each individual unit. We will continue to move forward with the roll out of the PD module to the remaining units in order to have the system in place institution-wide by Spring 2009. We will use the embedding of OSRA staff into colleges (see below) as a means to support the implementation of InfoEd in each of the colleges. The primary reason for implementation of InfoEd is the requirement by federal agencies for electronic submission of grant applications. Other benefits of InfoEd's PD include: 1) electronic processing for the review and approval of grant submission, 2) ability of research faculty to maintain

information in the system for subsequent grant applications, and 3) ability to transfer grant application information into new PeopleSoft Grants Suite once grants are awarded.

Embedding OSRA in Colleges: As part of our ongoing mission to improve services to the faculty at the college level, a member of the Pre-Award and Post-Award teams will visit the colleges for several hours each week. The length of time will vary by size and needs of each college, but could range from 4 to 8 hours each week.

- The services the OSRA team will provide include:
 - ✓ Training college research support personnel.
 - ✓ Forging closer working relationships with faculty members.
 - ✓ Coordinating the start-up of grants with University units that influence the functioning of sponsored research projects (e.g., HR, purchasing, environmental health & safety, general counsel, etc.).

We will begin deployment of the Pre-Award team in April once expected grant application activity associated with the Federal Stimulus Package subsidies. This team will generally assist college research support personnel with proposal tracking, proposal development, as well as guidance and assistance with the various sponsor electronic systems for proposal submission. In addition, the Pre-Award team will have two specific features. One is the implementation of an OSRA Training Program provided on a monthly basis, with college research support personnel required to attend specifically determined sessions. The other is a Sponsored Project Kickoff Meeting, whereby Pre-Award staff and college research support staff will meet with the Principal Investigator and complete a Grant Initiation Checklist. The checklist will assist the Principal Investigator and college support staff in the identification and anticipation of challenges and needs that will arise for specific projects.

It is anticipated that the Post-Award team will begin working with the colleges by Fall 2009. The team will be involved with providing training and support regarding on the functionalities of the PeopleSoft Grants Suite and will train and support PIs on obtaining reports to be able to manage project budgets. The Post-Award team will also host a PeopleSoft “Open Lab” once a week (10 am-12 noon and 1-4 pm) for faculty members or college support staff experiencing difficulties managing their projects with PeopleSoft. The reason for the later deployment of the Post-Award team is to wait until the final implementation of the PeopleSoft Grants Suite and to complete internal OSRA training in this new system.

Summary of Annual Customer Survey: OSRA has completed a second annual Customer Survey. Results from the 2007 Survey have been analyzed and have informed many of the plans related to embedding OSRA staff in colleges and research development activities. Data analysis for the 2008 survey has been completed, and a full report for both surveys will be published by the end of April 2009.

IV. Research Initiatives

New Efforts in Research Development: The Research Office continues the focus on improvement of services and grant management in the near term. In addition, we foresee restructuring within OSRA as a response to the needs of a more Research Intensive University, with a growing and more complex research portfolio. We are working on:

- The development of a robust research integrity and compliance unit that is commensurate with the needs of a Research Intensive University.
- Greater focus on research development activities in support of research efforts throughout the University. A mature Research Intensive University requires a Research Office that engages in research development, in addition to providing support with budget, financials, pre-award, post-award, intellectual property, and research compliance. We expect OSRA to have a greater engagement in supporting start-up packages for new research faculty, collaborating with cluster hiring, and providing greater support for mentoring of faculty engaging in sponsored research.

Specific Ongoing Research Development Activities:

- Designating one position to organize and manage research development activities by April 2009.
- Overhauling the OSRA website to include:
 - Tools for preparation of grant applications to specific sponsoring sources (e.g., NIH, NSF, DoD, and USAID).
 - Tools for accessing research experts within and outside FIU.
 - Workshop and trainings for new FIU faculty.
 - Internal funding for preparation of external sponsored grant applications, as well as for bridge funding.
 - Internal and external grant application review mechanisms.
- Modifying the Faculty Research Awards to include training and mentorship for grant preparation. OSRA has been working with the Faculty Senate's Research, Scholarship and Creative Activities Committee on these modifications. We have already engaged outside experts to come to FIU and provide grant preparation workshops focusing on NIH and NSF.
- Cluster Hiring.

Cluster Hiring Initiatives: During the past year, in collaboration with Deans, we have begun a Cluster Hiring Initiative. The Office of Research has committed resources to provide start-up funds for possible Cluster Hires. Cluster hiring is a process by which faculty are recruited in groups built around common research and academic themes. Universities have utilized this strategy to build areas of strength in research and education, and well as to initiate new areas of research and scholarship. While it is important to maintain and build on our strengths in core disciplines, we also must facilitate cross-disciplinary work if we aspire, as an institution of higher learning, to be at the forefront of research, scholarship and creative activities. That is the main goal of the Cluster Hiring Initiative. The initiative also will enhance cross-disciplinary student learning and benefit our local and state economy.

Additionally, cluster hiring affords a means of advancing the university in strategically targeted areas. This approach maximizes the opportunity to propel programs into national and international prominence. The Cluster Hiring Initiative has been developed to support the expansion of knowledge that is arising, increasingly, in areas that depend crucially on more than one discipline.

The basic assumption is that clusters will be in areas identified in Research Strategic plans by Deans and the University. The University's goal is to successfully complete one or two cluster hires each year for the next 3-5 years. A Cluster will have the following characteristics:

- It will consist of the simultaneous hiring of two or more individuals with overlapping research interests.
- The cluster must consist of at least two (2) senior researchers with proven track records of outstanding scholarly productivity and grantsmanship in excess of \$500,000 per year that is transferable to FIU.

Currently, we are working on the recruitment of a cluster hire that would function across Engineering and Medicine in the area of biomedical nano-sensors and devices, and on a second cluster in Arts and Sciences that would expand health disparities research in mental health and substance abuse across Psychology, Social Work, Public Health and Child and Adolescent Psychiatry. Despite the serious challenge of the ongoing budget cuts, it is essential that we continue to focus on research and intellectual growth. The goal is to emerge from these challenging financial times well positioned to be a leading urban research university.

Research Space Allocation: Research space is a precious and finite resource, although space is allocated to the faculty and specific users, all space is a University resource. No research lab is assigned on a permanent basis to a faculty member. Given that research space is of finite quantity, and must therefore be allocated and managed to ensure its productivity, the University developed a Research Space Allocation Matrix. During the past seven months we have continued with efforts to implement this research utilization matrix, which assigns research laboratory space based on a formula that includes the following variables: a) direct sponsored research funding, b) indirect rate, c) graduate student thesis and dissertation credits, d) faculty member status (i.e., tenured or tenure track Assistant, Associate and Full Professor), and e) type of research. Through these efforts, we have accomplished the following:

- Identified research space utilization throughout the University. These data will be incorporated into a centralized space data system through Academic Affairs.
- Designated lab space for five new College of Medicine research faculty members, three College of Arts & Sciences faculty members who joined FIU in 2007 and 2008 but had no research labs, and two faculty members from the Stempel School of Public Health and Social Work, who joined the faculty in 2008 but lacked research labs.
- In addition to the renovation of labs for recent hires, other research labs have been vacated and will be renovated for the expected hiring of research faculty this upcoming fall semester.

Table 1 - Comparison of Awards Received Between FY 2008 and FY 2009

College/School/Center/Division	JULY - JANUARY 2008			JULY - JANUARY 2009			% change
	Direct	Indirect	Total	Direct	Indirect	Total	
Academic Affairs	\$95,022	\$2,979	\$98,001	\$0	\$0	\$0	-100.00%
Applied Research Center (ARC)	\$1,968,994	\$745,594	\$2,714,588	\$2,010,861	\$643,395	\$2,654,256	-2.22%
International Hurricane Research Center (IHRC) ¹	\$2,028,708	\$193,327	\$2,222,035	\$1,660,340	\$366,708	\$2,027,048	-8.78%
The Wolfsonian Museum	\$928,401	\$32,326	\$960,727	\$1,016,544	\$5,870	\$1,022,414	6.42%
Undergraduate Studies	\$0	\$0	\$0	\$54,750	\$0	\$54,750	100.00%
University Libraries	\$0	\$0	\$0	\$105,729	\$23,448	\$129,177	100.00%
Frost Arts Museum	\$4,350	\$0	\$4,350	\$193,729	\$0	\$193,729	4353.54%
College of Architecture & The Arts	\$125,113	\$0	\$125,113	\$199,620	\$4,346	\$203,966	63.03%
College of Arts & Sciences	\$13,047,525	\$2,085,094	\$15,132,619	\$16,578,103	\$3,329,251	\$19,907,354	31.55%
Center for Transnational and Comparative Studies	\$9,575	\$0	\$9,575	\$158,125	\$9,249	\$167,374	1648.03%
Jack D. Gordon Institute for Public Policy and Citizenship Studies	\$566,900	\$45,352	\$612,252	\$13,889	\$1,111	\$15,000	-97.55%
Latin American and Caribbean Center (LACC)	\$784,137	\$45,694	\$829,831	\$2,245,206	\$265,299	\$2,510,505	202.53%
Southeast Environmental Research Center (SERC)	\$3,636,854	\$683,414	\$4,320,268	\$3,834,769	\$794,297	\$4,629,066	7.15%
Cuban Research Institute (CRI)	\$285,714	\$14,286	\$300,000	\$0	\$0	\$0	-100.00%
Metropolitan Center	\$463,759	\$45,871	\$509,630	\$438,292	\$110,266	\$548,558	7.64%
Center for Labor Research & Studies (CLRS)	\$49,821	\$3,779	\$53,600	\$75,861	\$8,139	\$84,000	56.72%
College of Business Administration¹	\$1,181,437	\$68,516	\$1,249,953	\$834,048	\$48,060	\$882,108	-29.43%
College of Education	\$3,192,008	\$284,678	\$3,476,686	\$2,355,041	\$228,027	\$2,583,068	-25.70%
College of Engineering & Computing	\$5,242,425	\$905,573	\$6,147,998	\$10,106,890	\$2,136,311	\$12,243,201	99.14%
College of Law	\$137,149	\$0	\$137,149	\$107,268	\$0	\$107,268	-21.79%
College of Medicine	\$501,948	\$171,416	\$673,364	\$956,298	\$267,262	\$1,223,560	81.71%
College of Nursing & Health Sciences	\$972,353	\$165,963	\$1,138,316	\$675,952	\$147,956	\$823,908	-27.62%

Table 1 - Comparison of Awards Received Between FY 2008 and FY 2009

College/School/Center/Division	JULY - JANUARY 2008			JULY - JANUARY 2009			% change
	Direct	Indirect	Total	Direct	Indirect	Total	
College of Public Health & Social Work	\$3,141,372	\$1,007,283	\$4,148,655	\$5,220,474	\$1,434,809	\$6,655,283	60.42%
Division of Finance & Administration	\$37,838	\$0	\$37,838	\$25,944	\$0	\$25,944	-31.43%
Division of Student Affairs	\$1,641,269	\$99,649	\$1,740,918	\$1,178,207	\$82,420	\$1,260,627	-27.59%
Division of University Advancement	\$182,036	\$0	\$182,036	\$86,402	\$0	\$86,402	-52.54%
School of Hospitality & Tourism Management	\$0	\$0	\$0	\$75,000	\$0	\$75,000	100.00%
School of Journalism & Mass Communication	\$128,875	\$21,133	\$150,008	\$147,856	\$53,224	\$201,080	25.40%
University Technology Services	\$994,567	\$91,150	\$1,085,717	\$948,656	\$56,344	\$1,005,000	-7.43%
CIARA	\$0	\$0	\$0	\$68,067	\$28,814	\$96,881	100.00%
TOTAL²	\$34,684,768	\$5,831,350	\$40,516,118	\$44,163,105	\$8,834,111	\$52,997,216	30.81%
Effective/average indirect cost rate	16.81%			20.0%			

