

FIU | **Board of Trustees**
FLORIDA INTERNATIONAL UNIVERSITY
FINANCE AND AUDIT COMMITTEE

Tuesday, 8 September 2009

8:30 A.M.

Florida International University
Graham Center Meeting Room 243
Modesto A. Maidique Campus
Miami, FL

Membership

Albert Maury, *Chair*

Miriam López, *Vice Chair*

Betsy Atkins

Thomas Breslin

S. Lawrence Kahn

Kirk Landon

Noel Guillama-Alvarez, FIU Foundation Board of Directors

AGENDA

1. **Call to Order and Chair's Remarks** Albert Maury
2. **Approval of Minutes** Albert Maury
3. **Action Items**
 - FA1. **University Internal Audit Plan, 2009-2010** Allen Vann
 - FA2. **Reimbursement of Certain Costs Relating to Parking Garage V Project** Kenneth Jessell
 - FA3. **Signature Authority – Authorization to sign checks** Kenneth Jessell
4. **Discussion Items**
 - 4.1 **Office of Internal Audit Status Report** Allen Vann
 - 4.2 **Foundation Report** Noel Guillama-Alvarez
 - 4.3 **CFO & Administration Update** Kenneth Jessell
 - Year-End FY08-09 Budget Variance
 - Stimulus Funding Update
 - Construction update
 - Budget Update

4. Discussion Items *(Continued....)*

4.4 Legislative Update

Stephen Sauls

- Goals for 2010 Legislative Session (2010-2011)

5. Information Items

5.1 Treasury Report – University Investment Committee

Tony Vu

5.2 University Compliance Report

Leyda Benitez

5.3 FIU College of Medicine Health Care Network

John Rock

5.4 Office of Sponsored Research Report, FY08-09

Andres Gil

5.5 Athletics Update

Pete Garcia

6. New Business *(If Any)*

Albert Maury

**FA4. Refunding of FIU Athletic Finance Corporation's
\$35 Million in Outstanding Bonds**

Kenneth Jessell

7. Concluding Remarks and Adjournment

Albert Maury

Next Finance and Audit Committee Meeting is scheduled for 19 November 2009

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

8 September 2009

Subject: Finance and Audit Committee Meeting Minutes, 11 June 2009

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 11 June 2009, attached to this Resolution as Exhibit "FA-Minutes," are hereby approved.

Exhibits/Supporting Documents:

- Exhibit "FA-Minutes": 11 June 2009 Finance and Audit Committee meeting minutes.

Facilitator/Presenter:

- Committee Chair Albert Maury

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**FINANCE AND AUDIT COMMITTEE
MINUTES
11 JUNE 2009**

1. Call to Order and Chair's Remarks

The Florida International University Board of Trustees' Finance and Audit Committee meeting was called to order by Committee Chair Kirk Landon at 7:30 am on Thursday, 11 June 2009, in University Park Graham Center Ballrooms, Miami, Florida.

The following attendance was recorded:

Present

Kirk Landon, *Chair*
Thomas Breslin
Albert Maury

Excused

Betsy Atkins
Miriam López, *Vice Chair*

Trustees Jorge Arrizurieta and Anthony Rionda were also in attendance.

Committee Chair Landon welcomed Trustees and staff to the meeting. He also welcomed Trustees Jorge Arrizurieta and Anthony Rionda to the meeting. He also welcomed and introduced newly appointed Director of Internal Audit Allen Vann.

2. Approval of Minutes

Committee Chair Kirk Landon asked if there were any additions or corrections to the minutes of the 30 March 2009, 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 30 March 2009, and attached to this Resolution as Exhibit "FA-Minutes," are hereby approved.

3. Follow-up to Items from Previous Meetings

Interim CFO John Miller provided an update on the viability of assigning one person in every area/division which would be responsible for ensuring compliance by monitoring the adherence to correct processes. He proposed to the Committee that each area/division supervisor be held accountable for ensuring compliance in their respective areas and that this additional task be included as part of their annual performance reviews. The Committee approved the proposal and requested that Interim CFO Miller work with the division of Human Resources to implement this

recommendation. Provost and Executive VP Douglas Wartzok stated that a follow-up meeting with Trustee Atkins would be scheduled to discuss the available options on analyzing and evaluating innovative ways to market graduate degree programs to graduating undergraduate students as well as those in the job market.

4. Action Items

FA1-a. Proposed 2009-2010 Operating Budget

Interim CFO John Miller and Assoc. VP for Strategic Development Liane Martinez presented the University's 2009-2010 Operating Budget for Committee review, providing a summary by fund and delineated strategic issues.

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

RESOLVED that the Florida International University Board of Trustees ("the Board") approves the 2009-2010 University Operating Budget and the Self Insurance Program Budget attached hereto in Exhibit "A";

FURTHER RESOLVED that the Board approves the 2009-2010 Operating Budget of the FIU Foundation, Inc., as adopted by the FIU Foundation Inc. Board of Directors on May 27, 2009; the 2009-2010 Operating Budget for the FIU Athletics Finance Corp., as adopted by the FIU Athletics Finance Corp. Board of Directors on April 30, 2009; the 2009-2010 Operating Budget for the FIU Research Foundation, Inc., as adopted by the FIU Research Foundation, Inc. Board of Directors on May 12, 2009; and the 2009-2010 Operating Budget for the FIU College of Medicine Health Care Network Faculty Group Practice, Inc. ("FIUHCN"), as adopted by the FIUHCN Board of Directors on May 6, 2009, each of which is attached hereto in Exhibit "A", and

FURTHER RESOLVED that the Board delegates to the University President the authority to amend the University Operating Budget to adjust to changing circumstances, and

FURTHER RESOLVED that the University President shall keep the Board of Trustees informed of any changes in excess of 2% made to the total approved 2009-2010 Operating Budget during the operating year.

FA1-b. University Tuition Fees Regulation FIU-1101 – Amendment

Interim CFO Miller and Assoc. VP Martinez presented the University Tuition Fees Regulation FIU-1101 for Committee review, noting that the Tuition Fees Regulation FIU-1101 was being amended to reflect the changes in tuition and fees for the 2009-10 academic year as authorized by the Florida Board of Governors. Assoc. VP Martinez also noted that there was an amendment to the Request for a Tuition Differential, adding that the amended Exhibit was distributed to all Trustees.

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

WHEREAS, the Florida International University Board of Trustees ("the BOT") is authorized to set tuition and fees for the University in accordance with the Board of Governors Regulations and guidelines, and the law;

THEREFORE, BE IT RESOLVED THAT, the BOT approves of the implementation of a differential out-of-state fee in the amount of \$0.00 for nonresident graduate students receiving full fellowships, effective Fall 2009;

BE IT FURTHER RESOLVED, that the BOT approves the 2009-2010 Academic Year tuition and fees as reflected in the amendments to the Tuition Fees Schedule Regulation FIU-1101 attached hereto as Exhibit "B" with the following changes: the Undergraduate Financial Aid Fee is changed from \$4.43 to \$4.42, and the Law Financial Aid Fee is changed from \$16.70 to \$16.69;

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

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

AND BE IT FURTHER RESOLVED THAT, the BOT approves the completed "Florida Board of Governors Budget, Finance and Business Operations Committee University Request for a Tuition Differential" form attached hereto as Exhibit "C" for BOG approval.

FA1-c. Activity and Service Fee Increase

Interim CFO Miller and Assoc. VP Martinez presented the Activity and Service Fee Increase for Committee review, noting that the increase was proposed in accordance with BOG regulations and would be used to benefit the student body in general, as recommended by the Student Government Association, subject to the University President's approval.

Trustee Rionda noted that the students felt that in order to preserve and expand existing critical services, the increases were well justified.

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

WHEREAS, the Florida International University Board of Trustees ("the BOT") has the power to establish a Student Activity and Service (A&S) Fee for the University pursuant to Board of Governors' Regulations 1.001 and 7.003 ; and

WHEREAS, the Activity and Service Fee Committee has approved an increase in the Activity and Service Fee in the amount of \$1.08 per credit hour effective with the Fall term 2009 and their report is attached hereto as Exhibit "D"; and

WHEREAS, the President has approved the fee increase after consultation with the Student Government presidents;

THEREFORE BE IT RESOLVED that the BOT approves an Activity and Service Fee increase from the current \$10.52 per credit hour to \$11.60 per credit hour effective the Fall term of 2009; and

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

FA1-d. Application Fee and Admissions Deposit FIU-410 Amendment

Interim CFO Miller and Assoc. VP Martinez presented the Application Fee and Admissions Deposit FIU-410 Amendment for Committee review, noting that the proposed amendment would reflect the fee that all applicants, including those applying as non-degree seeking students must pay and also to revise the basis for waiving the admission deposit.

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

WHEREAS, the Florida International University Board of Trustees ("the BOT") is authorized to set the fee for applying to FIU and to determine the circumstances under which FIU will waive the admissions deposit within the limits provided by the Board of Governors and the law;

THEREFORE, BE IT RESOLVED, that the BOT approves the amendments to the Application Fee and Admissions Deposit Regulation FIU-410 attached hereto as Exhibit "E";

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

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

FA1-e. Amendment of University Traffic and Parking Regulation

Interim CFO Miller and Assoc. VP Martinez presented the re-adoption of the Revised University Traffic and Parking Regulation for Committee review, noting that the University Traffic and Parking Regulation was being amended to reflect a revised FIU Parking and Transportation Lost or Stolen Decal Affidavit, a revised Citation Appeal Form, an increase in the maximum cost per day for metered parking and to add Carpool as a designated parking area.

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

WHEREAS, the Florida International University Board of Trustees ("the BOT") is authorized to establish Traffic and Parking fees and regulations within the limits provided by law; and

WHEREAS, the University Traffic and Parking Regulation FIU-1105 is revised primarily to include a revised FIU Parking and Transportation Lost or Stolen Decal Affidavit, and a revised Citation Appeal Form, an increase in the maximum cost per day for metered parking, and to add Carpool as a designated parking area and is being presented for adoption;

THEREFORE, BE IT RESOLVED, that the BOT adopts the following amended University Regulation, which is attached hereto as Exhibit "F":

- FIU-1105 – University Traffic and Parking Regulation

BE IT FURTHER RESOLVED, that, as the Regulation includes information on fees, the University Administration will submit the University Traffic and Parking Regulations FIU-1105 to the Florida Board of Governors for approval; and

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

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

FA2. Fixed Capital Outlay (FCO) Legislative Budget Request, 2010-2011

Interim CFO Miller and Associate VP for Facilities Management John Cal presented the Fixed Capital Outlay Legislative Budget Request, 2010-2011, for Committee review.

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

WHEREAS, the University must submit to the Board of Governors its Fixed Capital Outlay Legislative Budget Request for 2010-2011;

THEREFORE BE IT RESOLVED that the Florida International University Board of Trustees ("the BOT") hereby approves the Florida International University 2010-2011 Fixed Capital Outlay ("FCO") Legislative Budget Request consisting of the 5-year capital improvement plan ("CIP") for Public Education Capital Outlay ("PECO") projects and Courtelis Facilities Enhancement Challenge Grant program list, and the Appropriations Bill proposed project list prepared pursuant to Sections 1013.64, 1013.79, 1001.74, 1011.40 and 1013.60, Florida Statutes and Board of Governor's Regulation 1.001(6)(a), attached to this Resolution as Exhibit "G";

BE IT FURTHER RESOLVED that the BOT authorizes the University President to finalize the Courtelis Facilities Enhancement Challenge Grant program list as donor contributions are completed, and that the final submitted program list will be reported to the BOT at the next regularly scheduled Board meeting; and

BE IT FURTHER RESOLVED that the BOT authorizes the University President to amend the 2010-2011 Fixed Capital Outlay ("FCO") Legislative Budget Request to adjust to changing circumstances not-to-exceed 15% for each year and that any changes made will be further reported to the BOT at the next regularly scheduled Board meeting; and

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

FA3. Signature Authority – Authorization to sign checks for the FIU College of Medicine Health Care Network Faculty Group Practice, Inc.

Dean of the College of Medicine Dr. John Rock presented the Signature Authority for Committee review, noting that the HCN was requesting signature authority for John A. Rock, M.D., Dean of the College of Medicine; J. Patrick O'Leary, M.D., Executive Associate Dean for Clinical Affairs; Fernando J. Valverde, M.D., HCN Chief Executive Officer; and Stephanie Schmidt, HCN Chief Operating Officer.

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

WHEREAS, the Florida International University College of Medicine Health Care Network Faculty Group Practice, Inc. (the "Health Care Network") has been authorized to establish depositories at banking institutions at which University funds are deposited; and

WHEREAS, the Health Care Network ("HCN") will pay its legal obligations from said depositories; and

WHEREAS, the Board of Directors of the Health Care Network unanimously passed a resolution at its May 6, 2009, Board meeting designating the following officers of the Health Care Network and officers and employees of the University as authorized signatories for Health Care Network bank accounts provided that there are two signatories on all checks and that at least one of the signatories signs all Health Care Network checks:

The Dean of the College of Medicine
The Executive Associate Dean for Clinical Affairs
The Health Care Network Chief Executive Officer
The Health Care Network Chief Operating Officer
The Health Care Network Treasurer;

WHEREAS, the Board must state with particularity the legal name and title of University employees who are authorized to sign checks to pay legal obligations of the Health Care Network; and

WHEREAS, the Health Care Network Treasurer position is currently vacant; and

BE IT RESOLVED THAT, the following officers and employees of the University are authorized to sign checks to pay legal obligations of the Health Care Network from any and all designated Health Care Network depositories provided that there are two signatories on all checks and that at least one of the signatories signs all HCN checks:

John A. Rock, M.D., Dean of the College of Medicine
J. Patrick O'Leary, M.D., Executive Associate Dean for Clinical Affairs
Fernando J. Valverde, M.D., HCN Chief Executive Officer
Stephanie Schmidt, HCN Chief Operating Officer

FA4. Donation of Woman's Club Property from Wolfsonian, Inc. to the Florida International University Board of Trustees

VP and General Counsel Cristina Mendoza presented the Donation of the Woman's Club Property from Wolfsonian, Inc. to the FIU Board of Trustees for Committee review, noting that it served the best interest of the Board to accept the donation.

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

WHEREAS, the Wolfsonian, Inc. and its sole member, FIU Foundation, Inc., have approved the transfer of the Woman's Club Property described on Exhibit "H" to the Florida International University Board of Trustees ("the BOT"), as a donation; and

WHEREAS, the BOT is authorized to acquire real property under the Board of Governor's Regulation 1.001; and

WHEREAS, the BOT has determined that it would be in its best interest to accept the Woman's Club Property as a donation from the Wolfsonian, Inc;

BE IT RESOLVED THAT, the BOT hereby ratifies and approves the acceptance of the Woman's Club Property as a donation from the Wolfsonian, Inc.

FA5. Investment Policy Statement Amendment

Interim CFO Miller presented the Investment Policy Statement Amendment for Committee review, indicating that the University Investment Committee recommended the proposed revisions to the Investment Policy Statement to invest available Working Capital Pool funds in bonds issued on by or on behalf of the FIU Foundation, Inc. and/or the FIU Athletics Finance Corp. on a short-term basis. He noted that the Investment Policy Statement was amended to incorporate revisions by the University's Investment Committee. He also noted that the amendment was distributed to all the Committee members prior to the meeting.

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

WHEREAS, due to the current disruptions in the credit markets, the interest cost of variable rate bonds may dramatically increase due to declining credit ratings on the banks that secure such bonds, including bonds issued by or on behalf of two direct-support-organizations of the University, namely the FIU Athletics Finance Corporation (to finance the construction of the FIU Stadium) and the FIU Foundation, Inc. (to finance the construction of the MARC building); and

WHEREAS, substantial interest savings would be realized if the University purchases the bonds as short-term investments until stability returns to the market and the bonds are resold into the market; and

WHEREAS, consistent with the constitutional devolution of powers to the Florida Board of Governors and individual local university board of trustees, Section 1011.42 of the Florida Statutes empowered the Florida International University Board of Trustees ("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 desires to amend the University's Investment Policy Statement to adopt the proposed revisions attached as Exhibit "T", to permit the University, as the circumstances may require, to invest available Working Capital Pool funds (other than funds awaiting clearance) in bonds issued on by or on behalf of the FIU Foundation, Inc. and/or FIU Athletics Finance Corporation on a short-term basis in accordance with Sections 1010.10 and 1011.42 of the Florida Statutes;

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

Discussion Items

5.1 Office of Internal Audit Report

Director of Internal Audit Allen Vann provided the Internal Audit Report, providing updates on ongoing audits. Committee Chair Landon recognized Audit Managers Manuel Sanchez and Pyong Cho and thanked them for their hard work and their respective contributions to the University.

5.2 PeopleSoft Update

VP and Chief Information Officer Min Yao provided the PeopleSoft Update, providing the status update of the implementation of the Grants Suite and upgrading of the Financials System.

6.1 Foundation Report

Senior VP for External Relations Sandy Gonzalez-Levy presented the Foundation Report, providing an update on the Foundation's finances, investments performance and fundraising efforts.

6.2 CFO & Administration Update

Interim CFO Miller provided the CFO and Administration Update, providing legislative and construction updates.

6.3 Treasury Report

Interim CFO and University Treasurer John Miller provided the Treasury Report, providing an update on investment performance.

6.4 Environmental – Regulatory & Compliance Report

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

6.5 University Compliance Report

University Compliance Officer Leyda Benitez provided a brief summary on the status of compliance initiatives since the Committee met last.

6.6 FIU College of Medicine Health Care Network

Dean of the College of Medicine Dr. John Rock provided the College of Medicine Health Care Network ("HCN") Report, updating the Committee on the activities of the HCN.

As a follow up to the request from Committee Chair Landon, Dean Rock provided a report detailing the enrollment statistics of the College of Medicine, comparing and contrasting the number of accepted applicants to the actual enrollment data.

6.7 Athletics Update

Athletics Director Pete Garcia presented the Athletics Update, noting the exceptional improvements in the area of Academic Progress Rate (APR). He provided a financial update of the Athletics Finance Corp, reporting on the progress on fundraising efforts.

6.8 Office of Sponsored Research Report

As a follow up to the request from Committee Chair Landon, VP for Sponsored Research Andres Gil noted that a brief executive summary detailing the grants awarded to University Faculty was included as part of the Sponsored Research Report.

7. New Business

No new business was raised.

8. Concluding Remarks and Adjournment

With no other business, Committee Chair Landon adjourned the meeting at 9:27 am.

<i>Trustee Requests</i>	<i>Follow-up</i>	<i>Completion Date</i>
1. <i>Committee Chair Landon requested, in addition to a layman's term quarterly report detailing the grants awarded to University Faculty, better publicity communicating the research activities that the University is engaged in.</i>	<i>VP Andres Gil</i>	<i>November 2009</i>
2. <i>Committee Chair Landon requested that the University's College of Medicine implement customer satisfaction surveys to gauge patient contentment.</i>	<i>Dean John A. Rock</i>	<i>TBD</i>
3. <i>Trustee Landon noted that the while the Board was sensitive to the current financial crisis impacting the state and the nation, he recommended that the University Administration consider the viability of a strategic plan, which would integrate a non-deficit operation of the Athletics budget.</i>	<i>Athletic Director Pete Garcia; Interim CFO John Miller</i>	<i>TBD</i>

Exhibits attached: "FA-Minutes," "A," "B," "C," "D," "E," "F," "G," "H," & "I"

*MB
 6.22.09*

**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES**

Finance and Audit Committee

8 September 2009

Subject: University Internal Audit Plan, 2009-2010

Proposed Committee Action:

Adopt the following Resolution:

WHEREAS, the Operating Procedures of the Florida International University Board of Trustees' ("the BOT") Finance and Audit Committee Charter ("the Charter") provides that the Committee shall review and approve the Office of Internal Audit's annual audit plan, as attached to this Resolution as Exhibit "FA-1";

THEREFORE BE IT RESOLVED that the BOT Finance and Audit Committee adopts the 2009-2010 University Internal Audit Plan for the fiscal year ending June 30, 2010.

Background Information:

Legal Authority:

The BOT Operating Procedures, Finance and Audit Committee Charter, Specific Responsibilities: The Office of Internal Audit, states in relevant part:

The Finance Committee shall... Review and approve the Office of Internal Audit's annual audit plan (and any subsequent changes thereto), considering the University-wide risk assessment and the degree of coordination with the Auditor General's Office for an effective, efficient, non-redundant use of audit resources.

Explanation of Committee Action:

The Finance and Audit Committee Charter mandates approval of the audit plan for the upcoming fiscal year.

Exhibits/Supporting Documents:

- Exhibit "FA-1": University Internal Audit Plan, 2009-2010

Facilitator/Presenter:

- Allen Vann

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Internal Audit Plan Fiscal Year 2009-2010

BOARD OF TRUSTEES

September 8, 2009



Office of Internal Audit

August 14, 2009

MEMORANDUM

To: Finance and Audit Committee Members

From: Allen Vann, Audit Director

Subject: Internal Audit Plan Fiscal Year 2009-2010

A handwritten signature in blue ink, appearing to read "Allen Vann", is written over the "From:" line and extends into the "Subject:" line.

We are pleased to present our proposed audit plan for fiscal year 2010 for your review and approval. The development of the plan was shaped using a systematic approach to help us decide what audits need to be done. The planning process helps us develop the theme for our audits and identify an appropriate mix of various types of audits. The audit plan considers how we can best allocate our limited resources and capitalize on our individual strengths.

Effective audit planning is crucial to the success of the Office of Internal Audit. It is based on three basic elements: 1) understanding the University's programs and operations; 2) assessing risk; and 3) applying judgment. These elements are interdependent; that is, without an understanding of programs and operations, we can't assess risk; and assessing risk depends largely on the internal auditor's judgment. Within the University, the auditable unit could be a program, project, contract(s), organizational unit, function, process, and/or data system. Our planning process involves identifying the auditable universe, evaluating risks, meeting with management and designing and gaining approval of the audit plan from the Finance and Audit Committee.

Other work, often difficult to predict, affects the Office of Internal Audit's ability to complete all of the planned projects. During fiscal year 2008-09, we completed 5 investigations. We also initiated a special audit of certain DOE and NSF grants requested by the General Counsel on behalf of those Federal agencies. As a result, we completed only 7 new audits. Four planned audits spilled over to this fiscal year. So depending on the frequency, nature and criticality of other work, less time may be devoted to planned audits. During the year, the Finance and Audit Committee will receive quarterly status reports on our Office's progress in performing planned audits and the impact of other work on our ability to complete the approved plan.

Risk Assessment:

Actual expenditures and budgets for FY 08-09 were reviewed and compared. Previously prepared risk assessments were consulted. In performing our risk assessment we took a quantitative approach, which considers risk factors against which a number is assigned based on the likelihood of occurrence and impact on the University. The cumulative value

Internal Audit Plan FY 2009-2010

Page 2 of 5

August 14, 2009

is then ranked using a scoring formula to determine whether audit work should be considered in a particular area.

The five factors we considered in our University-wide risk assessment are listed below.

Materiality	Measures the relative size of the function based on actual expenditures and budgets.
Audit Coverage	Considers the extent of past audit coverage regardless of provider, i.e. internal or external.
Internal Risk	Measures internal reasons (processes and controls) that activities may be ineffective or inefficient or expose FIU to loss or failure.
External Risk	Measures external forces that could significantly affect operations, including: intergovernmental, public confidence and catastrophic recovery risks.
Information Risk	Reliance on incomplete or inaccurate data may cause inappropriate financial and operational decisions. These include processing, integrity, availability, relevance and budgetary risks.

We found that the most ubiquitous risks to the FIU mission revolve around start-up operations, for example the new College of Medicine and the one time funding opportunities from the Federal Recovery Act Funds. In addition, some programs pose their own unique risks, for example, Athletics must comply with separate and distinct NCAA requirements. Certain activities like construction represent high risk due to the mere magnitude of the financial resources consumed and the known risks associated with construction. Others, such as recruitment and emergency management have inherent risks that are not necessarily tied to the applicable departmental budgets.

Audit Plan:

After completing the risk assessment and reviewing it with management, we determined the type of audits and objectives for each given area. The following table outlines our audit plan for FY 2010. The table also includes some potential audits for FY 2011 and FY 2012:

Internal Audit Plan FY 2009-2010

Page 3 of 5

August 14, 2009

Audit Title	Fiscal Year		
	2010	2011	2012
Carryover Audits From FY 2009:			
Audit of Accounts Receivable	✓		
Audit of IT Security Controls Over Payment Cards	✓		
Audit of the Purchasing Card Program	✓		
Audit of Travel Expenditures (Athletics)	✓		
Review of Four Grants at the Request of the Department of Energy and National Science Foundation Inspectors General	✓		
Proposed Audits:			
Audit of Major Construction Projects	✓		
Audit of Financial Controls and Expenditures (College of Medicine)	✓		
Review of PeopleSoft Implementation of Grants Module (UTS/OSRA)	✓		
Review of IT Governance	✓		
Audit of Federal Stimulus Funds	✓		
Audit of Housing	✓		
Audit of Revenue Collections (Athletics)	✓		
Review of Business Continuity Plan (IT)	✓		
Audit of Grant and Auxiliary Expenditures (College of Engineering and Computer Sciences)	✓		
Review of Financial and Management Controls Under an MOU with Tianjin University (School of Hospitality and Tourism Management)	✓		
Investigations	✓	✓	✓
Recommendations Follow-Up	✓	✓	✓
Ethics Review		✓	
Fraud Susceptibility Review		✓	
Audit of Student Tuition and Fees		✓	
Audit of Auxiliary & Agency Funds (College of Business Administration)		✓	
Audit of Health Care Network and Ambulatory Care Center (College of Medicine)		✓	

Internal Audit Plan FY 2009-2010
Page 4 of 5
August 14, 2009

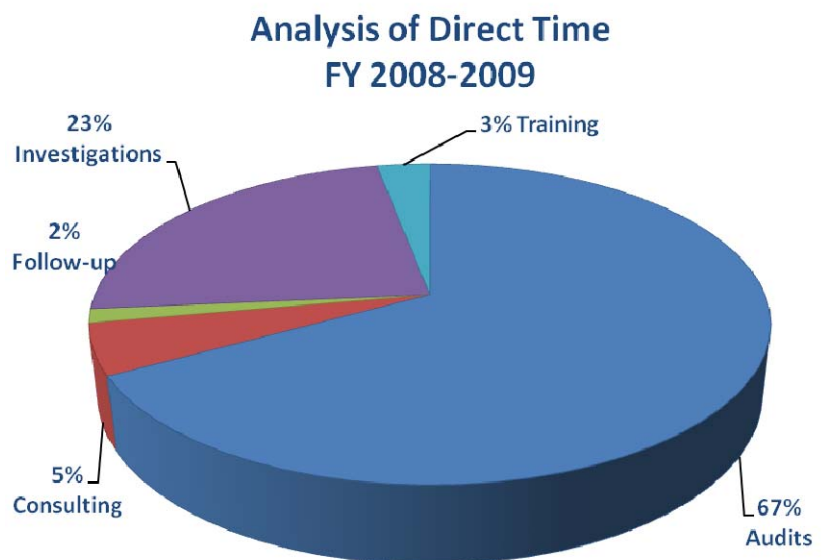
Audit Title	Fiscal Year		
	2010	2011	2012
Audit of Revenue Collection (Parking and Transportation)		✓	
Audit of Financial Aid/ Scholarships/Student Employment (Athletics)			✓
Review of Undergraduate Admissions			✓
Audit of the Recruitment Services Department (HR)			✓
Audit of the Information Technology Controls (College of Business Administration)			✓
Inventory Controls for Athletic Equipment & Supplies			✓
Review of Emergency Management – Public Safety			✓
Audit of Property Inventories			✓

Attached to this memo is a more detailed schedule providing further background information and objectives for each of the proposed audits.

