



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

Thursday, May 20, 2010

9:00 am

Florida International University
Modesto A. Maidique Campus
College of Business Complex
Special Events Center room 232

Committee Membership:

Albert Maury, *Chair*; Miriam López, *Vice Chair*; Sukrit Agrawal; Thomas Breslin

Liaison:

Richard Brilliant, *Foundation Board of Directors*

AGENDA

- | | |
|--|-----------------|
| 1. Call to Order and Chair's Remarks | Albert Maury |
| 2. Approval of Minutes | Albert Maury |
| 3. Follow-up to Items from Previous Meeting | Albert Maury |
| 4. Action Items | |
| FA1. Proposed 2010-2011 Operating Budget | Kenneth Jessell |
| A. University and DSO Operating Budgets | |
| B. University Tuition Fee | |
| C. Tuition for Market Rate Programs | |
| D. Student Health Fee | |
| E. Amendment of University Traffic and Parking Regulation | |
| FA2. Proposed 2010-2011 – Fixed Capital Outlay Budget | Kenneth Jessell |
| FA3. Authorization for the Issuance of the Debt to Finance the Construction of the Department of the Health Building at the Modesto A. Maidique Campus | Kenneth Jessell |

4. Actions Items (*Continued...*)

FA4. Signature Authority

Kenneth Jessell

- A. Depositories for the University
- B. Authorization to Sign Checks for the University
- C. Transfer of Funds for the University

FA5. Approval of the Amendment to the Bylaws of the Florida International University Research Foundation, Inc.

Andres Gil

FA6. Internal Audit Plan for 2010-2011

Allen Vann

FA7. Request for Approval of Florida International University's 2011-2012 Fixed Capital Outlay Legislative Budget Request, Consisting of the 5-year Capital Improvement Plan (CIP)

Kenneth Jessell

5. Discussion Items (*No Action Required*)

5.1 Review of Operational Audit for Fiscal Year Ended June 30, 2009

Kenneth Jessell

5.2 Review of Financial Audit for Fiscal Year Ended June 30, 2009

Kenneth Jessell

5.3 Office of Internal Audit Status Report

Allen Vann

6. Reports (*For Information Only*)

6.1 University Compliance Report

Leyda Benitez

6.2 Foundation Report

Richard Brilliant

6.3 Division of Research

Andres Gil

6.4 Treasury Report

Tony Vu

6.5 Environmental – Regulatory & Compliance

William Youngblut

6.6 Third Quarter 2009 Budget Variance Analysis

Liane Martinez

6.7 Construction Status Report

John Cal

6.8 Athletics Update

Pete Garcia

7. New Business (*If Any*)

Albert Maury

8. Concluding Remarks and Adjournment

Albert Maury

**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES**

Finance and Audit Committee

May 20, 2010

Subject: Finance and Audit Committee Meeting Minutes, February 5, 2010

Proposed Committee Action:

Approval of Minutes of the Finance and Audit Committee meeting held on Friday, February 5, 2010 by telephone conference call.

Background Information:

Committee members will review and approve the Minutes of the Finance and Audit meeting held on Friday, February 5, 2010 by telephone conference call.

Supporting Documentation:

February 5, 2010 Finance and Audit Committee meeting minutes

Facilitator/Presenter:

Committee Chair Albert Maury

This page intentionally left blank



**FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND AUDIT COMMITTEE
MINUTES
FEBRUARY 5, 2010**

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 Albert Maury at 9:01 am on Friday, February 5, 2010, via conference call.

The following attendance was recorded:

Present

Albert Maury, *Chair*

Miriam López, *Vice Chair*

Thomas Breslin

R. Kirk Landon

Board Chairman Albert E. Dotson, Sr. and Trustee Anthony Rionda were also in attendance.

Committee Chair Maury welcomed all Trustees, Foundation Board members, faculty and staff. He thanked all Committee members for making themselves available to participate in the conference call. He also welcomed Chairman Albert E. Dotson, Sr. and Trustee Anthony Rionda to the meeting.

On behalf of the Committee, Chairman Maury congratulated Noel Guillama-Alvarez on his recent appointment as Foundation Board of Directors Chairman. He thanked Foundation Chairman Guillama-Alvarez for his service as Foundation Treasurer and liaison to the Board of Trustees Finance and Audit Committee.

Committee Chair Maury also welcomed recently appointed Foundation Board of Directors Treasurer Richard Brilliant to the meeting, noting that he looked forward to his contributions to the Finance and Audit Committee meetings.

2. Approval of Minutes

Committee Chair Albert Maury asked if there were any additions or corrections to the minutes of the November 19, 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 November 19, 2009, and attached to this Resolution as Exhibit "FA-Minutes," are hereby approved.

3. Follow-up Items from Previous Meetings

Sr. Vice President for External Relations Sandy Gonzalez-Levy provided an update on the revamping of the University's webpage, noting that the project was on schedule and a launch date of April was expected. Committee Chair Maury requested that a live demonstration of the new website be provided at the next regularly scheduled Committee meeting.

VP Gonzalez-Levy provided an update on Chairman Maury's request that the University administration analyze the viability of acquiring 30 second spots during televised sporting events as this would acquaint the viewing audience to FIU. She reported that the University prepared a video that could serve to market the FIU brand to a television audience but that due to limited financial resources, it had not been displayed in that capacity. She noted that the video would be presented for the Committee's review at the next regularly scheduled meeting.

Committee Chair Maury noted that in response to his request from the last Committee meeting, definitions of frequently used terms within the University community such as PELL, FAFSA, FSAG and alike were provided in the Academic Policy Committee agenda packets.

4. Action Items

FIU Direct Support Organizations Financial Audits, 2008-2009

CFO & Sr. Vice President for Administration Kenneth Jessell presented the FIU Direct Support Organizations Financial Audits for FY2008-2009. He reported that MarcumRachlin, a division of Marcum, LLP, was the external auditor which performed the financial audits for the FIU Foundation, Inc, the FIU Research Foundation, Inc. and the FIU Athletics Finance Corp. He noted that the audits were conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*. He further reported that the results of the respective audits disclosed no instances of noncompliance or other matters that were required to be reported.

a. FIU Foundation Inc.

CFO & Sr. VP Jessell noted that the FIU Foundation Inc. Board of Directors approved the 2008-09 financial audit at its January 27, 2010 meeting and was submitting to the Board of Trustees for approval.

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

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

WHEREAS, the FIU Foundation, Inc. Financial Audit for 2008-2009, attached hereto as Exhibit "A," has been submitted and approved by the FIU Foundation, Inc. Board of Directors on January 27, 2010, and the University President is recommending its approval;

THEREFORE, BE IT RESOLVED that the BOT hereby approves the attached FIU Foundation, Inc. Financial Audit for 2008-2009 and authorizes the Executive Director of the FIU Foundation, Inc. to take all actions necessary pertaining to this Financial Audit, including filing the report with the Auditor General.

b. FIU Research Foundation Inc.

CFO & Sr. VP Jessell noted that the FIU Research Foundation, Inc. Board of Directors Executive Committee approved the 2008-09 financial audit at its January 8, 2010 meeting and was submitting to the Board of Trustees for approval, pending the ratification of the FIU Research Foundation, Inc. Board of Directors Full Board.

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

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

WHEREAS, the FIU Research Foundation, Inc. Financial Audit for 2008-2009, attached hereto as Exhibit "B", was approved by the FIU Research Foundation, Inc. Board of Directors Executive Committee on January 8, 2010 and the University President is recommending its approval, pending ratification of the FIU Research Foundation, Inc. Board of Directors Full Board;

THEREFORE, BE IT RESOLVED that the BOT hereby approves the attached FIU Research Foundation, Inc. Financial Audit for 2008-2009 pending ratification of the FIU Research Foundation, Inc. Board of Directors Full Board, and authorizes the Executive Director of the FIU Research Foundation, Inc. to take all actions necessary pertaining to this Financial Audit, including filing the report with the Auditor General.

c. FIU Athletics Finance Corporation

CFO & Sr. VP Jessell noted that the FIU Athletics Finance Corporation approved the 2008-09 financial audit at its January 15, 2010 meeting and was submitting to the Board of Trustees for approval.

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

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

WHEREAS, the FIU Athletics Finance Corp. Financial Audit for 2008-2009, attached hereto as Exhibit "C", has been submitted and approved by the FIU Athletics Finance Corp. Board of Directors on January 15, 2010 and the University President is recommending its approval;

THEREFORE, BE IT RESOLVED that the BOT hereby approves the attached FIU Athletics Finance Corp. Financial Audit for 2008-2009 and authorizes the Executive Director of the FIU Athletics Finance Corp. to take all actions necessary pertaining to this Financial Audit, including filing the report with the Auditor General.

Discussion Items

5.1 Foundation Report

FIU Foundation, Inc. Board of Directors Chairman Noel Guillama-Alvarez noted that he would provide the Foundation Report in order to facilitate an introduction to the role of the Foundation liaison for the incumbent Foundation Treasurer Richard Brilliant. Chairman Guillama-Alvarez provided an update on the Foundation's finances, investments performance and fundraising efforts.

5.2 Office of Internal Audit Report

Director of Internal Audit Allen Vann presented the Internal Audit Report, providing updates on ongoing audits. He reported that Drummond Kahn was the validator engaged to conduct an independent validation of the University's internal audit activity's self-assessment. He noted that the primary objective of the validation was to verify the assertions made in the self-assessment report. He further reported that the independent validator concurred fully with the University's internal audit activity's conclusion of its self-assessment report. He also presented the amendment to the Office of Internal Audit Policy & Charter, delineating the key revisions to the document.

5.3 Office of Sponsored Research Report, July 1, 2009 – November 30, 2009

VP of Research Andres Gil provided the Sponsored Research Report for the period July 1, 2009 through November 30, 2009, presenting an overview of awards, applications, F&A and expenditures. He noted that the timing of renewals and continuation of grants could vary from year to year and therefore, this should be taken into consideration when comparing and contrasting similar time periods within two fiscal years. He also provided an update on the applications and awards associated with the American Recovery and Reinvestment Act (ARRA).

Trustee Thomas Breslin inquired as to the long-term trend in terms of ARRA grants. Provost & Executive VP Douglas Wartzok noted that a trend line would be provided during the Committee's next regularly scheduled meeting.

5.4 Finance & Administration Update

CFO & Sr. VP Jessell presented the Finance & Administration Update. He provided an update on the State budget, noting that the latest Revenue Estimating Conference revised the State revenue projections upward. He further noted that the University's revenue assumptions for FY2010-11 were in line with the recent estimates and that the University did not foresee changes to the Three Year Budget Reduction Plan. He also provided an update on Auxiliary Enterprises, noting that the University's agreement with the Pepsi Bottling Group (PBG), made Pepsi the official beverage of the University and gave Pepsi exclusivity of pouring and marketing rights.

6. Reports

Committee Chair Maury requested that the University Compliance Report, the Treasury Report, Environmental – Regulatory & Compliance and the Athletics Update be accepted as written. There were no objections.

7. New Business

Committee Chair Maury noted that there was an additional action item to come before the Committee and asked CFO & Sr. VP Jessell to present the FIU Herbert Wertheim College of Medicine Self-Insurance Program Investment Policy for Committee review. CFO & Sr. VP Jessell noted that the FIU Self Insurance Program Investment Policy FIU-SIP was being adopted in accordance with Board of Governors Regulation 10.001. He added that the FIU Herbert Wertheim College of Medicine Self Insurance Program Council approved the FIU-SIP at its February 3, 2010 meeting.

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

BE IT RESOLVED, that the Florida International University Board of Trustees (the BOT) approves the Florida International University Self Insurance Program (FIU-SIP) Investment Policy FIU-SIP adopted in accordance with Board of Governors Regulation 10.001 on

February 3, 2010 as stated in the FIU-SIP Resolution attached hereto and incorporated herein as Exhibit “D;” and

BE IT FURTHER RESOLVED, that the BOT delegates to the University President the authority to forward the proposed FIU-SIP Investment Policy to the Board of Governors and to request that the Board of Governors take the necessary action to approve the FIU-SIP Investment Policy as provided in Board of Governors Regulation 10.001(1)(d)13 ; and

BE IT FURTHER RESOLVED, that the FIU-SIP Council may approve any subsequent amendments to the proposed revisions in response to comments received from the Board of Governors;

AND BE IT FURTHER RESOLVED, that the President report to the BOT at its next regularly scheduled meeting on any substantive changes made to the proposed FIU-SIP Investment Policy as a result of comments received by the Board of Governors.

Sr. VP Gonzalez-Levy provided an update on the University’s volunteer efforts on Sunday, January 31, to benefit Haiti relief. She noted that the University community assisted Miami-Dade County in sorting 160 tons of donated goods, including canned and dry food, water, medical supplies and clothing. She further noted that University President Mark B. Rosenberg led the hands-on effort. She thanked Committee Chair Maury for his leadership as he graciously provided of his time to volunteer, also providing assistance to the numerous University community volunteers with their respective transportation needs.

On behalf of the Board, Chairman Albert E. Dotson, Sr. commended Committee Chair Maury for his unrelenting service to the Board, the University and the community.

8. Concluding Remarks and Adjournment

With no other business, Committee Chair Albert Maury adjourned the meeting at 9:58 am.

| <i>Trustee Requests</i> | <i>Follow-up</i> | <i>Completion Date</i> |
|---|---|-----------------------------------|
| 1. <i>Trustee Thomas Breslin requested a summary of the long-term trend in terms of ARRA grants.</i> | <i>VP Andres Gil</i> | <i>May 2010 Committee Meeting</i> |
| 2. <i>Committee Chair Maury requested an update on Accounts Receivable at the next regularly scheduled Committee meeting.</i> | <i>CFO & Sr. VP Kenneth Jessell</i> | <i>May 2010 Committee Meeting</i> |

Exhibits attached: “FA-Minutes,” & “A,” “B,” “C,” & “D”

MB
2.23.10

**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES**

Finance and Audit Committee

May 20, 2010

Subject: Proposed 2010-2011 University and Direct Support Organizations Operating Budgets

Proposed Committee Action:

Recommend to The Florida International University Board of Trustees (the BOT) approval of the FIU 2010-11 University and Direct Support Organizations (DSO) Operating Budgets and authorize the University President to amend the budget consistent with Legislative, Board of Governors' and Board of Trustees' directives and guidelines.

Background Information:

As a member of the State University System of Florida, FIU operates within the laws, rules, regulations and policies of the Legislature, and the Florida Board of Governors.

The University is required to prepare an annual operating budget for approval by the Board of Trustees prior to submission to the Florida Board of Governors. The FY 2010-11 Proposed Operating Budget for the University is due to the Florida Board of Governors on June 25, 2010.

Authority for the University President to amend the budget is necessary to accommodate changes in circumstances.

The Direct Support Organizations (FIU Foundation, Inc., FIU Research Foundation, Inc., and FIU Athletics Finance Corporation) have prepared their annual budgets for review and approval by the BOT, pursuant to Florida Statutes, FIU regulation, and DSO Bylaws.

The following funding groups are included:

- A. 2010-2011 Budget Overview
- B. Educational and General (E&G)
- C. Auxiliary Enterprises Proposed Budget Allocation
- D. Intercollegiate Athletics Proposed Budget Allocation
- E. Activity and Service Proposed Budget Allocation
- F. Technology Fee Proposed Budget Allocation
- G. Contracts and Grants Proposed Budget Allocation
- H. Student Financial Aid Proposed Budget Allocation
- I. Concessions Proposed Budget Allocation
- J. FIU Athletics Finance Corp
- K. FIU Foundation, Inc.
- L. FIU Health Care Network
- M. FIU Self-Insurance Program
- N. FIU Research Foundation, Inc.
- O. University Treasury Operations
- P. Fixed Capital Outlay

The University President shall keep the Board of Trustees informed of any changes in excess of 2% made to the total approved 2010-2011 Operating Budget during the operating year.

Supporting Documentation: 2010-2011 Proposed University and DSO Operating Budgets

Facilitator/Presenter: Kenneth Jessell

**Florida International University
Board of Trustees Financial Summary
2010-11 Budget
Overview¹**

| (In millions of dollars) | Final Budget ² 2009-10 | Forecast 2009-10 | Forecast vs. Final Budget | Requested Budget 2010-11 | Forecast vs. Requested Budget |
|--------------------------|--------------------------------------|---------------------|------------------------------|-----------------------------|----------------------------------|
|--------------------------|--------------------------------------|---------------------|------------------------------|-----------------------------|----------------------------------|

Revenue / Receipts

Operating

University

| | | | | | |
|--|---------|---------|-------|---------|--------|
| Education and General (net) ³ | \$342.1 | \$346.6 | \$4.5 | \$371.2 | \$24.6 |
| University | 304.6 | 309.0 | 4.4 | 329.1 | 20.1 |
| College of Medicine | 22.4 | 22.5 | 0.1 | 27.6 | 5.1 |
| State Fiscal Stabilization Fund ⁴ | 15.1 | 15.1 | 0.0 | 14.5 | (0.6) |
| FIU Self-Insurance Program | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 |
| Auxiliary Enterprises | 116.9 | 119.8 | 2.9 | 127.1 | 7.3 |
| Intercollegiate Athletics | 18.6 | 18.8 | 0.2 | 19.4 | 0.6 |
| Activities and Service | 11.7 | 12.1 | 0.4 | 12.4 | 0.3 |
| Technology Fee | 5.7 | 5.9 | 0.2 | 6.6 | 0.7 |
| Contracts and Grants | 89.5 | 82.6 | (6.9) | 92.7 | 10.1 |
| Student Financial Aid | 89.2 | 99.8 | 10.6 | 116.1 | 16.3 |
| Concessions | 0.4 | 0.4 | 0.0 | 0.5 | 0.1 |

Direct Support Organizations

| | | | | | |
|------------------------------|------|------|-------|------|-------|
| FIU Athletics Finance Corp | 3.6 | 3.5 | (0.1) | 3.4 | (0.1) |
| FIU Foundation Inc. | 22.9 | 32.2 | 9.3 | 23.7 | (8.5) |
| FIU Health Care Network | 0.1 | 0.1 | 0.0 | 0.1 | 0.0 |
| FIU Research Foundation Inc. | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 |

| | | | | | |
|------------------------------------|-------|-------|-----|--------|-------|
| Interfund Adjustments ⁵ | (9.9) | (8.6) | 1.3 | (10.2) | (1.6) |
|------------------------------------|-------|-------|-----|--------|-------|

| | | | | | |
|---------------------------------|--------------|--------------|-------------|--------------|-------------|
| Total Operating Revenues | 690.8 | 713.2 | 22.4 | 763.2 | 50.0 |
|---------------------------------|--------------|--------------|-------------|--------------|-------------|

Investment

| | | | | | |
|---------------------|-----|------|------|------|--------|
| University (net) | 8.7 | 22.2 | 13.5 | 10.5 | (11.7) |
| FIU Foundation Inc. | 4.7 | 14.5 | 9.8 | 6.4 | (8.1) |

| | | | | | |
|----------------------------------|-------------|-------------|-------------|-------------|---------------|
| Total Investment Revenues | 13.4 | 36.7 | 23.3 | 16.9 | (19.8) |
|----------------------------------|-------------|-------------|-------------|-------------|---------------|

| | | | | | |
|----------------------------|-------|-------|------|-------|-----|
| Student Loans ⁶ | 152.9 | 183.2 | 30.3 | 192.6 | 9.4 |
|----------------------------|-------|-------|------|-------|-----|

| | | | | | |
|----------------------------------|--------------|--------------|-------------|--------------|-------------|
| Total Revenues / Receipts | 857.1 | 933.1 | 76.0 | 972.7 | 39.6 |
|----------------------------------|--------------|--------------|-------------|--------------|-------------|

Expenses

Operating

University

| | | | | | |
|--|-------|-------|--------|-------|-------|
| Education and General | 360.1 | 327.1 | (33.0) | 376.7 | 49.6 |
| University | 322.6 | 293.6 | (29.0) | 334.6 | 41.0 |
| College of Medicine | 22.4 | 18.4 | (4.0) | 27.6 | 9.2 |
| State Fiscal Stabilization Fund ⁴ | 15.1 | 15.1 | 0.0 | 14.5 | (0.6) |
| FIU Self-Insurance Program | 0.1 | 0.0 | (0.1) | 0.1 | 0.1 |
| Auxiliary Enterprises | 104.2 | 102.3 | (1.9) | 111.6 | 9.3 |
| Intercollegiate Athletics | 19.1 | 18.6 | (0.5) | 19.5 | 0.9 |
| Activities and Service | 11.4 | 9.5 | (1.9) | 12.4 | 2.9 |
| Technology Fee | 5.6 | 4.4 | (1.2) | 8.1 | 3.7 |
| Contracts and Grants | 89.0 | 82.1 | (6.9) | 92.1 | 10.0 |
| Student Financial Aid | 88.4 | 104.1 | 15.7 | 117.5 | 13.4 |
| Concessions | 0.4 | 0.5 | 0.1 | 0.5 | 0.0 |

Direct Support Organizations

| | | | | | |
|------------------------------|------|------|-------|-----|-------|
| FIU Athletics Finance Corp | 0.9 | 0.8 | (0.1) | 0.8 | 0.0 |
| FIU Foundation Inc. | 12.0 | 16.5 | 4.5 | 9.3 | (7.2) |
| FIU Health Care Network | 0.1 | 0.1 | 0.0 | 0.1 | 0.0 |
| FIU Research Foundation Inc. | 0.1 | 0.1 | 0.0 | 0.1 | 0.0 |

| | | | | | |
|------------------------------------|-------|-------|-----|--------|-------|
| Interfund Adjustments ⁵ | (9.9) | (8.6) | 1.3 | (10.2) | (1.6) |
|------------------------------------|-------|-------|-----|--------|-------|

| | | | | | |
|---------------------------------|--------------|--------------|---------------|--------------|-------------|
| Total Operating Expenses | 681.5 | 657.5 | (24.0) | 738.6 | 81.1 |
|---------------------------------|--------------|--------------|---------------|--------------|-------------|

| | | | | | |
|--|------|------|-------|-----|-------|
| Principal Payment of Debt ⁷ | 12.3 | 10.3 | (2.0) | 9.8 | (0.5) |
|--|------|------|-------|-----|-------|

| | | | | | |
|----------------------------|-------|-------|------|-------|-----|
| Student Loans ⁶ | 152.9 | 183.2 | 30.3 | 192.6 | 9.4 |
|----------------------------|-------|-------|------|-------|-----|

| | | | | | |
|-----------------------|--------------|--------------|------------|--------------|-------------|
| Total Expenses | 846.7 | 851.0 | 4.3 | 941.0 | 90.0 |
|-----------------------|--------------|--------------|------------|--------------|-------------|

| | | | | | |
|---|---------------|---------------|---------------|---------------|-----------------|
| Change in Net Assets (incl. Investments) | \$10.4 | \$82.1 | \$71.7 | \$31.7 | (\$50.4) |
|---|---------------|---------------|---------------|---------------|-----------------|

| | | | | | |
|---|----------------|---------------|---------------|---------------|-----------------|
| Change in Net Assets (excl. Investments) | (\$3.0) | \$45.4 | \$48.4 | \$14.8 | (\$30.6) |
|---|----------------|---------------|---------------|---------------|-----------------|

**Florida International University
Board of Trustees Financial Summary
2010-11 Budget**

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:* Investment results are recognized as revenues in the budget, however GASB accounting principles require that it be recorded as an expense.

² Final Budget FY 2009-10 contains an adjustment to Original Budget for additional revenue due to additional 600 Headcount of \$3.1M (E&G \$1.9M, Auxiliary Enterprises \$0.8M, Intercollegiate Athletics \$0.2M, Activities & Service \$0.1M, and Technology Fee \$0.1M) and additional expense of \$0.1M in Auxiliary Enterprises, resulting in additional net change in assets of \$3.0M. Lastly, \$0.5M of Bad Debt has been reclassified from Expenses to Revenue (Auxiliary Enterprises \$0.2M, Intercollegiate Athletics \$0.2M and Technology Fee \$0.1M).

³ E&G revenues include State Funding and Tuition and are net of waivers (\$19.8M for FY 2010-11), uncollectible amounts and 30% Financial Aid need-based amounts per BOG regulation. The difference of \$5.4M between E&G Revenues and Expenses will be funded from prior years carry forward.

⁴ State Fiscal Stabilization Fund is appropriated as follows: University \$13.6M, College of Medicine \$0.9M.

⁵ 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.

⁶ As of FY 2006-07 the University no longer budgets student loans since it represents a pass through for the university.

⁷ Principal payment of debt is reflected above per BOG requirement that debt service payments be shown on a cash basis.

Florida International University
Financial Summary
2010-11 E&G Revenue Growth

| <i>(In thousands of dollars)</i> | General Revenue | College of Medicine | Educational Enhancement (Lottery) | Total State Funding ¹ | Student Fee (net) | State Fiscal Stabil. Fund | Total |
|--|--------------------|------------------------|---|-------------------------------------|----------------------|------------------------------|------------------|
| 2009 - 10 Adjusted Base Budget | \$160,291 | \$21,402 | \$21,082 | \$202,775 | \$126,209 | \$15,117 | \$344,101 |
| Restoration of General Revenue Reductions | (1,202) | | | (1,202) | | | (\$1,202) |
| Risk Management Realignment Funding | 112 | | | 112 | | | \$112 |
| Student Financial Assistance | (32) | | | (32) | | | (\$32) |
| Health Insurance Alignment | 236 | 8 | | 244 | | | \$244 |
| 2009 - 10 Adjusted Recurring Base Budget | \$159,404 | \$21,410 | \$21,082 | \$201,896 | \$126,209 | \$15,117 | \$343,222 |
| 2010 - 11 New Funds | | | | | | | |
| • Tuition ² | | | | | | | |
| University | | | | | 20,019 | | 20,019 |
| College of Medicine | | | | | 2,499 | | 2,499 |
| • Infrastructure | | | | | | | |
| Phased - In Space | 1,166 | | | 1,166 | | | 1,166 |
| • Employee Compensation & Benefits | | | | | | | |
| Health Insurance Increase (Adj. / 09-10 Annualization) | 1,181 | 40 | | 1,221 | | | 1,221 |
| Florida Retirement System Normal Cost | 1,893 | | | 1,893 | | | 1,893 |
| • Legislative Line Item | | | | | | | |
| Center for Leadership | 250 | | | 250 | | | 250 |
| Center for Ethics & Professionalism | 2,000 | | | 2,000 | | | 2,000 |
| Medical School Support | | 1,000 | | 1,000 | | | 1,000 |
| Medical School Implementation | | 2,696 | | 2,696 | | | 2,696 |
| • General Revenue Restoration | | | | | | | |
| Non-Recurring / Discretionary (Stimulus) | 1,677 | 27 | 426 | 2,130 | | (15,117) | (12,987) |
| • State Fiscal Stabilization Fund | | | | | | | |
| University | | | | | | 13,636 | 13,636 |
| College of Medicine | | | | | | 859 | 859 |
| • Budget Reduction | (6,522) | | | (6,522) | | | (6,522) |
| • Add backs | 1,284 | | 2,679 | 3,963 | | | 3,963 |
| Total Net Incremental Dollars | 2,930 | 3,763 | 3,105 | 9,798 | 22,518 | (622) | 31,694 |
| State Appropriations Contingency ³ | | | (3,677) | (3,677) | | | (3,677) |
| 2010 - 11 Base Budget | \$162,334 | \$25,173 | \$20,510 | \$208,017 | \$148,727 | \$14,495 | \$371,239 |

Notes:

¹ At the time of this report, the amounts reported as state appropriations were based on the appropriations bill approved by the legislature (HB 5001). The bill is still pending to be signed by the Governor.

² Tuition revenues are net of waivers (\$19.8M for FY 2010-11), uncollectible amounts and 30% Financial Aid need based amounts per BOG regulation.

³ State Appropriations Contingency is primarily attributed to uncertainty of appropriations expected from the State; it is calculated at 2% of the University General Revenue & Educational Enhancement budget.

Florida International University
Financial Summary
E&G Summary

| | Final Budget ¹ | Forecast | Forecast vs. | Requested Budget | Forecast vs. |
|--|---------------------------|----------------|-----------------|------------------|------------------|
| (In millions of dollars) | 2009-10 | 2010-11 | Original Budget | 2010-11 | Requested Budget |
| Revenues ² | | | | | |
| General Revenues - University ³ | \$160.3 | \$160.4 | \$0.1 | \$160.1 | (\$0.3) |
| General Revenues - Legislative Line Item | | | | 2.3 | 2.3 |
| General Revenues - College of Medicine | 21.4 | 21.4 | 0.0 | 25.2 | 3.8 |
| Educational Enhancement (Lottery) ³ | 21.1 | 21.1 | (0.0) | 24.2 | 3.1 |
| State Fiscal Stabilization Funds | 15.1 | 15.1 | 0.0 | 14.5 | (0.6) |
| Tuition | 130.0 | 131.5 | 1.5 | 152.1 | 20.5 |
| Tuition College of Medicine | 1.0 | 1.1 | 0.1 | 2.4 | 1.2 |
| Financial Aid (30%) | (2.9) | (4.1) | (1.2) | (5.7) | (1.6) |
| Net tuition ⁴ | 128.1 | 128.6 | 0.5 | 148.7 | 20.1 |
| State Appropriations Contingency ⁵ | (3.9) | - | 3.9 | (3.7) | (3.7) |
| Total Revenue Available | \$342.1 | \$346.6 | \$4.5 | \$371.2 | \$24.6 |
| Expenditures | | | | | |
| University Budget | 322.6 | 293.6 | (29.0) | 334.6 | 41.0 |
| College of Medicine Budget | 22.4 | 18.4 | (4.0) | 27.6 | 9.1 |
| Total Budget | 345.0 | 312.0 | (33.0) | 362.1 | 50.1 |
| State Fiscal Stabilization Fund | 15.1 | 15.1 | 0.0 | 14.5 | (0.6) |
| Total Operating Expenses | \$360.1 | \$327.2 | (\$32.9) | \$376.6 | \$49.5 |
| Net Assets | (\$18.0) | \$19.4 | \$37.4 | (\$5.4) | (\$24.8) |
| GAP Mitigation | | | | | |
| Carry forward | 17.9 | | (17.9) | 5.4 | 5.4 |
| Net GAP after Non-recurring funds | (\$0.1) | \$19.4 | \$19.5 | \$0.0 | (\$19.4) |

Notes:

¹ Final Budget FY 2009-10 contains an adjustment to Original Budget for additional revenue of \$1.9M due to an additional 600 Headcount.

² The amounts reported as state appropriations are based on the appropriations bill approved by the legislature (HB 5001); at the time of this report, the bill is still pending to be signed by the Governor.

³ Total FY 2010-11 General Revenue and Lotto reduction, excluding College of Medicine, is (\$6.5M). This was slightly offset by the following adjustments: additional non-recurring add back of \$2.9M, passthroughs e.g. PO&M of \$1.2M, Employee Compensation & Benefit Adjustments for Health Insurance Increases and Florida Retirement Funding of \$1.2M and \$1.9M, respectively. Legislative funding of \$2.3M was received in support of the Center for Leadership and Ethics & Professionalism.

⁴ Tuition net of waivers (\$19.8M for FY 2010-11), uncollectible amounts and 30% need based Financial Aid per BOG recommendations.

⁵ State Appropriations Contingency is primarily attributed to uncertainty of appropriations expected from the State; it is calculated at 2% of the University General Revenue and Educational Enhancement budget.

Florida International University
Financial Summary
E&G Summary

| | Final Budget | Forecast | Forecast vs. | Requested | Forecast vs. |
|--|---------------------|-----------------|---------------------|------------------|---------------------|
| <i>(In millions of dollars)</i> | 2009-10 | 2009-10 | Final Budget | Budget | Requested |
| | | | | 2010-11 | |
| Carry Forward ¹ | | | | | |
| Prior Years Available Funds ² | \$26.2 | \$36.4 | \$10.2 | \$33.9 | (\$2.5) |
| FY 2009-10 Available Funds | - | - | - | 8.7 | 8.7 |
| Total Available Funds | 26.2 | 36.4 | 10.2 | 42.6 | 6.2 |
| Funding of E&G Budget Gap | 17.9 | 2.5 | (15.4) | 5.4 | 2.9 |
| Reserve for FY 2010-11 | - | - | - | 8.5 | 8.5 |
| Net Available Carry Forward | \$8.3 | \$33.9 | \$25.6 | \$28.7 | (\$5.1) |

Notes:

¹ The Carry Forward information presented above includes university centrally controlled funds and excludes departmentally allocated funds, the statutory 5% reserve and line items funded from the state.

² Original Budget is adjusted to reflect historical carry forward reconciliation.

**Florida International University
Financial Summary
Total Auxiliary Enterprises**

| <i>(In thousands of dollars)</i> | Final Budget 2009-10 | Forecast 2009-10 | Requested Budget 2010-11 | Forecast vs. Requested Budget |
|--|---------------------------------|-----------------------------|-------------------------------------|--|
| Operating Revenues ¹ | 116,942 | 119,801 | 127,064 | 7,263 |
| <u>Expenditures</u> | | | | |
| Salaries and Benefits | 38,474 | 37,578 | 42,750 | 5,173 |
| OPS | 13,661 | 12,809 | 14,236 | 1,427 |
| Expense | 42,564 | 43,039 | 46,094 | 3,055 |
| OCO | 4,538 | 2,922 | 2,608 | (314) |
| Debt Service Interest | 4,949 | 5,922 | 5,906 | (16) |
| Total Operating Expenses | 104,186 | 102,270 | 111,594 | 9,324 |
| Net Operating Income | 12,757 | 17,531 | 15,470 | (2,061) |
| Investment Revenues | 708 | 79 | 169 | 90 |
| Principal Payment of Debt | (8,291) | (6,160) | (7,141) | (981) |
| Operational Transfers | 0 | - | - | - |
| Change in Net Assets | 5,174 | 11,450 | 8,498 | (2,952) |
| <u>Fund Balance</u> | | | | |
| Beginning Fund Balance | 96,162 | 103,739 | 100,767 | |
| Change in Net Assets | 5,174 | 11,450 | 8,498 | |
| Capital Expenditures | (10,298) | (13,627) | (11,726) | |
| Third Party Transfers | 0 | (57) | 0 | |
| Institutional Transfers | 234 | (739) | 605 | |
| Ending Fund Balance | \$91,271 | \$100,767 | \$98,143 | |

Notes

Budget figures represent total revenue and expenditures for all Auxiliary activities, hence interdepartmental transactions have not been eliminated.

¹ A&S Transfers to Student Centers (PCS 72), Extracurricular activities (PCS 87) and Children's Center (PCS 76) have been reclassified to revenues.

Financial Highlights

Total Auxiliary operations for FY 2009-10 reflects a higher than budgeted change in operating income of \$5.0M due primarily to growth in academic revenues for online and business administration programs and savings from open positions.

The revenue growth in FY 2010-11 continues to be driven by forecasted increases in academic programs and an increase in housing rental, parking and health fee rates. State-wide budget cuts continue to impact the Auxiliary Trust Fund expenses through FY 2010-11 as the University strives to properly align expenses and personnel to Auxiliary operations. As a result, expenses have increased primarily from the academic auxiliaries. In addition, operating expenses for housing are projected to increase along with estimated expenses to operate the new Parking Garage V Market Station.

Capital Expenditures represent the costs to construct Parking Garage V Market Station, along with purchasing furniture, fixtures and equipment for the retail mall and parking administration offices located therein. This new garage is expected to open Fall 2010.

**Florida International University
Financial Summary
Academic Auxiliaries**

| <i>(In thousands of dollars)</i> | Final Budget 2009-10 | Forecast 2009-10 | Requested Budget 2010-11 | Forecast vs. Requested Budget |
|----------------------------------|---------------------------------|-----------------------------|-------------------------------------|--|
| Operating Revenues | \$41,364 | \$42,918 | \$45,310 | \$2,392 |
| <u>Expenditures</u> | | | | |
| Salaries and Benefits | 15,003 | 15,042 | 17,115 | 2,073 |
| OPS | 8,859 | 8,156 | 9,375 | 1,219 |
| Expense | 15,101 | 15,605 | 17,725 | 2,120 |
| OCO | 423 | 352 | 364 | 12 |
| Debt Service Interest | - | - | - | - |
| Total Operating Expenses | 39,386 | 39,154 | 44,579 | 5,425 |
| Net Operating Income | 1,977 | 3,764 | 732 | (3,032) |
| Investment Revenues | 219 | 13 | 28 | 15 |
| Principal Payment of Debt | - | - | - | - |
| Operational Transfers | (219) | (8) | (133) | (126) |
| Change in Net Assets | 1,978 | 3,769 | 626 | (3,143) |
| <u>Fund Balance</u> | | | | |
| Beginning Fund balance | 27,404 | 34,165 | 37,810 | |
| Change in Net Assets | 1,978 | 3,769 | 626 | |
| Capital Expenditures | - | (125) | - | |
| Third Party Transfers | - | - | - | |
| Institutional Transfers | - | - | 100 | |
| Total Fund Balance | \$29,381 | \$37,810 | \$38,536 | |

Financial Highlights

Academic Auxiliary programs reside under both the Continuing Education and Academic Sales and Services Activity and are comprised primarily of value added programs, web based courses, conferences, labs, recharge centers and distance learning programs. These units represent the Office of Academic Affairs of the University in its efforts to fulfill its public service mission, and provide educational programs to nontraditional students. Generally, the revenues generated serve to support the actual program and its growth. Almost every college or school at FIU provides some continuing education or other revenue generating activity.

In mid FY 2009-10, the College of Business introduced a new program (Corporate MBA) which generated \$0.8M in incremental revenues. Increased instances of enrollment in Online Learning also added \$0.9M to revenue in FY 2009-10. A contract between Nursing and Miami-Dade County earned another \$0.4M in revenues. The Corporate MBA program had corresponding incremental scholarship expenses of \$0.3M. Salaries and other personnel expenses reflect savings from open positions.

In FY 2010-11, additional revenue of \$1.5M is expected due to the full year effect of offering the Corporate MBA program, along with \$0.6M in projected instances of enrollment for online classes. Scholarship expenses of \$0.7M increased in relation to the increase of \$1.5M in Corporate MBA revenues. In a continuing effort to eliminate any indirect E&G subsidies and properly align expenses and personnel to auxiliary businesses, expenses in FY 2010-11 have increased by \$4.0M. Increased use of student assistants and administrative resources to support new and existing programs also resulted in higher personnel costs.

**Florida International University
Financial Summary
Housing**

| <i>(In thousands of dollars)</i> | Final Budget 2009-10 | Forecast 2009-10 | Requested Budget 2010-11 | Forecast vs. Requested Budget |
|----------------------------------|---------------------------------|-----------------------------|-------------------------------------|--|
| Operating Revenues | \$23,287 | \$22,870 | \$23,288 | \$418 |
| <u>Expenditures</u> | | | | |
| Salaries and Benefits | 3,442 | 3,257 | 3,638 | 381 |
| OPS | 1,182 | 1,053 | 1,141 | 88 |
| Expense | 9,150 | 8,525 | 9,476 | 951 |
| OCO | 75 | 76 | 75 | (1) |
| Debt Service Interest | 3,711 | 3,719 | 3,542 | (177) |
| Total Operating Expenses | 17,560 | 16,630 | 17,872 | 1,242 |
| Net Operating Income | 5,727 | 6,239 | 5,416 | (824) |
| Investment Revenues | 98 | 15 | 34 | 18 |
| Principal Payment of Debt | (3,609) | (3,609) | (3,786) | (177) |
| Operational Transfers | - | - | - | - |
| Change in Net Assets | 2,216 | 2,646 | 1,664 | (982) |
| <u>Fund Balance</u> | | | | |
| Beginning Fund balance | 12,318 | 13,234 | 15,211 | |
| Change in Net Assets | 2,216 | 2,646 | 1,664 | |
| Capital Expenditures | (743) | (669) | (1,079) | |
| Third Party Transfers | - | - | - | |
| Institutional Transfers | - | - | - | |
| Total Fund Balance | \$13,791 | \$15,211 | \$15,796 | |

Financial Highlights

The Housing Auxiliary generates revenues in the form of rental income from students seeking housing facilities on campus and from summer conference housing.

Occupancies in FY 2009-10 averaged 93% at the Modesto Maidique Campus (MMC) and 65% at the Biscayne Bay campus (BBC). The aggregate FY 2009-10 blended occupancy rate was 91% compared to a budget of 92%. There was a total decrease in rental and meal plan revenues by \$0.4M due to Lakeview Housing being closed for the summer and lower occupancy rates. There was an expected savings of \$0.3M in salaries and other personnel services due to unfilled and vacant positions. Another \$0.4M was saved from lower utility costs and lower insurance costs than previous years. The lower than expected occupancy rate resulted in fewer students subscribing to the meal plan, saving \$0.2M in related costs.

Expected occupancies in FY 2010-11 is 94% at the MMC and 70% at BBC, resulting in an expected blended occupancy rate of 92%. Additional revenue of \$0.4M is mostly driven by a 3% increase in rental rates for the residences in MMC and increases in the meal plan rates. Higher salary and other personnel services expense of \$0.5M results from all vacant positions being filled and the addition of two new custodians for MMC housing. Higher operating costs of \$0.9M result from increasing landscaping, insurance and utility expenses. Capital Expenditures in FY 2010-11 of \$1.0M represent investments in building improvements mainly required by University Park Apartments as well as additional improvements to Lakeview Hall.

Housing continues to have sufficient operating revenues to cover the debt service payment; the projected debt service ratio for FY 2010-11 is 1.22. The fund balance is held as a reserve for major repairs and capital replacement, and for future expansion of Housing facilities.

**Florida International University
Financial Summary
Parking and Transportation**

| <i>(In thousands of dollars)</i> | Final Budget 2009-10 | Forecast 2009-10 | Requested Budget 2010-11 | Forecast vs. Requested Budget |
|----------------------------------|---------------------------------|-----------------------------|-------------------------------------|--|
| Operating Revenues | \$10,515 | \$11,299 | \$12,067 | \$768 |
| <u>Expenditures</u> | | | | |
| Salaries and Benefits | 1,874 | 1,969 | 2,088 | 118 |
| OPS | 263 | 338 | 339 | 1 |
| Expense | 2,474 | 2,643 | 3,298 | 655 |
| OCO | 80 | 160 | 129 | (31) |
| Debt Service Interest | 1,142 | 2,168 | 2,316 | 147 |
| Total Operating Expenses | 5,833 | 7,278 | 8,169 | 890 |
| Net Operating Income | 4,682 | 4,021 | 3,899 | (122) |
| Investment Revenues | 83 | 12 | 25 | 13 |
| Principal Payment of Debt | (4,082) | (2,230) | (2,615) | (385) |
| Operational Transfers | (4) | - | - | - |
| Change in Net Assets | 679 | 1,803 | 1,309 | (494) |
| <u>Fund Balance</u> | | | | |
| Beginning Fund balance | 13,359 | 13,477 | 13,612 | |
| Change in Net Assets | 679 | 1,803 | 1,309 | |
| Capital Expenditures | (5,069) | (1,693) | (5,530) | |
| Third Party Transfers | - | - | - | |
| Institutional Transfers | - | 25 | 25 | |
| Total Fund Balance | \$8,969 | \$13,612 | \$9,416 | |

Financial Highlights

The Parking and Transportation auxiliary is responsible for the registration of vehicles for faculty, staff and students, the construction of parking accommodations, transportation between campuses, as well as the enforcement of parking rules and regulations for both campuses. There are currently 4 garages and 34 parking lots in operation totaling 13,298 parking spaces. In addition, this auxiliary also services all vehicles owned by the University.

Construction began on a new garage - Parking Garage V Market Station (PGV) in July 2009 which will provide an additional 2,000 spaces, offer 30,000 sq ft of retail space, 3 large capacity classrooms and will house the Public Safety and Parking and Transportation department offices. Completion of the new garage is scheduled for Fall 2010.

Construction of PGV along with the required purchase of furniture, fixtures and equipment for administrative offices was financed in FY 2010-11 by a \$32.0M bond in addition to \$5.5M in cash from existing reserves from the parking auxiliary. The bond was executed in December 2009, resulting in a different payment stream than originally budgeted for in FY 2009-10. The cash disbursement was originally budgeted in FY 2009-10 for \$5.0M but has been deferred into FY 2010-11.

Operating revenues are largely generated from parking decals and fees charged to students, faculty, staff and visitors. Fees for all groups remained unchanged for FY 2009-10. Higher operating costs in FY 2009-10 resulted from increased salary expenses as well as higher than expected operating expenses for insurance, landscaping and supplies costs.

Operating revenues are higher in FY 2010-11 due to an increase of 5% in parking fee rates for decals of all users (students, faculty and staff). This fee increase will fund the maintenance costs of the additional 2,000 or 15% increase in parking spaces associated with new PGV operations (\$0.3M), along with servicing a higher debt service obligation than previously projected (\$0.5M).

Parking continues to have sufficient operating revenues to cover the debt service payment. The fund balance is being held for bond purposes and as a reserve for major repairs as well as a source of funding for future expansion projects.

**Florida International University
Financial Summary
Student Health Services**

| <i>(In thousands of dollars)</i> | Final Budget 2009-10 | Forecast 2009-10 | Requested Budget 2010-11 | Forecast vs. Requested Budget |
|----------------------------------|---------------------------------|-----------------------------|-------------------------------------|--|
| Operating Revenues | \$7,409 | \$7,349 | \$9,248 | \$1,899 |
| <u>Expenditures</u> | | | | |
| Salaries and Benefits | 4,588 | 4,403 | 5,698 | 1,295 |
| OPS | 885 | 859 | 1,030 | 171 |
| Expense | 1,631 | 1,544 | 1,765 | 221 |
| OCO | 78 | 16 | 215 | 198 |
| Debt Service Interest | - | - | - | 0 |
| Total Operating Expenses | 7,182 | 6,822 | 8,707 | 1,885 |
| Net Operating Income | 227 | 527 | 541 | 14 |
| Investment Revenues | - | - | - | - |
| Principal Payment of Debt | - | - | - | - |
| Operational Transfers | - | - | - | - |
| Change in Net Assets | 227 | 527 | 541 | 14 |
| <u>Fund Balance</u> | | | | |
| Beginning Fund balance | 2,852 | 2,852 | 3,379 | |
| Change in Net Assets | 227 | 527 | 541 | |
| Capital Expenditures | - | - | - | |
| Third Party Transfers | - | - | - | |
| Institutional Transfers | - | - | - | |
| Total Fund Balance | \$3,079 | \$3,379 | \$3,920 | |

Financial Highlights

The Student Health Centers at the Modesto Maidique and Biscayne Bay campuses provide health, wellness, and mental health care services to students, who fund the operations through a health fee paid each semester. Services provided at no additional cost include routine medical exams, certain screenings, medical education and counseling. Other clinical services, such as laboratory tests, immunization and pharmacy, are available for a

In FY 2010-11, the health fee rate will increase by \$16 per student per term, resulting in projected additional revenues of \$1.5M. The last increase in this fee was approved in FY 2006-07. Increases in other clinical pay-for-services is expected to increase \$0.4M. The incremental health fee revenues will be used to fund 9 new full-time and 6 new part-time positions, mostly in the area of counseling services (psychologists and related interns). Operating expenses are expected to increase to support the new higher level of services provided.

**Florida International University
Financial Summary
Other Auxiliaries**

| <i>(In thousands of dollars)</i> | Final Budget 2009-10 | Forecast 2009-10 | Requested Budget 2010-11 | Forecast vs. Requested Budget |
|----------------------------------|---------------------------------|-----------------------------|-------------------------------------|--|
| Operating Revenues | \$34,367 | \$35,365 | \$37,150 | \$1,785 |
| <u>Expenditures</u> | | | | |
| Salaries and Benefits | 13,567 | 12,907 | 14,212 | 1,305 |
| OPS | 2,472 | 2,404 | 2,351 | (53) |
| Expense | 14,208 | 14,722 | 13,831 | (891) |
| OCO | 3,882 | 2,318 | 1,825 | (492) |
| Debt Service Interest | 96 | 35 | 49 | 13 |
| Total Operating Expenses | 34,224 | 32,385 | 32,268 | (118) |
| Net Operating Income | 143 | 2,980 | 4,883 | 1,903 |
| Investment Revenues | 308 | 39 | 82 | 43 |
| Principal Payment of Debt | (600) | (321) | (740) | (419) |
| Operational Transfers | 223 | 8 | 133 | 126 |
| Change in Net Assets | 74 | 2,705 | 4,358 | 1,653 |
| <u>Fund Balance</u> | | | | |
| Beginning Fund balance | 40,229 | 40,011 | 30,755 | |
| Change in Net Assets | 74 | 2,705 | 4,358 | |
| Capital Expenditures | (4,486) | (11,140) | (5,118) | |
| Third Party Transfers | - | (57) | - | |
| Institutional Transfers | 234 | (764) | 480 | |
| Total Fund Balance | \$36,051 | \$30,755 | \$30,475 | |

Financial Highlights

Other auxiliaries include the remaining activities which have revenues essentially derived from the following:

- Commission and rental earnings from food service, bookstore and retail operations managed by the office of Business Services
- Support from the student activity and service (A&S) fee for student and recreational centers
- Interdepartmental services such as duplicating, information technology and telecom, construction service reimbursement charges and the auxiliary management fee
- Other auxiliary enterprises support marketing and sponsorship activities, such as the operations of the South Beach Wine and Food Festival, along with alumni activities and miscellaneous university-wide initiatives

Revenues in FY 2009-10 were higher than expected by \$0.9M due to increased activity by business service units, including bookstore, food services and duplication.

In FY 2009-10, savings of \$0.5M were driven by vacancies in permanent and temporary positions. Net capital outlay savings of \$0.6M is a result of lower capital refresh projects undertaken by University Technology Services. Operating expenses to support business services activities increased \$0.4M.

Forecasted capital expenditures in FY 2009-10 included \$6.0M in costs not originally budgeted for the construction and purchase of furniture, fixtures and equipment for the retail food mall to be located in Parking Garage V Market Station (PGV), which is expected to open Fall 2010.

Revenues for FY 2010-11 increased \$1.4M due to a 1% increase in auxiliary management fees except for auxiliaries funded by health and A&S fees. The management fee funds the pro-rata share of university-wide services indirectly benefiting auxiliary businesses (such as functions performed by legal, finance, human resources, etc) along with funding special non-recurring projects (such as upgrading enterprise resource planning systems). FIU continues to have one of the lowest auxiliary management fees within the state university system.

Salaries and benefits expenses in FY 2010-11 are expected to increase due to the effect of filling open positions, as well as an increase of \$0.2M in the construction project management auxiliary due to more expected construction projects and \$0.6M in business services and auxiliary administration personnel costs. The expected reduction in operating expenses and capital outlay for FY 2010-11 is a result of resources required in FY 2009-10 to install the information technology and telecommunication infrastructure at PGV and the new public health building which are not anticipated to be required in FY 2010-11. These costs were funded from existing reserves.

**Florida International University
Financial Summary
Intercollegiate Athletics**

| <i>(In thousands of dollars)</i> | Final Budget 2009-10 | Forecast 2009-10 | Requested Budget 2010-11 | Forecast vs. Requested Budget |
|----------------------------------|---------------------------------|-----------------------------|-------------------------------------|--|
| Operating Revenues | \$18,650 | \$18,822 | \$19,406 | \$584 |
| <u>Expenditures</u> | | | | |
| Salaries and Benefits | 6,296 | 6,700 | 7,276 | 576 |
| OPS | 358 | 522 | 527 | 5 |
| Expense | 6,924 | 6,399 | 6,760 | 361 |
| Scholarships | 5,463 | 4,776 | 4,951 | 176 |
| OCO | 10 | 192 | 10 | (182) |
| Total Operating Expenses | 19,051 | 18,589 | 19,525 | 935 |
| Net Operating Income | (401) | 232 | (119) | (351) |
| Investment Revenues | 11 | 0 | 0 | 0 |
| Operational Transfers | - | - | 1,900 | 1,900 |
| Change in Net Assets | (390) | 232 | 1,781 | 1,549 |
| <u>Fund Balance</u> | | | | |
| Beginning Fund Balance | 1,861 | 2,355 | 1,013 | |
| Change in Net Assets | (390) | 232 | 1,781 | |
| Capital Expenditures | - | (124) | - | |
| Institutional Transfers | (990) | (1,450) | (1,290) | |
| Total Fund Balance | \$481 | \$1,013 | \$1,504 | |

Financial Highlights

Intercollegiate Athletics is the functional area of the University responsible for team sports and their support activities. Examples of University sports activities include football, softball, baseball, soccer, golf, basketball, cross country, track, swimming, tennis and volleyball. The Athletics Stadium operations and its associated bonds are reflected in the Athletics Finance Corp., a Direct Support Organization (DSO) within FIU.

FY 2009-10 ends favorable to budget, primarily driven by increased revenues in student athletic fees and game guarantees as well as expense savings primarily in scholarships and operating expenses.

In FY 2010-11, revenues are increasing 2% due to higher student athletic fees expected from higher enrollment. Expenses are increasing 5%, due to higher salaries for coaching and management positions resulting from contractual obligations, higher recruiting travel costs by men's basketball and higher expected game guarantees expense. Increase in scholarships are a result of higher tuition.

Operational Transfers in FY 2010-11 represents the first of four annual disbursements to Athletics under a working capital loan from Treasury Operations totaling \$5.0M. Repayment begins in June 2019 and ends in June 2036.

Institutional Transfers primarily consist of payments to the Athletics Finance Corporation of pledged revenues applied towards the payment of Stadium debt service payments.

**Florida International University
Financial Summary
Activity and Service**

| <i>(In thousands of dollars)</i> | Final Budget 2009-10 | Forecast 2009-10 | Requested Budget 2010-11 | Forecast vs. Requested Budget |
|----------------------------------|---------------------------------|-----------------------------|-------------------------------------|--|
| Operating Revenues | \$11,680 | \$12,067 | \$12,393 | \$326 |
| <u>Expenditures</u> | | | | |
| Salaries and Benefits | 1,882 | 1,824 | 1,923 | 99 |
| OPS | 714 | 660 | 867 | 207 |
| Expense | 8,805 | 7,008 | 9,642 | 2,634 |
| OCO | 5 | 14 | 10 | (5) |
| Total Operating Expenses | 11,406 | 9,507 | 12,442 | 2,935 |
| Net Operating Income | 274 | 2,560 | (49) | (2,609) |
| Investment Revenues | - | - | - | - |
| Change in Net Assets | 274 | 2,560 | (49) | (2,609) |
| <u>Fund Balance</u> | | | | |
| Beginning Fund Balance | 7,702 | 7,637 | 10,187 | |
| Institutional Transfers | 45 | (10) | 30 | |
| Change in Net Assets | 274 | 2,560 | (49) | |
| Total Fund Balance | \$8,021 | \$10,187 | \$10,167 | |

Student Activities Summary

The Activity and Service Fee fund is the student life component of the University which supports clubs, organizations, student centers and recreational sports for all campuses. The purpose of this activity is to enhance and balance the academic experience with social real world interactions amongst students.

Financial Highlights

The principle funding source for this activity fee is a per credit hour fee charged to all students. The FY 2010-11 fee was calculated on a per credit hour fee of \$11.60. 67% of the budget supports student programs and infrastructure such as the Recreation Center, Graham Center and Wolfe Center, with the remaining 33% supporting student activities and student services groups.

Expense savings in FY 2009-10 are driven primarily by conservative SGA operational expenditures.

In FY 2010-11, the projected revenue increase is driven by increased enrollment. This has resulted in increased student center allocations which includes funding for special projects, as well as funding the Golden Panther Band and additional funding for student programs, student groups and building student affinity.