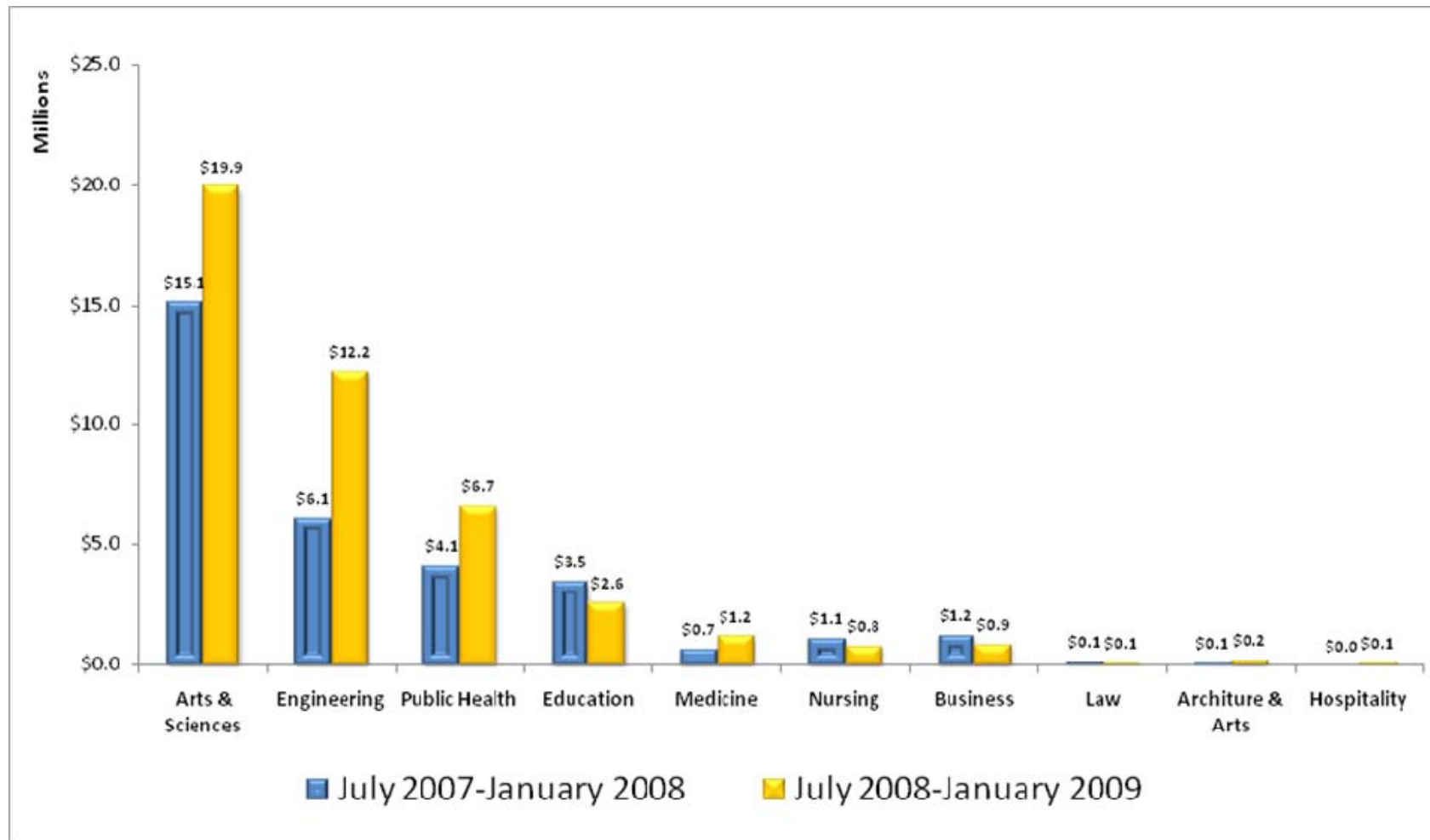
¹ Funding for Hurricane Loss Model (PI: Hamid) is included in IHRC and College of Business Awards

² Total excludes Centers/Institutes under the College of Arts and Sciences

[back to text](#)

Figure 1 - Awards by College—Change between FY 2008 and FY 2009

[back to text](#)



Note: Total Awards Increased by 30.8% (from \$40.5M to \$53M).

Figure 2 – Award Indirect Rate by College—Change between FY 2008 and FY 2009

[back to text](#)

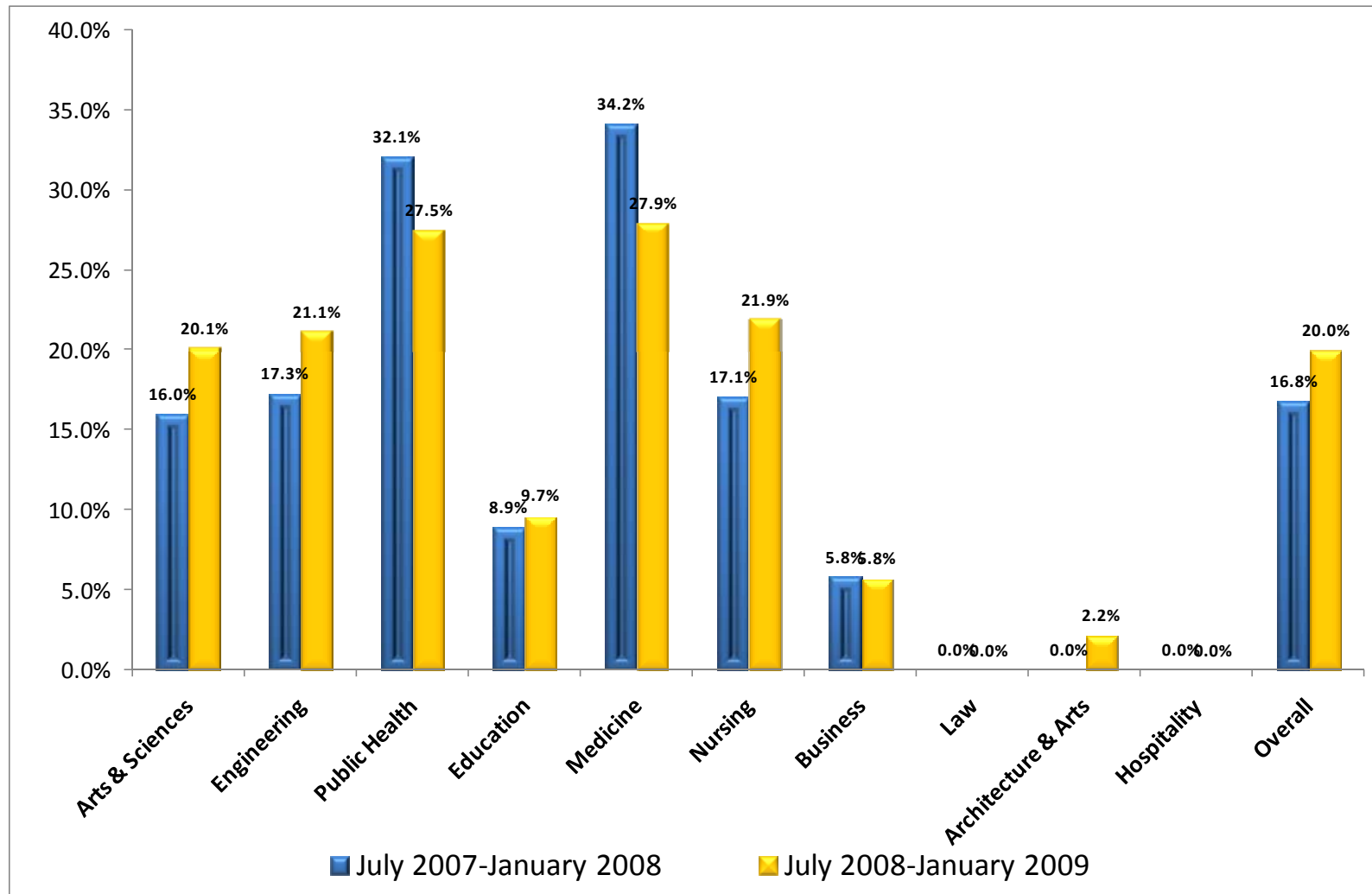


Figure 3 - Awards and Grants Allocations by Key Strategic Areas

[back to text](#)

July 2007 – January 2008

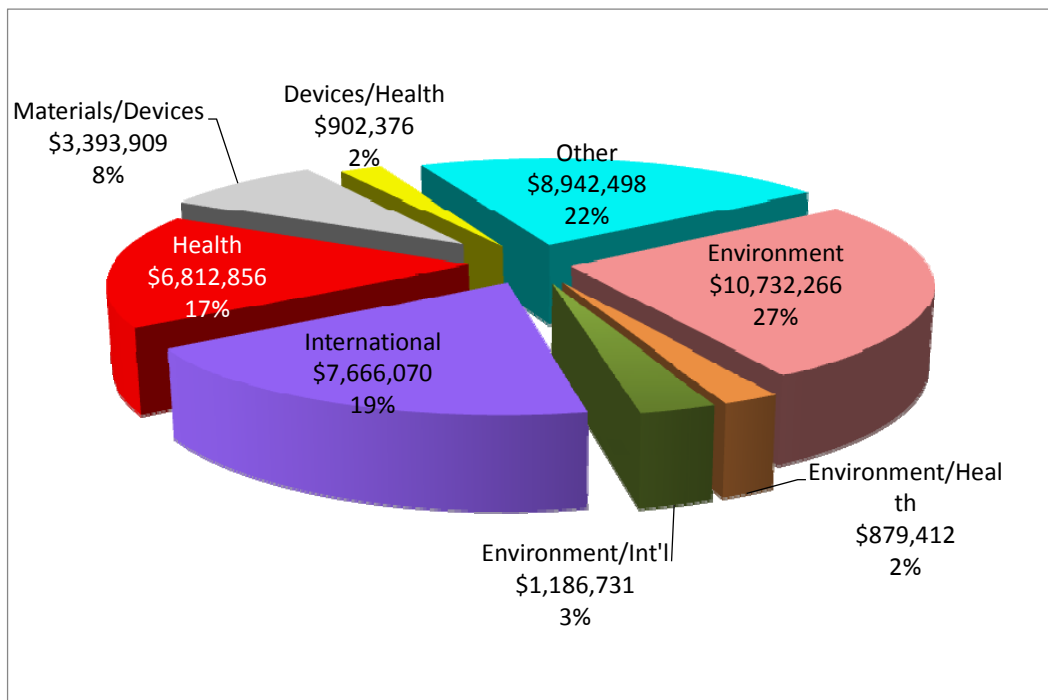


Figure 4 – Awards and Grants Allocations by Key Strategic Areas

[back to text](#)