Resources

One of the responsibilities of the Finance and Audit Committee is to "Assess the staffing of the Office of Internal Audit, including the annual budget."¹

The graph to the right illustrates how the Office of Internal Audit's direct staff time was spent. Almost a quarter of the staffs' direct time is consumed by investigations. The composition of the office includes six professional auditors and an office manager.



1 FIU, Board of Trustees Operating Procedures, page 15.

Internal Audit Plan FY 2009-2010
Page 5 of 5
August 14, 2009


Conclusion:


By arraying the pattern of past audit coverage of departments and programs and their respective budgets, we were able to combine our knowledge of potential audit areas from our assessment of risk, and professional judgment to arrive at a list of proposed new audits. The plan takes into consideration input from management. It also considers how we can best allocate our limited resources and capitalizes on our individual strengths.


Please review the attached schedules detailing our FY 2010 Audit Plan. It includes the completion of the four carryover audits initiated in FY 2009 (two of which we have already completed) and a wide range of new audits and potential audits for the long term. The audit plan will be submitted for acceptance at the September 10th Finance and Audit Committee meeting. In the interim, I would be happy to answer any questions or provide any additional details that you may require. I can be reached at (305) 348-2465.


Attachment


C University President
 Executive Staff


 Florida International University Office of Internal Audit Fiscal Year 2009-10 Audit Plan			
Audit	Departments	Background	Objectives
CARRY-OVER AUDITS:			
Audit of Accounts Receivable <i>Completed</i>	Controller's Office	Between FY 2006 and 2008 A/R balances ranged between \$34-41 million and the Allowances for Doubtful Accounts ranged between \$9-15 million, the second largest among Florida's State Universities.	Determine whether there are adequate controls and procedures in place to ensure that accounts receivables and related allowances for doubtful accounts are properly recorded and collection and write-off processes are adequately managed.
Audit of IT Security Controls Over Payment Cards <i>Completed</i>	Controller's Office/IT	Over 58 different units collect and use credit card information for collecting revenues from individuals. In order to protect cardholders and their issuers, FIU must be compliant with <i>Payment Card Industry Data Security Standards</i> .	Evaluate whether adequate IT security controls are in place over the processing, storing and or transmitting credit card hold data.
Audit of Purchasing Card Program	Purchasing/Accounts Payable	For the period from February, 1, 2008 to January 31, 2009 the total pro-card charges were \$18,569,143 and there were 1,358 active pro-card holders.	Determine whether established controls and procedures are being adhered to and help prevent and or detect errors and irregularities.
Audit of Travel Expenditures	Athletics Department	For the period from July 1, 2008 to April 30, 2009, the Athletics Department spent \$ 2.2 million on travel.	Determine whether the controls and procedures over travel expenditures, team travel and recruiting, are: a) adequate; b) being properly adhered to; and c) in accordance with applicable State statutes, University rules, policies and procedures, and National Collegiate Athletic Association (NCAA) Operating Bylaws.
Review of Four DOE/NSF Grants <i>Completed</i>	General Counsel/OSRA	The U. S. DOE and NSF asked FIU for an audit of four grants to resolve open issues relating to a pending settlement agreement.	Determine whether FIU billed the DOE and the NSF for sick and annual leave payouts properly.

 Florida International University Office of Internal Audit Fiscal Year 2009-10 Audit Plan			
Audit	Departments	Background	Objectives
PROPOSED AUDITS:			
Audit of Major Construction Projects (costs greater than \$1 million)	Facilities Management	Construction Funds in FY 09-10 were approximately \$249 million.	<p>The objectives are to determine that:</p> <ol style="list-style-type: none"> 1. CM/GCs are properly selected. 2. Payments to the Construction Managers (CM) are properly recorded and based upon an adequate process. 3. CMs maintain an accounting system that accurately accumulate and report costs. 4. Construction costs billed by the CM are actually incurred, appropriate, properly supported, accurate, and in accordance with contract terms and conditions. 5. Change orders are properly reviewed and approved, and are in accordance with contract terms and conditions.
Audit of Financial Controls and Expenditures	College of Medicine	In FY 2008 over \$6 million was expended & an additional \$13 million in FY 2009 in start-up costs. For FY 2010 funding has increased to \$23 million.	Evaluate newly established processes, and financial controls over expenditures.
Review of Implementation of PeopleSoft Grants Module	UTS/ OSRA	The entire grants accounting system was recently switched over to PeopleSoft.	Evaluate the business functionality and internal controls associated with the production environment of the grants module.
Review of IT Governance	University-Wide	IIA Standard 2110.A2 and ISACA Standard S10 require an assessment of the IS function as it relates to IT Governance.	Assess whether FIU's information technology governance sustains and supports the organization's strategies and objectives.
Audit of Federal Stimulus Funds	OSRA & University-wide	The University will receive approximately \$14 million in one-time stimulus funds from the US DOE under the American Recovery and Reinvestment Act of 2009.	<p>Ensure that Recovery Act Funds:</p> <ol style="list-style-type: none"> 1) Are clearly distinguishable and not comingled with other University funds; 2) Have adequate controls are in place to ensure that funds are expended for their authorized purpose; and 3) Meet all reporting requirements.

 Florida International University Office of Internal Audit Fiscal Year 2009-10 Audit Plan			
Audit	Departments	Background	Objectives
Audit of Housing	Housing and Residential Life	Housing generates approximately \$22 million annually.	Determine whether the housing program: 1) Provides adequate and safe living accommodations to students; 2) Provides adequate care, maintenance, and improvements of the housing facilities; 3) Exercises sound fiscal practices that minimize costs and generate adequate sufficient funds to meet bonded indebtedness, and annual operating and maintenance expenses.
Audit of Revenue Collections	Athletics Department	Athletics projected budget is \$19 million. During FY 08-09 Athletics operations resulted in a net loss of \$1.6 million covered by reserve balances.	Determine whether established controls and procedures over revenues related to ticket sales, camps, corporate sponsorships/advertising, concessions, gifts and other revenues are adequate.
Review of Business Continuity Plan	Division of Information Technology	The Division of IT established a remote backup site as part of their Business Continuity Plan at the Northwest Regional Data Center (NWRDC)	1) Asses the efficiency, effectiveness, and security of the Division of IT's Business Continuity Plan. 2) Evaluate the University's disaster recovery plan to ensure that it enables recovery of IT processing in the event of a disaster and ensure its ability to continue essential business operations during the period of an IT disruption.
Audit of Grant and Auxiliary Expenditures	Engineering & Computer Sciences	The College has almost \$15 million in grants and \$2 million in Auxiliary funds.	Review grants and propriety of auxiliary fund accounting with particular attention to equipment purchases and application of F&A.
Review of Financials and Management Controls under an MOU with Tianjin University	Hospitality Management	Currently, FIU has an MOU with the City of Tianjin/Tianjin University of Commerce to manage and provide instruction in travel & tourism management.	Review internal controls and accountability for revenue and expenditures relating to the MOU. Verify that revenue and expense statements generated by Tianjin University of Commerce are adequately supported and accurately reflect the balances due FIU.

 Florida International University Office of Internal Audit Fiscal Year 2009-10 Audit Plan			
Audit	Departments	Background	Objectives
OTHER REQUIRED UNIVERSITY-WIDE ACTIVITIES:			
Investigations	University-Wide	This represents forensic audit work/investigations based on requests from management, complaints received and audit findings.	Provide forensic auditing, as needed.
Recommendations Follow-Up	University-Wide	Audit follow-up is a function of the internal audit process.	Report on whether management implemented prior audit recommendations.
LONG-TERM PROJECTS:			
Ethics Review	Office of the General Counsel/Compliance Office	IIA Standards 2110.A1	Evaluate the design, implementation, and effectiveness of FIU's ethics-related objectives, programs, and activities.
Fraud Susceptibility Review	University-Wide	IIA Standards 2120.A2	Evaluate the potential for the occurrence of fraud and how FIU manages fraud risk.
Audit of Student Tuition and Fees	Registration and Student Financials	In FY 2008 the University had student tuition and fees of \$117.6 million as part of operating revenues.	Determine whether student registration and fees are assessed, collected, accounted for, and recorded in accordance with applicable laws, rules, and University policies.
Audit of Auxiliary & Agency Funds	College of Business Administration	In FY 2008 the college expended almost \$21 million in auxiliary funds and \$348k in agency funds.	Evaluate the auxiliary revenue and expenditure streams and assure that they properly accounted pursuant to the educational related activities they were intended for.
Audit of Health Care Network	College of Medicine	The Health Care Network will provide primary care services at various locations on and off campus. Through a partnership with Miami-Dade County, an Ambulatory Care Center providing an ambulatory surgery center and an outpatient diagnostic center is planned.	<ol style="list-style-type: none"> 1. To review the COM Faculty Practice Plan and evaluate compliance with varying regulatory requirements governing professional fee reimbursement. 2. Confirm that faculty and billing personnel are adhering to applicable billing requirements and FIU policies. 3. Ensure that there are adequate controls over financial operations, e.g., accounting and banking.

<div>  <div> Florida International University Office of Internal Audit Fiscal Year 2009-10 Audit Plan </div> </div>			
Audit	Departments	Background	Objectives
Audit of Revenue Collections	Department of Parking and Transportation	Traffic Parking and Transportation generate approximately \$10.6 million in revenue per year.	Determine whether controls over the recording of revenue and collection of funds are adequate and financial processes are effective and efficient.
Audit of Financial Aid/Scholarships/ Student Employment	Athletics	In FY 2008 the University provided \$4.8 million in financial aid to student athletes. For student athletes, the most common risks in the employment are athlete being compensated in excess of work actually performed and/or at a rate that is not similar to other students in like circumstances.	Determine whether: <ol style="list-style-type: none"> 1) The University has policies and procedures in place to determine and monitor the awarding of financial aid to student-athletes in accordance with Federal regulations and NCAA bylaws, and 2) The Athletics department is monitoring employment and maintaining adequate documentation to establish compliance w/ NCAA bylaws governing employment.
Review of Undergraduate and Graduate Admissions	Enrollment Services	At the heart of the University's mission is the admission of students. Over 35,000 applications are received annually. Approximately, 20,000 students are enrolled annually.	Assess the efficiency, effectiveness and fairness of the admissions process and ensure that: <ol style="list-style-type: none"> 1) All requests for admissions information and materials are processed and individuals requesting information receive materials on a timely basis; 2) Admissions data is accurate; and 3) Application fees are properly assessed, recorded and deposited timely.
Audit of the Recruitment Services	Human Resources	The Recruitment Services Department manages the recruitment process for all Administrative, Staff and Temporary employment including the development and placement of position advertisements, extension of formal employment offers, and new employee orientation.	Determine whether the recruitment, position posting, interviewing and hiring process is properly conducted and adequate background checks are performed.

 Florida International University Office of Internal Audit Fiscal Year 2009-10 Audit Plan			
Audit	Departments	Background	Objectives
Audit of Information Technology Controls	College of Business Administration	College of Business Administration has a large stand alone IT enterprise that supports their academic and administrative areas. Many of the information systems within the college contain student information, financial information, and other sensitive data.	The primary audit objective is to ensure that adequate information technology (IT) security controls are in place to protect sensitive information and that the network infrastructure and procedures follow current security standards.
Audit of Inventory Controls for Athletic Equipment & Supplies	Athletics	In FY 2008 the Athletics department expended almost .5 million on equipment, uniforms and supplies. NCAA legislation prohibits the provision of athletic equipment and apparel to prospects, members of their family, friends or educational institutions during and after the recruitment process.	To determine whether: <ol style="list-style-type: none"> 1) the Athletics department has adequate controls to monitor and account for athletic equipment and apparel for student athletes as it pertains to NCAA bylaws and University policies, and 2) To ensure that prospects are not receiving and student athletes are not retaining athletic equipment or apparel.
Review of Emergency Management	Public Safety	FIU's by its very nature and geographic location is subject to risks caused by human actions and natural disasters. Extensive emergency management plans, incident command and emergency operations systems have been developed to mitigate these risks.	To review the University's emergency management and continuity of operations plans and evaluate FIU's readiness for emergencies, hurricane preparedness, and disaster recovery. Perform benchmarking with other State universities and agencies.
Audit of Property Inventories	Controller-Asset Management and Property Control	According to State Statute: "A complete physical inventory of all property shall be taken annually... be compared with the property record, and all discrepancies shall be traced and reconciled." During FY 08-09 University financial statements reflect almost \$142 million in Furniture and Equipment.	To determine whether: <ol style="list-style-type: none"> 1) Complete and accurate records of the property are maintained; 2) Adequate physical security is maintained over property; 3) Property is promptly tagged and identified when received; 4) Regular physical inventories are taken and reconciled to property records; and 5) Evaluate the PeopleSoft upgrade.

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

8 September 2009

Subject: Reimbursement of Certain Costs Relating to Parking Garage V Project

Proposed Committee Action:

Recommend Board Adoption of the following Resolution:

WHEREAS, on March 31, 2009, the Florida International University Board of Trustees ("the BOT") authorized the issuance of tax-exempt bonds not to exceed an aggregate principal amount of \$32,000,000 (the "Bonds") through the Division of Bond Finance of the State Board of Administration of Florida (the "Division") for the purpose of financing a portion of the construction of Parking Garage V on the campus of the University (the "Project"); and

WHEREAS, before receipt of the proceeds from the sale of the Bonds, the University will need to use University funds which would then be reimbursed from the bond proceeds, in order to maintain the Project schedule and timely meet the University's needs for additional parking; and

WHEREAS, in order to obtain reimbursement from the bond proceeds, the Internal Revenue Service requires the University to declare its intent to seek reimbursement prior to the sale of the Bonds;

THEREFORE, BE IT RESOLVED THAT the BOT hereby approves the University reimbursing itself from the Bonds for expenses incurred with respect to the construction of the Project, to the maximum extent permitted under Treasury Regulation Section 1.150-2; and

BE IT FURTHER RESOLVED THAT the appropriate officers of the University are hereby authorized to take such actions as may be necessary to carry out the purposes of this Resolution.

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. This Resolution is intended as a declaration of official intent under Treasury Regulation 1.150-2.

Exhibits/Supporting Documents:

▪ N/A

Facilitator/Presenter:

▪ Kenneth Jessell

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**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES**

Finance and Audit Committee

8 September 2009

Subject: Signature Authority – Authorization to Sign Checks

Proposed Committee Action:

Recommended Board Adoption of the following Resolution:

WHEREAS, the University has depositories at banking institutions at which University funds are deposited; and

WHEREAS, the University pays its legal obligations from said depositories; and

WHEREAS, the Florida International University Board of Trustees must state with particularity the legal name and title of University employees who are authorized to sign checks to pay legal obligations of the University;

BE IT RESOLVED THAT, the following officers and employees of the University are authorized to sign checks to pay legal obligations of the University from any and all designated University depositories:

Kenneth Jessell, Chief Financial Officer and Senior Vice President
Thom Davis, Controller
Izhar Ul Haq, Associate Controller

Background Information:

A. Legal Authority:

Section 1011.42(7), Florida Statutes (2008), University depositories; deposits into and withdrawals from depositories, states in relevant part:

(7) The university board of trustees shall specifically designate and spread upon the minutes of the board the legal name and position title of any university employee authorized to sign checks to pay legal obligations of the university.

B. Explanation for Proposed Board Action

The Board is updating its official records to reflect University officers and employees authorized to sign checks to pay legal obligations on behalf of the University.

Exhibits/Supporting Documents:

▪ N/A

Facilitator/Presenter:

▪ Kenneth Jessell

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THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
8 September 2009

Subject: Office of Internal Audit Report

Proposed Committee Action:

None. Discussion item.

Exhibits/Supporting Documents:

- Office of Internal Audit Status Report

Facilitator/Presenter:

- Allen Vann

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Office of Internal Audit Status Report

BOARD OF TRUSTEES

September 8, 2009



FLORIDA
INTERNATIONAL
UNIVERSITY

Office of Internal Audit

Date: August 20, 2009

To: Board of Trustees and
Finance and Audit Committee

From: Allen Vann, Audit Director

A handwritten signature in blue ink, reading "Allen Vann", is positioned to the right of the "From:" line.

Subject: OFFICE OF INTERNAL AUDIT STATUS REPORT

COMPLETED AUDITS AND INVESTIGATIONS

Since our last Finance and Audit Committee meeting on June 11, 2009 we completed the following projects:

1. **Audit of Accounts Receivable** – The University's receivable balance and the corresponding allowance for doubtful accounts grew steadily between FY 2006 and FY 2008. In fact, FIU has the second highest allowance for doubtful accounts percentage in the State University System as of June 30, 2008. Our audit disclosed that considerably greater effort is needed by the University's departments responsible for managing receivables in the areas of collecting receivables, aging receivables, providing support for how allowances are calculated and when all collection efforts fail, swifter write offs of receivables. In addition, more detailed reconciliations need to take place on a more frequent basis and the entire process would benefit from more comprehensive written policies and procedures. Management agreed with our findings and agreed to implement all 12 of our recommendations.
2. **Audit on FIU Safeguards Over Credit Card Holder Data** – There are at least 54 separate areas within the University that collected cardholder data. We evaluated if there were adequate security controls in place over the processing, storing, and/or transmitting cardholder data based on the Payment Card Industry Data Security Standards. We found that a centralized governance structure needs to be established along with formal procedures detailing what controls should be in place for cardholder data. Also, the cardholder data environment needs to be fully identified and properly isolated to reduce the risk of being compromised. A secure network needs to be built, accompanied by regular monitoring and compliance testing. There is also a need for stronger access control measures. The Controller's Office, and the Division of Information Technology agreed to implement our 18 recommendations.

- 3. Investigation of the Use of University Funds for Foreign Travel in the School of Journalism and Mass Communication** – Our office received a complaint regarding the foreign travel of a professor from the School of Journalism and Mass Communication (SJMC). The allegations were that the Professor used FIU/grant funds to finance several trips to South Africa after the relocation of his ex-wife and child to Cape Town and also that he hired his ex-wife as a consultant during one of the trips.

The result of our investigation disclosed that the allegations were substantiated. The Professor did not follow OSRA's guidelines for the administration of externally funded projects. Review of the trips disclosed the questionable practice of mixing personal and University business without distinguishing time spent between University and personal business. The Professor did not report vacation time for the time spent on personal business while in South Africa. We determined that the Professor hired his ex-wife as a consultant using \$3,500 from a grant, but neglected to disclose his former marital relationship to OSRA as required. There were no apparent violations of state laws, rules or university policies regarding hiring a former spouse. During our investigation, we also noted other weaknesses in administering University funds. The investigation resulted in eight recommendations, which the SJMC Dean promptly addressed.

- 4. Review of Four Grants at the Request of the Department of Energy and National Science Foundation Inspectors General**

A special review was requested by the General Counsel on behalf of, and in agreement with, the Department of Energy and the National Science Foundation Inspectors General. The review covered the propriety of sick and annual terminal leave payouts charged to the grants from 1999 to 2009.

Our review disclosed that the University billed \$33,781 in terminal leave payouts to one of the DOE grant awards at the same time that it was applying a "Personal Assessment Fee" (PAF) to that award. The PAF was a varying percentage that was applied to a grant's monthly payroll charges intended to allocate accrued leave. After the University discontinued using the PAF the same DOE grant was direct-charged for all, or part, of the terminal leave payouts of six or possibly seven employees when the grant had previously been billed as much as \$11,253 in PAF charges associated with the salaries of the same employees. We identified no issues concerning the NSF grant awards.

With regard to the University's use of the PAF and the subsequent change in direct charging accrued leave, in our opinion, either method is acceptable under OMB Circular No. A-21, *Cost Principles for Educational Institutions*. It should be noted, that during the period that the PAF methodology was employed, the University, in aggregate, under billed the grants by almost \$302,000 in accrued costs it otherwise could have allocated.

WORK IN PROGRESS

Audits/Investigations	Status
Audit of the University Purchasing Card Program	Fieldwork in progress
Investigation – Misuse of Grant funds	Investigation in progress
Investigation – Misuse of an University Purchasing Card	Investigation in progress
Investigation – Misuse of funds College of Medicine	Fieldwork in progress
Audit of the Athletics Department	Fieldwork in progress
Review of PeopleSoft Upgrade Implementation	Planning in progress
IT Governance	Planning in Progress

OTHER MATTERS

Personnel Changes

In June Mr. Albert Mayungbe, an Audit Manager in our office, resigned for health related reasons. His contributions to the office will be missed. Fortunately we promptly filled the vacancy. Ms. Veretas Fernandes joined the audit staff in mid-August. She has extensive experience in construction auditing and accounting and as an adjunct professor of accounting at Miami-Dade College.

Continuing Professional Development

The entire staff received in-house training in the PeopleSoft Upgrade modules and a few staff members took advantage of some other relevant on-line training opportunities. In light of the opening of the College of Medicine, two auditors will attend the Association of Health Care Internal Auditors annual conference. The three and a half day conference will cover many topics that will enhance our technical competence in this new audit issue area. In addition, two auditors will attend the Association of College and University Auditors 2009 Annual Conference.

Quality Assurance Review

Using the Institute of Internal Auditors' Quality Assessment Manual as a guide, I am performing a complete internal self-assessment of the Office of Internal Audit. I plan to report the results of the self assessment to the Finance and Audit Committee at your next meeting on November 19, 2009. Following the self- assessment, we plan to engage an independent validator to review the findings and report on the Office's adherence to the IIA standards. This will fulfill the IIA peer review requirements.

FOLLOW-UP STATUS REPORTS

Management is responsible for addressing audit recommendations. The Office of Internal Audit periodically surveys cognizant officials for a status report on recommendations due for implementation in their areas. Details follow:

Summary of Follow-up Status Reports

As of July 31, 2009:

- 53 recommendations were due for implementation,
- 39 were reported implemented, and
- 14 were deferred by management.