**Florida International University
Financial Summary
Technology Fee**

| <i>(In thousands of dollars)</i> | Final Budget 2009-10 | Forecast 2009-10 | Requested Budget 2010-11 | Forecast vs. Requested Budget |
|----------------------------------|---------------------------------|-----------------------------|-------------------------------------|--|
| Operating Revenues | \$5,689 | \$5,894 | \$6,640 | \$746 |
| <u>Expenditures</u> | | | | |
| Salaries and Benefits | 169 | 202 | 1,463 | 1,261 |
| OPS | - | 101 | 365 | 264 |
| Expense | 1,521 | 2,128 | 3,670 | 1,542 |
| OCO | 3,945 | 1,993 | 2,612 | 619 |
| Total Operating Expenses | 5,635 | 4,424 | 8,110 | 3,687 |
| Net Operating Income | 54 | 1,470 | (1,470) | (2,941) |
| Investment Revenues | - | - | - | - |
| Change in Net Assets | 54 | 1,470 | (1,470) | (2,941) |
| <u>Fund Balance</u> | | | | |
| Beginning Fund Balance | - | - | 1,470 | |
| Institutional Transfers | - | - | - | |
| Change in Net Assets | 54 | 1,470 | (1,470) | |
| Total Fund Balance | \$54 | \$1,470 | \$0 | |

Technology Fee Summary

The Technology Fee fund monitors the revenues and resulting expenses related to the Technology Fee. The fee revenues are used to enhance instructional technology resources for students and faculty. Project proposals are reviewed by the Technology Fee Committee which makes investment recommendations to the President (or his designee) for final approval. The Committee is composed of 12 members (6 students & 6 Faculty / Staff) from across the University. Current projects include expansion of the University's wireless network, enhancement of the Learning Management system and free Microsoft software for students.

Financial Highlights

Increases in the technology fee revenues are driven by increases in the technology fee (5% of base tuition) and enrollment growth. Projected increases in expenditures are due to higher revenues and a reduction of the FY 2009-10 Carry Forward Balance.

**Florida International University
Financial Summary
Total Contracts and Grants**

| <i>(In thousands of dollars)</i> | Final Budget 2009-10 | Forecast 2009-10 | Requested Budget 2010-11 | Forecast vs. Requested Budget |
|----------------------------------|---------------------------------|-----------------------------|-------------------------------------|--|
| Operating Revenues | \$89,475 | \$82,617 | \$92,709 | \$10,092 |
| <u>Expenditures</u> | | | | |
| Salaries and Benefits | 29,844 | 29,287 | 31,463 | 2,176 |
| OPS | 17,415 | 14,300 | 15,650 | 1,351 |
| Expense | 39,616 | 36,553 | 41,455 | 4,902 |
| OCO | 2,100 | 1,911 | 3,560 | 1,649 |
| Total Operating Expenses | 88,975 | 82,051 | 92,129 | 10,078 |
| Net Operating Income | 500 | 567 | 580 | 14 |
| Investment Revenues | (87) | 1,695 | - | (1,695) |
| Change in Net Assets | 413 | 2,261 | 580 | (1,681) |
| <u>Fund Balance</u> | | | | |
| Beginning Fund Balance | (8,442) | (9,299) | (7,538) | |
| Change in Net Assets | 413 | 2,261 | 580 | |
| Institutional Transfers | (500) | (500) | (500) | |
| Total Fund Balance | (\$8,529) | (\$7,538) | (\$7,458) | |

Financial Highlights

Total Contracts and Grants includes funding of contracts and grants in support of research, public service and training, and payments from Jackson Health System for non-research related FIU physicians at their North Miami facility. Contracts and Grants revenues are derived from Federal, State, Local and Private sources to support the sponsored programs of the University. These funds are restricted to the specific purpose for which they are awarded. The total grant allocated is comprised of Direct Costs and Indirect Costs. Direct Costs are those costs directly related to research projects such as salaries and benefits of researchers and supplies while indirect costs represent the University's overhead such as administrative support, utilities, etc.

The indirect cost federal reimbursement rate is 44%, rising to 45% in FY 2010-11. This rate varies for non-federal funding sources with the blended rate currently at 16%. For FY 2010-11 the blended rate is expected to rise to 18% however OSRA is only allocating 17% to cover administrative functions. The OSRA administrative budget is based on past trends using FY 2009-10 actuals and future estimates of OSRA's IDC revenue. ARRA stimulus awards, along with the anticipated growth of the College of Medicine and associated awards, are projected to contribute to an increase in Facilities and Administrative (F&A) charges expensed to projects and by extension, a projected \$15.0M in the OSRA administrative budget.

Revenues

Actual Contracts and Grants revenue for FY 2009-10 for all three funding sources, Federal, State, Local and Other / Private, is less than budgeted. The unfavorable revenue variance for Contracts and Grants is mainly due to a decrease in State grants due to shortfalls in the State budget. Due to the restricted national economic environment, projections for growth in revenue of FY 2010-11 have been conservative overall and particularly reduced with regard to state-funded awards.

Revenues in FY 2010-11 include \$2.7M of payments from Jackson Health System which were previously not budgeted in FY 2009-10.

FY 2009-10 Investment Revenues represent \$1.7M reversal of prior years interest losses allocated to Contracts and Grants.

Institutional transfers of \$0.5M represent payment towards the auxiliary loan balance.

The fund balance includes the \$4.4M loan from the Auxiliary Trust Fund less any payments made. At the end of FY 2009-10 the outstanding principal will be \$2.4M

**Florida International University
Financial Summary
Office of Sponsored Research Administration (OSRA) ¹
Indirect Costs (Overhead)**

| <i>(In thousands of dollars)</i> | Final Budget 2009-10 | Forecast 2009-10 | Requested Budget 2010-11 | Forecast vs. Requested Budget |
|----------------------------------|---------------------------------|-----------------------------|-------------------------------------|--|
| Operating Revenues | \$14,000 | \$14,000 | \$15,000 | \$1,000 |
| <u>Expenditures</u> | | | | |
| Salaries and Benefits | 4,534 | 4,210 | 4,972 | 762 |
| OPS | 100 | 84 | 116 | 33 |
| Expense | 3,103 | 2,461 | 4,391 | 1,930 |
| IDC return to departments | 5,746 | 6,717 | 4,962 | (1,755) |
| OCO | 17 | 29 | 59 | 30 |
| Total Operating Expenses | 13,500 | 13,500 | 14,500 | 1,000 |
| Net Operating Income | 500 | 500 | 500 | 0 |
| Investment Revenues | - | - | - | - |
| Change in Net Assets | 500 | 500 | 500 | 0 |
| <u>Fund Balance</u> | | | | |
| Beginning Fund Balance | (2,602) | (2,602) | (2,602) | |
| Change in Net Assets | 500 | 500 | 500 | |
| Institutional Transfers | (500) | (500) | (500) | |
| Total Fund Balance | (\$2,602) | (\$2,602) | (\$2,602) | |

¹ The amounts for Office of Sponsored Research Administration are reflected in Total Contracts and Grants.

Financial Highlights

Revenues for the Office of Sponsored Research are directly correlated with the amount of research expenditures at the University and specifically the rate of indirect cost. Indirect costs are based on an assessment of all sponsored projects to cover the administrative and operational costs of Sponsored Research, the overhead accounts belonging to deans and center directors and FIU cost sharing commitments.

The Facilities and Administrative (F&A) rate is 44%, rising to 45% in FY 2010-11. This rate varies for non-federal funding sources with the blended rate currently at 16%. For FY 2010-11 the blended rate is expected to rise to 18% however OSRA is only allocating 17% to cover administrative functions. OSRA administrative budget is based on past trends using FY 2009-10 actuals and future estimates of OSRA's IDC revenue. ARRA stimulus awards, along with the anticipated growth of the College of Medicine and associated awards, are projected to contribute to an increase in F&A expensed to projects and by extension a projected \$15.0M in the OSRA administrative budget.

Expenditures

The general operating expenses for OSRA are higher in FY 2010-11 due to additional commitments University-wide which include a budget for the Applied Research Center's operations, the Faculty and Student Research Training and Access' operations and research support; and funding provided to areas such as Controller's and Purchasing, EH&S, Human Resources, Audit, direct support salaries, Animal Care Facility and the University Graduate School.

**Florida International University
Financial Summary
Total Student Financial Aid**

| <i>(In thousands of dollars)</i> | Final Budget 2009-10 | Forecast 2009-10 | Requested Budget 2010-11 | Forecast vs. Requested Budget |
|----------------------------------|---------------------------------|-----------------------------|-------------------------------------|--|
| Operating Revenues | \$89,190 | \$99,752 | \$116,114 | \$16,362 |
| <u>Expenditures</u> | | | | |
| Salaries and Benefits | - | 984 | 1,573 | 589 |
| OPS | - | 2,006 | 1,265 | (741) |
| Expense | 88,403 | 101,070 | 114,630 | 13,560 |
| OCO | - | - | - | - |
| Total Operating Expenses | 88,403 | 104,060 | 117,468 | 13,409 |
| Net Operating Income | 787 | (4,308) | (1,355) | 2,954 |
| Investment Revenues | 63 | 28 | 56 | 28 |
| Change in Net Assets | 850 | (4,280) | (1,298) | 2,982 |
| <u>Fund Balance</u> | | | | |
| Beginning Fund Balance | 5,472 | 14,793 | 10,513 | |
| Change in Net Assets | 850 | (4,280) | (1,298) | |
| Total Fund Balance | \$6,322 | \$10,513 | \$9,214 | |

Financial Highlights

The FY 2010-11 budget increase vs. forecast is mostly due to the projected increase in Pell Grants \$13.3M and institutional aid \$2.9M. Federal Work Study and Federal Administrative Expenses were previously not budgeted but have now been included in the FY 2009-10 Forecast and FY 2010-11 Budget.

Revenues

FY 2010-11 projected increases in Pell Grants are driven by higher Maximum Pell Awards (\$5,550 vs. \$5,350) and higher student eligibility (14,523 vs. 12,011). FY 2010-11 Institutional increases vs. forecast are mostly due to higher tuition differential increase (\$1.5M) and financial aid fee (\$0.9M) revenue.

Operating Expenses

Higher expenses vs. forecast are mostly due to Pell Grants, Institutional Grants and the projected spend down of the institutional fund balance. OPS expense includes "authorized" Federal Work Study and administrative

Fund Balance

The cash balances at year-end are carried forward to fund need-based and merit type scholarships in future years. A five-year plan has been prepared to manage the spend down of the fund balance.

Financial Aid Student Loans

Based on Board of Governors guidelines, the University does not budget for student loans since the University acts as an agent with respect to these funds. The FY 2010-11 Student Loans are projected to increase by 5%, to \$192.6M.

**Florida International University
Financial Summary
Institutional Financial Aid¹**

| <i>(In thousands of dollars)</i> | Final Budget 2009-10 | Forecast 2009-10 | Requested Budget 2010-11 | Forecast vs. Requested Budget |
|----------------------------------|---------------------------------|-----------------------------|-------------------------------------|--|
| Total Revenues | \$13,976 | \$14,671 | \$17,523 | \$2,853 |
| <u>Expenditures</u> | | | | |
| Expense | 13,164 | 17,444 | 18,526 | 1,082 |
| Total Operating Expenses | 13,164 | 17,444 | 18,526 | 1,082 |
| Net Operating Income | 812 | (2,773) | (1,002) | 1,771 |
| Investment Revenues | 63 | 28 | 56 | 28 |
| Change in Net Assets | 875 | (2,746) | (946) | 1,799 |
| <u>Fund Balance</u> | | | | |
| Beginning Fund Balance | 10,945 | 9,965 | 7,220 | |
| Change in Net Assets | 875 | (2,746) | (946) | |
| Total Fund Balance | \$11,820 | \$7,220 | \$6,273 | |

¹ The Institutional Financial Aid amounts are reflected in the Student Financial Aid totals.

Financial Highlights

Institutional revenues are derived from Financial Aid Fees to Students (net of administrative costs), allocation from Tuition Differential Fee (30% of fees collected) and E&G Tuition Allocation.

FY 2010-11 budgeted revenue is projected to increase by \$2.9M. The increase was driven by higher Tuition Differential Fees (\$1.5M), Financial Aid Fees (\$0.7M net admin costs) and E&G tuition allocations (\$0.6M).

Expenditures are expected to exceed revenues by \$1.0M in order to continue to reduce the overall fund balance. A five-year plan has been prepared to manage the spend down of the fund balance.

**Florida International University
Financial Summary
Concessions**

| <i>(In thousands of dollars)</i> | Final Budget 2009-10 | Forecast 2009-10 | Requested Budget 2010-11 | Forecast vs. Requested Budget |
|----------------------------------|---------------------------------|-----------------------------|-------------------------------------|--|
| Operating Revenues | \$363 | \$388 | \$505 | \$117 |
| <u>Expenditures</u> | | | | |
| Salaries and Benefits | - | 7 | - | (7) |
| OPS | - | 19 | - | (19) |
| Expense | 363 | 441 | 505 | 64 |
| OCO | - | - | - | - |
| Total Operating Expenses | 363 | 467 | 505 | 38 |
| Net Operating Income | 0 | (79) | 0 | 79 |
| Investment Revenues | 6 | - | - | - |
| Change in Net Assets | 6 | (79) | 0 | 79 |
| <u>Fund Balance</u> | | | | |
| Beginning Fund Balance | 604 | 504 | 425 | |
| Change in Net Assets | 6 | (79) | 0 | |
| Total Fund Balance | \$610 | \$425 | \$425 | |

Concession Fund

This activity contains all the commission based revenues from beverage and pouring, snack vending as well as student housing washing machines. The commission revenues in the concession fund are used to support the purchase of food and refreshment items at University wide events, e.g., holiday party, faculty and staff recruitment, commencements, training, lecture series, board of trustees, student housing socials and convocation events.

Financial Highlights

The recently awarded beverage and pouring contract provides an annual amount for sponsorship in addition to commission on product sales. The University received \$325k in sponsorship dollars in FY 2009-10 and \$300K was allotted to FIU Athletics Finance Corp. The remaining \$25K is included in the forecasted revenue for FY 2009-10. The University will receive \$425K for sponsorship in FY 2010-11, \$300K will be allotted to FIU Athletic Finance Corp and the remaining \$125K is reflected in FY 2010-11 Concessions Revenue.

Concessions revenue for FY 2010-11 (excluding sponsorship) is slightly higher vs. forecast due to the new beverage contract with Pepsi.

**Florida International University
Financial Summary
FIU Athletics Finance Corp**

| <i>(In thousands of dollars)</i> | Final Budget 2009-10 | Forecast 2009-10 | Requested Budget 2010-11 | Forecast vs. Requested Budget |
|----------------------------------|---------------------------------|-----------------------------|-------------------------------------|--|
| Total Revenues | \$3,555 | \$3,454 | \$3,410 | (\$43) |
| <u>Expenditures</u> | | | | |
| Salaries | - | - | - | - |
| OPS | - | - | - | - |
| Expense | 854 | 773 | 754 | (19) |
| OCO | - | - | - | - |
| Net Unrealized Investment Loss | - | - | - | - |
| Debt Service Interest | - | - | - | - |
| Total Operating Expenses | 854 | 773 | 754 | (19) |
| Net Operating Income | 2,701 | 2,681 | 2,656 | (24) |
| Principal Payment of Debt | (1,980) | (2,135) | (2,102) | 33 |
| Change in Net Assets | 721 | 545 | 554 | 9 |
| <u>Fund Balance</u> | | | | |
| Beginning Fund Balance | 5,840 | 173 | 718 | |
| Change in Net Assets | 722 | 545 | 554 | |
| Total Fund Balance | \$6,562 | \$718 | \$1,273 | |

Financial Highlights

The Athletics Finance Corp serves as the entity to finance and operate the FIU Football Stadium. Primary sources of revenues are revenues transferred into the AFC from the university's Athletics Department and include beverage vending and pouring contract support, naming rights, premium suite and ticket revenues and a percentage of athletic student fees (*per statute 1010.62*). These revenue streams are pledged to servicing the annual debt payments incurred to build the stadium and are estimated at \$2.1M for FY 2010-11.

Operating Revenue:

FY 2009-10 forecasted revenue is lower than budgeted mainly due to the lack of revenue from stadium naming rights (\$0.33M) and fundraising commitments (\$0.1M). This is partially offset by an increase in conference revenue of \$0.46M.

FY 2010-11 budgeted revenue contains a projection for stadium naming rights revenue of \$0.17M, which is significantly lower than projected than FY 2009-10 budget (-47%) plus increased funding over originally planned Conference and Game Guarantee Revenues and sponsorship. FY 2010-11 revenue projections do not vary significantly versus prior year's projections.

Expenses:

The forecasted expenses for FY 2009-10 are below original budget due to repair and maintenance expenses that did not materialize during FY 2009-10. Repair and maintenance along with Renewal and Replacement expenses are projected to remain lower for FY 2010-11.

**Florida International University
Financial Summary
FIU Foundation Inc.**

| <i>(In Thousands of Dollars)</i> | Final Budget 2009-10 | Forecast 2009-10 | Requested Budget 2010-11 | Forecast vs. Requested Budget |
|---------------------------------------|---------------------------------|-----------------------------|-------------------------------------|--|
| REVENUES: | | | | |
| <u>Contributions:</u> | | | | |
| Endowments | \$4,273 | \$14,876 | \$15,962 | \$1,086 |
| Scholarships & Programs (Non-Endowed) | 4,100 | 7,983 | 4,867 | (3,116) |
| Building Funds | 184 | 1,493 | 855 | (638) |
| Annual Fund | 365 | 334 | 415 | 81 |
| Pledged Revenue | 11,200 | 5,343 | 0 | (5,343) |
| Total Contributions | 20,122 | 30,029 | 22,099 | (7,930) |
| <u>Other Revenues:</u> | | | | |
| MARC Building - Rental Income | 1,331 | 1,365 | 1,624 | 259 |
| Estimated Investment Returns | 4,729 | 14,531 | 6,412 | (8,119) |
| Administrative Fee | 1,387 | 813 | 0 | (813) |
| Total Other revenues | 7,447 | 16,709 | 8,036 | (8,673) |
| Total Revenues | 27,569 | 46,738 | 30,135 | (16,603) |
| EXPENDITURES: | | | | |
| <u>University Programs:</u> | | | | |
| Scholarships & Programs | 6,263 | 11,527 | 6,499 | (5,028) |
| Building Funds | 1,342 | 1,370 | 0 | (1,370) |
| Annual Fund | 207 | 206 | 327 | 121 |
| Total University programs | 7,812 | 13,103 | 6,826 | (6,277) |
| <u>Operational:</u> | | | | |
| MARC Building | 1,306 | 822 | 727 | (95) |
| Administrative Reserve | 1,387 | 1,352 | 1,583 | 231 |
| General Reserve | 1,490 | 1,187 | 140 | (1,047) |
| Total Operational Expenditures | 4,183 | 3,361 | 2,450 | (911) |
| Total Operating Expenses | 11,995 | 16,464 | 9,276 | (7,188) |
| Net Operating Income | \$15,574 | \$30,274 | \$20,859 | (\$9,415) |

Financial Highlights

Revenues:

The endowment revenue budget is based on pledges, gift agreements and other certifiable criteria likely to deliver cash to the Foundation. The FY 2010-11 endowment budget is primarily driven by anticipated pledge payments and gifts to the College of Medicine of \$14.5M. State matching dollars have not been included in the budget since there has not been an appropriation from the Major Gifts Challenge Grant Program since 2007.

The board has determined not to budget for the change in pledged receivables in FY 2010-11. These consist of anticipated gifts that have not yet been signed, offset by the payments of current signed gifts. Cash for contributions received during the fiscal year will continue to be categorized as endowments, scholarships, building funds and annual fund.

MARC Building current vacancy rate is 2% (down from 9% in prior year) and is comprised of one vacant case room that is being rented on a day-to-day basis.

Investment returns for FY 2010-11 are projected at 5% or \$6.4M, assuming conservative yields on equities, fixed income and alternative investments. Forecast revenue is based on a fundamental analysis of each asset class (including historical returns), a \$125M fund value on July 1, 2010, and projected cash flows throughout FY 2010-11. Consulting Services Group recommends an assumption of an average 9.4% annualized gain based on a 3-5 year investment period.

Expenses:

Budgeted expenses for Scholarships and Programs will generally exceed budgeted revenue projections and will be funded by previous year balances.

Based on the university's current construction schedules, it is not anticipated that any of donated building funds will be requested from the Foundation in FY 2010-11.

Budgeted MARC building expenses exclude the payment for the principal portion of the note payable due during FY 2010-11 of \$575K. An extraordinary item of approximately \$1.2M for maintenance and repairs to the building which will be paid from the MARC reserve account and capitalized. The balance in the MARC reserve as of March 31, 2010 is \$3.6M.

The General Reserve expense budget includes a Board-approved supplemental disbursement to the University for staffing of strategic initiatives \$0.1M. The initial commitment of \$4.3M was approved by the Board for the University in November 2007. The University has drawn a total of \$1.7M.

The Foundation Board of Directors will be reviewing a special initiative funding request for a capital campaign which is not included in this budget. The Board of Directors will be discussing this request at its upcoming annual meeting. Any changes to this budget will be submitted to the Board of Trustees for ratification.

**Florida International University
Financial Summary
FIU Health Care Network**

| <i>(In thousands of dollars)</i> | Final Budget 2009-10 | Forecast 2009-10 | Requested Budget 2010-11 | Forecast vs. Requested Budget |
|----------------------------------|---------------------------------|-----------------------------|-------------------------------------|--|
| Total Revenues | \$144 | \$59 | \$82 | \$23 |
| <u>Expenditures</u> | | | | |
| Salaries | - | - | - | - |
| OPS | - | 16 | 35 | 19 |
| Expense | 137 | 35 | 86 | 52 |
| OCO | - | - | - | - |
| Debt Service Interest | - | - | 2 | 2 |
| Total Operating Expenses | 137 | 51 | 123 | 73 |
| Net Operating Income | 7 | 8 | (42) | (50) |
| Change in Net Assets | 7 | 8 | (42) | (50) |
| <u>Fund Balance</u> | | | | |
| Beginning Fund Balance | - | - | 59 | |
| Third Party Transfers | - | 51 | - | |
| Change in Net Assets | 7 | 8 | (42) | |
| Total Fund Balance | 7 | 59 | 18 | |

Financial Highlights

The FIU College of Medicine Health Care Network (FIU-HCN) or FIU Faculty Group Practice serves as the entity for the collection and administration of income generated from the FIU-HCN.

**Florida International University
Financial Summary
FIU Self-Insurance Program**

| <i>(In thousands of dollars)</i> | Final Budget 2009-10 | Forecast 2009-10 | Requested Budget 2010-11 | Forecast vs. Requested Budget |
|-------------------------------------|---------------------------------|-----------------------------|-------------------------------------|--|
| Total Revenues | \$0 | - | \$79 | \$79 |
| <u>Expenditures</u> | | | | |
| Salaries | - | - | - | - |
| OPS | - | - | - | - |
| Expense (Administrative & Overhead) | 50 | 34 | 50 | 16 |
| OCO | - | - | - | - |
| Incurred But Not Reported Conting | 29 | - | 29 | 29 |
| Total Operating Expenses | 79 | 34 | 79 | 45 |
| Net Operating Income | (79) | (34) | - | 34 |
| Change in Net Assets | (79) | (34) | - | 34 |
| <u>Fund Balance</u> | | | | |
| Beginning Fund Balance | 249 | - | 291 | |
| Change in Net Assets | (79) | (34) | - | |
| Institutional Transfer | 325 | 325 | 1,000 | |
| Total Fund Balance | \$495 | \$291 | \$1,291 | |

Financial Highlights

The Self-Insurance Program of the FIU College of Medicine Health Care Network assists in providing liability protection for the University. The Self-Insurance Program (SIP) entity serves to record the activities associated with the Self-Insurance Program. Revenues include initial funding and the expenditures covering the cost of Risk / Claims management, annual audit and annual actuarial report.

The Self-Insurance Program of the FIU College of Medicine Health Care Network has not been budgeted to increase in FY 2010-11 as the extent of coverage is not yet known.

The Institutional Transfer represents \$0.8M in capitalization and \$0.2M in Insurance Premium for FY 2010-11.

**Florida International University
Financial Summary
FIU Research Foundation, Inc**

| <i>(In thousands of dollars)</i> | Final Budget 2009-10 | Forecast 2009-10 | Requested Budget 2010-11 | Forecast vs. Requested Budget |
|----------------------------------|---------------------------------|-----------------------------|-------------------------------------|--|
| Total Revenues | \$0 | \$29 | \$104 | \$75 |
| <u>Expenditures</u> | | | | |
| Expense | 16 | 14 | 66 | 52 |
| Debt Service Interest | 57 | 57 | 4 | (53) |
| Total Expenditures | 73 | 71 | 70 | (1) |
| Net Operating Income | (73) | (42) | 34 | 76 |
| Principal Payment of Debt | (2,030) | (2,030) | (515) | 1,515 |
| Unrealized Gains & Losses | | 22 | - | |
| Change in Net Assets | (2,103) | (2,050) | (481) | 1,591 |
| <u>Fund Balance</u> | | | | |
| Beginning Fund Balance | 94 | 95 | 132 | |
| Change in Net Assets | (2,103) | (2,050) | (481) | |
| Institutional Transfers | 2,087 | 2,087 | 515 | |
| Total Fund Balance | \$78 | \$132 | \$166 | |

Financial Highlights

Total Revenues represents a transfer from RUGS (Research and University Graduate School) overhead to cover minor transactional and audit expenses and a transfer from RUGS Royalties. Revenues in FY 2009-10 include \$29K of non-operating revenue from royalties. In FY 2010-11, royalty revenue is projected to be \$50K and revenue from external consulting is projected to be \$50K.

The principle activity for FY 2009-10 and FY 2010-11 is the repayment of an outstanding five-year note related to research. The cash transfer to meet this obligation derives from Treasury operations in the Auxiliary Trust Fund. At the end of fiscal year FY 2009-10, the outstanding loan balance will be \$515K representing the final loan payment due on July 1, 2010, the first period of FY 2010-11.

Operating Expenses in FY 2010-11 include \$50K incurred in providing external consulting, \$16K in audit and accounting fees and \$4K in interest expense for the final payment on the outstanding loan on July 1, 2010.

**Florida International University
Financial Summary
University Treasury Operations**

| <i>(In thousands of dollars)</i> | Final Budget 2009-10 | Forecast 2009-10 | Requested Budget 2010-11 | Forecast vs. Requested Budget |
|-------------------------------------|---------------------------------|-----------------------------|-------------------------------------|--|
| Net Revenues | \$8,693 | \$22,206 | \$10,549 | (\$11,658) |
| Net Operating Income | 8,693 | 22,206 | 10,549 | (11,658) |
| Distribution of Investment Earnings | (945) | (704) | (854) | (151) |
| Operational Transfers | - | - | (1,900) | (1,900) |
| Change in Net Assets | 7,748 | 21,503 | 7,794 | (13,709) |

| | | | |
|-------------------------|---------|---------|-------|
| Institutional Transfers | (2,087) | (2,087) | (515) |
|-------------------------|---------|---------|-------|

Financial Highlights

Treasury Operations revenue consists of earnings from the University's investment portfolio. Earnings include interest income, realized gains (which are reinvested each month) and unrealized gains / losses.

Market returns in FY 2009-10 were higher than average with significant recovery in all asset classes; the portfolio return is forecast at 9.9% vs. a budget of 3%. Treasury is projecting a normalized pattern of investment earnings for FY 2010-11 with a 4% return for the portfolio; 5.7% return from the Strategic Capital Pool and 2% return from the Working Capital Pool.

Distribution of Investments Earnings includes distributions to E&G Carry forward, Auxiliary Enterprises and Financial Aid - Unrestricted.

Operational transfers in FY 2010-11 consist of funds transferred to Intercollegiate Athletics representing the first of four annual disbursements under a working capital loan totaling \$5.0M. Repayment begins in June 2019 and ends in June 2036.

Institutional transfers consist of funds transferred to FIU Research Foundation for payments of the HCET settlement loan. The last payment of the HCET settlement loan will be made in FY 2010-11 in the amount of \$0.5M.

**Florida International University
Financial Summary
Fixed Capital Outlay**

**STATE UNIVERSITY SYSTEM PROJECTS
2010-11**

PUBLIC EDUCATION CAPITAL OUTLAY

| | |
|--|-----------------------------------|
| FIU Utilities / Infrastructure / Capital Renewal Roofs | \$6,221,914 |
| Public Safety Building Supplement | \$1,272,772 |
| Social Sciences - Phase 1 Completion | \$4,150,000 |
| Science / Classroom Complex | \$3,982,942 |
| Satellite Chiller Plant Expansion | \$7,000,000 |
| Stocker Astrophysics Center | \$1,600,000 |
| Student Support Services Building | \$17,646,976 |
| TOTAL | <u><u>\$41,874,604</u></u> |

MAINTENANCE REPAIR RENOVATION AND REMODELING¹

(From Public Education Capital Outlay and Debt Service Trust Fund)

| | |
|----------------------------------|--------------------------|
| Florida International University | <u><u>TBD</u></u> |
|----------------------------------|--------------------------|

Notes:

¹ Maintenance Repair Renovation and Remodeling amount is pending to be received from the Board of Governors

- Capital Improvement Trust Fund (CITF): Capital Improvement and Building Fees are authorized by Florida Statutes; generally, an appropriation is requested every two or three years based on availability of funds.

- Alec P. Courtelis Facility Enhancement Challenge Grant Program: no funds have been allocated to the University in FY 2010-11 for this program.

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

May 20, 2010

Subject: Tuition and Fee Recommendations for the 2010/11 Academic Year

Proposed Committee Action:

Recommend to The Florida International University Board of Trustees (the BOT) approval of the Amended Regulation FIU-1101 Tuition Fees Schedule and delegate to the University President authority to approve subsequent amendments required by the BOG.

Background information:

The Florida State Legislature has included the following language in the HB 5001 (General Appropriations Act):

Beginning with the Fall 2010 semester, undergraduate tuition is established at \$95.67 per credit hour for the 2010-2011 fiscal year. Consistent with section 1009.24(4)(b), Florida Statutes, if the tuition increase provided herein becomes law, the statutory increase for inflation will not be made.

Tuition for graduate and professional programs and out-of-state fees for all programs shall be established pursuant to section 1009.24, Florida Statutes.

In accordance with 2010 HB 5001, Florida Statutes section 1009.24, and the Board of Governors Regulations 1.001, 7.001, and 7.003, recommendations are presented with regard to (a) changing tuition levels effective academic 2010-11, (b) increasing the tuition differential for undergraduate students enrolling in Fall 2007 or later, (c) increasing the financial aid fee, technology fee, and health fee; and (d) authorizing the University President/designee to approve the amount of the charge when charge is at cost.

Under the Regulation Development Procedure, the University President will forward the Regulation to the Board of Governors for approval. The President needs the authority 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.

The President would 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.

Supporting Documentation : Tuition Fees Schedule, FIU-1101

Facilitator/Presenter: Kenneth Jessell

This page intentionally left blank

**THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES
FLORIDA BOARD OF GOVERNORS
NOTICE OF AMENDMENT OF REGULATION**

REGULATION TITLE: Tuition Fees Schedule
REGULATION NO.: FIU-1101

SUMMARY OF THE REGULATION: The regulation provides the tuition and associated fees charged to students attending FIU. The major revisions to the regulation include increasing the tuition, tuition differential, financial aid fee, technology fee, and health fee; and authorizing the University President/designee to approve the amount of the charge when charge is at cost.

TEXT OF REGULATION: The full text of the Amended Regulation can be viewed below and on the website of The Florida International University Board of Trustees, <http://bot.fiu.edu/regulations/>. If you would like a copy of the Amended Regulation, please contact Eli Deville, Coordinator, Administrative Services, Office of the General Counsel, (305) 348-2103.

AUTHORITY: Board of Governors Regulations 1.001, 7.001, and 7.003 and the 2010 General Appropriations Act.

NAME OF PERSON INITIATING PROPOSED REGULATION: Kenneth Jessell, CFO and Senior Vice President.

ANY PERSON SEEKING TO COMMENT ON THE PROPOSED EMERGENCY REGULATION MUST SUBMIT COMMENTS IN WRITING TO THE CONTACT PERSON LISTED BELOW. ALL WRITTEN COMMENTS MUST BE RECEIVED BY THE CONTACT PERSON WITHIN 14 CALENDAR DAYS OF THE DATE OF PUBLICATION OF THIS NOTICE.

THE CONTACT PERSON REGARDING THIS REGULATION IS: Eli Deville, Coordinator, Administrative Services, Office of the General Counsel, Florida International University, 11200 SW 8th Street, PC 511, Miami, FL 33199. Email: devillee@fiu.edu. Fax: (305) 348-3272. Phone: 305-348-2103.

DATE OF PUBLICATION: May 4, 2010

THE FULL TEXT OF THE PROPOSED AMENDED REGULATION IS PROVIDED BELOW:

FIU 1101 Tuition Fees Schedule

(1) Tuition is defined as the basic fee charged to a student for enrollment in credit courses provided by the Florida International University and the out-of-state fee assessed to non-residents. Tuition and associated fees consists of the following:

1. Tuition (basic fee);
2. Student Financial Aid Fee;
3. Capital Improvement Trust Fund Fee;
4. Building Fee;
5. Health Fee;
6. Athletic Fee;
7. Activity and Service Fee; and
8. Tuition Differential Fee (Undergraduates); and
9. Technology Fee.

In addition to the fees set forth in 1.-9. above, a non- resident student, as defined by the Florida Board of Governors', will pay the Out-of-State Fee and the Non-Resident Student Financial Aid Fee.

(2) Registration is defined as consisting of two components:

(a) Formal enrollment in one or more credit courses approved and scheduled by the University; and

(b) Payment of tuition and associated fees, or other appropriate arrangements for payment (installment payment, deferment, or third party billing), for the courses in which the student is enrolled.

(3) A student is liable for tuition associated with all courses for which the student is registered at the end of the drop/add period. The fee payment deadline shall be as determined by the University.

(4) The following tuition and associated fees shall be levied and collected on a per credit hour basis, effective the fall semester indicated for each student regularly enrolled, unless provided otherwise by law, or Board of Governors or University regulation.

(a) Undergraduate – Fall ~~2009~~ 2010

| Fee - Per Credit Hour | Undergraduate | | | |
|---------------------------------------|----------------------|---------|---------------------|---------|
| | Resident | | Non Resident | |
| Tuition | \$88.59 | \$95.67 | \$88.59 | \$95.67 |
| * Tuition Differential ⁽¹⁾ | \$13.74 | \$22.00 | \$13.74 | \$22.00 |
| Out of State fee | | | \$393.62 | |
| Financial Aid | \$4.42 | \$4.78 | \$4.42 | \$4.78 |
| Out of State Financial Aid | | | \$19.68 | |
| Capital Improvement Trust Fund | \$2.44 | | \$2.44 | |
| Building | \$2.32 | | \$2.32 | |
| Activity & Service | \$11.60 | | \$11.60 | |
| Athletic | \$14.51 | | \$14.51 | |
| Technology Fee | \$4.42 | \$4.78 | \$4.42 | \$4.78 |

(b) Graduate – Fall ~~2009~~ 2010 ⁽²⁾

| | Graduate | | | |
|--------------------------------|---|----------|---------------------|----------|
| | Students enrolled prior to Fall 2006 | | | |
| | Resident | | Non Resident | |
| Fee - Per Credit Hour | | | | |
| Tuition | \$268.87 | \$295.75 | \$268.87 | \$295.75 |
| Out of State fee | | | \$480.08 | |
| Financial Aid | \$13.44 | \$14.78 | \$13.44 | \$14.78 |
| Out of State Financial Aid | | | \$24.00 | |
| Capital Improvement Trust Fund | \$2.44 | | \$2.44 | |
| Building | \$2.32 | | \$2.32 | |
| Activity & Service | \$11.60 | | \$11.60 | |
| Athletic | \$14.51 | | \$14.51 | |
| Technology Fee | \$13.44 | \$14.78 | \$13.44 | \$14.78 |

| | Graduate | | | |
|--------------------------------|--|----------|---------------------|----------|
| | Student enrolled in the Fall 06 or thereafter | | | |
| | Resident | | Non Resident | |
| Fee - Per Credit Hour | | | | |
| Tuition | \$281.65 | \$309.81 | \$281.65 | \$309.81 |
| Out of State fee | | | \$480.08 | |
| Financial Aid | \$14.08 | \$15.49 | \$14.08 | \$15.49 |
| Out of State Financial Aid | | | \$24.00 | |
| Capital Improvement Trust Fund | \$2.44 | | \$2.44 | |
| Building | \$2.32 | | \$2.32 | |
| Activity & Service | \$11.60 | | \$11.60 | |
| Athletic | \$14.51 | | \$14.51 | |
| Technology Fee | \$14.08 | \$15.49 | \$14.08 | \$15.49 |

(c) Law – Fall ~~2009~~ 2010⁽³⁾

| Fee - Per Credit Hour | Law | | | |
|--------------------------------|--------------------------------------|----------|---------------------|----------|
| | Students enrolled prior to Fall 2006 | | | |
| | Resident | | Non Resident | |
| Tuition | \$333.98 | \$384.07 | \$333.98 | \$384.07 |
| Out of State fee | | | \$437.61 | |
| Financial Aid | \$16.69 | \$19.20 | \$16.69 | \$19.20 |
| Out of State Financial Aid | | | \$21.88 | |
| Capital Improvement Trust Fund | \$2.44 | | \$2.44 | |
| Building | \$2.32 | | \$2.32 | |
| Activity & Service | \$11.60 | | \$11.60 | |
| Athletic | \$14.51 | | \$14.51 | |
| Technology Fee | \$16.69 | \$19.20 | \$16.69 | \$19.20 |

| Fee - Per Credit Hour | Law | | | |
|--------------------------------|---|----------|---------------------|----------|
| | Student enrolled in the Fall 2006 or thereafter | | | |
| | Resident | | Non Resident | |
| Tuition | \$349.87 | \$402.35 | \$349.87 | \$402.35 |
| Out of State fee | | | \$437.61 | |
| Financial Aid | \$17.49 | \$20.11 | \$17.49 | \$20.11 |
| Out of State Financial Aid | | | \$21.88 | |
| Capital Improvement Trust Fund | \$2.44 | | \$2.44 | |
| Building | \$2.32 | | \$2.32 | |
| Activity & Service | \$11.60 | | \$11.60 | |
| Athletic | \$14.51 | | \$14.51 | |
| Technology Fee | \$17.49 | \$20.11 | \$17.49 | \$20.11 |

⁽¹⁾ Tuition Differential fee shall not be charged to students who are beneficiaries of prepaid tuition contracts and exempt under the requirements as described in Florida Statutes section 1009.24 or to any student who was in attendance at FIU before July 1, 2007, and who maintains *continuous enrollment.

⁽²⁾ The additional Graduate fees for students enrolled in Graduate programs in the Fall 2006 or thereafter shall not apply to a graduate student who was enrolled in a graduate program prior to Fall 2006, and such student's enrollment has not lapsed in four terms before re-enrolling in the same graduate program. Effective Spring term 2009, the additional fees for students enrolled in the fall 2006 or thereafter shall not apply to a graduate student who was enrolled in a graduate program prior to Fall 2006, provided such student maintains *continuous enrollment.

⁽³⁾ The additional Law fees for students enrolled in the law school in the Fall 2006, or thereafter, shall not apply to a law school student who was enrolled in a law program prior to Fall 2006, and such student's enrollment has not lapsed in four terms before re-enrolling in the same law

*program. Effective Spring term 2009, the additional fees for students enrolled in the fall 2006, or thereafter, shall not apply to a law school student who was enrolled in a law program prior to Fall 2006, provided such student maintains *continuous enrollment.*

**For purposes of the Tuition Differential fee, the Graduate fees, and the Law fees, “continuous enrollment” means the student has not been absent from the University for two (2) or more consecutive terms (excluding summer terms and military withdrawals.)*

(5) The following College of Medicine tuition and associated fees shall be levied and collected on an academic year basis, effective the fall semester indicated for each student regularly enrolled, unless provided otherwise by law, or Board of Governor or University regulation.

College of Medicine- Fall 2009 2010

| Fee - Per Academic Year | College of Medicine | | | |
|--------------------------------|-------------------------------|--------------------|-------------------------------|--------------------|
| | Resident | | Non Resident | |
| Tuition | \$21,000.00 | \$24,150.00 | \$21,000.00 | \$24,150.00 |
| Out of State Fee | | | \$30,000.00 | |
| Financial Aid | \$1,050.00 | \$1,207.50 | \$1,050.00 | \$1,207.50 |
| Out of State Financial Aid | | | \$1,500.00 | |
| Capital Improvement Trust Fund | \$122.00 | | \$122.00 | |
| Building | \$116.00 | | \$116.00 | |
| A&S | \$580.00 | | \$580.00 | |
| Athletic | \$755.50 | | \$755.50 | |
| Technology Fee | \$1,050.00 | \$1,207.50 | \$1,050.00 | \$1,207.50 |
| Health | \$201.60 | \$249.57 | \$201.60 | \$249.57 |
| Total | \$24,875.10 | \$28,388.07 | \$56,375.10 | \$59,888.07 |

(6) Effective the Fall 2005 term, during any semester in which a graduate nonresident student has been appointed as a Graduate Assistant for at least .25 FT, the Out-of-State fee for the student shall be \$0.00 per credit hour.

(7) Effective the Fall 2009 term, during any semester in which a graduate nonresident is receiving a full fellowship, the Out-of-State fee for the student shall be \$0.00 per credit hour.

(8) The following fees shall be levied and collected on a per semester basis, effective the fall semester indicated for each student regularly enrolled (excluding College of Medicine students, whose fees are charged on an annual basis), unless provided otherwise by law, or Board of Governors or University regulation.

Fall ~~2009~~ 2010

| | Resident | | Non-Resident | |
|---------------------------|--------------------|----------------|---------------------|----------------|
| Fee – Per Semester | | | | |
| Health | \$67.20 | <u>\$83.19</u> | \$67.20 | <u>\$83.19</u> |
| Athletic | \$10.00 | | \$10.00 | |

(9) Effective the Fall Semester 2009, each student enrolled in the same undergraduate course more than twice shall be assessed an additional sum to cover 100 percent of the full cost of instruction as established by the Board of Governors for each such course in addition to the tuition and associated fees set forth above.

| | |
|------------------------------------|----------|
| (10) Optional fees. | |
| Orientation fee | \$ 35.00 |
| Tuition Installment Service Charge | \$ 15.00 |
| Identification Card | \$ 10.00 |
| Fee for Transcript | \$ 10.00 |
| Fee for Diploma replacement | \$ 10.00 |
| Late Payment fee | \$100.00 |
| Late Registration fee | \$100.00 |
| Off-Campus Fee | cost |
| Distance Learning Fee | cost |
| Fingerprinting | cost |
| Materials and Supplies fee | cost |
| Equipment Use Fee | cost |
| Library Fines and Penalties | varies |
| Test Preparation Fee | cost |

(11) For students who enter a community college or university for the first time in the 2009-2010 academic year and thereafter, the University shall require the student to pay an excess hour surcharge equal to 50 percent of the tuition rate for each credit hour in excess of 120 percent of the number of credit hours required to complete the baccalaureate degree program in which the student is enrolled.

(12) Throughout the FIU Regulations where the University is charging a fee or service based on cost, the University President / Designee has the authority to approve the amount of the charge.

Authority: Florida Board of Governors Regulations 1.001,7.001, and 7.003 and the ~~2009~~ 2010 General Appropriations Act , History- New 11-3-02, Amended 9-3-03, 8-22-04- 9-1-05, Formerly 6C8-6.010, Amended 6-20-06, 7-20-07,11-20-07, 6-25-08, 9-29-08, 7-14-09_____.

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

May 20, 2010

Subject: Tuition for Market Rate Programs, FIU-1102

Proposed Committee Action:

Recommend to The Florida International University Board of Trustees (the BOT) the adoption of new Regulation FIU 1102 Tuition for Market Rate Programs and delegate to the University President authority to approve subsequent amendments required by the BOG.

Background information:

The Florida State Legislature has included the following language in the HB 7237(General Appropriations Act):

A proposal from a university board of trustees to implement flexible tuition policies, such as undergraduate or graduate block tuition, block tuition differential, or market tuition rates for graduate-level online courses or graduate-level courses offered through a university's continuing education program. . . . Flexible tuition policies, including block tuition, may not increase the state's fiscal liability or obligation.

In accordance with 2010 HB 7237, Florida Statutes section 1009.24, and the Board of Governors Regulation 1.001, recommendations are presented to adopt a new regulation which provides the tuition rate for the specified graduate-level online courses and graduate-level courses offered through FIU's continuing education program.

Under the Regulation Development Procedure, the University President will forward the Regulation to the Board of Governors for approval. The President needs the authority 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.

The President would 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.

Supporting Documentation : Tuition for Market Rate Programs, FIU-1102

Facilitator/Presenter: Kenneth Jessell

This page intentionally left blank

**THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES
FLORIDA BOARD OF GOVERNORS**

**NOTICE OF REGULATION MAKING
PROPOSED REGULATION**

REGULATION TITLE: Tuition for Market Rate Programs
REGULATION NO.: FIU-1102

SUMMARY OF THE REGULATION: This regulation provides the tuition rates for the specified graduate-level online courses and graduate-level courses offered through FIU's continuing education program.

TEXT OF REGULATION: The full text of the Proposed Regulation can be viewed below and on the website of The Florida International University Board of Trustees, www.bot.fiu.edu/regulations/. If you would like a copy of the Proposed Regulation, please contact Eli Deville, Coordinator, Administrative Services, Office of the General Counsel, (305) 348-2103.

AUTHORITY: Board of Governor's Regulation 1.001.

NAME OF PERSON INITIATING PROPOSED REGULATION: Kenneth Jessell, CFO and Senior Vice President.

ANY PERSON SEEKING TO COMMENT ON THE PROPOSED REGULATION MUST SUBMIT COMMENTS IN WRITING TO THE CONTACT PERSON LISTED BELOW. ALL WRITTEN COMMENTS MUST BE RECEIVED BY THE CONTACT PERSON WITHIN 14 CALENDAR DAYS OF THE DATE OF PUBLICATION OF THIS NOTICE.

CONTACT PERSON REGARDING THE PROPOSED REGULATION: Eli Deville, Coordinator, Administrative Services, Office of the General Counsel, Florida International University, 11200 SW 8th Street, PC 511, Miami, FL 33199. Email: devillee@fiu.edu. Fax: (305) 348-3272. Phone: 305-348-2103.

DATE OF PUBLICATION: May 4, 2010

THE FULL TEXT OF THE PROPOSED AMENDED REGULATION IS PROVIDED BELOW:

FIU-1102 Tuition for Market Rate Programs

(1) Notwithstanding Regulation FIU-1101 Tuition Fees Schedule, students taking the following graduate-level courses will pay the amounts indicated below for Tuition for such courses. Students will also be responsible for paying all other associated fees and fees stated in FIU-1101 and elsewhere in the FIU and the Board of Governors' regulations.

| Program | Tuition | |
|---|----------------|--------------------|
| | Total In-State | Total Out-of-State |
| Evening MBA | 25,111 | 50,962 |
| Executive Master of Science in Taxation | 24,242 | 27,242 |
| Graduate Certificate in Taxation | 14,545 | 16,345 |
| Master of Accounting | 24,242 | 27,242 |
| Graduate Certificate in Accounting | 14,545 | 16,345 |
| Executive MBA | 54,000 | 58,000 |
| Graduate Certificate in Accounting Foundations | 13,120 | 14,920 |
| International MBA | 29,500 | 34,500 |
| Master of International Business | 28,491 | 32,091 |
| Graduate Certificate in International Business | 14,245 | 16,045 |
| Master of Science in Finance | 25,017 | 28,317 |
| Graduate Certificate in Banking | 13,645 | 15,445 |
| Master of Science in Management Information Systems | 24,891 | 28,491 |
| Graduate Certificate in Management Information Systems | 12,445 | 14,245 |
| Master of Science in Human Resource Management | 26,091 | 29,691 |
| Downtown MBA | 42,000 | 46,000 |
| Master of Science in International Real Estate | 23,742 | 26,742 |
| Master of Science in Construction Management | 14,140 | 29,262 |
| Professional Masters in Occupational Therapy | 43,893 | 85,400 |
| Post Bachelors Master of Science in Occupational Therapy | 23,302 | 44,473 |
| Post Professional Masters in Occupational Therapy (on line) | 16,710 | 31,832 |
| Doctorate in Physical Therapy | 60,869 | 117,830 |
| Masters in Speech-Language Pathology | 32,706 | 60,431 |
| Masters of Science in Athletic Training Education | 26,601 | 54,326 |
| Master of Science in Nursing (Adult, Child, Psyc and Nurse Exec) | 20,496 | 42,172 |
| Master of Science in Nursing (Family) | 22,403 | 46,095 |
| Master of Science in Nursing (Nursing Anesthesiology) | 43,202 | 78,992 |
| Graduate Nurse Faculty Certificate | 4,767 | 9,807 |
| Post Masters Nurse Education Certificate | 7,627 | 15,692 |
| Post Masters Family Nurse Practitioner Certificate | 15,253 | 31,384 |
| Post Masters Adult, Child, and Psyc Nurse Practitioner and Nurse Exec Certificate | 13,346 | 27,461 |
| Masters in Risk Analysis Management | 16,150 | 31,272 |
| Masters of Public Administration | 19,796 | 40,967 |

Specific Authority BOG Regulation 1.001. History– New _____.

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

May 20, 2010

Subject: Student Health Fee

Proposed Committee Action:

Recommend to The Florida International University Board of Trustees (the BOT) approval of the proposed Florida International University Health Fee Increase from the current \$67.20 per student headcount to \$83.19 per student headcount effective the Fall term of 2010 for fiscal year 2010-2011.

Background Information:

The Health Fee Committee has approved an increase in the Health Fee in the amount of \$15.99 per student headcount effective with the Fall term, 2010. The President has approved the fee increase after consultation with the Student Government presidents.

The proposed increase will raise the Health Fee from \$67.20 per student headcount to \$83.19 per student headcount. In accordance with Board of Governors' Regulation 7.003(7)(c) 2, the revenues from the fee will be used to benefit the student body in general, as recommended by the student government association, subject to the President's approval.

As per Board of Governors' Regulation 7.003 Fees, Fines and Penalties, the increase was decided by a fee committee comprised of 50% (4) students and 50%(4) faculty/staff of which one served as chairperson. The following procedure was used by the committee:

1. Two public hearings were advertised (through posters, electronic messaging and the student newspaper) and held at Modesto Maidique campus and Biscayne Bay campus to hear comments and address concerns from the University community.
2. Following the hearings, the fee committee convened to discuss and vote on the proposal. A vote was held by the fee committee approving the increase with a vote of eight (8) in favor, and none opposed.
3. The recommendation was forwarded to the university President and Vice President for Student Affairs for approval and was approved.

This increase will be reflected, along with any other changes, in a revised FIU-1101 Tuition Fees Schedule regulation which will be presented to the Board of Trustees for approval. The approved regulation will then be forwarded to the Board of Governors for its approval.

Supporting Documentation:

Fee Committee Recommendations to President

University Fee Committee, 2010-2011 Summary of Meetings and Activities

Calculation of Fee Cap and allowable 5% Increase

Facilitator/Presenter:

Kenneth Jessell

This page intentionally left blank



April 9, 2010

Dear President Rosenberg:

As chair of the University Fees Committee this year, I am pleased to forward our recommendations for student fees for the 2010-11 year. Specifically, the committee has recommended that the student Health Fee be increased by \$15.99 per student headcount. This will increase the per headcount health fee from \$67.20 to \$83.19, and if approved by the University Board of Trustees, will become effective in the Fall 2010 term.

The additional revenue from the recommended fee increase will be approximately \$1.3 million for 2010-11. This is the first increase in the Health Fee in four years. The committee members recognized a strong concern from students about the rising cost of education, and in particular, the student fees. However, students did validate the need to provide health care services to students on campus. Therefore, the recommendation represents the maximum allowable increase (5%).

The committee held a total of five meetings, which included an open forum public hearing at each campus. The hearings were publicized two days in the Beacon, and advertised via placards placed at strategic points in the Graham Center, Green Library, and Wolfe Center. Electronic announcements of the hearings were also distributed to all students through their e-mail accounts, and the hearings were announced through the new LCD displays in the Graham Center. Seven of the eight committee members were present at the initial meeting; however, all committee members were present at the final meeting and at least two-thirds of the committee members attended each public hearing. The vote of the committee on the fee increase was eight in favor, none opposed. I attach copies of the Fee Committee membership, the 2009 Florida Statute dealing with fees, the calculation of the allowable fee increase, and a summary of the student fees at each SUS institution in 2009. If you have any questions, please contact me.

Respectfully,

William K. Beesting
Chair

c: Dr. Rosa Jones
Matilde Gramling
Fee Committee Members

This page intentionally left blank

University Fee Committee, 2009-10
Summary of Meetings and Activities
April 8, 2010

The University Fee Committee was appointed by President Rosenberg's designee, Vice President Rosa Jones, in consultation with the Student Government Association in February of 2010. The four student voting members were Anthony Rionda, SGA President MMC and Sholom Neistein, SGA President BBC, Cristina Morales, Comptroller MMC and Robert Chung, Comptroller BBC. The four Faculty/staff voting members were Greg Olson, Elena Cruz, Dr. Gisela Casines and Dr. William Beesting who was also Chairperson. Other interested parties attending meetings included Silvana Rogelis, Matilde Gramling, Dr. Cathy Akens, the directors of the areas that receive Health Fee funds: Oscar Loynaz, Elvira Velez, Amanda Niguidula, Sharon Aaron, Dr. Cheryl Nowell. Dr. Rosa Jones attended the first meeting and gave the opening charge to the committee.

Three meetings were held by the committee, plus two public hearings:

March 8, 2010 – Committee Meeting

Dr. Jones thanked members for agreeing to serve on this committee. She stated that it had been 4 years since the last Health Fee increase.

She charged the committee with looking at the potential for a Health Fee increase in the areas of University Health Services MMC, University Health Services BBC, Counseling, Victim's Advocacy and Disability Resource Center. The committee is to make a recommendation that complies with the Statute. She further stated that because of the University's rotation cycle for consideration of fee increases, Health would not be eligible for consideration of another fee increase for another 3 years.

Relevant information needed for decision-making of the fee increase was provided to the Committee members during this first meeting. This information included: the Committee members roster for 2010, Florida Statute 1009.24 (2009) relating to increasing local fees (Athletics fee, A&S Fee and Health fee), a comparison of FIU local fees to the other State university local fees, and a worksheet showing the calculation of the fee cap and 5% limit which are prescribed in law. The sum of the local fees at FIU when put on a per credit hour basis (we have both credit hour fees

University Fee Committee, 2009-10
Summary of Meetings and Activities
April 8, 2010
Page 2

and per student or headcount fees) is \$33.79. Included in that amount is a \$2.00 per credit hour increase passed by the Legislature in 2004 for moving from Div.IIA to Div. IA in football. This special \$2 increase is, by law, excluded from the fee cap calculation and therefore for comparison purposes the amount representing the FIU total local fees on a credit hour basis is \$31.79. The cap, which is 40% of the undergraduate matriculation fee is \$35.44 ($\$88.59 \times 40\%$), which provides \$3.65 of leeway to reach the cap. The allowable increase, however, is only \$1.59 per credit hour or \$15.99 per head count student since we are limited to the lesser of 5% of the existing fees or the cap, whichever is lower. The Health Fee at FIU is considered on a headcount basis.

As the Chair distributed the Florida Statute pertaining to student fees, the composition of the Committee (4 staff, 4 students) and the SUS comparison of fees he discussed each item. The Chair explained that the process going forward would include two public hearings on the proposed fee increase, one at MMC and another at BBC, and a final meeting where the vote would be recorded.

The Chair then acknowledged that the Directors of the areas eligible to receive Health Fee funds were in attendance to present their request. The Directors were: Oscar Loynaz , Interim Director for the University Health Center at MMC was spokesperson for the group. Also providing information as needed were: Elvira Velez, Director of University Health Services at BBC, Amanda Niguidula, Director for Disability Resource Center, Sharon Aaron, Director for Victim's Advocacy and Dr. Cheryl Nowell, Director for University Counseling and Psychological Services.

Mr. Loynaz provided a summary of the services which are provided with Health fees. He further elaborated on the growth, transitions and challenges which the Health Services areas have experienced since the last fee increase four years prior. He then presented the itemized budget request and went through the document to expand on the justification for the requested amount.

In an effort to have sufficient time to provide an in-depth explanation of the funds being requested and leave time for questions, additional meetings were determined to be necessary.