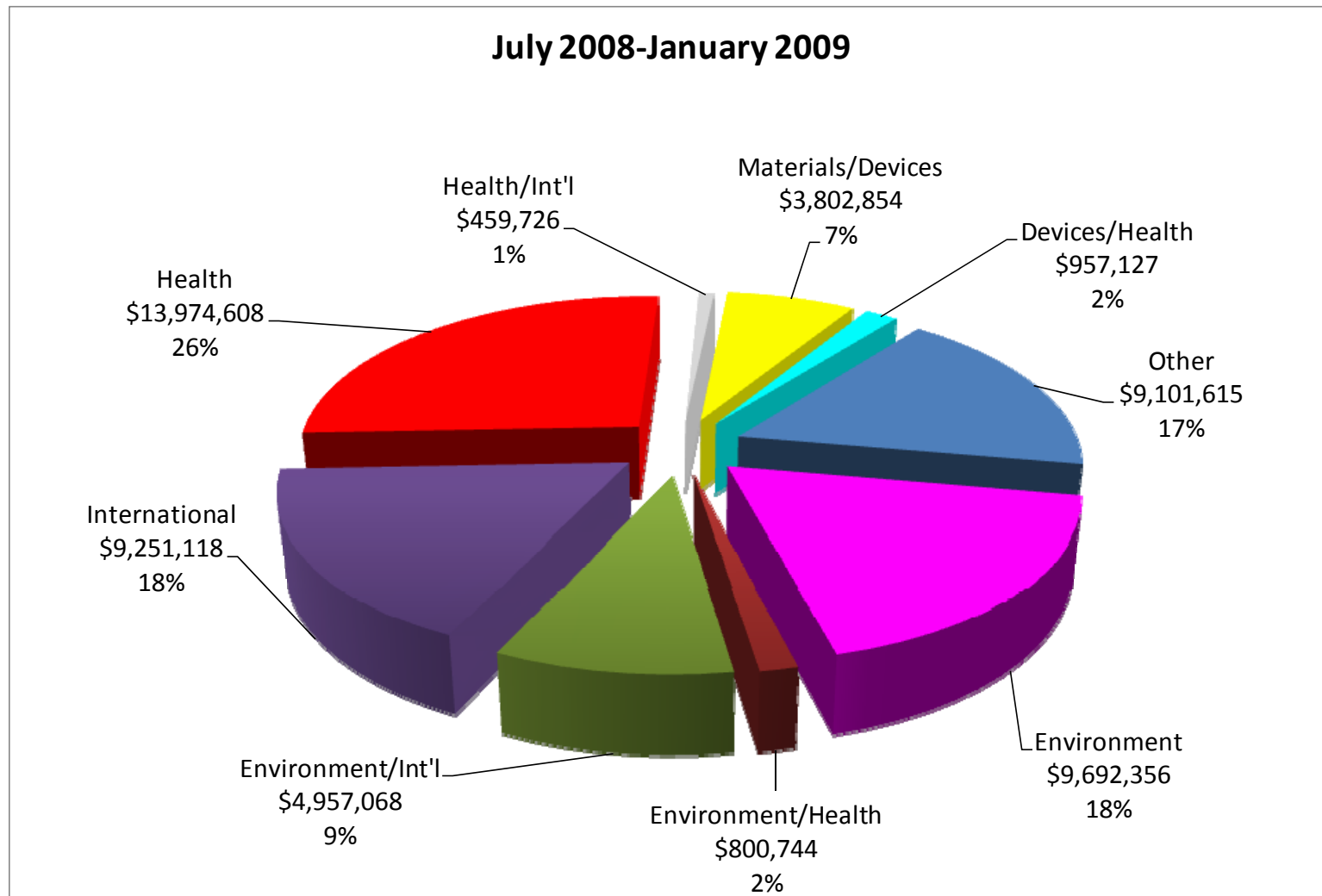


Figure 5 - Proportion of Award Funding by Key Strategic Areas—Change between FY 2008 and FY 2009

[back to text](#)

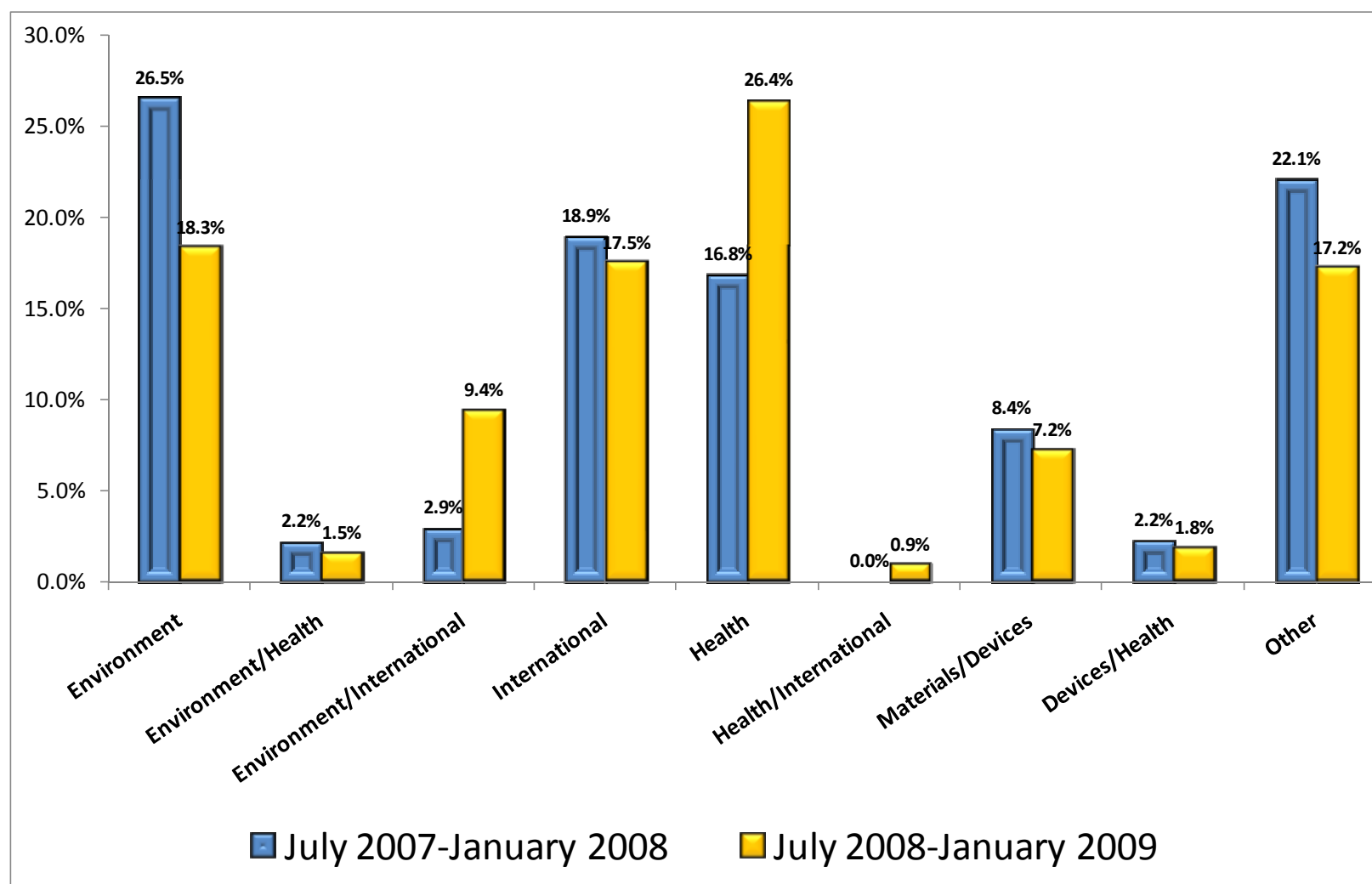


Figure 6 – Awards by Key Academic Areas

[back to text](#)

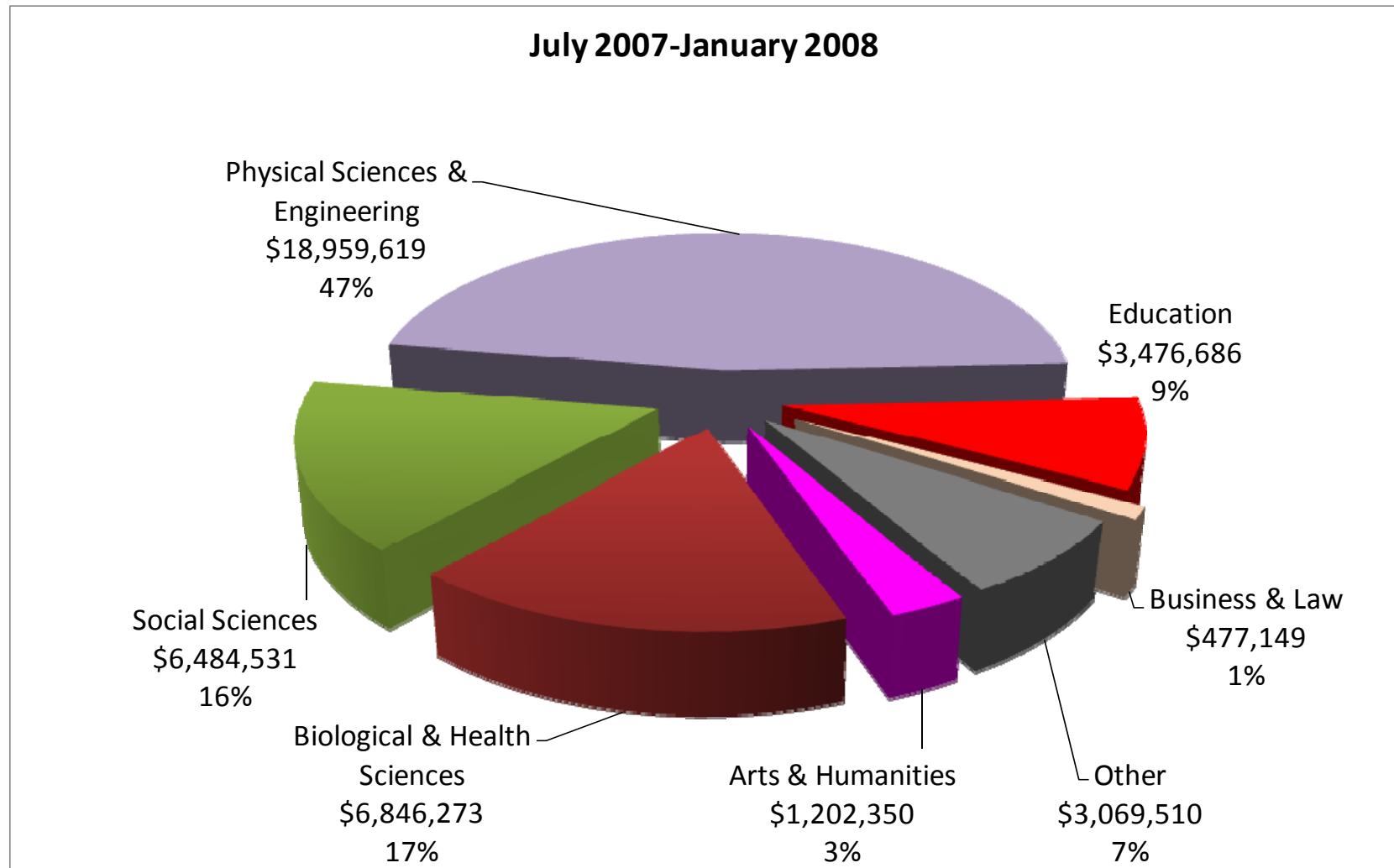


Figure 7 - Awards by Key Academic Areas

[back to text](#)