Attachment A – Follow-up Status Report – Internal Audits

Attachment B – Follow-up Status Report – External Audits

Attachment C – Management Responses to Outstanding Recommendation(s)

**FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT**

**FOLLOW-UP STATUS REPORT - INTERNAL AUDITS
AS OF JULY 31, 2009**

Report	Audit Issue(s)/Recommendations	Responsible Executive/Director	Status	Original Due Date	Revised Due Date
Frost Art Museum Report Issued: Jan. 28, 2005	1. Art Collection Records: • Fair Market Value (Rec. #1.2) • Insurance (Rec. #1.3) 2. Capitalization of Art Work (Rec. #3)	Wartzok/Damian/ Kirschtel-Taylor	No No No	04/06 04/06 07/05	12/09 12/09 12/09
Enterprise Technology Support Services Report Issued: July 7, 2006	1. Purchasing Rule - Gift Policy (Rec. #3.3)	Jessell/Carmenate	Yes	09/06	
Audit of the Contracts & Grants Expenditures (Other Than Payroll) Report Issued: March 21, 2007	1. Indirect/Direct Costs (Rec. #3.2)	Gil/Barabino	Yes	06/07	
Review of Management's Actions to Prior Audit Recommendations Report Issued: Feb. 6, 2008	1. Project Accounting (Rec. #1)	Gil/Barabino	Yes	07/09	
Audit of University Minor Construction Projects Report Issued: May 16, 2008	1. Oversight of Minor Construction Projects (Rec. #4)	Jessell/Cal/Berenguer	N/A	08/08	12/09
Audit of the AIDS Prevention Program's Information Systems Report Issued: August 8, 2008	1. Data Encryption (Rec. #1) 2. File Shares (Rec. #8)	Treviño/Malow/ Devieux	Yes Yes	10/08 10/08	
Audit of the College of Law Report Issued: Feb. 27, 2009	1. Admissions Deposit (Rec. #1.1, #1.2) 2. Travel Procedures (Rec.#3.1 - #3.3) 3. Travel Procedures (Rec. #3.4) 4. Telephone Usage (Rec. #4.2, #4.3) 5. Other Expenses (Rec. #5.1 - #5.5 & #5.7 - #5.9) 6. P-Card Approval (Rec. #5.11) 7. Property Accountability (Rec.#6.1, #6.2) 8. Overall Recommendation (Rec.#7)	Acosta Jessell/Davis Acosta	No Yes N/A No Yes Yes No N/A	05/09 05/09 09/09 05/09 05/09 05/09 05/09 08/09	10/09 10/09 10/09
Allegations Against the Applied Research Center Report Issued: April 6, 2009	1. Review of Travel Expenses (Rec. #1.1) Review of Travel Expenses (Rec.#1.2) Review of Travel Expenses (Rec. #1.3) 2. Review of Telephone Calls (Rec. #2.1, #2.2) 3. Allocation of Project Costs (Rec. #3.1) (Rec. #3.2) 4. Travel Plan (Rec. #4.1, #4.2) (Rec. #4.3) 5. Allocation of Salaries (Rec. #5.1) (Rec. #5.2) 6. Overall Recommendation (Rec. #6.1, #6.2)	Salas/Proni	No No Yes Yes No Yes Yes No No Yes Yes	06/09 06/09 06/09 06/09 06/09 06/09 06/09 06/09 07/09 06/09 06/09	10/09 08/09 08/09 10/09 10/09
Audit of the College of Education Report Issued: April 14, 2009	1. Property Accountability (Rec. #1.1, #1.4, #1.5) 2. Telephone Usage (Rec. #2.2)	Banya/Juarez	Yes Yes	07/09 05/09 05/09	

Report	Audit Issue(s)/Recommendations	Responsible Executive/Director	Status	Original Due Date	Revised Due Date
Cash Counts at University Park and Biscayne Bay Campus Report Issued: April 21, 2009	1. Inoperable Safe	Jessell/Davis	Yes	05/09	
Investigation of the Use of University Funds for Foreign Travel in the School of Journalism and Mass Communication Report Issued: June 29, 2009	1. Consulting Agreements (Rec. #1.1) 2. Conflict of Interest (Rec. #1.2) 3. Foreign Travel for Sponsored Projects (Rec. #2.1) 4. Leave Adjustment (Rec. #2.2) 5. Controls over Reporting Leave (Rec. #2.3) 6. Grants Administration (Rec. #3.1) 7. Grants Administration (Rec. #3.2) 8. Agency vs. Auxiliary (Rec. #3.3)	Wartzok/Kopenhaver	Yes Yes Yes Yes Yes Yes N/A Yes	06/09 06/09 06/09 06/09 06/09 06/09 08/09 06/09	
Audit of Accounts Receivable Report Issued: July 22, 2009	1. Collection Efforts (Rec. #1.1) 2. Collection Efforts (Rec. #1.2) 3. Collection Efforts (Rec. #1.3) 4. Aging of Receivable Reports (Rec. #2.1, #2.2) 5. Doubtful Accounts Allowance (Rec. #3.1) 6. Doubtful Accounts Allowance (Rec. #3.2) 7. Accounts Receivable Write-Offs (Rec. #4) 8. Accounts Receivable Reconciliations (Rec. #5.1 - #5.3) 9. Policies and Procedures (Rec. #6)	Jessell/Davis Gil/Barabino Jessell/Davis Gil/Barabino Jessell/Davis N/A N/A	N/A N/A N/A N/A N/A N/A N/A N/A N/A	01/10 09/09 10/09 01/10 10/09 09/09 09/10 03/10 03/10	
Audit on FIU Safeguards Over Credit Card Holder Data Report Issued: July 30, 2009	1. Protecting Cardholder Data (Rec. #1) 2. Network Segmentation/Cardholder Environment (Rec. #2.1, #2.2) 3. Build & Maintain Secure Network (Rec. #3.1 - #3.4) 4. PCI Information Security Policy (Rec. #4.1) (Rec. #4.2) (Rec. #4.3 - #4.5) (Rec. #4.6) 5. Regular Monitoring & Testing of Networks (Rec. #5.1, #5.2) 6. Strong Access Control Measures (Rec. #6.1 - #6.3)	Jessell/Davis Yao/Granto Jessell/Davis Davis/Jaffus Jessell/Davis Yao/Granto Jessell/Davis Yao/Granto Yao/Granto	N/A N/A N/A N/A N/A N/A N/A N/A	10/09 10/09 06/10 06/10 03/10 03/10 01/10 10/10	

Explanatory Notes to Follow-up Status Report

- Explanation of status column
 - **Yes** = implemented;
 - **No** = not fully implemented by original due date;
 - **N/A** = not due for implementation.
- For those recommendations not fully implemented, please see Management Responses to Outstanding Recommendation(s) (Attachment C) for management's detailed current action plan.

**FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT**

**FOLLOW-UP STATUS REPORT - EXTERNAL AUDIT
AS OF JULY 31, 2009**

The following summarizes the current status of the State Auditor's Operational Audit (Report No. 2008-120, dated March 11, 2008).

Finding Number & Area	Audit Issue(s)/Finding	Responsible Executive/Director	Status	Original Due Date	Revised Due Date
Finding No. 12 Information Technology- University Governance	Need for improved University-level governance of the PeopleSoft financials system and the enterprise data contained therein.	Yao/Grillo	Yes	06/08	

Explanatory Notes to Follow-up Status Report

- Explanation of status column
 - **Yes** = implemented;
 - **No** = not fully implemented by original due date;
 - **N/A** = not due for implementation.
- For those recommendations not fully implemented, please see Management Responses to Outstanding Recommendation(s) (Attachment C) for management's detailed current action plan.

**FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT**

**MANAGEMENT RESPONSES TO OUTSTANDING AUDIT RECOMMENDATIONS
WITH REVISED TARGET DATES**

Audit of the Frost Art Museum (January 2005)

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

Recommendation:

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

Action Plan to Complete:

Fair market value of the collection objects should be determined in order to coordinate with Property Control for objects with values greater than or equal to \$1,000. We are creating an internship project for a student to check current market values for recent auctions of comparable objects and then to enter that value and information into the collections management database. It is estimated that this project will take an intern six months to complete. Please note that for a number of reasons it may not be possible to find values for every object.

New Target Date: December 31, 2009

Original Target Date: April 30, 2006

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

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:

Now that the collection has been housed at the Frost Art Museum it is - for the first time in the history of the museum - accessible for review and appraisal. An outside appraisal will be conducted by a certified art appraiser for insurance purposes. We will schedule an appraisal of the collection to be completed by December 31, 2009.

New Target Date: December 31, 2009

Original Target Date: April 30, 2006

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

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:

For works that currently have no value listed, please refer back to Action Plan for item 1. Once these values are entered in the database a list will be provided to Property Control for all objects with values exceeding \$1,000. Once Property Control provides us with property control numbers those will also be entered in our database as a cross-reference and for future university inventory and audit needs. As proposed in item 1, this project should take approximately six months to complete.

New Target Date: December 31, 2009

Original Target Date: July 31, 2007

1. Audit Issue: **Improper Use of Admissions Deposit** (Recommendation #1.1)

Recommendation:

The College should transfer all student deposit monies from the agency account to an auxiliary account as per Florida Statute and should reimburse the auxiliary account for any monies improperly used during the audit period.

Action Plan to Complete:

We will implement the recommended procedures as soon as our new budget director starts.

New Target Date: October 1, 2009

Original Target Date: May 15, 2009

2. Audit Issue: **Improper Use of Admissions Deposit** (Recommendation #1.2)

Recommendation:

The College should obtain authorization from the Controller's Office to collect funds within the College.

Action Plan to Complete:

We will implement the recommended procedures as soon as our new budget director starts.

New Target Date: October 1, 2009

Original Target Date: May 15, 2009

3. Audit Issue: **Improper Telephone Usage** (Recommendation #4.2)

Recommendation:

We recommend that the College ensure that prior long distance telephone calls be reviewed and either signed off as business calls or reimbursed if non-business calls. This review should go back as far as reasonably possible.

Action Plan to Complete:

The new budget director will be responsible for collecting non-business long distance calls.

New Target Date: October 1, 2009

Original Target Date: May 15, 2009

4. Audit Issue: **Improper Telephone Usage** (Recommendation #4.3)

Recommendation:

We recommend that the College get reimbursed for non-business telephone calls made by the two employees. If the two employees fail to pay, we recommend that the College report the non-reimbursement to Human Resources for disciplinary action.

Action Plan to Complete:

The College will pursue collection from the two employees.

New Target Date: October 1, 2009

Original Target Date: May 15, 2009

5. Audit Issue: **Unaccounted for Property Items** (Recommendation #6.1)

Recommendation:

We recommend that the College comply with current University policy and follow-up on all unaccounted for property items. Property Control procedures should be followed, depending on whether the item is found or not.

Action Plan to Complete:

The Budget office will be responsible for implementing property control procedures and maintain an accurate inventory of all property items.

New Target Date: October 1, 2009

Original Target Date: May 15, 2009

6. Audit Issue: **Unaccounted for Property Items** (Recommendation #6.2)

Recommendation:

In the future, we recommend that the College follow-up on Property Control's yearly inventory and investigate all missing property items in a timely basis.

Action Plan to Complete:

The Budget office will be responsible for implementing property control procedures and maintain an accurate inventory of all property items.

New Target Date: October 1, 2009

Original Target Date: May 15, 2009

Allegations Against the Applied Research Center (April 2009)

1. Audit Issue: **Review of Travel Expenses** (Recommendation #1.1)

Recommendation:

We recommend that ARC review all travel expenses charged to the WHEMSAC project and correct payments that were inappropriately charged to the project.

Action Plan to Complete:

WHEMSAC travel expenses have been reviewed. We are currently working with the Office of Sponsored Research Administration to resolve audit issues.

New Target Date: October 31, 2009

Original Target Date: June 5, 2009

2. Audit Issue: **Review of Travel Expenses** (Recommendation #1.2)

Recommendation:

We recommend that ARC determine the appropriateness of the per diem paid to the Research Analyst for the Honduras trip.

Action Plan to Complete:

WHEMSAC travel expenses have been reviewed. We are currently working with the Office of Sponsored Research Administration to resolve audit issues.

New Target Date: August 31, 2009

Original Target Date: June 5, 2009

3. Audit Issue: **Proper Allocation of Project Costs** (Recommendation #3.1)

Recommendation:

We recommend that ARC make adjustments to the PI's salary charges for the two days he traveled to Ocala to reflect the proportion of the benefit received by the WHIX '05 project.

Action Plan to Complete:

A credit will be applied back to the project.

New Target Date: August 31, 2009

Original Target Date: June 5, 2009

4. Audit Issue: **Travel Plan** (Recommendation #4.3)

Recommendation:

We recommend that ARC review the Analyst's trip to Chile in order to determine whether the flight departure change was related to the WHIX project and obtain reimbursement if the change was inappropriate.

Action Plan to Complete:

It is under review by Office of Sponsored Research Administration.

New Target Date: October 31, 2009

Original Target Date: June 5, 2009

5. Audit Issue: **Proper Allocation of Salaries** (Recommendation #5.1)

Recommendation:

We recommend that ARC review the salaries and other expenses incurred by its Military Programs personnel in order to identify inconsistencies in the manner in which salaries and other project related expenses were allocated and record adjustments to correct any identified misallocation.

Action Plan to Complete:

ARC has performed the recommended review and has sent any items in question to Office of Sponsored Research Administration for a final review and recommendation.

New Target Date: October 31, 2009

Original Target Date: July 20, 2009

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
8 September 2009

Subject: Foundation Report

Proposed Committee Action:

None. Discussion item.

Exhibits/Supporting Documents:

- FIU FOUNDATION, INC. – Preliminary Financial Statements Recap & Investment Summaries, June 30, 2009

Facilitator/Presenter:

- Noel Guillama-Alvarez, *Treasurer, FIU Foundation Inc., Board of Directors*

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FIU FOUNDATION, INC.

**PRELIMINARY
FINANCIAL STATEMENTS RECAP
& INVESTMENT SUMMARIES**

June 30, 2009

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FIU FOUNDATION, INC.
Preliminary Recap of Statement of Activities¹
Through the Period Ended June 30, 2009

(In Thousands of Dollars)

	2008-09 Annual Budget	2008-09 12-month Actuals	Variance		2007-08 12-month Actuals
REVENUES:					
<u>Contributions:</u>					
Endowments	\$9,645	\$3,582	(\$6,063)	[1]	\$12,768
Non-Endowed Funds:					
Scholarship & Programs	\$6,322	\$6,711	\$389	[2]	\$5,249
Building Funds	\$1,045	\$1,803	\$758	[3]	\$2,052
Annual Fund	\$331	\$429	\$98	[4]	\$374
Pledged Revenue	\$13,228	\$32,916	\$19,688	[5]	\$8,904
TOTAL CONTRIBUTIONS	\$30,571	\$45,441	\$14,870		\$29,347
<u>Other Revenues:</u>					
MARC Building - Rental Income	\$1,333	\$1,265	(\$68)	[6]	\$1,241
Estimated Investment Returns	\$5,373	(\$27,947)	(\$33,320)	[7]	(\$5,449)
Administrative Fee	\$0	\$118	\$118	[12]	\$0
TOTAL OTHER REVENUES	\$6,706	(\$26,564)	(\$33,270)		(\$4,208)
TOTAL REVENUES	\$37,277	\$18,877	(\$18,400)		\$25,139
EXPENSES:					
<u>University Programs:</u>					
Scholarships & Programs	\$8,273	\$9,487	(\$1,214)	[8]	\$8,719
Building Funds	\$1,461	\$1,449	\$12		\$2,021
Annual Fund	\$367	\$347	\$20		\$433
TOTAL UNIVERSITY PROGRAMS EXPENSES	\$10,101	\$11,283	(\$1,182)		\$11,173
<u>Operational:</u>					
MARC Building	\$1,579	\$1,061	\$518	[9]	\$825
Administrative Reserve	\$1,802	\$1,602	\$200	[10]	\$1,680
General Reserve	\$3,807	\$1,557	\$2,250	[11]	\$353
Administrative Fee	\$0	\$118	(\$118)	[12]	\$0
TOTAL OPERATIONAL EXPENSES	\$7,188	\$4,338	\$2,850		\$2,858
TOTAL EXPENSES	\$17,289	\$15,621	\$1,668		\$14,031
EXCESS REVENUES OVER EXPENSES	\$19,988	\$3,256	(\$16,732)		\$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
June 30, 2009

<i><u>Fund/Manager/Inception Date</u></i>	Market Value	% Allocation	Target Allocation	Current Month 05/31/09 06/30/2009	Trailing 3 Months 3/31/09- 06/30/2009	Calendar YTD 2009 12/31/08 - 06/30/2009	Fiscal YTD 6/30/08 - 06/30/2009	Trailing 3 Year 6/30/2006 06/30/2009	Trailing 5 Year 6/30/2004 06/30/2009	Since Investment Inception
Total Fund (6/30/00)	\$99,589,229	100.0%	100.0%	0.4%	11.8%	4.5%	-20.7%	-3.9%	1.1%	0.7%
Total Fund Composite				0.2%	9.9%	4.5%	-12.7%	-2.1%	1.9%	0.4%
+/- Benchmark				0.2%	1.9%	0.1%	-8.1%	-1.7%	-0.8%	0.3%
Total Equity Accounts (6/30/00)	\$49,359,335	49.6%	50.0%	-0.3%	18.0%	3.1%	-26.8%	-7.1%	0.3%	-1.2%
Total Equity Composite				0.0%	19.3%	6.5%	-28.0%	-9.5%	-1.3%	-3.8%
+/- Benchmark				-0.3%	-1.3%	-3.4%	1.3%	2.4%	1.6%	2.7%
Total Fixed Income Accounts (6/30/00)	\$20,762,389	20.8%	30.0%	1.7%	6.8%	6.2%	6.1%	5.7%	4.8%	5.8%
Total Fixed Income Composite				0.5%	2.3%	0.9%	5.8%	5.2%	4.4%	5.4%
+/- Benchmark				1.2%	4.5%	5.3%	0.4%	0.5%	0.4%	0.4%
Total Alternative Investments (3/1/02)	\$29,467,505	29.6%	20.0%	0.5%	6.2%	5.6%	-25.2%	-4.1%	0.8%	2.9%
Total Alternative Composite				0.2%	7.3%	2.2%	-7.3%	1.1%	2.3%	3.1%
+/- Benchmark				0.3%	-1.1%	3.4%	-17.9%	-5.1%	-1.5%	-0.2%

Florida International University Foundation, Inc.
Preliminary Performance Summary as of
June 30, 2009

<i>Fund/Manager/Inception Date</i>	Market Value	% Alloc.	Target Alloc.	Current Month 5/31/2009 06/30/2009	Trailing 3 Months 3/31/09- 06/30/2009	Calendar YTD 2009 12/31/08 - 06/30/2009	Fiscal YTD 6/30/08 - 06/30/2009	Trailing 3 Year 6/30/2006 06/30/2009	Trailing 5 Year 6/30/2004 06/30/2009	Since Investment Inception
<u>Domestic Equity Managed Accounts</u>										
Atalanta Sosnoff Large Cap Growth (3/1/06)	\$13,124,018	13.2%	12.5%	0.4%	14.4%	8.1%	-20.1%	-3.7%	N/A	-4.0%
Russell 1000 Growth Index				1.1%	16.3%	11.5%	-24.5%	-5.5%	-1.8%	-5.6%
Wedge Capital Large Cap Value QVM (12/29/06)	\$11,126,916	11.2%	12.5%	-0.4%	15.2%	2.6%	-29.5%	N/A	N/A	-16.2%
Russell 1000 Value Index				-0.7%	16.7%	-2.9%	-29.0%	-11.1%	-2.1%	-17.8%
Advisory Research Small Cap Value (6/1/01)	\$5,577,660	5.6%	5.0%	-0.2%	17.9%	-4.5%	-24.5%	-7.8%	2.8%	7.1%
Russell 2000 Value				-0.3%	18.0%	-5.2%	-25.2%	-12.1%	-2.3%	3.7%
IronBridge Small Cap Core Equity (12/2/03)	\$5,491,796	5.5%	5.0%	1.8%	21.7%	3.8%	-26.1%	-5.2%	0.7%	2.0%
Russell 2000 Small Cap Index				1.5%	20.7%	2.6%	-25.0%	-9.9%	-1.7%	-0.2%
Student Investment Management Fund (3/31/09)	\$200,762	0.2%		-0.8%	0.4%	N/A	N/A	N/A	N/A	0.4%
<u>International Equity Managed Accounts</u>										
Artio International Equity Fund (12/2/03)	\$6,951,758	7.0%	7.5%	-2.9%	22.0%	1.5%	-35.5%	-7.1%	4.7%	5.9%
MSCI EAFE Index				-0.5%	25.9%	8.4%	-31.0%	-7.5%	2.8%	4.4%
Brandes International Equity Fund (6/1/01)	\$6,886,423	6.9%	7.5%	-0.5%	23.2%	2.6%	-26.6%	-7.3%	2.2%	3.3%
MSCI EAFE Index				-0.5%	25.9%	8.4%	-31.0%	-7.5%	2.8%	2.3%
TOTAL EQUITY INVESTMENTS	\$49,359,335	49.6%	50.0%							
<u>Core Fixed Income Managed Accounts</u>										
SCM Advisors Enhanced Core Fixed (6/1/01)	\$10,820,640	10.9%	12.5%	2.3%	6.0%	6.5%	7.9%	6.3%	5.0%	5.6%
Barclays Aggregate Index				0.6%	1.8%	1.9%	6.1%	6.4%	5.0%	5.5%
Hillswick Asset Management (6/1/01)	\$4,476,420	4.5%	10.0%	1.4%	0.7%	1.3%	11.5%	9.6%	6.7%	6.9%
Barclays Aggregate Index				0.6%	1.8%	1.9%	6.1%	6.4%	5.0%	5.5%
Brandywine Global Opp Bond (1/1/08)	\$5,006,453	5.0%	5.0%	1.4%	13.2%	9.9%	-1.9%	N/A	N/A	0.1%
Citigroup World Gov't Bond Index				0.1%	3.5%	-1.5%	4.0%	7.8%	6.1%	6.0%
<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)	\$458,876	0.5%	N/A	0.5%	8.4%	7.1%	-5.2%	0.0%	N/A	2.7%
70% Barclays Aggregate / 30% S&P 500				0.5%	5.9%	2.6%	-4.1%	2.2%	N/A	3.5%
TOTAL FIXED INCOME INVESTMENTS	\$20,762,389	20.8%	30.0%							
<u>Alternative Investments</u>										
Ironwood Partners (03/01/04)	\$8,473,047	8.5%	5.0%	2.2%	5.6%	8.2%	-22.5%	-4.1%	1.1%	1.3%
Barclays Aggregate Index				0.6%	1.8%	1.9%	6.1%	6.4%	5.0%	0.8%
Ironwood Partners (NDM Gift) (08/01/05)	\$1,849,373	1.9%	N/A	2.2%	5.5%	8.2%	-22.9%	-4.2%	N/A	-0.9%
Barclays Aggregate Index				0.6%	1.8%	1.9%	6.1%	6.4%	5.0%	4.5%
Collins Capital (3/1/07)	\$6,423,212	6.4%	0.0%	1.0%	5.3%	5.1%	-28.3%	N/A	N/A	-5.4%
50% S&P 500/ 50% Barclays Agg				0.4%	8.8%	3.0%	-10.7%	-0.7%	1.6%	-4.7%
Titan Advisors (3/1/07)	\$6,302,778	6.3%	5.0%	0.7%	5.1%	8.1%	-10.2%	N/A	N/A	1.6%
50% S&P 500/ 50% Barclays Agg				0.4%	8.8%	3.0%	-10.7%	-0.7%	1.6%	-4.7%
DTC Private Equity (\$5 Million Commitment) (12/05) ¹	\$1,953,298	2.0%	5.0%							-3.6%
DTC Private Equity III (\$2.5 Million Commitment) ¹	\$50,000	0.1%								0.0%
Montagu Newhall Partners IV (\$2.5 MM Com.) (08/08) ¹	\$302,829	0.3%								0.0%
Cohen and Steers Realty (12/16/08)	\$1,507,228	1.5%	2.5%	-3.6%	31.8%	-10.3%	N/A	N/A	N/A	-8.6%
NAREIT US REIT Index				-3.7%	28.9%	-12.2%	-43.3%	-18.0%	-2.7%	-11.3%
Deutsche Bank Liquid Comm. Fund (1/1/08)	\$2,605,740	2.6%	2.5%	-2.7%	12.7%	8.4%	-49.4%	N/A	N/A	-20.0%
TOTAL ALTERNATIVE INVESTMENTS	\$29,467,505	29.6%	20.0%							
TOTAL FUND	\$99,589,229	100.0%	100.0%							

*These are short-term liquid funds

¹ Since Inception return represents the internal rate of return since the initial capital call of the investment.

Variance Notes:

[1] The negative variance for endowed revenues is attributable to the timing of collections on a few major gifts. Large budgeted endowment pledge payments for the College of Medicine that were not received totaled \$2.8M. The College of Engineering and Computing also realized a shortfall totaling \$1M. In addition, a \$2M gift budgeted for receipt in November for an endowment in the College of Arts & Sciences is still under negotiations.

[2] The positive variance for non-endowed revenues is a result of the collection of various gifts from additional donations and new donors of approximately \$400K received by the College of Medicine and the recognition of deferred royalty revenue totaling \$400 in Alumni Relations. The College of Nursing, School of Journalism and University-Wide Scholarships also received unbudgeted awards. The positive variance has been offset by the non-collection of various non-endowed gifts – mainly in the Frost Museum and Academic Affairs. In some cases, the reason for non-collection is timing; in others, the declining economy, as well as revenues budgeted were ultimately recorded in University research or auxiliary funds.

[3] The building funds favorable variance is due to contributions in excess of the budget toward the following construction projects: Kovens Center in BBC \$150k, Art Museum \$433k, A. Chapman Graduate Business School \$492k and the CFE Structures Labs totaling \$10k. The collections were offset by budgeted donations that were not realized toward the construction of the Law School Building, the Construction Management Building, Coastal Construction Process laboratory, the Alumni Center, the Nursing and Health Sciences and the renaming of the arena.

[4] The annual fund has been able to run a comprehensive program from the onset of the fiscal year. Annual Fund has been successful at increasing alumni participation and securing additional alumni, parent, student and FIU friends donations through-out the year. One thing to note, there are approximately \$15,000 of revenue that are not reported in the annual fund line item as donors designated their gifts to specific programs.

[5] The budgeted change in contributions receivable for the 12-month period ended June 30, 2009 was \$13.2M versus the actual change in contributions receivable for this period of \$32.9M. There is a positive variance of \$19.7M for endowment pledges and non endowed contributions. This favorable variance is attributed to a very generous donation from the Herbert Wertheim Family to the College of Medicine totaling \$15M net of the first year's installment as well as several unbudgeted pledges.

Below is an aging schedule of all Foundation contributions receivable, net of a 1% allowance as of 6/30/09:

	Current Year	1-2 years**	3-4 years	5+ years	TOTAL
ENDOWED*	\$5,350,867	\$32,124,191	\$11,981,574	\$1,142,955	\$50,599,586
NON-ENDOWED*	\$3,585,502	\$3,074,358	\$1,394,763	\$101,429	\$8,156,052
TOTAL*	\$8,936,369	\$35,198,549	\$13,376,337	\$1,244,384	\$58,755,638

**Total Receivables on the statement of financial position total \$55.4M because contributions receivable are discounted to their present value (the total discount is \$3.4M).*

***Includes State matching funds for endowments pledged in FY 2006-07 through FY 2008-09 in the amount of \$9.2M expected in FY 2009-10.*

[6] Unrealized derivative losses of approximately \$148K on the MARC Building loan affected the negative MARC building revenue variance. The losses are a result of current interest rates being significantly lower than the negotiated swap rate of 4.63%. In addition, there are several vacant rooms totaling 6,993 square feet which represent \$195k loss in revenues and a 9.32% vacancy rate. However, three MARC building case rooms and a conference room are being rented on a daily basis to offset the reductions in permanent rental income.