University Fee Committee, 2009-10
Summary of Meetings and Activities
April 8, 2010
Page 3

March 12, 2010 – Committee Meeting

The Health Services areas request for budget was further reviewed and the Directors were present to provide clarification and to answer all questions the Committee presented.

March 24, 2010 – Committee Meeting

The Committee met to review and understand the calculation of the formula for the allowable cap. It also reviewed the dollar amounts at various percentage increases such as at 3.5%, 4.0%, 4.5% and the maximum of 5%. The University Health Services group presented the totality of their collective requests which amounted to substantially more than the maximum increase would generate.

April 7, 2010 Public Hearings:

The Public Hearings were publicized 2 days in the Beacon, advertised via placards placed at strategic points in the Graham Center, Green Library and Wolfe Center. Electronic announcements of the Hearings were also distributed to all students through their e-mail accounts and for a first time, the hearings were announced through the new LCD displays in the Graham Center.

Biscayne Bay Campus Public Hearing

The first public hearing was held at Biscayne Bay Campus in WUC 155. Fourteen individuals attended the hearing, which commenced at 10:35 a.m. and ended at 11:50 a.m. The turnout was disappointing, given that the hearing had been publicized.

The chairperson opened the hearing, introduced the committee members present and introduced the request for an increase of \$15.99 per-student headcount, to be effective in Fall of 2010. He explained the process and turned the podium to Mr. Oscar Loynaz to provide the justification for the proposed fee increase. There was time to answer questions and accept comments.

University Fee Committee, 2009-10
Summary of Meetings and Activities
April 8, 2010
Page 4

Modesto Maidique Campus Public Hearing

At 2:10 p.m. the same day, a public hearing was held at the Modesto Maidique Campus in the GC West Ballroom. The chairperson opened the hearing, introduced the committee members present and introduced the request for an increase of \$15.99 per student headcount, to be effective in Fall of 2010. The chairperson explained the process and turned the podium to Mr. Oscar Loynaz to explain the proposed fee increase, and answer any questions and listen to comments.

In both public hearings, the students in attendance validated the need for health services on campus and expressed support for the increase. Questions revolved around the need for increased marketing for the various services offerings, the wish to have students involved with the University Health Services areas in order to facilitate addressing student concerns and how this increase would facilitate the registration process for new incoming students who needed immunization release.

April 7, 2010 Committee Meeting

This meeting was called for the purpose to vote on the proposed increase. Prior to the vote, the floor was opened for discussion and any remaining questions. The Chair then asked each member to state their opinions about the need for a fee increase. Each member expressed his/her view. Most felt it was necessary to increase the fee. A member of the committee polled students in class and provided the feedback that students are having a difficult time with the increasing cost of tuition and fees. However, none of the students who made those comments were present at any of the public hearings. The committee discussed considering an increase but not at the maximum allowed. A motion for a 3.5% increase did not receive sufficient votes to pass. Another motion for a 5% increase also did not received sufficient votes to pass. Serious discussion was given to a 4% increase but after further discussion and noting that the health fee was on a headcount basis and not based on student credit hours, it was determined that the difference between 4% and 5% was minimal. Robert Chung moved that the proposed fee be increased by 5% with the following proviso: 1. "If there is a need for a full-time counselor at BBC, one should be provided." And 2. The focus on the use of these funds should be on core services such as assisting students with the smoke-free campus transition.". Sholom Neistein seconded the motion. The vote was recorded as eight in favor, none opposed.

The Chairperson thanked the committee for their hard work.

SCENARIO 1 : 5 % INCREASE (\$15.99)

**FLORIDA INTERNATIONAL UNIVERSITY
CALCULATION OF FEE CAP AND ALLOWABLE 5% INCREASE**

**FLORIDA INTERNATIONAL UNIVERSITY
REVENUE ESTIMATE USING ALLOWABLE INCREASE OF \$1.59/Cr Hr or \$15.99 Flat Fee**

STEP 1: Put all local fees on a per credit hour basis for Fall and Spring:

| 2009-10 | | | |
|-----------------------------|-------------|------------|-----------------|
| PER STUDENT CR. HR.: | Fees | SCH | Revenues |
| SUMMER 09 | | | |
| Athletics | \$14.51 | 184,539 | \$2,677,661 |
| Activity and Service Fee | \$11.60 | 184,539 | \$2,140,652 |
| FALL 09 | | | |
| Athletics | \$14.51 | 405,242 | \$5,880,061 |
| Activity and Service Fee | \$11.60 | 405,242 | \$4,700,807 |
| SPRING 10 | | | |
| Athletics | \$14.51 | 390,433 | \$5,665,183 |
| Activity and Service Fee | \$11.60 | 390,433 | \$4,529,023 |
| | | 795,675 | \$20,775,074 |

PER STUDENT HEADCOUNT

| | | HEADCOUNT | |
|------------------|---------|------------------|-------------|
| SUMMER 09 | | | |
| Athletics | \$10.00 | 27,281 | \$272,810 |
| Health Fee | \$54.00 | 27,281 | \$1,473,174 |
| FALL 09 | | | |
| Athletics | \$10.00 | 40,025 | \$400,250 |
| Health Fee | \$67.20 | 40,025 | \$2,689,680 |
| SPRING 10 | | | |
| Athletics | \$10.00 | 39,103 | \$391,030 |
| Health Fee | \$67.20 | 39,103 | \$2,627,722 |
| | | 79,128 | \$6,108,682 |

| | |
|--|--------------|
| TOTAL REVENUES (Fall:Spring) | \$26,883,756 |
| TOTAL STUDENT CREDIT HOURS (Fall:Spring) | 795,675 |
| TOTAL CREDIT HOUR EQUIVALENT FEE | \$33.79 |
| Adjust for \$2.00 Legislative Increase not part of Cap | -\$2.00 |
| ADJ. TOTAL CREDIT HOUR EQUIVALENT FEE | \$31.79 |

| | | |
|------------------------|--|---------------------------------|
| STEP 2: The CAP | 2009-10 Undergraduate Matriculation | \$88.59 per student credit hour |
| | 40% of Adjusted(1) Undergraduate Matriculation | \$35.44 per student credit hour |
| | Room under the 40% Cap | \$3.65 |

| | | | |
|-----------------------|------------------------------------|------|----------------------|
| STEP 3: The 5% | Allowable Increase per Credit Hour | 5.0% | \$1.59 << 5% Maximum |
| | Allowable Increase per Headcount | | \$15.99 |

| | | ATHLETICS | | | A&S | HEALTH |
|----------------------------|----------|------------------|-----------------|--------------|------------------|-----------------|
| | | Cr Hr Fee | Flat Fee | Total | Cr Hr Fee | Flat Fee |
| FEE INCOME 09-10 | Summer | \$2,677,661 | \$272,810 | \$2,950,471 | \$2,140,652 | \$1,473,174 |
| | Fall/Spr | \$11,545,244 | \$791,280 | \$12,336,524 | \$9,229,830 | \$5,317,402 |
| | Total | \$14,222,905 | \$1,064,090 | \$15,286,995 | \$11,370,482 | \$6,790,576 |
| FEE INCOME 10-11 | Summer | \$2,659,204 | \$291,400 | \$2,950,604 | \$2,125,897 | \$1,958,208 |
| | Fall/Spr | \$12,073,698 | \$830,670 | \$12,904,368 | \$9,652,302 | \$6,910,344 |
| | Total | \$14,732,903 | \$1,122,070 | \$15,854,973 | \$11,778,199 | \$8,868,552 |
| PROJECTED INCR | Summer | -\$18,457 | \$18,590 | \$133 | -\$14,755 | \$485,034 |
| | Fall/Spr | \$528,454 | \$39,390 | \$567,844 | \$422,472 | \$1,592,942 |
| | Total | \$509,997 | \$57,980 | \$567,977 | \$407,717 | \$2,077,976 |
| % INCREASE | Summer | -0.7% | 6.8% | 0.0% | -0.7% | 32.9% |
| | Fall/Spr | 4.6% | 5.0% | 4.6% | 4.6% | 30.0% |
| | Total | 3.6% | 5.4% | 3.7% | 3.6% | 30.6% |
| SOURCE OF INCREASE: | | | | | | |
| ENROLLMENT | | \$509,997 | \$57,980 | \$567,977 | \$407,717 | \$365,087 |
| INCREASE IN FEE: | | | | | | |
| SUMMER (PRIOR YR FEE INCR) | | \$0 | \$0 | \$0 | \$0 | \$384,648 |
| FALL/SPRING | | \$0 | \$0 | \$0 | \$0 | \$1,328,241 |

This page intentionally left blank

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
May 20, 2010

Subject: Amendment of University Traffic and Parking Regulations

Proposed Committee Action:

Recommend to The Florida International University Board of Trustees (the BOT) approval of the Amendment of the University Traffic and Parking Regulation FIU-1105 and delegate 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.

Background Information:

The University Traffic and Parking Regulation FIU-1105 is revised primarily to reflect various changes including the deletion of Duplicate/Replacement Hang-tags and references to hang-tags throughout, increases in the Decal Registration Fees, revised garage hours for the Gold Garage, clarification of towing charges, and revision in the Appeals process.

The Regulation includes information on fees and the University Administration will submit the University Traffic and Parking Regulations FIU-1105 to the Florida Board of Governors for approval.

The University President will 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.

In accordance with the Florida Board of Governors' Regulation Development Procedure for the state universities, regulations or amendments are adopted upon approval by the university board of trustees. Regulations that pertain to all fees assessed to students require additional approval by the Board of Governors prior to becoming effective.

Supporting Documentation: University Traffic and Parking Regulation, FIU-1105

Facilitator/Presenter: Kenneth Jessell

This page intentionally left blank

**THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES
FLORIDA BOARD OF GOVERNORS**

NOTICE OF PROPOSED AMENDMENT

REGULATION NO.: FIU-1105

REGULATION TITLE: University Traffic and Parking Regulation

SUMMARY: This Regulation is being amended to reflect various changes including the deletion of Duplicate/Replacement Hang-tags and references to hang-tags throughout, increases in the Decal Registration Fees, revised garage hours for the Gold Garage, clarification of towing charges, and revision in the Appeals process.

TEXT OF REGULATION: The full text of the Proposed Amended Regulation can be viewed below and on the website of The Florida International University Board of Trustees, <http://bot.fiu.edu/regulations/>. If you would like a copy of the Proposed Amended Regulation, please contact Eli Deville, Coordinator, Administrative Services, Office of the General Counsel, (305) 348-2103.

AUTHORITY: BOG Regulation 1.001(3)(k) and 1001.74(2)(j) and (6), 1006.66 FS.

NAME OF PERSON INITIATING PROPOSED REGULATION: Kenneth Jessell, Chief Financial Officer and Senior Vice President.

ANY PERSON SEEKING TO COMMENT ON THE PROPOSED AMENDED REGULATION MUST SUBMIT COMMENTS IN WRITING TO THE CONTACT PERSON LISTED BELOW. ALL WRITTEN COMMENTS MUST BE RECEIVED BY THE CONTACT PERSON WITHIN 14 CALENDAR DAYS OF THE DATE OF PUBLICATION OF THIS NOTICE.

CONTACT PERSON REGARDING THE PROPOSED AMENDED REGULATION: Eli Deville, Coordinator, Administrative Services, Office of the General Counsel, Florida International University, 11200 SW 8th Street, PC 511, Miami, FL 33199. Email: devillee@fiu.edu Fax: (305) 348-3272. Phone: 305-348-2103.

DATE OF PUBLICATION: April 12, 2010

THE FULL TEXT OF THE PROPOSED AMENDED REGULATION IS PROVIDED BELOW:

FIU-1105 University Traffic and Parking Regulation.

(1) General. This regulation is applicable to all persons who operate or park a motor vehicle on the campuses of Florida International University. All Miami-Dade County traffic and parking ordinances which are not in conflict or inconsistent with University regulations and all provisions of Chapter 316, Florida Statutes, shall extend and be applicable to the University's campuses. The Department of Parking and Transportation is authorized and empowered to enforce all University parking and traffic regulations. The University Public Safety Department is authorized and empowered to enforce University regulations, all county ordinances and state laws. Copies of the University parking and traffic regulations are available from the Department of Parking and Transportation, the Department of Public Safety, the Visitor Information Center and through the Florida International University web site URL <http://parking.fiu.edu>. The University assumes no liability for vehicles parked or operated on University property. The issuance of a decal or permit does not guarantee a place to park.

(2) Registration of Motor Vehicles. Vehicles used by members of the faculty, staff, students, (full or part-time), concessionaire employees and others who regularly operate a vehicle on campus must be registered with the Department of Parking and Transportation during the first day the vehicle is on campus. Vehicle registrations expire on the expiration date indicated on decal or permit. All visitors must use parking meters unless a parking permit has been provided by a University representative. Any motor vehicle parked on University property must display a valid University parking decal or parking permit. Use of a motor vehicle on University property is a privilege, not a right and is made available only under this regulation.

(a) Decals.

1. Employees: A parking decal must be obtained for each vehicle which is, or may be, parked on the University's campuses. Decals are issued according to the classifications contained in these regulations. A decal will be issued by the Department of Parking and Transportation, upon the following conditions:

- a. The owner or driver registers the vehicle with the Department of Parking and Transportation.
- b. The owner or driver, unless otherwise exempt, pays the appropriate fee and provides proof of the decal classification to which he or she is entitled.
- c. The owner or driver settles all outstanding parking and traffic fines and fees before a current decal or permit will be issued.
- d. When two or more persons who are employed by the University reside in the same household and register more than one vehicle, each is required to purchase a separate original decal; duplicate decals will not be issued for either person except upon proof of replacement of the originally registered vehicle. If two or more persons travel together in one vehicle, only one decal is required but a duplicate decal cannot be purchased except upon proof of replacement of the originally registered vehicle.

2. Students: Students will pay a Transportation Access Fee per semester. A student decal will be issued by the Department of Parking and Transportation to each student under the following conditions, and it is the students' responsibility to properly display the current decal in accordance with this regulation.

- a. The student must be currently enrolled at the University.
- b. The student must provide a valid vehicle registration for the vehicle on which the decal will be placed.
- c. The student must settle all outstanding parking and traffic fines and fees.

3. Decal Classifications: The issuance of decals is restricted to the classifications specified in these regulations. The following decal classifications are in effect:

a. Faculty/Staff -- An “F/S” decal is available to persons currently employed as regular or adjunct faculty; administrative and professional staff; support staff and other personal services employees. Individuals who are currently employed by vendors or contractors with the University, or who are otherwise required by contract to obtain a decal, are also entitled to obtain a decal in this classification. A one semester or two semester decal is available during an academic school year to employees who do not wish to purchase an annual decal.

b. Student -- An “S” decal will be issued to those persons who are currently enrolled as students. For purposes of this regulation, a person shall be considered a student regardless of the number of hours or courses for which he or she is enrolled at the University. Students residing in the University’s housing complexes are required to display a current semester housing sticker in addition to the current student decal ~~or hang-tag~~. Students employed at the University at least 15 hours a week may elect to purchase a faculty/staff decal.

c. Alumni -- An “ALUM” decal is available to FIU graduates who are not currently enrolled at the University and entitles the holder to park in spaces designated for student parking.

d. Administrative -- An “A” decal is available to only those employees who desire a higher level of parking service or have special parking needs based upon work requirements. A one semester or two semester decal is available during an academic school year to employees who do not wish to purchase an annual decal.

e. Executive -- An “E” decal is available to only those employees who desire the highest level of parking service or convenience. A one semester or two semester decal is available during an academic school year to employees who do not wish to purchase an annual decal.

f. Duplicate/Replacement Decal -- A Duplicate/Replacement decal is available to persons who have purchased an original decal for that semester or academic year. This category is for additionally owned vehicles used alternately and for situations where the original decal must be replaced due to an accident, the re-painting of the vehicle, stolen vehicles, etc. The address on the vehicle registration for the second vehicle must be the same as that on the registration of the vehicle listed on the original decal application. A vehicle with a duplicate decal is not permitted on campus at the same time as the vehicle with the original decal.

~~g. Duplicate/Replacement Hang-tag -- A Duplicate hang-tag is available to students who have been issued an original decal for the current year. This hang-tag must be displayed on the vehicle that the hang-tag is registered for. This category is for additionally owned vehicles used alternately and for situations where the original decal must be replaced due to an accident, the re-painting of the vehicle, stolen vehicles, etc. The address on the vehicle registration for the second vehicle must be the same as that on the registration of the vehicle listed on the original decal application. A vehicle with a duplicate hang-tag is not permitted on campus at the same time as the vehicle with the original decal. A student duplicate hang-tag is valid for one academic school year.~~

4. Decal Registration Fees:

a. The following are the annual registration fees, exclusive of sales tax, for each decal classification:

| | Original | Duplicate/ Replacement |
|---|-----------------------------------|---------------------------|
| Executive | \$842.00 <u>884.00</u> | \$30.00 |
| Administrative | \$387.00 <u>406.00</u> | \$20.00 |
| Faculty/Staff (Annual base pay over \$45,000) | \$220.00 <u>231.00</u> | \$15.00 |
| Faculty/Staff (Annual base pay over \$35,000) | \$196.00 <u>206.00</u> | \$15.00 |
| Faculty/Staff (Annual base pay over \$25,000) | \$134.00 <u>141.00</u> | \$15.00 |
| Faculty/Staff (Annual base pay \$25,000 and under) | \$115.00 <u>121.00</u> | \$15.00 |
| Alumni | \$225.00 <u>236.00</u> | \$15.00 |
| Student Fall - | N/A | \$15.00 |
| Spring - | N/A | \$15.00 |
| Summer A, B, or C - | N/A | \$15.00 |

b. The following are the one semester registration fees, exclusive of sales tax, for each decal classification:

| | | |
|---|-----------------------------------|---------|
| Executive | \$533.44 <u>560.00</u> | \$30.00 |
| Administrative | \$247.54 <u>260.00</u> | \$20.00 |
| Faculty/Staff (Annual base pay over \$45,000) | \$121.00 <u>127.00</u> | \$15.00 |
| Faculty/Staff (Annual base pay over \$35,000) | \$108.00 <u>113.00</u> | \$15.00 |
| Faculty/Staff (Annual base pay over \$25,000) | \$ 87.00 <u>91.00</u> | \$15.00 |
| Faculty/Staff (Annual base pay \$25,000 and under) | \$ 72.00 <u>76.00</u> | \$15.00 |
| Alumni | N/A | N/A |
| Student Fall - | \$ 77.00 <u>81.00</u> | N/A |
| Spring - | \$ 77.00 <u>81.00</u> | N/A |
| Summer A, B, or C - | \$ 71.00 <u>75.00</u> | N/A |

c. The following are the two semester registration fees, exclusive of sales tax, for each decal classification:

| | | |
|---|-----------------------------------|---------|
| Executive | \$687.72 <u>722.00</u> | \$30.00 |
| Administrative | \$317.27 <u>333.00</u> | \$20.00 |
| Faculty/Staff (Annual base pay over \$45,000) | \$170.00 <u>179.00</u> | \$15.00 |
| Faculty/Staff (Annual base pay over \$35,000) | \$152.00 <u>160.00</u> | \$15.00 |
| Faculty/Staff (Annual base pay over \$25,000) | \$110.50 <u>116.00</u> | \$15.00 |
| Faculty/Staff (Annual base pay \$25,000 and under) | \$93.50 <u>98.00</u> | \$15.00 |

| | | | |
|---------|---------------------|-----|-----|
| Alumni | | N/A | N/A |
| Student | Fall - | N/A | N/A |
| | Spring - | N/A | N/A |
| | Summer A, B, or C - | N/A | N/A |

d. Duplicate/Replacement Decals. If a decal ~~or duplicate student hang tag~~ has been lost or stolen, the incident shall be reported to the Department of Parking and Transportation, and a replacement decal ~~or duplicate student hang tag~~ shall be purchased. An “FIU Parking and Transportation Lost or Stolen Decal Affidavit”, form PT #11, Revised ~~06/2010+09~~, which is incorporated by reference into this regulation, must be filled out.

e. Change in Status. Any employee requesting a change in decal classification shall pay the difference between the fee appropriate to the classification currently in effect and that being requested. The old decal or identifiable parts, including numbers, must be returned to the Department of Parking and Transportation for auditing purposes.

f. Non-Refundable Fees. All fees paid for decal registration shall be non-refundable except for instances where a person has mistakenly made a double payment and the request for refund is made within the same academic year in which the payment was made. The Transportation Access Fee paid by the students is only refunded in the same manner as other student fees are refunded.

(b) Permits and Permit Fees.

1. Temporary permits are issued only by the Department of Parking and Transportation to those persons who require temporary parking authorization and who are not otherwise required by these regulations or contract to obtain a decal. Permits must be applied for and are issued for durations that are commensurate with their purposes. Permits may or may not include the payment of parking fees as provided below.

2. The circumstances under which a permit rather than a decal shall be issued include but are not limited to use of a temporary vehicle; parking on the University's campuses for occasional business-related purposes; parking on the University's campuses for attendance at conferences and meetings; and visitors who are not otherwise required to obtain a decal. Any person who has a current decal and needs to use temporary transportation must obtain a temporary parking permit. These temporary parking permits are issued, free of charge, for a maximum of thirty (30) consecutive days.

3. Temporary 30, 60, and 90-day permits are available to persons not otherwise required by these regulations or contract to obtain a parking decal. The following are the permit fees, **exclusive of sales tax**:

30-day permit \$22.00
60-day permit \$40.00
90-day permit \$60.00

4. Specific visitor, vendor and contractor, and volunteer permits will be issued by the Department of Parking and Transportation upon payment of a fee as follows:

a. Visitor fees. Metered parking is available throughout the University at a cost of 25 cents per 15 minutes except in PC Loading which are 50 cents per 15 minutes. Visitors can also park at the multi-space meters for \$1.00 per hour with a maximum of \$ 8.00 per day. University departments hosting an event can purchase garage visitor permits in advance.

b. Vendors and Contractors fees. All vendors and contractors conducting business on campus are required to purchase a contractor permit. The following are the permit fees, **exclusive of sales taxes**:

30-day permit \$22.00

60-day permit \$40.00

90-day permit \$60.00

c. Volunteers' fees. Individuals outside the University who volunteer their time at either campus can purchase a volunteer permit for the following fees **exclusive of sales tax**:

30-day permit \$ 5.00

60-day permit \$10.00

90-day permit \$15.00

(c) Vehicle Registration Exemptions. The following persons shall not be required to register their vehicles with the Department of Parking & Transportation:

1. Representatives of news media on official business.

2. Members of the Florida International University Board of Trustees who are on campus to attend meetings and functions of the Board of Trustees. Trustees shall be issued identification which shall be prominently displayed in their vehicles.

3. Members of the FIU Foundation Board of Directors who are on campus to attend meetings and functions of the Foundation. Directors shall be issued identification which shall be prominently displayed in their vehicles.

(3) Decal, Traffic and Parking Regulations, Golf Cart and Garage Parking.

(a) Decal Regulations.

1. Display of Decal. Each driver who regularly parks a vehicle on campus shall display a valid decal, ~~hang-tag~~, or permit. It is the responsibility of the driver to properly display a ~~hang-tag~~, decal or permit so it is easily visible and readable. Failure to display it correctly may result in a violation for not having a valid decal, ~~hang-tag~~ or permit.

2. Decals shall be permanently affixed to the outside of the vehicle on the left side either on the rear bumper, or the outside of the rear window. Decals must be permanently affixed and not altered. For unusually constructed vehicles, decals shall also be permanently affixed in the manner directed by the Department of Parking and Transportation. Housing stickers shall be permanently affixed adjacent to the current student decal ~~or on the bottom square of the hang-tag~~.

3. The entire decal, ~~hang-tag~~, or permit must be displayed unaltered.

4. It is a violation of these regulations to transfer a decal, ~~hang-tag~~ or permit from one vehicle to another; alter a decal, ~~hang-tag~~ or permit, falsify documents to obtain a decal, ~~hang-tag~~ or permit or otherwise obtain or display a decal, ~~hang-tag~~ or permit in violation of the University rules and regulations. Any such act shall constitute decal fraud and will cause the decal, ~~hang-tag~~ or permit to be revoked.

(b) Traffic Regulations:

1. Speed Limit. The speed limit on University property is 25 miles per hour on main roads unless otherwise posted. The speed limit inside the garage is 5 mph. Speed limit inside surface lots is as posted.

2. Right-of-Way. Pedestrians and wildlife have the right-of-way over motor vehicles, including golf-carts. Pedestrians must use crosswalks when crossing a roadway.

3. Barriers. Barriers may be placed by the University at any point deemed necessary for specific temporary use. Except as required for the passage of emergency vehicles, removal of any such barrier without permission is prohibited.

4. Enforcement Directives. A directive given by a police officer or parking patroller or designee supersedes the regulations posted by sign or signal.

(c) Golf-Carts:

1. Golf-carts are restricted by the Florida Department of Highway Safety and Motor Vehicles and Florida International University for use on facility premises only. Golf-carts are used primarily for the Transportation of persons or cargo, are designed and regulated to be operated at speeds of less than 25 miles per hour, and are generally recognizable as a passenger or utility type cart, vehicle, club car or conveyance.

2. Any person who operates a golf-cart on University premises is deemed, by so doing, to have the knowledge, training and skill to safely operate such vehicle and shall be fully accountable for their actions and the consequences thereof.

3. Golf-cart Enforcement. Golf-carts shall be operated in accordance with the following specific regulations:

a. Golf-carts shall not be parked within 6-8 feet of the entrance or exit of any building, except at loading docks or approved designated golf-cart parking spaces.

b. Operators shall stop golf-carts at all blind intersections and sound their horns before proceeding.

c. Golf-carts shall not be parked or operated in any manner likely to obstruct or interfere with the flow of pedestrian or vehicular traffic in heavily traveled areas.

d. Operators shall not stop for any extended period of time in the middle of roads and walkways. Golf-carts shall not be parked on pedestrian crosswalks.

e. Safety precautions shall be taken while driving golf-carts through parking lots.

f. Golf-carts shall not be driven through buildings except: 1) under circumstances of police or medical emergency, 2) in order to service that specific building wherein equipment and supplies, but not people, are being transported to the work site, or 3) in order to make a delivery of materials which cannot be otherwise transported to a specific location in a building.

g. Where circumstances warrant operation of a golf-cart in or through any University building, as described in "f." above, operators shall take the most unobtrusive route and shall follow all other operating requirements.

(d) Parking Regulations for Surface and Garage Parking.

1. Posted signs, bumper blocks, and other markings designate the various parking areas on campus. Parking areas may be restricted by classification, time or purpose. Parking areas restricted by classification, time or purpose shall be considered no parking zones to those individuals who do not fall within the restriction of the classification. Individuals parking in areas so restricted require a decal, hang tag, or permit. The following parking restrictions are found in areas on the University's campuses:

- a. Executive
- b. Administrative
- c. Faculty/Staff
- d. Student
- e. Meters
- f. Disabled

- i. Time Limit Parking
- j. Housing Parking
- k. Loading Zone
- l. Garage Visitors
- m. Head-In Parking Only
- n. Golf-Cart

g. Motorcycle/Motorbike/Moped

o. Carpool

h. State Vehicles

2. Metered parking is for visitors and is enforced daily, from 7:00 a.m. to 10:00 p.m. including weekends and holidays. If a meter is malfunctioning, parking in that space is prohibited. A current decal, ~~hang-tag~~ or permit does not entitle the driver to park in a metered parking space without paying the appropriate fee.

3. Use of parking areas designated as Faculty/Staff shall be enforced between the hours of 6:00 a.m. to 7:00 p.m., Monday through Friday, unless otherwise indicated by signage. Parking in all other areas, including Executive and Administrative, shall be observed and enforced at all times.

4. Changes in designated parking areas shall become effective at such time as signage or other identifying markings are posted.

5. No motor vehicles, other than police, emergency, or golf-carts may be operated or parked at any time on the walkways, grass, service areas, driveways or other prohibited zones, except where specifically permitted by signage. No motor vehicle, motorcycle or other type of vehicle, including a bicycle, shall be parked in such a way as to create a hazard or obstruction to traffic or access. Temporary parking areas may be designated in grass areas by the placement of delineating signs, bumper blocks or other identifying marks. Parking adjacent to any University building shall be prohibited except as identified by authorized signs.

6. No person, other than a current housing resident whose vehicle is left in a housing lot, shall leave a vehicle overnight on University property without notifying the Public Safety Department. Vehicles that are inoperable shall be reported immediately to the Public Safety Department. Vehicles left for more than three (3) consecutive days and nights, without prior approval, or which are apparently abandoned shall be subject to towing, impoundment, and disposal at the owner's expense. The University does not assume any responsibility for motor vehicles or their contents while they are parked on campus. Vehicles registered to current housing residents may be left in housing lots during session breaks but in no event for more than three weeks, except with permission from University housing.

7. Major repairs to vehicles shall not be performed on either campus.

8. Double-parking is not allowed at any time.

9. The fact that a person may park or observe others parked in violation of the regulations without receiving a citation does not mean that the regulation is no longer in effect. Observing others illegally parked is not a valid excuse.

10. Parking on lawns, landscaped areas, sidewalks, or other areas not specifically designated by signs or curb markings as parking areas is a violation. The absence of a "No Parking" sign does not mean parking is permissible in an area.

11. Residents of housing shall abide by the parking regulations.

12. Parking a vehicle on campus following failure to pay or appeal any citation for a university traffic infraction within the time provided, or parking on campus with a revoked decal shall be considered illegal parking and is subject to towing.

13. Parking areas designated as disabled are enforced at all times and a current state issued disabled placard/hang-tag or license plate must be visible and properly displayed. Employees and students of the University must display a decal in addition to the disabled placard/hang-tag or license plate.

(e) Garage Parking:

1. A current FIU parking decal is required to park in the garages at no additional cost.

2. Current FIU decal holders cannot park in a visitor space without paying the additional fee.

3. Garage hours: Gold Garage

~~6:00 a.m. – 2:00 a.m. Mondays – Saturdays~~

~~Closed Sundays and holidays except for Special Events~~

Open 24 hours a day, 7 days per week

Blue, Red and Panther Garages

6:00 a.m. - 2:00 a.m. Mondays – Fridays

Closed weekends and holidays except for Special Events

4. No overnight parking. Vehicles must be removed prior to posted closing hours. Any vehicle left in the garage will be ticketed and is subject to towing at vehicle owner's expense.

5. Head-in parking only.

6. Garage speed limit is 5 mph. Garage speed is radar-enforced.

(4) Enforcement.

(a) Violations. Failure to abide by any of the provisions of these regulations shall be considered a university parking infraction. The University may enforce university parking infractions through use of warnings, citations and fines, vehicle immobilization, towing and any other means authorized by statute.

(b) Citations. The Public Safety Department and the Department of Parking and Transportation are authorized to issue written citations to persons who violate university parking and Transportation regulations. The Public Safety Department is also empowered to issue citations for violation of Chapter 316, Florida Statutes, and county ordinances. Only one citation per calendar day will be issued for each violation in the same location.

1. Schedule of Fines. The schedule below establishes fines for the various categories of violations which are considered to be university parking infractions:

| | |
|-------------------------------------|----------|
| No Decal | \$ 20.00 |
| Parking on the Grass | \$ 20.00 |
| Hazardous Parking | \$ 25.00 |
| Overtime Parking (meter) | \$ 20.00 |
| All Moving Violations | \$ 25.00 |
| Restricted/Improper Parking | \$ 25.00 |
| Overtime Parking (garage) | \$ 25.00 |
| Unlawfully Parked in Disabled Space | \$250.00 |
| Decal Fraud | \$100.00 |
| Head-In Parking Only | \$ 15.00 |
| Radar/Speeding Violation | \$ 25.00 |
| Restricted "E" or "A" | \$ 30.00 |
| Golf-Cart <u>Violation</u> | \$ 25.00 |
| Decal/Permit-Improper Display | \$ 20.00 |

a. Impoundment and vehicle immobilization charges vary according to type of vehicle, type of tow needed, at a minimum \$65.00. If a third party towing company is used, the charge will be as determined by the third party towing company. and cost of contract with current towing company.

b. Any vehicle which remains in violation of the same regulation for more than one calendar day is subject to additional citations. Violations of Chapter 316, Florida Statutes, and county ordinances are returnable to the Miami-Dade County Court and may carry higher fines or other penalties.

2. Late Charges. If a university citation is not paid or appealed in the time provided by this regulation, a \$5.00 late charge shall be assessed in addition to the fine established for the violation. The assessment of the late charge shall not preclude the University from enforcing these regulations through alternative means such as preventing registration, withholding transcripts, receiving your diploma and/or towing, or immobilizing the vehicle. Finally, the outstanding balance will be sent to a collection agency and additional fees will be assessed.

3. Remedies for Failure to Pay Fines. In addition to the assessment of a late charge fee, and other penalties as provided in this regulation, the following remedies are available to the University:

- a. Revoke parking and driving privileges on University property. A person whose parking privileges are revoked may not be issued a new parking decal until all prior outstanding citations are satisfied.
- b. Prevent the person from registering as a student.
- c. Withhold issuance of transcripts or degrees.
- d. Use vehicle immobilizer.
- e. Tow and impound the person's car.
- f. Take other action as necessary to collect the outstanding fines as delinquent accounts owed to the University such as the use of a collection agency.

4. Responsibility for Citations. The person who registers a motor vehicle with the Department of Parking and Transportation assumes responsibility for all citations issued to that vehicle. If the motor vehicle has not been registered with the Department of Parking and Transportation then the person(s) in whose name the motor vehicle is registered with the State Department of Highway Safety and Motor Vehicles shall be held responsible for citations issued to the vehicle. Employees of FIU operating state university vehicles and golf-carts shall be responsible for citations issued to such vehicle(s).

(c) Procedures for Payment of Fines and Appeals. A person to whom a citation has been issued shall have ten (10) business days from the date of issuance to respond to the citation either by paying the fine or by filing an appeal. If payment or request for an appeal is not received within the allotted time, a late fee shall be assessed, and the University may take any authorized action to enforce the penalty.

1. Payment of Fines. Fines may be paid by credit card through the Florida International University web site URL <http://parking.fiu.edu> or in person at the Department of Parking and Transportation by check, money order, cash payment, the FIU Panther debit card, or credit card. Alternatively, payments may be mailed to the Department of Parking and Transportation located on ~~University Park~~ Modesto Maidique Campus; however, late fees shall be applied in the event payment is not received by the Department of Parking and Transportation within the time provided by these regulations. All payments sent by mail should include the payee's Panther ID number and citation number.

2. Appeals Process and Procedures. Appeals of citations for university parking infractions and towing/vehicle immobilization procedures and charges may be instituted by filing a written appeal through the Florida International University web site URL <http://parking.fiu.edu> or at the Department of Parking and Transportation on the "Florida International University

Department of Parking and Transportation CITATION APPEAL FORM”, Form PT #04 Appeal Form RVSD. 04/2009, according to the instructions provided on the form. ~~The This~~-form is ~~hereby~~ incorporated by reference into this regulation. County citations are not open to appeal through the University appeal process. County citations must be processed through the Miami-Dade County Court system. The Citation Appeal Form PT #04 may be obtained at the Department of Parking and Transportation, the web site and at other locations throughout the University, such as the Visitor Information Center and Public Safety Department at both campuses. Inability to locate parking spaces or the failure of others to observe these regulations shall not be considered to be valid defenses. The completed Citation Appeal Form must include a current and accurate mailing address or email address where notices can be sent to and received by the Appellant. Complete Citation Appeal Forms will be forwarded by the Department of Parking and Transportation to an Appeal Hearing Officer for review and decision. ~~Appellants do not have the option to appear in person.~~

a. Appeal Hearing Officers. There shall be appointed on each campus a University Appeal Hearing Officer or Officers who shall be responsible to resolve appeals of citations for university parking infractions and/or towed or immobilized vehicles. The Appeal Hearing Officer(s) of each campus shall be appointed, by the appropriate vice president, to serve a two-year term, and may be appointed for additional terms. It is intended that Appeal Hearing Officers will be members of the University Community.

b. Appeal Hearing Officer Procedures. Appeal Hearing Officers will receive and evaluate written appeals. They will be guided by the Parking Regulations and shall consider any relevant circumstances, as articulated in the written appeal, in making their decision(s). Appeal Hearing Officers may request further information or interview the appellant, witnesses or the citing officer. Appeals will be reviewed and appellants notified by mail.

c. Appeal Hearing Officer Decisions. Following consideration of the grounds for an appeal, the Appeal Hearing Officer shall decide on the appeal. The Appeal Hearing Officer's decision shall contain findings of fact and be reduced to writing and a copy shall be furnished to the appellant by the Department of Parking and Transportation. The decision of the Appeal Hearing Officer is final without further right of review. Upon denial of an appeal, the fine assessed shall be paid within ten (10) business days of the date of notification to the appellant or a late fee will be assessed.

(d) Immobilization, Towing and Impoundment-Appeals. The University may immobilize, tow and/or impound any vehicle which is found to be parked illegally or in violation of these regulations. Parking after failing to pay a parking citation(s) within the allotted time constitutes illegal parking. A person whose vehicle has been immobilized, towed and/or impounded may appeal the tow or immobilization by filing a written appeal within ten (10) business days from the date of the impoundment. An Appeal Hearing Officer shall review the appeal within seventy-two (72) hours of receipt of the written appeal. The appellant shall receive notification of the appeal decision through the mail. If the immobilization or tow appeal is granted, the University shall refund the amount charged for the immobilization or tow. In lieu of the appeal, or pending such appeal, or if the appeal is denied, the owner of the vehicle or his/her authorized agent may obtain release of the vehicle by paying the citation(s), the immobilization and/or towing charges and any applicable delinquent fines.

(e) University Departmental Events. All departments hosting an event, which will require additional visitor parking for guests, will require visitor permits for each vehicle per day. Pre-purchased parking spaces are available by contacting the Department of Parking and

Transportation no later than three (3) business days, but preferably five (5) business days before the date of the event. Departments are encouraged to post directional signs for each event.

Specific Authority- BOG Regulation 1.001(3)(k) and 1001.74(2)(j) and (6), 1006.66 FS. Law Implemented 1001.74 (2)(j) and (6), 1006.66 FS. History--Formerly 6P-5.06, 10-1-75, Repromulgated 12-23-76, Amended 1-15-80, 8-20-81, 4-24-83, 8-12-85, Formerly 6C8-5.06, Amended 7-6-86, 8-31-89, 7-17-90, 7-21-91, 8-25-93, 10-26-93, 8-17-94, 8-20-95, 8-11-96, 6-12-97, 7-08-99, 5-16-00, 5-24-01, 7-25-02, 12-2-02, 8-11-03, 6-1-04, 6-1-05, Formerly 6C8-5.006, Amended 6-2-06, 7-12-07, 8-11-08, 6-29-09, Amended, _____.

APPEAL DATE: _____ **Florida International University**
Department of Parking & Transportation APPEAL# _____

CITATION APPEAL FORM VALID DECAL: YES ☐ or NO ☐
DATE ISSUED: _____

AN APPEAL HEARING OFFICER WILL REVIEW THIS APPEAL.

APPELLANTS DO NOT HAVE THE OPTION TO APPEAR IN PERSON.

THIS APPEAL FORM MUST BE SUBMITTED NO LATER THAN 10 BUSINESS DAYS FROM THE DATE OF CITATION

() STUDENT () FACULTY/STAFF () VISITOR () VENDOR/CONTRACTOR

PLEASE PRINT

PANTHER ID #: _____

CITATION #: _____

NAME: _____

DATE OF CITATION: _____

ADDRESS: _____

VEHICLE PLATE #: _____

CITY: _____ ST: _____ ZIP: _____

VIOLATION CODE: _____

HOME PHONE #: _____

VIOLATION DESC. : _____

ALTERNATE PHONE #: _____

LOT #/UNIT #/TIME: _____

E-MAIL: _____

I wish to appeal for the following reason (s): _____

I certify that the statements made above are true and correct to the best of my knowledge and belief. **I understand that the decision of the appeal-hearing officer is final without further right of review.** Once I receive my appeal results, whether denied or reduced, I agree to pay the amount due within 10 business days after receiving the appeal results. If payment is not received within the allotted time, a late fee will be assessed. If appeal status notification has not been received within 2 weeks from signature date, it is the appellant's responsibility to conduct a follow up by calling any of our Parking & Transportation offices at UP Campus (305) 348-3615 or BBC (305) 919-5558.

SIGNATURE: _____ DATE: _____

() DENIED () GRANTED () WARNING: NO FINE ISSUED () REDUCED FINE TO \$ _____

APPEAL HEARING OFFICER COMMENTS: _____

APPEAL HEARING OFFICER: _____ DATE: _____



Parking & Transportation

Lost or Stolen Decal Affidavit

The Department of Parking & Transportation has adopted the following policy to deal with situations where a decal ~~or hang-tag~~ is lost in the mail, stolen off of a vehicle, or lost by its recipient. If lost or stolen, the person must purchase a duplicate decal to replace the missing one. Person claiming decal was lost/stolen needs to file a report with FIU Police and bring a copy of the police report to attach to this affidavit.

When the decal is stolen off of a vehicle and is subsequently recovered, the applicant is allowed to apply for a refund for the price paid for the duplicate decal (subject to verification by Parking & Transportation within 30 days of decal purchase.)

In instances where the decal ~~or hang-tag~~ is mailed out, but never received by the applicant, it is considered lost/stolen once an affidavit is filled out. Another decal of the same category will be issued at no charge. (Subject to verification by Parking & Transportation and within 30 days of decal purchase/ordered. After this period a duplicate must be purchased). If the applicant later has possession of the decal ~~or hang-tag~~, the applicant must report the recovery to the Department of Parking & Transportation. The decal ~~or hang-tag~~ must be returned to Parking & Transportation.

Persons wishing to file a lost or stolen decal report must fill out the affidavit swearing the information contained in the report is true. Furthermore, the person is thus informed that providing false misleading information may result in impoundment of the vehicle, fines totaling \$100.00 or more, and a referral to the University authorities for disciplinary action.

PLEASE PRINT:

| | | |
|-----------------------|------------|------------|
| _____ | _____ | _____ |
| Last Name, | First Name | Panther ID |
| _____ | | |
| Local Mailing Address | | |
| _____ | _____ | _____ |
| City | State | Zip Code |
| _____ | _____ | _____ |
| | | Telephone |

Provide a brief explanation: _____

My signature, below, indicates that I have read and understand this Department of Parking & Transportation Lost or Stolen Decal Affidavit.

| | |
|-----------|-------|
| _____ | _____ |
| Signature | Date |

| | | | |
|------------------------|------------------------------|-------------------------|--|
| FOR OFFICE USE ONLY | | | |
| CLERK _____ | POLICE REPORT ATTACHED _____ | | |
| PREVIOUS DECAL # _____ | NEW DECAL # _____ | | |
| LOST IN MAIL _____ | STOLEN _____ | LOST BY APPLICANT _____ | |

PT#11 Revised 06/2010-4/09

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
May 20, 2010

Subject: Proposed 2010-2011 - Fixed Capital Outlay Budget

Proposed Committee Action:

Recommend to The Florida International University Board of Trustees (the BOT) approval of the University's 2010-2011 Capital Outlay Budget and authorize the University President to amend the budget as necessary, consistent with Board of Governors and Board of Trustees directives and guidelines.

Background Information:

Section 1013.61, Florida Statutes, requires the Florida International University Board of Trustees adopt a capital outlay budget for the ensuing year in order that the capital outlay needs of the Board for the entire year may be well understood by the public. The capital outlay budget is part of the annual budget and shall be based upon and in harmony with the Board's capital outlay plan. The budget shall designate the proposed capital outlay expenditures by project for 2010-2011 from all fund sources, as amended.

The Capital Outlay Budget governs the University's capital expenditures during the year. The budget is required to be approved by the Board of Trustees prior to July 1, 2010.

| | |
|----------------------------------|---|
| Supporting Documentation: | 2010-2011 Capital Outlay Budget Request for Florida International University |
|----------------------------------|---|

| | |
|-------------------------------|-----------------|
| Facilitator/Presenter: | Kenneth Jessell |
|-------------------------------|-----------------|

This page intentionally left blank

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

PUBLIC EDUCATION CAPITAL OUTLAY PROJECTS (PECO)

| | |
|--|-------------------------|
| Utilities / Infrastructure / Capital Renewal / Roofs (P, C, E) | \$6,221,914 |
| Public Safety Building Supplement – MAM (P, C, E) | \$1,272,772 |
| Social Sciences – Phase I Completion – MAM (P, C, E) | \$4,150,000 |
| Science / Classroom Complex – MAM (C, E) | \$3,982,942 |
| Satellite Chiller Plant Expansion (P, C, E) | \$7,000,000 |
| Stocker Astrophysics Center, MAM BT-814 (P, C, E) | \$1,600,000 |
| Student Academic Support Building (C, E) | <u>\$17,646,976</u> |
| TOTAL 2010-2011 CAPITAL OUTLAY BUDGET REQUEST | \$41,874,604 |

P = Planning
C = Construction
E= Equipment

This page intentionally left blank

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

May 20, 2010

Subject: Approval of Resolution Requesting the Florida Department of Management Services Issue Bonds through the Florida Facilities Pool Revenue Bond Program for the Purpose of Financing a Facility for the Miami-Dade County Health Department on the Modesto A. Maidique Campus of Florida International University

Proposed Committee Action:

Recommend to The Florida International University Board of Trustees (the BOT) approval of a Resolution requesting the issuance of debt/bonds through the Florida Facilities Pool Revenue Bond Program by the Department of Management Services (DMS) to finance the construction of a facility to house the administrative offices of the Miami-Dade County Health Department on the Modesto A. Maidique Campus at Florida International University.

Background Information:

Beginning in 2004, The Florida International University (FIU) and the Miami-Dade County Health Department explored the possibility of establishing an academic health department at FIU that will accomplish two major objectives: (1) better prepare public health students to meet the challenges associated with the health needs of a population in the 21st century and (2) achieve operating efficiencies and savings by consolidating health department operations. In September 2007, a presentation on this proposal was made to the Florida Board of Governors (BOG) by former University President Modesto A. Maidique and Dr. Lillian Rivera of the Miami-Dade County Health Department. The BOG approved the FIU/Miami Dade project last year in its official Legislative Budget Request, and it was included in Section 78 of the 2009 General Appropriations Act.

By locating the Miami-Dade County Health Department at the Modesto A. Maidique campus of Florida International University, an innovative partnership will be established that will strengthen the educational experience of students who are interested in careers in public health and related professions. The Academic Health Department will be integrated with FIU's programs in the Herbert Wertheim College of Medicine, the Robert Stempel College of Public Health and Social Work, the College of Nursing and Health Science, and the College of Arts and Sciences. The location at FIU will improve joint teaching, research, and clinical training opportunities for FIU students, faculty and the health professionals within the Miami-Dade County Health Department. Drawing upon the strengths of both institutions, opportunities for collaborative sponsored research programs focusing on improving health care to our citizens will be greatly expanded. Additionally, the collaboration will increase student internship opportunities that will allow FIU students to work hand-in-hand with public health experts, significantly enhancing the educational experience of students, particularly in a clinical and research environment. It is envisioned that the academic health department will become a nationally-recognized public health center that will serve not only as a valuable community and state resource but as a national model for public health education and research.

A Miami-Dade County Academic Health Department at FIU will enable the Department to consolidate their administrative and program offices from eight different locations throughout Miami-Dade County into a single facility as part of the Robert Stempel College of Public Health and Social Work, funded by Public Education Capital Outlay (PECO), and the Ambulatory Care Center, funded by a \$10 million grant from Miami-Dade County, both of which are in the design stage. The current office dispersion creates multiple operational difficulties and inefficiencies for the Department and logistical challenges for the Department's approximately 500 employees. Consolidating Department of Health operations into a single facility at FIU will generate a projected Net Present Value savings to the Health Department of at least \$8 million over the next 25 years.

The project has received legislative authorization as found in Section 40 of the 2010-11 Appropriations Bill and Section 68 of the Appropriations Implementing Bill, subject to approval by the Legislative Budget Commission. The Miami-Dade County Health Department and FIU are currently working with the Division of Bond Finance and the Department of Management Services to develop a financing program for the construction of an approximately 90,000 square feet building where the debt will be repaid from the lease payments made by the Health Department. The estimated debt issue is \$32.5 million and the facility cost is approximately \$27 million. The University and the Miami-Dade County Health Department entered into a 30-year lease agreement, with three 10-year extensions, in February 2008. The debt will be issued by DMS through the Florida Facilities Pool Revenue Bond Program. It is envisioned that the design, construction, operations, and maintenance of the building will be through FIU under an operating agreement with DMS.

| | |
|----------------------------------|---|
| Supporting Documentation: | Requesting Resolution Project Program; Draw Schedule; Sources and Uses of Funds; Debt Service Schedule; Security and Lien Description; Financial Projections |
| Facilitator/Presenter: | Kenneth Jessell |

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

May 20, 2010

Subject: A Resolution Requesting the Issuance of Debt/Bonds through the Florida Facilities Pool Revenue Bond Program to Finance the Construction of the Miami-Dade Academic Health Department Facility on the Campus of Florida International University, Providing an Effective Date.

BE IT RESOLVED BY THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES:

Section 1. The Board of Trustees of the Florida International University (the “University”) hereby requests the Florida Board of Governors to request that the Department of Management Services of the State of Florida (“DMS”) and/or the Division of Bond Finance of the State Board of Administration of Florida (the “Division”) issue bonds through the Florida Facilities Pool Revenue Bond Program in an amount not exceeding \$32,500,000 (the “Bonds”) for the purpose of financing (i) the construction of a facility to house the state’s first Academic Health Department (the “Project”) on the Modesto A. Maidique campus of the University, (ii) capitalized interest, (iii) a debt service reserve and (iv) certain costs of issuing the bonds. An Academic Health Department is an organized partnership between schools of public health, medicine, nursing and allied health sciences with public health departments. These partnerships create dynamic academic-practice collaborations, which effectively pool the assets of all institutions involved.

Section 2. The Project, one of three components in the University’s Stempel Complex Project BT-877, will consist of an approximately 90,000 square foot joint-use facility comprised of administrative offices, laboratories and clinical space. The other two components of BT-877 include a previously funded \$23.3 million Robert Stempel College of Public Health and Social Work academic facility and a new \$10.0 million Ambulatory Care Center funded by a grant from Miami-Dade County. The Project will be located within the University’s Academic Health Sciences Center, which includes the Herbert Wertheim College of Medicine, the Robert Stempel College of Public Health and Social Work, the College of Nursing and Health Sciences, and the College of Arts and Sciences. The Project will consolidate the administrative offices of the Miami-Dade County Health Department/Florida Department of Health (“MDCHD/FDOH”). Furthermore, the Project will allow for collaborative teaching, research and clinical training with the University. The Project is reflected on the approved master plan for the University and is consistent with the mission of the University because it will (1) increase joint teaching, research, and clinical training opportunities for FIU students, faculty and health professionals in the health department, (2) expand opportunities for both institutions to collaborate in attracting grants that can help improve health care in the region and (3) potentially create internship opportunities for FIU students to work with public health experts in a clinical and research environment. The facility will include a public health teaching clinic with an environmental laboratory and a nutrition/ breastfeeding program. By consolidating administrative offices at the University, the MDCHD/FDOH is expected to save the state at least \$8 million over the next 25 years from operating efficiencies. Construction of the Project is expected to begin in May/June 2011 and to be completed by December 2012/January 2013. Proceeds of the Bonds are anticipated to be

sufficient to complete the construction of the Project without the use of additional funds. Legislative approval of the Project has been obtained pursuant to Section 40 of the 2010-2011 General Appropriations Act (HB 5001) and Section 68 of the Implementing Act (HB 5003).¹ No proceeds of the Bonds will be used to finance operating expenses of the University.

Section 3. The Bonds are to be secured by payments paid by or on behalf of FIU from lease payments received from the MDCHD/FDOH under a Lease Agreement between FIU and the MDCHD/FDOH to the DMS for deposit into the Public Facilities Financing Trust Fund. The DMS, the Division and the University are legally authorized to secure the Bonds with the revenues to be pledged pursuant to Section 40 of the 2010-2011 General Appropriations Act (HB 5001) and Section 68 of the Implementing Act (HB 5003). The University is also committed to ensuring that sufficient revenues will be generated to fulfill the obligations with respect to the Bonds.

Section 4. The Bonds will mature not more than 30 years after issuance, including any extensions or renewals thereof. The Project has an estimated useful life of 60 years, which is beyond the anticipated final maturity of the Bonds. The Bonds will bear interest at a fixed interest rate.

Section 5. The Bonds will be sold through competitive sale by the Division on behalf of and at the request of DMS. Any selection of underwriters or financial advisors will be accomplished by the Division through a competitive selection process. Any bond insurance or other credit enhancement will be chosen through a competitive selection process analyzing the cost of the insurance or credit enhancement and the expected interest cost savings resulting from their use.

Section 6. The Board of Trustees will assist the DMS and the Division in ensuring compliance with all requirements of federal and state law relating to the Bonds, including but not limited to, laws relating to maintaining the exemption from taxation of interest payments on the Bonds and continuing secondary market disclosure of information regarding the Bonds.

Section 7. The University President, Chief Financial Officer, or their respective designees, are hereby authorized to take all actions and steps, to execute all instruments, documents, and contracts, and to take all other actions as they may deem necessary or desirable, in connection with the execution, sale and delivery of the Bonds.

Section 8. In making the determination to finance the Project, the Board of Trustees has reviewed the information attached to Appendix A.

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

Adopted this _____ day of ____, 20__.

¹ The foregoing legislation was recently enacted by the Florida Legislature and is pending final approval by the Governor.