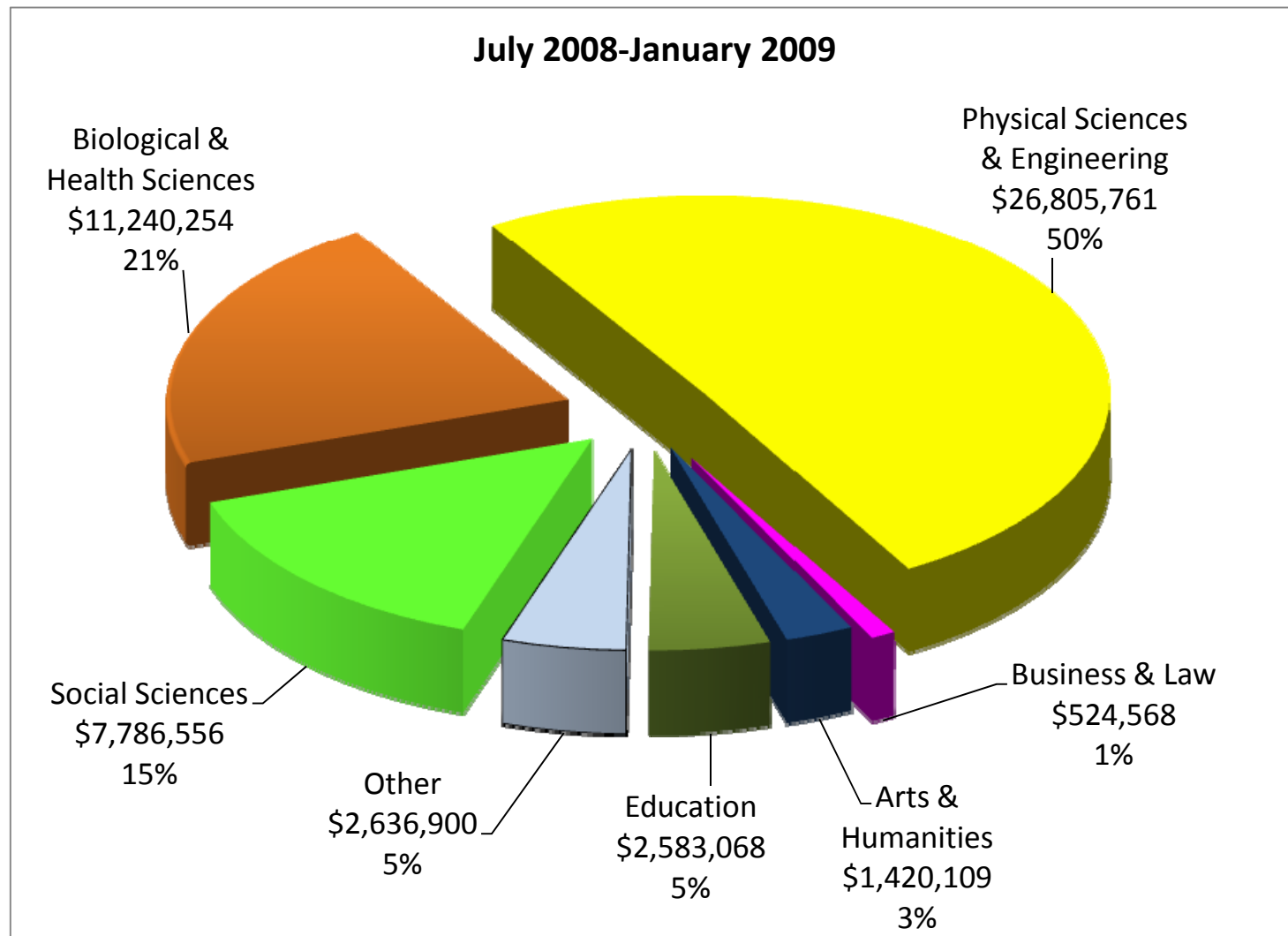


Figure 8 – Awards by Key Academic Areas—Change between FY 2008 and FY 2009

[back to text](#)

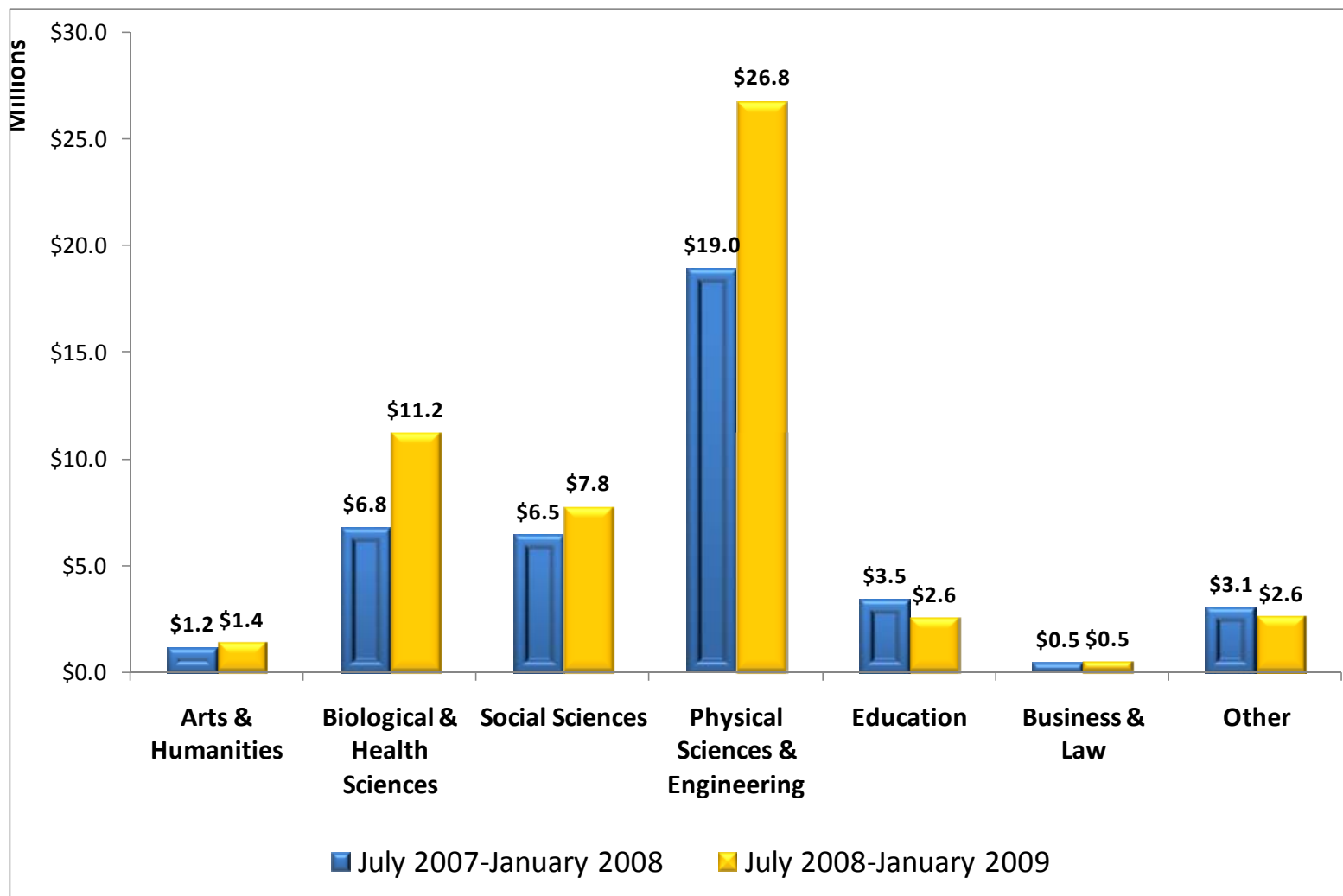


Figure 9 - Indirect Rate for Awards by Key Academic Areas—Change between FY 2008 and FY 2009

[back to text](#)

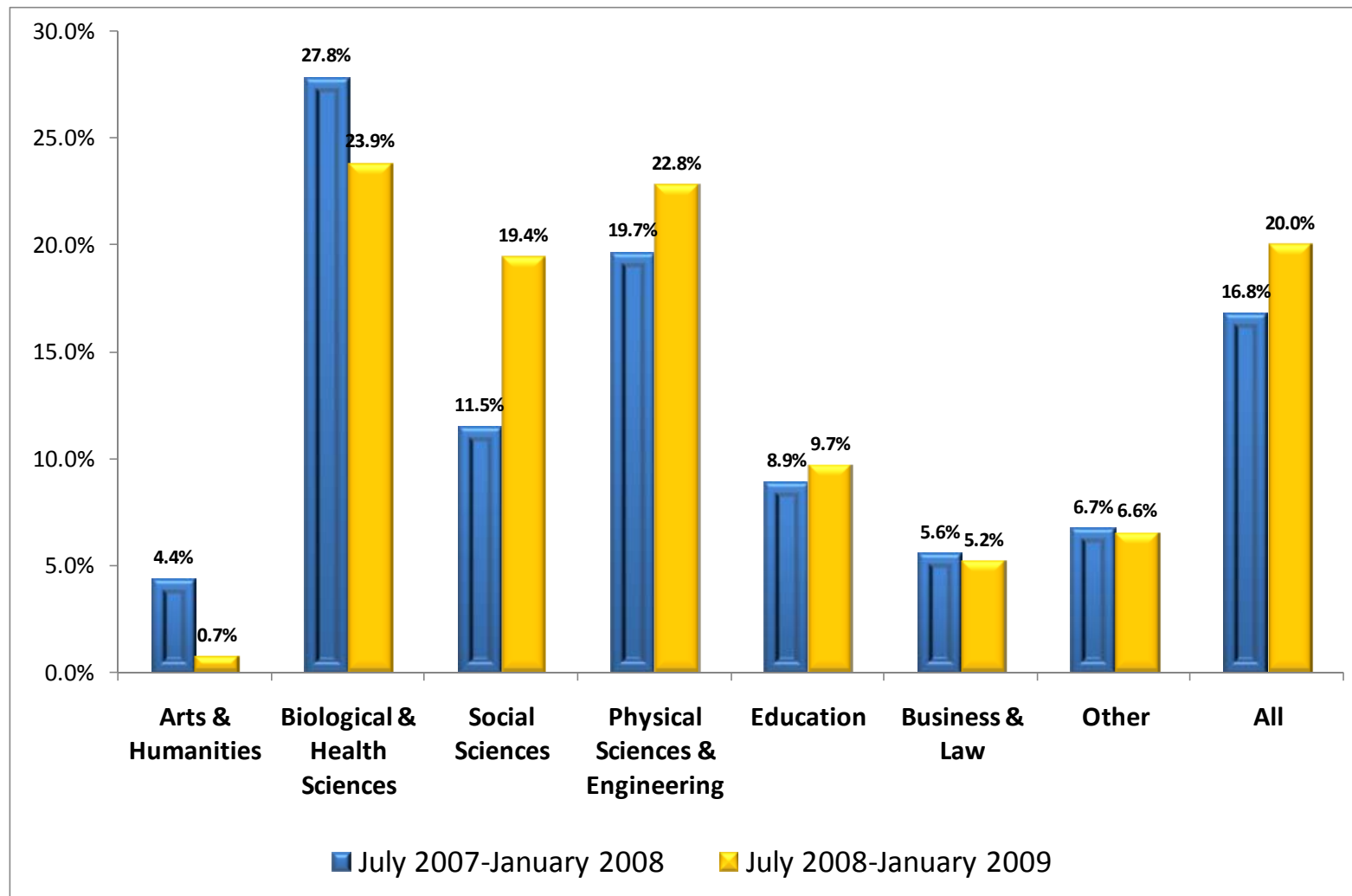
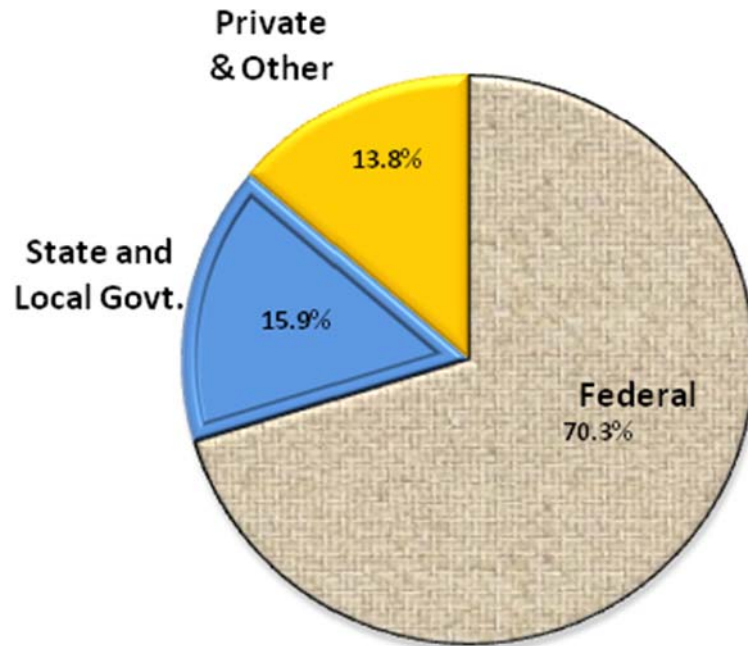