[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. Fiscal year-to-date

losses total approximately 20.7% or \$27.9M. The major drivers of the losses are in our international and domestic equity and alternative investment portfolios. The unprecedented downturn in domestic markets has been caused by a combination of factors that have led to a nation-wide recession. The recession has also extended into the global markets, further exacerbating the negative market conditions and position of our investment portfolio. Fortunately, there have been improvements in the market since February 2009; the portfolio has recovered by 10.6%.

[8] The negative variance for expenses is a result of the following units: The College of Business Administration expenses of \$626K were accelerated in anticipation of Non-Endowed Revenues being received and Kauffman Campus Initiative Program account being moved under the College of Business Administration range. The University-Wide Scholarships & Programs had unbudgeted expenses of \$432K related to new accounts created this fiscal year. The College of Arts & Sciences reported an additional \$425K for expenses awarded on scholarships, eminent scholar awards and endowment funds released. The School of Hospitality awarded more scholarships than anticipated for \$186K. The College of Engineering incurred unbudgeted expenses of \$157K due to OSRA, construction of brick path, & NACME scholarships. The School of Journalism purchased equipment needed for an unexpected award (\$86K). The College of Law incurred expenses of \$36K for events and graduation awards not anticipated. The Wolfsonian Museum had a withdrawal of \$180K and other related expenses to establish a donated salary account. And, Athletics paid \$200K to USF for cancellation of 2009 Football contest (\$200K expected in 09-10 from Rutgers as a game guarantee). All of these under-budgeted expenses were offset by material savings in the College of Education, College of Medicine, Stempel School, Art Museum & Academic Affairs. Furthermore, any expenses that exceeded revenues for these units were funded from the balances in their accounts accumulated over time.

[9] The savings in the MARC building were primarily a result of budgeted expenses for exterior building repairs that are scheduled to begin during July and August of 2009.

[10] The positive variance in the Administrative Reserve expenses is a result of the reduction of administrative expenses during the fiscal year in areas such as the Foundation operations, capital campaign, university expense allowance and the President's entertainment and travel allowances. Expenses related to fundraising and donor events will not occur as well as several fundraising and donor recognition expenses have been deferred.

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

[12] The Administrative fee was 1.5% collected as per the Foundation's reserve policy, and voted and approved by the Board of Directors. Due to the volume of endowments with negative reserve balances, only 23% of the endowments were charged an administrative fee.

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THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

8 September 2009

Subject: CFO & Administration Update

Proposed Committee Action:

None. Discussion Item.

Exhibits/Supporting Documents:

- CFO & Administration Update
 - Year-End FY08-09 Budget Variance
 - Stimulus Funding Update
 - Construction Update
 - Budget Update

Facilitator/Presenter:

- Kenneth Jessell

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YEAR-END FY08-09 BUDGET VARIANCE

(\$ in millions)

Year To Date June 2009				
Budget	Current Year Actual	Variance Fav/(Unfav)		
		\$	%	
329.1	342.5	13.4	4%	
110.7	119.9	9.2	8%	
85.4	76.8	(8.5)	-10%	
75.6	83.7	8.0	11%	
0.4	0.3	(0.1)	-24%	
17.6	18.3	0.7	4%	
10.1	10.6	0.5	5%	
31.9	46.8	14.9	47%	
0.0	0.1	0.1	0%	
4.1	2.7	(1.4)	-34%	
(8.4)	(8.7)	(0.2)	3%	
656.5	693.1	36.6	6%	
6.7	(9.2)	(15.9)	-238%	
5.4	(27.9)	(33.3)	-620%	
12.1	(37.1)	(49.2)	-408%	
668.6	655.9	(12.7)	-2%	
336.1	317.1	19.0	6%	
100.0	100.3	(0.3)	0%	
84.9	79.7	5.1	6%	
75.1	83.5	(8.4)	-11%	
0.5	0.4	0.1	21%	
18.9	18.5	0.4	2%	
10.3	10.4	(0.1)	-1%	
17.3	15.6	1.7	10%	
0.1	0.1	(0.0)	-25%	
0.6	0.5	0.2	30%	
(8.4)	(8.7)	0.2	-3%	
635.3	617.5	17.9	3%	
8.3	7.2	1.1	13%	
24.9	31.3	6.3	25%	
12.9	68.4	55.5	431%	

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.*
 - *Payables: The E&G budget expenses include year end commitments (encumbrances) even though they have not yet been invoiced.*
 - *Unrealized gains and losses: The investment results are recognized as revenues in the budget however GASB accounting principles require that it be recorded as an expense.*
- ² *E&G revenues include State Funding and Tuition and 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.*

STIMULUS FUNDING UPDATE

State Fiscal Stabilization Funds

Our initial plans included allocating the \$14.2 million (FIU E&G Appropriation) to various university projects. After receiving information concerning reporting requirements for construction type projects funded with Stimulus Funds, which may delay the projects and pose a serious threat to being able to complete the projects within the one year timeframe, the Provost and the CFO, in consultation with the President, decided to amend our submission and use the following allocation methodology for the State Fiscal Stabilization Funds:

- Provide bridge funding for positions that are planned for elimination
- Maintain temporary positions / adjuncts hires that otherwise would have been susceptible to elimination
- Provide start up funding for new critical positions, until revenue stabilizes
- Fund specific critical renovation/modernization projects that could be completed within the one year timeframe.

This change in allocation methodology is not a change in our original objective to strengthen FIU going forward on non recurring critical investments. We will still fund the remaining non recurring critical projects with university reserves.

BUDGET UPDATE

Revenue Estimating Conference

General Revenue estimate for FY2009-10 was reduced by \$147.1 million (0.7% of the March estimate) and the estimate for FY2010-11 was reduced by \$44.2 million (0.2% of the March estimate). The reductions are primarily a result of three economic factors: hard to access credit market, weak business expenditures and commercial activity, and accelerated job losses. The conference assumes the extreme financial and economic situation is expected to improve by late spring 2010 and modest growth expected to continue until full recovery begins in the spring of 2011. However, revenue collections are not expected to exceed FY2005-06 level within the three-year forecast horizon. No changes to state appropriations are expected at this time.

FACILITIES & CONSTRUCTION (August 2009)

The following is an update of major construction projects:

Projects Completed

- **RK Landon Field House** - \$12.6M project cost. Project includes CITF-funded Student Meeting Rooms. The Temporary Certificate of Occupancy (TCO) has been issued. The Football team has occupied and is now using facility. The Contractor is correcting punch list items. Final close-out will follow. Project completed on-time and on-budget.

Projects Under Construction

- **College of Nursing and Health Sciences (CNHS)** - \$46.9M project cost. Overall project is approximately 75% complete. External structure is virtually sealed. Interior finishes are in progress. Mechanical systems are being installed, furniture orders have been placed, and media infrastructure is also being installed. Media equipment bids were opened early June and came in enough below budget that the project was able to procure more media equipment and still have \$250K in savings. Savings will be applied to project. LEED documentation is in progress for certification with the goal of Silver within reach. Target completion date is November 30, 2009, with a move in date of December 2009.
- **School of International and Public Affairs (SIPA)** - \$22.8M project cost. Project has completed Construction Document phase. Notice to Proceed (NTP) was issued to Construction Manager (CM) following successful negotiation of foundation Guaranteed Maximum Price (GMP). CM has initiated site and foundation work. Design includes a “green roof” over the auditorium, which will be FIU's first “green roof” over an enclosed space. Project target is LEED certified with goal of Silver. Negotiations for alternates to build out floors 3-5 to meet current University organizational structure are currently underway. Delivery date: August 2010.

Projects Under Design – PECO Approved

- **International Hurricane Research Center (IHRC)** – \$15M Project cost. Conceptual schematic design was approved by President in June 2009. IHRC is currently negotiating with NOAA on revised site location that may also imply a joint project. OSRA has also revised initial design and plans to replace wind tunnel with lab research space. The results of the negotiations and the elimination of the wind tunnel will cause a revision to the initial design. OSRA, with support from Facilities Management, is applying for grants that would further increase the scope and size

of the project. Prompt action is essential to prevent any delay in project delivery. Initial screening for CM selection scheduled for August 17th, with final interviews on September 4th. CM contract expected to be finalized by October 2009. Delivery date: June 2011 but may be impacted if the scope & design changes described earlier are implemented.

- **Science Classroom Complex** - \$50.0M Project cost. Complex will provide specialized science classrooms, lecture halls, breakout rooms facilitating large instructional needs, flexible research space serving multi-disciplinary programs, a vivarium, study rooms for graduate students, faculty offices, and student/faculty gathering spaces promoting collaborative work. A Data Center, Chem-Store, Scientific Receiving and Stock Room areas are also included. Final programming with A/E has begun and should be ready for final University approval by late September 2009. Next step is to initiate the competitive selection for a Construction Manager. Delivery date: March 2012.

Projects in Planning Stage

- **Robert Stempel College of Public Health and Social Work** - This \$64.3M project combines three distinct yet related programs in one facility – the Stempel Complex. General support - infrastructure, utilities, services, circulation, etc. - will be shared for economies of scale. The \$23.3M PECO funded portion of the project will house faculty/staff offices, research and training labs of the **Robert Stempel College of Public Health and Social Work**. The College of Medicine's **Ambulatory Care Center (ACC)**, a \$10.0M Miami-Dade County GOB Funds project, will include Family Medicine/ Primary Care, Sports Medicine, an Imaging Center, and Administrative/Support spaces. It will be open to the general community for diagnosis, treatment and care. The third component of this triad, the **MDCHD (Miami-Dade County Health Department)** component will serve to consolidate the Health Department's administrative, public health units, and limited clinical research labs. It will provide increased opportunities for interagency collaboration between the Department's operations in Miami-Dade and FIU's faculty and students. The goal is to strengthen existing public health laboratory sciences curriculum and facilitate establishment of new collaborations enhancing disease/disorder diagnostic capabilities. DOH and FIU faculty & students will work cooperatively in the DOH laboratory and clinical space. The University is currently procuring bonds (approximately \$31.0M) for the design and construction of the MDCHD component. Architect and Construction Manager Selections are scheduled for completion in November 2009. Project completion is slated for Spring 2012
- **Student Academic Support Center (SASC)** - \$30.9M project cost. Design funds of \$2.5M were received in FY08-09; \$1.7M in construction funds are appropriated for FY09-10. As the design A/E, Gould-Evans began working with the project team to validate programming. Because of radical reductions in PECO funding, construction

may be delayed by 3-5 years, pushing the original delivery date from December 2011 to well beyond 2013. The University is assessing the impact of the delay in PECO funding.

- **Satellite Chiller Plant** - \$7.1M project cost. Evaluation of campus wide chilled water system has been completed. Objective of study was to assess actual capacity vs. needs for UP campus growth. Current chiller plants with additional equipment will support growth through 2013. Additional development of the Academic Health Sciences Complex (AHSC) will require this satellite chiller plant. Different plant options are being evaluated such as pre-packaged chiller plant and co-generation capability for its efficiency and sustainable aspect. This new plant is intended to meet the requirements past 2012. This project is now in programming, and will then move to A/E competitive solicitation.
- **U.S. Century Arena** - \$4.5M project cost - CITF. The Student Government Association (SGA) in consultation with Student Affairs and the Provost Office dedicated these CITF funds to create a pre-function space consisting of a grand hall lobby & reception area at the main east entrance, rest rooms, and concession areas. The project will also require significant infrastructure upgrades and site work. The Final program is now being reviewed for approval. A/E advertisement will be published in late August 2009 pending program approval.
- **GC Expansions** - \$700K project cost – CITF. Phase I of this project is preparing for the phase II, Ballroom expansion. Project is restoring, ballroom acoustical systems, hardware of both movable partitions and doors are being addressed. Lighting levels are also being upgraded at this time. This will allow the ballrooms to function and produce revenue while the expansion is ongoing. During this phase the GC building master plan is being upgraded to respond to the new 20 year campus wide master plan.
- **BBC Improvements** - \$1.5M - CITF. Program and schematic plan for the use of the “old cafeteria and kitchen” has been developed. Guaranteed Maximum Price (GMP) for the decommissioning of existing kitchen equipment is being finalized in preparation of demolition of obsolete kitchen and utility infrastructure. Project is developing construction budget and schedule.

Projects Under Construction – Bonded

- **Parking Garage 5/Public Safety/Retail** – Project budget \$40M. 100% Construction documents due late August 2009. Construction Manager, Turner Construction, has presented preliminary full project GMP. To meet the aggressive delivery date of August 2010, the project is planned in two phases: Phase I consists of an early foundation and pre-cast panel fabrication GMP. Phase II, the remaining building

systems, is to be released in October 2009 for construction, contingent on the approval of bond funding. Phase II funding needs to be in place by September 2009 in order to release Phase II construction. CM has initiated site work. Garage is scheduled to be delivered August 2010. Shelled retail and Public Safety will be delivered early September 2010.

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THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
8 September 2009

Subject: Legislative Update

Proposed Committee Action:

None. Discussion Item.

Exhibits/Supporting Documents:

- Legislative Update

Facilitator/Presenter:

- Stephen Sauls

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LEGISLATIVE UPDATE

State 2009-10 Goals for 2010 Legislative Session (State Fiscal Year July 1, 2010 – June 30, 2011)

2010 Regular Session Legislative Budget Request (LBR)

- BOG Budget Priorities (TBD)
 - Mitigate funding cuts
 - College of Medicine funding
 - Utilities cost increase funding
 - PO & M Cost to Continue Funding
 - FCO/PECO: TBD by BOG
 - Faculty & Staff Salaries Funding
 - Major Gifts and Courtelis Matching Grant Funding
 - Hurricane Research Funding

2010 Elections

- Actively monitor candidates friendly to FIU

2010 Regular Session Substantive Issues

- BOG Priorities
 - Facilities—Change capitalization threshold and increase minor projects threshold to \$2M from \$1M
 - Graduate Assistant Residency and Out-of-State student residency
 - Acceleration Mechanisms—block tuition and eliminating prohibition for mandatory summer term attendance
 - Allow market pricing of auxiliary courses
 - Optional Retirement—Additional vendors and direct employee contributions to vendors
 - Sunshine Exemption for higher education job searches

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

8 September 2009

Subject: Treasury Report – University Investment Committee

Proposed Committee Action:

None. Information item.

Exhibits/Supporting Documents:

- Treasury Report – University Investment Committee

Facilitator/Presenter:

- Tony Vu

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Board of Trustees
University Investment Committee
Treasury Report
September 8, 10 & 11, 2009

Investment Performance for Quarter Ending June 30, 2009

Benchmarks

In the second calendar quarter, there were indications that the U.S. economy is reaching the bottom of the recession. Almost all investment classes recovered value for the quarter ending June 30, 2009. Equity benchmarks lead the recovery with the S&P 500 gaining 15.9%, the Russell 2000 gaining 20.7% and EAFE up 25.4% for the quarter. Fixed income benchmarks also experienced positive traction with index gains in the Barclay's Aggregate of 1.8%, in Barclay's U.S. TIPS of 0.7% and Merrill Lynch High Yield Master II of 23.2% for the quarter. 91-day Treasury Bills earned 0.1% for the quarter. The REIT's benchmark suffered during the quarter with losses of 28.9%.

Portfolio

Performance within the portfolio mostly mirrored the market benchmarks. With 33% of the portfolio allocation, the Fixed Income Asset Class contributed to overall positive return of 4.5% for the quarter. Fixed Income – Core outperformed the benchmark with 4.5% return, while TIPS and High Yield investments lagged behind benchmarks with gains of 0.6% and 17.2%, respectively. Absolute Returns (11% allocation) gained 3.2% outperforming versus its benchmark of 1.4% (CPI +3.25%). With 17.1% gain, Domestic Equity (8% allocation) outperformed the benchmark gain of 16.8%. International Equity's (3% allocation) gain of 26.7% also outperformed versus the benchmark gain of 25.4%. REIT's underperformed, losing 29.6% for the quarter. Short-term investments gained 0.7%, outperforming 91-day Treasury Bills.

Overall YTD

As expected, the fiscal year-end investment balances were close to the fiscal year low with Total Combined Pool balance to \$191.2 million. This balance was \$30.5 million less than the investment balances of \$221.7 million held at the end of FY2007-08. Consistent overweight investment to the Working Capital Pool led to overall outperformance versus the blended benchmark index loss of 3.9%. For the year, the investment portfolio lost 2.5%, with the 7.9% loss from the Strategic/Reserve Pool offset by the 1.7% gain in the Working Capital Pool.

**Florida International University
Performance Summary as of
June 30, 2009**

<i>Fund / Manager (Inception Date)</i>	<u>Market Value</u> <u>(000's)</u>	<u>% Allocation</u>	<u>Target Allocation*</u>	<u>Current Month</u>	<u>YTD</u>	<u>Fiscal YTD</u>	<u>Trailing 1 Year</u>	<u>2 Years</u>	<u>Since Inception</u>
Total Combined Pool (3/31/06) Benchmark Index	191,238	100%	100%	0.4% 0.2%	3.3% 3.6%	-2.5% -3.9%	-2.5% -3.9%	-0.1% -0.3%	2.3% 2.3%
Working Capital Pool (3/31/06) 91-Day Treasury Bill	83,659	43.7%	30.0%	0.2% 0.0%	0.7% 0.1%	1.7% 0.9%	1.7% 0.9%	2.8% 2.3%	3.7% 3.4%
Total Combined Pool Less Cash Equivalents (3/31/06) Benchmark Index	107,579	56.3%	70.0%	0.6% 0.3%	6.2% 5.0%	-7.9% -6.2%	-7.9% -6.2%	-3.4% -1.5%	0.9% 1.9%

Florida International University
Performance Summary as of
June 30, 2009

<i>Fund / Manager (Inception Date)</i>	<u>Market Value</u> <i>(000's)</i>	<u>% Allocation</u>	<u>Target Allocation*</u>	<u>Current Month</u>	<u>YTD</u>	<u>Fiscal YTD</u>	<u>Trailing 1 Year</u>	<u>2 Years</u>	<u>Since Inception</u>
SPIA Account (3/31/06) 91-Day Treasury Bill	75,560	39.5%	0.0%	0.2% 0.0%	0.8% 0.1%	1.9% 0.9%	1.9% 0.9%	3.0% 2.3%	3.8% 3.4%
SBA-LGIP Account (9/30/06) 91-Day Treasury Bill	17	0.0%	0.0%	0.0% 0.0%	0.0% 0.1%	0.3% 0.9%	0.3% 0.9%	1.4% 2.3%	2.6% 3.1%
BOA Columbia Account (9/30/07) 91-Day Treasury Bill	8,081	4.2%	0.0%	0.0% 0.0%	0.2% 0.1%	0.6% 0.9%	0.6% 0.9%	-- --	1.5% 1.5%
<u>FIXED INCOME COMPOSITE (3/31/06)</u>	63,837	33.4%	38.5%	1.0%	6.9%	0.9%	0.9%	4.0%	4.4%
<i>Benchmark Index</i>				0.8%	5.9%	2.8%	2.8%	5.7%	5.6%
BlackRock HY Bond (3/31/06) <i>ML High Yield Master II</i>	7,865	4.1%	3.5%	2.1% 3.2%	22.6% 29.4%	-10.6% -3.5%	-10.6% -3.5%	-6.5% -2.8%	-0.3% 1.7%
Northern Trust TIPS (6/30/06) <i>Barclays U.S. TIPS</i>	22,094	11.6%	14.0%	0.6% 0.5%	5.0% 6.2%	-2.0% -1.1%	-2.0% -1.1%	6.5% 6.7%	5.7% 5.8%
Prudential Core Fixed (11/30/07) <i>Barclays Aggregate</i>	33,878	17.7%	21.0%	1.1% 0.6%	5.1% 1.9%	5.4% 6.1%	5.4% 6.1%	-- --	4.2% 4.7%
<u>HEDGE FUNDS (4/31/06)</u>	20,837	10.9%	14.0%	1.0%	3.2%	-11.5%	-11.5%	-5.6%	0.0%
Aetos Alternatives Mgmt. (4/31/06) CPI + 3.25% **	20,837	10.9%	14.0%	1.0% 0.3%	3.2% 3.4%	-11.5% 1.0%	-11.5% 1.0%	-5.6% 4.7%	0.0% 5.3%
<u>REIT's (6/30/06)</u>	3,040	1.6%	3.5%	-3.2%	-7.9%	-39.8%	-39.8%	-26.6%	-15.4%
Urdang REIT (6/30/06) NAREIT Equity	3,040	1.6%	3.5%	-3.2% -3.7%	-7.9% -12.2%	-39.8% -43.3%	-39.8% -43.3%	-26.6% -30.0%	-15.4% -18.0%
<u>DOMESTIC EQUITY COMPOSITE (3/31/06)</u>	14,931	7.8%	8.8%	0.3%	3.2%	-24.6%	-24.6%	-20.5%	-10.7%
<i>Wilshire 5000</i>				0.4%	4.5%	-26.4%	-26.4%	-19.8%	-8.1%
Northern Trust S&P 500 (6/30/06) S&P 500	12,157	6.4%	7.0%	0.3% 0.2%	3.3% 3.2%	-26.1% -26.2%	-26.1% -26.2%	-19.9% -19.9%	-8.2% -8.2%
CS McKee Small Cap (6/30/08) Russell 2000	2,774	1.5%	1.8%	0.5% 1.5%	3.9% 2.7%	-17.1% -25.0%	-17.1% -25.0%	-- --	-15.9% -28.8%
<u>INTERNATIONAL EQUITY COMPOSITE (3/31/06)</u>	4,934	2.6%	5.3%	-2.1%	10.2%	-35.9%	-35.9%	-25.2%	-9.7%
Alliance Bernstein (6/30/08) MSCI EAFE Index (N)	4,934	2.6%	5.3%	-2.1% -0.6%	10.2% 8.0%	-33.4% -31.4%	-33.4% -31.4%	-- --	-31.2% -34.7%

MEMBERSHIP

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Treasury Manager

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THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

8 September 2009

Subject: University Compliance Report

Proposed Committee Action:

None. Information item.

Exhibits/Supporting Documents:

- University Compliance Report

Facilitator/Presenter:

- Leyda Benitez

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MEMORANDUM

University Compliance Office

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

From: Leyda Benitez
University Compliance Officer

Subject: University Compliance Program Report

Date: August 17, 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 dated May 22, 2009.

I. Executive Summary:

Recently the work of the University Compliance Office has centered on education and training efforts in the areas of identity theft prevention as required by the Federal Trade Commission's Red Flags Rule, conflicts of interest in research, and basic compliance education and training to faculty members.

The policies and procedures for compliance with the Health Insurance Portability and Accountability Act of 1996, as amended (HIPAA), were thoroughly vetted through senior leadership and College of Medicine representatives. The University Compliance Office, in collaboration with the HIPAA implementation work group, is in the process of developing education and training modules on these policies and procedures.

Another major initiative recently undertaken by the University Compliance Office has consisted of a reformatting of all policy and procedure documents within the University Policies and Procedures Library. The new format lists contact information for the responsible University division and administrative departmental oversight, but does not list individual names. This new format allows for a more expeditious and efficient manner to update and maintain the University's Policies and Procedures Library, as documents do not become outdated based on university personnel changes.

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

1. Education and Training Opportunities:

- a. Faculty Orientation: The University Compliance Officer will present basic information regarding compliance obligations and available resources to new faculty members during their orientation on Wednesday, August 19, 2009. The session will cover basic ethics and legal requirements applicable to Florida International University employees, conflicts of interest, gifts, nepotism and basic considerations for data stewardship - - privacy and security of sensitive information created or maintained by the University. This is the second year that the University Compliance Officer has the privilege and opportunity to present to new faculty members.
- b. Office of Sponsored Research Workshop on Conflicts of Interest in Research: Associate Director for Sponsored Research Diana Oliva and the University Compliance Officer will be presenting a workshop dedicated to the discussion and better understanding of conflicts of interest in research, and the University's policy to address these conflicts within the context of state and federal laws. These workshops are open to the University community and attract principal investigators and administrators alike.
- c. Fair and Accurate Credit Transactions Act Compliance: The University's Red Flags Rule work group finalized the education and training to be offered to individuals whose work areas are impacted by these regulations. Education and training has been offered at both the Modesto Maidique and Biscayne Bay Campuses on June 2, July 14, 21 and 22, 2009. Additional training sessions are in the process of being scheduled for the Division of Student Affairs and Division of Enrollment Management Services during the month of September. It is of note that the Federal Trade Commission has again delayed the date by which the Red Flags Rule must be fully implemented from August 1, 2009 to November 1, 2009. The goal of the University's Red Flags Rule work group is to have all impacted areas trained by the required date.
- d. Health Insurance Portability and Accountability Act (HIPAA): The University Compliance Office, in collaboration with members of the HIPAA work group, has worked to develop education and training modules on the University's HIPAA policies and procedures. All individuals who work in areas wherein they will have access to personally identifiable health information protected by HIPAA will be required to receive training on these policies and procedures. The goal is to have the first group of employees covered by the HIPAA policies trained as of September 1, 2009.

2. State of Florida, Board of Governors Compliance Work Group: This work group had its first formal conference call on August 11, 2009 in order to discuss the mission of the work group, a proposed time line and deliverables to the Board of Governors. The framework for the development of a compliance function within the Board of Governors and the State University System is under discussion and development at this time. The University Compliance Officer will keep this Committee abreast of major developments in connection with this important initiative.
3. Compliance with the Higher Education Opportunity Act: The Office of the General Counsel and University Compliance Office are reviewing the impact of this legislation in various University areas. Next steps include comprehensive discussion of new disclosure and reporting requirements with appropriate University representatives and providing assistance throughout implementation.
4. Academic Affairs Policies and Procedures: Numerous Academic Affairs policies and procedures are in the final stages of review, and will soon be transitioned to the University Policies and Procedures Library. The estimated completion date for the transition of all Academic Affairs policies currently under review is September 30, 2009. The University Compliance Office recently worked in close collaboration with the Office of Accreditation in order to ensure that 29 policies and procedures were transitioned to the new format by August 14 so that the Office of Accreditation could begin quality checking procedures with respect to policies included in the SACS Certification Report.
5. Summer Camps/Programs Involving Minors: The work group developing recommendations and guidelines regarding requirements for agreements and activities involving the participation of minors on campus continues to make progress. At present, these activities are being reviewed on a case-by-case basis by the work group, pending final resolution regarding where ultimate responsibility for approval of these activities will rest. This initiative is ongoing, and it is estimated will be completed before the end of the 2009 fall term.
6. E-commerce and Payment Card Industry Data Security Standard (PCI DSS): Since the last report to this Committee, a work group led by the University Controller and the University Information Technology Security Officer met on several occasions in order to develop University-wide e-commerce and PCI DSS policies, procedures and guidelines. A sub-working group has met with a University unit in order to assist this unit in the development of unit-specific privacy and refund policies requested in order to obtain a merchant account allowing the unit to process payments via credit card. The work group and sub-group seek to develop and implement not only the official policy documents, but also a comprehensive university-wide compliance strategy. It is anticipated that all work on this initiative will be completed as of the end of the current fiscal year.