Appendix A

The following documents have been reviewed by the Board of Trustees prior to the execution of this Resolution:

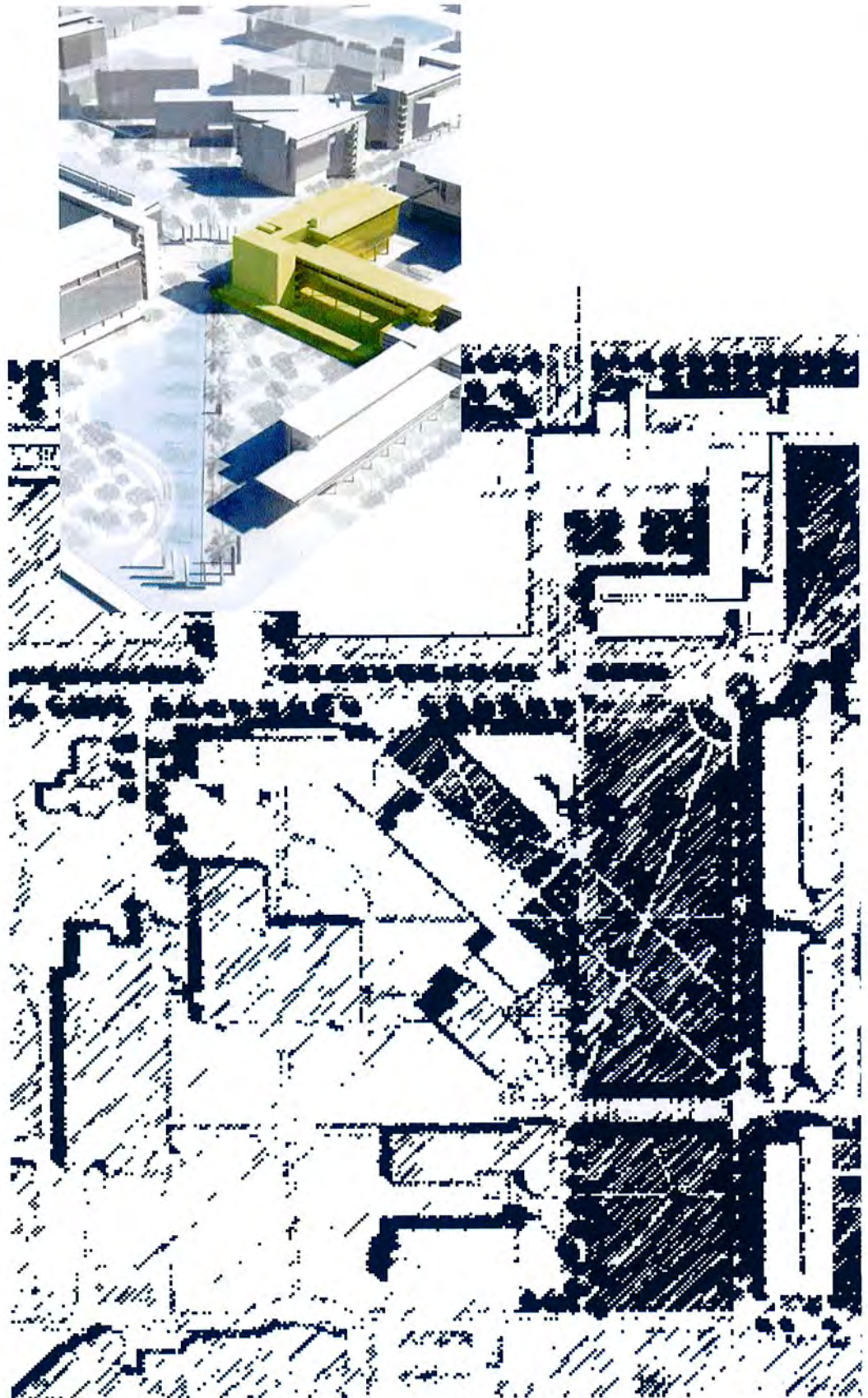
- a. the project program;
- b. a draw schedule for the project;
- c. sources and uses of funds for the project;
- d. an estimated debt service schedule;
- e. a description of the security supporting repayment and the lien position the debt will have on that security;
- f. a five year history, if available, and a five year projection, of the pledged revenues and the debt service coverage;

Appendix A - **Item a.**

Project Program

BT877 Stempel Complex

Florida
International
University



ROBERT STEMPEL COLLEGE OF PUBLIC HEALTH AND SOCIAL WORK / AMBULATORY CARE CENTER / MIAMI-DADE COUNTY HEALTH DEPARTMENT

I - FACILITY PROGRAM

February 16, 2010



Stempel Complex

FACILITIES PROGRAM

Robert Stempel College of Public Health and Social Work · Ambulatory Care Center · Miami-Dade Health Department
Florida International University Modesto A. Maidique Campus

February 16, 2010

II. FACILITY PROGRAM COMMITTEE

This building program represents the University's requirements for the development of the Stempel Complex (Graduate Classroom Building). It is a comprehensive effort of the members of the Building Program Committee who have each contributed, by drawing from their expertise and respective responsibilities, the essential information required by the architects and engineers to conceptualize and develop the project. This committee will monitor the development of the design and assist the design Architects/Engineers and Landscape Architects by refining details and clarifying any ambiguities herein in a manner consistent with this program. Coordination of program requirements (compatibility, standards, finishes, utility connections, equipment, etc.) and scheduling throughout the duration of the project will be maintained by the University's Facilities Construction Department.

The members of the Program Committee are:

Chairperson:

José A. Rodríguez, R.A. Director, Facilities Operations Analysis

Members:

For the Robert Stempel College of Public Health and Social Work:

Fernando Treviño, Dean
Gilbert Ramirez, Associate Dean
Virginia McCoy, Associate Dean/Chair, Health Promotion and Disease Prevention
Paul H. Stuart, Director, School of Social Work
Maryann Camps Gato, Director of Budget and Operations, Office of the Dean
Jorge Vasquez, Associate Director for Research, Office of the Dean
Fatma Huffman, Chair, Dietetics and Nutrition
Nasar U. Ahmed, Chair, Epidemiology and Biostatistics
Deodutta Roy, Chair, Environmental and Occupational Health

For the Miami-Dade County Health Department:

Lillian Rivera, Administrator
Samir Elmir, Director, Division of Environmental Health & Engineering
Denise West, Director, WIC
Bobby Glass, Facilities and Safety Manager
Roland Pierre, Operation Management Consultant

For the Office of Sponsored Research:

Andres G. Gil, Vice President for Sponsored Research

For the Herbert Wertheim College of Medicine:

J. Patrick O'Leary, MD, Executive Associate Dean of Clinical Affairs
Stephanie Schmidt, COO, College of Medicine Health Care Network
Mark Multach, MD, Associate Professor and Chair, Department of Medicine
David Brown, Assistant Professor, College of Medicine
Fernando Valverde, MD, Associate Dean for Community and Clinical Affairs



Stempel Complex

FACILITIES PROGRAM

Robert Stempel College of Public Health and Social Work · Ambulatory Care Center · Miami-Dade Health Department
Florida International University Modesto A. Maidique Campus

February 16, 2010

Ex-Officio:

Associate Vice President, Planning & Institutional Effectiveness
Associate Vice President Business & Finance / Facilities Management
Associate Director, Facilities Management/Operations
Vice President & CIO, Information Resource Management
Chairperson, Faculty Senate
Ad Hoc Building and Environmental Committee
Associate Director, Facilities Management/Utilities
Director, Auxiliary Services
Director, Purchasing
Director, Facilities Planning
Director, Facilities Operations Analysis
Director, Facilities Management, Minor Projects and Construction
Senior Project Manager



Stempel Complex

Robert Stempel College of Public Health and Social Work · Ambulatory Care Center · Miami-Dade Health Department
Florida International University Modesto A. Maidique Campus

FACILITIES PROGRAM

February 16, 2010

Part 1.0 INTRODUCTION / EXECUTIVE SUMMARY

Project BT877 Stempel Complex combines three distinct yet related programs in one complex: the **Robert Stempel College of Public Health & Social Work (RSCPHSW)**, the **Herbert Wertheim College of Medicine's Ambulatory Care Center (ACC)**, and **Miami-Dade County Health Department (MDCHD)**.

Due to the inability to secure funding for the third component of the complex (the MDCHD), this Facilities Program, as of its effective date, shall serve as a guide on the future scope of the development. The information herein is intended to give guidance for the overall planning of the complex. If funding for the design and construction of the MDCHD is secured, this program will be reissued in its entirety incorporating the final approved program for the MDCHD. It is the University's intent and instruction to the Architect to anticipate how the development of this third component may be integrated in the overall design of the complex.

1.1 Robert Stempel College of Public Health & Social Work

The RSCPHSW will provide administrative, faculty and staff offices, research and teaching labs for the Robert Stempel College of Public Health and Social Work. The following departments are included:

- Biostatistics
- Dietetics and Nutrition
- Research Labs (inclusive of Tissue Culture)
- Environmental
- School of Social Work
- Epidemiology (Labs will remain at adjacent OE Building)
- Health Policy and Management
- Health Promotion & Disease Prevention
- Student & Alumni Affairs
- Office of the Dean

No formal classroom instructional spaces will be included in the building; lower division classes will remain at other sites on the MMC and BBC Campuses. Work areas for graduate and doctoral level students working in the research laboratories within the RSCPHSW and the MDCHD are included in the program. The building program includes food and nutrition teaching labs for Dietetics and Nutrition. Flexible research laboratory spaces for Environmental & Occupational Health and Dietetics & Nutrition will include tissue culture labs shared between Departments, and confocal laser microscopy.

The program further envisions flexible biological safety level 2 (BL2) capable laboratory spaces within the MDCHD to be shared by multi-disciplinary teams from the University and the DOH where comprehensive infectious disease or other aspects affecting public health will be the subject of investigations. The anticipated users for this facility are to be recruited/identified during and possible after construction. Thus, flexibility in the design to accommodate specific needs with minimal revision costs is critical.

In the eventuality that MDCHD is built, it is the University's intent for the RSCPHSW and the MDCHD to share resources in research, programs, and issues which are complementary and will involve University students. Facilitating this interaction shall be a prime consideration in designing a complex which can grow with the infusion of the MDCHD, bolstering this interaction. The vision for this facility is of a synergistic environment where Health Department staff, researchers, and university faculty and research staff from various disciplines can congregate and traverse en route to their daily tasks - creating a venue wherein casual meetings between faculty, staff, and students from the medical, nursing, public health disciplines



Stempel Complex

Robert Stempel College of Public Health and Social Work · Ambulatory Care Center · Miami-Dade Health Department
Florida International University Modesto A. Maidique Campus

FACILITIES PROGRAM

February 16, 2010

working in research labs and clinics can congregate, take a break, grab a cup of coffee...creating a Forum of knowledge for the complex.

1.2 Ambulatory Care Center

The second component of this triad is the Herbert Wertheim College of Medicine's Ambulatory Care Center. The ACC 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 ACC will bring physicians practicing in the local community and COM faculty together with medical students, residents, and fellows. Space will include offices, examination and treatment rooms, multi-modality imaging center (with CT, X-ray, MRI, ultrasound and fluoroscopy), and an ambulatory surgery and Diagnostic center.

1.3 Miami-Dade County Health Department

The RSCPHSW has planned this component of the complex anticipating cooperative venue opportunities with the Miami-Dade County Department of Health. The University may build the complex and lease space to the MDCHD. The following listing includes the MDCHD departments anticipated in the facilities program, subject to final review and revision once funding is secured for the project:

- Administration
- Legal & Contracts
- Finance & Accounting
- MIS (Management Information Systems) / IT
- Epidemiology / SIP
- WIC (Women in Crisis) & Nutrition
- WIC (Women in Crisis) / Breastfeeding Teaching Clinic
- Women's Health and Preventive Services
- CASS (Clinic Administration Supply Service)
- HMS (Health Management System)
- School Health
- Community Health
- HIV/AIDS
- PHEP (Public Health Preparedness Program)
- PHN (Public Health Nursing) – FIT Testing
- MDCHD/FIU Teaching Clinic
- Health Council of South Florida
- Laboratory Services (Open labs shared with RSCPHSW)
- Warehouse
- General Special Support (Wellness Center, Multi-Purpose Conference Area, Dressing Rooms)

The design team will need to address and reconcile the security requirements of the MDCHD with the openness of a university. Access control and security provisions will be an essential design feature for the complex.

The building will consolidate the Miami-Dade County Health Department's administrative, public health units, including some clinical research labs facilitating efficient and effective provision of state-of-the-art diagnostic and laboratory services. The complex will provide increased opportunities for interagency collaboration between Florida Department of Health's (FDOH) operations in Miami-Dade County, FIU's faculty and students permitting cross agency and departmental collaboration.



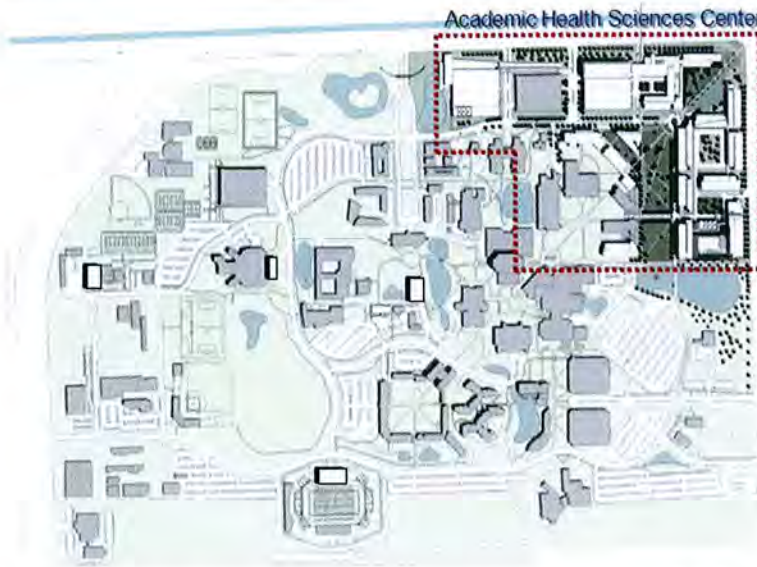
Stempel Complex

Robert Stempel College of Public Health and Social Work · Ambulatory Care Center · Miami-Dade Health Department
Florida International University Modesto A. Maidique Campus

FACILITIES PROGRAM

February 16, 2010

The goal is to strengthen existing public health laboratory sciences curriculum and facilitate establishment of new collaborations enhancing public health services and disease/disorder diagnostic capabilities. FDOH and FIU faculty & students will work cooperatively in the MDCHD laboratory and clinical space.



The complexity, significance and importance of the development of the Academic Health Sciences Center represent a critical phase in the growth of the University. The Master Plan envisions future expansions to the Ambulatory Care Center, eventually encompassing a hospital and medical office building. As depicted in the Master Plan of the Academic Health Sciences Center, the Stempel Complex constitutes the inception of the development of the clinical aspects of the Center.

This Facilities Program is limited to the specific program requirements of the Robert Stempel College of Public Health and Social Work. The specific programmatic goals of

the ACC are not clearly defined at the date of writing of this Stempel Complex Program, thus limited in scope to a Program Outline. The design team selected for this commission will be responsible for the development of a comprehensive building program for the ACC with the Program Committee in response to the business plan developed by the Hebert Wertheim College of Medicine.

1.4 Project Delivery

The design team shall provide for the design and development of contract documents for the complete project, bidding, and construction administration services related to the project where the construction delivery method shall be Construction Management at Risk. This project is proposed to be delivered using the **Construction Management - at Risk** Method. Criteria as stated in **BOG Regulation 14.0055**, justifies the decision to proceed with this delivery method based on its size and complexity requiring major emphasis on the qualifications of the contractor with continuity of construction management services through both the design and construction of its multiple phases and stakeholders.

In recognition of the University's commitment to sustainability practices and the inherent complexity of this building type, this Project will be designed and built to meet the USGBC's LEED v3 BD&C "Certified" rating level at a minimum, with "Silver" rating as a goal.

The size of the Stempel Complex project, encompassing the RSCPHSW and the ACC, is projected at approximately 83,696 gross square feet. The schedule envisions construction commencing in early 2011 with completion in Spring 2012. The construction budget, inclusive of site work costs, is expressed as approximately \$33.3M at the time of writing of this program. The MDCHD component may be added to the program and complex as funding becomes available. Details are provided in Parts 10 and 12 of the program.



Stempel Complex

Robert Stempel College of Public Health and Social Work · Ambulatory Care Center · Miami-Dade Health Department
Florida International University Modesto A. Maidique Campus

FACILITIES PROGRAM

February 16, 2010

Part 2.0 **ACADEMIC PLAN**

2.1 **The Robert Stempel College of Public Health and Social Work**

The Robert Stempel College of Public Health and Social Work is unique among the nation's accredited schools of public health in its interdisciplinary structure that combines the five major disciplines of public health in partnership with the disciplines of nutrition, dietetics and social work. This special blend of disciplines and programs afford the opportunity to better explore and understand the interrelatedness of social, biological, environmental and cultural determinates of health and well-being. The RSCPHSW strives to reflect the diversity of the greater community so as to maximize our understanding and effectiveness in providing cross-cultural health and mental health services in today's heterogeneous mix of cultures and languages. Elements serving as the foundation for the design of this facility include:

- Foster collaborative interdisciplinary interaction, education, and research within disciplines, between departments and between the university and the MDCHD. Create opportunities for structured as well as unstructured collaboration.
- Provide state-of-the-art laboratory and research space.
- Optimize the efficient use of laboratory and research areas within the RSCPHSW and the MDCHD integrating flexibility in their design spaces permitting research groups to expand and contract as needed.

The RSCPHSW will require spaces capable of addressing the needs of new and existing graduate programs, teaching and research laboratories and graduate, faculty, research, as well as administrative offices. It shall support the work of research faculty and research teams including doctoral and master graduate students in public health.

The facility will accommodate the following programs:

Dietetics & Nutrition

- Bachelor's, Master's, and Doctoral degrees and prepare students for careers in healthcare, prevention and research in dietetics and nutrition scientific and applied knowledge base.
- Goal is to train dietetic professionals who will promote nutrition as a critical part of disease treatment and prevention and integrate nutrition services into clinical, home and community-based health and social networks

Environmental and Occupational Health

- Focuses on graduate training in the areas of Environmental Health/Toxicology and Occupational Health to prepare professional and researchers to discover and analyze links between human health and exposure to the environmental and occupational factors.
- Intent is risk reduction and improvements in public health, as well as prevention and control of emerging environmental health problems such as exposure to toxic agents, hazardous waste, and various forms of radiation and infectious hazards in the workplace or community environment.
- Certificate programs, Master's degree, and PhD program in Environmental and Occupational Health.



Epidemiology & Biostatistics

- Epidemiology & Biostatistics currently are one department but will operate as two distinct units in near future. Mission is to provide leadership in detection, prevention and control of human disease, and to promote and protect the health and well being of the public through innovative research, education and training.
- Program equips students with analytic and quantitative skills in teaching as well as designing and conducting public health investigations, disease surveillance, program evaluations, innovative interventions, and methodological research.
- Objective is to produce experts in understanding and investigating the etiology of infectious and noninfectious diseases relevant to prevention and control.
- Epidemiology is "the study of the distribution and determinants of health-related events in human population". It is the science of prediction, prevention and promotion of the health events. Can involve the epidemiology of acute and chronic diseases, molecular and genetic aspects of disease, environmental and occupational health conditions, and behavioral and social science to understand phenomena - from observational fields to high-tech sophisticated laboratories and software applications.
- Biostatistics is the application of statistics to biology and most commonly, to medicine, public health, and health sciences. Statistics is the science and practice of developing knowledge through the use of empirical data expressed in quantitative form. Statistical practice includes the planning, summarizing, and interpreting of observations, allowing for variability and uncertainty.
- Master of Public Health program with a specialization in Epidemiology or Biostatistics; Doctoral program leading to Ph.D. in Public Health with a specialization in Epidemiology.

Health Policy & Management

- Goal is to attain knowledge and skills related to healthcare delivery and healthcare policy.
- Bachelor's of Health Services Administration (BHSA) provides foundation in management and supervisory skills in healthcare organizations.
- Master of Health Services Administration (MHSA) program provides professional education for management careers in health services organizations. Formal studies stress foundation of professional knowledge, skills and competencies in management, planning, analytic and policy functions of health services administration.
- Program utilizes a variety of local hospitals, long-term care facilities, mental health programs, multi-institution corporations, emergency medical systems, health maintenance organizations, community health centers, and related public health and private agencies to give students supervised field experiences and a 'practical laboratory' for operational research in health service administration.

Health Promotion & Disease Prevention

- Mission is to educate students who will assist individuals, groups, organizations and communities in adopting, maintaining, and enhancing lifestyle activities which are conducive to good health. Community based practice and research emphasizes the needs of ethnically diverse and underserved populations of South Florida.

School of Social Work

- Mission is to educate students for professional social work service and leadership in local, national, and international domains.
- Bachelors (BSSW), MSW) and Doctor of Philosophy (Ph.D.) degrees in Social Work.



Stempel Complex

FACILITIES PROGRAM

Robert Stempel College of Public Health and Social Work · Ambulatory Care Center · Miami-Dade Health Department
Florida International University Modesto A. Maidique Campus

February 16, 2010

- Emphasis placed on achieving comprehensive, developmental, and community oriented understanding of problems, issues, alternatives, and needs of an urban society faced with rapidly changing social, political, economic, and cultural conditions.
- Profession is concerned with preventing and ameliorating social problems and enhancing the quality of human life. Professional practice focuses on transactions between people and their environments that affect their ability to accomplish life tasks, alleviate distress, and realize individual and collective aspirations.

2.2 Ambulatory Care Center

The Ambulatory Care Center will house the following initial clinical programs, in response to the market needs of the West Miami-Dade area and the needs of a university medical school:

- Family Medicine
- Primary Care

The academic nature of the facility places it in the new Academic Health Sciences Center. The facility will be built as a section of the new building housing the Robert Stempel College of Public Health and Social Work and the Miami-Dade County Health Department. Adjacent on site are the College of Nursing and Health Sciences Building (completion December 2009), the HWCOC, currently housed in the existing Health and Life Sciences Building, and a new Science Classroom Complex (completion Spring 2012).

The ACC shall be designed to meet all standards established by the Accreditation Council for Graduate Medical education (ACGME) for resident training in all specialties contemplated, notably the stringent requirements for Family Medicine. It is anticipated that students from all of the various health care related specialties will potentially be educated on the campus in the care of patients. With the major national initiative to establish criteria for maintenance of competence in training physicians, a portion of the facility could be developed to meet this pressing need for physicians in this area.

2.3 Miami-Dade County Health Department

The mission of the MDCHD is to promote and protect the health of our community through prevention and preparedness today for a healthier tomorrow. The Stempel Complex presents a singular opportunity to bring to fruition the partnership created by the **Affiliation Agreement between the Florida International University Board of Trustees and the Florida Department of Health (FDOH)**, dated September 26, 2007.

The intent, once funding is secured for the project, is to construct a complex enhancing and supporting FIU's missions of education, research, and service, by providing increased opportunities for interagency collaboration between FDOH, FIU and its faculty and students. It will provide the ability for FDOH and FIU faculty and students to work cooperatively in FDOH laboratory and clinical spaces while opening opportunities for cooperation in securing and implementing public health-related research grants and contract studies.

The specific goals of this Affiliation Agreement are:

- Enhance disease/disorder diagnostic capabilities of DOH through the establishment and maintenance of close relationships with FIU faculty



Stempel Complex

FACILITIES PROGRAM

Robert Stempel College of Public Health and Social Work · Ambulatory Care Center · Miami-Dade Health Department
Florida International University Modesto A. Maidique Campus

February 16, 2010

- Strengthen existing and develop new education programs both at FIU and DOH in the field of public health
- Strengthen existing public health laboratory sciences curriculum and facilitate establishment of new collaborations between DOH and FIU faculty and students who will work cooperatively in the DOH laboratory and clinical space at the Building
- Form a consortium wherein DOH and FIU cooperate in securing and implementing public health-related research grants and contract studies
- Allow for the collaboration of DOH and FIU personnel and to provide a common base for the Robert Stempel College of Public Health and Social Work, the College of Nursing and Health Sciences, and the Herbert Wertheim College of Medicine to cooperate on studies and activities relating to public health practices
- Establish a nationally-recognized FIU-DOH Public Health Center / Institute of Excellence
- Relocate MDCHD's administrative, clinical research labs and public health services to FIU's Academic Health Sciences Center
- Provide increased opportunities for interagency collaboration between DOH, FIU and its faculty and students



Stempel Complex

Robert Stempel College of Public Health and Social Work · Ambulatory Care Center · Miami-Dade Health Department
Florida International University Modesto A. Maidique Campus

FACILITIES PROGRAM

February 16, 2010

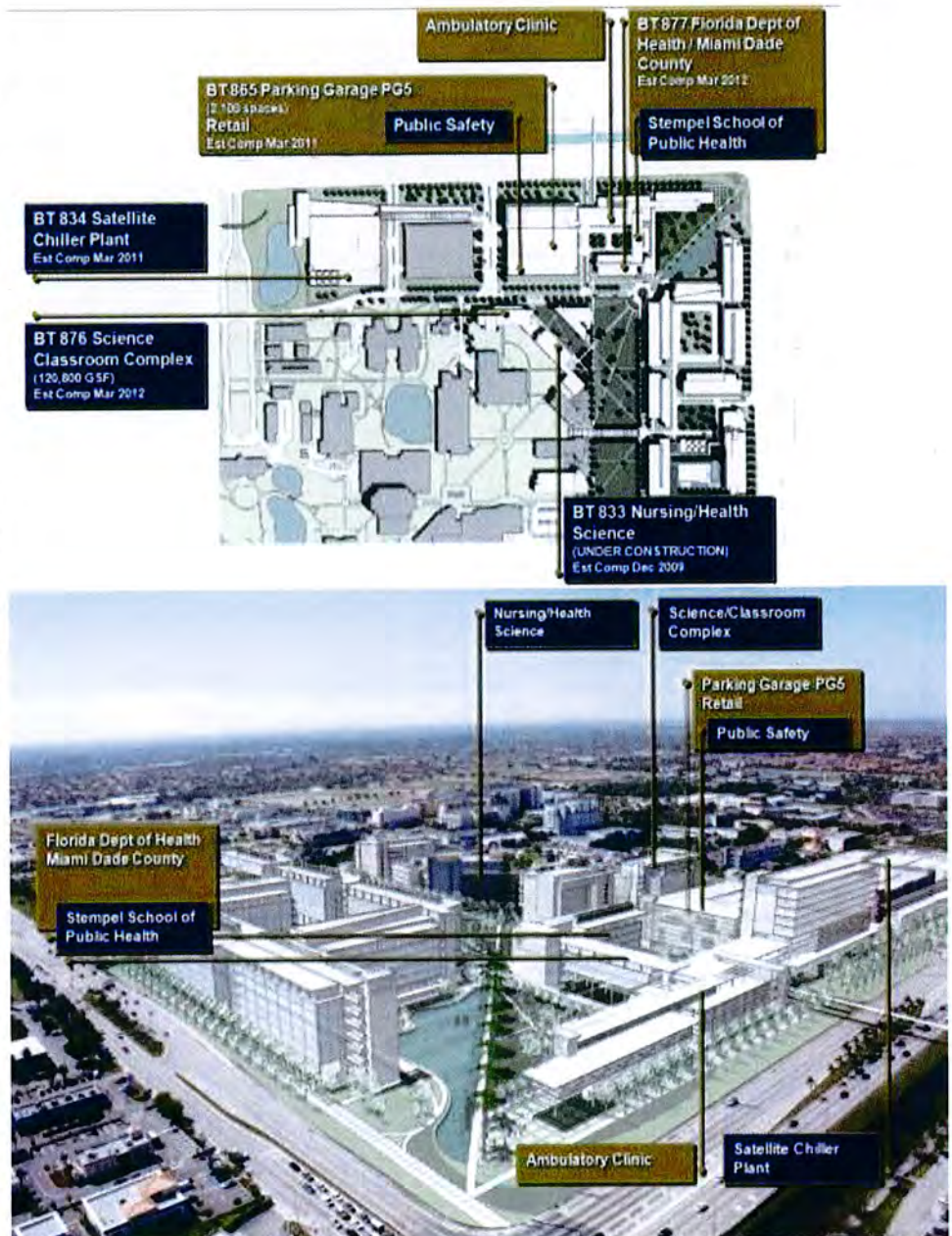
Part 4.0 ANALYSIS OF IMPACT ON MASTER PLAN

This project is consistent with the "Educational Plant Survey" recommendations of May 2006 and the 2000 – 2010 Campus Master Plan update.

In defining and establishing the Academic Health Sciences Center (AHSC), the University commissioned the firm of Perkins and Will to develop a master plan in 2007-2008 outlining the major program growth for this sector over a five, ten and twenty year span.

The plan envisions integrating the University's **Herbert Wertheim College of Medicine, College of Nursing and Health Sciences, the Robert Stempel College of Public Health and Social Work** as well as the **Miami-Dade County Health Department** and an **Ambulatory Care Center** into more than a mere collection of buildings. The concept governing the AHSC is to develop a coherent and identifiable precinct that will enable the personal and highly interactive relationship between the individual educational, research and clinical components. As such, it defines buildings and spaces that seek to foster integration and interaction between these programs as well as with the larger academic campus and community.

FIU's is seeking an integrated inter-disciplinary approach to education, training, research, and health care on campus and extending into the community. Through partnerships with local health care providers FIU seeks to be improving the quality and access to health care while providing educational opportunities to the region's diverse population.





Stempel Complex

Robert Stempel College of Public Health and Social Work · Ambulatory Care Center · Miami-Dade Health Department
Florida International University Modesto A. Maidique Campus

FACILITIES PROGRAM

February 16, 2010

Part 5.0 SITE ANALYSIS



The satellite image of the campus precinct, as it exists today, depicts the existing fabric and context of the proposed site. The critical logistical components of the project will be adjacent construction sites. PG5 will be nearing completion just west of the project; the Science Classroom Complex will be underway concurrently; and the College of Nursing and Health Sciences will be completed by the time construction commences. Adjacencies to existing and planned components of the AHSC will be critical factors in design.

The project will require a covered walkway along its southern edge to continue the pedestrian path designed along the edges of PG5. A new access entry/egress (theoretical SW 108th Avenue) will provide direct access of US 41 (SW 8th Street) for community visitors, deliveries and services.

The displayed site plan represents the proposed project boundaries in context with existing conditions and initial proposed development within the Academic Health Sciences Center. All construction work will be staged and scheduled to maintain safe and orderly campus operations, inclusive of vehicular traffic and pedestrian access to existing facilities.



The proposed building site for this new complex is a pivotal location adjacent to the new College of Nursing and Health Sciences (CNHS) completed December 2009.

The site sketch shown on the next page represents the mid-term development outlook for the AHSC. A new



Stempel Complex

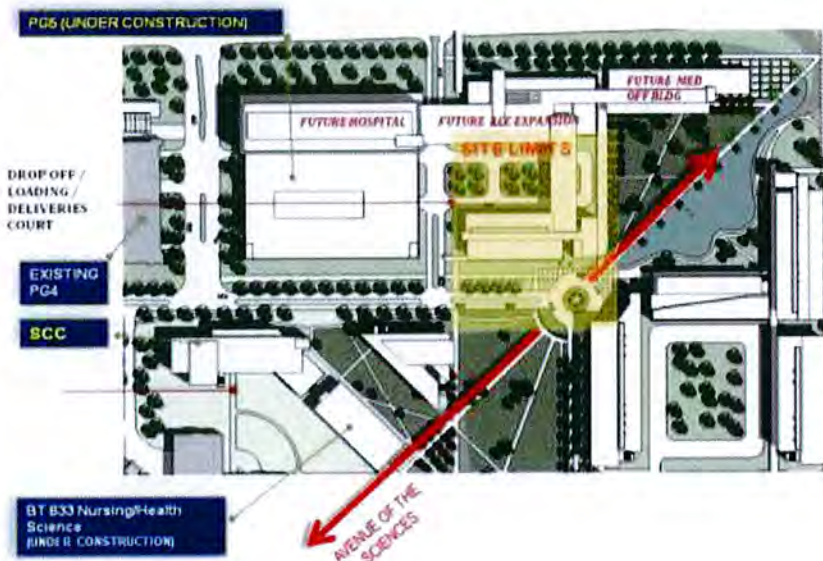
Robert Stempel College of Public Health and Social Work · Ambulatory Care Center · Miami-Dade Health Department
Florida International University Modesto A. Maidique Campus

FACILITIES PROGRAM

February 16, 2010

satellite chiller plant which will provide chilled water redundancy from the campus' Central Utilities Plant complex will be constructed under a separate project west of the existing PG4. A new utilities corridor will be constructed as part of the North Loop Road (SW 11th Street) realignment and widening.

The extension of SW 11th Street to the roundabout feature, as a terminus for the Avenue of the Sciences contemplated by the master plan, will be completed under a separate contract. Other pedestrian and plaza site improvements will be included under this project.



The site selection for this project recognized the need for an easily recognizable and accessible landmark by the general public. The adjacency to the proposed garage #5 and possible future connections to a Metro Rail station on SW 8th Street will facilitate access to the complex.

The plan calls for locating the Ambulatory Care Center at the northern edge. Future expansion of the clinic, a future Medical Office building and a hospital north of PG5 are envisioned in the Master Plan.



The complexity of the building program will require and challenge the designer to articulate and differentiate the project's components, anticipate a possible inclusion of the MDCHD as funding is secured for the project, and to envision the complex as a focus and terminus of the proposed green mall to the south.

Consideration not only to the programmatic needs of the building but to the adjacencies, circulation, access points, service corridors and interactions with adjoining facilities is required. The project will have a significant impact on existing pedestrian flows between the garage and the campus during and after construction. Existing desirable trees will be root pruned and relocated to other campus sites prior to commencement of construction activities.

Soil investigations on soil conditions, bearing capacity and percolation rates shall be determined by the geotechnical/structural engineer retained by the selected firm. Soil borings shall further evaluate water table elevation and other site drainage criteria.

The site is in FEMA flood Zone 'X' area of the 500 year flood, with areas of the 100 year flood with average depths of less than 1 foot or with drainage areas less than 1 square mile, and areas protected by levees from 100 year flood. The Master Plan further projects the development of the Miracle Gardens to the east of the Robert Stempel College of Public Health and Social Work. Storm water drainage concept will involve diverting water to existing campus retention areas.



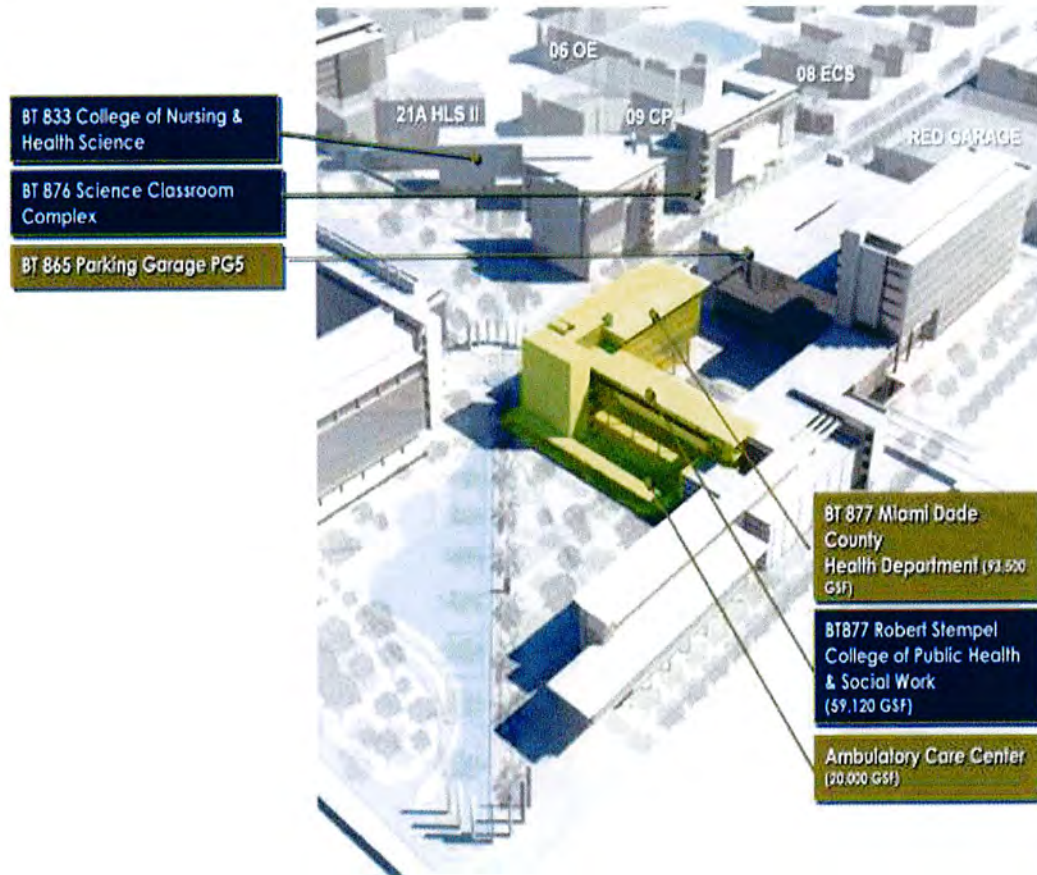
Stempel Complex

Robert Stempel College of Public Health and Social Work · Ambulatory Care Center · Miami-Dade Health Department
Florida International University Modesto A. Maidique Campus

FACILITIES PROGRAM

February 16, 2010

As depicted in the Master Plan image below, the future retention area to the east will provide a visual amenity at the corner of SW 8th Street and SW 107th Avenue.



Appendix A - Item b.

Draw Schedule for the Project

EXPENDITURE SCHEDULE

Stempel Complex (BT-877) Miami-Dade County Health Department: Miami-Dade Academic Health Department

DRAFT: 4/30/2010

| ITEM | DESCRIPTION | Period 1 | Period 2 | Period 3 | Period 4 | Period 5 | Period 6 | Period 7 | Period 8 | Period 9 | Period 10 | Period 11 | Period 12 | Period 13 | Period 14 | Period 15 | Period 16 | Period 17 | Period 18 | Total |
|-------------------|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|--------|
| 1 | CONSTRUCTION COMPONENTS | 619 | 257 | 700 | 650 | 980 | 1,256 | 1,984 | 2,178 | 1,886 | 1,522 | 2,241 | 2,000 | 1,842 | 739 | 718 | 389 | 531 | 1,564 | 22,056 |
| 2 | PS TRAILER PURCHASE & INSTALLATION | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | A/E BASE AGREEMENT | 417 | 318 | 304 | 75 | 13 | 28 | 43 | 51 | 51 | 42 | 32 | 22 | 16 | 17 | 10 | 3 | 3 | 5 | 1,449 |
| 4 | PRECONSTRUCTION SERVICES | 43 | 30 | 80 | 2 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 155 |
| 5 | BUILDER'S RISK | - | 203 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 203 |
| 6 | PARKING & TRANSPORTATION A/E | - | 33 | - | 17 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 50 |
| 7 | FIRE MARSHAL | - | - | 78 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 78 |
| 8 | PROJECT REPRESENTATIVE | - | - | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 192 |
| 9 | CODE INSPECTOR | - | - | 4 | 4 | 4 | 8 | 12 | 15 | 15 | 12 | 9 | 6 | 5 | 5 | 3 | 1 | 1 | 1 | 105 |
| 10 | THRESHOLD INSPECTOR | - | - | 8 | 8 | 8 | 16 | 25 | 29 | 30 | 24 | 18 | 13 | 9 | 10 | 6 | 2 | 2 | 3 | 210 |
| 11 | TOPOGRAPHICAL SURVEY | 2 | - | - | - | - | - | 5 | - | - | - | - | - | - | - | - | - | - | - | 7 |
| 12 | AS-01 GEOTECHNICAL TEST | 5 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 5 |
| 13 | AS-02 TRAFFIC STUDY | 11 | 1 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 12 |
| 14 | AS-03 UG UTILITY LOCATIONS | 1 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1 |
| 15 | AS-04 LOAD BANK TESTING | - | 1 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1 |
| 16 | SOIL & CONCRETE TESTING | - | - | 3 | 3 | 3 | 5 | 8 | 10 | 10 | 8 | 6 | 4 | 3 | 3 | 2 | 1 | 1 | 1 | 70 |
| 17 | WELDING TESTING & INSPECTION | - | - | 2 | 2 | 2 | 4 | 7 | 8 | 8 | 6 | 5 | 3 | 3 | 3 | 1 | 0 | 0 | 1 | 56 |
| 18 | HVAC SYSTEM TEST | - | - | - | - | - | - | - | - | - | - | - | 3 | - | 3 | - | - | - | - | 3 |
| 19 | STORM WATER DEP | - | 5 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 5 |
| 20 | WASA 3000 | - | - | - | - | 3 | - | - | - | - | - | - | - | - | - | - | - | - | - | 3 |
| 21 | ARTWORK | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 22 | FURNITURE/SIGN/EQUIPMENT (PS) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 23 | ASH IMS/LITTER RECEPT. /BENCHES (GARAGE) | - | - | - | - | - | - | - | - | - | - | - | - | - | 84 | - | - | - | - | 84 |
| 24 | TELECOM / AUDIO VISUAL (PS) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 25 | TELECOM / AUDIO VISUAL (PG-5) | - | - | - | - | - | - | - | - | - | - | - | - | 184 | - | - | - | - | - | 184 |
| 26 | TELECOM / AUDIO VISUAL (RETAIL) | - | - | - | - | - | - | - | - | - | - | - | - | 41 | - | - | - | - | - | 41 |
| 27 | FACILITIES OPERATIONS (GARAGE) | - | - | - | - | - | - | - | - | - | - | - | 32 | - | - | - | - | - | - | 32 |
| 28 | P & T OFFICE POTENTIAL BUILD-OUT | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 29 | PROJECT CONTINGENCY -0.05 | 55 | 42 | 60 | 39 | 51 | 66 | 105 | 115 | 101 | 81 | 116 | 105 | 106 | 44 | 38 | 20 | 27 | 79 | 1,250 |
| 30 | PROJECT ADMINISTRATION FEE -0.03 | 33 | 25 | 36 | 23 | 31 | 40 | 63 | 69 | 60 | 49 | 70 | 63 | 63 | 26 | 23 | 12 | 16 | 48 | 750 |
| TOTAL | | 1,185 | 917 | 1,285 | 834 | 1,106 | 1,436 | 2,263 | 2,486 | 2,173 | 1,757 | 2,509 | 2,259 | 2,284 | 946 | 811 | 441 | 593 | 1,713 | 27,000 |
| CUMULATIVE TOTALS | | 1,185 | 2,102 | 3,388 | 4,222 | 5,328 | 6,764 | 9,028 | 11,514 | 13,687 | 15,444 | 17,953 | 20,212 | 22,497 | 23,442 | 24,253 | 24,694 | 25,287 | 27,000 | |
| | | Period 1 | Period 2 | Period 3 | Period 4 | Period 5 | Period 6 | Period 7 | Period 8 | Period 9 | Period 10 | Period 11 | Period 12 | Period 13 | Period 14 | Period 15 | Period 16 | Period 17 | Period 18 | |

Appendix A - **Item c.**

Sources and Uses of Funds for the Project

MIAMI-DADE ACADEMIC HEALTH DEPARTMENT

Miami-Dade County Health Department / Florida Department of Health

Robert Stempel College of Public Health and Social Work

Herbert Wertheim College of Medicine

College of Nursing and Health Sciences

College of Arts and Sciences

Sources and Uses of Funds

Sources:

| | | | |
|----------------|-------------------------|----|-------------------|
| Bond Proceeds: | Par Amount | \$ | 32,500,000 |
| | Original Issue Discount | | - |
| | Premium | | - |
| | | | <u>32,500,000</u> |

Total Sources:

\$ 32,500,000

Uses:

| | | | |
|-------------------------|------------------------------|----|---------------|
| Project Fund Deposits: | Project Fund | \$ | 27,000,000 |
| Other Fund Deposits: | Debt Service Reserve Fund | | 1,938,891 |
| Capitalized interest: | | | 2,417,188 |
| Delivery Date Expenses: | Cost of Issuance | \$ | 675,000 |
| | Underwriter's Discount | | 360,000 |
| | Divison of Bond Finance Fee | | 32,500 |
| | Other Delivery Date Expenses | | <u>10,000</u> |
| | | | 1,077,500 |

Other Uses of Funds: Additional Proceeds 66,422

Total Uses:

\$ 32,500,000

Appendix A - **Item d.**

Estimated Debt Service Schedule

MIAMI-DADE ACADEMIC HEALTH DEPARTMENT

Miami-Dade County Health Department / Florida Department of Health

Robert Stempel College of Public Health and Social Work

Herbert Wertheim College of Medicine

College of Nursing and Health Sciences

College of Arts and Sciences

Draft Debt Service Schedule

| Maturity Date | Balance | Rate | Principal | Interest | Payment |
|----------------------|----------------|-------------|----------------------|----------------------|----------------------|
| 7/1/2013 | \$ 32,500,000 | 0.96% | \$ 665,000 | \$ 1,273,195 | \$ 1,938,195 |
| 7/1/2014 | 31,835,000 | 0.65% | 671,000 | 1,266,811 | 1,937,811 |
| 7/1/2015 | 31,164,000 | 1.73% | 675,000 | 1,262,450 | 1,937,450 |
| 7/1/2016 | 30,489,000 | 2.09% | 687,000 | 1,250,772 | 1,937,772 |
| 7/1/2017 | 29,802,000 | 2.43% | 702,000 | 1,236,414 | 1,938,414 |
| 7/1/2018 | 29,100,000 | 2.43% | 719,000 | 1,219,355 | 1,938,355 |
| 7/1/2019 | 28,381,000 | 3.13% | 736,000 | 1,201,884 | 1,937,884 |
| 7/1/2020 | 27,645,000 | 3.13% | 759,000 | 1,178,847 | 1,937,847 |
| 7/1/2021 | 26,886,000 | 3.13% | 783,000 | 1,155,090 | 1,938,090 |
| 7/1/2022 | 26,103,000 | 3.67% | 807,000 | 1,130,582 | 1,937,582 |
| 7/1/2023 | 25,296,000 | 3.67% | 837,000 | 1,100,965 | 1,937,965 |
| 7/1/2024 | 24,459,000 | 3.88% | 868,000 | 1,070,248 | 1,938,248 |
| 7/1/2025 | 23,591,000 | 3.88% | 901,000 | 1,036,569 | 1,937,569 |
| 7/1/2026 | 22,690,000 | 3.88% | 936,000 | 1,001,610 | 1,937,610 |
| 7/1/2027 | 21,754,000 | 4.12% | 973,000 | 965,294 | 1,938,294 |
| 7/1/2028 | 20,781,000 | 4.12% | 1,013,000 | 925,206 | 1,938,206 |
| 7/1/2029 | 19,768,000 | 4.12% | 1,054,000 | 883,470 | 1,937,470 |
| 7/1/2030 | 18,714,000 | 4.12% | 1,098,000 | 840,046 | 1,938,046 |
| 7/1/2031 | 17,616,000 | 4.12% | 1,143,000 | 794,808 | 1,937,808 |
| 7/1/2032 | 16,473,000 | 4.51% | 1,190,000 | 747,716 | 1,937,716 |
| 7/1/2033 | 15,283,000 | 4.51% | 1,244,000 | 694,047 | 1,938,047 |
| 7/1/2034 | 14,039,000 | 4.51% | 1,300,000 | 637,943 | 1,937,943 |
| 7/1/2035 | 12,739,000 | 4.51% | 1,359,000 | 579,313 | 1,938,313 |
| 7/1/2036 | 11,380,000 | 4.51% | 1,420,000 | 518,022 | 1,938,022 |
| 7/1/2037 | 9,960,000 | 4.51% | 1,484,000 | 453,980 | 1,937,980 |
| 7/1/2038 | 8,476,000 | 4.51% | 1,551,000 | 387,052 | 1,938,052 |
| 7/1/2039 | 6,925,000 | 4.51% | 1,621,000 | 317,102 | 1,938,102 |
| 7/1/2040 | 5,304,000 | 4.51% | 1,694,000 | 243,994 | 1,937,994 |
| 7/1/2041 | 3,610,000 | 4.51% | 1,770,000 | 167,595 | 1,937,595 |
| 7/1/2042 | 1,840,000 | 4.77% | 1,840,000 | 87,768 | 1,927,768 |
| | | | \$ 32,500,000 | \$ 25,628,149 | \$ 58,128,149 |

Appendix A - **Item e.**

Description of the Security Supporting Repayment and the Lien Position the Debt will have on that Security

The bonds will be issued by the Division of Bond Finance of the State Board of Administration of Florida at the request and on behalf of the Department of Management Services (“DMS”) per the Florida Building and Facilities Act (255.501-255.525, F.S.).

DMS uses the Florida Facilities Pool Revenue Bond program to issue bonds (see attached description). The program’s pledged revenue consists primarily of rental revenues derived from facilities in the Florida Facilities Pool. The bonds have a first lien on the pool of pledged revenues.

The Project will become a part of the Florida Facilities Pool. The Project will generate rental revenues from the Lease Agreement between the University and Miami-Dade County Health Department/Florida Department of Health that will be pledged to the Pool (see attached Lease Agreement).

The University will transfer debt service payments to DMS pursuant to a Management Agreement.

**STATE OF FLORIDA
DEPARTMENT OF MANAGEMENT SERVICES
DIVISION OF FACILITIES MANAGEMENT
FLORIDA FACILITIES POOL REVENUE BONDS**

Agency: Department of Management Services.

Purpose: The bonds are issued for the purpose of financing office buildings and similar facilities, to be leased to State agencies. All facilities built with bond proceeds become part of the Florida Facilities Pool along with certain other State-owned facilities.

Security: ***Pledged Revenues-*** The bonds are payable primarily from the pool pledged revenues, which consist of rental revenues derived from facilities in the Florida Facilities Pool. The availability of pool pledged revenues is dependent on annual legislative appropriations to agencies of the State for payment of such rentals. **The bonds are not a general obligation or indebtedness of the State of Florida, and the full faith and credit of the State of Florida is not pledged to payment of the bonds.**

Debt Service Reserve Fund- The bonds are also secured by a reserve account in an amount equal to the maximum annual debt service. The reserve account is currently funded with debt service reserve account surety bonds.

Lien Status- The bonds have a first lien on the pool pledged revenues.

Additional Bonds Test- Additional parity bonds may be issued if the aggregate pool pledged revenues are equal to or greater than 110% of the aggregate debt service on the bonds and any proposed additional parity bonds and 100% of required deposits to the capital depreciation reserve fund and operating maintenance and management expenses for all facilities in the Pool.

Frequency: As the need for additional projects dictates.

Bond Ratings:

| | | |
|-------------------|---|-----|
| Moody's | - | Aa2 |
| Standard & Poor's | - | AA+ |
| Fitch | - | AA |

Memorandum

MIAMI-DADE
COUNTY

Date: April 15, 2008

To: Honorable Chairman Bruno Barreiro
And Members, Board of County Commissions

From: George M. Burgess
County Manager

B&F

Agenda Item No. 3(C)

Subject: Lease Agreement and Assignment of Lease at New Health Center Building at FIU
University Park, 11200 S.W. 8th. Street, Miami, FL 33199 for the State of Florida
Department of Health, Miami-Dade County Health Department

RECOMMENDATION:

It is recommended that the Board approve the attached resolution authorizing execution of a Lease Agreement and Assignment of Lease Agreement at New Health Center Building at FIU University Park, 11200 S.W. 8th. Street, for the State of Florida Department of Health, Miami-Dade County Health Department. The Lease Agreement and Assignment of Lease Agreement Lease has been prepared by General Services Administration (GSA) at the request of State of Florida Department of Health, Miami-Dade County Health Department

PROPERTY: FIU Campus, University Park, 11200 S.W. 8th. Street,
Miami, FL 33199

COMMISSION DISTRICT: 11

COMMISSION DISTRICT
IMPACTED: Countywide

OWNER: Florida International University (FIU)

PROPOSED TENANT: Miami-Dade County Health Department to be
assigned to the Florida Department of Health

USE: Approximately 94,000 square feet of to be built office
and medical/health space, which will allow the State
of Florida's Miami-Dade County Health Department
to relocate its main offices to a new facility which will
establish an academic health department to train
students in the healthcare field during internships at
FIU's future Academic Health Center and 20
designated parking spaces. In addition, the new
facility to be constructed by the University will house
a new medical clinic to serve residents of the
expanding western communities in the County.

Do we
include

JUSTIFICATION:

The State of Florida through its Miami-Dade County Health Department's management offices are currently housed in an outdated facility. By relocating to a new facility, the Health Department will be better able to administer the whole County's health program and perform critical public health functions such as epidemiology and disease control programs, Women, Infants and Children Health Programs and clinical and laboratory services. By moving on campus at FIU the Department will create an academic health department, one of only five in the entire county. With an academic department, FIU students in medicine, nursing, public health and other aligned health disciplines will be able to receive "hands-on" training through internships at a fully functioning Health Department and a new medical clinic which will be part of the new building.

LEASE TERM:

Thirty (30) Years with three (3) successive option periods of ten (10) years each.

**COMMENCEMENT DATE
OF LEASE TERM AND
COMMENCEMENT OF RENT:**

Date the premises are ready for occupancy as evidenced by a Temporary Certificate of Occupancy (TCO). It is anticipated that this date will be four (4) years from the date of a fully executed Lease Agreement.

RENTAL RATE:

Annual base rent for the first year is \$3,008,004.00, which is equal to \$32.00 per square feet for 94,000 square feet for a new building. This is a full service rate which will include all utilities, maintenance and operating expenses and will cover all debt service to be incurred by the FIU to pay off the revenue bonds.

The rent shall be increased 4% per year starting in the second year and continuing through the first eight (8) years of the lease. Starting with the ninth (9th) year and thereafter, including the three extension options, the rental rate shall only be increased by 2% a year. Every five years during the lease term and any extensions, the parties will review the actual operating expenses and make any adjustments up or down in the full service rent payment.

FINANCIAL IMPACT: No County funds will be used for the rental payments. FIU will pay for the construction of all base improvements which include the construction of the new facility estimated to cost \$27 million. The State of Florida Miami-Dade Health Department, through its rent payments, will be responsible for all charges including its share of debt service payments and operating expenses. The furniture, fixtures and equipment (FF&E) are to be paid for by the Lessee which, after assignment of the Lease, will be the Florida Department of Health.

LEASE CONDITIONS: This is a full service lease. The Lessor (Landlord) is responsible for providing electricity, water, non-medical waste disposal services, pest control, elevator maintenance, janitorial services in the premises, exterior of the building, plumbing and electrical lines, A/C equipment, roof and roof leaks, and maintaining all common areas, parking lots and garages and landscaping.

PARKING: The Lessee (tenant) will have the use of 500 parking spaces through the issuance of decals on the University Campus as part of their full service rental payment. In addition, the Lessee will receive 20 parking spaces for the use of its short-term clients and visitors.

RIGHT OF FIRST OPTION: The Lessee will have the first option to lease additional space in the new facility owned by FIU if it becomes available.

FUNDING SOURCE: State of Florida Department of Health will supply the funds to be used to pay the rent and purchase the furniture, fixtures and equipment. No County funds will be expended.

COMMENTS AND BACKGROUND: State law and administrative procedures permit the State of Florida Department of Health, Miami-Dade County Health Department, to lease space through Miami-Dade County Government. County programs will not operate from this leased facility and no County funds will be expended for this program. The resolution attached hereto also assigns the Lease

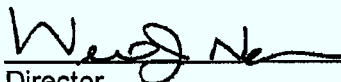
Agreement to the State of Florida, Department of Health, Miami-Dade County Health Department in order to transfer all legal and financial responsibility to the Florida Department of Health.

MONITOR:

Leland Salomon, Chief, Real Estate Development,
GSA

DELEGATED AUTHORITY:

This resolution authorizes the County Mayor or his designee to execute the attached lease agreement with Florida International University and authorizes the County Mayor or his designee to assign the lease agreement to the State of Florida, Department of Health, Miami-Dade Health Department. The State of Florida, Department of Health, Miami-Dade County Health Department has the option to take additional space if available within the same facility from the same Landlord, without prior Board of County Commissioners approval.



Director
General Services Administration

**LEASE AGREEMENT BETWEEN
THE MIAMI-DADE COUNTY
AND FLORIDA INTERNATIONAL UNIVERSITY**

This Lease Agreement ("Lease") is entered into as of this ____ day of _____, 2008 ("Effective Date") by and between The Florida International University Board of Trustees, a public body corporate of the State of Florida, on behalf of Florida International University ("LESSOR"), located at University Park, 11200 Southwest 8th Street, Miami, Florida 33199 and the Miami-Dade County, a political subdivision of the State of Florida, located at 111 NW 1st Street, Miami, Florida 33128 ("LESSEE").

1. PURPOSE AND INTENT

1.1 It is the intent of the parties to cooperate and work in a concerted effort in accomplishing the planning, design, construction, and maintenance of a joint use facility ("Center" or "Building") to be constructed on the campus of LESSOR in the near future. If the LESSOR obtains Public Education Capital Outlay ("PECO") funding, the Center will house an Academic Health Department ("AHD") of LESSOR as well as other LESSOR employees and possibly other lessees. This AHD will create a dynamic academic-practice collaboration, which effectively pools assets of both LESSOR and LESSEE. If LESSOR does not receive the PECO funding envisioned herein, LESSOR will either secure other sources of funding or phase construction so as to promptly proceed with the construction of the facility that will be occupied by LESSEE immediately while pursuing other alternatives to funding the construction of the portion of the joint use facility that will be occupied by LESSOR. This collaboration between LESSOR and LESSEE will help prepare the workforce to address the front-line public health needs of the community and broaden students' vision of professional employment opportunities. The expertise of the LESSEE can offer innumerable opportunities for LESSOR to investigate best practices, issues in health administration, policies, etc., and how LESSOR can improve the systems of the health departments' service delivery through its analytic and evaluation capacities.

1.2 The Center will be named in accordance with the laws of State of Florida and LESSOR policies, rules and regulations; however, the name of the Center will be

subject to approval by LESSEE, which approval will not be unreasonably withheld or delayed. Any subsequent name change must be approved by both LESSOR and LESSEE in writing.

1.3 The parties acknowledge that LESSOR's obligations under this Agreement are contingent upon receipt of all necessary approvals and appropriate funding for the Project.