Figure 10 - Major Sources of Funding

[back to text](#)

July 2007-January 2008



July 2008-January 2009

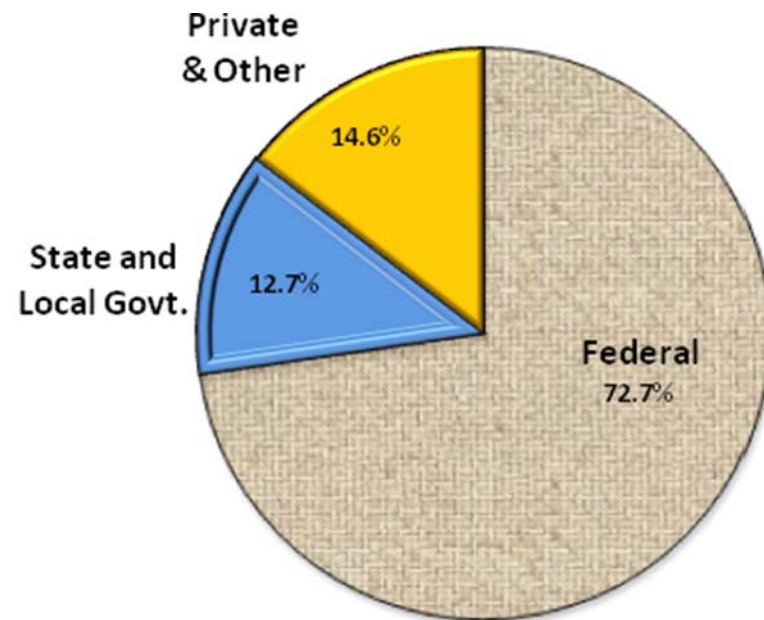


Table 2 - Comparison of Applications Submitted Between FY 2008 and FY 2009

College/School/Center/Division	JULY -JANUARY 2008			JULY - JANUARY 2009			% change
	Direct	Indirect	Total	Direct	Indirect	Total	
Academic Affairs	\$162,213	\$14,739	\$176,952	\$149,961	\$0	\$149,961	-15.25%
Applied Research Center (ARC)	\$2,429,854	\$873,226	\$3,303,080	\$6,886,256	\$2,113,211	\$8,999,467	172.46%
International Hurricane Research Center (IHRC)	\$12,977,161	\$895,857	\$13,873,018	\$1,004,722	\$155,868	\$1,160,590	-91.63%
The Wolfsonian Museum	\$269,481	\$34,615	\$304,096	\$1,071,095	\$23,655	\$1,094,750	260.00%
Undergraduate Studies	\$2,579,719	\$0	\$2,579,719	\$0	\$0	\$0	-100.00%
University Libraries	\$275,535	\$80,822	\$356,357	\$115,413	\$29,019	\$144,432	-59.47%
College of Architecture & The Arts	\$115,617	\$0	\$115,617	\$138,640	\$14,648	\$153,288	32.58%
Frost Art Museum	\$26,800	\$0	\$26,800	\$65,000	\$0	\$65,000	58.77%
College of Arts & Sciences	\$30,705,321	\$6,952,597	\$37,657,918	\$29,980,839	\$8,570,403	\$38,551,242	2.37%
Cuban Research Institute (CRI)	\$363,055	\$34,435	\$397,490	\$0	\$0	\$0	-100.00%
Metropolitan Center	\$610,253	\$90,179	\$700,432	\$565,128	\$142,343	\$707,471	1.00%
Center for Transnational and Comparative Studies	\$13,616	\$0	\$13,616	\$0	\$0	\$0	-100.00%
Latin American and Caribbean Center (LACC)	\$0	\$0	\$0	\$63,147	\$0	\$63,147	100.00%
Southeast Environmental Research Center (SERC)	\$5,701,861	\$1,167,767	\$6,869,628	\$4,767,047	\$1,279,443	\$6,046,490	-11.98%
College of Business Administration	\$492,550	\$177,241	\$669,791	\$115,686	\$38,566	\$154,252	-76.97%
College of Education	\$10,543,087	\$1,434,678	\$11,977,765	\$4,933,617	\$678,033	\$5,611,650	-53.15%

Table 2 - Comparison of Applications Submitted Between FY 2008 and FY 2009

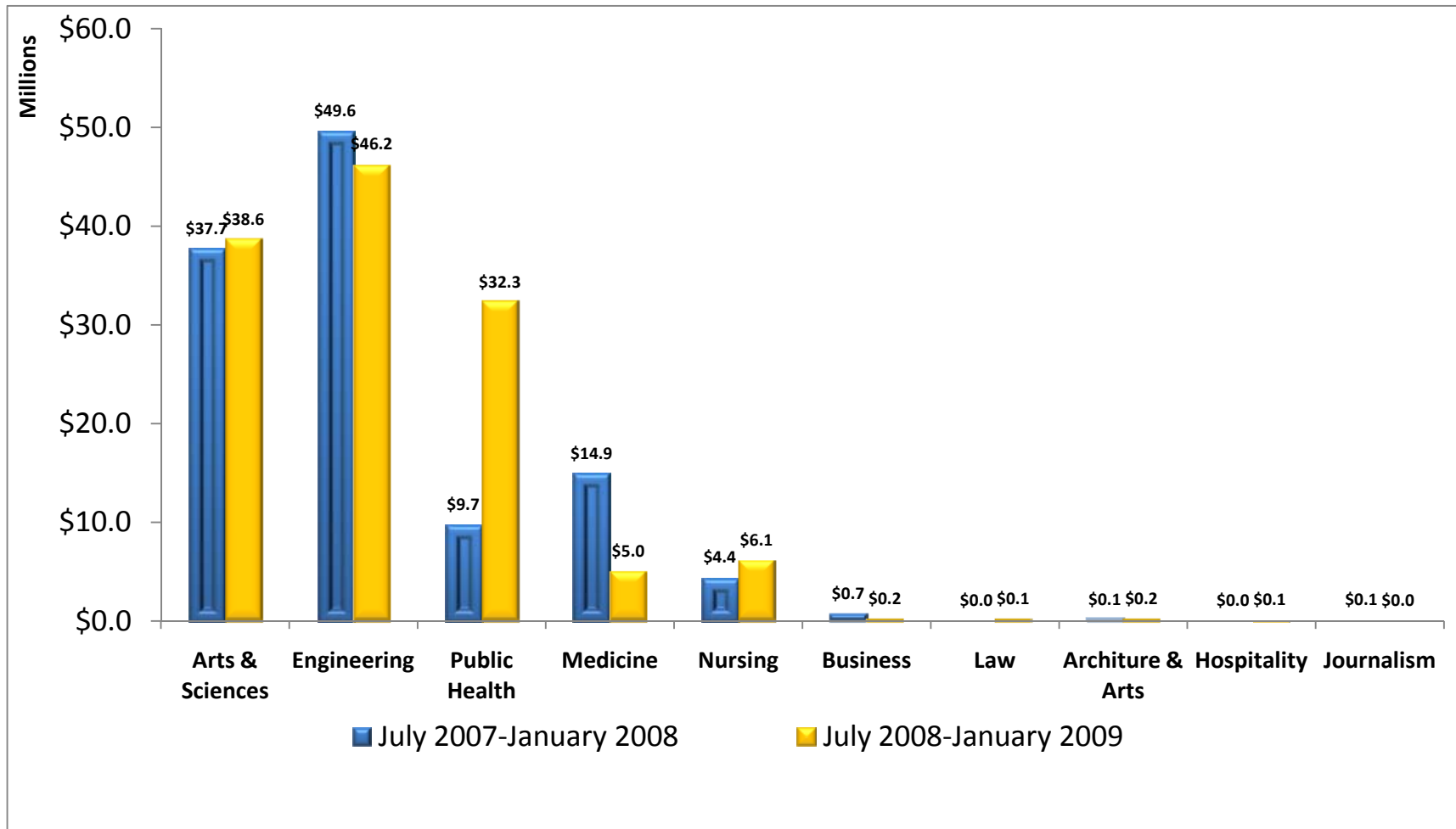
College/School/Center/Division	JULY -JANUARY 2008			JULY - JANUARY 2009			% change
	Direct	Indirect	Total	Direct	Indirect	Total	
Center for Labor Research & Studies (CLRS)	\$136,528	\$10,239	\$146,767	\$136,308	\$12,692	\$149,000	1.52%
College of Engineering & Computing	\$40,625,522	\$8,985,720	\$49,611,242	\$36,128,661	\$10,114,178	\$46,242,839	-6.79%
College of Law	\$25,000	\$0	\$25,000	\$142,268	\$0	\$142,268	82.43%
College of Medicine	\$13,774,998	\$1,109,998	\$14,884,996	\$3,654,818	\$1,304,108	\$4,958,926	-66.69%
College of Nursing & Health Sciences	\$3,788,056	\$610,508	\$4,398,564	\$4,579,683	\$1,486,766	\$6,066,449	37.92%
College of Public Health & Social Work	\$7,489,088	\$2,248,223	\$9,737,312	\$24,075,663	\$8,193,188	\$32,269,045	231.40%
Division of Student Affairs	\$1,249,924	\$92,410	\$1,342,334	\$190,647	\$14,700	\$205,347	-84.70%
Division of University Advancement	\$185,000	\$0	\$185,000	\$0	\$0	\$0	-100.00%
School of Hospitality & Tourism Management	\$0	\$0	\$0	\$95,750	\$0	\$95,750	100.00%
School of Journalism & Mass Communication	\$66,603	\$3,570	\$70,173	\$20,755	\$3,632	\$24,387	-65.25%
University Technology Services	\$112,506	\$22,494	\$135,000	\$3,964,697	\$1,060,304	\$5,025,001	3622.22 %
CIARA	\$0	\$0	\$0	\$5,351,716	\$1,333,719	\$6,685,435	100.00%
TOTAL¹	\$127,894,035	\$24,839,318	\$159,558,667	\$122,665,887	\$36,568,476	\$164,766,187	3.26%
Effective/average indirect cost rate	19.42%			29.81%			

¹ Total excludes Centers/Institutes under the College of Arts and Sciences

[back to text](#)

Figure 11 - Applications by College—Change between FY 2008 and FY 2009

[back to text](#)