7. Management Representation Letter(s) Sub-Certification Policy: At the request of the Controller's Office and the University General Counsel, the University Compliance Officer reviewed a draft Management Representation Letter(s) Sub-Certification Policy and provided comments and proposed revisions to the University Controller. This policy sets forth the internal review process that leads to the actual certification of the management representation letter by the President and the Chief Financial Officer. This initiative is being led by the University Controller.
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. Health Insurance Portability and Accountability Act and related Privacy and Security regulations ("HIPAA"): The HIPAA Privacy and Security policies were thoroughly reviewed by senior leadership and College of Medicine representatives. They were presented to the Operations Committee for review and were approved on August 3, 2009. All University employees impacted by these policies will receive training.
10. University Health Services Compliance-Related Matters: Resolution of matters regarding the clinical laboratory licensure applications for the University Park and Biscayne Bay Campus facilities has been reached. The University has received the clinical laboratory licenses from the State of Florida, Agency for Health Care Administration for its laboratory facilities at the Biscayne Bay and Modesto Maidique Campuses. This matter is now concluded.
11. University Policies and Procedures Library: Since the last report to this Committee, the University Compliance Office has been transitioning 407 University policies and 82 University procedures into a new template. This new template replaces the name(s) of the contact person(s) with the responsible university division and the office with administrative oversight. The specific name(s) and contact information of the responsible individuals are available in the on-line abstract which appears on the web page immediately preceding the policy or procedure document. This new template allows for a more expeditious and efficient manner to update and maintain the University's Policies and Procedures Library. The University Compliance Office has now developed a number system which allows the reader to find University regulations and corresponding University policies and procedures.

As part of the continuous improvement efforts with regards to the University Policies and Procedures Library, the transition process for each policy or procedure has also entailed ensuring that all links to other documents or forms are correct. University areas with policies and procedures that have been transitioned into the new template form and are ready to post are as follows:

University Area	Number of Policies/Procedures
Academic Affairs	20
Academic Affairs (UFF)	15
Board of Trustees	3
Environmental Health and Safety	1
Finance & Administration	13
Foundation	8
University Graduate School	18
Human Resources	
AFSCME	63
Non Bargaining Unit	69
PBA Lieutenants	58
SEIU	59
All Faculty and Staff	2
Information Technology	8
Library	8
Office of the General Counsel	2
Office of the President	3
Office of Sponsored Research Administration	48
University and Community Relations	2

The remaining University areas with policies and procedures which are in the process of being transitioned are:

University Area	Number of Policies/Procedures
Human Resources	
PBA	59
Student Affairs	61

12. Legal and Compliance Research: The University Compliance Office has engaged in legal research in response to various inquiries and/or compliance initiatives. A partial list of subject matter areas in which research has been conducted includes:
 - a. FERPA-In attendance, definition of;
 - b. Public Records-Exemptions;
 - c. Student Codes of Conduct-Best practices within SUS;
 - d. Institutional Codes of Conduct-Best practices within SUS and comparable out-of state institutions;
 - e. Governance-By-laws regarding audit and compliance of comparable and best in class institutions;
 - f. Research compliance-ARRA reporting requirements.

The Florida International University
Board of Trustees Finance and Audit Committee
August 17, 2009
Page 6

I respectfully submit this report to the Finance and Audit Committee of the Florida International University Board of Trustees in anticipation of the meeting scheduled to take place on September 10, 2009. As always, I welcome your questions, comments and concerns.

Thank you for your kind attention and consideration.

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

8 September 2009

Subject: FIU College of Medicine Health Care Network

Proposed Committee Action:

None. Information item.

Exhibits/Supporting Documents:

- FIU College of Medicine Health Care Network
- Herbert Wertheim College of Medicine Update
- FIU Self Insurance Plan Report

Facilitator/Presenter:

- John Rock, MD

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MEMORANDUM

Herbert Wertheim 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 Medical Affairs and
Founding Dean, Herbert Wertheim College of Medicine

Subject: FIU Herbert Wertheim College of Medicine HealthCare Network (HCN)
Faculty Group Practice, Inc. as of August 4, 2009

Date: August 13, 2009

**The Florida International University Herbert Wertheim College of Medicine
HealthCare Network Faculty Group Practice, Inc. has taken the following steps:**

1. Bank account opened and funded - \$100,000 [FIU auxiliary trust fund loan] [Bank of America].
 - Account set-up for wire transfer, stop payments, ACH [to share vendor file] on-line statements,
 - Account transfer, positive pay [an anti-fraud program]
2. Established relationship with FIU Foundation, Inc who will provide financial service support to HCN [FIU Foundation given delegation of authority].
 - Assignment of specific Foundation staff for process uniformity and safeguarding of information.
 - Development of standardized processes for receipt and disbursement of funds, and authorized individuals (by title) including dollar limits.
3. Banking activities [deposit of practice daily cash receipts, reconciliation of payments through merchant account, reconciliation of monthly bank statement].
 - Payment of vendor invoices/operating expenses.
 - Preparation of standard financial reports.
 - Linkage with PeopleSoft 9.0.
4. Collections at on-campus Faculty Practice Plan with capturing of demographic and insurance information ensuring personal information safeguards.

IN PROGRESS:

1. Contract with selected billing and collections vendor under review for execution, inclusive of compliance and contingency plans.
2. Set up report transmission methods [type and frequency] and standard reporting from billing and collections vendor and interface with Foundation.
3. Set up merchant account for patient payment by credit card.
4. Set up lock-box for receipt of insurance payments/integration with billing and collections vendor.
5. Set up Asset Management System through FIU Asset Management Department.
6. Payor agreements (with FIU health insurance offered plans).
7. HCN Financial Management and Procurement Policies

OTHER:

1. Faculty Practice Plan Activity Report 7/27/09 to current.
2. HCN Tax Exempt Status Filing [pending IRS processing].
3. Supportive of University in development of Self Insurance Program (SIP).

MEMORANDUM

Herbert Wertheim 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 Medical Affairs and
Founding Dean, Herbert Wertheim College of Medicine

Subject: Herbert Wertheim College of Medicine Update

Date: August 12, 2009

The Florida International University Herbert Wertheim College of Medicine officially opened on August 3rd 2009 with the start of orientation for the inaugural class after more than two years of planning. The opening was the culmination of dedicated efforts from the College of Medicine faculty and staff and the College of Medicine Implementation Team under the direction of Liane Martinez, Associate Vice President for Business and Finance.

The Office of Student Affairs in the College has already commenced receiving applications for the 2010 class. Over 1500 applications have already been received to date. The 2010 Admissions committee began meeting last month to review these hopeful applicants. Interviews will start shortly thereafter.

The FIU Health Care Network (HCN) opened its first practice on July 27th, 2009 in conjunction with the University Health Services Health and Wellness Center. The practice features David Brown, MD, Chief of Family Medicine as the initial physician with others slated to start as the practice expands. The practice is open to faculty/staff and is available after hours on select days.

The Herbert Wertheim College of Medicine continues to prepare for provisional accreditation. A task force chairman has been named to oversee the self study process that will culminate in a 2011 site visit by the Liaison Committee on Medical Education (LCME). Additionally, the Herbert Wertheim College of Medicine is working with an architect firm to plan its expansion from 40 to 80 students in 2012.

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MEMORANDUM

Herbert Wertheim 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 Medical Affairs and
Founding Dean, Herbert Wertheim College of Medicine

Subject: Report Regarding the Florida International University Self Insurance Plan

Date: August 12, 2009

The Florida International University Self Insurance Program was authorized by regulation (date) and the Herbert Wertheim College of Medicine has taken the following steps:

1. The Herbert Wertheim College of Medicine retained Towers Perrin to provide an actuarial report to establish the funding of the FIU Self Insurance Program. The initial funding will be \$330,000 which includes reserves, funding for expected losses, funding for administrative expenses including risk management, claims management and loss control.
2. The Herbert Wertheim College of Medicine has agreed to retain the University of Florida Self Insurance Program Director to serve as the FIU Director and has agreed to retain the University of Florida SIP staff to provide administrative services to the FIU Self Insurance Program.
3. The University has established a financial plan pursuant to which the University of Florida Self Insurance Program Director will have direct access to an operating account to retain services on behalf of the SIP. The operating account will be a restricted account and will be funded only to the extent necessary to cover budgeted for administrative expenses.
4. The University will establish a segregated account to hold the remainder of the FIU Self Insurance Program funds. The FIU Self Insurance Program funds will be invested in accordance with an investment policy which will be adopted by the SIP and submitted to the BOT and BOG for approval.

5. The FIU Self Insurance Program Council will meet in August 2009, to appoint the FIU Self Insurance Program Director, adopt the FIU Self Insurance Program risk management and claims management protocols, to approve the Memorandum of Agreement with the University of Florida Self Insurance Program, and to approve the Memorandum of Protection describing the scope of SIP coverage.

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

8 September 2009

Subject: Office of Sponsored Research Report, FY 2008-2009 Report

Proposed Committee Action:

None. Information item.

Exhibits/Supporting Documents:

- Office of Sponsored Research Report
FY2008-2009 Report

Facilitator/Presenter:

- Andres Gil

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THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES FINANCE AND AUDIT COMMITTEE

RESEARCH AND UNIVERSITY GRADUATE SCHOOL

OFFICE OF SPONSORED RESEARCH ADMINISTRATION FISCAL YEAR 2008-2009 REPORT

I. Introduction

This document consists of the Fiscal Year 2008-2009 (FY 2009) report to the Board of Trustees (BOT). The report focuses on five areas. In [Section II](#), we present an overview of performance regarding research awards, research grant applications, and research expenditures. We provide a brief report on applications and awards related to the American Recovery and Reinvestment Act (ARRA) in [Section III](#). Data on the financial costs and benefits of sponsored research is presented in [Section IV](#), while [Section V](#) highlights FIU research accomplishments. In [Section VI](#), we provide an update and summary of ongoing initiatives being undertaken by the Office of Research.

II. Overview of Awards, Applications, F&A and Expenditures

[Table 1](#) presents data comparing new awards for FY 2007-2008 (FY 2008) and FY 2008-2009 (FY 2009) by unit (academic and/or administrative). Grant awards totaled \$88.9M for FY 2009, a 22.15% increase from FY 2008. Note that when the State of Florida Center of Excellence award for the Internal Hurricane Center is not included, awards increased by 11.84%. Another key overall factor was the increase of F&A rate for the new awards, which increased from 17.87% in FY 2008 to 19.24% in FY 2009. The State of Florida Center of Excellence was a large grant with no F&A. The F&A rate for all the other grants combined was 21.39%. [Figure 1](#) graphically presents the changes in new awards for each of the colleges.

Most of the colleges experienced increases in grant awards. The Wertheim College of Medicine (WCoM) experienced a notable increase of 221.1%. Other notable increases were those for the School of Journalism and Mass Communication (SJMC 32.2%) and the College of Business Administration (CBA 19.6%). The three largest colleges in terms of sponsored research also had significant increases: College of Arts & Sciences (CAS 16.2%), College of Engineering & Computing (CEC 12.6%) and the Robert Stempel College of Public Health and Social Work (RSCPHSW 10.1%). There were two colleges with decreases in grant awards, the College of Nursing and Health Sciences (CNHS -63%) and the College of Education (CoE -4.7%). Decreases in the CNHS are likely related to the relatively low number of faculty with sponsored research in the College; with faculty with research funding being likely to have the maximum number of grants they can manage. The CNHS is actively working on increasing its research portfolio through strategic hiring and increasing support for research infrastructure. These efforts by CNHS are also reflected in the fact that the amount of funding requested through applications in FY 2009

increased by 179.3%, ranking CNHS second in terms of the magnitude of increase (see [Table 4](#)).

[Figure 2](#) graphically represents the changes in the effective F&A rate between FY 2008 and FY 2009 by college. Most of the colleges had increases in the F&A rate. During both fiscal years, the WCoM and the RSCPHSW had the highest F&A rate. The CNHS had the highest increase in F&A rate, more than doubling from 7.9% to 18.5%.

[Table 2](#) presents data on new awards for FY 2008 and FY 2009 for centers and institutes. Note that these units are either within colleges or within Academic Affairs. This is the first time that we report research awards for centers and institutes in this manner, and we feel that this format will allow for better understanding of performance by these units. There are centers and institutes that are not included in this table because they are not managed or set-up financially independent from their respective departments and/or colleges, and thus, we are unable to track their awards and expenditures. Overall, grant awards to centers and institutes increased by 40.8%. Some notable increases are those for the Applied Research Center (ARC 41.7%) and for the International Forensic Research Institute (IFRI 245.7%).

[Table 3](#) illustrates the distribution of new research awards by three categories: Federal, State, and Private/Other. We continue to have nearly three-quarters of research grants and contracts from federal sources. The proportional increase of state sources is due to the Hurricane Center of Excellence award. Excluding this award would have actually reduced the State's proportion to about 11.6% and increased the Federal proportion to 78.6%.

[Figure 3](#) presents (this figure will be provided at the Board meeting) the NSF report of total university-wide expenditures for FY 2009. The NSF report is due on January 2010. Additionally, the BOG requires a report which is due in mid-September. At the time of the writing of this report we have not completed the compiling of these data. However, we will have the data prior to the meeting of the BOT's Finance and Audit Committee.

[Table 4](#) presents the funding value of applications submitted by colleges, and compares FY 2008 and FY 2009. Overall, the amount of funding requested through applications increased by 27.32%, and the total F&A rate increased from 20.4% to 27.2%. Also notable is the fact that the absolute number of applications increased by 23.3%, from 626 to 772 applications.

In terms of the colleges, the CNHS, RSCPHSW and CAS had significant increases, with CNHS leading the way. The College of Architecture & the Arts (CARTA), the College of Business Administration (CBA), CEC and WCoM experienced decreases in total funding applications. The decrease for WCoM is due to the fact that the college currently has a small number of research faculty, and that last year the college had a Center of Excellence proposal. If the Center of Excellence application for FY 2008 is not counted, WCoM had an increase of 63.6%. Moreover, there was a 314% increase in the number of applications in WCOM, from 7 to 29. Finally, there was a decrease in CEC (-5.9%). However, there was a 28.7% increase in the number of applications, from 195 to 251.

[Table 5](#) presents the funding value of applications submitted by centers and institutes. Overall, funding values of applications by 38%, which is higher than the total for the University 23.3% (see Table 4).

III. Applications and Awards Associated with the American Recovery and Reinvestment Act (ARRA)

The first application for ARRA awards was submitted on 2/27/2009. By the end of FY 2009, ARRA applications had totaled \$49.8M, and \$131,116 in awards had been received. During July and through mid August, we received an additional \$431,128 in awards. There continue to be new ARRA-related opportunities, and we expect applications to continue at least through the end of the Fall 2009 semester. Thus far, in July 2009 there has been an additional \$3,007,326 in applications.

ARRA Infrastructure Applications from the Office of Research. The Office of Research has engaged in writing several ARRA applications for FIU's research infrastructure. Specifically, the following applications have been submitted or are planned since July 1, 2009:

1. Application to expand the Animal Care Facility for the new Graduate Classroom and Life Sciences Building. The application was submitted to the National Institutes of Health (NIH), for the amount of \$6.9M.
2. Application to expand the new Hurricane Center Building. The application was submitted to the National Institute of Standards and Technology (NIST), for the amount of \$5.5M.
3. Application for the Revitalization of Core Research Facilities in the Southeast Environmental Research Center: Nutrient Analysis Laboratory. The application was submitted to the National Science Foundation (NSF), for the amount of \$1.2M.
4. Application for the renovation of the nano laboratory at the College of Engineering. The application will be in collaboration with the University of Miami, and will be submitted to the NIH on September 17, 2009 for approximately \$6-\$10M.

This direct engagement in grant application is new in the recent history of the Office of Research. The applications have been prepared in collaboration with faculty in colleges from throughout the university. We plan to capitalize on these experiences and build greater capabilities by the Office of Research to submit general infrastructure grant applications. We are planning to hire a grant writer that specializes on these types of grants in order to capitalize on grant opportunities available from FIU's designation of a Disaster Resistant University (DRU).

IV. Financial Costs and Benefits of Sponsored Research

At the last BOT Finance and Audit Committee meeting, discussions included the topic of when or whether FIU could begin to make profit from sponsored research. The reality is

that research has many costs and benefits, and ascertaining these costs and benefits is a complex matter. For example, a specific clinical trial conducted in 2009 may lead to the development of medication in the future. Moreover, the negotiated F&A rate of most universities is not sufficient to cover all the costs of research, and this is exacerbated by changes made by Federal agencies, such as NIH, which disallow certain administrative costs from being directly charged to grants. In this context, making a profit in the traditional business sense of revenue surpassing costs is not realistic or attainable. Thus, given all costs associated with research, it is important that investments in research and research infrastructure be strategic. For example, a focus should be to invest in research endeavors that have positive socio-economic impacts on South Florida and the State. Many important grants also require cost sharing from funding agencies, and many important training grants carry zero F&A, or 5% to 10% F&A rates. Rather than making a profit, by FY 2004-2005, the Office of Research had overspent \$4.4M in F&A, and thus had to borrow this amount from the University. With careful planning and strategic investing, since FY 2006-2007, the Office of Research has been paying back the loan to the University at the rate of \$500K annually. As of 7/31/09, the remaining debt is \$2.9M. In addition, given the differential between our current F&A rate (44%) and the calculated rate accepted by the Federal government in our negotiations two years ago (approximately 62%), the university clearly invests in research above what is provided by F&A.

The university utilizes external and internal investments in research to develop people, generate new ideas and serve the community. These are our profit. Additionally, the “profit” of sponsored research is exemplified by the myriad ways that sponsored research supports FIU’s core mission. Aside from scientific discoveries, which are sometimes impossible to measure in terms of profits, there are many benefits associated with sponsored research, including increasing the University’s prestige, and thus attracting better quality students and faculty, and the many benefits of the fruits of the research to our communities, society, and the advancement of science. Moreover, there are very immediate and direct benefits that are seldom considered, specifically the contribution of equipment purchased through grants to the University’s educational enterprise, and financial support to students through stipends and tuition payments derived from grants. [Table 6](#) shows the amount of funding from grants supporting students with stipends, tuition payments, and assistantships during the past three fiscal years. Note that the financial impact has been \$9M to \$10M each year. In addition to the financial support, these students benefit from mentoring and training provided by the faculty members who receive the grants. [Table 7](#) presents a list of equipment/instrument grant awards to faculty members during the past three years. These instruments support research and the training of students.

V. Recognition of FIU Research Accomplishments

This fall semester, the Office of Research will produce an annual report highlighting FIU’s research accomplishments for this year. In addition to providing data on awards and expenditures, the report will highlight research accomplishments and individual researchers. For instance, the report will highlight FIU’s researchers with NSF CAREER

awards, as well as a new program we call “Meet the FIU Researchers.” Below we provide brief and preliminary information on these.

FIU NSF CAREER Award Recipients:

Several FIU researchers have received prestigious NSF CAREER awards recently. Below is a list of the award recipients:

- **Girma Bitsuamlak**, Assistant Professor, Civil and Environmental Engineering, College of Engineering and Computing – Project: Multi-Scale Computational Evaluation of Wind Load on Buildings – \$400,219 for the period between 2/1/09 and 1/31/14.
- **Jason Liu**, Assistant Professor, School of Computing and Information Sciences, College of Engineering and Computing – Project: Immersive Large-Scale Network Simulations – \$274,934 for the period between 5/15/08 and 2/28/10.
- **Michael Heithaus**, Associate Professor, Biological Sciences, College of Arts and Sciences – Project: Does predator intimidation help structure a pristine seagrass community through multiple indirect pathways? – \$323,814 for the period between 5/1/08 and 4/30/10.
- **Craig Layman**, Assistant Professor, Biological Sciences, College of Arts and Sciences – Project: Assessing effects of ecosystem fragmentation using novel metrics of trophic structure as part of a broad educational outreach program – \$437,801 for the period between 3/1/08 and 2/28/10.
- **Raju Rangaswami**, Assistant Professor, School of Computing and Information Sciences, College of Engineering and Computing – Project: Active Block Layer Extensions: A Foundation for Building Self-Managing Storage Systems – \$160,000 for the period between 2/1/08 and 1/31/10.

Meet the FIU Researchers

Toward the end of Spring 2009, we initiated a “Meet the FIU Researchers Forum.” The goal of the Forum is to foster greater collaboration and communication across disciplines by providing the opportunity for the FIU community to meet their colleagues and learn about their ongoing research. Each Forum will be informal, with three to five FIU researchers briefly presenting a synopsis of their research and creative activities, followed by group discussions. The initial Forum took place on April 24, 2009 at the MARC Pavilion of the Modesto Maidique Campus. We plan to announce all presentations for the upcoming academic year at the beginning of the fall semesters. Each Forum will have a theme, which may consist of ongoing research in a department or center, or a specific research topic that may apply across disciplines and units. The Forum will not solely focus on faculty with sponsored research. The format for the Forum allows each presenter to describe: a) the nature of his/her past research, b) current research, and c) future direction of his/her research. Each presenter will provide three relevant scientific publications and the contents of the presentations will be posted on the Office of Research website. Below is a summary from the first Forum.

First Meet the FIU Researchers Forum (April 24, 2009):

Forum Topic: Applied Developmental Research

Presenters: Drs. Lorraine Bahrack, James Jaccard, Robert Lickliter, (College of Arts and Sciences, Department of Psychology), and Dr. Eric Wagner (School of Social Work at the Robert Stempel College of Public Health and Social Work).

Lorraine Bahrack

Research Topic: “Development of Attention, Intersensory Perception, and Social Orienting in Typical Infants and Children with Autism.” She focuses on development of attention, perception, learning and memory, as well as intersensory perception.

General Goals of Research:

- What factors organize and constrain early selective attention, perception, and learning?
- Integrate research on typical development (TD) with atypical development (ASD) under a common developmental framework (attention to social events).
- Discover general developmental principles by obtaining converging findings across human and animal infants.

Impact of Research on the Field: Establishing typical developmental patterns in order to identify atypical developmental patterns.

James Jaccard

Research Topic: “Adolescent Development and Adjustment”

General Goals of Research:

- Applications of theoretical psychology to the alleviation of social problems as they pertain to youth in the United States.
- The study of adolescent decision-making, and how adolescents acquire decision-making skills in the course of development.
- Development of interventions with adults and parents to teach their children how to make good decisions and prevent child from engaging in problem behaviors.
- Research focuses on parental influences on adolescent behavior, addressing proximal determinants of behavior.
- Prevention of unintended pregnancy, alcohol use, drug use in adolescents.
- The development of positive values and cognitive processes for making sound decisions.

Impact of Research on the Field:

Results from research have led to the development of programs that inform parents about strategies for improving adolescent decision making and reducing adolescent risky sexual behavior, drug use, and alcohol use.

Robert Lickliter

Research Topic: “Prenatal determinants of perceptual development”

General Goals of Research: Dr. Lickliter's lab investigates how the individual sensory systems relate to one another, and how their functions are integrated during early development. He is particularly interested in how prenatal sensory experience guides and constrains postnatal perceptual, cognitive, and social development.

Impact of Research on the Field:

- Their comparative-based work and that of his colleagues has had an impact on managing the sensory environment of preterm infants in the NICU.
- Hospitals in over 35 states now employ methods to reduce overall light and sound levels, and increase tactile and vestibular stimulation to more closely approximate the typical timing and levels of sensory stimulation that the preterm infant would normally encounter in the uterine environment. This "developmentally appropriate care" can support optimal developmental outcomes and minimize atypical neural and behavioral development.

Eric Wagner:

Research Topic: "Developmentally and Culturally Sensitive Interventions for Underage Alcohol Use and Teen Drug Use Problems"

General Goals of Research:

- Designing, implementing, and evaluating community-based interventions for underage alcohol use and drug use problems among adolescents.
- Understanding how adolescent developmental factors (e.g., brain maturation, social development, emotional regulation, etc.) impact response to interventions designed to reduce underage drinking and drug use problems among teenagers.
- Developing and testing culturally sensitive adaptations of empirically supported treatments for substance use problems among underserved minority populations including Hispanic/Latino and Native American groups.
- Improving the success of treatments for substance use problems, both among adolescents and adults, through incorporating consumer engagement strategies with proven success in the hospitality and tourism management field.

Impact of Research on the Field:

- Developing and disseminating effective and brief school-based interventions for teenagers in the early stages of alcohol and other drug use problems.
- Improving the success of interventions for underage alcohol use and teenage drug use through explicitly taking into consideration specific adolescent developmental factors (and developmental variations among substance abusing teenagers) in the design of these interventions.
- Extending the reach of empirically supported substance abuse treatments to underserved minority populations including Hispanic/Latinos and Native Americans. This has included work in South Florida, as well in Mexico and Indian country in Oklahoma.
- Adapting consumer engagement strategies with proven success in the hospitality and tourism management field to improving treatment retention and success among substance abuse treatment patients.

VI. Initiatives Update

The Office of Research is engaged in an ongoing series of initiatives, all geared towards improving systems and services to FIU's research community. Some of the initiatives are in response to the results of the two annual surveys of the research community conducted during each of the past two years (described in the prior report to the BOT). Below we summarize some of the key initiatives.