1.4 The parties acknowledge that it is the intent of the LESSEE, upon approval by its Board of County Commissioners ("Miami-Dade County"), to immediately assign this Lease Agreement to the Florida Department of Health ("DOH" or "ASSIGNEE") an agency of the State of Florida, created under §20.43(2007) of the Florida Statutes at which time Miami-Dade County shall no longer be responsible for any of the terms and conditions contained herein and full responsibility shall rest with the DOH as LESSEE.

2. PREMISES AND ACCESS

2.1 LESSOR hereby leases to LESSEE upon all the conditions and covenants set forth herein, approximately 94,000 gross square feet of space ("Premises") in the Center. The Premises represent the LESSEE's component of the Center. If PECO funding is obtained, the LESSOR's portion of the Center will consist of an additional approximately 39,000 gross square feet and will either be a part of one, jointly occupied facility or housed in a separate, adjacent facility. The Center will be located in the Academic Health Science Complex in the northeast quadrant of the LESSOR's University Park Campus. The specific location of the Center will be determined by the Academic Health Science Center Master Plan for the Complex and will be approved by both the LESSOR and LESSEE in writing. The Premises and the Center are more particularly described in Section 3 of this Lease.

2.2 LESSOR will provide LESSEE, subject to the terms in this Lease, the right in common with LESSOR and other LESSEES to use the common areas appurtenant to the Premises, including, but not limited to, sidewalks, parking areas, stairways, service corridors, delivery areas, landscaped areas, access and interior roads, lighting facilities and other campus services such as the library, food service, copy centers and exercise facilities. It is agreed that the LESSEE's staff shall pay the same fees for use of the exercise facilities as FIU's faculty and staff.

2.3 LESSOR agrees that should it become necessary for it to be constructing its portion of the Center after the LESSEE has occupied its Premises, then LESSOR will use its reasonable, best efforts not to interrupt the operation of the LESSEE's business during the construction and will keep the Premises and other areas clear of construction materials and debris at all times.

3. CENTER DESIGN AND PROJECT SCOPE

3.1 The conceptual plan for the Center has been jointly developed by LESSOR and LESSEE. A copy of the plan, entitled "Feasibility Report and Recommendations for the Proposed FIU and Miami-Dade County Health Department Building" prepared by Brown and Brown Architects and dated June 1, 2007 (the "Plan"), is attached as Exhibit "A" hereto and incorporated herein by this reference. DOH agrees that as part of its Clinical and Laboratory Services area, it will allocate approximately 1,500 gross square feet to FIU to be used for collaborative research projects with DOH. FIU will be responsible for retrofitting the designated space to fit its needs for a laboratory research facility. FIU will be responsible for the management of the laboratory area, including maintenance and operation. DOH will be responsible for the rent associated with this area.

3.2 The parties acknowledge that the Plan is conceptual and that the final location and design of the Center will be determined as a result of the Academic Health Science Center Master Plan and the detailed design for the Center. Specifically, the parties agree that the Premises and the LESSOR's Academic Health Department may be integrated horizontally or vertically. Notwithstanding the foregoing, both parties must agree in writing on the Center's location and design prior to the commencement of construction.

3.3 The Center's planning, design and construction will be accomplished through the joint efforts of LESSEE and LESSOR. LESSOR and LESSEE will agree on the choice of the firms that will be responsible for the design and construction of the Center. LESSOR agrees that it will keep LESSEE actively informed as to the progress of the Center's design and construction, and agrees that LESSEE will assign a representative to serve on the Project Team that will oversee and actively participate in all aspects of the design and construction of the Center.

3.4 Delivery of Premises. The parties anticipate that the Center will be completed in accordance with the following Project Schedule:

| | |
|--|---|
| Selection of Architect/Engineer | Within six (6) months following Effective Date |
| Completion of 100% Design for the Center | Within twenty-four (24) months following the Effective Date |
| Substantial Completion of the Premises | Within forty-eight (48) months following the Effective Date |

If Substantial Completion has not occurred within sixty (60) months following the Effective Date [the Effective Date is the date that this Agreement is last executed by FIU, Miami-Dade County or the Florida Department of Health] , except for matters of force majeure or events arising from circumstances beyond LESSOR's reasonable control, including LESSEE-directed changes to the work, LESSEE may at its option at any time thereafter but prior to the delivery of possession, provide LESSOR with written notice of its intent to terminate this Lease and shall provide LESSOR with an opportunity to achieve Substantial Completion within a twelve month period following the date of the notice ("Notice Period"). LESSOR shall provide LESSEE with a corrective action plan identifying the manner in which LESSOR will achieve Substantial Completion within the twelve-month Notice Period, and agrees, upon request, to provide LESSEE with monthly progress reports thereafter. In the event LESSOR is unable to achieve Substantial Completion at the conclusion of the Notice Period, LESSEE shall have the right to terminate this Lease forthwith and LESSEE and LESSOR shall thereupon be released from all obligations under this Lease. The LESSOR and the ASSIGNEE, both of which are public entities of the State of Florida, agree to reasonably accommodate each other in good-faith prior to invoking the termination provision provided herein, and agree to explore all collaborative options as may be available so as to complete the Center in an expeditious manner so as to accomplish the intent of this Agreement and the public purposes associated therewith.

3.5 LESSOR will formally submit design and construction documents to LESSEE for review at the 25%, 50%, 75% and 100% design and construction stages. LESSEE shall review and provide relevant comments on the design and construction documents as provided for in Section 4.2(f) below.

3.6 The proposed building will incorporate "sustainable building strategies" in accordance with the USGBC LEED 2.2 NC Rating System that will improve the overall performance of the building.

4. CONSTRUCTION AND IMPROVEMENTS

4.1 Construction of the Building.

LESSOR anticipates substantially completing the Building (including (i) Substantial Completion of the Premises' common area facilities, (ii) Substantial Completion of the Building systems necessary to service the Building including, without limitation, HVAC, electrical, and elevators, and (iii) Substantial Completion of the public entrances and lobbies of the Building) and Base Improvements (as that term is defined in Section 4.2, below), meaning that the Building and Base Improvements will be constructed to the degree necessary that would (a) allow the applicable governmental building authority to issue a Certificate of Completion or Temporary Certificate of Completion (or its equivalent) and (b) allow, after such issuance, for LESSEE to occupy the constructed area for purposes of commencing the build-out of the LESSEE's Work, subject to the completion of items generally known in the industry as "punchlist items" ("Punch-List items") that do not materially interfere with LESSEE's ability to perform such build-out ("Substantial Completion") in accordance with the Project Schedule set forth in Section 3.4. In addition to the foregoing, Substantial Completion shall include the meaning that the work will be completed to a condition that allows commencement of the build-out of the LESSEE's Work in the Premises to commence. LESSOR shall keep LESSEE reasonably informed of the likely date the Premises will be Substantially Complete, which date may change depending on force majeure and other issues beyond LESSOR's control (subject to Section 3.4) that prevent LESSOR from completing the Building and Base Improvements by the projected date for Substantial Completion.

4.2 Base Improvements.

(a) Subject to the terms, conditions, and covenants of this Lease Agreement, including, without limitation, Section 4.1 above concerning construction of the Building, LESSOR, at its expense, shall partition and prepare the Premises to a base building condition (collectively, "Base Improvements") in accordance with the plans and specifications prepared by LESSOR's architect and approved by LESSEE and, only as set forth in Section 4.2(f) of this Lease, LESSOR shall bear the expense of installing only those items and making only such improvements as are building standard improvements, meaning such sheetrock, paint, carpeting, doors, door frames, fixtures, electrical, lighting, plumbing, HVAC and other material improvements as are ordinarily and customarily utilized by office building tenant improvement contractors in the Miami, Florida area at their reasonable discretion necessary to substantially complete the Base

Improvements described herein within the minimum requirements of the applicable building code. Without limiting the foregoing, the building standard improvements are listed on Exhibit "A" attached hereto, and are subject to change provided that both LESSEE and LESSOR agree to any change. The cost of all installations or improvements requested by LESSEE in excess of building standard improvements or which are not included as building standard improvements (as provided for in this Section 4.2) but which are to be made by LESSOR shall be paid by LESSEE as provided in Article 4.2(e) below. The improvements described on Exhibit "A" attached hereto constitute all the Base Improvements which are LESSOR's responsibility to construct the Substantial Completion of which will place the Premises into a substantially finished base building condition in fulfillment of LESSOR's construction obligations under this Lease.

(b) Failure by LESSEE to reimburse LESSOR in full within sixty (60) days after LESSEE's receipt of an invoice therefore will constitute an event of default by LESSEE hereunder.

(c) LESSOR reserves the right:

(i) to substitute construction materials of equivalent grade and quality when and if any material specified in the working drawings shall not be readily and reasonably available;

(ii) to make changes necessitated by conditions met in the course of construction, provided that LESSEE's written approval of any material changes shall first be obtained (which approval shall not be unreasonably withheld or delayed so long as there shall be general conformity with the Final Drawings); and

(iii) to make changes as required by the local building department in order to obtain a building permit or a temporary certificate of occupancy (or its equivalent).

(d) LESSOR anticipates that it will Substantially Complete all Base Improvements in accordance with the Project Schedule set forth in Section 3.4, notwithstanding the necessity to correct, adjust, or complete certain items ("Punch-List" items) to be described on the TENANT Acceptance Agreement attached hereto as Exhibit "D". The rent commencement date shall be the Commencement Date. LESSOR shall complete such Punch-List items at its expense at a time mutually convenient to both parties, during which time LESSEE may, if permitted by law and applicable governmental authorities, handle its LESSEE Work i.e. build out the interior of its Premises and install its trade fixtures, furniture, fixtures, equipment and other property (the "LESSEE Work").

Subject to LESSOR's reasonable approval, LESSEE may commence LESSEE Work prior to Substantial Completion as long as the LESSEE Work does not inhibit or interfere with the Base Improvements work in any way. LESSOR shall make every reasonable effort to complete the Punch-List items within sixty (60) days of its receipt of a fully executed TENANT Acceptance Agreement, or within such time as the parties may otherwise agree. In the event LESSOR has not completed a particular Punch-List item within the agreed-upon time frame, LESSEE shall notify LESSOR of such particular item or items. If LESSOR does not complete said item or items to LESSEE's reasonable satisfaction within thirty (30) days of receipt of said notice or within a reasonable period of time to complete the particular punch-list item at issue, then LESSEE may undertake the completion of same and invoice LESSOR for the expenses reasonably and actually incurred by LESSEE.

(e) With respect to work performed by LESSOR at LESSEE's expense, or any work required due to any changes required by LESSEE or LESSEE's architect, engineers or space planners (collectively, referred to as "Additional Work"), LESSEE and LESSOR shall follow the following procedures: LESSEE shall request such work from LESSOR in writing, and LESSOR shall respond within thirty (30) days of receipt of the request by providing LESSEE with a proposal describing the estimated quantities and cost involved to perform the Additional Work. LESSEE acknowledges and agrees that such estimates may first only include estimates for soft costs (e.g., architectural, MEP engineering, civil engineering, etc.) and the estimates for hard costs (e.g., the actual construction work) may only be provided after the applicable plans for said Additional Work are completed and the applicable building department has provided final approval, if any, therefore. Once such final building department approval has been provided, LESSOR shall request that its general contractor provide LESSEE (together with such hard cost estimate) an estimate of time associated with such Additional Work (the "Original Estimated Period of Delay") to identify the time impacts, if any, the Additional Work may cause to the Project construction schedule (such hard cost estimate and Original Estimated Period of Delay are sometimes collectively referred to as "Change Order"). If LESSEE approves said Change Order (i) hard estimate and (ii) time, LESSEE shall be responsible for any and all costs, fees, expenses, and/or damages sustained by LESSOR, which, directly or indirectly, relate to (a) any portion of the Additional Work and/or (b) the Original Estimated Period of Delay caused by each such Additional Work. Additionally, if the Project construction schedule is delayed for a

period greater than the Original Estimated Period of Delay, and such additional delay is caused by LESSEE, including, but not limited to, LESSEE's failure to timely and/or promptly respond to request(s) for details, information, etc., LESSEE shall be responsible for said costs, fees, expenses and/or damages which, directly or indirectly, relate to such additional delay. Within five (5) business days of LESSEE's receipt of LESSOR's proposal, LESSEE shall either approve LESSOR's proposal in writing or tender a counter proposal, which LESSEE and LESSOR shall negotiate in good faith. Upon LESSEE and LESSOR's agreement as to the changes and the costs therefore, LESSEE and LESSOR shall memorialize their agreement in writing (an "Additional Work Order"). LESSEE, at LESSEE's sole cost and expense shall compensate the LESSOR for work performed pursuant to an Additional Work Order within sixty (60) days of receipt of an invoice therefore. LESSEE has the right to inspect the Premises during construction, and all Base Improvements which deviate substantially from the approved working drawings and are reasonably unsatisfactory to LESSEE must be corrected or repaired at LESSOR's expense, unless due to any change orders required by LESSEE.

(f) Prior to submission to the building department of complete construction documents for the Building, LESSOR shall submit to LESSEE Project construction documents for LESSEE's review. For purposes of this subparagraph 4.2(f), LESSOR's submission to LESSEE of "Project construction documents" (as referenced in the immediately preceding sentence) that are, according to the architect, one hundred (100%) completed, shall be deemed sufficient. The only basis upon which LESSEE may object to such plans is a material non-conformity with the provisions of Section 4.2(a) of, or Exhibit A to, this Lease. LESSEE shall give written notice to LESSOR within ten (10) business days after delivery of said construction documents to LESSEE of the particulars, if any, in which said construction documents fail to conform to such Section 4.2(a) or Exhibit A and LESSOR shall, after such notice from LESSEE of nonconformity, make the revision(s) necessary to correct such matters to LESSEE's reasonable satisfaction, and resubmit revised construction documents to LESSEE. LESSEE shall then review said revised construction documents and provide LESSOR with its comments and required changes, if any, or its approval, within ten (10) business days after delivery of the revised construction documents to LESSEE. If comments or required changes are made, then LESSEE and LESSOR may undertake the preparation and approval of additional construction documents with LESSEE only being provided ten (10) business days for each review, for up to a maximum of two (2) times after the

submission of the first set of working drawings, after which LESSEE's approval shall be deemed provided. LESSEE's approval shall be evidenced by LESSEE causing one (1) set of such construction documents to be initialed and dated on its behalf and returned to LESSOR. If LESSEE does not review, make comments, change, or approve said construction documents and notify LESSOR, in writing, within the applicable timeframe, set forth above, then LESSOR shall deem the construction documents approved without revision by LESSEE, and LESSOR shall proceed with construction of the Base Improvements. Said construction documents as so approved shall be deemed the "Final Drawings." All construction documents and the Final Drawings shall be prepared in accordance with applicable governing codes and ordinances. To the extent that any changes are made to any of the Final Drawings which are, in any manner, related to any comments and/or revisions made by the applicable building department(s), water and sewer departments, fire department(s), health departments, DERM, zoning, and/or any other governmental and/or quasi-governmental departments, LESSOR shall not be required to submit such changes to LESSEE for LESSEE's review or approval, unless such changes materially change (a) the layout or (b) the amount of gross square feet of the Premises. LESSOR shall provide at its cost and expense all necessary permits for Base Improvements. LESSOR shall provide at its cost and expense the certificate or temporary certificate of completion (or its equivalent) with respect to substantial completion of the Base Improvements. LESSEE is responsible for the costs of all other licenses and/or fees required to operate in the Premises.

5. CENTER CONSTRUCTION AND FUNDING

5.1 The budget for design, permitting, and construction of the Center is to be funded by LESSOR and/or a direct support organization of LESSOR. The preliminary construction budget including soft costs for the Center but exclusive of furniture and equipment, is in the amount of \$24,000,000.

5.2 LESSOR (and/or a direct support organization of LESSOR) shall be solely responsible for the construction of the Center.

5.3 The parties acknowledge that a "Construction Manager at Risk" or "CM at Risk" will be used for this Project. The CM at Risk will provide a Guaranteed Maximum Price ("GMP") including all required fees for the Project.

5.4 The parties agree that in the event the GMP causes the overall budget for the Project to exceed \$24,000,000, the Project will go through a value engineering

phase designed to reduce construction costs. If the construction costs cannot be reduced below \$24,000,000, the parties agree to work in good faith to restructure the terms of this Lease Agreement in a manner which will allow the Project to proceed. Specifically, LESSEE agrees to either (i) extend the Lease Term by the number of years required to finance the incremental amount needed to construct the Center and/or (ii) adjust the monthly rental by an amount which will cover the incremental funding needed to construct the Center. Should the parties be unable to reach a satisfactory agreement to increase the budget prior to the LESSOR's issuance of the bonds that will finance the construction of the Project, then either party may cancel this Agreement with no liability one to the other. It is agreed that no bonds will be issued prior to the completion of the design of the Center unless otherwise mutually agreed to by the parties.

5.5 LESSOR agrees that all funds from bond proceeds, including reserve funds, interest earnings and contingency funds shall all be applied towards the cost of the Center and that it shall provide the LESSEE (ASSIGNEE) with a quarterly accounting of sources and uses of all project funds.

5.5 It is acknowledged that the University has begun incurring costs for programming and design of the Premises in November of 2007, and that the parties anticipate that revenue bonds to finance the programming, design and construction of the Center will be issued by September 2008. In the event LESSEE terminates this Lease at any time prior to completion of construction of the Premises, except in the event of LESSOR's default, LESSEE agrees to reimburse LESSOR for all reasonable expenses incurred by LESSOR in connection with the programming and design of the LESSEE Premises through the date of termination of this Lease.

6. TERM

6.1 The initial term of this Lease shall be for thirty (30) years, including the Initial Lease Year (as defined herein), unless sooner terminated pursuant to this Agreement. Notwithstanding the foregoing, once this Lease Agreement has been assigned to DOH, the ASIGNEE and LESSOR may adjust the term to their mutual satisfaction in accordance with applicable law. The Commencement Date will be the date the Premises are ready for LESSEE occupancy as evidenced by a Temporary Certificate of Occupancy. The Premises will be conclusively deemed ready for LESSEE occupancy on the date no later than thirty (30) days after LESSOR has notified LESSEE that:

(a) the Temporary Certificate of Occupancy ("TCO") for the Premises has been issued by the appropriate authorities; and

(b) all installations, construction, and other work to be done by LESSOR with respect to the Premises have been substantially completed. The parties agree that minor mechanical and other punch list adjustments shall be made as promptly after occupancy as possible.

6.2 The Initial Lease Year will begin on the Commencement Date and end on the next June 30. Thereafter, the Lease Year will run from July 1 through June 30 of the subsequent year. If LESSEE occupies the Premises with the consent of LESSOR prior to the Commencement Date, such occupancy will be subject to the provisions hereof. Notwithstanding the forgoing, LESSOR needs to work with LESSEE to allow LESSEE, if at all possible, to begin its build-out of the Premises prior to Certificate of Completion provided LESSEE shall not interfere with the completion of the work by the contractor(s).

LESSEE shall have the option to extend the Initial Lease Term for three (3) successive periods of ten (10) years (s) (each period to be referred to as an "Extended Term") upon the condition that this Lease is in full force and effect and LESSEE is not in default under the Lease at the time of exercise of the option and at the commencement of the Extended Term. The Extended Term shall be upon the same terms and conditions as provided in this Lease, except that (i) the rent for each Extended Term shall be at rates mutually agreed to in writing by the parties; and (ii) there shall be no privilege to extend the term beyond the expiration of the three successive Extended Terms unless the parties mutually agree in writing to a further extension of a specified duration at least one (1) year prior to the expiration of the last Extended Term. LESSEE shall exercise the option for an Extended Term by notifying LESSOR in writing at least six (6) months prior to the expiration of the then current term. Provided this Lease has been assigned to the DOH, upon such exercise, and provided that said notification shall include the new rent, the new expiration date of the Lease and contain the approval of the ASSIGNEE, this Lease shall be deemed extended without the execution of any further lease or other instrument. Any reference herein to the lease term shall include, in addition to the Initial Term, the Extended Term as to which LESSEE properly exercised its option.

7. USE

7.1 LESSEE hereby covenants and agrees not to use the Premises other than for the purposes consistent with its mission without the prior consent of LESSOR. LESSOR hereby covenants and agrees not to use any remaining portion, if any, of the Center for purposes that are inconsistent with the mission of LESSEE. Both parties, in recognition of the public purposes for which the Center is being constructed, covenant and agree to mutually compatible usage, if applicable.

7.2 It is the intent of the parties for LESSEE to be a long-term occupant of the Center pursuant to the terms of this Lease and the AFFILIATION AGREEMENT between FIU and DOH attached hereto as Exhibit "C".

8. RENT

8.1 Commencing on the date the Premises are ready for LESSEE occupancy (as defined in Section 5 above), LESSEE will pay LESSOR \$250,667.00 per month, such payment to be made monthly in arrears or as otherwise agreed to by the parties. This amount is the "basic rent." Rent for any fractional month at the beginning or end of the Lease Term will be prorated on a per-day basis. With the exception of the Initial Lease Year, LESSOR may increase the basic rent by no more than 4% per year for the first eight years of the lease or until the revenue bonds are at a level debt service payment, whichever occurs first. For each succeeding Lease Year during the initial Lease Term and in any Extended Term, LESSOR may increase the basic rent by no more than 2% per year. At least ninety (90) days prior to the expiration of each Lease Year, LESSOR will provide written notice to LESSEE as to the amount and reason for the increase for the next Lease Year.

8.2 It is understood and agreed by the parties that if at any time during the Term, or any extension thereof, the debt service on the interest and principal for the Premises is fully paid or is reduced due to refinancing or other similar debt restructuring, that LESSOR and LESSEE will promptly meet to establish an appropriate reduction in the monthly rent paid by LESSEE.

8.3 If, during the Term, or any extension thereof, the Premises is refinanced, then a new amount shall be calculated and included in the monthly Rent in place of that portion of the Rent ascribed to the retired debt.

8.4 In accordance with Section 255.2502 of the Florida Statutes, the State of Florida's performance and obligation to pay under this contract is contingent upon an annual appropriation by the Legislature.

9. OPERATING EXPENSES

9.1 The term "Operating Expenses" as used in this Agreement includes but is not limited to (i) all costs and expenses incurred with respect to the maintenance, protection, control, and operation of the Premises, including, but not limited to, normal janitorial and custodial expenses (as further defined in Section 9.2 hereof), maintenance and repair costs (as further defined in Section 12 hereof), drainage, water, sewer, security storm water expenses, pest control services, fire alarm monitoring and maintenance, elevator maintenance, electricity, gas, trash, landscaping, pest control, plumbing, heating, air conditioning, ventilating and electrical and lighting facilities, inspections, normal wear and tear repairs, replacements or other like expenses, (ii) all applicable real property taxes and special assessments which accrue against the Premises during the term of this Lease, (iii) all insurance premiums LESSOR is required to pay or deems necessary to pay to protect the Center, including public liability insurance with respect to the Premises, (iv) any capital improvements to the Center provided that any such improvements in excess of \$100,000 are first approved by LESSEE, (v) repairs, restoration or other work occasioned by fire, windstorm, or other casualty after proceeds from any insurance is first deducted, (vi) income and franchise taxes of LESSOR only as they may relate to the LESSEE's facility, (vii) interest or principal payments on any mortgage or other indebtedness of LESSOR, or a direct support organization of LESSOR, as applicable, related to the Center. The term "Operating Expenses" does not include any other expenses incurred by LESSEE with respect to its operation of the Premises, such as telephone service or internet service, and does not include operating and maintenance expenses related to any LESSEE clinics and laboratories located on the Premises for which LESSEE shall be solely responsible.

9.2 LESSOR shall provide normal janitorial, custodial and waste management services typical for a normal office building as per Exhibit "B" attached.

9.3 LESSEE shall be responsible for janitorial, custodial and waste management services for all clinical areas of the Premises. Specifically, LESSEE shall be responsible for the proper monitoring and disposal of all medical and hazardous

waste from the LESSEE operations in the Premises. LESSEE shall also be responsible for propane and clinical gas services to the Premises.

9.4 The parties agree that safety and security are essential for the operation of the Center and the Premises. LESSOR shall provide normal, external police services (i.e. the same services that LESSOR provides to other facilities on campus) to the Center. This does not include any personnel specifically assigned to the Center or the Premises. LESSEE shall be responsible for providing security services and personnel for the operations conducted at the Premises.

9.5 Responsibility for Paying Operating Expenses. Included in and as part of the Rent paid by LESSEE for the Premises provided for in Section 8 above, LESSOR shall pay all Operating Expenses (as defined above) for the Premises. Every five (5) years during the term of the Lease (5th year, 10th year, 15th year etc.), the parties agree to review the amounts set aside by Lessor to pay Operating Expenses for Premises, and to make any appropriate adjustments, purchases and/or rebates as mutually agreed to by the parties. The LESSEE may, if it chooses, use any credit it may have accumulated for payment of capital items it may be required to pay based on this Agreement.

10. TAXES

10.1 At the time of execution of this Lease, the Premises are not subject to ad valorem real property taxes. Should the Premises become subject to such taxes, LESSOR will be solely responsible to pay those taxes attributable to the Premises.

10.2 LESSEE shall pay, prior to delinquency, all applicable taxes assessed against and levied upon LESSEE trade fixtures, furnishings, equipment, and all other LESSEE personal property to be assessed and billed separately from the real property of LESSOR. If any of LESSEE's personal property shall be assessed with LESSOR's real property, LESSOR shall immediately notify LESSEE and both will cooperatively attempt to remedy the error with the appropriate taxing authority. In the event remediation fails, LESSEE will pay LESSOR taxes paid by LESSOR attributable to LESSEE's personal property within ten (10) days after receipt of a written statement from LESSOR setting forth the taxes applicable to LESSEE's personal property.

11. FURNISHINGS AND EQUIPMENT

LESSEE is responsible for purchase, installation and maintenance of all its furnishings and equipment in the Leased Premises.

12. REPAIRS AND MAINTENANCE

12.1 Casualty and Condemnation. The specific provisions hereof relating to repairs after casualty and condemnation shall take precedence over the terms of this Section but only to the extent of conflict therewith.

12.2 LESSOR Responsibilities and Duties.

12.2.1 LESSOR will maintain the roof, foundation, building, utilities distribution systems and elevators, exterior windows, means of ingress and egress, doors, parking areas, lawn and landscaping, fences, sidewalks, exterior and interior lighting, exterior and interior paint, all exterior windows, drainage system and the structural soundness of the Center, in good repair and condition. LESSOR will be responsible for repairs to the Premises necessitated by failure of the foundation or structural components of the Center, including the roof, building utilities distribution systems, and elevators, or by LESSOR's failure to maintain the exterior of the building. LESSOR's cost of maintaining the items set forth in this subparagraph will be part of the Operating Expenses as defined in this Agreement.

12.2.2 The driveways, parking areas and sidewalks serving the Premises will be available to LESSEE, its officers, employees, agents, clients, and invitees, as well as to other tenants of the Center and their respective employees and invitees. The use of such facilities will, at all times, be subject to such reasonable rules and regulations as LESSOR may promulgate not inconsistent with this Agreement and to all applicable governmental rules and regulations.

12.3 LESSEE Responsibilities and Duties.

12.3.1 in addition to its obligation in Section 7.2 hereof, LESSEE shall, at its sole cost and expense: (i) maintain the interior of the Premises in good repair and condition, and (ii) be fully responsible for the operation and maintenance of all LESSEE laboratories and clinics located within the Premises (including all related expenses); and (iii) provide security as needed, in DOH's reasonable discretion, for all public areas of the Premises, including any clinics and laboratories located within the Premises.

12.3.2 LESSEE will not willfully cause or permit any damage to any portion of the Premises or the Center. LESSEE will repair and pay for any damage to the Premises or the Center caused by LESSEE or its agents, employees, contractors and invitees, ordinary wear and tear excepted. LESSEE's moveable machinery, furniture, fixtures and equipment, other than that which is affixed to the Premises so that it cannot

be removed without damage to the Premises and which LESSOR does not require LESSEE to remove, may be removed by LESSEE upon expiration of the Lease Term. LESSEE will repair any damage to the Premises occasioned by the installation or removal of its trade fixtures, furnishings and equipment. Upon termination of this Lease, for any cause whatsoever, if LESSEE fails to remove its effects within a reasonable time, they will be deemed abandoned and LESSOR may, at its option, remove the same in any reasonable manner LESSOR shall choose, store them in a reasonable manner so as to avoid liability to LESSEE for loss thereof. LESSEE agrees to pay LESSOR within twenty (20) days of demand any and all direct expenses incurred in such removal, including storage charges for any length of time the same are in LESSOR's possession; or subject to LESSOR approval, LESSEE may transfer ownership of said effects to LESSOR at no expense to LESSEE. LESSEE will deliver all keys, key cards, combinations to locks, and key card door apparatus instructions within the Premises to LESSOR upon termination of this Lease. LESSEE's obligation to perform under this provision shall survive the end of the Lease Term.

13. ALTERATIONS

The Premises will be accepted at CC by LESSEE provided they are finished in accordance with the appropriate architectural plans and specifications for the project that were approved by LESSEE. LESSOR or its agent will use due diligence to obtain all required permits and government approvals and will not initiate construction or installation until a building permit has been issued. All work will conform to all applicable statutes, ordinances, building codes and rules and regulations.

LESSEE will not, without LESSOR's prior written consent, which consent will not be unreasonably withheld or delayed, make any alterations, improvements, additions, or utility installations (as defined herein) in, on, or to the Premises. As used in this Paragraph, the term "utility installation" means carpeting, window coverage, air lines, power panels, electrical distribution systems, lighting fixtures, space heaters, air conditioning and plumbing, if any.

Any alteration, improvement, addition or utility installation in or to the Premises that LESSEE desires to make will be presented to LESSOR for approval in written form, with proposed detailed plans. If LESSOR gives its consent, which consent will not be unreasonably withheld or delayed, the consent will be deemed conditioned upon LESSEE acquiring all necessary permits to do the work from LESSOR's Code

Compliance Office and the State Fire Marshall, the furnishing of a copy thereof to LESSOR prior to the commencement of the work, the compliance by LESSEE with all conditions of such permits in a prompt and expeditious manner, and if applicable, LESSEE's conducting its work so as not to interfere with any other tenants of the Center.

Unless LESSOR requires their removal, all alterations, improvement, additions, and utility installations made on the Premises shall become the property of LESSOR and remain upon and be surrendered with the Premises at the full expiration of the Initial Lease Term and any Extended Term without compensation to LESSEE.

14. DEFAULTS; ABANDONMENT

14.1 LESSEE will be deemed to be in default of its obligations under this Lease upon the occurrence of any of the following:

a. LESSEE's failure to make any payment due hereunder within (30) days after the date on which such payment is due.

b. LESSEE's failure to perform any covenant, promise or obligation under this Lease for a period of thirty (30) days after written notice of such default. If such failure cannot reasonably be cured within said thirty (30) day period, LESSEE will have such additional time to cure as the parties may reasonably agree upon, provided that LESSEE uses due diligence in attempting to cure.

14.2 Abandonment of Premises. LESSEE's abandonment or vacation of the Premises during the term of this Lease or LESSEE's non-occupation of the Premises for a period of One Hundred Eighty (180) days or more will be deemed abandonment unless LESSEE is continuing to pay monthly Lease Payments during the term of such non-occupation. In case of abandonment, LESSOR, at its option, may end LESSEE's right to possession under the Lease, re-enter and take possession of the Premises and relet or attempt to relet the Premises on behalf of LESSEE.

14.3 In case of either default or abandonment, LESSOR may choose to pursue any and all remedies permitted by Florida Law.

15. RIGHT OF FIRST OPTION.

During the Lease Term, should any tenants in the Center, including LESSOR, decide that it will no longer occupy all or any part of the Center, LESSOR will provide written notice of the tenant's intent to vacate the premises to LESSEE no later than one hundred and eighty (180) days prior to the tenant vacating. LESSEE will have the first

option to lease the vacated premises by providing written notice ("Notice of Exercise") to be received by LESSOR no later than ninety (90) days prior to the date the tenant is vacating. LESSEE and LESSOR will have ninety (90) days from LESSOR's receipt of the Notice to Exercise to negotiate the terms of the lease of the new premises. If the parties are unable to reach agreement within such ninety (90) day period, then, LESSOR may lease the premises to other entities.

16. INSURANCE

14.1 Both parties will maintain, throughout the Lease Term (including any Extended Term), all applicable insurance provided by the State of Florida, Department of Financial Services, Division of Risk Management.

17. CASUALTY

17.1 In the event the Premises are destroyed or damaged by fire or other casualty not due to the negligence of LESSEE, to the extent of less than twenty-five percent (25%) of the replacement cost of the improvements as of the date of such damage, and provided insurance proceeds are forthcoming from the appropriate entity for such purpose, LESSOR will restore the Premises by repairs or reconstruction at LESSOR's sole cost and expense to the condition of those Premises prior to such damage or destruction. If LESSOR does not repair, LESSEE has the option to repair to said original condition at its expense, subject to LESSOR's reimbursement to LESSEE for construction costs not covered by insurance, or to terminate the Lease. Lease Payments payable hereunder will be abated for the period of such repairs. LESSOR will begin reconstruction within ninety (90) days following the date of such damage.

If the LESSOR has not commenced and/or exercised reasonable efforts to restore or repair the Premises within ninety (90) days after the time of any damage or destruction, then LESSEE shall provide LESSOR with written notice of the specific deficiencies rendering the Premises untenantable and a reasonable opportunity to cure based on the particular circumstances at issue, provided, however, that if LESSOR fails to restore and/or repair the Premises within a one hundred and eighty day period thereafter, LESSEE may elect to terminate the Lease by giving written notice to LESSOR and upon such notice this Lease will terminate as of the date of the casualty and LESSEE will have no further obligation to make Lease Payments from that date forward. In the event of partial destruction or damage to the Premises which do not

render the demised premises untenable, the rents shall be proportionately abated in accordance with the extent to which LESSEE is deprived of use, occupancy or full enjoyment of the premises, unless LESSEE exercises its right of cancellation as set forth above.

17.2 In the event the Premises are destroyed or damaged by fire or other casualty not due to the negligence of LESSEE, to the extent of more than twenty-five percent (25%) of the replacement cost of the improvements as of the date of such damage, and provided insurance proceeds are forthcoming from the appropriate entity for such purpose, LESSOR will restore the Premises by repairs or reconstruction at LESSOR's sole cost and expense to the condition of those Premises prior to such damage or destruction. If LESSOR does not repair, LESSEE has the option to repair to said original condition at its expense, subject to LESSOR's reimbursement to LESSEE for construction costs not covered by insurance, or to terminate the Lease. Lease Payments payable hereunder will be abated for the period of such repairs. LESSOR will begin reconstruction within one hundred twenty (120) days following the date of such damage.

If the LESSOR has not commenced and/or exercised reasonable efforts to restore or repair the Premises within one hundred twenty (120) days after the time of any damage or destruction, then LESSEE shall provide LESSOR with written notice of the specific deficiencies rendering the Premises untenable and a reasonable opportunity to cure based on the particular circumstances at issue, provided, however, that if LESSOR fails to restore and/or repair the Premises within a one hundred and eighty day period thereafter, LESSEE may elect to terminate the Lease by giving written notice to LESSOR and upon such notice this Lease will terminate as of the date of the casualty and LESSEE will have no further obligation to make Lease Payments from that date forward. In the event of partial destruction or damage to the Premises which do not render the demised premises untenable, the rents shall be proportionately abated in accordance with the extent to which LESSEE is deprived of use, occupancy or full enjoyment of the premises, unless LESSEE exercises its right of cancellation as set forth above.

18. INDEMNITY

LESSOR and LESSEE mutually agree that each party will be solely responsible for the negligent acts or omissions of its officers, employees, contractors, and agents;

however, nothing contained herein constitutes a waiver by either party of its sovereign immunity or the limitations set forth in Florida Statute §768.28 (2007).

19. NONLIABILITY OF INDIVIDUALS

No director, officer, agent or employee of either party hereto will be charged personally or held contractually liable by or to the other party under any term or provision of this Agreement or because of any breach thereof or because of its or their execution or attempted execution hereof.

20. RIGHT OF ENTRY

20.1 LESSOR's Right of Entry. LESSEE agrees to permit LESSOR and LESSOR's agents entry to the Premises:

(a) at any time during the term of this Lease or any renewal hereof at all reasonable hours, upon reasonable notice, for the purpose of inspecting the Premises, preventing waste thereto, making such repairs or performing such maintenance as LESSOR may deem necessary, or discharging any duty imposed upon LESSOR by this Lease or by law. No notice will be required in the event of a bona fide emergency. LESSOR will make every effort to enter the Premises during working hours. LESSOR will not interfere with any LESSEE client during its inspections or entry or otherwise detract or impede from LESSEE's normal operation.

(b) within ninety (90) days prior to the termination of this Lease, and upon reasonable notice, for the purpose of showing the Premises to prospective lessees during LESSEE's normal business hours.

20.2 LESSEE's Right of Entry. LESSOR agrees to allow LESSEE access to the Premises and designated parking areas 24 hours a day, 7 days a week, 365 days a year. LESSEE acknowledges that there may be periods when a state of emergency exists, such as the period immediately following a hurricane, when access to the Premises will be limited to essential personnel only. LESSEE will follow LESSORS protocols for registration of essential personnel with LESSORS designated Director of Emergency Management.

21. SIGNAGE

LESSEE may install signage on the Premises and surrounding grounds subject to review and approval by LESSOR. Any signage or graphics will be installed or maintained at LESSEE's cost. Upon termination of this Lease, LESSEE will remove its signage. LESSEE will also be provided proportional space in the Center directory by LESSOR. Signage to accommodate any naming rights agreement entered into by LESSOR shall be considered when placing signage on the Center. Naming rights signage shall take precedence over LESSEE signage rights.

22. PARKING

22.1 During the initial Lease Term, and any Extended Term, LESSOR shall designate twenty (20) short-term parking spaces for use by the DOH and its clients or visitors from 7:00 a.m. to 5:30 p.m., Monday through Friday. The LESSOR and LESSEE shall jointly develop appropriate enforcement procedures, as necessary, for said parking areas. No parking is permitted on the grass or on any other portion of the Premises not previously designated for LESSEE clients.

22.2 LESSEE will be provided, as part of the Lease Payment, 500 parking decals in order for LESSEE staff to use parking spaces at designated site(s) on campus. Additional parking decals will be sold to LESSEE based on the prescribed parking fee schedule as shown in the LESSOR Parking and Transportation rules and regulations.

22.3 LESSOR will not be responsible to LESSEE, its staff or invitees for any injury to persons, or damage or destruction to property, caused on, or as a result of, parking in the provided parking areas. Utilization of any on-site parking is subject to all the terms and conditions of this Lease.

23. RULES AND REGULATIONS

LESSEE agrees at all times during the initial Lease Term and any Extended Term, to comply with all reasonable rules and regulations which LESSOR may, from time to time, adopt for the protection of LESSOR and all tenants of the Center, including parking regulations. Building and Parking Rules and Regulations will be uniformly enforced. A set of Building Regulations, which may be changed from time to time at LESSOR's discretion, is attached as Exhibit B hereto and made a part hereof.

24. UTILITIES AND MAIL SERVICE

24.1 LESSOR will provide chilled water, water, sewer and electrical service to the Premises for normal office use. In the event LESSOR occupies a portion of the LESSEE building, the two premises may be separately metered for electrical service. Payment for this electrical service shall be governed by Paragraph 9 OPERATING EXPENSES, above. It is understood by both parties that LESSEE will enter into separately negotiated contracts for telephone and data services and hazardous or biomedical waste disposal with appropriate entities.

24.2 LESSOR will apply to the United States Postal Service for a separate mail address and mail drop-off points for LESSEE within the Center. LESSEE will be responsible for mail delivery from the main mail drop off point to individual offices within the Premises.

25. FORCE MAJUEURE

Whenever a period of time is prescribed herein for action to be taken by either party (other than the payment of Basic Rent), that party will not be liable or responsible for, and there shall be excluded from the computation for any such period of time, any delays due to strikes, riots, acts of God, shortages of labor or materials, war, governmental laws, regulations or restrictions or any other causes of any kind whatsoever which are beyond the reasonable control of that party.

26. QUIET ENJOYMENT

Upon LESSEE's observing and performing all of the covenants, conditions and provisions on its part to be observed and performed, LESSEE shall have the right to quiet possession of the Premises for the entire term hereof subject to all of the provisions hereof.

27. RADON GAS DISCLOSURE

The following language is required by law in any contract the sale or lease of any building within the State of Florida:

"RADON GAS: Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from your county public health unit."

28. ENVIRONMENTAL COMPLIANCE

LESSOR warrants that there are no environmental issues with this building site and will be fully responsible for remediation of any condition existing prior to the commencement of the construction. Neither party will use, generate, manufacture, produce, store, release, discharge or dispose of, on or under or about the Premises, any Hazardous Substance (as defined below) or allow any other person or entity to do so, except to the extent made necessary by patient evaluation and research activities, and in such cases in full compliance with all applicable laws, rules and regulations. Both parties will keep and maintain the Premises in compliance with, and shall not cause or permit the Premises to be in violation of, any Environmental Laws (as defined below.)

Each party will give prompt notice to the other party of:

(a) any proceeding inquiry by any governmental authority (including without limitation the Florida Department of Environmental Protection or LESSEE itself) with respect to the presence of any Hazardous Substance on the Premises or the migration thereof from or to other property;

(b) all claims made or threatened by any third party against LESSEE or LESSOR for the Premises relating to any loss or injury resulting from any Hazardous Substance; and

(c) Either party's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Premises that could cause the Premises or any part thereof to be subject to any restrictions on the ownership, occupancy, transferability or the use of the Premises under any Environmental Law or any regulation adopted in accordance therewith.

The term "Hazardous Substance" includes without limitation:

(a) those substances included within the definition of "hazardous substances," "hazardous materials," "toxic substances", or "solid waste" in CERCLA, RCRA, and the Hazardous Materials Transportation Act, 49 U.S.C. Sections 1801 et seq. and in the regulations promulgated pursuant to such laws;

(b) those substances defined as "hazardous wastes" or "medical wastes" in any Florida Statute and in the regulations promulgated pursuant to any Florida Statute;

(c) those substances listed in the United States Department of Transportation Table (49 CFR 172.101 and amendments thereto) or by the

Environmental Protection Agency (or any successor agency) as hazardous substances (40 CFR Part 302 and amendments thereto);

(d) such other substances, materials and wastes which are or become regulated under applicable local, state or federal law, or which are classified as hazardous or toxic under federal, state or local laws or regulations; and

(e) any materials, waste or substance with is (1) petroleum, (2) asbestos, (3) polychlorinated biphenyls, (4) designated as a "hazardous substance" pursuant to the Section 311 of the Clean Water Act 33 U.S.C. Sections 125 et seq. or listed pursuant to the Section 307 of the Clean Water Act, (5) flammable explosive, or (6) radioactive materials.

All the terms and provisions of this Paragraph will survive expiration or termination of this Lease.

29. OBSERVANCE OF LAWS

LESSEE agrees to observe, comply with and execute promptly at its expense during the Lease Term (including any Extended Term), all laws, rules, requirements, orders, directives, codes and regulations of any and all governmental authorities or agencies, of all municipal departments, bureaus, boards and officials, and of insurance carriers, applicable to its use or occupancy of the Premises. All additions, alterations, installations, partitions or changes will be in full compliance with the authorities listed above. LESSOR is responsible for the Center's compliance with the Florida Building Code accessibility requirements, and any similar laws enacted by the State of Florida and applicable to the Premises. Renovation by LESSOR will ensure compliance with all applicable federal, state and local laws, rules and regulations relative to LESSEE's proposed occupancy and use.

30. ADDRESS FOR PAYMENTS; NOTICES

30.1 Payments or other sums accruing hereunder will be forwarded to LESSOR at the following address:

FIU Controller's Office
Attention: Controller
CSC 310
11200 SW 8th Street
Miami, FL 33199

Lease Agreement (FIU and MIAMI-DADE COUNTY)

Page 24 of 29

31

30.2 All notices, waivers, demands, requests and other communications required or permitted by this Agreement (collectively, "Notice") shall be in writing and deemed to have been duly given upon the expiration of three (3) days after depositing the same with the United States Postal Service by certified or registered mail, return receipt requested, postage prepaid, or on the date and time personally delivered or transmitted by facsimile, or on the date after depositing with Federal Express or other overnight delivery service (from which receipt may be obtained) and addressed to the person to whom it is to be given. If the party to receive the Notice is LESSOR, such Notice will be addressed to LESSOR at the address shown below:

Florida International University
11200 S.W. 8th Street
Miami, FL 33199
Attn: Vice President & Chief Financial Officer

With copies to:

Stempel School of Public Health
Florida International University
11200 S.W. 8th Street
Miami, FL 33199
Attn: Dean

If the person to receive the Notice is LESSEE, such Notice will be addressed to LESSEE at the address shown below:

Director General Services Administration
Miami-Dade County
111 NW 1st Street
Suite 2400
Miami, Florida 33128
(305) 375-4400

with copy to:

County Attorney
Miami-Dade County
111 NW 1st Street
Suite 2800
Miami, Florida 33128

31. KEYS

At all times during the Lease Term (including any Extended Term), LESSEE will abide by LESSOR's key control policy. On the Lease Commencement Date, keys will be issued to LESSEE for the Premises. New or replacement keys will be issued at LESSEE's expense.

32. INTERPRETATION

The covenants herein will bind and the benefits hereof will inure to the successors and assigns of the parties hereto. Each party has participated fully in the negotiation and preparation of this Agreement with full benefit of counsel. Accordingly, this Agreement will not be more strictly construed against one party or the other. Unless the context requires otherwise, the singular is construed to include the plural and vice versa. The Paragraph headings used herein are for indexing purposes only and are not to be used in interpreting or construing the terms of this Lease.

33. COSTS OF ENFORCEMENT

If either party brings an action to enforce the terms hereof or declare rights hereunder, each party shall bear its own costs and attorney's fees, including those incurred in pre-litigation demands, arbitration, mediation, administrative or bankruptcy proceedings, court costs and enforcing any right to indemnity herein.

34. GOVERNING LAW; VENUE

This Agreement and all matters and issues collateral thereto shall be governed by and construed in accordance with the laws of the Stat of Florida. The venue for any legal action taken with respect to this Agreement shall be in Miami-Dade County, Florida.

35. WAIVER OF JURY TRIAL

Neither Lessor nor LESSEE shall seek a jury trial in any lawsuit, proceeding, counter-claim, or any other litigation based upon, or arising out of this Agreement, any related instrument, or the dealings or the relationship between or among the parties, or any of them. No party will seek to consolidate any such action, in which a jury has been waived, with any other action in which a jury trial cannot or has not been waived. THE PROVISIONS OF THIS PARAGRAPH HAVE BEEN FULLY DISCUSSED BY THE PARTIES HERETO. NO PARTY HAS IN ANY WAY AGREED WITH OR REPRESENTED TO ANY OTHER PARTY THAT THE PROVISIONS OF THIS PARAGRAPH WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

36. ASSIGNMENT AND SUBLETTING

The County shall have the absolute right to assign or sublet this Lease Agreement in its entirety to the ASSIGNEE and once assigned or sublet the County shall have no further obligation whatsoever to the performance by ASSIGNEE of its obligations under this Agreement or by any of its successors or assigns. ASSIGNEE shall not have the right to assign this Agreement or any interest therein, or to sublet any portion of the Premises without the prior express written consent of LESSOR. It is hereby expressly agreed between the parties that no further assignment or further subletting of the Premises shall in any way relieve ASSIGNEE of any of its obligations under the terms and provisions of this Agreement.

37. SUBORDINATION

This Agreement and all of the rights of LESSEE hereunder are and shall be subject and subordinate to the lien of any leasehold mortgage or mortgages hereinafter placed on the Lessor's interest in the Premises or any part thereof, and to any and all renewals, modifications, consolidations, replacements or substitutions of any such mortgage or mortgages. Such subordination shall be automatic without the execution of any further subordination agreement by LESSEE. If, however, a written subordination agreement consistent with this provision is required by a mortgagee, LESSEE agrees to execute, acknowledge and deliver the same. LESSEE agrees to attorn to any such mortgagee.

38. INVALIDITY OF PARTICULAR PROVISION

If any term or provision of this Agreement or the application thereof to any persons or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

39. WAIVERS

Any party to this Agreement may, by written notice to the other parties hereto, waive any provision of this Agreement. The waiver by any party hereto of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any such subsequent breach.

40. ENTIRE AGREEMENT; MODIFICATIONS; OPERATING ADDENDA

This Agreement constitutes the entire understanding between the parties with respect to the subject matter hereof and supersedes all prior agreements or understandings, if any, relating to the subject matter hereof. This Lease may not be changed orally, but only by an amendment in writing by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought. LESSEE and LESSOR may, from time to time, negotiate and enter into Operating Addenda concerning specific matters or relationships between them. Such Operating Addenda will be in writing and signed by the duly authorized representatives of LESSEE and LESSOR.

LESSOR AND LESSEE HAVE CAREFULLY READ AND REVIEWED THIS LEASE AND EACH TERM AND PROVISION CONTAINED HEREIN AND, BY EXECUTION OF THIS LEASE, SHOW THEIR INFORMED AND VOLUNTARY CONSENT THERETO. THE PARTIES HEREBY AGREE THAT, AT THE TIME THIS LEASE IS EXECUTED, THE TERMS OF THIS LEASE ARE COMMERCIALY REASONABLE AND EFFECTUATE THE INTENT AND PURPOSE OF LESSOR AND LESSEE WITH RESPECT TO THE PREMISES.

Signatures on following page

Lease Agreement (FIU and MIAMI-DADE COUNTY)

Page 28 of 29

35

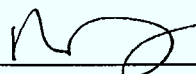
IN WITNESS WHEREOF the parties have executed this Lease the day and year stated
in Page One (1) of this Lease.

THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES

BY: 

Dr. Modesto A. Maidique, President

Approved as to form and legality:



University Attorney, Date: 2-29-08

MIAMI-DADE COUNTY

Mayor

Carlos Alvarez

Approved as to Form and Legal Sufficiency_____

ATTEST:

Clerk of the Board

EXHIBIT B

CLEANING SPECIFICATIONS

Florida International University (LESSOR)

Miami-Dade County (LESSEE)

Day Maid/Porter Duties:

1. Inspect all restrooms, keeping them in a clean and presentable condition.
2. Fill toilet tissue dispensers, toilet seat cover dispensers, soap dispenser, paper towel dispensers and sanitary napkin dispensers as needed (products to be furnished by Landlord).
3. Inspect and clean elevator cabs on a continuous basis. Doors and other metal surfaces should be frequently cleaned with an approved cleanser. Floors should be kept free of debris and cleaned as necessary,
4. Clean janitorial closets and organize their contents as necessary.
5. Clean the lobby security desk/area as required.
6. Respond to tenant requests as reasonably necessary.
7. Clean lobby directory as required.
8. Wet mop exterior horizontal granite surfaces adjacent to the lobby and motor court areas.
9. Perform other duties as directed by the Manager.
10. Day Maids/Porters are required to wear uniforms that are furnished by the janitorial contractor. The Manager must approve the uniforms.

Nightly-Tenant Spaces:

1. Wastebaskets and trash containers are to be emptied, exterior and interior surfaces wiped clean and returned to original location. Plastic liners will be installed as needed with liners furnished by building Landlord.
2. General Dusting: Hand dusting of the following should be done with a treated cloth or in some cases where a damp cloth is called for: miscellaneous cabinets, window sills, coat racks, ledges and shelves under six feet and other desk top accouterments. Janitorial staff members are to handle any items on the desktop or work service.

105

3. Carpets are to be vacuumed in traffic lanes and around desks paying particular attention to knee well areas and oriental rugs. Spot cleaning is to be performed as needed to remove spillages or stains.
4. Walls are to be spot-cleaned as needed around light switches, handrails, door knobs and other heavy traffic areas.
5. Tile floors: All tile floor areas are to be dust mopped with chemically-treated mops or wet-mopped as specified. Spills and stains are to be spot-mopped on a daily basis.
6. Computer rooms will be cleaned as directed by Tenant and Tenant may incur a special service expense.
7. Counter tops to be cleaned nightly providing they are reasonably clear.
8. Sinks are to be wiped clean providing they are reasonably clear.

Nightly-Corridors and Lobbies (including service and garage vestibules):

1. Wastebaskets and trash containers are to be emptied, wiped clean, and returned to original location. Plastic liners will be installed as needed, with liners furnished by Building Landlord. All waste will be collected and removed to a central waste disposal area.
2. Ledges: Dust all ledges and other surfaces prone to dust accumulation.
3. Walls: Wall surfaces around light switches, electric and telephone outlets, door knobs, archway mirrors, and other traffic areas are to be spot-cleaned as needed.
4. Water Fountains: To insure a clean, healthy condition at the water fountain, the dispensing area and bowls are to be washed with a disinfectant solution and dry-shined. The sides of the metal housing will be damp wiped to remove streaks and runs.
5. Entrance Areas: All glass doors and metal trim are to be cleaned and dry-shined on both sides. Any side panels are to be spot-cleaned as needed.
6. Floors: Carpeted floors are to be thoroughly vacuumed and spot-cleaned as required. The areas will be dust-mopped with a specially treated mopping tool and with cleansing agents recommended by manufacturer. Granite floors will be swept, damp-mopped and spray-buffed. Walk-off mats will be utilized as directed by Manager. Sweep and wet-mop exterior horizontal granite surfaces in motorcourt and areas adjacent to the main lobby.
7. Janitorial closets will be cleaned nightly and shelves stocked with a minimum supply of towels, tissue, and liners as requested by Landlord.

106

1. Police and/or spot sweep steps, landings and handrails.

Nightly-Exterior Granite:

1. Sweep and wet-mop exterior horizontal granite surfaces in motorcourt and areas adjacent to the main lobby and lobby level tenant spaces.

Nightly-Elevators (Tower and Parking Garage):

1. Granite floors: Sweep/dust mop and spot clean to remove spillage and stains. Cleansers should be approved by Manager. Vacuum the saddle to remove debris. Elevator door tracks are to be cleaned and shined nightly.
2. Walls: Wipe clean all walls, handrails and doors with approved cleansers.
3. Elevators: Interior walls and polished mirror finish stainless steel doors should be cleaned in accordance with the manufacturer's recommendations. All cleaning methods must be approved by the Manager. Elevator intercoms should be cleaned nightly.

Nightly-Trash Compactors/Loading Docks:

1. The areas should be swept nightly. The compactor should always be left stopped on the "in" position. Disinfectant should be added to compactor containers as necessary to control undesirable odors.
2. The Loading dock areas should be swept and mopped nightly.

Weekly:

1. Carpets: All carpets throughout the building are to be thoroughly vacuumed in all areas inclusive of corners, edges and behind doors. Operator will exercise care to insure that vacuum does not bump or mar furniture. Care should be exercised not to damage door frames with vacuum cleaner cords.
2. Pictures: Pictures and other wall adornments are to be dusted.
3. Baseboard and Low Vents: Dusted weekly.
4. Vertical Furniture Surfaces: Sides of desks, credenzas and other furniture are to be dusted with a treated cloth.
5. Stairwells: Thoroughly vacuum or sweep all steps and landings. Spot-clean landings and steps to remove stains, shoe polish scuffs, etc. Clean/dust stairwell light fixtures.
6. File cabinets are to be cleaned/dusted.

108

9. Restroom porcelain walls and flooring to be machine-cleaned and shined in accordance to manufacturer's specifications.
10. Public corridor carpet should be shampooed as necessary.
11. Elevator ceilings, including service cabs are to be thoroughly cleaned. Procedure to be approved by Manager.
12. Window mullions to be dusted/wiped down as required. If necessary, a detergent cleanser should be utilized.

Quarterly:

1. Paneled walls (if any): To be dusted using specially treated dusting tools.
2. Draperies (if any): To be thoroughly vacuumed on both sides.
3. Interior tenant glass to be cleaned as necessary, but not less than quarterly.
4. Steam or high pressure clean trash compactors, pads and surrounding areas.
5. Steam or high pressure clean the loading dock pad.
6. Dust stairwell walls. Wipe handrails.

Annually:

1. Clean HVAC diffusers, returns, surrounding ceiling tile and grid.
2. Clean light fixtures and lenses.
3. Clean all exit light fixtures.
4. Clean interior building signage.
5. Clean exterior windows of the Building.