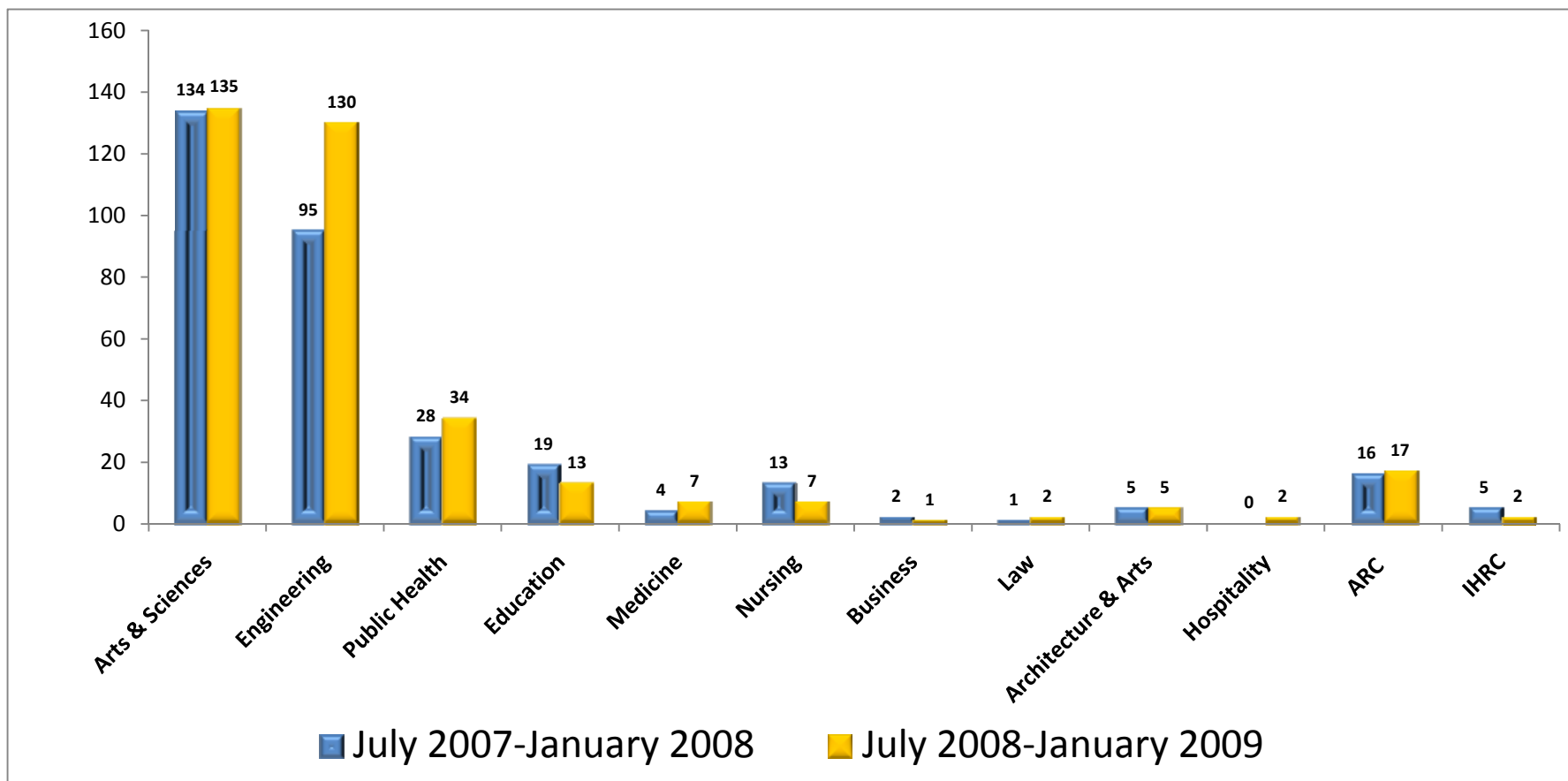


Notes:

- Total Application amounts increased by 3.26%
- Average Indirect Rate increased from 19.42% to 29.81%

Figure 12 – Number of Applications by College & Major Centers: Change Between FY 2008 & FY 2009

[back to text](#)



Note: Number of applications increased 9.7% (from 350 to 384)

Table 3 - Comparison of Expenditures Between FY 2008 and FY 2009

College/School/Center/Division	July-December 2008	July-December 2009	% change
	Total	Total	
College of Architecture & the Arts	\$78,806	\$82,343	4.49%
College of Arts & Sciences	\$15,973,306	\$13,204,887	-17.33%
College of Business Administration	\$895,722	\$526,695	-41.20%
College of Education	\$1,999,836	\$1,825,490	-8.72%
College of Engineering and Computing	\$6,672,857	\$7,255,112	8.73%
College of Law	\$160,253	\$162,313	1.29%
College of Medicine	\$564,171	\$579,298	2.68%
College of Nursing and Health Sciences	\$1,545,155	\$1,180,615	-23.59%
College of Public Health and Social Work	\$4,507,743	\$4,020,902	-10.80%
School of Hospitality and Tourism Management	\$0	\$75,000	100.00%
School of Journalism and Mass Communication	\$62,257	\$251,337	75.23%
Applied Research Center (ARC) ¹	\$3,563,427	\$2,654,256	-25.51%
International Hurricane Center (IHC) ¹	\$2,222,035	\$3,257,727	46.61%
Southeast Environmental Research Center (SERC) ¹	\$3,743,166	\$3,361,653	-10.19%
Office of Research	\$338,476	\$6,500	-98.08%
Academic Affairs	\$473,209	\$500,154	5.69%
Division of Finance and Administration	\$69,716	\$77,871	11.70%
Division of Student Affairs	\$916,939	\$941,618	2.69%
Division of University Advancement	\$0	\$59,491	100.00%
University Technology Services, CIARA	\$1,149,352	\$565,514	-50.80%

¹ Expenditures from Principal Investigators with faculty positions in Colleges are counted for the respective Colleges as well as the Center.

Total Expenditures

TOTAL - December 31, 2008	\$39,951,125	\$35,658,112	-10.75%
TOTAL - January 31, 2009²	\$45,476,111	\$41,578,897	-8.57%

² Detailed expenditures for January 2009 were not available at the time of publication, only the total was available.

[back to text](#)

Figure 13 - Proportion of Grants with Account Set-up in Five or Fewer Working Days

[back to text](#)

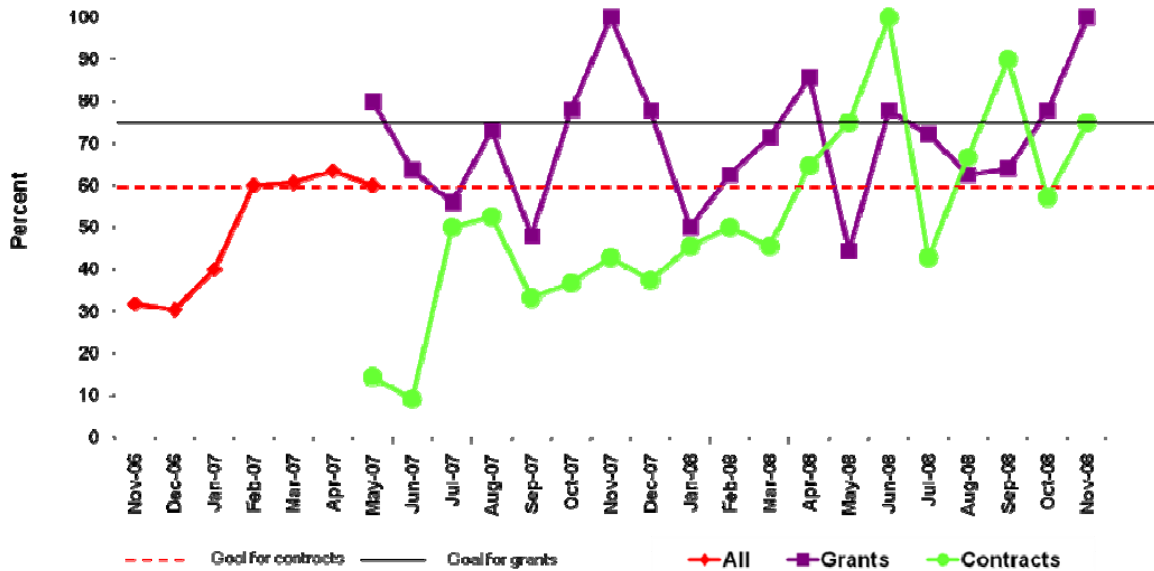


Figure 14 - Proportion of Grants with Account Set-up in Ten or Fewer Working Days

[back to text](#)

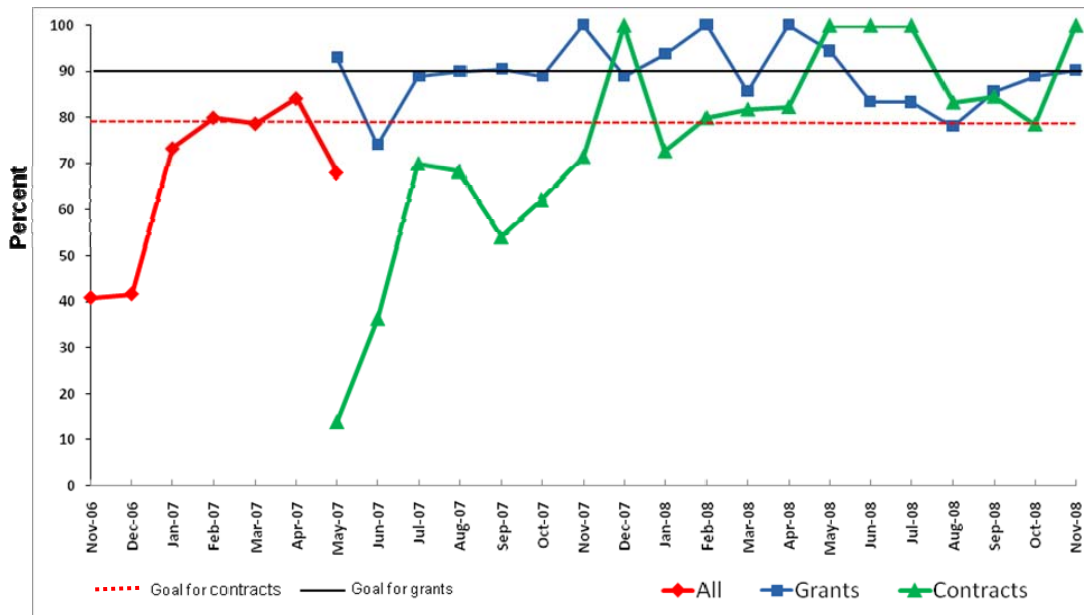
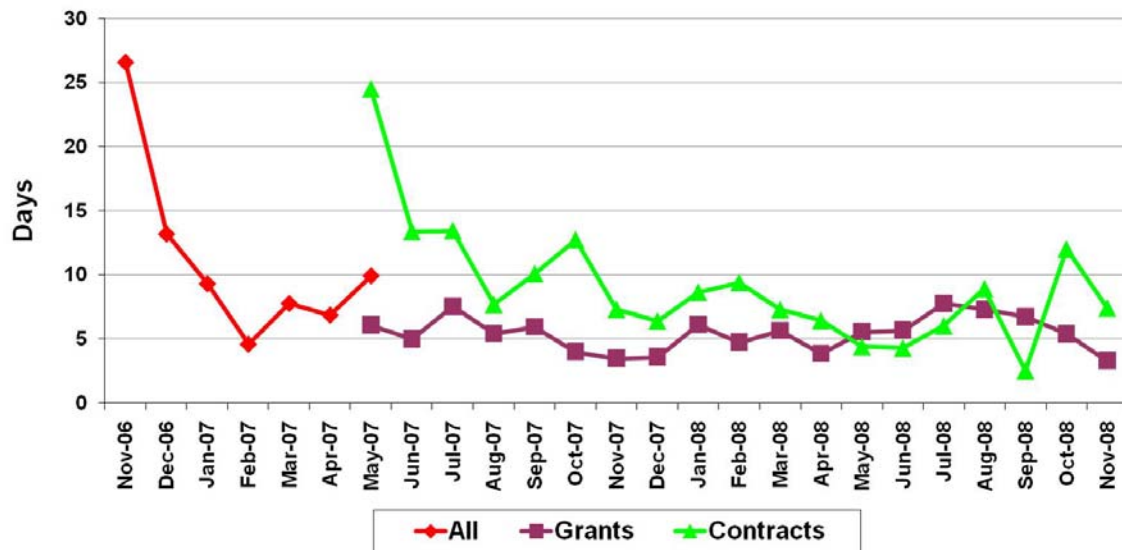


Figure 15 - Average Working Days from Incoming Grant Award to Final Account Set-up

[back to text](#)



THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
30 March 2009

SUBJECT: ATHLETICS UPDATE

PROPOSED COMMITTEE ACTION

None. Discussion Only.