PeopleSoft Grants Suite

July 13, 2009 was the "go live" date for establishing the PeopleSoft grants suite at FIU. The grants suite includes five modules Awards, Contracts, Project Costing, Billing and Accounts Receivable. The implementation of the grants suite has addressed several system weaknesses with managing grants, by providing a central database for tracking and managing grant expenditures, the tools to automate billing, and detail accounts receivable data. The immediate benefits of the grants suite will be the increased productivity of the Post-Award office and increased cash flow through more frequent billing. The level of service provided to the research community will increase significantly over the next six months by providing detail financial reports, view access to all billing/receivable information, and enhanced budgeting tools for grants.

Embedding in Colleges

As described in prior BOT reports, we plan to increase interactions with research administrators and faculty members in the colleges by physically placing members of the Office of Research Pre- and Post-award personnel in colleges. The aim is to have more direct interaction and support for researchers as they prepare grant submissions and receive grant awards. The plan is on track to begin during the upcoming fall and spring semesters. The manner of the embedding will vary by college, as the needs for each vary.

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.).

Research Development & Research Integrity

We continue with ongoing efforts in Research Development and Research Integrity. These efforts are in response to needs assessed through surveys of FIU's faculty engaged in sponsored research activity, as well as in response to anticipated needs in support of faculty engaged in research activities and anticipated needs in research integrity and compliance.

We have been working on:

- The development of a robust research integrity and compliance unit that is commensurate with the needs of a High Research 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 the Office of Research to have a greater engagement in supporting start-up packages for new research faculty, collaborating with cluster hiring, and providing greater support for mentoring faculty engaging in sponsored research.

Specific steps include:

- Hiring additional personnel for research compliance (completed this past summer.)
- Hiring a Director of Research Development, who will coordinate efforts dedicated to providing greater support for faculty engaged in sponsored research activity. This was done this past summer.
- Hiring a grant writer to focus on infrastructure grant applications for the University, including pursuing grant opportunities for DRUs.
- Purchasing and implementation of software systems for the management and coordination of IRB and IACUC activities, IP and Effort Reporting. This will be coordinated with the new PeopleSoft Grants Module.
- The Office of Research units of Research Development and Research Integrity will be structured to work closely together and increase coordination with the colleges through embedding OSRA personnel in the colleges and through working more closely with units that impact management of sponsored research, such as Environmental Health & Safety, Purchasing, HR and Controller's.

Cluster Hiring Initiative

As described in prior BOT reports, the University has been engaged in a Cluster Hiring Initiative over the past year. 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 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 simultaneously hiring 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.

At the last BOT Finance and Audit Committee meeting, we reported that we were 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 and WCoM that would expand health disparities research in mental health and substance abuse across Psychology, Social Work, Public Health, and Child and Adolescent Psychiatry. At this time, we can report that the cluster hire for Engineering and Medicine was not successful. However, the cluster hire of Arts & Sciences and Medicine was successful, and we were able to hire a prominent research team specializing in children and adolescents, led by Dr. William Pelham, a national and international pioneer in research on attention deficit hyperactivity disorder. The general research focus of Dr. Pelham and his other two colleagues joining FIU is: (1) to study the causes, mechanisms, outcomes, and treatments for mental health and educational difficulties in children and adolescents, and (2) to provide education and services for their families and professionals. This research team will work across Psychology, Pediatrics, Public Health, and Social Work.

Research Space Allocation

The rational allocation of research space continues. 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. Additionally, as sponsored grant applications are submitted to agencies such as NIH and NSF, the University is required to commit the necessary resources, including research space, as part of the grant application process. During the past fiscal year we have accomplished the following:

- Designated research labs for 10 Arts & Sciences faculty at the Modesto Maidique Campus. Some of these faculty members had been for several months without laboratory space, and the renovations for some of the laboratories are not completed yet, but should be completed by September 2009.

- Designated and renovated research laboratories at OE for two Nutrition faculty members at the Stempel College of Public Health and Social Work who had been without labs for about 8 months to 1 year.
- Designated and renovated research laboratories for five new College of Medicine research faculty members at HLS II.
- Renovated two research labs at OE and ECS buildings (one is still under renovation for Dr. Evelyn Gaiser from the Department of Biology and SERC) for faculty who either moved from HLS (Dr. Steve Oberbauer from the Department of Biology or who had laboratories in great need of renovation n (Dr. Gaiser).
- We are in the process of outfitting labs at the BBC's Marine Science building for two faculty members who will the relocate from the MMC.
- Research labs have been identified for renovation, and will be used to accommodate new faculty hires throughout the University as well as for current faculty with new and additional needs of research space.
- There are ongoing efforts to:
 - Bring the Marine Science Laboratory at BBC to full serviceability,
 - Identify the use of new research laboratories that will become available in January at the new Nursing Building,
 - Continue renovation of existing laboratories in need of repair at various buildings at MMC, including VH, OE, and ECS. A stimulus application was submitted to the NSF for renovation of the 3rd floor of the VH building.
 - Create a general research lab for undergraduate students at MMC.
 - Determine the research space needs at the Engineering Campus.

Table 1: Comparison of Awards Received

College/Division	July 2007 - June 2008			July 2008 - June 2009			% change
	Direct	F&A	Total	Direct	F&A	Total	
Academic Affairs (AA)	\$7,651,390	\$1,783,658	\$9,435,048	\$16,938,251	\$2,508,022	\$19,446,273	106.11%
College of Architecture & the Arts (CARTA)	\$513,554	\$13,990	\$527,544	\$346,815	\$4,346	\$351,161	-33.43%
College of Arts & Sciences (CAS)	\$23,337,812	\$4,170,095	\$27,507,907	\$26,312,720	\$5,662,410	\$31,975,130	16.24%
College of Business Administration (CBA)	\$323,815	\$25,185	\$349,000	\$391,374	\$25,926	\$417,300	19.57%
College of Education (CoE)	\$3,715,589	\$309,785	\$4,025,374	\$3,535,208	\$302,048	\$3,837,256	-4.67%
College of Engineering & Computing (CEC)	\$12,260,591	\$2,069,185	\$14,329,776	\$13,326,523	\$2,811,144	\$16,137,667	12.62%
College of Law (CoL)	\$279,149	\$0	\$279,149	\$286,431	\$0	\$286,431	2.61%
College of Nursing & Health Sciences (CNHS)	\$2,535,836	\$201,040	\$2,736,876	\$855,049	\$158,235	\$1,013,284	-62.98%
Division of Student Affairs (DivSA)	\$2,153,606	\$121,078	\$2,274,684	\$1,635,302	\$90,551	\$1,725,853	-24.13%
Division of University Advancement (DivUnivAdv)	\$199,536	\$0	\$199,536	\$86,402	\$0	\$86,402	-56.70%
Robert Stempel College of Public Health & Social Work (RSCPHSW)	\$6,043,418	\$1,884,006	\$7,927,424	\$6,955,870	\$1,773,351	\$8,729,221	10.11%
School of Hospitality & Tourism Management (SHTM)	\$0	\$0	\$0	\$90,750	\$0	\$90,750	N/A
School of Journalism & Mass Communication (SHMC)	\$382,066	\$56,843	\$438,909	\$471,677	\$108,690	\$580,367	32.23%
UTS/CIARA	\$1,625,652	\$149,065	\$1,774,717	\$1,016,723	\$85,158	\$1,101,881	-37.91%
Wertheim College of Medicine (WCoM)	\$718,948	\$251,416	\$970,364	\$2,302,134	\$813,866	\$3,116,000	221.12%
TOTAL	\$61,740,962	\$11,035,346	\$72,776,308	\$74,551,229	\$14,343,747	\$88,894,976	22.15%
The effective/average F&A rate	17.87%			19.24%			

Figure 1: Comparison of Awards Received by College/School (\$MM)

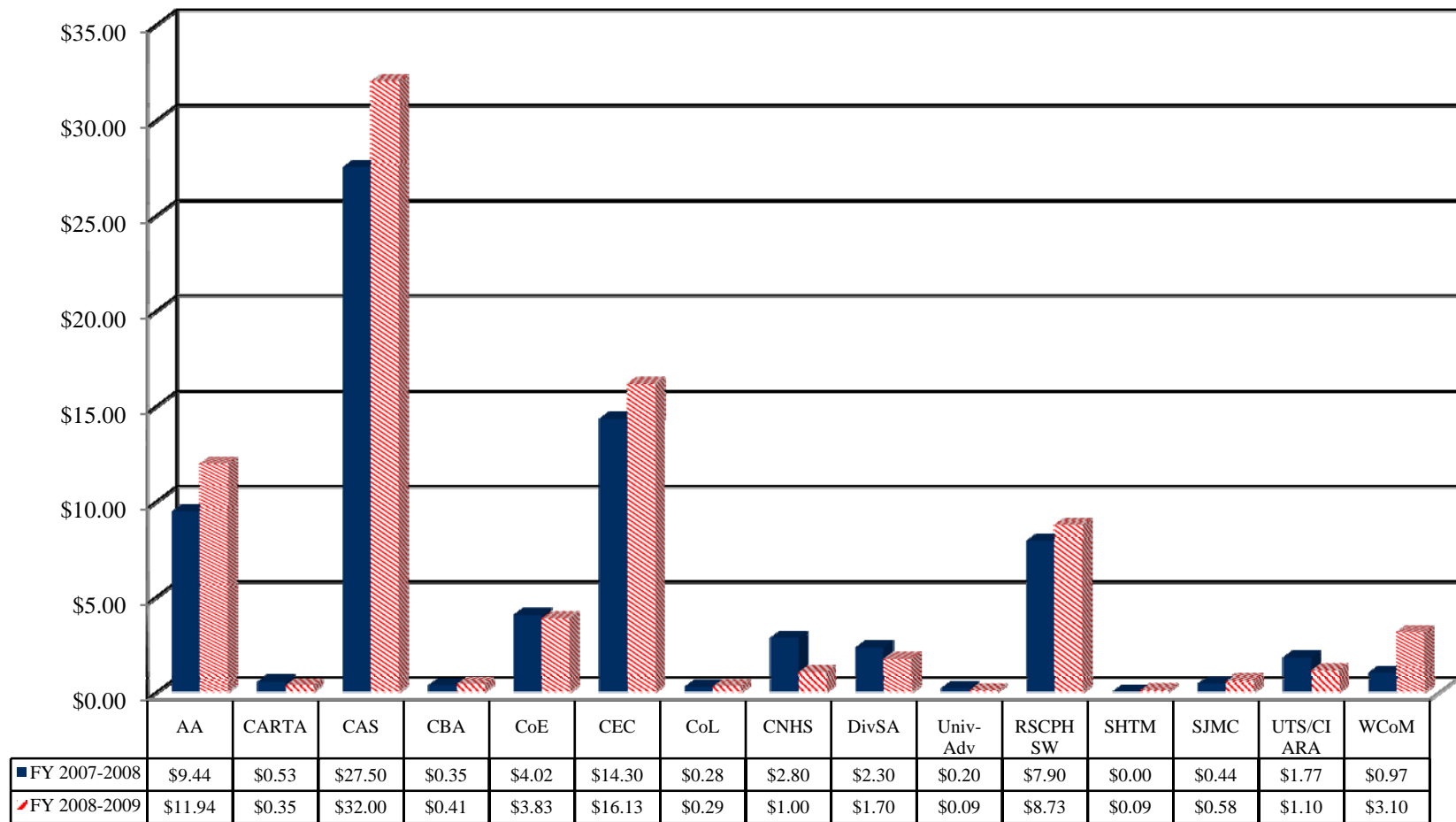


Figure 2: Average Award F&A Rate by College/School

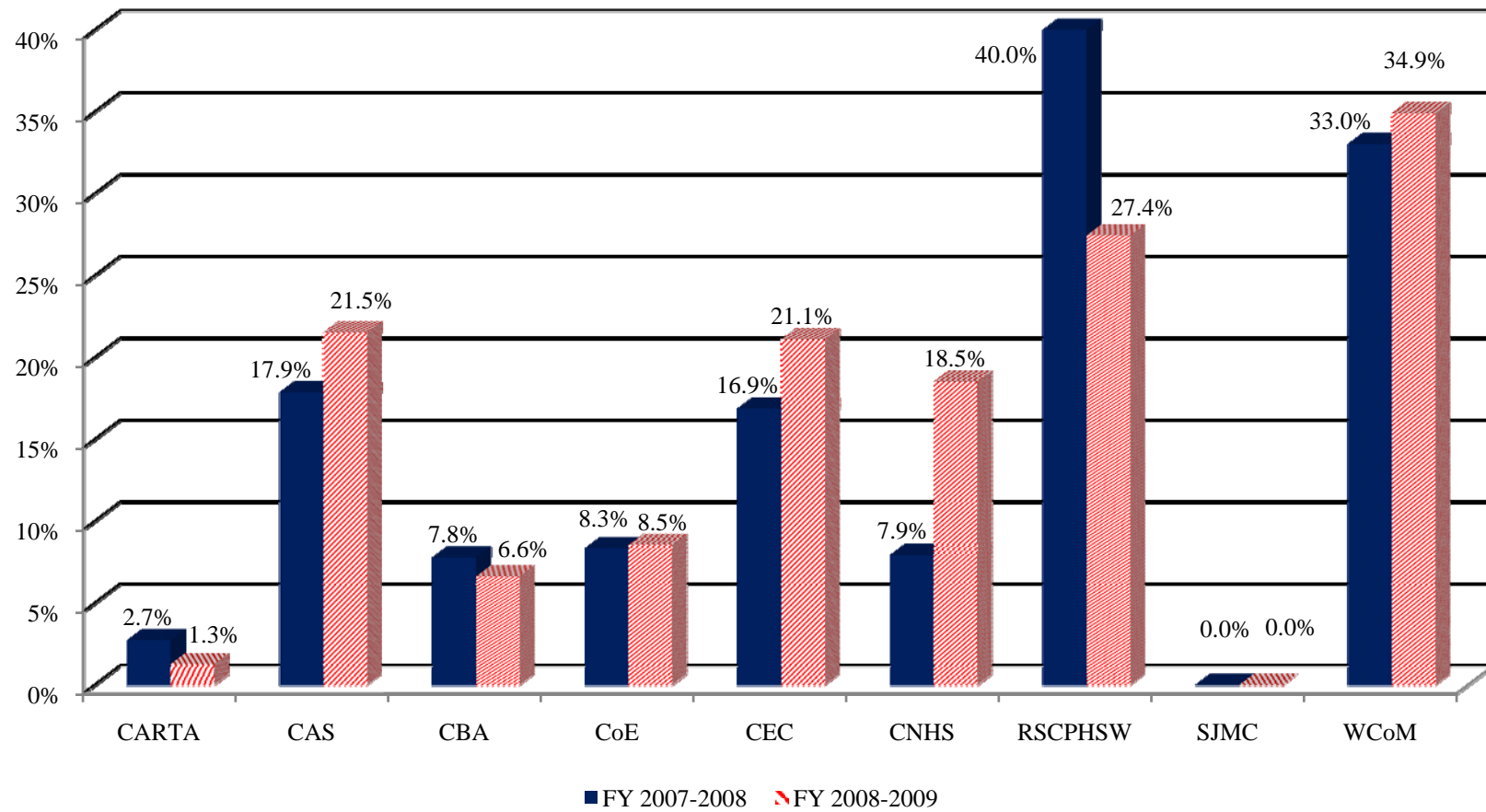


Table 2: Comparison of Awards Received by Centers/Institutes

College/Division	July 2007 - June 2008			July 2008 - June 2009			% change
	Direct	F&A	Total	Direct	F&A	Total	
Academic Affairs							
Applied Research Center (ARC)	\$4,125,522	\$1,521,938	\$5,647,460	\$5,935,730	\$2,067,538	\$8,003,268	41.7%
Frost Art Museum	\$4,350	\$0	\$4,350	\$193,729	\$0	\$193,729	4353.5%
International Hurricane Research Center (IHRC)	\$2,028,708	\$193,327	\$2,222,035	\$9,193,991	\$370,973	\$9,564,964	330.5%
The Wolfsonian	\$990,401	\$32,326	\$1,022,727	\$1,043,881	\$13,251	\$1,057,132	3.4%
College of Arts & Sciences							
Center for Administration of Justice	\$5,813,903	\$936,097	\$6,750,000	\$5,324,209	\$1,175,791	\$6,500,000	-3.7%
Center for Labor Research and Studies (CLRS)	\$140,510	\$10,090	\$150,600	\$121,911	\$12,089	\$134,000	-11.0%
Center for Transnational & Comparative Studies	\$49,572	\$0	\$49,572	\$158,125	\$9,249	\$167,374	237.6%
Cuban Research Institute	\$315,268	\$18,150	\$333,418	\$0	\$0	\$0	-100.0%
Institute for Asian Studies (IAS)	\$89,844	\$0	\$89,844	\$0	\$0	\$0	-100.0%
Institute for Public Management and Community Service	\$502,202	\$45,948	\$548,150	\$123,313	\$14,837	\$138,150	-74.8%
International Forensic Research Institute (IFRI)	\$107,703	\$23,377	\$131,080	\$367,392	\$85,760	\$453,152	245.7%
Jack D. Gordon Institute for Public Policy & Citizenship Studies	\$566,900	\$45,352	\$612,252	\$13,889	\$1,111	\$15,000	-97.6%
Latin American and Caribbean Center (LACC)	\$890,618	\$54,213	\$944,831	\$2,526,353	\$265,299	\$2,791,652	195.5%
Metropolitan Center	\$669,649	\$67,178	\$736,827	\$502,808	\$126,060	\$628,868	-14.7%
Southeast Environmental Research Center (SERC)	\$5,538,875	\$1,124,429	\$6,663,304	\$5,293,306	\$1,100,017	\$6,393,323	-4.1%
Women's Studies Center	\$0	\$0	\$0	\$263,886	\$26,389	\$290,275	N/A
College of Engineering & Computing							
Center for Diversity in Engineering & Computing	\$227,278	\$13,770	\$241,048	\$727,177	\$69,862	\$797,039	230.7%

Table 2: Comparison of Awards Received by Centers/Institutes

College/Division	July 2007 - June 2008			July 2008 - June 2009			% change
	Direct	F&A	Total	Direct	F&A	Total	
Telecommunications & Information Technology Institute	\$439,052	\$47,089	\$486,141	\$594,588	\$95,884	\$690,472	42.0%
College of Education							
Center for Urban Education and Innovation (CUEI)	\$348,499	\$31,850	\$380,349	\$431,310	\$58,692	\$490,002	28.8%
Division of Student Affairs							
Children's Creative Learning Center (CCLC)	\$246,292	\$19,175	\$265,467	\$223,529	\$17,530	\$241,059	-9.2%
Victim Advocacy Center (VAC)	\$115,848	\$8,485	\$124,333	\$14,015	\$1,402	\$15,417	-87.6%
OSRA							
MBRS: Minority Biomedical Research Support Program	\$200,000	\$80,000	\$280,000	\$329,122	\$90,329	\$419,451	49.8%
School of Journalism & Mass Communication							
Institute for Public Opinion Research (IPOR)	\$87,713	\$6,263	\$93,976	\$217,969	\$56,744	\$274,713	192.3%
International Media Center (IMC)	\$244,353	\$50,580	\$294,933	\$203,708	\$51,946	\$255,654	-13.3%
University Technology Services							
CIARA: Center for Internet Augmented Research	\$0	\$0	\$0	\$68,067	\$28,814	\$96,881	N/A
Total	\$23,743,060	\$4,329,637	\$28,072,697	\$33,803,941	\$5,710,753	\$39,514,694	40.8%
Effective F&A rate	18.2%			16.9%			

Table 3: Awards by Sponsor Type

July 2007 - June 2008				
Funding Source	Awarded Direct Costs	Awarded F&A	Awarded Total	Percent
Federal Government	\$45,627,976	\$9,591,221	\$55,219,197	75.88%
State & Local Government	\$9,048,644	\$865,201	\$9,913,845	13.62%
Private / Other Sources	\$7,064,342	\$578,924	\$7,643,266	10.50%
TOTAL	\$61,740,962	\$11,035,346	\$72,776,308	100.00%
July 2008 - June 2009				
Federal Government	\$51,211,568	\$12,756,140	\$63,967,708	71.96%
State & Local Government *	\$16,214,844	\$1,106,117	\$17,320,961	19.48%
Private / Other Sources	\$7,124,817	\$481,490	\$7,606,307	8.56%
TOTAL	\$74,551,229	\$14,343,747	\$88,894,976	100.00%

* The percentage increase of state funding sources is largely due to the Hurricane Center of Excellence award (\$7,505,216) received in 2008-2009. Excluding this award would have kept the state's proportion virtually unchanged, at 12.06% instead of 19.48%; at 78.59% for federal instead of 71.96%, and 9.35% for private/other sources instead of 8.56%.

Table 4: Comparison of Applications Submitted Between FY 2008 and FY 2009

College/School/Center/Division	July 2007 - June 2008			July 2008 - June 2009			% change
	Direct	F&A	Total	Direct	F&A	Total	
Academic Affairs	\$26,660,938	\$3,027,877	\$29,688,815	\$18,644,436	\$5,427,696	\$24,072,132	-18.92%
College of Architecture & the Arts	\$732,152	\$27,095	\$759,247	\$289,902	\$15,389	\$305,291	-59.79%
College of Arts & Sciences	\$48,852,036	\$12,585,678	\$61,438,023	\$69,655,396	\$18,188,643	\$87,843,271	42.98%
College of Business Administration	\$571,450	\$177,241	\$748,691	\$115,686	\$38,566	\$154,252	-79.40%
College of Education	\$13,015,540	\$1,704,953	\$14,720,493	\$14,438,276	\$1,316,946	\$15,755,222	7.03%
College of Engineering & Computing	\$85,698,251	\$16,727,924	\$102,426,175	\$78,106,284	\$18,292,772	\$96,399,056	-5.88%
College of Law	\$167,000	\$0	\$167,000	\$318,755	\$0	\$318,755	90.87%
College of Nursing & Health	\$4,378,179	\$766,982	\$5,145,161	\$10,536,381	\$3,834,275	\$14,370,656	179.30%

Table 4: Comparison of Applications Submitted Between FY 2008 and FY 2009

College/School/Center/Division	July 2007 - June 2008			July 2008 - June 2009			% change
	Direct	F&A	Total	Direct	F&A	Total	
Sciences							
Division of Student Affairs	\$1,455,746	\$92,410	\$1,548,156	\$859,935	\$76,225	\$936,160	-39.53%
Division of University Advancement	\$265,000	\$0	\$265,000	\$0	\$0	\$0	-100.00%
Robert Stempel College of Public Health & Social Work	\$23,412,905	\$7,776,289	\$31,145,939	\$52,906,767	\$18,785,343	\$71,692,301	130.18%
School of Hospitality & Tourism Management	\$20,950	\$0	\$20,950	\$195,750	\$0	\$195,750	834.37%
School of Journalism & Mass Communication	\$263,398	\$53,474	\$316,872	\$40,868	\$7,152	\$48,020	-84.85%
UTS/CIARA	\$220,736	\$25,494	\$246,230	\$10,506,398	\$2,880,314	\$13,386,712	5336.67%
Wertheim College of Medicine	\$18,060,712	\$2,702,924	\$20,763,636	\$13,012,245	\$4,498,781	\$17,511,026	-15.66%
TOTAL	\$223,774,993	\$45,668,341	\$269,400,388	\$269,627,079	\$73,362,102	\$342,988,604	27.32%
Effective/average F&A rate	20.41%			27.21%			
Number of Applications	626			772			23.32%

Table 5: Comparison of Applications Submitted by Centers/Institutes

Center/Institute	July 2007 - June 2008			July 2008 - June 2009			% change
	Direct	F&A	Total	Direct	F&A	Total	
Academic Affairs							
Applied Research Center (ARC)	\$3,583,815	\$1,315,611	\$4,899,426	\$9,065,289	\$2,938,279	\$12,003,568	145%
CRUSADA: Center for Research on US Latino AIDS/HIV/Drug Abuse	\$44,923	\$0	\$44,923	\$6,041,799	\$2,114,571	\$8,156,370	18056%
Frost Art Museum	\$203,800	\$0	\$203,800	\$279,070	\$0	\$279,070	37%
International Hurricane Research Center (IHRC)	\$13,603,192	\$1,084,818	\$14,688,010	\$1,402,089	\$296,136	\$1,698,225	-88%
MBRS-RISE	\$3,731,066	\$258,197	\$3,989,263	\$0	\$0	\$0	-100%

Table 5: Comparison of Applications Submitted by Centers/Institutes

Center/Institute	July 2007 - June 2008			July 2008 - June 2009			% change
	Direct	F&A	Total	Direct	F&A	Total	
The Wolfsonian	\$806,125	\$69,222	\$875,347	\$1,462,930	\$23,655	\$1,486,585	70%
College of Arts & Sciences							
Center for Administration of Justice	\$478,261	\$71,739	\$550,000	\$1,444,852	\$508,232	\$1,953,084	255%
Center for Labor Research and Studies (CLRS)	\$411,452	\$39,390	\$450,842	\$152,030	\$13,970	\$166,000	-63%
Center for Transnational & Comparative Studies	\$562,526	\$30,377	\$592,903	\$0	\$0	\$0	-100%
Cuban Research Institute (CRI)	\$384,445	\$36,574	\$421,019	\$0	\$0	\$0	-100%
Institute for Asian Studies (IAS)	\$50,000	\$0	\$50,000	\$170,791	\$7,243	\$178,034	256%
Institute for Judaic Studies & Near Eastern Studies	\$0	\$0	\$0	\$49,961	\$0	\$49,961	100%
Institute for Public Management and Community Service	\$523,044	\$51,357	\$574,401	\$113,313	\$14,837	\$128,150	-78%
Institute for Public Opinion Research (IPOR)	\$217,398	\$53,474	\$270,872	\$40,868	\$7,152	\$48,020	-82%
International Forensic Research Institute (IFRI)	\$1,022,934	\$250,332	\$1,273,266	\$297,308	\$107,603	\$404,911	-68%
Jack D. Gordon Institute for Public Policy & Citizenship Studies	\$84,107	\$3,928	\$88,035	\$3,125,388	\$724,385	\$3,849,773	4273%
Latin American and Caribbean Center (LACC)	\$3,665,405	\$1,098,414	\$4,763,819	\$1,965,383	\$356,085	\$2,321,468	-51%
Metropolitan Center	\$1,736,649	\$428,770	\$2,165,419	\$1,798,060	\$450,898	\$2,248,190	4%
Southeast Environmental Research Center (SERC)	\$7,317,834	\$1,556,050	\$8,873,884	\$10,753,100	\$2,609,774	\$13,362,874	51%
College of Education							
Center for Urban Education and Innovation (CUEI)	\$1,206,085	\$144,849	\$1,350,934	\$446,388	\$53,250	\$499,638	-63%
College of Engineering & Computing							
Center for Diversity in Engineering & Computing	\$1,562,738	\$163,434	\$1,726,172	\$3,965,162	\$49,231	\$4,014,393	133%
Telecommunications & Information Technology Institute	\$2,155,390	\$693,771	\$2,849,161	\$1,519,920	\$386,146	\$1,906,066	-33%