ADDITIONAL SERVICES:

Additional services such as upholstery or carpet cleaning may be requested by the Tenant and a price for same shall be provided by the Janitorial Contractor.

ND

2. Goals and Objectives of Affiliation.

A. Generally. This Affiliation Agreement is intended to define the objectives for the affiliation between DOH and FIU. It is the intent of the parties to work cooperatively toward the satisfaction of their mutual missions and to fulfill the needs and expectations of both parties in a fair and equitable manner. This Affiliation Agreement is contingent upon the parties entering into a mutually acceptable lease agreement (the "Lease") with respect to the premises to be leased by DOH on the FIU campus.

B. Specific Goals and Objectives. The stated goals and objectives of this affiliation are as follows:

- (i) To relocate certain DOH administrative, clinical research laboratories and public health services to Florida International University's University Park Campus;
- (ii) To enhance the disease/disorder diagnostic capabilities of DOH through the establishment and maintenance of close relationships with FIU faculty;
- (iii) To strengthen existing and to develop new education programs both at FIU and DOH in the field of public health;
- (iv) To strengthen the existing public health laboratory sciences curriculum and facilitate the establishment of new collaborations between DOH and FIU faculty and students who will work cooperatively in the DOH laboratory and clinical space at the Building;
- (v) To form a consortium wherein DOH and the Robert Stempel School of Public Health will cooperate in securing and implementing public health-related research grants and contract studies;
- (vi) To allow for the collaboration of DOH and FIU personnel and to provide a common base for the Robert Stempel School of Public Health, the College of Nursing and Health Sciences, and the College of Medicine to cooperate on studies and activities relating to public health practices;
- (vii) To establish a nationally-recognized FIU-DOH Public Health Center/Institute of Excellence for the edification of students and professionals and for access by the Governor, the Legislature and other state agencies to special resources and expert advice relating to the health of Florida's citizens.

3. DOH Activities and Program at the University Park Campus. DOH agrees to engage in public health-related service, training and research activities in the DOH premises located on FIU's University Park campuses which are congruent with FIU's mission.

notice unless, in the sole discretion of the Administrator of the Miami-Dade County Health Department, immediate removal is necessary.

- c. Medical coverage is the responsibility of the Student.
 - d. Subject to applicable laws, FIU shall assure the student(s) will maintain confidentiality of all data, files, and client records related to the services provided pursuant to this agreement and shall comply with state and federal laws, including, but not limited to, Sections 384.29, 381.004, 392.65 and 455.667, Florida Statutes. Procedures will be implemented by FIU to ensure the protection and confidentiality of all confidential matters the Student observes. These procedures shall be consistent with the Department of Health Information Security Policies, Protocols, and Procedures, September 1997, as amended, which is incorporated herein by reference and the receipt of which is acknowledged by the FIU upon execution of this agreement.
 - e. To assure that prior to the Student beginning their internship with the Department, the Student has undergone a Level 2 background screening as required by §110.1127 and §435.04, Florida Statutes. Initial screening will include fingerprint checks through the Florida Department of Law Enforcement (FDLE) and the Federal Bureau of Investigation (FBI). Additional screening requirements, including drug testing, may be requested by DOH pursuant to DOH policies and Florida Statutes.
 - f. To submit written documentation evidencing that the Student has completed and passed the screening and fingerprinting requirement prior to scheduling the student to begin training at DOH.
 - g. Prior to or on the first day of the internship, Students will each have to undergo information security training provided by the DOH.
 - h. FIU will comply with applicable provisions of Department of Health publication, "Methods of Administration, Equal Opportunity In Service Delivery." Assurance is given that neither will discriminate against any employee or applicant in the course of study due to race, color, origin, creed, sex, age, marital status, or handicap.
- (b) DOH agrees to the following:
- a. To provide designated staff members as public health training supervisors or practicum preceptors for Students, and access to data, instruction, clients and facilities.

With a copy to: Office of the Administrator
Miami-Dade County Health Department
8323 NW 12 Street, Suite 212
Miami, Florida 33126
Attn: Administrator

To FIU: Florida International University
11200 S.W. 8th Street – PC 526
Miami, FL 33199
Attn: Provost

9. Governing Law. This Agreement was entered into by two entities of Florida State government. Its interpretation and enforcement shall be governed by the laws of the State of Florida. In the event of any dispute arising out of the Agreement, the parties agree to attempt in good faith to resolve such dispute by negotiation or mediation. Thereafter, the courts of Miami-Dade County, Florida shall have exclusive jurisdiction.

10. No Implied Waiver. No waiver of enforcement, failure to insist upon strict performance of any provision, or waiver of any default or breach of this Agreement, whether or not recurring, shall be construed as a waiver of any subsequent enforcement, default or breach.

11. Severability. The invalidity unenforceability of any provision of this Agreement will not affect the validity or enforceability of any other provision.

12. Integration. This Agreement embodies all prior communications of the parties and constitutes the entire agreement of the parties with respect to the subject matter hereof.

13. Authority. The persons signing this Agreement on behalf of DOH and on behalf of FIU are the duly authorized representatives of the respective parties with full power and authority to execute this Agreement. Each party represents and warrants that it has taken all corporate and/or government action necessary to fully authorize the performance of the obligations hereunder and thereunder, and the execution of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first above written.

Attest:

FLORIDA DEPARTMENT OF HEALTH
MIAMI-DADE COUNTY HEALTH DEPARTMENT

Heather J. Ne

By:

Maribel Zayas, B.S., JD
Interim Administrator

Date:

9/26/07

EXHIBIT D

TENANT ACCEPTANCE AGREEMENT

Florida International University (LESSOR)

Miami-Dade County (LESSEE)

11200 SW 8th Street

This Agreement, dated as of _____, 2005, made between Florida International University (hereinafter referred to as "Landlord"), and MIAMI-DADE COUNTY, a political subdivision of the State of Florida (hereinafter referred to as "Tenant");

WITNESSETH THAT:

WHEREAS, Landlord and Tenant entered into a Lease Agreement dated _____, 2008 (the "Lease") for space (the "Premises") in the building known as 2560 NW 89th St., Miami, Florida _____; and

WHEREAS, Landlord and Tenant agreed to execute this Agreement to confirm the actual Commencement and Expiration Dates of the Lease Term, and for other purposes;

NOW, THEREFORE, pursuant to the provisions of Article ____ of the Lease, Landlord and Tenant mutually agree as follows:

1. The Commencement Date of the Lease Term is _____.
The Expiration Date of the original Lease Term is _____.

2. Tenant is in possession of, and has accepted, the Premises demised by the Lease, and acknowledges that all the work to be performed by Landlord in the Premises as required by the terms of the Lease except as set forth in Paragraph 3 below, if any, has been satisfactorily completed. Tenant further certifies that all conditions of the Lease required of Landlord as of this date have been fulfilled and there are no defenses or setoffs against the enforcement of the Lease by Landlord.

3. Landlord and Tenant acknowledge pursuant to Section 18.2(d) of the Lease that the items described on Schedule 1 attached hereto remain to be completed or corrected, which items Landlord agrees to accomplish within a reasonable time subsequent to the Commencement Date (if no such items, so state).

[SIGNATURE APPEAR ON NEXT PAGE]

118

Witness

Witness

ATTEST:

HARVEY RUVIN, CLERK

By: _____
Deputy Clerk

STATE OF FLORIDA
COUNTY OF MIAMI-DADE

I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the State aforesaid and in the County aforesaid to take acknowledgements, the foregoing instrument was acknowledged before me by _____, as _____ of _____, on behalf of the _____. He/She is personally known to me or has produced _____ as identification.

WITNESS my hand and official seal in the County and State last aforesaid this ____ day of ___, 2005.

By: _____

Notary Public

Print Name: _____

My Commission Expires: _____

120

149

Proforma

| Department of Health | | | | | | | | | | | | | |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|------|------|
| | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% |
| Revenues | | | | | | | | | | | | | |
| Lease Cost per GSF | | | | | | | | | | | | | |
| DOH Lease Payments | | | | | | | | | | | | | |
| Other | | | | | | | | | | | | | |
| Total Revenues..... | \$ 4,160,237 | \$ 4,201,839 | \$ 4,243,858 | \$ 4,286,296 | \$ 4,329,159 | \$ 4,372,451 | \$ 4,416,175 | \$ 4,460,337 | \$ 4,504,941 | \$ 4,549,990 | \$ 4,595,490 | | |
| Expenses | | | | | | | | | | | | | |
| Debt Service Payments P/I | \$ 1,938,046 | \$ 1,938,087 | \$ 1,938,771 | \$ 1,938,683 | \$ 1,937,947 | \$ 1,938,523 | \$ 1,938,285 | \$ 1,938,193 | \$ 1,938,524 | \$ 1,938,420 | \$ 1,938,790 | | |
| Plant Operation & Maintenance | 940,606 | 978,231 | 1,017,360 | 1,058,054 | 1,100,376 | 1,144,392 | 1,190,167 | 1,237,774 | 1,287,285 | 1,338,776 | 1,392,327 | | |
| Garage Parking for DOH Employees | 253,648 | 258,721 | 263,896 | 269,174 | 274,557 | 280,048 | 285,649 | 291,362 | 297,189 | 303,133 | 309,196 | | |
| Total Costs..... | \$ 3,132,301 | \$ 3,175,039 | \$ 3,220,026 | \$ 3,265,911 | \$ 3,312,881 | \$ 3,362,962 | \$ 3,414,101 | \$ 3,467,329 | \$ 3,522,999 | \$ 3,580,329 | \$ 3,640,313 | | |
| Revenues over Expenses..... | \$ 1,027,936 | \$ 1,026,800 | \$ 1,023,832 | \$ 1,020,386 | \$ 1,016,278 | \$ 1,009,489 | \$ 1,002,074 | \$ 993,008 | \$ 981,942 | \$ 969,661 | \$ 955,177 | | |
| Estimated Cash Balance..... | \$ 10,206,014 | \$ 11,232,814 | \$ 12,256,645 | \$ 13,277,031 | \$ 14,293,309 | \$ 15,302,798 | \$ 16,304,872 | \$ 17,297,880 | \$ 18,279,822 | \$ 19,249,482 | \$ 20,204,659 | | |
| Available for Debt..... | \$ 2,965,982 | \$ 2,964,887 | \$ 2,962,602 | \$ 2,959,068 | \$ 2,954,226 | \$ 2,948,011 | \$ 2,940,359 | \$ 2,931,201 | \$ 2,920,466 | \$ 2,908,080 | \$ 2,893,967 | | |
| Debt Coverage..... | 1.53 | 1.53 | 1.53 | 1.53 | 1.52 | 1.52 | 1.52 | 1.51 | 1.51 | 1.50 | 1.49 | | |

Proforma

| Department of Health | | | | | | | | | | |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|------|------|------|
| | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% |
| Revenues | | | | | | | | | | |
| Lease Cost per GSF | FY 35/36 | FY 36/37 | FY 37/38 | FY 38/39 | FY 39/40 | FY 40/41 | FY 41/42 | | | |
| | Year 24 | Year 25 | Year 26 | Year 27 | Year 28 | Year 29 | Year 30 | | | |
| DOH Lease Payments | \$ 49,38 | \$ 49,87 | \$ 50,37 | \$ 50,87 | \$ 51,38 | \$ 51,90 | \$ 52,41 | | | |
| Other | \$ 4,641,445 | \$ 4,687,859 | \$ 4,734,738 | \$ 4,782,085 | \$ 4,829,906 | \$ 4,878,205 | \$ 4,926,987 | | | |
| Total Revenues..... | \$ 4,641,445 | \$ 4,687,859 | \$ 4,734,738 | \$ 4,782,085 | \$ 4,829,906 | \$ 4,878,205 | \$ 4,926,987 | | | |
| Expenses | | | | | | | | | | |
| Debt Service Payments P/I | \$ 1,938,499 | \$ 1,938,457 | \$ 1,938,529 | \$ 1,938,579 | \$ 1,938,471 | \$ 1,938,072 | \$ 1,938,245 | | | |
| Plant Operation & Maintenance | 1,448,020 | 1,505,941 | 1,566,179 | 1,628,826 | 1,693,979 | 1,761,738 | 1,832,208 | | | |
| Garage Parking for DOH Employees | 315,380 | 321,687 | 328,121 | 334,684 | 341,377 | 348,205 | 355,169 | | | |
| Total Costs..... | \$ 3,701,899 | \$ 3,766,086 | \$ 3,832,829 | \$ 3,902,088 | \$ 3,973,828 | \$ 4,048,015 | \$ 4,125,622 | | | |
| Revenues over Expenses..... | \$ 939,546 | \$ 921,774 | \$ 901,909 | \$ 879,997 | \$ 856,078 | \$ 830,190 | \$ 801,365 | | | |
| Estimated Cash Balance..... | \$ 21,144,205 | \$ 22,065,978 | \$ 22,967,887 | \$ 23,847,884 | \$ 24,703,963 | \$ 25,534,153 | \$ 26,335,518 | | | |
| Available for Debt..... | \$ 2,878,045 | \$ 2,860,231 | \$ 2,840,438 | \$ 2,818,576 | \$ 2,794,550 | \$ 2,768,262 | \$ 2,739,610 | | | |
| Debt Coverage..... | 1.48 | 1.48 | 1.47 | 1.45 | 1.44 | 1.43 | 1.41 | | | |

Appendix A - **Item f.**

Five Year Projection of the Pledged Revenues and the Debt Service Coverage

153

Proforma

| Department of Health | | | | | | | | | | | | | |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|------|------|
| | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% |
| Revenues | | | | | | | | | | | | | |
| Lease Cost per GSF | FY 24/25 | FY 25/26 | FY 26/27 | FY 27/28 | FY 28/29 | FY 29/30 | FY 30/31 | FY 31/32 | FY 32/33 | FY 33/34 | FY 34/35 | | |
| | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 | Year 21 | Year 22 | Year 23 | | |
| DOH Lease Payments | \$ 44.26 | \$ 44.70 | \$ 45.15 | \$ 45.60 | \$ 46.05 | \$ 46.52 | \$ 46.98 | \$ 47.45 | \$ 47.92 | \$ 48.40 | \$ 48.89 | | |
| Other | \$ 4,160,237 | \$ 4,201,839 | \$ 4,243,858 | \$ 4,286,296 | \$ 4,329,159 | \$ 4,372,451 | \$ 4,416,175 | \$ 4,460,337 | \$ 4,504,941 | \$ 4,549,990 | \$ 4,595,490 | | |
| Total Revenues..... | \$ 4,160,237 | \$ 4,201,839 | \$ 4,243,858 | \$ 4,286,296 | \$ 4,329,159 | \$ 4,372,451 | \$ 4,416,175 | \$ 4,460,337 | \$ 4,504,941 | \$ 4,549,990 | \$ 4,595,490 | | |
| Expenses | | | | | | | | | | | | | |
| Debt Service Payments P/I | \$ 1,938,046 | \$ 1,938,087 | \$ 1,938,771 | \$ 1,938,683 | \$ 1,937,947 | \$ 1,938,523 | \$ 1,938,285 | \$ 1,938,193 | \$ 1,938,524 | \$ 1,938,420 | \$ 1,938,790 | | |
| Plant Operation & Maintenance | 940,606 | 978,231 | 1,017,360 | 1,058,054 | 1,100,376 | 1,144,392 | 1,190,167 | 1,237,774 | 1,287,285 | 1,338,776 | 1,392,327 | | |
| Garage Parking for DOH Employees | 253,648 | 258,721 | 263,896 | 269,174 | 274,557 | 280,048 | 285,649 | 291,362 | 297,189 | 303,133 | 309,196 | | |
| Total Costs..... | \$ 3,132,301 | \$ 3,175,039 | \$ 3,220,026 | \$ 3,265,911 | \$ 3,312,881 | \$ 3,362,962 | \$ 3,414,101 | \$ 3,467,329 | \$ 3,522,999 | \$ 3,580,329 | \$ 3,640,313 | | |
| Revenues over Expenses..... | \$ 1,027,936 | \$ 1,026,800 | \$ 1,023,832 | \$ 1,020,386 | \$ 1,016,278 | \$ 1,009,489 | \$ 1,002,074 | \$ 993,008 | \$ 981,942 | \$ 969,661 | \$ 955,177 | | |
| Estimated Cash Balance..... | \$ 10,206,014 | \$ 11,232,814 | \$ 12,256,645 | \$ 13,277,031 | \$ 14,293,309 | \$ 15,302,798 | \$ 16,304,872 | \$ 17,297,880 | \$ 18,279,822 | \$ 19,249,482 | \$ 20,204,659 | | |
| Available for Debt..... | \$ 2,965,982 | \$ 2,964,887 | \$ 2,962,602 | \$ 2,959,068 | \$ 2,954,226 | \$ 2,948,011 | \$ 2,940,359 | \$ 2,931,201 | \$ 2,920,466 | \$ 2,908,080 | \$ 2,893,967 | | |
| Debt Coverage..... | 1.53 | 1.53 | 1.53 | 1.53 | 1.52 | 1.52 | 1.52 | 1.51 | 1.51 | 1.50 | 1.49 | | |

Proforma

| Department of Health | | | | | | | | | | |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|------|------|------|
| | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% |
| Revenues | | | | | | | | | | |
| Lease Cost per GSF | FY 35/36 | FY 36/37 | FY 37/38 | FY 38/39 | FY 39/40 | FY 40/41 | FY 41/42 | | | |
| | Year 24 | Year 25 | Year 26 | Year 27 | Year 28 | Year 29 | Year 30 | | | |
| DOH Lease Payments | \$ 49,38 | \$ 49,87 | \$ 50,37 | \$ 50,87 | \$ 51,38 | \$ 51,90 | \$ 52,41 | | | |
| Other | \$ 4,641,445 | \$ 4,687,859 | \$ 4,734,738 | \$ 4,782,085 | \$ 4,829,906 | \$ 4,878,205 | \$ 4,926,987 | | | |
| Total Revenues..... | \$ 4,641,445 | \$ 4,687,859 | \$ 4,734,738 | \$ 4,782,085 | \$ 4,829,906 | \$ 4,878,205 | \$ 4,926,987 | | | |
| Expenses | | | | | | | | | | |
| Debt Service Payments P/I | \$ 1,938,499 | \$ 1,938,457 | \$ 1,938,529 | \$ 1,938,579 | \$ 1,938,471 | \$ 1,938,072 | \$ 1,938,245 | | | |
| Plant Operation & Maintenance | 1,448,020 | 1,505,941 | 1,566,179 | 1,628,826 | 1,693,979 | 1,761,738 | 1,832,208 | | | |
| Garage Parking for DOH Employees | 315,380 | 321,687 | 328,121 | 334,684 | 341,377 | 348,205 | 355,169 | | | |
| Total Costs..... | \$ 3,701,899 | \$ 3,766,086 | \$ 3,832,829 | \$ 3,902,088 | \$ 3,973,828 | \$ 4,048,015 | \$ 4,125,622 | | | |
| Revenues over Expenses..... | \$ 939,546 | \$ 921,774 | \$ 901,909 | \$ 879,997 | \$ 856,078 | \$ 830,190 | \$ 801,365 | | | |
| Estimated Cash Balance..... | \$ 21,144,205 | \$ 22,065,978 | \$ 22,967,887 | \$ 23,847,884 | \$ 24,703,963 | \$ 25,534,153 | \$ 26,335,518 | | | |
| Available for Debt..... | \$ 2,878,045 | \$ 2,860,231 | \$ 2,840,438 | \$ 2,818,576 | \$ 2,794,550 | \$ 2,768,262 | \$ 2,739,610 | | | |
| Debt Coverage..... | 1.48 | 1.48 | 1.47 | 1.45 | 1.44 | 1.43 | 1.41 | | | |

This page intentionally left blank

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

May 20, 2010

Subject: Signature Authority – Depositories

Proposed Committee Action:

Recommend to The Florida International University Board of Trustees (the BOT) approval of the following banking institutions as designated depositories at which University funds may be deposited:

Bank of America, N.A.
Jacksonville, FL

U.S. Bank
St. Paul, MN

Wachovia Bank, N.A.
Charlotte, NC

Regions Bank, N.A.
Birmingham, Alabama

Furthermore, the BOT approves that the University President, the Chief Financial Officer, and University Treasurer, are each individually authorized to take all actions necessary to open or close bank accounts at any of the designated depositories.

Background Information:

The Board is updating its official records with respect to the banking institutions that may serve as depositories of University funds.

The board of trustees of each university shall designate the depositories in which any university funds may be deposited. No bank shall be designated unless it is a qualified depository as provided by Florida Statutes.

Supporting Documentation: N/A

Facilitator/Presenter: Kenneth Jessell

This page intentionally left blank

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

May 20, 2010

Subject: Signature Authority – Authorization to Sign Checks

Proposed Committee Action:

Recommend to The Florida International University Board of Trustees (the BOT) approval of 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 A. Jessell, Chief Financial Officer

Charlene M. Blevens, Interim and Deputy Controller

Ramon V. Duenas, Associate Controller

Nathaniel J. Bell, Assistant Controller

Background Information:

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.

The University has depositories at banking institutions at which University funds are deposited and the University pays its legal obligations from said depositories. As such, the BOT 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.

Supporting Documentation: N/A

Facilitator/Presenter: Kenneth Jessell

This page intentionally left blank

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

May 20, 2010

Subject: Signature Authority – Transfer of Funds

Proposed Committee Action:

Recommend to The Florida International University Board of Trustees (the BOT) authorization of the University President, or under his authorization a University official as his designee to transfer funds from one depository to another, within a depository, to another institution, or from another institution to a depository for investment purposes and may transfer funds to pay expenses, expenditures, or other disbursements, evidenced by an invoice or other appropriate documentation.

Background Information:

The Board action updates the President's authority to transfer funds among different university accounts whether within the same banking institution or among different institutions, in accordance with recent statutory changes. The President is also authorized to designate a University official to perform the same actions.

University funds are deposited in accounts established at banking institutions designated as University depositories by the Board of Trustees. For various reasons, it may be necessary to transfer funds within a depository, from one depository to another, from a depository to another institution, or from an institution to a depository.

Supporting Documentation: N/A

Facilitator/Presenter: Kenneth Jessell

This page intentionally left blank

**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES**

Finance and Audit Committee

May 20, 2010

Subject: Approval of the Amendment to the Bylaws of the Florida International University Research Foundation, Inc. Bylaws

Proposed Committee Action:

Recommend to The Florida International University Board of Trustees (the BOT) approval of the Florida International University Research Foundation, Inc. Bylaws as amended on April 21, 2010 and authorize the Chairperson of the Research Foundation to take all actions necessary pertaining to these Amended Bylaws and to confirm the Research Foundation's Articles of Incorporation to these amended Bylaws.

Background Information:

On April 21, 2010, the Florida International University Research Foundation, Inc.'s Board of Directors approved amendments to the Research Foundation's Bylaws.

The BOT must approve any amendments to the FIU Research Foundation, Inc. Bylaws before their becoming effective.

Supporting Documentation:

Florida International University Research Foundation, Inc. Bylaws as Amended on the 21st day of April 2010

Facilitator/Presenter:

Andres Gil

This page intentionally left blank

BYLAWS

Florida International University Research Foundation, Inc.
(A Not-For-Profit Corporation)

~~Adopted March 14, 2008~~

Adopted April 21, 2010

ARTICLE I Board of Directors

Section 1. Purpose. The purpose of the Florida International University Research Foundation, Inc. ("Research Foundation" ~~or "Corporation"~~) shall be exclusively scientific and educational. This includes the promotion and encouragement of, and assistance to, the research, training activities of faculty, staff, and students of Florida International University through income from contracts, grants, and other sources, including, but not limited to, income derived from or related to the development and commercialization of University work products. The corporation shall provide means by which discoveries, inventions, processes, and work products faculty, staff, and students may be patented, developed, applied, and utilized in order that the results of such research shall be made available to the public and that funds be made available from such discoveries, inventions, processes, and work products for further research at Florida International University.

Section 2. Governance. The business affairs of the Research Foundation shall be managed by and under the direction of the Board of Directors (the "Board") and by various Officers and Committees thereof as powers may be delegated to such Officers and Committees by these Bylaws or by Resolution of the Board. Members of the Board shall be the sole voting members of the Research Foundation and shall be called "Directors."

Section 3. Membership. The Board shall consist of no fewer than ~~ten (10) and no more than twenty (20) voting members~~ nine (9) and no more than fifteen (15) voting members. The President of Florida International University ("FIU"), or his/her designee, the Executive Vice President/Provost, or his/her designee, the Vice President for Research (who shall be the Chairperson of the Board), ~~the Dean of the College of Medicine~~, a member appointed by the Chair of the University Board of Trustees, if such member is appointed, a designee for the Dean of the College of Arts and Sciences, a designee for the Dean of the College of Engineering and Computing and a designee for the Dean of the College of Medicine, all of whom shall be known as Appointed Directors (the "Appointed Directors") of the Board for as long as they hold those offices at the University. In addition, there shall be two representatives of the faculty of FIU, based on their strategic and exceptional contributions to the University's research objectives, and one FIU alumni representative. ~~There shall be one representative of the Deans chosen on a rotating basis for a two (2) year term.~~ The faculty and alumni ~~and dean~~ Board members will be nominated by the Nominating Committee and chosen by the President of FIU. The designees for the Deans of the Colleges of Arts and Sciences, Engineering and Computing and Medicine shall be recommended by the Dean of each respective College and shall be chosen by the President of FIU. The designee of the Vice President/Provost shall be recommended by the Vice President/Provost and chosen by the President of FIU.

All other members of the Board shall be nominated and elected pursuant to the provisions set forth in Article I, Section 4 and shall be known as the "Elected Directors". The Elected Directors shall be ~~Miami-Dade County business~~

members of the community and other members having qualifications specified from time to time by the Nominating committee and consistent with the strategic objectives of the Research Foundation.

Section 4. Election. Elected Directors shall be selected to fill expiring and vacant terms at the Annual Meeting of the Board. Elected Directors may also be elected at any other regular or special meeting of the Board. Nominations for Elected Directors shall be made by the Nominating Committee as described in Article V, Section 2 (iii) of these Bylaws.

Section 5. Vacancies of Elected Directors. Vacancies occurring during a term of an Elected Director may be filled by the Board at any regular or special meeting of the Board. The Elected Directors so chosen shall hold such office until the next regular Annual Meeting of the Board at which time his or her successor shall be elected.

Section 6. Vacancies of Appointed Directors. In the case of a vacancy of an Appointed Director, the person who is acting as the University President or his/her designee, the Executive Vice President/Provost, or his designee, the Vice President for Research, and the ~~Dean of the College of Medicine~~ persons holding the positions at the University equivalent to the positions of the designees for the Deans of the Colleges of Arts and Sciences, Engineering and Computing and Medicine shall fill the vacancy until the permanent appointment is made at which time the person appointed to hold the position shall be named as the new Appointed Director for that position. Any vacancy among the Elected Directors may be filled by a majority vote of the remaining members of the Board. The term of office of a director chosen to fill a vacancy shall expire at the latter of the next annual meeting of the Board or at such time as a successor shall be duly elected and qualified.

Section 7. Resignation or Removal. A Director may resign at any time by giving written notice to the Chairperson or to the Secretary ~~of the Board~~. Any such resignation shall take effect at the time specified therein or, if no time is specified therein, upon its acceptance by the Board. Any Elected Director who is not present for three (3) consecutive regular meetings of the Board, and whose absences are not excused by the Chairperson, shall be deemed to have submitted his/her resignation, subject to reinstatement by a majority vote of the other Directors. In addition, any Director may be removed from office by a two thirds vote of all of the Directors, effective as of the date of such vote.

Section 8. Term of Office. The President of FIU or his/her designee, the Executive Vice President/Provost ~~or his/her designee~~, the Vice President for Research and the ~~Dean of the College of Medicine~~ designees for the Deans of the Colleges of Arts and Sciences, Engineering and Computing and Medicine shall serve as Directors for such time as each respective individual continues ~~serve as President, Executive Vice President/Provost, Vice President for Research or Dean of the College of Medicine~~ to hold his/her position at the University. The Faculty ~~and and~~ Alumni ~~Dean~~ representatives shall serve for a term of two (2) year and be eligible to serve for an additional two (2) year term. The Elected Directors shall serve a three-year term and shall be eligible for re-election for no more than two (2) additional three-year terms.

Section 9. Powers and Duties of the Board of Directors. The property, affairs, activities, and concerns of the corporation shall be vested in the Board. All management functions shall be exercised by the Board, and by various Officers and Committees thereof as powers may be delegated to such Officers and Committees by these Bylaws or by action of the Board. The Chairperson shall preside over all meetings of the Board. The corporation may open offices in

foreign countries or outside the area where it is primarily domiciled in the event that this is required in connection with a University research project and is deemed necessary by the Board.

ARTICLE II Meetings

Section 1. Meetings. Regular meetings of the Board shall be held at least two times a year. One such meeting shall be held in November of each year and such meeting shall be the Annual Meeting of the Board when new Directors and Officers shall be elected and take office, subject to other provisions of these Bylaws. Written notice of each meeting shall be faxed or emailed by the Secretary, to each Director at the last recorded University address, fax number or email address of each Director not fewer than seven (7) calendar days prior to the meeting. The Secretary must provide written notice, by fax or email, to all Directors of any changes to the meeting schedule at least seven (7) calendar days prior to the date of the originally scheduled meeting day or of the new meeting date, whichever date occurs earlier. Special Meetings may be called by the Chairperson, the President of the University in his capacity as University President, or by any two (2) Directors with at least seven (7) calendar days written notice provided to all of the Directors by fax or email. The agenda for Special Meetings shall be limited to matters listed in the written notice of the Special Meeting. Notice to the public of all meetings of the Board shall be given by posting on the ~~Office of~~ ~~Research website~~ Florida International University Research Foundation website at <http://fiurf.fiu.edu> and faxing such notice and agenda to a newspaper of general circulation not less than seven (7) days prior to each meeting, and will include a statement of the general subject matters to be considered.

Emergency Meetings: An emergency meeting of the Board may be called by the Chairperson ~~or the Vice Chairperson in the Chairperson's absence,~~ upon no less than forty-eight (48) hours notice whenever, in the opinion of the Chairperson ~~or the Vice Chairperson~~ an issue requires immediate Board action. Whenever such emergency meeting is called, the Chairperson will notify the Secretary. The Secretary will immediately serve either verbal or written notice upon each member of the Board, and shall provide notice to the public, by any procedure that is fair under the circumstances, stating the date, hour and place of the meeting and the purpose for which the meeting has been called. No other business will be transacted at the meeting unless additional emergency matters are agreed to by a majority of those Board members in attendance. The minutes of each emergency meeting will show the manner and method by which notice of such emergency meeting was given to each member of the Board and to the public.

Section 2. Quorum. A quorum of the Directors shall be a majority of the voting Directors in office at the time of the vote. A quorum must be present (in person or via telephone) to transact any business of the Research Foundation at a meeting.

Section 3. Voting. Each Director shall have one vote. When a quorum is present (in person or via telephone) at the meeting, all questions shall be decided by majority vote of the voting Directors present, except as otherwise provided in these Bylaws, by law or by the Articles of Incorporation.

Section 4. Proxies. Proxies, general or special, shall not be accepted for any purpose in Board or Committee meetings.

Section 5. Telephone Meetings. Board and Committee meetings may be conducted by telephone conference or similar communications facilities if the Chairperson of the Board or the Chairperson of the Committee determines it is appropriate and if all persons participating in such meetings are able to hear each other as if the meeting were held in person. All telephone meetings must be in full compliance with all requirements of the Sunshine Law. The notice of any meeting conducted by means of telephone or similar communication facilities will state where and how members of the public may gain access to the meeting.

ARTICLE III Officers

Section 1. Number. The officers of this corporation shall be a ~~Chairperson, a Vice Chairperson, President, three Vice Presidents~~, a Secretary, and a Treasurer. ~~They also shall serve as officers of the Board of Directors. The chairperson of the Research Foundation and the Board shall be the President of FIU or his/her designee. The three Vice Presidents shall be the Dean of the College of Arts and Sciences, the Dean of the College of Engineering and Computing and the Dean of the College of Medicine. The President, Secretary, and Treasurer of the Research Foundation shall be elected as set forth in Article III, Section 2.~~ All other officers of the Research Foundation ~~and the Board~~ shall be nominated by the Nominating Committee and elected by the Board.

Section 2. Method of Election of Elected Officers. Elected Officers shall be elected at the Annual Meeting of the Board, from nominations submitted to the Directors by the Nominating Committee or from nominations from the floor. No Officer may hold more than one Research Foundation office concurrently. Elected Officers shall serve for a term of one year and ~~shall be eligible to succeed himself/herself no more than two (2) additional terms. may be re-elected~~. A

quorum must be present (in person or via telephone) to transact any business of the Research Foundation at a meeting.

Section 3. Vacancies. In case any vacancy occurs in an elected office, an election shall be held at the first Regular or Special Meeting of the Board after such vacancy occurs and nominations may be received directly from the floor to fill such vacant positions. Notice of such vacancy and scheduled election must be given in the prior written notice for the regular or special meeting at which such election shall take place.

Section 4. Compensation. Neither the Officers nor the Directors shall receive compensation for being officers or members of the Board other than their usual salaries as employees of FIU, for those members who also are employed by FIU.

Section 5. Resignation and Removal. An Officer of the Research Foundation may resign at any time by giving written notice to the Board, the Chairperson or the Secretary of the Research Foundation. Any such resignation shall take effect at the time specified therein or, if no time is specified therein, upon its acceptance by the Board. Any Officer may be removed from office by a two-thirds vote of all of the Directors, effective as of the date of such vote.

ARTICLE IV Duties of Officers

Section 1. ~~Chairperson of the Board. The Chairperson of the Board shall be a Director and~~ President of the Research Foundation. The President shall be a member of the Executive Committee. He/She shall preside at all meetings of ~~of the Board and of~~ the Executive Committee. He/She shall communicate to the Board such matters and make such suggestions as may in his/her opinion tend to promote the business and affairs of the Research

Foundation. The Chairperson and the President are each authorized to execute in the name of the Research Foundation, with the Secretary attesting, all certificates, contracts, deeds, notes and other documents or legal instruments authorized or issued by the Board. Among the ~~Chairperson's~~ President's powers and duties, without limitation, are , ~~are the power to appoint the members and Chairpersons of all Standing Committees established by the Board, except when members or Chairpersons are designated by these Bylaws; to name Special Committees and appoint their members and Chairpersons;~~ from time to time, to perform such matters as may be assigned to the President by the Board; to represent the Research Foundation at official functions of the University and elsewhere as he/she may determine proper; and to present a report of the activities of the Research Foundation and the conduct of his/her office at each Annual Meeting. The ~~Chairperson-Research Foundation President~~ shall report to the Research Foundation Board and the President, in his capacity as President of the University, on all matters pertaining to the Research Foundation.

Section 2. Vice ~~Chairperson-Presidents~~. The Vice ~~Chairperson-Presidents~~ shall be responsible for assisting the Chairperson or the Board in any way so designated by the Chairperson and a Vice-President shall serve as temporary ~~Chairperson-President, as determined by the Board Chairperson~~ in the President's absence. ~~He/she~~ The Vice Presidents shall perform such duties as may from time to time be assigned to ~~him/her~~ them by the Chairperson of the Board, the Board or the Executive Committee.

Section 3. Secretary. The Secretary shall keep full and accurate minutes of all meetings of the Board, all meetings of the Executive Committee and all Committee meetings in a book provided for that purpose and shall

transmit all notices required by the Bylaws of the Research Foundation. The Secretary shall have custody of the corporate seal of this corporation. The Secretary may attest to documents with the Chairperson in the name of this corporation and, when required, shall affix thereto the seal of the corporation. Any contract not attested by the Secretary must be signed by two persons as witnesses. The Secretary shall have charge of all official records of this corporation, which shall be at all reasonable times open for the inspection of any Director, and the Secretary shall in general perform all duties incident to the management of the office of Secretary for the Board. The Secretary shall perform such other duties as may be assigned to him/her by the Chairperson, the Board or the Executive Committee.

Section 4. Treasurer. ~~The—Except as may be otherwise specified by resolution of the Board,~~ the Treasurer ~~shall serve as Chairperson for the Finance and Audit Committee. He/She and his or her designee(s)~~ shall receive and keep the funds of the Corporation and pay out the same in accordance with the ~~guidelines established by the Board.~~ requirements of the Trust Indenture or related bond documents and/or applicable Corporation and/or University policies and procedures with respect to expense reimbursements. The Treasurer shall ensure that consistent and reliable financial practices are followed, and that any Corporation investments are made and managed in accordance with the terms of any applicable Trust Indenture or related bond documents and/or policies of the Corporation or University pursuant to any such strategic allocation ranges as may be established by this Board. The duties of the Treasurer shall include, but not be limited to, the following:

- (i) The deposit of all cash monies, checks, and other credits to the account of this corporation in such bank or banks or other depositories as the Board may designate; to review all receipts and vouchers for payment made to

and all vouchers and checks made by this corporation; to regularly maintain a full and accurate account of all funds received and paid out on accounts administered by this corporation; and to render to the Board an account and statement of all the Treasurer's transactions at each meeting of the Board and at such other times as the Board may determine;

(ii) To prepare with the Chairperson an annual budget for the coming year to be approved by the Board at the last meeting held before the end of the fiscal year. The budget shall separately delineate planned actions which result in a commitment of FIU resources or which represent significant commitment of the resources of the Research Foundation. Said budget shall be submitted to the President of FIU for approval and recommendation to the FIU Board of Trustees each year no later than thirty (30) days following the beginning of the Research Foundation's fiscal year;

(iii) To cause an annual audit to be made by an independent certified public accountant of the corporation's books and records as soon as possible after the close of the fiscal year of the Research Foundation and to have the results reported to the Chairperson of the Research Foundation immediately and to the full Board at its next meeting thereafter. The annual audit report shall be submitted by the President of FIU to the Board of Trustees for review no later than the end of the fourth month following the close of the Research Foundation's fiscal year. The annual audit report also shall be submitted to the Auditor General and to the Board of Governors no later than nine (9) months after the close of the Research Foundation's fiscal year. The audit shall be conducted in accordance with rules promulgated by the Board of Trustees of FIU and with policies adopted by the Auditor General; and

(iv) The treasurer shall at all reasonable times exhibit his or her books and accounts to any Director of this corporation and shall in general perform all duties incident to the management of the office of Treasurer for the Board.

Section 5. Checks. ~~Unless otherwise delegated by the Board, C~~checks or drafts on the funds of this corporation shall be signed by any two of the Officers or Directors authorized to do so by the Board, or by any two University employees authorized to do so by the Chief Financial Officer of the University, and approved by the Board of Directors.

ARTICLE V Committees

Section 1. Designation and Appointment of Committees. Committees of the Board shall either be Standing Committees, as designated by these Bylaws, or Special Committees, as established by the Chairperson. The Chairperson shall appoint the members of all Committees and designate their chairpersons, except as otherwise specified by these Bylaws. All members of the Committees shall have equal voting rights. Two voting members of any Committee, except the Executive Committee as provided for below in these bylaws, shall constitute a quorum and a majority vote of the voting members of the Committee present, after a quorum has been declared, shall be required to enact business of the Committee. The actions of any Committee shall be subject to review and approval by the Board at its next ensuing meeting, except when the power to act is specifically granted to a Committee by these Bylaws or by action of the Board or the Executive Committee. Each Committee shall keep approved minutes and submit them to the Board for review and to the Secretary for record-keeping.

Section 2. Standing Committees. The Board shall have the following Standing Committees:

(i) Executive Committee. The Board may elect at its Annual Meeting an Executive Committee consisting of three Directors, which committee shall have such powers as may be delegated to it by the Board. The Chair of the University Board of Trustees may appoint a member of the Executive Committee. Three members of the Executive Committee shall constitute a quorum. A majority of the Executive Committee shall be sufficient to exercise all of its powers. The Executive Committee of the Board shall have and may exercise all powers and authority of the Board when the Board is not in session, subject only to such restrictions or limitations as the Board may, from time to time specify, except that the Executive Committee shall have no authority to alter, amend, or repeal the Articles of Incorporation or Bylaws of the Foundation, to remove Directors or Officers or to elect Directors or Officers. All actions of the Executive Committee shall be reported in writing to the Board at the next ensuing meeting of the Board. All actions of the Executive Committee shall be ratified and included in the minutes of the Board.

(ii) Finance and Audit Committee. The Finance Committee shall consist of up to five members appointed by the Chairperson subject to the approval of the Board, of which three members also must be Directors. The Committee shall advise the Board and the Chairperson on all financial matters related to this corporation, including annual budgeting, equity holding, fund/investment management, securities liquidation, license agreements, insurance needs, audits and financial statements, taxes, and other issues relating to the financial stability of the corporation. The Finance Committee may also be called upon for advice in the consideration of major expenditures and capital outlays. The Finance Committee shall be responsible for the preparation and periodic review of the Research Foundation's annual budget in compliance with the provisions set forth in Article IV, Section 4 (ii), and it shall review

the yearly audit done by the outside auditors. It shall cause a financial audit of its accounts and records to be conducted by an independent certified public accountant after the close of each fiscal year. The audit report shall be submitted by the President of the University to the Board of Trustees no later than the end of the fourth month following the close of the organization's fiscal year. It shall monitor the work of the Research Foundation's Treasurer and shall review and report to the Board on the Research Foundation's financial statements. It shall ensure that all financial reports are filed in a timely manner. To prepare a quarterly expenditure plan to be reviewed and approved quarterly by the President of FIU or his or her designee who shall be a Vice President or other senior officer of FIU reporting directly to the President. The plan shall separately delineate planned actions which result in a commitment of FIU resources or which represent significant commitment of the resources of the Research Foundation.

(iii) Nominating and Development Committee. The Nominating and Development Committee shall consist of up to three members appointed by the Chairperson, subject to the approval of the Board, and shall receive recommendations for nominees to the Board and to act as Elected Officers. It shall evaluate such recommendations, and present nominations for open positions to the Board, as well as a slate of officers, at least fifteen (15) days prior to the Annual Meeting or at any other properly noticed meeting if a vacancy occurs.

Section 3. Other Standing Committees. At the first meeting of the Board, or as soon thereafter as is practical, the Chairperson shall, subject to the approval of the Board, appoint such other Standing Committees as he/she may deem necessary and advisable to assist in the conduct of the Research Foundation's affairs.

Section 4. Special Committees. The Chairperson may, from time to time, establish Special Committees to assist the Board in carrying out the purposes of the Research Foundation. The Chairperson shall report the establishment of all Special Committees which he/she has authorized, and the names of their Chairpersons and members to the Executive Committee and the Board at the next ensuing regular meeting of the Executive Committee and the Board.

Section 5. Committee Quorum. A majority of any Committee of the Research Foundation shall constitute a quorum for the transaction of business, except as otherwise noted in these Bylaws. All other terms and conditions set forth in these Bylaws pertaining to Board meetings shall also apply to Standing and Special Committee meetings.

ARTICLE VI Indemnification

This corporation shall, to the extent legally permissible, indemnify and defend each of its directors, officers, employees, or other agents against all liabilities and expense, including, where applicable, amounts paid in satisfaction of judgments in compromise of actions, suits, claims or other proceedings, as fines or penalties, or as counsel fees, actual and reasonable paid or incurred in connection with the defense or disposition of any action, suit or other proceeding, whether civil or criminal, in which such person may be involved by reason of employment by the Research Foundation or by Board service, except with respect to any matter as to which such person shall have been adjudicated in any proceeding not to have acted in good faith, or not to have acted in the reasonable belief that such action was in the best interest of the corporation; provided that any payment by the way of settlement, compromise, or consent decree shall be indemnified there under only to the extent that it shall be determined by the Board to have been made in the best interest of the corporation; and further provided that no settlement hereunder shall be entered

into without the prior consultation and approval of a duly authorized representative of the Board. Any person believing himself to be entitled to indemnification or defense under this article, in order to qualify for indemnification or defense hereunder, shall notify the Chairperson immediately upon the occurrence giving rise to said entitlement.

ARTICLE VII

Seal

The seal of this corporation shall bear the words "Florida International University Research Foundation, Inc.", as more particularly shown in the following impression:

ARTICLE VIII

Amendments

Section 1. Amendment to Bylaws. The Bylaws of this corporation may be altered, amended, rescinded or repealed by a two-thirds vote of the Board at any Regular or Special meeting of the Board. All amendments must be approved by the Board of Trustees of FIU, upon recommendation by the President of FIU prior to their effective date.

Section 2. Amendments to the Articles of Incorporation. The Articles of Incorporation of the Research Foundation may be altered or amended at any regular or special meeting of the Board by resolution approved by the affirmative vote of a majority of the voting Directors present, subject to approval by the Secretary of State of Florida as required by law and subject to any approval which may be required by the Board of Trustees of FIU. Written notice of any proposed amendment of the Articles of Incorporation shall be mailed to each Director not fewer than fifteen (15) days prior to any meeting at which such proposed amendment is to be considered.

Section 3. Requirements of Florida Law. All amendments to the Bylaws and Articles of Incorporation of the Research Foundation shall comply with Florida law and appropriate state rules and policies.

ARTICLE IX Miscellaneous

~~Section 1. Use of University Resources and Name. Any use by the Research Foundation of FIU resources or FIU's name shall be approved by the President of FIU.~~

Section ~~1~~ 2. Employees. No employee of this corporation shall be considered to be an employee of the State of Florida or The Florida International University Board of Trustees solely by virtue of his/her employment by the Research Foundation. Any employee of the State of Florida or The Florida International University Board of Trustees who is assigned to work on Research Foundation matters, shall not be considered an employee of the Research Foundation.

Section ~~2~~ 3 Checks and Depositories. Except as may otherwise be specified in these Bylaws, the Board shall provide, by Resolution, which Officers or Directors or other representatives are authorized to draw checks on the accounts of the Research Foundation and may impose any reasonable terms, conditions or limitation on such authority. Checks or drafts of the Research Foundation shall be signed by any two of the Officers or Directors, authorized to do so by the Board or by these Bylaws and approved by the Research Foundation Board of Directors. Funds of the Research Foundation shall be deposited to the credit of the Research Foundation only in institutions approved by the Board by resolution and only in financial institutions insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation.

Section ~~4~~3. Fiscal Year. The fiscal year of the Foundation shall be consistent with the fiscal year of the University.

Section ~~5~~4. Service of Process. Service of process shall be made on the office of the University's General Counsel.

Section ~~6~~5. Sunshine Laws. Public access to Board records will be governed by the provisions of ~~the Public Records Law, Chapter 119-Section 1004.28,~~ Florida Statutes. It is the policy of the Corporation to maintain and/or dispose of all records made or received in connection with Corporation business in accordance with a document retention schedule as the Board may adopt from time to time. Board meetings shall be governed by the provisions of the Open Meetings Law, Chapter 286, Florida Statutes.

ARTICLE X

Code of Ethics – Conflict of Interest

Directors stand in a fiduciary relationship to the University and the Research Foundation. Therefore, Directors shall act in good faith, with due regard to the interests of the University and the Foundation, and shall comply with the fiduciary principles and law set forth in the Code of Ethics for Public Officers and Employees, Chapter 112, Part III, Florida Statutes. Directors shall comport themselves in accord with the statutory Code of Ethics and the Conflict of Interest Policy attached to these Bylaws as Appendix "B". Each Director shall annually complete and sign a disclosure form as required by said policy. The Corporation shall maintain the highest ethical standards in all of its operations in order to protect and preserve the Corporation's good name, business interests, and the community at

large, and accordingly, it is the policy of the Corporation to adhere to the requirements of the Florida Whistleblower's Act, as applicable.

ARTICLE XI Parliamentary Procedure

Where not addressed by these Bylaws, the Articles of Incorporation, or Florida law, all matters of procedure shall be governed by Roberts Rules of Order (latest edition).

ARTICLE XII Powers of the President of the University

The President of the University shall have the following powers and duties: (1) Monitor and control the use of University resources by the Research Foundation; (2) Control the use of the University name by the Research Foundation; (3) Monitor compliance of the Research Foundation with state and federal laws; (4) Recommend to the Board of Trustees of FIU an annual budget; (5) Review and approve expenditure plans at least quarterly; (6) Approve salary supplements and other compensation or benefits paid to University faculty and staff from the Research Foundation assets; and salaries, benefits, and other compensation paid to employees of the Research Foundation, consistent with the policies of the FIU Board of Trustees.

This page intentionally left blank

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
May 20, 2010

Subject: Internal Audit Plan, 2010-2011

Proposed Committee Action:

Approve the University Internal Audit Plan for Fiscal Year 2010-2011.

Background Information:

The Florida International University Board of Trustees (the BOT) Finance and Audit Committee Charter mandates approval of the audit plan for the upcoming fiscal year.

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.

Supporting Documentation: Internal Audit Plan, Fiscal Year 2010-2011

Facilitator/Presenter: Allen Vann

This page intentionally left blank



Internal Audit Plan Fiscal Year 2010 - 2011

BOARD OF TRUSTEES

May 20, 2010

May 5, 2010

M E M O R A N D U M**To:** Finance and Audit Committee Members**From:** Allen Vann, Audit Director**Subject:** Internal Audit Plan for Fiscal Year 2011

We are pleased to present our proposed audit plan for fiscal year 2011 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.

Audit Resources and Productivity:

Our workload is often difficult to predict, and affects the Office of Internal Audit's ability to complete all of our planned projects. The following graphs depict how the Office of Internal Audit's direct staff time was spent during FY 2009 and the first three quarters of FY 2010. During FY 2009, almost two-thirds of the staffs' direct time was devoted to audits. However, during FY 2010 our time was significantly diverted away from planned audit work and shifted to eight investigations and a special audit project, which had a higher priority.



Accordingly, less than half of our time was spent performing planned audits. We also spent less time on consulting with management and performing follow up audit work. Notwithstanding, as of today we have completed eight audits. We also significantly

increased time devoted to professional development and achieved our required continuing professional education requirements for the staff. However, four planned audits spilled over to this fiscal year.

During this past year, we provided the Finance and Audit Committee with quarterly status reports on our Office's progress in performing planned audits and the impact that other work had on our ability to complete the approved plan. 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 composition of the Office includes six professional auditors and an office manager. For this coming Fiscal Year, we have asked for an additional audit professional to meet the growing needs of the University.

Risk Assessment:

Actual expenditures and budgets for FY 2010 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 value is assigned based on the likelihood of occurrence and impact on the University. The cumulative value 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 1) materiality, 2) past audit coverage, 3) Internal risks, 4) external risks and 5) information risks.

We found that the most ubiquitous risks to the FIU mission revolve around start-up operations. For example, to address this type of risk during FY 2010 we completed an audit of the one-time Federal Recovery Act Funds and we are auditing the new College of Medicine. 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 magnitude of the financial resources consumed and the known risks associated with it. Others, such as business continuity plans and the adequacy of IT Governance have inherent risks that are not necessarily tied to the dollars spent.

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 2011. The table also includes some potential future audits:

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

Internal Audit Plan for FY 2011
May 5, 2010
Page 3 of 4

| Audit Title | FY 2011 | Long Term |
|---|----------------|------------------|
| Carryover Audits From FY 2010: | | |
| Financial Controls and Expenditures (College of Medicine) | ✓ | |
| PeopleSoft Implementation of Grants Module (UTS/OSRA) | ✓ | |
| Business Continuity Plan (IT) | ✓ | |
| Housing | ✓ | |
| Proposed Audits: | | |
| Major Construction Projects (Facilities) | ✓ | |
| Purchasing Practices (Purchasing Department) | ✓ | |
| Grant Expenditures (College of Engineering and Computer Sciences) | ✓ | |
| Auxiliary Fund (College of Business Administration) | ✓ | |
| Controls over Panther Cards (Student Affairs) | ✓ | |
| Revenue Collections (Parking and Transportation) | ✓ | |
| Revenue Collections (Athletics) | ✓ | |
| IT Governance (IT) | ✓ | |
| Investigations | ✓ | ✓ |
| Recommendations Follow-Up | ✓ | ✓ |
| Follow-up Audit of Credit Card Solutions Program | | ✓ |
| Financial Controls & Expenditures (College of Arts & Sciences) | | ✓ |
| Foundation Expenditures | | ✓ |
| Health Care Network & Ambulatory Care Center (College of Medicine) | | ✓ |
| Accounts Payable (Controller) | | ✓ |
| Audit of Student Tuition and Fees (Registration & Student Financials) | | ✓ |
| Audit of Financial Aid/Scholarships/Student Employment (Athletics Department) | | ✓ |
| Review of Undergraduate & Graduate Admissions (Enrollment Services) | | ✓ |
| Audit of the Recruitment Services Department (HR) | | ✓ |
| Financial and Management Controls (Selected Auxiliary Operations) | | ✓ |
| Inventory Controls for Athletic Equipment & Supplies (Athletics Department) | | ✓ |

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


Conclusion:

By arraying the pattern of past audit coverage of University activities and programs and respective expenditures/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 capitalize on our individual strengths.