BACKGROUND INFORMATION

Pete Garcia, Athletic Director, will report on activities of the Department of Intercollegiate Athletics since the last meeting of the Committee.

EXHIBITS/SUPPORTING DOCUMENTS: ■ N/A

FACILITATOR/PRESENTER: ■ Pete Garcia

This page intentionally left blank

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
30 March 2009

SUBJECT: TREASURY REPORT

PROPOSED COMMITTEE ACTION

None. Information Only.

BACKGROUND INFORMATION

N/A

EXHIBITS/SUPPORTING DOCUMENTS: ■ Treasury Report, March 2009

FACILITATOR/PRESENTER: ■ John Miller

This page intentionally left blank



**Board of Trustees
Treasury Report
March 30, 2009**

Investment Performance December 31, 2008

The recession continues to deepen for the U.S as well as globally leading to continued losses in many investment classes for the period ending December 31, 2008. For the first six months of FY2008-2009, equities had the worst performance with the S&P 500 losing 28.5%, the Russell 2000 losing 27.0% and EAFE down 36.4%. The bond market provided little protection during this period as the positive return of government bonds was more than offset with widening spreads and negative returns for all other bond categories. Most notable in the bond category was the negative return of US Treasury Inflation Protected Securities (TIPS) with a six month loss of 6.9%. Negative market sentiment and the lowest price for TIPS since their auctions began in 1997 led to a 9% loss in October, since then recovering partially.

Although the portfolio recovered some in the month of December, losses for the fiscal year total 5.6%, better than our portfolio benchmark of a loss of 7.1%. The positive variance is due to a combination of better returns and higher balances in the working capital account, offset by negative variances in the long term portfolio.

Equity accounts had a total loss of 26.1% for the period versus its benchmark loss of 29.5%. The fixed income managers had a loss of 5.6%, due to large losses in high yield and losses in the TIPS portfolio noted above. The absolute return portion of the portfolio had losses of 14.3%, failing to protect the portfolio from the downside. Although disappointing, the loss is in line with similar hedge fund managers, and has largely avoided the problems associated with some of the recent large hedge fund “blow-ups”.

The total investment portfolio continues to be strong in terms of absolute size, with the portfolio totaling \$233 million at December 31, 2008. Large allocations to cash (57%) and fixed income (27.1%) will serve to protect the portfolio from losses although interest income rates are very low.

Florida International University
Performance Summary as of
December 31, 2008

<i>Fund / Manager (Inception Date)</i>	<u>Market Value</u> <u>(000's)</u>	<u>% Allocation</u>	<u>Target</u> <u>Allocation*</u>	<u>Current</u> <u>Month</u>	<u>YTD</u>	<u>Fiscal</u> <u>YTD</u>	<u>Trailing 1</u> <u>Year</u>	<u>2 Years</u>	<u>Since</u> <u>Inception</u>
<u>Total Combined Pool (3/31/06)</u> Benchmark Index	233,008	100%	100%	1.3% 2.8%	-5.4% -6.7%	-5.6% -7.1%	-5.4% -6.7%	-0.5% -0.8%	1.5% 1.5%
<u>Working Capital Pool (3/31/06)</u> 91-Day Treasury Bill	132,897	57.0%	30.0%	0.1% 0.0%	2.8% 2.1%	1.1% 0.9%	2.8% 2.1%	3.8% 3.5%	4.2% 4.0%
<u>Total Combined Pool Less Cash Equivalents (3/31/06)</u> Benchmark Index	100,111	43.0%	70.0%	3.4% 4.0%	-14.2% -10.4%	-13.3% -10.5%	-14.2% -10.4%	-5.1% -2.7%	-1.1% 0.6%

* Target Allocation based on market value of \$165 million. Excess market value over \$165 million is allocated to cash equivalents in the Working Capital Pool, causing variations in the allocations

**T-Bill was substituted for CPI until CPI becomes available

Florida International University
Performance Summary as of
December 31, 2008

<i>Fund / Manager (Inception Date)</i>	<u>Market Value</u>		<u>Target</u>	<u>Current</u>		<u>Fiscal</u>	<u>Since</u>
	<u>(000's)</u>	<u>% Allocation</u>	<u>Allocation*</u>	<u>Month</u>	<u>YTD</u>	<u>YTD</u>	<u>Inception</u>
SPIA Account (3/31/06) 91-Day Treasury Bill	16,560	7.1%	0.0%	0.2% 0.0%	2.6% 2.1%	1.1% 0.9%	4.3% 4.0%
SBA-LGIP Account (9/30/06) 91-Day Treasury Bill	19	0.0%	0.0%	0.0% 0.0%	1.0% 2.1%	0.3% 0.9%	3.2% 3.8%
BOA Columbia Account (9/30/07) 91-Day Treasury Bill	116,318	49.9%	0.0%	0.1% 0.0%	2.2% 2.1%	0.3% 0.9%	2.0% 2.2%
<u>FIXED INCOME COMPOSITE (3/31/06)</u>	63,214	27.1%	38.5%	4.1%	-3.5%	-5.6%	2.8%
Benchmark Index				4.5%	-0.6%	-2.9%	4.4%
BlackRock HY Bond (3/31/06) ML High Yield Master II	6,417	2.8%	3.5%	2.7% 7.5%	-27.8% -26.4%	-27.0% 25.4%	-7.4% -7.1%
Northern Trust TIPS (6/30/06) Lehman U.S. TIPS	21,047	9.0%	14.0%	5.9% 5.0%	-1.7% -2.4%	-6.6% -6.9%	4.8% 4.4%
Prudential Core Fixed (11/30/07) Lehman Aggregate	35,749	15.3%	21.0%	3.4% 3.7%	1.3% 5.2%	0.3% 4.1%	1.5% 5.1%
<u>HEDGE FUNDS (4/31/06)</u>	20,210	8.7%	14.0%	-0.8%	-14.3%	-14.1%	-1.1%
Aetos Alternatives Mgmt. (4/31/06) CPI + 3.25% **	20,210	8.7%	14.0%	-0.8% 0.3%	-14.3% 4.5%	-14.1% -1.3%	-1.1% 5.4%
<u>REIT's (6/30/06)</u>	3,302	1.4%	3.5%	17.5%	-36.1%	-34.6%	-15.4%
Urdang REIT (6/30/06) NAREIT Equity	3,302	1.4%	3.5%	17.5% 16.4%	-36.1% -37.8%	-34.6% -35.4%	-15.4% -17.0%
<u>DOMESTIC EQUITY COMPOSITE (3/31/06)</u>	8,907	3.8%	8.8%	3.5%	-36.1%	-26.9%	-13.5%
Wilshire 5000				1.7%	-37.2%	-29.5%	-10.9%
Northern Trust S&P 500 (6/30/06) S&P 500	6,826	2.9%	7.0%	1.1% 1.1%	-37.0% -37.0%	-28.5% -28.5%	-10.9% -10.9%
CS McKee Small Cap (6/30/08) Russell 2000	2,081	0.9%	1.8%	12.4% 5.8%	-- --	-20.2% -27.0%	-20.2% -27.0%
<u>INTERNATIONAL EQUITY COMPOSITE (3/31/06)</u>	4,478	1.9%	5.3%	3.7%	-48.2%	-41.8%	-14.4%
Alliance Bernstein (6/30/08) MSCI EAFE Index (N)	4,478	1.9%	5.3%	3.7% 6.0%	-- --	-39.5% -36.4%	-39.5% -36.4%

* Target Allocation based on market value of \$165 million. Excess market value over \$165 million is allocated to cash equivalents in the Working Capital Pool, causing variations in the allocations

**T-Bill was substituted for CPI until CPI becomes available

MEMBERSHIP

Kirk Landon, Chair, BOT Finance & Audit Committee

Vivian A. Sanchez, CFO & SVP, Finance & Administration

John M. Miller, University Treasurer

Dr. William Welch, Retired Department Chair & Professor for Finance,
College of Business Administration

CONSULTANT

Marc Friedberg, Vice President, Wilshire & Associates

OTHER STAFF

Tony Vu, Treasury Manager

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
30 March 2009

SUBJECT: ENVIRONMENTAL – REGULATORY & COMPLIANCE REPORT

PROPOSED COMMITTEE ACTION

None. Information Only.

BACKGROUND INFORMATION

N/A

EXHIBITS/SUPPORTING DOCUMENTS:

- Environmental – Regulatory & Compliance Report, March 2009

FACILITATOR/PRESENTER:

- Jennifer Mwaisela

This page intentionally left blank

ANNUAL LOSS CONTROL REPORT

As required by Florida Administrative Code 69H-2.007, EH&S submitted the FIU 2008 Safety Program Evaluation on February 20, 2009. The evaluation addresses six core components of a comprehensive safety program:

- (1) Written safety programs for various operations
- (2) Safety policies and guidelines
- (3) Use of safety committees and employee participation
- (4) Training and safety awareness activities
- (5) Recordkeeping
- (7) Accident and injury investigation and follow-up
- (6) Structured safety inspection program

The University reported the following accomplishments for calendar year 2008, according to the report format.

1. All Workers' Compensation claims were reported to the Bureau of Workers' Compensation **within 24 hours of initial notification** by the injured employee.
2. The Fire Prevention Officer coordinated and participated in 18 Emergency Evacuation Exercises in various building, including student residential facilities.
3. The Safety Training Program delivered classroom and various hands-on classes to **324 FIU employees**, all of whom were issued certificates of attendance or completion.
4. Employees, teaching, and research assistants completed 2,313 online safety-training courses.
5. The Industrial Safety Program identified more than 400 "conditions of concern". Almost all conditions were corrected in a timely manner. There are no outstanding items at this time.

SLIPS, TRIPS & FALLS

Table 1. shows comparative data for all SUS Universities for slip, trip and fall claims filed by employees. The Division of Risk Management was able to provide this information as of 12/31/08. The data revealed the following:

- FIU has the highest average cost per claim of \$14,677.
- FIU, FSU and UF are the top three institutions with highest total cost incurred.

Risk Management & Environmental Health & Safety
Summary Report for FIU Board of Trustees Audit & Finance Committee
March 30, 2009

- With a Claim Count of 24, FIU's "frequency of Occurrence" is the central number, or the median for the 11 SUS institutions.

Table 1.

#	SUS INSTITUTION	CLAIM COUNT	\$ INCURRED	\$ AVERAGE COST PER CLAIM
1	University of West Florida	6	49,034	6,672
2	Florida Gulf Coast	7	14,329	2,047
3	New College of Florida	9	8,252	917
4	Florida Atlantic University	15	73,183	4,879
5	University of North Florida	18	119,900	6,661
6	Florida International University	24	352,254	14,677
7	Florida A&M	40	151,519	3,788
8	University of Central Florida	57	227,642	3,994
9	University of South Florida	69	210,970	3,057
10	Florida State	81	510,400	6,301
11	University of Florida	192	507,957	2,646

FIRE SAFETY

As of February 28, 2009, there are **ZERO REPEAT FIRE SAFETY VIOLATIONS** issued to FIU, by the State Fire Marshal's Office for FY '08-09.