Table 5: Comparison of Applications Submitted by Centers/Institutes

Center/Institute	July 2007 - June 2008			July 2008 - June 2009			% change
	Direct	F&A	Total	Direct	F&A	Total	
Division of Student Affairs							
Children's Creative Learning Center (CCLC)	\$0	\$0	\$0	\$273,341	\$21,525	\$294,866	100%
Disability Research Center (DRC)	\$0	\$0	\$0	\$83,300	\$14,700	\$98,000	100%
Victim Advocacy Center (VAC)	\$84,849	\$8,485	\$93,334	\$0	\$0	\$0	-100%
School of Journalism & Mass Communication							
International Media Center (IMC)	\$46,000	\$0	\$46,000	\$0	\$0	\$0	-100%
UTS							
CIARA: Center for Internet Augmented Research	\$220,736	\$25,494	\$246,230	\$10,506,398	\$2,880,314	\$13,386,712	5337%
Total	\$46,044,641	\$8,284,703	\$54,285,226	\$59,279,789	\$15,395,081	\$74,674,102	38%
Effective F&A rate	17.99%			25.97%			

Table 6: Tuition and Assistantships for Students Funded by Grants

Category	2006-2007	2007-2008	2008-2009
Stipends	\$1,777,083.89	\$1,063,499.39	\$952,962.09
Tuition	\$1,450,693.77	\$1,707,484.79	\$1,724,084.47
Research Assistantships	\$342,733.45	\$3,651,559.26	\$3,029,638.15
Graduate Assistantships	\$4,377,870.34	\$543,222.21	\$674,229.39
Teaching Assistantships	\$5,249.89	\$220,343.91	\$503,272.00
Student Assistantships	\$2,359,816.16	\$2,278,645.70	\$2,434,339.80
TOTAL	\$10,313,447.50	\$9,464,755.26	\$9,318,525.90

Table 7: Equipment/Instruments Research Grants During the Past Three Years

Research Equipment/Instruments	Equipment Award Amount
Acquisition of a high resolution inductively coupled plasma mass spectrometer for research and teaching in Chemistry, Biomedical Sciences, Environmental Sciences, Earth Sciences, and Forensic Sciences	\$407,998
Acquisition of differential scanning and titration micro calorimeters	\$179,500
Nano-indenter with atomic force microscope objective for evaluating nano-mechanical properties and bulk nano-composites and coatings	\$249,995
MRI: Acquisition of a test bed for optical/ wireless integration	\$220,000
Requisition of instrumentation to build a wireless sensor network test bed to support ground target tracking and mine detection related research and education	\$133,980
Acquisition of an x-ray/UV photoelectron spectroscopy setup for materials research and education	\$316,360
MRI: Acquisition of nano-imprinting system for research and education	\$397,592
MRI: Development of a high-performance database appliance for geospatial applications	\$1,000,000
Acquisition of x-ray diffraction equipment to be used for research and training of students in the fields of experimental geophysics, mineral physics, and materials science	\$224,025

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THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
8 September 2009

Subject: Athletics Update

Proposed Committee Action:

None. Information item.

Exhibits/Supporting Documents:

- Athletics Update
 - Fundraising Update
 - Stadium Financial Update

Facilitator/Presenter:

- Pete Garcia

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ATHLETICS UPDATE
Tuesday, September 8, 2009

Reports *(For Information Only – no action required)*

Pete Garcia, Athletics Director

1) Fundraising update

Athletics surpassed the revenue budget by \$89k or 10% for the year. Primary drivers included:

- U.S. Century Bank Arena Naming
- Bank of America affinity card contract renegotiation

FIU Foundation, Inc.
Preliminary Income Statement
For the period ended June 30, 2009
(In Thousands)

	2008-09		Variance	Full Yr 2007-08
	Budget	Actual		Actual
Revenue	\$851	\$940	\$89	\$584

2) Stadium Financial Update *(see schedule on the following page)*

Net Income came in short of budget by \$1,199k. Primary drivers included:

- Stadium Naming rights: have not been secured
- Sponsorships: originally budgeted assuming suites would be packaged as sponsorships, Sponsorship revenues were also converted to community partners ticket revenue per contract
- Contracted Commitments: University wide fountain and vending soft drink contract has not been secured



ATHLETICS UPDATE

Tuesday, September 8, 2009

**Athletics Finance Corporation
Preliminary Income Statement**
For the period ended June 30, 2009

	Full Yr Budget	June 30, 2009 YTD Actual	Variance
Operating Revenue	731,535	734,263	2,728
Premium Seating	583,500	614,789	31,289
Sponsorship	384,500	-	(384,500)
Naming Rights - Net	857,500	-	(857,500)
Conference Revenue	300,000	300,000	-
Contracted Commitments	580,600	380,600	(200,000)
Athletic Support	655,000	873,333	218,333
Total Revenues	\$ 4,092,635	2,902,985	\$ (1,189,650)
Operating Expenses	649,538	452,785	196,752
Net Unrealized gains/losses on investments	-	206,368	(206,368)
Total Expenses	\$ 649,538	\$ 659,153	\$ (9,616)
Net Income (excluding debt service)	\$ 3,443,098	\$ 2,243,832	\$ (1,199,266)

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

8 September 2009

SUBJECT: REFUNDING OF FIU ATHLETIC FINANCE CORPORATION'S \$35 MILLION IN OUTSTANDING BONDS

Proposed Committee Action:

Recommend Board Adoption of the following resolution:

WHEREAS, in April 2007, the FIU Athletics Finance Corporation (the "Corporation"), a direct-support organization of Florida International University ("University"), issued \$28,000,000 Capital Improvement Revenue Bonds (Football Stadium Project), Series 2007A and \$7,000,000 Taxable Capital Improvement Revenue Bonds (Football Stadium Project), Series 2007B (collectively the "2007 Bonds") to finance the construction of the FIU Football Stadium pursuant to a Trust Indenture by and between the Corporation and Regions Bank, N.A. as Trustee, dated April 1, 2007 (the "2007 Indenture"); and

WHEREAS, as a result of the extreme economic conditions affecting credit markets and the financial industry, the interest cost of the variable rate 2007 Bonds have dramatically increased due to the declining credit quality of Regions Bank, N.A., the bank that issued a letter of credit securing the 2007 Bonds; and

WHEREAS, Regions Bank, N.A. ("Regions") has offered to retire the 2007 Bonds and refinance the Corporation's debt with a \$28,000,000 Bank Qualified, Tax-Exempt Term Loan and a \$7,000,000 Taxable Term Loan (the "Term Loans") as outlined in the Commitment Letter dated August 10, 2009 and attached hereto as Exhibit "D" (the "Commitment Letter"); and

WHEREAS, Wachovia Bank, N.A., a Wells Fargo Company ("Wachovia"), has presented the University with various refinancing options with terms comparable in material respects to those offered by Regions, as set forth in Exhibit B attached hereto, and Wachovia is in the process of updating its proposal with additional information recently requested by the University; and

WHEREAS, substantial interest savings would be realized if the University retires 2007 Bonds and completes this refunding transaction through a conduit issuer that would permit a lower interest rate; and

WHEREAS, based on the presentations received from both banks, on or about September 4, 2009, the Board of Directors of the Corporation authorized the University to continue negotiations on the Corporation's behalf with the banks, and

delegated the authority to the Chairperson of the Corporation to execute the proposed refunding transaction with the bank that the University President and CFO determine is in the best interest of the Corporation and the University, provided that, at a minimum, the selected bank meets or exceeds the terms specified in either Exhibit “D” or Exhibit “E”;

THEREFORE, BE IT RESOLVED that the Florida International University Board of Trustees (“the BOT”) authorizes the University CFO to continue negotiations to complete a refunding transaction to retire the 2007 Bonds with Bank Qualified, refunding bonds, or similar debt instrument, consistent with the terms specified in Exhibits “D” or “E”; and

BE IT FURTHER RESOLVED that the BOT delegates to the University and Corporation the authority to execute a refunding transaction and cause the issuance of the refunding bonds through a conduit issuer with the bank that the University President and CFO determine is in the best interest of the Corporation and the University; and

BE IT FURTHER RESOLVED that the BOT authorizes the Corporation to execute any such documents and/or take any such actions as shall be necessary complete the refunding transaction on terms and conditions that meet or exceed those set forth in Exhibits “D” or “E”, to be secured by a lien upon and same pledge of revenues previously granted to the holders of the 2007 Bonds; and

BE IT FURTHER RESOLVED that the Board directs the University CFO to report to the Finance and Audit Committee on the progress of the refunding transaction at its next regularly scheduled meeting.

LEGAL AUTHORITY:

This resolution is adopted pursuant to and in accordance with Section 1010.62(9) of the Florida Statutes and the **April 2006** Board of Governors Debt Management Policy Guidelines, which authorize state universities and their direct-support organizations to enter into “refundings for debt service savings where final maturities are not extended.”

EXHIBITS/SUPPORTING DOCUMENTS:

- Exhibit “D”: Regions Bank, N.A.’s Commitment Letter
- Exhibit “E”: Wachovia Bank, N.A. presentation
- Attachment 8: Resolution - FIU Athletics Finance Corporation Board of Directors
- Attachment 9: \$35 Million refunding FIU Athletics Finance Corp. Timeline

FACILITATOR/PRESENTER:

- Dr. Kenneth Jessell



August 10, 2009

Mr. Tony Vu
Florida International University
Office of Finance and Administration
University Park, PC 522
11200 SW 8th Street
Miami, FL 33199

Re: Regions Bank's Proposed \$35,000,000 Refunding of the Florida International University Athletic Finance Corporation's Tax-Exempt 2007 Series A and Taxable 2007 Series B Variable Rate Demand Notes

Mr. Vu:

Thank you for providing Regions Bank (the "Bank") with the opportunity to provide a refunding solution to the Florida International University Athletic Finance Corporation (the "University") which will effectively retire all outstanding Variable Rate Demand Notes ("VRDN") associated with its Tax-Exempt 2007 Series A and Taxable 2007 Series B VRDN debt issuance.

The Bank is pleased to provide you with this Term Sheet for your review and consideration. Please note that this document outlines our proposed transaction and is intended to provide a basic framework for structure and discussion purposes.

For clarification, there will be two separate loans highlighted:

- 1) \$28,000,000 Bank Qualified, Tax-exempt Term Loan (to replace 2007 Series A VRDN)
- 2) \$ 7,000,000 Taxable Term Loan (to replace 2007 Series B VRDN)

Facility: \$28,000,000 Tax-Exempt Term Loan (the "Tax-Exempt Loan")

Amount: \$28,000,000.00

Structure: The Bank expects the Tax-Exempt Loan to be made under the following structure, subject to agreement by all parties and compliance with Florida law: (a) the Tax-Exempt Loan shall be evidenced by a debt instrument (usually a bond, herein the "Bond") issued by a governmental issuer, such as the Miami-Dade County Industrial Development Authority (the "Issuer") on a non-recourse and tax-exempt basis and containing the terms set forth herein; (b) the Issuer shall loan the proceeds of the Bond to the University, and the University shall agree to timely pay all amounts due under the Bond for the account of the Issuer; (c) the Bank and the University shall deliver a Credit Agreement (the "Credit Agreement") providing for (i) the purchase of the Bond by the Bank, (ii) the payment (and purchase as provided herein) of the Bond by the University, and (iii) the representations, warranties, covenants, defaults and remedies required by the Bank; and (d) the University shall, as security for its obligations under the Credit Agreement, issue to the Bank a Master Note under a Master Trust Indenture.

Term: Twenty-four years (*It is intended that the term of this loan match the outstanding term of the current Series 2007 A VRDN debt*)

Interest Rate: This is a tax exempt transaction. The rate on this borrowing is variable for the duration of the Bond. The rate will be set at closing and will be based upon the following formula: 63.7% of the 3-month libor-swap rate plus 200 bps. As of August 11, 2009, the indicative rate using the above formula is 2.289%. The rate on this borrowing will change each quarter to coincide with payment dates.

Interest Rate Swap: The University currently maintains an interest rate swap to synthetically fix its interest rate on \$21,000,000 of the \$28,000,000 total tax-exempt debt outstanding. The University will continue to maintain a synthetically fixed interest rate on \$21,000,000 of this Tax-Exempt Loan. However, to establish a “perfect hedge” for the University, the Bank will convert the existing swap from a SIFMA-indexed transaction to a 63.7% of 3-month libor-indexed transaction. It is anticipated that the amortization schedule used as the basis for interest calculation will remain consistent with the current swap amortization schedule (no change to currently scheduled principal payments).

Repayment: Quarterly installments of interest over the twenty-four year period. Annual installments of principal as scheduled.

Put Option: The Credit Agreement shall contain the following Section pertaining to the Put Option (as associated with this \$28,000,000 Facility):

"SECTION 3.03 Purchase of Bond by University.

(a) *The University hereby unconditionally and absolutely covenants and agrees that it will:*

(1) *at the option of the Credit Obligor (the Bank), purchase the Bond on the latter of November 1, 2017 or the eighth anniversary of the date of issuance thereof, (the "Initial Purchase Date"), for a purchase price equal to the principal amount thereof and interest accrued thereon to the Initial Purchase Date, payable in immediately available funds;*

(2) *deliver a request in writing to the Credit Obligor on or before May 1, 2017 that the Credit Obligor notify the University on or before July 1, 2017 of whether the Credit Obligor shall tender the Bond for purchase pursuant to Section 3.03(a)(1);*

(3) *in connection with the request by the University pursuant to Section 3.03(a)(2), duly and timely provide the Credit Obligor such financial and other information respecting the University and the operations thereof as the Credit Obligor shall reasonably request; and*

(4) *cause the Bond to be purchased at the option of the Credit Obligor in such principal amounts and on such date or dates, subsequent to the Initial Purchase Date set forth in Section 3.03(a)(1), as the University and the Credit Obligor shall determine and shall so provide by written amendment, duly authorized and executed by the University and the Credit Obligor, to this Credit Agreement. It is expected that following the Initial Purchase Date (8 years), the Credit Obligor option for the University to purchase the Bond shall recur every three years until maturity.*

(b) *If the Credit Obligor shall fail to advise the University by July 1, 2017 of whether the Credit Obligor shall exercise its option to tender the Bond for purchase on the Initial Purchase Date pursuant to Section 3.03(a)(1), such option shall be deemed and treated for all purposes hereof as automatically exercised by the Credit Obligor and the University shall be required to purchase the Bond on the Initial Purchase Date as provided in Section 3.03(a)(1).*

(c) *Upon payment of the purchase price for the Bond, the Credit Obligor shall deliver the Bond duly endorsed for transfer, to, or upon the order of, the University.*

(d) *The University acknowledges and agrees that the determination by the Credit Obligor of whether to require the purchase of the Bond on the Initial Purchase Date set forth in Section 3.03(a)(1) or to require the purchase of the Bond (in whole or in part) on such date or dates, subsequent to the Initial Purchase Date set forth in Section 3.03(a)(1), shall be made by the Credit Obligor in the exercise of its sole discretion.*

(e) *The Credit Obligor covenants and agrees that the Credit Obligor will:*

(1) if the University shall provide to the Credit Obligor the request and information set forth in Sections 3.03(a)(2) and (a)(3), provide the University with notice of its determination of whether to require the purchase of the Bond on the Initial Purchase Date by the later of (i) sixty (60) days of the receipt by the Credit Obligor of request therefore from the University under Section 3.03(a)(2) above or (ii) fifty-one days after provision to the Credit Obligor of information requested thereby in accordance with Section 3.03(a)(3) above; and

(2) if the Credit Obligor shall agree to any extension of a date of purchase in accordance with Section 3.03(a)(4), deliver such amendments in writing to this Credit Agreement as may be required pursuant to Section 3.03(a)(4)."

Bank Facility Fee: Waived

Security: The Bond shall be secured in the same manner and with the same collateral as the existing VRDN debt.

Reserve Funds & Trustee: It is expected that the Series 2007 A and 2007 B reserve structure and flow of University funds as directed by the Master Trust Indenture and executed by the Trustee shall remain in place for the Tax-Exempt Loan borrowing.

Facility: \$7,000,000 Taxable Loan (the "Taxable Loan")

Amount: \$7,000,000.00

Term: 84 months

Interest Rate: This is a taxable transaction. The rate on this borrowing is variable for the duration of the loan. The rate will be set at closing and will be based upon the following formula: 3-month libor plus 281 bps. As of August 11, 2009, the indicative fixed rate using the above formula is 3.264%. The rate will change quarterly to coincide with the quarterly payment date.

Repayment: Quarterly installments of interest over the eight-four month period. Annual installments of principal as scheduled.

Prepayment: Prepayment is permitted at any time.

Bank Facility Fee: Waived

Security: The Bond shall be secured in the same manner and with the same collateral as the existing VRDN debt.

Reserve Funds & Trustee: It is expected that the Series 2007 A and 2007 B reserve structure and flow of University funds as directed by the Master Trust Indenture and executed by the Trustee shall remain in place for the Taxable Loan borrowing.

General Conditions (*applicable to both loans*):

Additional Depository Balances: In response to reducing the credit spread on the Tax-Exempt Loan, the University shall establish and maintain a new depository relationship of \$2.5 million with the Bank for as long as the University maintains an outstanding Tax-Exempt loan balance with the Bank. These deposits shall be maintained in a Public Funds Premier Money Market account.

Legal Fees: The University agrees to pay all legal fees and expenses of the Bank associated with the drafting, review and closing of this transaction (which costs may be paid with proceeds of the Bond). Documentation not provided by the Bank will be subject to the Bank's review and approval. It is expected that this transaction will utilize where possible, standard Bank documentation in an attempt to minimize cost.

Covenants & Reporting Requirements: All existing covenants and requirements applicable to the University's 2007 Series A and 2007 Series B Debt, as set forth in the Master Trust Indenture, will apply to the Bond, and inure to the benefit of the Bank.

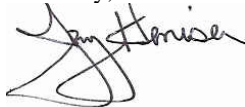
Other: The University will comply with all City, County, State and Federal regulations in regard to all timeframes for reporting of all budgetary, compliance and financial issues. The University's legal counsel will deliver an opinion, which shall be satisfactory to the Bank and its legal counsel, with respect to the enforceability of the financing documents (including the Credit Agreement) against the University . The Bank shall receive an opinion of Bond Counsel as to the validity and tax-exempt status of the Bond.

The Bond is to be governed by and subject to the formal documents setting forth terms and conditions typical and customary in conjunction with the above-described borrowing and consistent with prudent banking practices. Documentation is to be governed by the laws of the State of Florida and the United States.

Acceptance by University: Upon return by the University to the Bank of a fully executed copy of this proposed Term Sheet, by the time set forth below, this document will constitute an agreement of the University to accept the terms and conditions set out above regarding the aforementioned credit facilities. This includes payment of any fees/expenses noted above, regardless of whether any facility is closed. Unless an executed copy of this Term Sheet is received by the Bank by 5:00 p.m. Eastern Daylight Time on Friday, September 18, 2009, this Term Sheet shall, at the Bank's option, be null and void and of no further force and effect. If accepted, this borrowing must close on or before December 30, 2009.

Thank you for providing Regions Bank with this opportunity. We are grateful for your consideration and remain available to promptly respond to any questions that you may have regarding this document. I look forward to hearing from you.

Sincerely,



Jerry Heniser
Vice President

Signed and accepted on this ____ day of _____, 2009.

Florida International University Athletic Finance Corporation

By: _____

Title: _____



FIU

FLORIDA INTERNATIONAL UNIVERSITY
Miami's public research university



Florida International University

September 2, 2009

Together we'll go far

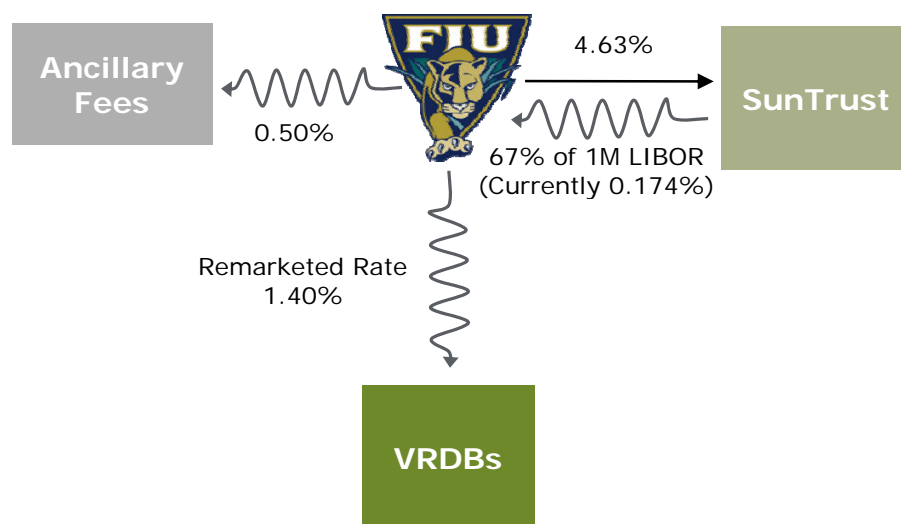


Current Situation

- Florida International University (“FIU”) has three series of Variable Rate Demand Bonds (“VRDBs”) backed by credit facilities that have recently been downgraded
 - Series 1999: Marc Building - \$9,200,000
 - Series 2007A: Football Stadium Project - \$28,000,000
 - Series 2007B Taxable: Football Stadium Project - \$7,000,000
- In order to hedge a portion of the interest rate risk associated with the tax-exempt VRDBs, FIU entered into floating-to-fixed swaps on the Series 1999 & 2007A Bonds
 - Series 1999 swap (outstanding notional of \$4.925 million): FIU pays 4.630% and receives 67% of 1M LIBOR
 - Series 2007A swap (outstanding notional of \$21 million): FIU pays 4.145% and receives SIFMA
- Over the past 18 months, the decrease in long-term swap rates has created a mark-to-market against FIU. As of close of business on 8/31/09, the mark-to-market values were as follows:
 - Series 1999 swap: \$631,500 against FIU
 - Series 2007A swap: \$2,704,000 against FIU
- While VRDBs are typically remarketed at a rate close to the SIFMA Index, the recent downgrades of Regions and SunTrust have caused FIU’s VRDBs to trade at a premium to the market (SIFMA)
 - Series 1999 Bonds: 1.40% (102 bps premium)
 - Series 2007A Bonds: 2.60% (221 bps premium)
 - Series 2007B Bonds: 3.26% (300 bps over 1M LIBOR)
- As an alternative to VRDBs, a Bank Purchased Bond may prove attractive. Under a Bank Purchased structure:
 - The Bank will purchase a bond that has a long-term maturity with a “put” after a stated term
 - Upon expiration of the initial term, the Bank will either:
 - Extend for another term at the same pricing initially provided or by a predetermined formula (there is no ability for the Bank to adjust spreads at the end of the term without triggering a reissuance), or
 - Request that the issuer seek alternative financing arrangements

Existing Swap Structures

Series 1999 Bond/Swap Structure

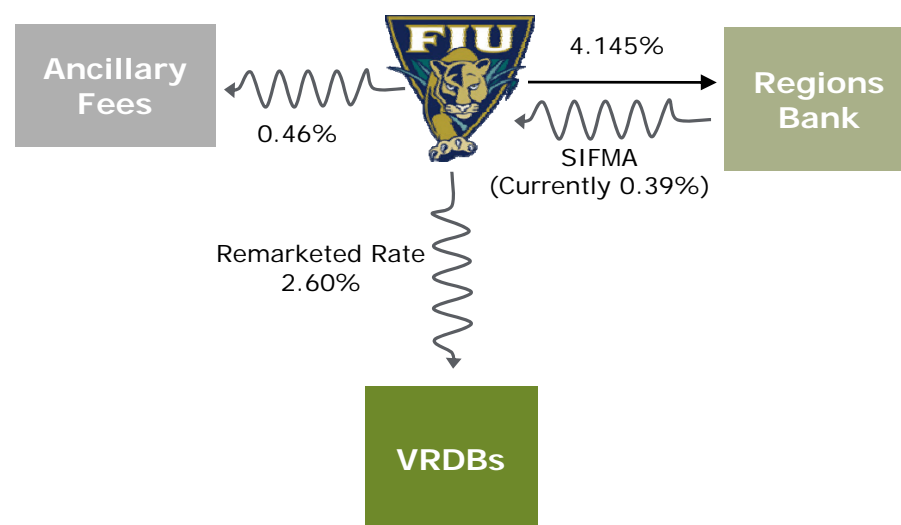


FIU Pays:	Existing Structure ²
Fixed Rate ¹	4.630%
Reset Rate	1.400%
Remarketing Fee	0.100%
Letter of Credit Fee	0.400%
FIU Receives:	
67 % of 1M LIBOR	-0.174%
Net Cost	6.356%