Please review the attached schedules detailing our FY 2011 Audit Plan. It includes the completion of the four carryover audits, a wide range of new audits and audits to be performed in subsequent fiscal years. The audit plan will be submitted for acceptance at the May 20th 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 2010-11 Audit Plan | | | |
|---|---|--|--|
| Audit | Departments | Background | Objectives |
| CARRY-OVER AUDITS: | | | |
| 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 increased to \$22 million. | Evaluate newly established processes, and financial controls over expenditures. |
| 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. |
| Business Continuity Plan | University-Wide/Division of Information Technology | FIU's Emergency Management & Continuity of Operations Plan & the Division of IT's separate Disaster Recovery Plan are essential roadmaps that staff follow in the eventuality of a systemic failure or loss of infrastructure. The Division of IT also established a remote backup site. | Evaluate the University's recovery plan: 1) to ensure that it provides for recovery of systems and data in the event of an event, and 2) the ability to continue essential business operations during the period of an IT disruption. |
| Housing | Housing and Residential Life | Housing generates approximately \$22 million in revenue and \$11 in operating expenses annually. | Determine whether the housing program: 1) provides adequate and safe living accommodations to students, and 2) exercises sound fiscal practices that minimize costs and generate adequate sufficient funds to meet bonded indebtedness, and annual operating and maintenance expenses. |



**Florida International University
Office of Internal Audit
Fiscal Year 2010-11 Audit Plan**

| Audit | Departments | Background | Objectives |
|-----------------------------|--|---|---|
| PROPOSED AUDITS: | | | |
| Major Construction Projects | Facilities Management | Major capital commitments as of 6/30/09 totaled \$264 million. The University's portfolio of capital projects (including minor construction projects) as of February 2010 is valued at \$554 million. | The objectives are to determine that: 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, and 5) change orders are properly reviewed and approved, and are in accordance with contract terms and conditions. |
| Purchasing Practices | Purchasing Department | The Purchasing Services Department is responsible for assisting the University's in the acquisition of equipment, furnishings, supplies, and contractual services. | The objectives are to review current purchasing practices to ensure that: 1) purchasing procedures are in compliance with State and University purchasing rules, and 2) adequate internal controls are operating effectively in relation to the procurement program. |
| Grant Expenditures | College of Engineering & Computer Sciences | The College manages over \$16 million in grants. | Review grants accounting, effort reporting, equipment purchases, charges from supporting grant operations and application of F&A. |
| Auxiliary Fund | College of Business Administration | In FY 2009 the College had \$35 million in auxiliary fund revenues and approximately \$19 million in related expenditures. | Evaluate the auxiliary revenue and expenditure streams and assure that they are properly accounted for pursuant to the educational related activities they were intended for. |



**Florida International University
Office of Internal Audit
Fiscal Year 2010-11 Audit Plan**

| Audit | Departments | Background | Objectives |
|---|---|---|---|
| Controls Over Panther Cards | Student Affairs | PantherCards are identification and transactional cards used by employees and students. The system allows for access to libraries, recreational centers, attendance at athletics events and allows for on campus financial transactions for cardholders enrolled in the Panther Debit Plan. | To evaluate: 1) internal controls over card distribution and financial transactions, and 2) whether adequate security controls are in place over processing, storing, and/or transmittal of PantherCard data. |
| Revenue Collections | Department of Parking and Transportation | Parking and Transportation generate approximately \$10.4 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. |
| 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. |
| IT Governance | University-Wide/ Division of Information Technology | 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. |
| 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. |



**Florida International University
Office of Internal Audit
Fiscal Year 2010-11 Audit Plan**

| Audit | Departments | Background | Objectives |
|--|-----------------------------|---|---|
| LONG-TERM PROJECTS: | | | |
| Follow-up Audit of Credit Card Solutions Program | Purchasing/Accounts Payable | This is to follow-up on our previous audits and investigations of the credit card program. | To ensure that credit card purchases comply with University guidelines and verify that management's implementation of recommended improvements to internal controls have been effective. |
| Financial Controls and Expenditures | College of Arts & Sciences | The College budget is \$67 million not including \$32 million in grants and \$5 million in Auxiliary operations. | Ensure that there are adequate financial controls over expenditures, assets are safeguarded and there is compliance with applicable laws, regulations, and University policies. |
| Foundation Expenditures | University Foundation | FIU Foundation operates an increasing number of direct support organizations. During FY 2009 the FIU Foundation spent \$15 million on University programs and operations. \$12 million was budgeted for FY2010. | To determine whether established controls and procedures are adequate to ensure that significant errors and/or irregularities are prevented or detected in a timely manner, and funds are expended in accordance with established policies and procedures. |
| Health Care Network & Ambulatory Care Center | College of Medicine | The Health Care Network will provide primary care services at various locations on and off campus. Thru a partnership with Miami-Dade County, an Ambulatory Care 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. |



**Florida International University
Office of Internal Audit
Fiscal Year 2010-11 Audit Plan**

| Audit | Departments | Background | Objectives |
|---|---|--|--|
| Accounts Payable | Office of the Controller/ Payment Services | During FY '09 39,400 vouchers were processed for payments for goods and services totaling \$140 million. At FYE 6/30/09 the University's payable balance was \$8.8 million excluding construction payables of \$5.7 million. | Our objective is to review and assess the adequacy of payable accounting policies, procedures, and internal controls to ensure that expenditures processed are valid, reasonable and properly documented and to test the department's compliance with those procedures and controls. |
| Student Tuition and Fees | Registration and Student Financials | In FY 2009 the University had student tuition and fees of \$117.2 million as part of operating revenues. | Determine wither student registration and fees are assessed, collected, accounted for, and recorded in accordance with applicable laws, rules, and University policies. |
| Financial Aid/ Scholarships/Student Employment | Athletics | In FY 2009 \$5.4 million in financial aid was provided for student athletes for tuition, books, housing, and meals. | Determine whether: 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. |
| Undergraduate and Graduate Admissions | Enrollment Services | At the heart of the University's mission is the admission of students. Almost 52,000 applications were received in FY 2010 and over 14,000 students were enrolled. | Assess the efficiency, effectiveness and fairness of the admissions process and ensure that: 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/admissions deposits are properly and timely recorded and deposited. |



**Florida International University
Office of Internal Audit
Fiscal Year 2010-11 Audit Plan**

| Audit | Departments | Background | Objectives |
|---|--------------------------------------|---|---|
| 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. |
| Financial and Management Controls | Selected Auxiliary Operations | The University operates certain stand alone ventures and concessions. For example, the University furnishes resources for a school of hospitality management at the Tianjin University of Commerce, and the University sponsors the South Beach Food and Wine Festival. | To ensure that there are adequate controls over auxiliary revenue and expenditure streams and University policies and procedures are adequate for managing these programs. |
| Inventory Controls for Athletic Equipment & Supplies | Athletics | The Athletics department expends approximately \$.5 million on equipment, uniforms and supplies annually. 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: 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. |

This page intentionally left blank

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

May 20, 2010

Subject: Request for Approval of Florida International University's 2011-2012 Fixed Capital Outlay Legislative Budget Request, consisting of the 5-year Capital Improvement Plan (CIP)

Proposed Committee Action:

Recommend approval to The Florida International University Board of Trustees (the BOT) FIU's 2011-2012 Fixed Capital Outlay Legislative Budget Request, consisting of the 5-year Capital Improvement Plan (CIP) and authorize the University President to amend the Legislative Budget Request as necessary, consistent with Board of Governors and Board of Trustees directives and guidelines.

Background Information:

Section 1013.64 (4) (a), Florida Statutes, requires the Florida International University Board of Trustees to update annually its fixed capital outlay budget request. Currently, the State University System of Florida Board of Governors is developing policy guidelines related to the submission of university Five-Year Capital Improvement Plans. It is anticipated that the Board of Governors will approve these guidelines at their June 2010 meeting with a request for Board of Trustee approval in August. In addition to Public Education Capital Outlay (PECO) projects, the capital request will include projects under the Courtelis Facilities Enhancement Challenge Grant Program. It is anticipated that Florida International University will have the opportunity to submit a revised Fixed Capital Outlay Budget Request to the Board of Governors in December 2010.

The Fixed Capital Outlay Budget Request governs the University's proposed capital expenditures during the next five years. The Fixed Capital Outlay Budget Request must be approved annually by the Board of Trustees.

| | |
|----------------------------------|---|
| Supporting Documentation: | 2011-2012 Fixed Capital Outlay Budget Request for FIU |
|----------------------------------|---|

| | |
|-------------------------------|-----------------|
| Facilitator/Presenter: | Kenneth Jessell |
|-------------------------------|-----------------|

This page intentionally left blank

| Priority Number | Project | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | Total |
|-----------------|--|--------------|--------------|--------------|--------------|---------------|---------------|
| 1 | FACILITIES INFRASTRUCTURE /CAPITAL RENEWAL - UW (P,C,E) | \$10,500,000 | \$10,500,000 | \$10,500,000 | \$10,500,000 | \$10,500,000 | \$52,500,000 |
| 2 | STUDENT ACADEMIC SUPPORT CENTER - MMC(C,E) | \$10,740,450 | | | | | \$10,740,450 |
| 3 | STRATEGIC LAND ACQUISITION - UW (A) | \$2,000,000 | \$2,000,000 | \$2,000,000 | \$2,000,000 | \$2,000,000 | \$10,000,000 |
| 4 | REMODEL./RENOV. OF EXIST. EDUC. SPACE - UW (P,C,E) | \$3,000,000 | \$3,000,000 | \$3,000,000 | \$3,000,000 | \$3,000,000 | \$15,000,000 |
| 5 | SCIENCE LABORATORY COMPLEX - MMC (P,C)(C)(C,E) | \$29,461,453 | \$22,500,000 | \$10,445,115 | | | \$62,406,567 |
| 6 | GRADUATE SCHOOL OF BUSINESS, Phase II - MMC (P,C)(C,E)(C,E) | \$3,298,097 | \$31,430,731 | \$6,264,319 | | | \$40,993,147 |
| 7 | REMODEL./RENOV. OF EXIST. EDUC. SPACE - MMC (P,C,E)(P,C,E) | | | \$20,515,000 | \$19,647,331 | | \$40,162,331 |
| 8 | REMODEL./RENOV. OF STUDENT ACADEMIC SUPPORT - BBC (P,C,E)(P,C,E) | | | \$24,565,000 | \$5,009,571 | | \$29,574,571 |
| 9 | REMODEL./RENOV. OF ACADEMIC DATA CENTER - MMC (P,C,E)(P,C,E) | | | | \$12,775,000 | \$7,557,500 | \$20,332,500 |
| 10 | HUMANITIES CTR., (ARTS & SCIENCES) - MMC (P,C)(P,C,E) | | | | \$26,738,584 | \$15,619,276 | \$42,357,860 |
| 11 | CLASSROOM/OFFICE, (ACADEMIC IV) - BBC (P,C)(C,E) | | | | \$4,038,392 | \$29,867,351 | \$33,905,743 |
| 12 | CONSTR. MGT. & ENGINEERING EXPANSION - EC (P,C)(C,E) | | | | \$1,081,164 | \$13,543,227 | \$14,624,391 |
| 13 | TRAINING COMPLEX (HUMAN RESOURCES) - MMC (P,C)(P,C,E) | | | | \$1,513,248 | \$16,968,899 | \$18,482,147 |
| 14 | HONORS COLLEGE - MMC (P,C)(C,E) | | | | \$2,018,860 | \$18,583,362 | \$20,602,222 |
| 15 | SOCIAL SCIENCE, Phase II - MMC (P,C)(C,E) | | | | \$11,062,331 | \$18,224,145 | \$29,286,476 |
| | TOTAL PECO REQUEST | \$59,000,000 | \$69,430,730 | \$77,289,434 | \$99,384,481 | \$135,863,759 | \$440,968,405 |

This page intentionally left blank

| Priority Number | Project | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | Total |
|-------------------------------|---|-------------|---------|---------|---------|---------|-------------|
| 16 | STADIUM/STUDENT ACADEMIC MEETING ROOMS, MMC (C,E) | \$1,000,000 | | | | | \$1,000,000 |
| 17 | COLLEGE OF LAW BR-832, MMC (E) | \$367,902 | | | | | \$367,902 |
| 18 | IHRC- WALL OF WIND TESTING FACILITY- PH. II, MMC (E) | \$100,000 | | | | | \$100,000 |
| 19 | COLLEGE OF NURSING & HEALTH SCIENCES (MOLECULAR BIOLOGY)/HEALTH SCIENCES LABORATORY CLINIC, MMC (E) | \$164,541 | | | | | \$164,541 |
| 20 | HOSPITALITY MANAGEMENT - CARNIVAL STUDENT CENTER, BBC (P,C,E) | \$500,000 | | | | | \$500,000 |
| 21 | ENGINEERING CENTER- LAB REMODELING AND EXPANSION, MMC (E) | \$25,000 | | | | | \$25,000 |
| 22 | HOSPITALITY MANAGEMENT - BEVERAGE MANAGEMENT CENTER, BBC (P,C,E) | \$949,425 | | | | | \$949,425 |
| 23 | GRADUATE SCHOOL OF BUSINESS- PHASE I, MMC (E) | \$446,880 | | | | | \$446,880 |
| 24 | PATRICIA AND PHILLIP FROST ART MUSEUM, MMC BR-839 (E) | \$97,000 | | | | | \$97,000 |
| 25 | BROAD AUDITORIUM, SOCIAL SCIENCES - Phase I - MMC (P,C,E) | \$250,000 | | | | | \$250,000 |
| 26 | STOCKER ASTROPHYSICS CENTER, MMC BT-814 (P,C,E) | \$601,275 | | | | | \$601,275 |
| 27 | CONSTR. MGT. & ENGINEERING EXPANSION - EC (P,C)(C,E) | \$98,500 | | | | | \$98,500 |
| TOTAL CHALLENGE GRANT REQUEST | | \$4,600,523 | | | | | \$4,600,523 |

This page intentionally left blank

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

May 20, 2010

Subject: Review of Operational Audit for Fiscal Year Ended June 30, 2009

Proposed Committee Action:
None. Discussion Item.

Background Information:

The results of the State of Florida Auditor General's Operational Audit of the University for the fiscal year ended June 30, 2009 are submitted for Board of Trustees review.

Supporting Documentation: Operational Audit for Fiscal Year Ended June 30, 2009

Facilitator/Presenter: Kenneth Jessell

This page intentionally left blank

FLORIDA INTERNATIONAL UNIVERSITY

Operational Audit

For the Fiscal Year Ended
June 30, 2009



STATE OF FLORIDA
AUDITOR GENERAL
DAVID W. MARTIN, CPA

BOARD MEMBERS AND PRESIDENT

Members of the Board of Trustees and President who served during the 2008-09 fiscal year are listed below:

David R. Parker, Chair
Albert E. Dotson, Sr., Vice Chair
Cesar L. Alvarez
Jorge L. Arrizurieta
Betsy S. Atkins
Thomas Breslin from 8-01-08 (1)
Patricia Frost
Bruce Hauptli to 7-31-08 (1)
S. Lawrence Kahn, III, from 6-18-09 (3)
R. Kirk Landon
Miriam Lopez
Albert Maury
Arthur "AJ" Meyer to 4-30-09 (2)
Claudia Puig
Anthony Rionda from 5-01-09 (2)
Rosa Sugrañes to 3-31-09 (3)

Dr. Modesto A. Maidique, President

Notes: (1) Faculty senate chair.
(2) Student body president.
(3) Position remained vacant from
April 1, 2009, through June 17, 2009.

The audit team leader was Marilyn E. Tolley, CPA, and the audit was supervised by Ramon A. Gonzalez, CPA. For the information technology portion of this audit, the audit team leader was Kathy Sellers, CISA, and the supervisor was Nancy M. Reeder, CPA, CISA. Please address inquiries regarding this report to James R. Stultz, CPA, Audit Manager, by e-mail at jimstultz@aud.state.fl.us or by telephone at (850) 922-2263.

This report and other reports prepared by the Auditor General can be obtained on our Web site at www.myflorida.com/audgen; by telephone at (850) 487-9024; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

FLORIDA INTERNATIONAL UNIVERSITY

SUMMARY

Our operational audit for the fiscal year ended June 30, 2009, disclosed the following:

Finding No. 1: The University did not have written comprehensive fraud policies approved by the Board.

Finding No. 2: The University did not have written policies and procedures for direct purchases of construction materials and did not always take advantage of sales tax exemptions by making direct purchases of construction materials, or document why such purchases would not result in cost savings to the University.

Finding No. 3: The University had not established policies and procedures prescribing minimum liability insurance coverage for design professionals and needed to enhance its procedures to ensure that insurance coverage for design professionals is provided through completion of the project.

Finding No. 4: The University did not provide the required written statements to individuals when their social security numbers were collected, contrary to Section 119.071(5)(a), Florida Statutes.

Finding No. 5: The University's controls over parking citation receivables needed improvement.

Finding No. 6: Tangible personal property records were not always complete and accurate.

Finding No. 7: Tangible personal property deletion survey forms were not always properly completed.

Finding No. 8: Vehicle usage logs were not always complete and did not include evidence of supervisory review.

Finding No. 9: The University had not implemented adequate procedures to monitor the reasonableness of fuel consumption.

Finding No. 10: The University needed to improve controls over collections received at the School of Hospitality and Tourism Management.

Finding No. 11: Controls over the purchasing card program needed improvement.

Finding No. 12: Improvements could be made in the competitive procurement process for purchases made through the University's purchasing card program.

Finding No. 13: Payments to vendors were not always pursuant to written contractual agreements or detailed purchase orders.

Other Matter: An investigation of the University's Purchasing Card program by the University's Office of Internal Audit disclosed improper use of purchasing cards and questionable payroll transactions.

BACKGROUND

Florida International University (University) is part of the State university system of public universities, which is under the general direction and control of the Florida Board of Governors. The University is directly governed by a Board of Trustees (Trustees) consisting of 13 members. The Governor appoints 6 citizen members and the Board of Governors appoints 5 citizen members. These members are confirmed by the Florida Senate and serve staggered terms of five years. The faculty senate chair and student body president also are members.

The Board of Governors establishes the powers and duties of the Trustees. The Trustees are responsible for setting University policies, which provide governance in accordance with State law and Board of Governors' Regulations. The Trustees select the University President. The University President serves as the executive officer and the

corporate secretary of the Trustees and is responsible for administering the policies prescribed by the Trustees for the University.

The results of our financial audit of the University for the fiscal year ended June 30, 2009, will be presented in a separate report. In addition, the Federal awards administered by the University are included within the scope of our Statewide audit of Federal awards administered by the State of Florida and the results of that audit, for the fiscal year ended June 30, 2009, will be presented in a separate report.

FINDINGS AND RECOMMENDATIONS

Finding No. 1: Policies for Reporting Fraud

The University had not developed a comprehensive fraud policy approved by the Board of Trustees for communicating and reporting known or suspected fraud. University Policy 125.205, provides that the University's Office of Internal Audit (Internal Audit) shall investigate allegations of financial fraud, waste, abuse, wrongdoing, and any whistleblower complaints. Although not stated in the policy, the Internal Audit's Web site provides a hot line for employees to call and report fraud. In addition, University policies exist for handling anonymous complaints and disciplinary actions for University employees. However, there are no fraud policies that clearly identify actions constituting fraud, incident reporting procedures, and consequences for fraudulent behavior. Effective fraud policies are necessary to educate employees about proper conduct, create an environment that deters dishonesty, and maintain internal controls that provide reasonable assurance of achieving management objectives and detecting dishonest acts. In addition, such policies serve to establish the responsibilities for investigating potential incidents of fraud, taking appropriate action, reporting evidence of such action to the appropriate authorities, and to avoid damaging the reputations of persons suspected of fraud but subsequently found innocent. Furthermore, in the absence of a comprehensive fraud policy, the risk increases that a known or suspected fraud may be identified but not reported to the appropriate authority.

Recommendation: The University should develop comprehensive fraud policies for the detection, prevention, and reporting of fraud. These policies should be submitted to the Board of Trustees for their approval.

Finding No. 2: Direct Purchase of Construction Materials

Section 1013.45(1), Florida Statutes, authorizes the University to contract for the construction of facilities with a construction manager (CM) to be responsible for scheduling and coordinating construction during both the design and construction phases, and generally responsible for the successful, timely, and economical completion of the construction project. The Statute further provides that the CM may be required to offer a guarantee maximum price (GMP). The University is exempt from paying sales tax on direct purchases as provided by Section 212.08(7)(o), Florida Statutes, and can take advantage of this exemption by directly purchasing certain goods (e.g., materials, equipment, and or fixtures) for construction projects.

Although the University did not have written policies and procedures providing for the direct purchase of construction materials for capital construction projects, our review of seven construction projects in progress during the 2008-09 fiscal year, indicated that the University utilized the direct purchase of materials on certain projects. In these instances, the University included an owner direct purchase option in its agreements with contractors. Contractors were required to provide a detail of sales taxes in their bids for material supplies and equipment, and the

University reserved the right to make direct purchases of various construction equipment, materials, or supplies included in the contractors' bids. However, for one of the projects we reviewed related to the construction of the Nursing and Allied Health Building (formerly called the College of Nursing and Health Sciences' Molecular Biology Building), which began on August 1, 2008, the agreement did not require the CM to quantify and document in its GMP proposal the sales tax saving associated with the direct purchase of goods. Nor did the University, of record, attempt to make any direct purchases of materials for this construction project or document why it was not in the University's best interest to do so.

As of June 30, 2009, according to University records, the adjusted contract amount for this project totaled approximately \$34 million while the amount expended to date was approximately \$24 million. As indicated by the following schedule of values for this project, as of June 30, 2009, construction materials were a significant part of the construction costs of this project:

- Cast in Place of Concrete – \$3,883,262
- Architectural Pre-Cast Concrete Panels – \$1,626,383
- Miscellaneous Metal – \$666,450
- Metal Wall Panels – \$800,022
- Window Systems – \$2,715,278
- Drywall – \$1,105,301
- Elevators – \$429,307
- Plumbing – \$922,845
- HVAC & HVAC Controls – \$3,254,173

We requested, but were not provided, a detail of construction material purchases for this project. Further, while it may not be feasible to directly purchase all construction materials from vendors, the University could have directly purchased a portion of the required construction materials and benefited from the resulting sales tax savings. For example, for every \$1 million of construction materials directly purchased, the University would have realized savings of approximately \$70,000, assuming a sales tax rate of 7 percent.

Recommendation: The University should establish written policies and procedures for the direct purchase of construction materials. In addition, for future construction contracts, the University should take advantage of sales tax exemptions or document how the University obtained greater savings by the CM making the purchases.

Finding No. 3: Design Professionals Liability Insurance

Although the University's design professional contracts include an insurance requirement to maintain professional liability coverage with insurance coverage at a designated amount, the University had not implemented a policy establishing minimum insurance requirements for design professionals, such as architects and engineers.

During the 2008-09 fiscal year, the University increased the professional liability insurance coverage from \$1 to \$3 million for one design professional, and from \$1 to \$2 million for other design professionals that worked on University projects. Although, the established coverage was to be maintained throughout the duration of the project or the agreement, as applicable, there was no documentation to evidence the basis for establishing the insurance coverage amounts at \$1, \$2, or \$3 million. Adopting policies and procedures for prescribing minimum liability

insurance requirements for design professionals would help protect the University in the event that deficiencies exist in the work performed by these professionals.

We also noted that procedures were not in place to ensure that the University was actively monitoring the renewal of insurance coverage. Our review of professional liability insurance coverage disclosed the following:

- Project BT 833 – Nursing and Allied Health Building (formerly called the College of Nursing and Health Sciences’ Molecular Biology Building) – Construction costs of approximately \$34 million:

On February 18, 2009, we requested the University provide proof of continuing liability coverage for the design professional on this project. Although the certificate of insurance provided indicated that the firm had coverage of \$3 million from December 31, 2008, through December 15, 2009, it was dated March 10, 2009, which was subsequent to our request and 69 days after the start of the extended coverage period.

- Project BT 817 – Utilities, Infrastructure, Capital Renewals, Roofs (multiple minor projects) – Construction costs of approximately \$7 million:

We reviewed insurance documents for one of the design professionals that worked on these minor projects. On February 18, 2009, we requested the University provide proof of continuing liability coverage for the design professional. Although the certificate of insurance provided indicated that the firm had coverage of \$1 million from August 26, 2008, to August 26, 2009, it was dated February 26, 2009, which was subsequent to our request and 184 days after the start of the extended coverage period.

- Project BT 867 – Utilities, Infrastructure, Capital Renewals, Roofs (multiple minor projects) – Construction costs of approximately \$5 million:

We reviewed insurance documents for one of the design professionals that worked on these minor projects. On February 18, 2009, we requested the University provide proof of continuing liability coverage for the design professional. The certificate of insurance provided listed the firm’s commercial general and auto liability coverage of \$1 million for the period August 1, 2008, to August 1, 2009; however, it did not list the required professional liability coverage and, therefore, was incomplete. In addition, it was dated February 26, 2009, which was subsequent to our request and 209 days after the start of the coverage period.

University personnel indicated that the required insurance coverage was obtained at the commencement of the project and, after that point, it was the Project Manager’s responsibility to make sure that valid certificates of insurance are on file. However, the failure to adequately monitor the renewal of professional liability insurance coverage may result in the University being liable for significant amounts of the costs for repairs or remediation work in the event that deficiencies exist in the work performed by design professionals.

Recommendation: The University should establish written policies and procedures prescribing minimum liability insurance coverage requirements for design professionals. Additionally, the University should enhance its procedures to ensure that insurance coverage for design professionals is provided through completion of the project.

Finding No. 4: Collection of Social Security Numbers

The Legislature has acknowledged in Section 119.071(5)(a), Florida Statutes, the necessity of collecting social security numbers (SSNs) for certain purposes because of their acceptance over time as a unique numeric identifier for identity verification and other legitimate purposes. The Legislature has also recognized that SSNs can be used to acquire sensitive personal information, the release of which could result in fraud against individuals or cause other financial or personal harm. Therefore, public entities are required to provide extra care in maintaining such information to ensure its confidential status.

Section 119.07(5)(a), Florida Statutes, provides that an agency may not collect an individual's SSN unless the agency has stated in writing the purpose for its collection and unless it is specifically authorized by law to do so, or it is imperative for the performance of that agency's duties and responsibilities as prescribed by law. Additionally, this Section requires that an agency collecting an individual's SSN provide the individual with a copy of the written statement indicating the purpose for collecting the number, and that SSNs collected by an agency will not to be used for any purpose other than the purpose provided in the written statement. This Section also requires that each agency review whether its collection of SSNs is in compliance with the above requirements and immediately discontinue the collection of SSNs for purposes that are not in compliance.

Although the University has assigned unique student and employee identification numbers to replace using SSNs for record keeping purposes, the University collected SSNs from employees, prospective employees, students, and certain vendors. Prior to our inquiries in March 2009, University procedures were not adequate to comply with Section 119.07(5)(a), Florida Statutes, as follows:

- Although, the University posted general information on its Web site for students to read about the collection and usage of SSNs, this procedure did not ensure that the student would get direct notification. Effective April 2009, the University incorporated a mandatory link, providing the required written statement for collection of SSNs, as part of the online student application.
- The University did not provide new employees with a written notification explaining the purpose for collection of SSNs. Effective March 2009, the University developed a form to provide written notifications to new employees.

Effective controls to properly monitor the need for and use of SSNs and to ensure compliance with statutory requirements reduce the risk that SSNs may be used for unauthorized purposes.

Recommendation: The University should continue its efforts to ensure that the required written statements are provided to individuals when their SSNs are collected to ensure compliance with Section 119.07(5)(a), Florida Statutes.

Finding No. 5: Parking Citations Receivables

Department of Parking and Transportation (Department) records indicated that accounts receivable for parking citations totaled approximately \$3.2 million as of June 30, 2009. This included amounts due from students and visitors. As similarly noted in our report No. 2008-120, our review disclosed that the University's controls over parking citations receivables needed improvement. Our test of 40 parking citations (20 issued to students and 20 issued to visitors) disclosed the following:

- For 8 of 20 citations issued to visitors from September 15, 2008, through January 26, 2009, University personnel had not, of record, obtained from the Florida Department of Highway Safety and Motor Vehicles or other sources identifying information (such as name and address) necessary for collection. Subsequent to our inquiry, for one of the citations dated September 15, 2008, the University obtained identifying information on August 14, 2009.
- The Department's Collection Policy 11.9.1, requires a registration hold be placed on the records of current students for nonpayment of parking citations older than 120 days. In addition, the policy requires a transcript and diploma hold be placed on the records of any student with a student identification number for citations older than 10 days. Our review of 20 students with citations disclosed that:
 - For 4 of 14 current student citations tested, registration holds were placed 30 to 95 days late.

- For 8 of 20 student citations tested, the transcript and diploma holds were not placed timely. For 7 of these citations, the holds were placed 24 to 205 days late and for the other citation the hold was never placed on the student's transcript, although the citation was later paid.

The absence of obtaining identifying information for visitor issued citations, and the failure to timely place registration or transcript and diploma holds on records of students that do not pay amounts owed for parking citations, limits the University's collection efforts.

Recommendation: The University should ensure that sufficient identifying information is obtained for all individuals issued parking citations and that academic holds are timely placed on students' records for nonpayment of obligations.

Finding No. 6: Tangible Personal Property Records

To ensure proper accountability and safeguarding of tangible personal property, the University should maintain adequate records of property items. In addition, property items not located during physical inventory counts should be promptly reported to the property custodian, a thorough investigation made, and items not located after the investigation should be reported to the appropriate law enforcement agency. The University's Property Control Manual (Manual) requires the Property Control Department (Department) to establish guidelines and procedures governing the accountability, control, transfer, and ultimate disposal of tangible personal property. The Department is to be notified in writing when property items are transferred, deleted, or surplus.

The University reported tangible personal property of approximately \$150 million at June 30, 2009. We selected 30 items from the property records for physical observation. As similarly noted in our report No. 2008-120, our review disclosed inaccuracies in the University's tangible personal property records, as follows:

- We noted 4 items, with a total cost value of approximately \$41,000 that could not be located. The items included two analyzers, a camera, and a computer workstation. Upon audit inquiry, University personnel found the two analyzers off campus; however, forms authorizing the use of the items off campus had not been completed. Subsequent to our review, the camera was determined stolen and a survey form was completed to request deletion of the item from the property records; however, University personnel did not report the stolen item to an appropriate law enforcement agency. The computer workstation was found subsequent to our review.
- We noted 10 items, with a total cost value of approximately \$36,000, were at locations other than those reported in the property records. Contrary to the Manual, forms authorizing the transfer of these property items to locations other than those noted in the property records were not prepared.

Failure to maintain accurate tangible personal property records limits accountability and increases the risk that property items may become lost, stolen, or otherwise not properly accounted for.

Recommendation: The University should strengthen its procedures to ensure that the property records are complete and accurate. When University personnel cannot locate property items, missing property item reports should be filed with the appropriate law enforcement agency. Also, property transfer forms or off-campus use forms should be completed to document approval for transfers or off-campus use of property.

Finding No. 7: Property Deletions

University records indicated that tangible personal property with a total cost value of approximately \$4.8 million was deleted from the property records for the 2008-09 fiscal year.

The University's Property Control Manual (Manual) requires property custodians to complete survey forms to request the deletion of property items and provide the reasons for the requested deletions. If the request is being made because of an inventory shortage (i.e., a missing property item), a statement explaining the circumstances is also required, including the corrective action to be taken to prevent subsequent shortages. If the request is being made to have property declared surplus, the form should indicate that the item is obsolete, inoperative, unserviceable, or that the continued use is uneconomical or inefficient, or serves no useful function.

For surplus property requests, the property custodian must also submit a memo to the Property Control Department listing the surplus items by tag and description, then the items would be moved by the Campus Services Department to the surplus warehouse for storage, and the items would be removed from the department's property records pending approval for final disposition.

As similarly noted in our report No. 2008-120, our test of 30 items deleted from the property records during the 2008-09 fiscal year, disclosed 13 property items, with a total cost value of approximately \$40,000, for which survey forms were not properly completed, as follows:

- The survey forms for 7 property items indicated that the items were being deleted due to inventory shortage. However, contrary to the Manual, the survey forms did not document the corrective action to be taken to prevent another shortage. Subsequent to our audit inquiry, University personnel obtained the required corrective action memos.
- The survey forms for 6 property items indicated that the items were being deleted because they had been declared surplus. However, contrary to the Manual, the items remained in the department's property records and there was no documentation evidencing that the property custodians had sent the required memos to the Property Control Department requesting that these items be declared surplus.

Properly completed survey forms reduce the risk of misappropriation of property items and provide for increased accountability.

Recommendation: **The University should strengthen its procedures to ensure accurate completion of survey forms for property deletions.**

Finding No. 8: Vehicle Records

University records indicated that there were approximately 180 University-owned vehicles as of June 2009. University Policy 540.005, which became effective July 2008, stated that University vehicles are not to be used for personal use. Although the revised policy no longer required that vehicle trip logs be maintained to document each trip taken by the vehicle user department, University personnel indicated that department heads are asked verbally to complete and submit vehicle logs to the Vehicles Services Department (Department). We were further informed that Department personnel verify the signatures and vehicle numbers and then file the logs in each vehicle's folder.

Our review of 15 vehicles used for off-campus travel disclosed that vehicle trip logs continued to be used for 14 of the 15 vehicles. The vehicle trip log provided preprinted areas to document the driver's name, destination, and purpose of the trip, date, time, and mileage. The log also provided an area for the driver's supervisor to sign as

evidence of supervisory review of the log. We reviewed the vehicle logs prepared for the 14 vehicles. We noted one or more of the following deficiencies for 6 of the 14 vehicle logs tested:

- The logs for 3 vehicles did not include a supervisor's signature to evidence supervisory review.
- The log for 1 vehicle did not disclose the destination of the trip.
- The logs for 3 vehicles had gaps between the ending mileage on one trip and the beginning mileage on the next trip. The gaps in mileage ranged from 72 to 4,519 miles.

Similar findings were noted in our report No. 2008-120. Accurate vehicle trip logs serve to document that vehicle use is for a University purpose and timely supervisory review of these records would further ensure the accuracy of the records.

Recommendation: The University should implement procedures to ensure that University-owned vehicle usage is adequately documented and approved by the vehicle user department.

Finding No. 9: Monitoring Fuel Efficiency of Vehicles

University records indicated that during the 2008-09 fiscal year fuel expenses totaled approximately \$244,000. The University has a computerized fuel system in place that is programmed to identify the University vehicle by wireless interface prior to fueling and automatically captures the vehicle's current odometer reading, date and time of transaction, fuel quantity, and fuel type. The automated process only takes place on those vehicles that had the fuel systems installed and programmed. The fuel system generates several reports that provide management vehicle fuel usage information, such as transaction date, vehicle operator, odometer reading, and fuel quantity for each refueling.

We selected 15 vehicles to determine the reasonableness of fuel consumption by calculating miles per gallon, using the odometer readings shown on the fuel system reports for two months during the 2008-09 fiscal year. We noted one or more of the following deficiencies for 10 of the 15 vehicles tested:

- For 4 vehicles, we noted errors in odometer readings that distorted the calculation of miles driven between refueling.
- For 1 vehicle, the odometer readings were not transmitted to the system.
- For 5 vehicles, the odometer readings, as shown on the fuel system report on the date of fueling the vehicles, were not within the range of miles driven for the same dates as shown on the vehicle's trip logs. The differences noted in odometer readings ranged from 416 to 2,933 miles.
- For 1 vehicle refueled at Biscayne Bay Campus, manual fuel logs were used; however, these logs did not require the user to record the odometer reading when refueling.

Although University procedures provided for the Vehicle Services Department (Department) to forward the fuel system reports with fuel bills to the appropriate department head, and the department heads were to review the reports and notify the Department of any inconsistencies, University records did not document such reviews or how exceptions noted were resolved.

Similar findings were noted in our report No. 2008-120. Under these circumstances, the University has limited assurance of the reasonableness of fuel consumption and there is increased risk that unauthorized use of University fuel may be made.

Recommendation: The University should continue its efforts to monitor the reasonableness of fuel consumption, but should also establish monitoring procedures sufficient to ensure the accuracy of odometer readings recorded in the system. In addition, University records should document the resolution of exceptions disclosed by monitoring procedures.

Finding No. 10: Decentralized Collections – The School of Hospitality and Tourism Management

The School of Hospitality and Tourism Management (Department) collected fees for Wine Certificate programs, seminars, trainings, and non-credit courses. According to University records, collections received in the form of checks totaled approximately \$236,000 during 2008-09 fiscal year.

The Department's collection procedures were the subject of an audit performed by the University's Office of Internal Audit. The Office of Internal Audit's audit report, dated July 31, 2008, disclosed that the Department's functions of receipting, depositing, and reconciling collections were not properly separated, and that no logs were used to document the receipt of checks.

Our current review disclosed that the Department's collection procedures still needed improvement, as follows:

- Checks were not restrictively endorsed immediately upon receipt to limit their negotiability in the event of loss or theft.
- A mail receipt log was not prepared upon receipt of mail collections. A log was prepared by the Assistant Director from documentation received from the Secretary after the collections were remitted to the Student Financials Office for subsequent deposit. The failure to prepare mail receipt logs at the initial point of collection limits the effectiveness of the controls afforded by the use of such logs.
- Transfer documents were not used to evidence the transfer of collections between employees. Without use of transfer documents, responsibility for collections cannot be fixed to one individual should a loss or theft occur.
- University personnel did not periodically reconcile collections remitted to the Student Financials Office to the accounting records. Absent such reconciliations, the University cannot be assured that all collections have been properly accounted for and deposited in the University's accounts.

Recommendation: The University should strengthen procedures at the School of Hospitality and Tourism Management to ensure that checks received are restrictively endorsed, and recorded to a mail receipt log, immediately upon receipt; transfer documents are used to evidence the transfer of collections between employees; and collections remitted to the Student Financials Office are periodically reconciled to the accounting records.

Finding No. 11: Purchasing Card Program

The University administers a purchasing card program in which it provides credit cards to authorized personnel to procure certain goods and services. The University developed a Purchasing Card Manual (Manual) that addressed policies, procedures, and controls over the purchasing card program. According to the Manual, purchasing cards are designed to handle and expedite low dollar purchases of goods and services in a more effective, efficient, and economical manner than may be achieved through the purchase order system. The University contracted with a financial institution to issue the purchasing cards and to process purchases. Purchasing cards were issued to approximately 1,240 University employees as of June 2009, and purchasing card expenditures totaled approximately \$19.1 million during the 2008-09 fiscal year. Our review of purchasing card procedures, and testing of transactions, disclosed that the University's controls over the purchasing card program needed improvement, as discussed below.

Purchasing Card Credit Limits

The Manual established credit limits for each cardholder at \$1,000 for single transactions, and \$5,000 for total monthly transactions; however, the Manual does provide for temporary and permanent increases in these limits with proper approval.

Our review of the credit card limits assigned to purchasing cardholders during the 2008-09 fiscal year disclosed 64 cardholders that had monthly credit limits in excess of \$25,000. As shown in Table 1 below, ten of these cardholders had monthly credit limits ranging from \$75,000 to \$300,000, and had single transaction credit limits ranging from \$12,000 to \$140,000:

| Table 1 | | |
|---|-------------------------------------|---|
| Examples of Employees with High Credit Limits | | |
| Employee Title | Maximum Monthly Credit Limit | Maximum Single Transaction Limit |
| Former Controller | \$ 300,000 | \$ 12,000 |
| Senior Associate Athletic Director | 150,000 | 140,000 |
| Senior Director - Facilities Operations | 100,000 | 30,000 |
| Assistant Baseball Coach | 100,000 | 20,000 |
| Asst. A.D. Event MGT/OPS - Intercollegiate Athletics | 80,000 | 20,000 |
| Associate Director University Library | 100,000 | 15,000 |
| Sr. Administrative Assist. - Football Department | 100,000 | 15,000 |
| Assistant Men Basketball Coach | 80,000 | 20,000 |
| Coordinator of Admin. Services - Office of Publications | 80,000 | 20,000 |
| Director at the Kovens Conference Center | 75,000 | 30,000 |

Examples of purchasing card transactions made by the 10 cardholders noted above that exceeded the \$1,000 limit established for single transactions are shown in Table 2, below:

| Table 2 | | | |
|---|---------------|----------------------------------|---|
| Examples of High Dollar Purchases Made With Purchasing Cards | | | |
| Date | Amount | Description | Cardholder |
| 07/01/08 | \$ 5,934.00 | Diversity Magazine - Spring 2008 | Coordinator of Administrative Services - Office of Publications |
| 07/07/08 | 6,815.00 | College of Medicine Viewbook | Coordinator of Administrative Services - Office of Publications |
| 07/22/08 | 6,154.00 | Photo Gallery/Calendar 08 | Coordinator of Administrative Services - Office of Publications |
| 10/09/08 | 15,379.64 | Lodging | Assistant A.D. Even MGT/OPS Intercollegiate Athletics |
| 10/13/08 | 5,439.00 | Ground Transportation | Assistant A.D. Even MGT/OPS Intercollegiate Athletics |
| 10/29/08 | 13,218.16 | Football Uniforms | Senior Administrative Assistant - Football Department |
| 11/07/08 | 9,832.76 | Football Uniforms | Senior Administrative Assistant - Football Department |
| 11/10/08 | 9,700.00 | Football Uniforms | Senior Administrative Assistant - Football Department |
| 11/12/08 | 30,328.01 | Books for Fall 2008 | Senior Associate Athletic Director |
| 11/12/08 | 15,819.81 | Books for Fall 2008 | Senior Associate Athletic Director |
| 12/04/08 | 4,166.00 | Thanksgiving Card and Envelope | Coordinator of Administrative Services - Office of Publications |

We were informed by University personnel that some of the cardholders listed in Table 1 needed high credit limits for their position. However, granting these higher monthly credit and single transaction limits is not consistent with the University's Manual, which provides that the purchasing cards are designed to handle and expedite low dollar purchases.

We also noted that there was no evidence that high dollar purchasing card transactions were closely monitored to ensure that purchases did not circumvent competitive procurement policies. When maximum transaction limits are not enforced for purchasing cards, the risk increases for personnel to make high dollar purchases or split purchase orders that bypass bid procedures (see further discussion in Audit Finding No. 12 - *Competitive Procurement*).

Purchasing Card Cancellations for Former Employees

We reviewed the purchasing card accounts of 76 former employees who terminated employment between July 1, 2008, and January 23, 2009. Our review disclosed 33 instances in which the former employees' purchasing cards were not cancelled in a timely manner. The delays in cancellation ranged from 7 to 75 days after the date of termination of employment. For one of these purchasing cards, charges totaling approximately \$62,850 were made after the former employee's termination. This account was in the name of the former Controller and was used by another University employee to process the direct billing of travel transactions. Our review of these transactions disclosed that these transactions were adequately supported and were for valid expenses of the University; however, when purchasing card accounts of former employees are not timely cancelled, there is an increased risk that unauthorized purchases may be made. A similar finding was noted in our report No. 2008-120.

Sales Tax Exemption

The Manual indicates that the cardholder must advise the vendor that the transaction is exempt from sales tax. If the vendor does not honor the tax exemption or deduct the sales tax from the charge, the cardholder should provide an explanation on the purchasing card receipt. We noted 14 instances, totaling \$364, in which sales tax was paid with no explanation shown on the receipt. Without an explanation of the reason for paying sales tax, the cardholder may have incurred an unnecessary cost to the University. Subsequent to our review, University personnel indicated they had developed a process to identify sales taxes paid.

Restriction on Purchases

The Manual lists numerous items that are not allowed to be purchased using the purchasing cards. These items are to be obtained by submitting a purchase request to Purchasing Services. Examples of purchases that are not allowed include: personal purchases, FIU parking decals, gift cards, appliances, computers, hazardous materials and chemicals, plaques and trophies exceeding \$100, unauthorized entertainment, food purchases including restaurant meals (unless authorized in advance), and cellular telephone services and accessories (unless authorized in advance). Our review of purchasing card transactions identified purchases that were not allowed, or did not appear to demonstrate an authorized valid public purpose, as described below:

- Personal Purchases: Four purchases totaling \$566 for four employees' professional license renewals or certifications. University personnel did not provide documentation evidencing that these purchases were allowed.
- FIU Parking Decals: Two purchases totaling \$492 by the Student Government Association for FIU parking decals.
- Gift Cards: Purchases totaling \$4,500 for gift cards. University personnel indicated that the gift cards were purchased by the Department of Psychology for parents of children participating in a study. Although not provided for in the Manual, the Department did obtain prior authorization from the Purchasing Card Coordinator; however, a complete accounting of the gift cards distributed was not provided.
- Appliances: Three purchases of appliances totaling approximately \$1,400. The appliances consisted of a freezer, mini-refrigerator, and an electric range.
- Computer: One purchase of an office computer for approximately \$1,900.

- Hazardous Materials and Chemicals: Purchases of hazardous materials totaling approximately \$3,800, as disclosed by our review of purchases classified as chemicals or lab supplies.
- Plaques and Trophies: Two purchases of individual trophies or plaques totaling \$131 and \$139, respectively.
- Cellular Telephone Service and Accessories: Cellular telephone services totaling \$571 from July 2008 through May 2009. Supporting documentation did not evidence that a Cellular Phone Allowance/Purchase Request Form was completed and that an exception was granted prior to the charges. Subsequent to the charges, an authorization was obtained on June 4, 2009, from the Vice President of Academic Affairs.
- Travel Expenses: The Manual provided that cards may be used for lodging costs at domestic and foreign hotels with the maximum daily room rates based on the United States General Services Administration (GSA) for domestic lodging and the United States Department of State - Foreign Per Diem Rates for foreign travel. The rates apply for all hotel rooms unless the specific meeting or convention is being held at the same hotel where the cardholder is lodging. Our review disclosed four instances in which the daily room rate for lodging exceeded the authorized GSA or foreign per diem rate from \$86 to \$414. In these instances, a specific meeting or convention was not being held at the same hotel where the cardholder was lodging.

The Manual provided that purchasing cards can be used to pay for taxis/cab fare when employees are on travel status. However, our review disclosed two purchases of luxury transportation services to and from the airport for \$160 and \$128, respectively. Supporting documentation did not justify the reason for using the more expensive luxury transportation services.

- Restaurant Meals and Entertainment: Restaurant meals and entertainment were generally not included in the list of items allowed by the Manual unless they were authorized in advance. Effective February 1, 2009, the University began requiring that food purchases, including restaurant meals be authorized in advance by completing a Food Authorization Form. Our review disclosed that supporting documentation for some purchases of restaurant meals and entertainment did not show evidence of prior authorization, a detailed receipt, or demonstrate an educational purpose. Examples of some of these purchases are shown in Table 3, below:

| Table 3 | | | |
|--|-----------|-------------------|--|
| Examples of Restaurant Meals and Entertainment Purchases | | | |
| Date | Amount | Vendor Category | Description |
| 07/03/08 | \$ 950.82 | Bowling Alley | Purchase of food, and rental of shoes and lanes. The cardholder indicated that the purchase was for a field excursion for students to see the application of math, physics, and engineering. There was no documentation evidencing prior authorization. |
| 12/12/08 | 3,250.00 | Sporting Facility | Purchase of 10 FedEx BCS Football National Championship tickets. According to the University, nine of the tickets were given to donors for cultivation purposes. The tickets were paid from athletic funds. There was no documentation evidencing prior authorization. |
| 03/18/09 | 2,510.50 | Restaurant | Purchase was made for a staff development event. An itemized receipt was not provided to determine the allowability of items purchased. |
| 05/14/09 | 875.00 | Restaurant | The University paid \$6,435 for a masters program graduation dinner, which allowed one guest per student. This amount included 25 dinners totaling \$875 in excess of those allowed by this function. |

Without sufficient, appropriate supporting documentation and supervisory approval of purchases, there is an increased risk that such purchases may not be for valid authorized public purposes, and when policies and procedures are not followed, there is an increased risk that the University could incur unnecessary costs.

Recommendation: The University should enhance procedures to ensure that purchasing card credit limits serve the intended purpose of its purchasing card program; credit limit increases that allow for high dollar transactions are closely monitored to ensure that purchases do not circumvent competitive procurement policies; the purchasing card accounts of former employees are closed in a timely manner; purchasing card purchases and supervisory approval of charges are made in accordance with established procedures; and cardholders maximize savings by taking advantage of the University's tax exempt status when using the purchasing card.

Finding No. 12: Competitive Procurement

Board of Governors Regulation 18.001, Purchasing Regulations, requires each university board of trustees to establish a competitive solicitation threshold not greater than \$75,000 for the purchase of commodities or contractual services. Additionally, this regulation establishes that the purchase of commodities and contractual services shall not be divided (split purchase order) to avoid the requirement of competitive solicitation. Accordingly, the University's Purchasing Procedures Manual (Manual) required that all purchases of commodities, contractual services, or deferred payment contracts in excess of \$75,000, be made by competitive solicitation, unless otherwise exempted. In addition, the splitting of orders, and failure to combine orders, when practical, to keep the total cost below the competitive solicitation threshold is prohibited.

Our review of payments made to vendors, processed through the University's purchasing card program, from July 2008 through May 2009, disclosed numerous purchasing card transactions for which orders of goods and services made from the same vendor were not combined. As a result, in these instances, the University was precluded from the benefit of a competitive solicitation process as noted below:

- A vendor was paid approximately \$409,000 for student meals on behalf of the University's various masters' programs and student certifications. These are programs for which value-added fees are collected from the students. Although requested, we were not provided with competitive selection documentation for these services, nor was there evidence that such services were exempt from a competitive selection process.
- A vendor was paid approximately \$130,000 for student meals related to various masters' programs conducted at an off-campus facility. These are programs for which value-added fees are collected from the students. These services were provided pursuant to an agreement, which allowed the vendor to generally provide food, beverages, and other items at the facilities. Although requested, we were not provided with competitive selection documentation for these services, nor was there evidence that such services were exempt from a competitive selection process.
- Two vendors were paid approximately \$167,600 and \$88,400, respectively, for business cards, letterheads, brochures, catalogs, posters, commencement program booklets, and invitations without the benefit of a competitive solicitation process. We were informed by University personnel that various departments incorrectly used these vendors for the above-mentioned services instead of using a contracted vendor. On August 26, 2009, University personnel indicated that they corrected this practice and that departments were now using the contracted vendor.

When goods and services are purchased without the benefit of a competitive selection process, the University is not assured that it is obtaining goods and services at the best price consistent with acceptable quality. Subsequent to our review, University personnel indicated they had developed a process to monitor cumulative payments to vendors to identify goods and services that may be subject to a competitive selection process.

Recommendation: The University should ensure that goods and services are procured using a competitive selection process as required by Board of Governors Regulation 18.001 and the University's Manual, or properly document that such procurements are exempt from competitive selection requirements. In addition, procedures should be enhanced to ensure that purchases are not split that otherwise would be subject to the University's competitive selection process.

Finding No. 13: Contractual Agreements

As a matter of good business practice, significant procurements of goods and services should be evidenced by written agreements or detailed purchase orders embodying all provisions, conditions, and deliverables of the procured goods or services. The use of a well written, complete, and properly executed written agreement protects the interests of both parties, defines the services to be performed or the goods to be delivered, and provides the basis for payments.

Our review of payments to vendors from July 2008 through May 2009, processed through the University's purchasing card program, disclosed that a significant number of purchases were made from certain vendors without the benefit of an executed written agreement or detailed purchase order. The detail of these instances is shown in Table 4, below:

| Table 4 | | |
|---|--------------------------|----------------------------------|
| Types of Goods and/or Services | Number of Vendors | Approximate Payments Made |
| Business Cards, Brochures, Envelopes with Logo, and Postcards | 1 | \$56,800 |
| Contraceptives | 2 | \$29,800 and \$21,700 |
| Employment and Promotional Advertisement | 2 | \$109,700 and \$53,100 |
| Vaccines and Laboratory Tests | 2 | \$47,300 and \$24,300 |

A similar finding was noted in our report No. 2008-120. When payments are made to vendors without the benefit of written agreements or detailed purchase orders, the University has limited assurance that it is receiving the goods and services to which it is entitled at agreed upon prices and has limited ability to resolve disputes with vendors related to the nature of the services and goods received.

Subsequent to the end of the 2008-09 fiscal year, University personnel provided reports that evidenced that departments were actively monitoring vendor payments in an effort to enhance controls in this area.

Recommendation: The University should continue its efforts to ensure that written agreements or detailed purchase orders are used for purchases of goods and services.

OTHER MATTER

During our audit, the Office of Internal Audit (OIA) notified us that they were in the process of performing an internal audit of purchasing card controls. The OIA identified potential abuse by a cardholder and concluded that the cardholder misused the purchasing card provided by the University. Disciplinary action was taken by the University resulting in the termination of employment of this employee and the employee that approved this cardholder's purchases. Partial restitution was obtained by the University. Another OIA investigation relating to the use of purchasing cards disclosed improper use of purchasing cards and questionable payroll transactions were reported. The University terminated the employees involved and these cases were referred to the State Attorney's Office. The

OIA is currently working on three additional investigations relating to the use of purchasing cards. These investigations are scheduled for completion during the first quarter of the 2010 calendar year.

PRIOR AUDIT FOLLOW-UP

Except as discussed in the preceding paragraphs, the University had taken corrective actions for findings included in our report No. 2008-120.

OBJECTIVES, SCOPE, AND METHODOLOGY

The Auditor General conducts operational audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

We conducted this operational audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The objectives of this operational audit were to: (1) obtain an understanding and make overall judgments as to whether University internal controls promoted and encouraged compliance with applicable laws, rules, regulations, contracts, and grant agreements; the economic and efficient operation of the University; the reliability of records and reports; and the safeguarding of assets; (2) evaluate management's performance in these areas; and (3) determine whether the University had taken corrective actions for findings included in our report No. 2008-120. Also, pursuant to Section 11.45(7)(h), Florida Statutes, our audit may identify statutory and fiscal changes to be recommended to the Legislature.

The scope of this operational audit is described in Exhibit A. Our audit included examinations of various records and transactions (as well as events and conditions) occurring during the 2008-09 fiscal year.

Our audit methodology included obtaining an understanding of the internal controls by interviewing University personnel and, as appropriate, performing a walk-through of relevant internal controls through observation and examination of supporting documentation and records. Additional audit procedures applied to determine that internal controls were working as designed, and to determine the University's compliance with the above-noted audit objectives, are described in Exhibit A. Specific information describing the work conducted to address the audit objectives is also included in the individual findings.

AUTHORITY

Section 11.45, Florida Statutes, requires that the Auditor General conduct an operational audit of each university on a biennial basis. Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.



David W. Martin, CPA
Auditor General

MANAGEMENT'S RESPONSE

Management's response is included as Exhibit B.

EXHIBIT A
AUDIT SCOPE AND METHODOLOGY

| Scope (Topic) | Methodology |
|---|---|
| Information Technology (IT) policies and procedures. | Inspected the University's written IT policies and procedures to determine whether they addressed University-level governance of IT resources. |
| Security awareness and training program regarding the confidentiality of information. | Examined supporting documentation related to the University's IT security awareness and training program. |
| Procedures to timely prohibit employees' access to electronic data files. | Tested employees who terminated employment during the audit period and inspected supporting documentation evidencing when the University terminated access privileges. |
| Application environment and support function. | Inspected the University's written policies and procedures regarding the application environment and support functions. Also, interviewed University staff and inspected the supporting documentation concerning system logging, wireless access, user workstation controls, user identification and authentication, technical management, operating system, and network controls. |
| Data Center environmental controls. | Inspected supporting documentation related to the Data Center environmental controls. |
| Fraud policy and related procedures. | Examined written policies, procedures, and supporting documentation related to the University's fraud policy and related procedures. |
| Social security number requirements of Section 119.071(5)(a), Florida Statutes. | Examined supporting documentation to determine whether the University had provided individuals with a written statement as to the purpose of collecting their social security numbers. |
| Procedures for parking citation receivables. | Tested parking citations to determine the effectiveness of collection procedures. |
| Pharmaceutical inventory. | Reviewed procedures of pharmaceutical inventory and determined whether incompatible duties were properly separated and whether complete and accurate perpetual inventory records were used to maintain accountability. Tested pharmaceutical inventory and performed a physical count and verified that inventory values were properly extended and based on the correct invoice price. |
| Tangible personal property records. | Conducted a physical observation of property items included in the property records and verified that the items were properly tagged and that records adequately described the asset. Tested property items observed at the University's sites and traced back to the property records to determine the completeness of the inventory records. |
| Deletions and disposals of tangible personal property. | Tested property deletions and determined whether property deletions were accomplished in the manner prescribed by law, BOG regulations, and Board policies. |

EXHIBIT A (Continued)
AUDIT SCOPE AND METHODOLOGY

| Scope (Topic) | Methodology |
|--|---|
| Cash collection procedures at decentralized collection points. | Reviewed control procedures at selected locations to determine the effectiveness of the University's collection procedures. |
| Procedures for bonus payments. | Tested employees that received bonus payments and examined supporting documentation to determine that bonus payments were properly authorized, recorded, and documented in accordance with University policies and procedures. |
| Procedures for the multi-purpose card (PantherCard) program. | Determined whether the University had established adequate control procedures over the use of the PantherCard. |
| Purchasing card program. | Tested purchasing card transactions to determine whether these purchases were properly authorized, supported, recorded, and reported. Tested former employees and determined whether the purchasing cards were canceled timely. |
| Procedures for monitoring cellular telephone usage. | Determined whether the University adequately monitored the use of cellular telephones. |
| Procurement policies and procedures. | Tested bids and examined supporting documentation to determine compliance with competitive procurement requirements. |
| Travel compliance. | Tested travel vouchers to determine that the travel mileage, meals, or per diem rates were calculated in accordance with rates prescribed by Section 112.061, Florida Statutes. |
| Procedures for vehicle usage records. | Tested University owned vehicles and reviewed vehicle logs maintained to determine that vehicle usage was for University purposes. |
| Procedures for monitoring vehicle fuel usage. | Tested vehicles and related fuel management reports to determine whether the reports were accurate and reviewed by supervisory personnel, and whether the vehicles' reported miles per gallon appeared reasonable. |
| Procedures for contractual agreements. | Tested payments for contractual services and examined supporting documentation to determine whether payments were properly documented, classified, and made in accordance with contractual terms. |
| Annual safety inspection reports. | Examined annual safety inspection reports to determine whether the University complied with building life-safety, fire safety, and sanitation standards prescribed by the State Board of Education. Also, determined whether significant deficiencies noted in the reports had been corrected timely. |
| Procedures for insuring architects and engineers. | Tested significant or representative major construction projects in progress during the audit period to determine whether architects and engineers engaged during the audit period were properly selected and, where applicable, had evidence of required insurance. |

EXHIBIT A (Continued)
AUDIT SCOPE AND METHODOLOGY

| Scope (Topic) | Methodology |
|--|---|
| Direct purchase of construction materials. | Selected major construction projects that were in progress during the audit period to determine whether the University took advantage of any tax savings available through the direct purchase of construction materials. |
| Textbook affordability. | Determined whether the University had developed policies and procedures for implementing Section 1004.085, Florida Statutes. |
| Student records. | Determined whether the University had established adequate controls over grade changes and the issuance of diplomas. |

EXHIBIT B
MANAGEMENT'S RESPONSE



Florida International University

Office of the President

February 19, 2010

Mr. David W. Martin, CPA
Auditor General
State of Florida
G74 Claude Pepper Building
111 West Madison Street
Tallahassee, FL 32399-1450

Dear Mr. Martin,

Enclosed is our response to the preliminary and tentative findings and recommendations for the Operational Audit of Florida International University for the fiscal year ended June 30, 2009. We will implement the recommendations identified during the audit in accordance with the enclosed schedule of responses.