ENVIRONMENTAL COMPLIANCE

The Emergency Planning and Community Right-To-Know Act (EPCRA) of 1986 requires facilities meeting certain criteria to register with the State Emergency Response Commission (SERC) for Hazardous Materials. In addition, the University is required to submit an annual chemical inventory report (Tier Two Form) to the State Emergency Response Council SERC, the Local Emergency Planning Committee (LEPC), *and* the local fire department by the March 1 deadline. FIU filed these reports on February 28, 2009.

CHEMICAL SAFETY

The Department of Homeland Security required various facilities, including universities, to update reports previously submitted on chemicals that are potentially dangerous in the hands of terrorists. The response deadline was December 31, 2008. FIU met the required reporting deadline.

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
30 March 2009

SUBJECT: UNIVERSITY COMPLIANCE REPORT

PROPOSED COMMITTEE ACTION

None. Information Only.

BACKGROUND INFORMATION

N/A

EXHIBITS/SUPPORTING DOCUMENTS:

- University Compliance Program Report, March 2009

FACILITATOR/PRESENTER:

- Leyda Benitez

This page intentionally left blank



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: March 4, 2009

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 the last report to this Committee dated October 20, 2008.

I. Executive Summary:

The University Compliance Office has continued to work in a collaborative capacity with University representatives in order to develop new policies, procedures or processes, and to strengthen existing ones, as may be required to comply with applicable laws, regulations and University policies. Major recent initiatives include the development of the University's written Identity Theft Prevention Program in order to comply with the Red Flags Rule promulgated by the Federal Trade Commission. The Program will be presented to this Committee for approval.

The University Compliance Officer and Interim Internal Audit Director Pyong Cho played an active role in providing comments to the Inspector General and Director of Compliance for the State of Florida, Board of Governors, regarding proposed charters for the Board of Governors Audit and Compliance Committee and the Office of the Inspector General and Director of Compliance. In addition, the University Compliance Officer has been invited to participate in a work group with other state university audit and compliance professionals in order to develop "best practices" recommendations for the compliance function within the Board of Governors and overall state university system.

As Chair of the Search and Screen Committee for the University's Internal Audit Director, the University Compliance Officer and members of the Search and Screen Committee have spent numerous hours in the planning, recruitment and interview processes to find the best suited candidate to fill this important University post. As of February 27, 2009, the Search and Screen Committee met to provide recommendations on finalists for the position.

II. Description and status of most recent institutional compliance initiatives and activities undertaken by, or with the assistance of, the University Compliance Office:

1. State of Florida, Board of Governors Audit and Compliance Committee and Office of the Inspector General and Director of Compliance Charters: The University Compliance Officer was invited to attend, and participate in, the meeting of the State University Audit Council dedicated to the discussion of the draft charters for the Board of Governors Audit and Compliance Committee and the Office of the Inspector General and Director of Compliance. The University Compliance Officer worked in close collaboration with Interim Internal Audit Director Pyong Cho in providing the University's comments, questions and concerns regarding these two proposed charters to the Board of Governors Inspector General and Director of Compliance, Mr. Derry Harper. In addition, the University Compliance Officer has been asked to participate as a member of a work group that will develop "best practices" recommendations for the compliance function within the Board of Governors and overall state university system.
2. Compliance with the Higher Education Opportunity Act: The Higher Education Opportunity Act (HEOA) was signed into law by President Bush on August 14, 2008. Many of the provisions of the legislation are effective as of that day, unless otherwise noted. The legislation is quite lengthy, and either expands upon, or creates, certain reporting and disclosure requirements as a condition of participation in Title IV federal financial aid. On October 30, 2008, the Office of the General Counsel hosted a webinar offered by the National Association of College and University Attorneys and invited University representatives from throughout the University who work in areas impacted by this legislation. The Office of the General Counsel and University Compliance Office are in the process of putting together a series of meetings with University representatives to discuss the impact of this legislation on their specific areas and to assist in providing legal counsel and guidance throughout any necessary implementation efforts.

III. Current status of previously reported compliance initiatives:

1. Fair and Accurate Credit Transactions Act Compliance: The University Compliance Officer and IT Security Officer co-chaired a work group in order to implement the Red Flags Rule promulgated by the Federal Trade Commission under the authority of the Fair and Accurate Credit Transactions Act of 2003. This work group consisted of representatives from the Controller's Office, Enrollment Management Services, Human Resources, Information Technology, Student Affairs and University Compliance.¹ The work group met on numerous occasions to

¹ The University Compliance Officer wishes to acknowledge the tremendous contribution of each member of the FTC Red Flags Rule Work Group consisting of: JoAnn Bova, Compliance Coordinator and Paralegal; Mercedes Cesin, PantherCard Coordinator, Graham Center; Cheryl Grant, IT Security Officer; Hilma Fermin, Accounting Coordinator, Student Financials, Controller's Office; Ruth Hamilton, Executive Director, Graham Center; Ana Jimenez, Recruitment Coordinator, Human Resources; David Lannom, Computer Operations Manager, Graham Center; Sanyo Mathew, Assistant Director, Graham Center; and Francisco Valines, Director of Financial Aid.

determine whether, and to what extent, the University offered or maintained “covered accounts” subject to the regulations, conducted a risk assessment in connection with such accounts, and assisted in the development of a written identity theft prevention program aimed at detecting, preventing and mitigating identity theft. On March 2, 2009, the written Identity Theft Prevention Program was approved by the Operations Committee and the University President. Pursuant to the Red Flags Rule, the initial Identity Theft Prevention Program must also be presented for approval to the Florida International University Board of Trustees and is scheduled to be presented to you at your Committee meeting. Full compliance with the Red Flags Rule is required by May 1, 2009.

2. Internal Audit Director Search and Screen Committee: As a result of additional advertising and recruitment efforts by and through the Division of Human Resources, numerous applications were received for the position of Internal Audit Director between late December, 2008 and early January, 2009. The Search and Screen Committee, together with the assistance of Recruitment Director Ms. Carolyn Jackson, met on January 16 and on February 6, 9, 12, 18, 25 and 27 to discuss candidate qualifications, narrow the pool of applicants to bring in for interviews, and interview the candidates who included two in state and three out-of-state candidates. During its February 27, 2009 meeting, the Search and Screen Committee met to discuss all candidates interviewed, rank and recommend the finalists to the President’s Chief of Staff.²
3. Academic Affairs Policies and Procedures: The Academic Affairs Policies and Procedures are undergoing review, and will be transitioned over to the University Policies and Procedures Library. These policies are at various stages of review at this time with an estimated date of completion for the transition of June 30, 2009.
4. Summer Camps/Programs Involving Minors: A work group continues to meet to develop recommendations and guidelines regarding requirements for agreements or activities such as short term academic or non-academic summer programs involving the participation of minors on campus or through the use of the University’s name. At this time, the Office of the General Counsel has developed updated waiver and release forms and agreement templates to use for such activities. In addition, a draft policy setting forth the process for approval of such activities has been developed and is undergoing review by the work group members. This initiative is ongoing, with an estimated completion date of May 31, 2009.

² The University Compliance Officer is grateful for the time and attention dedicated by the Search and Screen Committee members to this search. The Committee members are: Joseph Barabino, Associate Vice President for Research; Pyong Cho, Interim Internal Audit Director; Joann Cuesta-Gomez, Director, Employee and Labor Relations; Aime Martinez, Assistant Vice President, FIU Foundation and Support Organizations; Tonja Moore, Associate Vice President, Academic Affairs; and Dr. Min Yao, Vice President and Chief Information Officer.

5. Pre-Employment Requirements Policy: Worked in close collaboration with the Division of Human Resources and the Office of the General Counsel in the review and update of the University's current policy on pre-employment requirements. On March 2, 2009, the updated policy, applicable to individuals who will join the University community as new employees, was presented to the Operations Committee for approval by the Vice President of Human Resources, who is leading this initiative on behalf of the institution. At the Provost's request, this policy will be presented to the Council of Academic Deans for consideration.
6. Information Technology Security Policies and Procedures: Recently presented to the Operations Committee and approved are two information technology policies that serve to strengthen the information technology security infrastructure at the University. These policies are, as follows: Responsibilities for FIU Network and/or System Administrators and University Wireless Network infrastructure. A third policy, Telephone Services (Installation, Repairs and Moves), was also approved. Currently, work continues on additional information technology security and e-commerce policies which are at various stages of formulation and development including the E-commerce policy, Payment Card Industry Data Security Standard (PCI DSS), and an electronic records retention policy. Projected date for completion and implementation of these policies is June 30, 2009.
7. Conflict of Interest in Research Policy and Centralized Disclosure Process: The updated Conflict of Interest in Research Policy has been posted to the University Policies and Procedures Library. Education and training on this policy will be offered by the Office of the General Counsel and University Compliance Office through the education sessions the Office of Sponsored Research Administration has scheduled to take place during the upcoming months. The electronic process for conflict of interest disclosures is still in its development phase.
8. Ethics and Compliance Reporting Helpline: This specific initiative is on hold at this time, and must receive final approval from the institution's senior leadership.
9. Compliance Modules: The Compliance Modules have been prepared for posting in the University Compliance Office Web site. The online Modules will assist the reader in linking to relevant University forms, policies, and additional resource information. The Compliance Modules cover the following subject matter areas:
 - (a) Compliance Program and Tools
 - (b) Ethics
 - i. Gifts
 - ii. Conflicts of Interest
 - iii. Nepotism
 - (c) Student Education Records
 - (d) Privacy
 - (e) Public Records
 - (f) Information Technology Security
 - (g) Research

- (h) Export Controls
- (i) Disruptive Students

The estimated date by which the Compliance Modules will be posted in the University Compliance Office Web site is June 30, 2009.

10. Health Insurance Portability and Accountability Act and related Privacy and Security regulations (“HIPAA”): Proposed HIPAA Privacy and Security policies and procedures, Notice of Privacy Practices and forms have been circulated to senior leadership for review and approval. Upon their review, they will be presented to the Operations Committee for approval and adoption. Once the policies are approved, this project will be ongoing as all appropriate University staff must receive training. In the meantime, the HIPAA Committee is developing HIPAA Privacy and Security training to be offered to the appropriate University staff.
11. University Health Services Compliance-Related Matters: Work continues with representatives from University Health Services on various compliance- related matters including the clinical laboratory licensure applications for the University Park and Biscayne Bay Campus facilities. The processes for obtaining these licenses are close to resolution with the State of Florida, Agency for Health Care Administration.
12. University Policies and Procedures Library: Since the October 20, 2008 report to this Committee, the following University policies have been updated and posted to the University Policies and Procedures Library:
 - (a) Academic Affairs/United Faculty of Florida:
 - (i) Appointments
 - (ii) Inventions and Works
 - (iii) Leaves
 - (iv) Professional Development Leave and Sabbaticals
 - (v) Promotions
 - (b) Finance and Administration:
 - (i) Cash Control Policy
 - (ii) Investment Policy Statement
 - (iii) Property Control
 - (c) Human Resources:
 - (i) Vacation Leave Policy
 - (d) Office of the General Counsel:
 - (i) Contract Review Policy
 - (e) Office of Sponsored Research Administration:
 - (i) Export Controls
 - (ii) Negotiation and Execution of Sponsored Project Awards
 - (iii) Records Retention Schedule for Sponsored Project Documents
 - (iv) Subaward Preparation and Payment to Subrecipients on Sponsored Projects

The Florida International University
Board of Trustees Finance and Audit Committee
March 4, 2009
Page 6

- (f) University Compliance Office:
 - (i) Developing University-Wide Policy

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 March 30, 2009. As always, I welcome your questions, comments and concerns.

Thank you for your kind attention and consideration.

This page intentionally left blank

This page intentionally left blank