¹ Existing swap relates to a notional amount of \$4,925,000

² As of August 26, 2009

Series 2007A Bond/Swap Structure

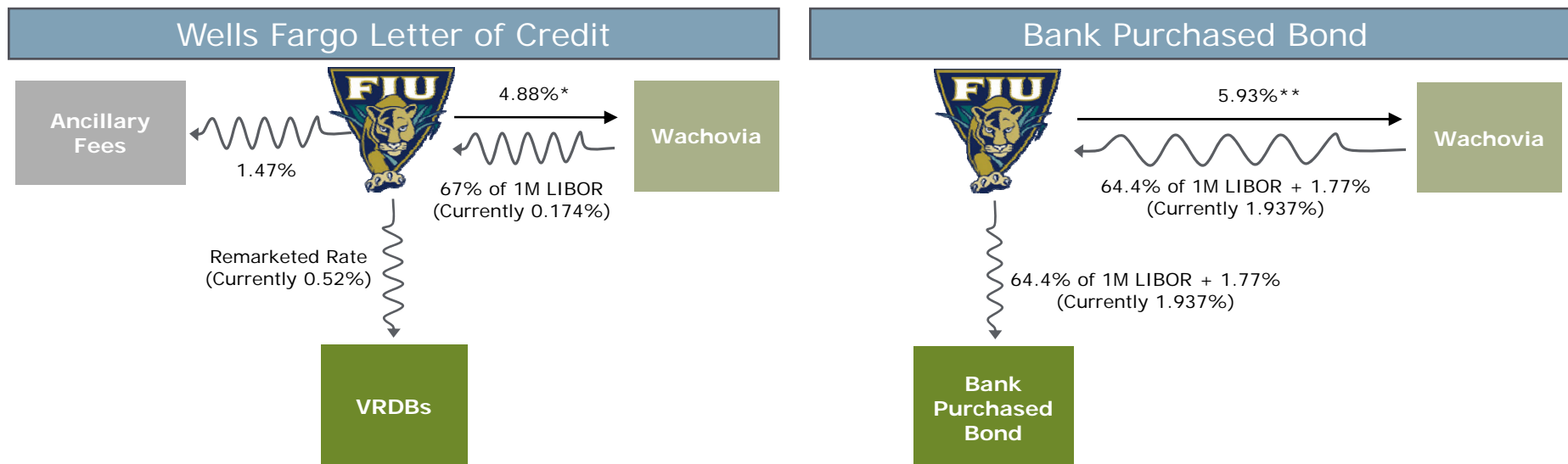


FIU Pays:	Existing Structure ²
Fixed Rate ¹	4.145%
Reset Rate	2.600%
Remarketing Fee	0.100%
Letter of Credit Fee	0.360%
FIU Receives:	
SIFMA	-0.390%
Net Cost	6.815%

¹ Existing swap relates to a notional amount of \$21,000,000

² As of August 26, 2009

Refinancing Options: Series 1999 Bonds



FIU Pays:	Existing Structure	1 Year WF Letter of Credit*	64 Month Bank Loan**
Fixed Rate ¹	4.630%	4.880%	5.930%
Reset Rate ²	1.400%	0.520%	1.937%
Remarketing Fee	0.100%	0.120%	0.000%
Letter of Credit Fee	0.400%	1.350%	0.000%
FIU Receives:			
67% of 1M LIBOR ³	-0.174%	-0.174%	
64.4% of 1M LIBOR + 1.77% ³			-1.937%
Net Cost	6.356%	6.696%	5.930%

¹ Existing swap relates to a notional amount \$4,925,000

² Remarketed rate on August 26, 2009 - WF LOC assumes base rate +20 bps

³ As of September 1, 2009

Notes: Net cost does not take into account cost of issuance

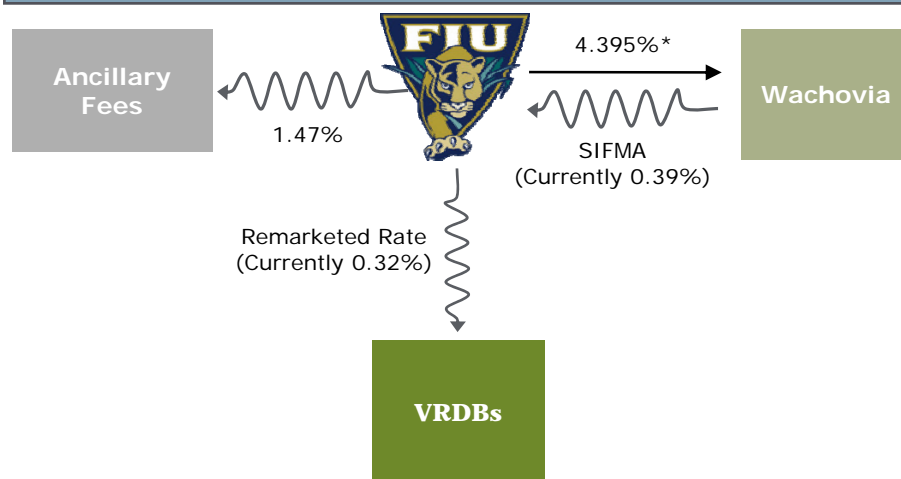
* Wells Fargo would charge an indicative 25bps to assume the existing swap

** Assumes existing swap is terminated and a new 5 year swap is entered into for the entire notional amount, swap termination included in new swap rate

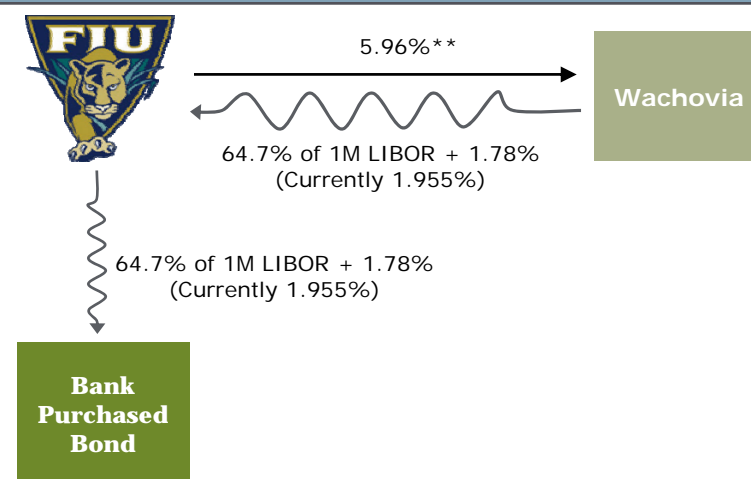
Bank purchased scenarios are subject to credit approval

Refinancing Options: Series 2007A Bonds

Wells Fargo Letter of Credit



Bank Purchased Bond



FIU Pays:	Existing Structure	1 Year WF Letter of Credit*	5 Year Bank Loan**	5 Year Bank Loan***
Fixed Rate ¹	4.145%	4.395%	5.960%	3.750%
Reset Rate ²	2.600%	0.320%	1.955%	1.955%
Remarketing Fee	0.100%	0.120%	0.000%	0.000%
Letter of Credit Fee	0.360%	1.350%	0.000%	0.000%
FIU Receives:				
SIFMA ³	-0.390%	-0.390%		
64.7% of 1M LIBOR + 1.78% ⁴			-1.955%	-1.955%
Net Cost	6.815%	5.795%	5.960%	3.750%

¹ Existing swap relates to a notional amount of \$21,000,000

² Remarketed rate on August 26, 2009 - WF LOC assumes base rate

³ SIFMA as of August 26, 2009

⁴ As of August 26, 2009

Notes: Net cost does not take into account cost of issuance

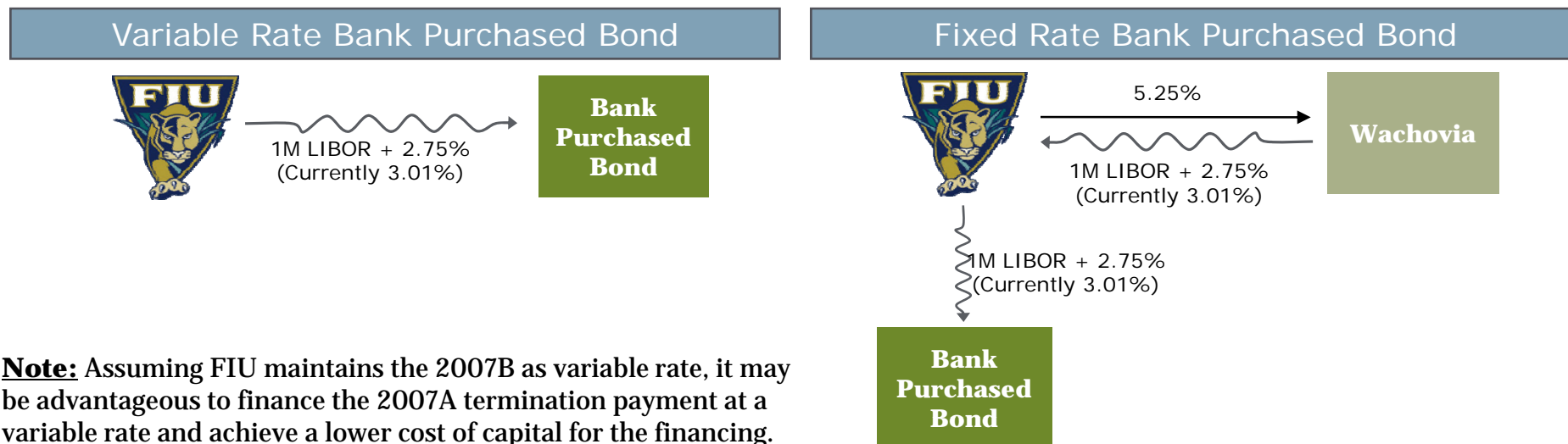
* Wells Fargo would charge an indicative 25bps to assume the existing swap

** Assumes existing swap is terminated and a new 5 year swap is entered into for the entire notional amount, swap termination included in new swap rate

*** Assumes swap termination is paid with the taxable refinancing portion

Bank purchased scenarios are subject to credit approval

Refinancing Options: Series 2007B Bonds – Taxable Portion



		<u>Floating Rate</u> 5 Year Variable Bank Purchased Bond	<u>Fixed Rate</u> 5 Year Fixed Bank Purchased Bond
FIU Pays:	Existing Structure		
Fixed Rate ¹	0.000%	0.000%	5.250%
Reset Rate ²	3.260%	3.010%	3.010%
Remarketing Fee	0.100%	0.000%	0.000%
Letter of Credit Fee	0.360%	0.000%	0.000%
FIU Receives:			
1M LIBOR + 2.75% ³			-3.010%
Net Cost	3.720%	3.020%	5.250%

¹ Assumes a new 5 year swap with Wachovia

² Remarketed rate on August 26, 2009

³ As of September 1, 2009

Note: Net cost does not take into account cost of issuance

Bank purchased scenarios are subject to credit approval

Comparison of Traditional and Synthetic Fixed Rate Structures

Structural Considerations		
Consideration / Risk	LOC VRDN	Bank Purchased Bond
Annual Renewal Risk	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Annual Repricing Risk	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Remarketing Risk	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Covenants	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Bond Reissuance Risk	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Drain on Bank Capacity	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
No Prepayment Flexibility	<input type="checkbox"/>	<input type="checkbox"/>
Basis Risk	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Tax Risk	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Exposure to Bank Credit Profile	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Counterparty Risk	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

- The Bank Purchased Bond provides greater stability than a VRDB backed by a letter of credit.
- Bank Purchased Bonds also avoid the risks that have been problematic for FIU including:
 - Remarketing risk
 - Basis risk
 - Exposure to bank credit profile
- While Bank Purchased Bonds avoid these risks, FIU still
 - Retains the risk that the bank “puts” the Bonds
 - Uses bank capacity
 - Is exposed to counterparty risk (the risk that the swap provider is unable to perform on the swap transaction)

Bank Purchased Tax-Exempt Bonds

Benefits	
Description	Explanation
Eliminates Remarketing Risk	The Bank Purchased Bonds are funded and held by the bank, thus eliminating remarketing risk.
Eliminates Renewal Risk	The initial pricing is locked in for the entire 5-year term of the Bank Purchased Bond
Longer Term Financing Solution	FIU has the ability to achieve guaranteed longer term financing compared to a typical VRDB backed by a letter of credit, which in the current market is generally renewed annually.
Prepayment Flexibility	FIU has the flexibility to prepay as long as the Bank Purchased Bond remains in variable rate mode. Termination of an interest rate hedge may subject FIU to either a benefit or a cost.
Efficient Execution	The Bank Purchased Bond structure generally takes less time to close than either VRDBs or fixed rate tax-exempt bonds.
Diversification	Bank Purchased Bonds can diversify FIU's existing debt structuring mix.

Risks	
Description	Explanation
Partial Term Protection	After the bond put date, FIU's source and cost of financing may change.
Mark-to-Market Risk	FIU may need to include mark-to-market valuations in its financial statements. This value fluctuates with market conditions.
Tax Risk / Reissuance Risk	Should the bank exercise its put, FIU will need to reissue the bonds. Alternatives may be more limited depending on the tax law at that time.

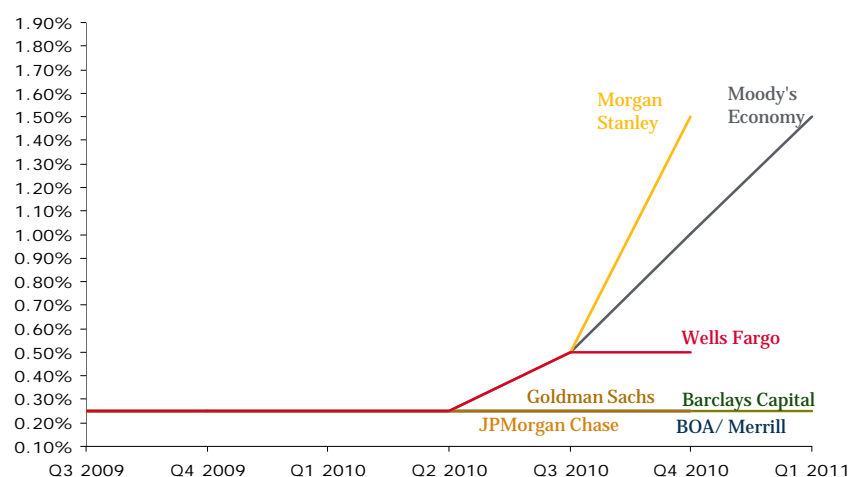
Appendix

Market Outlook

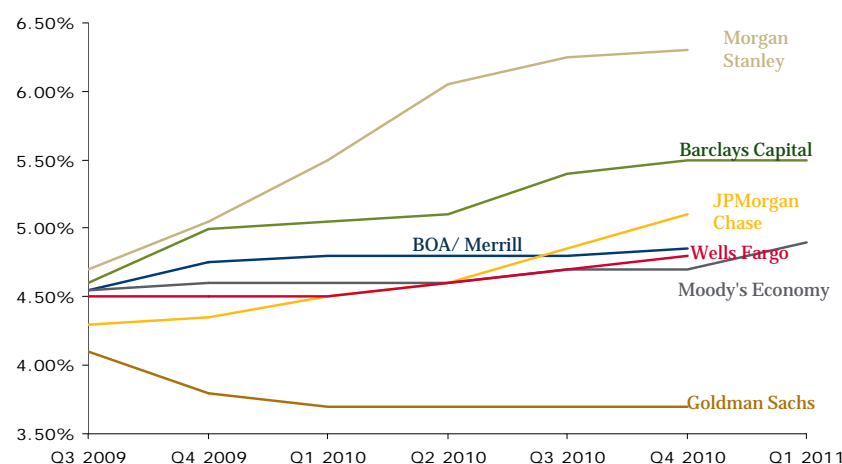
Fiscal Policy is Monetary Policy

- This week's Congressional Budget Office (CBO) mid-year budget outlook highlights the problems inherent in conducting an “independent” monetary policy and an effective exit strategy in a subpar economic recovery. The CBO expects relatively weak real economic growth of 1.7 percent in 2010 and sees the unemployment rate reaching 10.2 percent. Their 10-year Treasury rate forecast is 4.10 percent compared to today's rate of 3.48 percent. The CBO estimates the federal deficit at \$1.38 trillion for 2010. In this context, decision-makers will need to be vigilant in assessing how independent and how effective any exit strategy will be in the year ahead.
- How likely is policy to be independent of both negative economic and political feedbacks? The Fed has indicated a commitment to reduce liquidity and exit the current accommodative stance. This presents a challenge to investors. Any Fed exit strategy will alter the relative returns for all instruments the Fed attempts to sell. This is particularly true for longer maturity instruments such as Treasuries, mortgages and ABS. As interest rates rise, the likely feedback is that the housing sector will witness weaker starts and a weaker recovery in prices. How independent of this feedback will the Federal Reserve be in its pursuit of price stability?
- An effective exit strategy is also likely to coincide with a subpar economic recovery and large Treasury financing needs. Federal revenues will lag the economic recovery. The Fed's exit strategy will make Treasury auctions more difficult to place at the current low interest rates. The upward pressure on yields will likely be amplified. This week's CBO report brings into greater relief the fiscal/monetary policy conflict. Treasury debt will continue to be issued while the Fed will exit its easy policy and overall economic growth remains subpar. This all leaves us quite cautious on the Fed/Treasury being able to walk this tightrope. How will the Fed implement that exit strategy and be willing to accept the political criticism?

Economist Outlook on the Federal Funds Rate



Economist Outlook on the 30-Year Treasury



Wells Fargo Build America Bond Index

Wells Fargo's BABs market index will greatly enhance the transparency and liquidity of the market

Issuers will now be better able to ascertain where their new issue BABs should price by examining a "BABs-only" index

- On August 25th, our firm launched the Wells Fargo Build America Bond Index
 - First index in the country to track the performance of taxable municipal bonds (BABs).
 - Index criteria are as follows:
 - CUSIP sizes greater than \$100 mm
 - Issues with fixed coupons
 - Issue maturities greater than one (1) year
 - Issues with investment grade ratings
- The index is currently composed of 29 distinct borrowers (including 3 higher ed)
 - The index was retroactively synchronized back to May 1st at 100 par value
 - As of August 31st, the index value is 109.3 --- demonstrating how BAB spreads have improved in the secondary trading market
 - The Wells Fargo BABs index is accessible through Bloomberg. It weights the included securities by market value, and determines prices from observed secondary trades.
- Recent market capsule of Build America Bond Index:

No. of Securities	Notional Amt. Outstanding	Wtd. Avg. Coupon	Wtd. Avg. Yield	Average Duration
29	5,297,648,000	6.575%	6.0285	11.46

Wachovia Bank, National Association ("WBNA") acts solely on an arm's length basis in connection with the proposed transaction with the customer. Therefore, in entering into, terminating or taking any other action with respect to any such transaction, the customer must make its own evaluation of the proposed transaction (including its appropriateness for the customer) and the risks involved. Accordingly, since neither WBNA nor any of its affiliates is acting as the customer's agent, broker, advisor, or fiduciary in any respect in connection with the proposed transaction, the customer must rely only upon its own evaluation and upon advice from its own financial, legal, tax, accounting or other advisors. Neither WBNA nor any of its affiliates shall be liable for any loss resulting from reliance on any statement, view, recommendation or opinion provided by WBNA (or any of its affiliates) or any representative or advisor of WBNA (or of any of its affiliates) in connection with the proposed transaction. Any agency, brokerage, advisory or fiduciary services that WBNA (or any of its affiliates) may otherwise provide to the customer (or to any of its affiliates) shall exclude the proposed transaction.

Although this proposal may describe how the customer could use the proposed transaction to hedge against the expense of an existing or future loan or other financing or otherwise reduce its funding costs, the proposed transaction would be a separate and independent obligation of the customer and would not be contingent on whether or not any loan or other financing closes, is outstanding or is repaid, in whole or in part, at any time. In addition, if the customer provides any existing or future collateral or other credit support to secure both the proposed transaction and any exiting or future loan or other financing, then the customer would be entitled to the release of such collateral or credit support only if certain conditions contained in the related collateral agreement or credit support document are completely satisfied for both the proposed transaction and any such loan or other financing.

This presentation is for your information only and is not an offer to sell, or a solicitation to buy, the products or services named or described in this presentation. This proposal is based on information provided to WBNA by the customer and contains other information WBNA believes to be reliable. Nevertheless, WBNA does not guarantee the accuracy or completeness of any such information, and therefore WBNA assumes no liability for any loss resulting from reliance thereon. Terms, prices and structure in this proposal are subject to changing market conditions, are indicative only, and do not constitute an offer or commitment. All final prices are subject to market conditions at deal time, final credit approval and agreement on deal terms. Also, historical data, past trends and past performance do not reflect or guarantee future trends or performance.





**FIU ATHLETICS FINANCE CORPORATION
BOARD OF DIRECTORS**

4 SEPTEMBER 2009

**SUBJECT: REFUNDING OF FIU ATHLETIC FINANCE CORPORATION'S \$35 MILLION IN
OUTSTANDING BONDS**

PROPOSED BOARD ACTION:

Recommend Board Adoption of the following resolution:

WHEREAS, in April 2007, the FIU Athletics Finance Corporation (the "Corporation"), a direct-support organization of Florida International University ("University"), issued \$28,000,000 Capital Improvement Revenue Bonds (Football Stadium Project), Series 2007A and \$7,000,000 Taxable Capital Improvement Revenue Bonds (Football Stadium Project), Series 2007B (collectively the "2007 Bonds") to finance the construction of the FIU Football Stadium pursuant to a Trust Indenture by and between the Corporation and Regions Bank, N.A. as Trustee, dated April 1, 2007 (the "2007 Indenture");

WHEREAS, as a result of the extreme economic conditions affecting credit markets and the financial industry, the interest cost of the variable rate 2007 Bonds have dramatically increased due to the declining credit quality of Regions Bank, N.A., the bank that issued a letter of credit securing the 2007 Bonds;

WHEREAS, Regions Bank, N.A. ("Regions") has offered to retire the 2007 Bonds and refinance the Corporation's debt with a \$28,000,000 Bank Qualified, Tax-Exempt Term Loan and a \$7,000,000 Taxable Term Loan (the "Term Loans") as outlined in the Commitment Letter dated August 10, 2009 and attached hereto as Exhibit A (the "Commitment Letter"); and

WHEREAS, Wachovia Bank, N.A., a Wells Fargo Company ("Wachovia"), has presented the University with various refinancing options with terms comparable in material respects to those offered by Regions, as set forth in Exhibit B attached hereto, and Wachovia is in the process of updating its proposal with additional information recently requested by the University; and

WHEREAS, substantial interest savings would be realized if the University retires 2007 Bonds and completes this refunding transaction through a conduit issuer that would permit the banks to offer a lower interest rate;

THEREFORE, BE IT RESOLVED that the Board of Directors of the Corporation:

- (i) authorizes the University to continue negotiations on the Corporation's behalf with the banks, consistent with the terms set forth in Exhibit A and B, and to cause for the issuance of refunding bonds through a conduit issuer;
- (ii) delegates the authority to the Chairperson of the Corporation to execute the proposed refunding transaction with the bank that the University President and CFO determine is in the best interest of the Corporation and the University, provided that, at a minimum, the selected bank meets or exceeds the terms specified in either Exhibit A or Exhibit B; and
- (iii) delegates to the Chairperson of the Corporation the authority to execute any such documents and/or take any such actions as shall be necessary complete the refunding transaction on terms and conditions that meet or exceed those set forth in Exhibits A or B, to be secured by a lien upon and same pledge of revenues previously granted to the holders of the 2007 Bonds.

BE IT FURTHER RESOLVED that the Board directs the appropriate University staff to report to the Board on the progress of the refunding transaction at its next regularly scheduled meeting.

LEGAL AUTHORITY:

This resolution is adopted pursuant to and in accordance with Section 1010.62(9) of the Florida Statutes and the **April 2006** Board of Governors Debt Management Policy Guidelines, which authorize state universities and their direct-support organizations to enter into "refundings for debt service savings where final maturities are not extended."

EXHIBITS/SUPPORTING DOCUMENTS:

- Exhibit "A" Regions Bank, N.A.'s Commitment Letter
- Exhibit "B" Wachovia Bank, N.A. Presentation

FACILITATOR/PRESENTER:

- Dr. Kenneth Jessell

OFFICE OF FINANCE AND ADMINISTRATION
University Treasurer
 Debt Management

Board of Trustees – Finance and Audit Committee

\$35 Million Refunding

FIU Athletic Finance Corporation

May 18, 2009	<p>Moody's Investor Service downgraded Regions Bank to Baa1/P2. At the time, Standard & Poor's maintained Regions rating of A+/A-1 and Fitch at A/F-1 – both with negative outlooks.</p> <p>Since ratings from S&P and Fitch remained unchanged, the variable rate demand bonds issued the FIU Athletic Finance Corp. and backed by a Regions Bank Letter of Credit were still money market eligible.</p>
May 20, 2009	Regions Bank notified FIU of an optional tender for \$28 million of tax exempt bonds issued for the construction of the football stadium.
May 27, 2009	<p>\$28 million was tendered and the remarketing of the bonds failed leading to an Optional Tender Draw on the Letter of Credit and the rate on the bond converted to 3-month LIBOR+2%.</p> <p>The Letter of Credit draw triggered a conversion clause, which would have converted the bonds to a 10 year term loan at 3-month LIBOR+3% on August 27, 2009.</p>
August 10, 2009	Regions Bank offers to refund \$35 million in bonds with a term- and amortization matched term loans, effectively removing AFC from the VRDC market.
August 11, 2009	Regions Bank (Morgan Keegan) successfully re-marketed all \$28 million of the bonds at 3.25% or SIFMA + 280 bps.
August 18, 2009	Regions again successfully re-marketed the bonds at a lower rate, 3.00% or SIFMA + 250 bps.

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