We appreciate the thoroughness and professionalism of your staff in completing the audit. The resulting recommendations will assist us in improving our operations and safeguarding our resources.

If you have any questions or need additional information, please do not hesitate to contact Dr. Kenneth Jessell, Chief Financial Officer & Senior Vice President for Finance & Administration, at kjessell@fiu.edu.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark B. Rosenberg", is written over a horizontal line.

Mark B. Rosenberg
President

Cc: Douglas Wartzok, Interim Provost & Executive Vice President
Kenneth Jessell, Chief Financial Officer & Senior Vice President for Finance and Administration

University Park Campus, Miami, Florida 33199 • (305) 348-2111 • FAX (305) 348-3660

Equal Opportunity/Equal Access Employer and Institution

FLORIDA INTERNATIONAL UNIVERSITY
Responses to Preliminary and Tentative Findings
of the Operational Audit
For the Fiscal Year Ended June 30, 2009

Finding No. 1: Policies for Reporting Fraud

Recommendation:

The University should develop comprehensive fraud policies for the detection, prevention, and reporting of fraud. These policies should be submitted to the Board of Trustees for their approval.

Response:

At the time of the exit conference, a comprehensive fraud policy had already been developed and presented to the University's senior leadership for their review, input and approval. The Fraud Prevention and Mitigation/University Responsibility and Response Policy, Policy Number 140.110, was adopted by the Board of Trustees on November 19, 2009.

Final Implementation Date: Completed

Finding No. 2: Direct Purchase of Construction Materials

Recommendation:

The University should establish written policies and procedures for the direct purchase of construction materials. In addition, for future construction contracts, the University should take advantage of sales tax exemptions or document how the University obtained greater savings by the CM making the purchases.

Response:

The University has taken advantage of the savings derived from the direct purchase of construction materials in the past. There are times, however, when direct purchases will not result in any savings due to the resources involved in ordering, documenting, and receiving materials. There are also liability and timing issues involved with certain materials, such as concrete and steel, when direct purchases could potentially add to project costs. For each project, a thorough cost-benefit analysis is completed in determining the optimal use of direct purchases of construction materials.

The University will establish formal written policies and procedures for the direct purchases of construction materials. Facilities Management has already included language in all construction contracts to allow for Owner-Direct Purchases of Construction Materials. Each project is analyzed to determine whether cost savings exist. When sufficient cost savings are projected, this option will be exercised. We will maintain records to document this process.

Final Implementation Date: June 30, 2010

Finding No. 3: Design Professionals Liability InsuranceRecommendation:

The University should establish written policies and procedures prescribing minimum liability insurance coverage requirements for design professionals. Additionally, the University should enhance its procedures to ensure that insurance coverage for design professionals is provided through completion of the project.

Response:

The FIU Department of Risk Management & Environmental Health and Safety has created Insurance Guidelines for the Purchase of Goods and Services for all University vendors (including design professionals) and these are being reviewed by University officials. The University is currently working on written policies and procedures prescribing minimum liability insurance coverage for design professionals. Professional liability coverage types and limits have been incorporated into the professional construction services contracts.

Final Implementation Date: June 30, 2010

Finding No. 4: Collection of Social Security NumbersRecommendation:

The University should continue its efforts to ensure that the required written statements are provided to individuals when their SSNs are collected to ensure compliance with Section 119.071(5) (a), Florida Statutes.

Response:

Effective April 2009, Enrollment Services provides an electronic notification of the statement of purpose to students as part of the student application process.

As of March 2009, the Division of Human Resources is providing information related to the collection and use of social security numbers to new employees. Additionally, the University's applicant tracking system (JOBSLink) a notice to prospective employees, in the form of a memorandum, provides all purposes for which the Division utilizes social security numbers. The memorandum is also included as a part of the New Employee Sign-on Packet that all new employees are requested to review and complete before joining the University. Effective December 1, 2009, the memorandum now includes a statement of acknowledgement of the statement of purpose from each new employee.

Final Implementation Date: Completed

Finding No. 5: Parking Citations ReceivablesRecommendation:

The University should ensure that sufficient identifying information is obtained for all individuals issued parking citations and that academic holds are timely placed on students' records for nonpayment of obligations.

Response:

In July of 2009, the Office of Parking and Transportation finalized its interface with the Florida Department of Motor Vehicles. This interface provides the department with vehicle ownership information instrumental in collecting overdue citations. We have also implemented programming changes to address the issues regarding registration holds, diploma processing, and transcript requests.

Final Implementation Date: Completed

Finding No. 6: Tangible Personal Property RecordsRecommendation:

The University should strengthen its procedures to ensure that the property records are complete and accurate. When University personnel cannot locate property items, missing property item reports should be filed with the appropriate law enforcement agency. Also, property transfer forms or off-campus use forms should be completed to document approval for transfers or off-campus use of property.

Response:

The University will continue to communicate to the departments the importance of notifying Property Control when assets are moved or used off campus and periodically communicate the procedure for stolen property. Additionally, when property cannot be located, a missing property item report will be completed and referred to the appropriate division or agency.

Final Implementation Date: June 30, 2010

Finding No. 7: Property DeletionsRecommendation:

The University should strengthen its procedures to ensure accurate completion of survey forms for property deletions.

Response:

The University requires proper documentation prior to assets being retired in the Asset Management System. The University will continue to review the documentation for accuracy and completeness prior to entry into the Asset Management System.

Final Implementation Date: June 30, 2010

Finding No. 8: Vehicle RecordsRecommendation:

The University should implement procedures to ensure that University-owned vehicle usage is adequately documented and approved by the vehicle user department.

Response:

University Policy 540.005 will be strengthened to require adequately maintained and approved vehicle logs. The University will monitor and enforce compliance with the policy.

Final Implementation Date: June 30, 2010

Finding No. 9: Monitoring Fuel Efficiency of VehiclesRecommendation:

The University should continue its efforts to monitor the reasonableness of fuel consumption, but should also establish monitoring procedures sufficient to ensure the accuracy of odometer readings recorded in the system. In addition, University records should document the resolution of exceptions disclosed by monitoring procedures.

Response:

The Office of Vehicle Services will implement new procedures that will ensure the effective monitoring of data in the computerized fuel system. As part of these procedures, documentation of the resolution of exceptions disclosed by the monitoring procedures will be required and maintained on file.

Final Implementation Date: June 30, 2010

Finding No. 10: Decentralized Collections - The School of Hospitality and Tourism ManagementRecommendation:

The University should strengthen procedures at the School of Hospitality and Tourism Management to ensure that checks received are restrictively endorsed, and recorded to a mail receipt log, immediately upon receipt; transfer documents are used to evidence the transfer of collections between employees; and collections remitted to the Student Financials Office are periodically reconciled to the accounting records.

Response:

The School of Hospitality and Tourism Management will follow the University's cash collection policy. The Office of the Controller has provided guidance to the School and will monitor and provide training.

Final Implementation Date: June 30, 2010

Finding No. 11: Purchasing Card Program

Recommendation:

The University should enhance procedures to ensure that purchasing card credit limits serve the intended purpose of its purchasing card program; credit limit increases that allow for high dollar transactions are closely monitored to ensure that purchases do not circumvent competitive procurement policies; the purchasing card accounts of former employees are closed in a timely manner; purchasing card purchases and supervisory approval of charges are made in accordance with established procedures; and cardholders maximize savings by taking advantage of the University's tax exempt status when using the purchasing card.

Response:

Credit card limits are set based on departmental needs. We have performed a review of all limits and adjusted them accordingly. This review will be an ongoing process that will reduce the risk of circumventing the competitive solicitation requirements.

P-cards are inactivated based on reports received from Human Resources each pay period. Going forward Human Resources will provide these reports to the Office of the Controller on a daily basis. This will ensure timely inactivation of P-cards for terminated employees.

Sales taxes paid are disputed when discovered. As a result of the University's upgrade to PeopleSoft 9.0, we are able to review transactions in detail to discover sales taxes paid and dispute them accordingly. When sales tax exemption is not honored, the University will continue its efforts to require cardholders to provide an explanation on the purchasing card receipt.

To further strengthen the credit card program, we began sending out periodic communications directly to the finance managers, approvers and cardholders on appropriate use of the card and reminders of each individual's role and responsibility. We have enhanced our training to include Commodity Card Fraud. The President of the University has communicated via e-mail and in faculty and staff meetings the importance of all units operating consistently with university policies, procedures and state law. Additionally, we have conducted a review of our program and as a result reduced the number of employees with cards, reviewed and appropriately reduced card limits, implemented more stringent controls by issuing separate Commodity and Travel Cards and implemented a review to identify instances of subordinate approval. The University has also implemented a fraud hot line and fraud policy.

Final Implementation Date: March 30, 2010

Finding No. 12: Competitive Procurement**Recommendation:**

The University should ensure that goods and services are procured using a competitive selection process as required by Board of Governors Regulation 18.001 and the University's Manual, or properly document that such procurements are exempt from competitive selection requirements. In addition, procedures should be enhanced to ensure that purchases are not split that otherwise would be subject to the University's competitive selection process.

Response:

The University will ensure that goods and services are procured using a competitive selection process and will properly document when procurements are exempt from this process. With the University's upgrade to PeopleSoft 9.0, enhanced functionality is now available which provides a better means to monitor purchasing activity.

Final Implementation Date: Completed

Finding No. 13: Contractual Agreements**Recommendation:**

The University should continue its efforts to ensure that written agreements or detailed purchase orders are used for purchases of goods and services.

Response:

The University will continue to provide clear guidance to ensure that written agreements or detailed purchase orders are used for purchases of goods and services. With the University's upgrade to PeopleSoft 9.0, enhanced functionality is now available which provides a better means to monitor purchasing activity.

Final Implementation Date: Completed

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

May 20, 2010

Subject: Review of Financial Audit for Fiscal Year Ended June 30, 2009

Proposed Committee Action:
None. Discussion Item.

Background Information:

The results of the State of Florida Auditor General's Financial Audit of the University for the fiscal year ended June 30, 2009 are submitted for Board of Trustees review.

Supporting Documentation: Financial Audit for Fiscal Year Ended June 30, 2009

Facilitator/Presenter: Kenneth Jessell

This page intentionally left blank

FLORIDA INTERNATIONAL UNIVERSITY

Financial Audit

For the Fiscal Year Ended
June 30, 2009



STATE OF FLORIDA
AUDITOR GENERAL
DAVID W. MARTIN, CPA

BOARD OF TRUSTEES AND PRESIDENT

Members of the Board of Trustees and President who served during the 2008-09 fiscal year are listed below:

David R. Parker, Chair
Albert E. Dotson, Sr., Vice Chair
Cesar L. Alvarez
Jorge L. Arrizurieta
Betsy S. Atkins
Thomas Breslin from 8-01-08 (1)
Patricia Frost
Bruce Hauptli to 7-31-08 (1)
S. Lawrence Kahn, III, from 6-18-09 (3)
R. Kirk Landon
Miriam Lopez
Albert Maury
Arthur "AJ" Meyer to 4-30-09 (2)
Claudia Puig
Anthony Rionda from 5-01-09 (2)
Rosa Sugrañes to 3-31-09 (3)

Dr. Modesto A. Maidique, President

Notes: (1) Faculty senate chair.
(2) Student body president.
(3) Position remained vacant from
April 1, 2009, through June 17, 2009.

The Auditor General conducts audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

The audit team leader was Marilyn E. Tolley, CPA, and the audit was supervised by Ramon A. Gonzalez, CPA. Please address inquiries regarding this report to James R. Stultz, CPA, Audit Manager, by e-mail at jimstultz@aud.state.fl.us or by telephone at (850) 922-2263.

This report and other reports prepared by the Auditor General can be obtained on our Web site at www.myflorida.com/audgen; by telephone at (850) 487-9024; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

**FLORIDA INTERNATIONAL UNIVERSITY
TABLE OF CONTENTS**

| | PAGE NO. |
|---|---------------------|
| EXECUTIVE SUMMARY | i |
| INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS | 1 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS | 3 |
| BASIC FINANCIAL STATEMENTS | |
| Statement of Net Assets | 11 |
| Statement of Revenues, Expenses, and Changes in Net Assets..... | 13 |
| Statement of Cash Flows..... | 14 |
| Notes to Financial Statements | 16 |
| OTHER REQUIRED SUPPLEMENTARY INFORMATION | |
| Schedule of Funding Progress – Postemployment Healthcare Benefits Plan | 49 |
| INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>..... | 50 |
| Internal Control Over Financial Reporting..... | 50 |
| Compliance and Other Matters | 51 |

EXECUTIVE SUMMARY

Summary of Report on Financial Statements

Our audit disclosed that the University's basic financial statements were presented fairly, in all material respects, in accordance with prescribed financial reporting standards.

Summary of Report on Internal Control and Compliance

Our audit did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, issued by the Comptroller General of the United States.

Audit Objectives and Scope

Our audit objectives were to determine whether Florida International University and its officers with administrative and stewardship responsibilities for University operations had:

- Presented the University's basic financial statements in accordance with generally accepted accounting principles;
- Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements; and
- Complied with the various provisions of laws, rules, regulations, contracts, and grant agreements that are material to the financial statements.

The scope of this audit included an examination of the University's basic financial statements as of and for the fiscal year ended June 30, 2009. We obtained an understanding of the University's environment, including its internal control and assessed the risk of material misstatement necessary to plan the audit of the basic financial statements. We also examined various transactions to determine whether they were executed, both in manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and grant agreements.

An examination of Federal awards administered by the University is included within the scope of our Statewide audit of Federal awards administered by the State of Florida. The results of our operational audit of the University are included in our report No. 2010-096.

Audit Methodology

The methodology used to develop the findings in this report included the examination of pertinent University records in connection with the application of procedures required by auditing standards generally accepted in the United States of America and applicable standards contained in *Government Auditing Standards* issued by the Comptroller General of the United States.



DAVID W. MARTIN, CPA
AUDITOR GENERAL

AUDITOR GENERAL STATE OF FLORIDA

G74 Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450



PHONE: 850-488-5534
FAX: 850-488-6975

The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Florida International University, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2009, which collectively comprise the University's basic financial statements as shown on pages 11 through 48. These financial statements are the responsibility of University management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units, as described in note 1 to the financial statements, which represent 100 percent of the transactions and account balances of the aggregate discretely presented component units' columns. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for these entities, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of Florida International University and of its aggregate discretely presented component units as of June 30, 2009, and the respective changes in financial position and cash flows thereof for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report on our consideration of Florida International University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The **MANAGEMENT'S DISCUSSION AND ANALYSIS** on pages 3 through 10, and **OTHER REQUIRED SUPPLEMENTARY INFORMATION** on page 49, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully submitted,



David W. Martin, CPA
February 22, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the University for the fiscal year ended June 30, 2009, and should be read in conjunction with the financial statements and notes thereto. This overview is required by Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities*, as amended by GASB Statements Nos. 37 and 38. The MD&A, and financial statements and notes thereto, are the responsibility of University management.

FINANCIAL HIGHLIGHTS

The University's assets totaled \$1.1 billion at June 30, 2009. This balance reflects a \$51.9 million, or 5.1 percent, increase from the 2007-08 fiscal year, resulting primarily from an increase in net capital assets of \$50.8 million. While assets grew, liabilities increased by \$7.2 million, or 2 percent, totaling \$373.7 million at June 30, 2009, compared to \$366.5 million at June 30, 2008. As a result, the University's net assets increased by \$44.7 million, reaching a year-end balance of \$701.4 million.

The University's operating revenues totaled \$305.7 million for the 2008-09 fiscal year, representing a 4.3 percent increase over the 2007-08 fiscal year due to an increase in net student tuition and fees of \$11.2 million, a decrease in grant and contract revenues of \$5.1 million, an increase in sales and services revenue of \$3.7 million, and an increase in other revenues of \$2.9 million. Operating expenses totaled \$589.8 million for the 2008-09 fiscal year, representing an increase of 4.6 percent over the 2007-08 fiscal year due mainly to an increase in compensation and employee benefits expense of \$7.1 million, an increase in services and supplies expense of \$14 million, and an increase in scholarships, fellowships, and waivers expense of \$5 million.

OVERVIEW OF FINANCIAL STATEMENTS

Pursuant to GASB Statement No. 35, the University's financial report includes three basic financial statements: the statement of net assets; the statement of revenues, expenses, and changes in net assets; and the statement of cash flows. The financial statements, and notes thereto, encompass the University and its component units. These component units include:

➤ ***Florida International University Foundation, Inc.***

The purpose of the Florida International University Foundation, Inc., is to encourage, solicit, receive, and administer gifts and bequests of property and funds for the advancement of Florida International University and its objectives.

➤ ***Florida International University Research Foundation, Inc.***

The purpose of the Florida International University Research Foundation, Inc., includes the promotion and encouragement of, and assistance to, the research and training activities of faculty, staff, and students of Florida International University through income from contracts, grants, and other sources, including, but not limited to, income derived from or related to the development and commercialization of University work products.

➤ ***FIU Athletics Finance Corporation***

The purpose of the FIU Athletics Finance Corporation includes the support of the University in matters pertaining to the financing of the FIU football stadium and, subsequently, the managing and operating of the facility.

Information regarding these component units, including summaries of their separately issued financial statements, is presented in the notes to financial statements. This MD&A focuses on the University, excluding the component units.

THE STATEMENT OF NET ASSETS

The statement of net assets reflects the assets and liabilities of the University, using the accrual basis of accounting, and presents the financial position of the University at a specified time. The difference between total assets and total liabilities, net assets, is one indicator of the University's current financial condition. The changes in net assets that occur over time indicate improvement or deterioration in the University's financial condition.

The following summarizes the University's assets, liabilities, and net assets at June 30:

Condensed Statement of Net Assets at June 30
(In Millions)

| | 2009 | 2008 |
|--|-----------------|-----------------|
| Assets | | |
| Current Assets | \$ 403.5 | \$ 398.0 |
| Capital Assets, Net | 657.0 | 606.2 |
| Other Noncurrent Assets | 14.6 | 19.0 |
| Total Assets | <u>1,075.1</u> | <u>1,023.2</u> |
| Liabilities | | |
| Current Liabilities | 219.4 | 213.2 |
| Noncurrent Liabilities | 154.3 | 153.3 |
| Total Liabilities | <u>373.7</u> | <u>366.5</u> |
| Net Assets | | |
| Invested in Capital Assets, Net of Related Debt | 534.6 | 476.1 |
| Restricted | 21.2 | 39.7 |
| Unrestricted | 145.6 | 140.9 |
| Total Net Assets | <u>\$ 701.4</u> | <u>\$ 656.7</u> |

The statement of net assets reflects the University's growth, primarily its continued physical expansion to meet student and faculty needs. Current assets mainly depict cash and investments, amounts due from the State to fund approved construction, and renovation projects and receivables from students, granting agencies, and others. The current assets increase is mainly a result of the amounts due from the State, used for construction related projects, growing by \$17.8 million and offset by a \$10.1 million decrease in cash and investments, not classified as restricted.

In summary, total assets increased by \$51.9 million, or 5.1 percent, while total liabilities increased by \$7.2 million, or 2.0 percent. As a result, the net assets balance at June 30, 2009, had a favorable increase of \$44.7 million to

\$701.4 million. This ending balance included \$534.6 million invested in capital assets, net of related debt, \$145.6 million in unrestricted funds, and \$21.2 million in restricted funds.

For more detailed information, see the statement of net assets.

THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

The statement of revenues, expenses, and changes in net assets presents the University's revenue and expense activity, categorized as operating and nonoperating. Revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid.

The following summarizes the University's activity for the 2008-09 and 2007-08 fiscal years:

Condensed Statement of Revenues, Expenses, and Changes in Net Assets (In Millions)

| | 2008-09 | 2007-08 |
|--|-----------------|-----------------|
| Operating Revenues | \$ 305.7 | \$ 293.0 |
| Operating Expenses | 589.8 | 563.7 |
| Operating Loss | (284.1) | (270.7) |
| Net Nonoperating Revenues | 276.4 | 296.4 |
| Income (Loss) Before Other Revenues, Expenses, Gains, or Losses | (7.7) | 25.7 |
| Other Revenues, Expenses, Gains, or Losses | 52.4 | 26.8 |
| Net Increase In Net Assets | 44.7 | 52.5 |
| Net Assets, Beginning of Year | 656.7 | 604.2 |
| Net Assets, End of Year | <u>\$ 701.4</u> | <u>\$ 656.7</u> |

Operating Revenues

GASB Statement No. 35 categorizes revenues as either operating or nonoperating. Operating revenues generally result from exchange transactions where each of the parties to the transaction either give up or receive something of equal or similar value.

The following summarizes the operating revenues by source that were used to fund operating activities during the 2008-09 and 2007-08 fiscal years:

Operating Revenues (In Millions)

| | 2008-09 | 2007-08 |
|---|-----------------|-----------------|
| Net Tuition and Fees | \$ 128.8 | \$ 117.6 |
| Grants and Contracts | 74.0 | 79.1 |
| Sales and Services of Educational Departments | 0.4 | 4.0 |
| Sales and Services of Auxiliary Enterprises | 88.5 | 81.2 |
| Other | 14.0 | 11.1 |
| Total Operating Revenues | <u>\$ 305.7</u> | <u>\$ 293.0</u> |

Operating revenues totaled \$305.7 million for the 2008-09 fiscal year, representing a 4.3 percent increase over the 2007-08 fiscal year. This was due to an increase in net student tuition and fees of \$11.2 million, a decrease in grant and contract revenues of \$5.1 million, an increase in sales and services revenues of \$3.7 million, and an increase in other revenues of \$2.9 million.

Operating Expenses

Expenses are categorized as operating or nonoperating. The majority of the University's expenses are operating expenses as defined by GASB Statement No. 35. GASB gives financial reporting entities the choice of reporting operating expenses in the functional or natural classifications. The University has chosen to report the expenses in their natural classification on the statement of revenues, expenses, and changes in net assets and has displayed the functional classification in the notes to financial statements.

The following summarizes the operating expenses by natural classifications for the 2008-09 and 2007-08 fiscal years:

| Operating Expenses (In Millions) | | |
|---|------------------------|------------------------|
| | <u>2008-09</u> | <u>2007-08</u> |
| Compensation and Employee Benefits | \$ 360.4 | \$ 353.3 |
| Services and Supplies | 124.2 | 110.2 |
| Utilities and Communications | 15.4 | 15.7 |
| Scholarships, Fellowships, and Waivers | 53.7 | 48.7 |
| Depreciation | 36.1 | 35.8 |
| Total Operating Expenses | <u><u>\$ 589.8</u></u> | <u><u>\$ 563.7</u></u> |

Operating expenses totaled \$589.8 million for the 2008-09 fiscal year. This represents a 4.6 percent increase over the 2007-08 fiscal year and was primarily due to an increase in compensation and employee benefits of \$7.1 million, an increase in services and supplies expense of \$14 million, and an increase of \$5 million in scholarships, fellowships and waivers.

Nonoperating Revenues and Expenses

Certain revenue sources that the University relies on to provide funding for operations, including State appropriations, certain gifts and grants, and investment income, are defined by GASB as nonoperating. Nonoperating expenses include capital financing costs and other costs related to capital assets. The following summarizes the University's nonoperating revenues and expenses for the 2008-09 and 2007-08 fiscal years:

Nonoperating Revenues (Expenses)
(In Millions)

| | 2008-09 | 2007-08 |
|---|-----------------|-----------------|
| State Appropriations | \$ 227.1 | \$ 239.2 |
| Federal and State Student Financial Aid | 65.0 | 58.5 |
| Investment Income (Loss) | (7.6) | 6.2 |
| Other Nonoperating Revenues | 1.4 | 0.2 |
| Loss on Disposal of Capital Assets | (0.2) | (0.9) |
| Interest on Capital Asset-Related Debt | (6.0) | (6.2) |
| Other Nonoperating Expenses | (3.3) | (0.6) |
| Net Nonoperating Revenues | \$ 276.4 | \$ 296.4 |

Nonoperating revenues decreased by 6.7 percent from the prior year due mainly to decreases in State appropriations and investment income, which were offset by an increase to Federal and State student financial aid. State appropriations decreased by \$12.1 million, investment income decreased by \$13.8 million, and Federal and State Student Financial Aid increased by \$6.5 million.

Other Revenues, Expenses, Gains, or Losses

This category is mainly composed of capital appropriations and capital grants, contracts, donations, and fees. The following summarizes the University's other revenues, expenses, gains, or losses for the 2008-09 and 2007-08 fiscal years:

Other Revenues, Expenses, Gains, or Losses
(In Millions)

| | 2008-09 | 2007-08 |
|--|----------------|----------------|
| Capital Appropriations | \$ 44.6 | \$ 21.2 |
| Capital Grants, Contracts, Donations, and Fees | 7.8 | 5.6 |
| Total | \$ 52.4 | \$ 26.8 |

Other revenues, expenses, gains, or losses totaled \$52.4 million for the 2008-09 fiscal year. This represents a 95.5 percent increase over the 2007-08 fiscal year and was primarily due to a \$23.4 million increase in Capital Appropriations resulting from funding for new construction projects and an increase in capital grants, contracts, donations, and fees of \$2.2 million.

THE STATEMENT OF CASH FLOWS

The statement of cash flows provides information about the University's financial results by reporting the major sources and uses of cash and cash equivalents. This statement will assist in evaluating the University's ability to generate net cash flows, its ability to meet its financial obligations as they come due, and its need for external financing. Cash flows from operating activities show the net cash used by the operating activities of the University. Cash flows from the capital financing activities include all plant funds and related long-term debt activities. Cash flows from the investing activities show the net source and use of cash related to purchasing or selling investments,

and earning income on those investments. Cash flows from the noncapital financing activities include those activities not covered in other sections.

The following summarizes cash flows for the 2008-09 and 2007-08 fiscal years:

**Condensed Statement of Cash Flows
(In Millions)**

| | 2008-09 | 2007-08 |
|---|----------------|---------------|
| Cash Provided (Used) by: | | |
| Operating Activities | \$ (247.3) | \$ (227.4) |
| Noncapital Financing Activities | 281.8 | 297.5 |
| Capital and Related Financing Activities | (40.8) | (31.9) |
| Investing Activities | 22.6 | (42.5) |
| Net Increase (Decrease) in Cash and Cash Equivalents | 16.3 | (4.3) |
| Cash and Cash Equivalents, Beginning of Year | 0.3 | 4.6 |
| Cash and Cash Equivalents, End of Year | \$ 16.6 | \$ 0.3 |

Major sources of funds came from State appropriations (\$227.1 million), net student tuition and fees (\$130.2 million), sales and services of auxiliary enterprises (\$87 million), and grants and contracts (\$76.8 million). Major uses of funds included payments to employees (\$364.2 million), payments to suppliers of goods and services (\$133.6 million), purchase or construction of capital assets (\$87.6 million), and payments to students for scholarships and fellowships (\$53.7 million).

**CAPITAL ASSETS, CAPITAL EXPENSES AND COMMITMENTS,
AND DEBT ADMINISTRATION**

CAPITAL ASSETS

At June 30, 2009, the University had \$1,012.1 million in capital assets, less accumulated depreciation of \$355.1 million, for net capital assets of \$657 million. Depreciation charges for the current fiscal year totaled \$36.1 million. The following table summarizes the University's capital assets, net of accumulated depreciation, at June 30:

**Capital Assets, Net at June 30
(In Millions)**

| | 2009 | 2008 |
|---------------------------------------|-----------------|-----------------|
| Land | \$ 31.0 | \$ 28.4 |
| Buildings | 447.1 | 432.6 |
| Construction in Progress | 79.5 | 47.3 |
| Infrastructure and Other Improvements | 2.7 | 3.0 |
| Furniture and Equipment | 36.1 | 35.0 |
| Library Resources | 54.0 | 52.4 |
| Property Under Capital Leases | 2.1 | 3.6 |
| Works of Art and Historical Treasures | 3.8 | 3.4 |
| Computer Software | 0.7 | 0.5 |
| Capital Assets, Net | \$ 657.0 | \$ 606.2 |

Additional information about the University's capital assets is presented in the notes to financial statements.

CAPITAL EXPENSES AND COMMITMENTS

Major capital expenses through June 30, 2009, were incurred on the following projects: the Nursing & Allied Health Molecular Biology Building (\$24.3 million), the Football Field House and Coaches' Offices (\$10.9 million), and the Wolfe University Center Addition (\$1.8 million). The University's major capital commitments at June 30, 2009, are as follows:

| | Amount (In Millions) |
|--------------------------|-------------------------|
| Total Commitment | \$ 264.0 |
| Completed to Date | <u>(79.5)</u> |
| Balance Committed | <u>\$ 184.5</u> |

Additional information about the University's capital commitments is presented in the notes to financial statements.

DEBT ADMINISTRATION

As of June 30, 2009, the University had \$128.7 million in outstanding bonds and capital leases, representing a decrease of \$1.3 million, or 1 percent, from the prior fiscal year. The following table summarizes the outstanding long-term debt by type for the fiscal years ended June 30:

| Long-Term Debt, at June 30 (In Millions) | | |
|---|------------------------|------------------------|
| | 2009 | 2008 |
| Bonds Payable | \$ 126.2 | \$ 126.2 |
| Capital Leases Payable | <u>2.5</u> | <u>3.8</u> |
| Total | <u>\$ 128.7</u> | <u>\$ 130.0</u> |

Additional information about the University's long-term debt is presented in the notes to financial statements.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The primary factor that will impact the University in the future is the condition of the State of Florida's economy. FIU believes that the difficult economic situation of the State will continue to impact State appropriations to higher education. Recurring general revenue State appropriations to the University were reduced by \$29.2 million for the 2009-10 fiscal year. This reduction was partially offset by \$14.2 million received as nonrecurring appropriations from the Federal Stabilization Education Fund and Federal Stabilization Discretionary Fund, funds that were made available as a result of the American Recovery and Reinvestment Act of 2009. The Legislature also approved 8 percent Statewide tuition increases for undergraduate students and a tuition differential that allowed the University to increase undergraduate tuition up to 15 percent.

The decline in the recurring base appropriation has significantly impacted FIU's ability to continue business as usual. In the 2008-09 fiscal year, the University adjusted its long-range plan and requested that all academic and

nonacademic operating units submit a three-year reduction strategy that minimized impact on critical operations and strategic areas. This plan was revised and updated in the 2009-10 fiscal year.

The FIU College of Medicine (COM) admitted its first class in August 2009. The COM receives line-item appropriations from the Florida Legislature. For the 2009-10 fiscal year, State appropriations to the COM increased by \$9.9 million. With total general revenue State appropriations of \$21.4 million and \$0.9 million received from the Federal Stabilization Education Fund and Federal Stabilization Discretionary Fund, the 2009-10 fiscal year COM Budget is aligned with the implementation plan of \$22.4 million approved by the Board of Governors in July 2007.

The state of the economy and the impact it will have on State appropriations to higher education, and the University's ability to implement the cost reduction strategies, and to attract external support or find alternate revenue sources, will be the main factors affecting the University in the future.

REQUESTS FOR INFORMATION

Questions concerning information provided in the MD&A, financial statements and notes thereto, and other required supplemental information, or requests for additional financial information should be addressed to the Chief Financial Officer and Senior Vice President for Finance and Administration, Dr. Kenneth Jessell, at Florida International University, 11200 Southwest 8th Street, Miami, Florida 33199.

BASIC FINANCIAL STATEMENTS

FLORIDA INTERNATIONAL UNIVERSITY A COMPONENT UNIT OF THE STATE OF FLORIDA STATEMENT OF NET ASSETS June 30, 2009

| | University | Component Units |
|--|-------------------------|-----------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash and Cash Equivalents | \$ 12,821,789 | \$ 5,473,219 |
| Investments | 185,172,504 | 11,142,397 |
| Accounts Receivable, Net | 24,856,821 | 54,528,395 |
| Loans and Notes Receivable, Net | 350,548 | |
| Due from State | 178,444,296 | |
| Due from Component Units/University | 1,272,272 | 2,302,675 |
| Inventories | 436,276 | |
| Other Current Assets | 184,988 | 1,718,201 |
| Total Current Assets | 403,539,494 | 75,164,887 |
| Noncurrent Assets: | | |
| Restricted Cash and Cash Equivalents | 3,827,015 | 4,957,929 |
| Restricted Investments | 4,271,372 | 96,661,076 |
| Loans and Notes Receivable, Net | 2,133,102 | |
| Depreciable Capital Assets, Net | 542,682,637 | 11,098,203 |
| Nondepreciable Capital Assets | 114,274,845 | 2,500 |
| Due from Component Units/University | 3,500,000 | |
| Other Noncurrent Assets | 883,324 | 26,931,786 |
| Total Noncurrent Assets | 671,572,295 | 139,651,494 |
| TOTAL ASSETS | \$ 1,075,111,789 | \$ 214,816,381 |
| LIABILITIES | | |
| Current Liabilities: | | |
| Accounts Payable | \$ 8,603,224 | \$ 209,852 |
| Construction Contracts Payable | 5,665,313 | |
| Salaries and Wages Payable | 7,665,222 | |
| Deposits Payable | 11,442,722 | |
| Due to State | 406,467 | |
| Due to Component Units/University | 2,302,675 | 1,272,272 |
| Deferred Revenue | 173,490,243 | 1,193,668 |
| Other Current Liabilities | | 2,578,906 |
| Long-Term Liabilities - Current Portion: | | |
| Bonds Payable | 6,950,275 | 730,000 |
| Notes Payable | | 2,580,000 |
| Capital Leases Payable | 1,114,953 | |
| Compensated Absences Payable | 1,777,552 | |
| Total Current Liabilities | 219,418,646 | 8,564,698 |

FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
STATEMENT OF NET ASSETS (Continued)
June 30, 2009

| | <u>University</u> | <u>Component Units</u> |
|---|-------------------------|----------------------------|
| LIABILITIES (Continued) | | |
| Noncurrent Liabilities: | | |
| Bonds Payable | \$ 119,237,187 | \$ 34,270,000 |
| Notes Payable | | 9,225,000 |
| Capital Leases Payable | 1,439,457 | |
| Compensated Absences Payable | 26,721,897 | |
| Due to Component Units/University | | 3,500,000 |
| Postemployment Healthcare Benefits Payable | 4,077,000 | |
| Other Long-Term Liabilities | 2,785,317 | 282,106 |
| Total Noncurrent Liabilities | <u>154,260,858</u> | <u>47,277,106</u> |
| TOTAL LIABILITIES | <u>373,679,504</u> | <u>55,841,804</u> |
| NET ASSETS | | |
| Invested in Capital Assets, Net of Related Debt | 534,581,255 | |
| Restricted for Nonexpendable: | | |
| Endowment | | 142,571,455 |
| Restricted for Expendable: | | |
| Debt Service | 2,262 | |
| Loans | 269,609 | |
| Capital Projects | 1,059,972 | |
| Other | 19,872,230 | 4,128,312 |
| Unrestricted | 145,646,957 | 12,274,810 |
| TOTAL NET ASSETS | <u>701,432,285</u> | <u>158,974,577</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 1,075,111,789</u> | <u>\$ 214,816,381</u> |

The accompanying notes to financial statements are an integral part of this statement.

FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Fiscal Year Ended June 30, 2009

| | <u>University</u> | <u>Component Units</u> |
|---|-----------------------|----------------------------|
| REVENUES | | |
| Operating Revenues: | | |
| Student Tuition and Fees, Net of Scholarship Allowances of \$51,968,138 | \$ 128,755,810 | \$ |
| Federal Grants and Contracts | 59,665,826 | |
| State and Local Grants and Contracts | 7,196,995 | |
| Nongovernmental Grants and Contracts | 7,136,274 | |
| Sales and Services of Educational Departments | 359,384 | |
| Sales and Services of Auxiliary Enterprises | 88,510,796 | |
| Sales and Services of Component Units | | 1,236,386 |
| Gifts and Donations | | 43,375,696 |
| Interest on Loans and Notes Receivable | 7,198 | |
| Other Operating Revenues | 14,109,163 | 4,661,770 |
| Total Operating Revenues | <u>305,741,446</u> | <u>49,273,852</u> |
| EXPENSES | | |
| Operating Expenses: | | |
| Compensation and Employee Benefits | 360,426,504 | |
| Services and Supplies | 124,206,488 | |
| Utilities and Communications | 15,380,004 | 108,812 |
| Scholarships, Fellowships, and Waivers | 53,726,817 | |
| Depreciation | 36,087,764 | |
| Other Operating Expenses | | 18,503,579 |
| Total Operating Expenses | <u>589,827,577</u> | <u>18,612,391</u> |
| Operating Income (Loss) | <u>(284,086,131)</u> | <u>30,661,461</u> |
| NONOPERATING REVENUES (EXPENSES) | | |
| State Appropriations | 227,082,151 | |
| Federal and State Student Financial Aid | 65,074,340 | |
| Other Nonoperating Revenues | 1,394,757 | 73,345 |
| Investment Loss | (7,639,008) | (29,189,682) |
| Loss on Disposal of Capital Assets | (210,848) | |
| Interest on Capital Asset-Related Debt | (6,030,353) | (1,550,697) |
| Other Nonoperating Expenses | (3,285,758) | (4,552) |
| Net Nonoperating Revenues (Expenses) | <u>276,385,281</u> | <u>(30,671,586)</u> |
| Loss Before Other Revenues, Expenses, Gains, or Losses | (7,700,850) | (10,125) |
| Capital Appropriations | 44,617,853 | |
| Capital Grants, Contracts, Donations, and Fees | 7,814,523 | |
| Increase (Decrease) in Net Assets | 44,731,526 | (10,125) |
| Net Assets, Beginning of Year | 656,700,759 | 158,984,702 |
| Net Assets, End of Year | <u>\$ 701,432,285</u> | <u>\$ 158,974,577</u> |

The accompanying notes to financial statements are an integral part of this statement.

FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2009

| | <u>University</u> |
|--|-----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Tuition and Fees, Net | \$ 130,213,329 |
| Grants and Contracts | 76,838,170 |
| Sales and Services of Educational Departments | 359,384 |
| Sales and Services of Auxiliary Enterprises | 87,018,211 |
| Other Operating Receipts | 10,564,386 |
| Interest on Loans and Notes Receivable | (322,266) |
| Payments to Employees | (364,235,646) |
| Payments to Suppliers for Goods and Services | (133,598,648) |
| Payments to Students for Scholarships and Fellowships | (53,726,817) |
| Net Loans Issued to Students | (395,094) |
| Net Cash Used by Operating Activities | <u>(247,284,991)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | |
| State Appropriations | 227,082,151 |
| Federal and State Student Financial Aid | 65,074,340 |
| Operating Subsidies and Transfers | (4,444,338) |
| Net Change in Funds Held for Others | (1,537,790) |
| Other Nonoperating Disbursements | (4,380,584) |
| Net Cash Provided by Noncapital Financing Activities | <u>281,793,779</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Proceeds from Capital Debt | 6,579,580 |
| Capital Appropriations | 62,181,147 |
| Capital Grants, Contracts, Donations, and Fees | 4,579,687 |
| Other Receipts for Capital Projects | 1,273,056 |
| Capital Subsidies and Transfers | (13,957,152) |
| Purchase or Construction of Capital Assets | (87,594,955) |
| Principal Paid on Capital Debt and Leases | (7,655,768) |
| Interest Paid on Capital Debt and Leases | (6,195,675) |
| Net Cash Used by Capital and Related Financing Activities | <u>(40,790,080)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Change of Investments, Net | 22,699,015 |
| Investment Loss | (31,837) |
| Net Cash Provided by Investing Activities | <u>22,667,178</u> |
| Net Increase in Cash and Cash Equivalents | 16,385,886 |
| Cash and Cash Equivalents, Beginning of Year | 262,918 |
| Cash and Cash Equivalents, End of Year | <u><u>\$ 16,648,804</u></u> |

**FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
STATEMENT OF CASH FLOWS (Continued)
For the Fiscal Year Ended June 30, 2009**

| | <u>University</u> |
|--|--------------------------------|
| RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES | |
| Operating Loss | \$ (284,086,131) |
| Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities: | |
| Depreciation Expense | 36,087,764 |
| Change in Assets and Liabilities: | |
| Receivables, Net | 444,063 |
| Inventories | (39,167) |
| Other Assets | 25,132 |
| Accounts Payable | 3,213,070 |
| Salaries and Wages Payable | (5,849,817) |
| Deposits Payable | 1,847,962 |
| Compensated Absences Payable | 80,674 |
| Deferred Revenue | (3,753,858) |
| Other Liabilities | 2,785,317 |
| Postemployment Healthcare Benefits Payable | 1,960,000 |
| NET CASH USED BY OPERATING ACTIVITIES | <u><u>\$ (247,284,991)</u></u> |

**SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND
RELATED FINANCIAL ACTIVITIES**

The University received, as a donation, title to land valued at \$2.6 million. Losses from the disposal of capital assets of \$210,848 were recognized on the statement of revenues, expenses, and changes in net assets, but are not cash transactions for the statement of cash flows.

The accompanying notes to financial statements are an integral part of this statement.

**FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity. The University is a separate public instrumentality that is part of the State university system of public universities, which is under the general direction and control of the Florida Board of Governors. The University is directly governed by a Board of Trustees (Trustees) consisting of 13 members. The Governor appoints six citizen members and the Board of Governors appoints five citizen members. These members are confirmed by the Florida Senate and serve staggered terms of five years. The chair of the faculty senate and the president of the student body of the University are also members. The Board of Governors establishes the powers and duties of the Trustees. The Trustees are responsible for setting policies for the University, which provide governance in accordance with State law and Board of Governors' Regulations. The Board of Governors, or the Trustees if designated by the Board of Governors, selects the University President. The University President serves as the executive officer and the corporate secretary of the Trustees, and is responsible for administering the policies prescribed by the Trustees.

Criteria for defining the reporting entity are identified and described in the Governmental Accounting Standards Board's *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. These criteria were used to evaluate potential component units for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the primary government's financial statements to be misleading or incomplete. Based on the application of these criteria, the University is a component unit of the State of Florida, and its financial balances and activity are reported in the State's Comprehensive Annual Financial Report by discrete presentation.

Discretely Presented Component Units. Based on the application of the criteria for determining component units, the following direct-support organizations (as provided for in Section 1004.28, Florida Statutes, and Board of Governors Regulation 9.011) are included within the University reporting entity as discretely presented component units. These legally separate, not-for-profit, corporations are organized and operated exclusively to assist the University to achieve excellence by providing supplemental resources from private gifts and bequests, and valuable education support services. The Statute authorizes these organizations to receive, hold, invest, and administer property and to make expenditures to or for the benefit of the University. These organizations and their purposes are explained as follows:

**FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

- Florida International University Foundation, Inc. – Encourages, solicits, receives, and administers gifts and bequests of property and funds for the advancement of the University and its objectives.
- Florida International University Research Foundation, Inc. – Promotes encourages, and assists research and training activities of faculty, staff, and students of the University through income from contracts, grants, and other sources, including, but not limited to, income derived from or related to the development and commercialization of University work products.
- FIU Athletics Finance Corporation – Supports the University in matters pertaining to the financing of the University’s football stadium and subsequent managing and operating of the facility.

An annual audit of each organization’s financial statements is conducted by independent certified public accountants. The annual reports are submitted to the Auditor General and the University Board of Trustees. Additional information on the University’s component units, including copies of audit reports, is available by contacting the University’s Controller’s Office. Condensed financial statements for the University’s discretely presented component units are shown in a subsequent note.

Basis of Presentation. The University’s accounting policies conform with accounting principles generally accepted in the United States of America applicable to public colleges and universities as prescribed by the Governmental Accounting Standards Board (GASB). The National Association of College and University Business Officers (NACUBO) also provides the University with recommendations prescribed in accordance with generally accepted accounting principles promulgated by GASB and the Financial Accounting Standards Board (FASB). GASB allows public universities various reporting options. The University has elected to report as an entity engaged in only business-type activities. This election requires the adoption of the accrual basis of accounting and entitywide reporting including the following components:

- Management’s Discussion and Analysis
- Basic Financial Statements:
 - Statement of Net Assets
 - Statement of Revenues, Expenses, and Changes in Net Assets
 - Statement of Cash Flows
 - Notes to Financial Statements
- Other Required Supplementary Information

Basis of Accounting. Basis of accounting refers to when revenues, expenses, and related assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the measurement focus applied. The University’s financial statements are presented using the economic resources measurement focus and the accrual basis of

**FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange activities are generally recognized when all applicable eligibility requirements, including time requirements, are met.

The University's discretely presented component units use the accrual basis of accounting whereby revenues are earned and expenses are recognized when incurred. The Florida International University Foundation, Inc., follows FASB standards of accounting and financial reporting for not-for-profit organizations. The Florida International University Research Foundation, Inc., and the FIU Athletics Finance Corporation follow the GASB standards of accounting and financial reporting because they meet the criteria regarding the popular election of officers or appointment of a controlling majority of the members of the organization's governing body by one or more State or local governments.

The University follows FASB statements and interpretations issued after November 30, 1989, unless those pronouncements conflict with GASB pronouncements.

Interdepartmental sales between auxiliary service departments and other institutional departments have been accounted for as reductions of expenses and not revenues of those departments.

The University's principal operating activities consist of instruction, research, and public service. Operating revenues and expenses generally include all fiscal transactions directly related to these activities as well as administration, operation and maintenance of capital assets, and depreciation on capital assets. Nonoperating revenues include State appropriations, Federal and State student financial aid, and revenues for capital construction projects. Interest on capital asset-related debt is a nonoperating expense.

The statement of net assets is presented in a classified format to distinguish between current and noncurrent assets and liabilities. When both restricted and unrestricted resources are available to fund certain programs, it is the University's policy to first apply the restricted resources to such programs, followed by the use of the unrestricted resources.

The statement of revenues, expenses, and changes in net assets is presented by major sources and is reported net of tuition scholarship allowances. Tuition scholarship allowances are the differences between the stated charge for goods and services provided by the University and the amount that is actually paid by a student or a third party making payment on behalf of the student. The University applied "The Alternate Method" as prescribed in NACUBO Advisory Report 2000-05 to determine the reported net tuition scholarship allowances. Under this method, the University computes these amounts by allocating the cash payments to

**FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

students, excluding payments for services, on a ratio of total aid to the aid not considered to be third-party aid.

The statement of cash flows is presented using the direct method in compliance with GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*.

Cash and Cash Equivalents. Cash and cash equivalents consist of cash on hand and cash in demand accounts. University cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool required by Chapter 280, Florida Statutes. Cash and cash equivalents that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other restricted assets, are classified as restricted.

Concentration of Credit Risk – Component Units

Financial instruments that potentially subject the Florida International University Foundation, Inc. (Foundation), to concentration of credit risk consist primarily of cash, investments, and contributions receivable (promises to give). The Foundation places substantially all of its cash with high quality financial institutions which the Foundation believes limits these risks. At June 30, 2009, \$3,017,298 was in excess of the Federal Depository Insurance Corporation (FDIC) limits.

In addition, the Foundation maintains investment accounts with financial institutions that are not insured by FDIC. These funds may be subject to insurance by Securities Investor Protection Corporation (SIPC), subject to various limitations. At June 30, 2009, \$101,018,413 was held in these accounts. The Foundation believes that the number, diversity, and financial strength of the issuers mitigate the credit risks associated with all investments.

The FIU Athletics Finance Corporation (Finance Corporation) places substantially all of its cash with high quality financial institutions, which the Finance Corporation believes limit these risks. At June 30, 2009, \$3,823,934 was in excess of FDIC limits.

In addition, the Finance Corporation maintains investment accounts with financial institutions that are not insured by FDIC. These funds may be subject to insurance by Securities Investor Protection Corporation (SIPC), subject to various limitations. At June 30, 2009, \$6,785,060 was held in these accounts. The Finance

**FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

Corporation believes that the number, diversity, and financial strength of the issuers mitigate the credit risks associated with all investments.

The Florida International University Research Foundation, Inc. (Research Foundation), maintains deposit balances with financial institutions that, from time to time, may exceed FDIC limits. At June 30, 2009, the Research Foundation had \$315,658 that was in excess of FDIC limits.

In addition, the Research Foundation maintains a deposit balance in Colombia, South America, to manage its Colombian operations pertaining to a United States Agency for International Development grant. The balance in this account of \$342,543 as of June 30, 2009, is not FDIC insured and is subject to foreign exchange risk. The Research Foundation maintains its cash balances with high quality financial institutions, which the Research Foundation believes limits these risks.

Capital Assets. University capital assets consist of land, works of art and historical treasures, construction in progress, buildings, infrastructure and other improvements, furniture and equipment, library resources, computer software, and property under capital leases. These assets are capitalized and recorded at cost at the date of acquisition or at estimated fair value at the date received in the case of gifts and purchases of State surplus property. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The University has a capitalization threshold of \$1,000 for tangible personal property and \$50,000 for buildings and other improvements. Depreciation is computed on the straight-line basis over the following estimated useful lives:

- Buildings – 20 to 50 years
- Infrastructure and Other Improvements – 15 years
- Furniture and Equipment – 3 to 20 years
- Library Resources – 10 years
- Computer Software – 5 years
- Property Under Capital Leases – 5 years

Depreciable assets of the Florida International University Foundation, Inc., are stated at cost and are net of accumulated depreciation of \$2,230,536. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, ranging from 5 to 40 years.

Noncurrent Liabilities. Noncurrent liabilities include principal amounts of bonds payable, capital leases payable, compensated absences payable, and postemployment healthcare benefits payable, and other

**FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

long-term liabilities that are not scheduled to be paid within the next fiscal year. Bonds payable are reported net of unamortized premium or discount and deferred losses on refundings. The University amortizes bond premiums and discounts over the life of the bonds using the straight-line method. Deferred losses on refundings are amortized over the life of the old debt or new debt (whichever is shorter) using the straight-line method. Issuance costs paid from the debt proceeds are reported as deferred charges, and are amortized over the life of the bonds using the straight-line method.

2. INVESTMENTS

Section 1011.42(5), Florida Statutes, authorizes universities to invest funds with the State Treasury and State Board of Administration, and requires that universities comply with the statutory requirements governing investment of public funds by local governments. Accordingly, universities are subject to the requirements of Chapter 218, Part IV, Florida Statutes. Pursuant to Section 218.415(16), Florida Statutes, the University is authorized to invest in the Local Government Surplus Funds Trust Fund investment pool administered by the State Board of Administration; interest-bearing time deposits and savings accounts in qualified public depositories, as defined in Section 280.02, Florida Statutes; direct obligations of the United States Treasury; obligations of Federal agencies and instrumentalities; securities of, or interests in, certain open-end or closed-end management type investment companies; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; and other investments approved by the University's Board of Trustees as authorized by law. Investments set aside to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital assets are classified as restricted.

The University's investments at June 30, 2009, are reported at fair value, as follows:

| <u>Investment Type</u> | <u>Amount</u> |
|---|------------------------------|
| External Investment Pools: | |
| State Treasury Special Purpose Investment Account | \$ 73,950,999 |
| State Board of Administration Fund B Surplus Funds Trust Fund | 8,964 |
| Mutual Funds: | |
| Limited Partnerships | 20,660,584 |
| Equities | 22,904,872 |
| Fixed Income and Bond Mutual Funds | 63,837,386 |
| Money Market Funds | 8,081,071 |
| Total University Investments | <u>\$ 189,443,876</u> |

**FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

External Investment Pools

State Treasury Special Purpose Investment Account. The University reported investments at fair value totaling \$73,950,999 at June 30, 2009, in the State Treasury Special Purpose Investment Account (SPIA) investment pool, representing ownership of a share of the pool, not the underlying securities. The SPIA carried a credit rating of A+f by Standard and Poor's and had an effective duration of 1.84 years at June 30, 2009. The University relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury investment pool are included in the notes to the financial statements of the State's Comprehensive Annual Financial Report.

State Board of Administration Fund B Surplus Funds Trust Fund. On December 4, 2007, the State Board of Administration (SBA) restructured the Local Government Surplus Funds Trust Fund (LGIP) to also establish the Fund B Surplus Funds Trust Fund (Fund B). Fund B, which is administered by the SBA pursuant to Sections 218.405 and 218.417, Florida Statutes, is not subject to participant withdrawal requests. Distributions from Fund B, as determined by the SBA, are effected by transferring eligible cash or securities to the LGIP, consistent with the pro rata allocation of pool shareholders of record at the creation date of Fund B. One hundred percent of such distributions from Fund B are available as liquid balance within the LGIP.

At June 30, 2009, the University reported investments at fair value of \$8,964 for amounts held in Fund B. The University's investments in Fund B are accounted for as a fluctuating net asset value pool, with a fair value factor of .5137 at June 30, 2009. The weighted-average life (WAL) of Fund B at June 30, 2009, was 6.87 years. A portfolio's WAL is the dollar-weighted average length of time until securities held reach maturity and is based on legal final maturity dates for Fund B as of June 30, 2009. WAL measures the sensitivity of Fund B to interest rate changes. The University's investment in Fund B is unrated.

Fixed Income and Bond Mutual Funds

The University invested in various mutual funds in accordance with the University's investment policy. The following risks apply to the University's fixed income and bond mutual fund investments:

- *Interest Rate Risk:* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Pursuant to Section 218.415(6), Florida Statutes, the University's investments in securities must provide sufficient liquidity to pay obligations as they come due. The future maturities of the securities held in the fixed income and bond mutual funds at June 30, 2009, are as follows:

**FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

University Debt Investment Maturities

| Type of Investment | Investment Maturities (In Years) | | | | |
|-----------------------------|----------------------------------|---------------------|----------------------|----------------------|----------------------|
| | Fair Market Value | Less Than 1 | 1-5 | 6-10 | More Than 10 |
| Fixed Income Mutual Fund | \$ 33,878,178 | \$ 1,016,345 | \$ 12,534,926 | \$ 15,922,744 | \$ 4,404,163 |
| TIPS Index Fund | 22,094,354 | 22,094 | 6,495,740 | 9,434,289 | 6,142,231 |
| High Yield Bond Mutual Fund | 7,864,854 | 715,270 | 3,009,855 | 3,871,610 | 268,119 |
| Total | \$ 63,837,386 | \$ 1,753,709 | \$ 22,040,521 | \$ 29,228,643 | \$ 10,814,513 |

- *Credit Risk:* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2009, the securities held in the high yield bond mutual fund had credit quality ratings by a nationally-recognized rating agency (i.e., Standard and Poor's or Moody's), as follows:

University Debt Investment Credit Quality Ratings

| Type of Investment | Fair Value | AAA / Aaa | AA / Aa | A | BBB / Baa to Not Rated |
|-----------------------------|----------------------|----------------------|-------------------|---------------------|------------------------|
| Fixed Income Mutual Fund | \$ 33,878,178 | \$ 21,682,034 | \$ 677,563 | \$ 3,387,818 | \$ 8,130,763 |
| TIPS Index Fund | 22,094,354 | 22,094,354 | | | |
| High Yield Bond Mutual Fund | 7,864,854 | 157,297 | | 31,459 | 7,676,098 |
| Total | \$ 63,837,386 | \$ 43,933,685 | \$ 677,563 | \$ 3,419,277 | \$ 15,806,861 |

- *Concentration of Credit Risk:* Concentration of credit risk is the risk of loss attributed to the magnitude of the University's investment in a single issuer. The University's investment policy addresses the issue of concentration of credit risk by establishing the following restrictions:

- Maximum position in an individual security (excluding Government securities) must not exceed 5 percent of the account market value.
- Maximum position in any one issuer (excluding Government securities) must not exceed 5 percent of the account market value.

Component Units Investments

The Florida International University Foundation, Inc., investments at June 30, 2009, are reported at fair value as follows:

**FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

| <u>Investment Type</u> | <u>Amount</u> |
|--|-----------------------|
| Common Stock and Mutual Funds | \$ 61,215,058 |
| Limited Partnerships | 25,206,483 |
| U.S. Government and Municipal Securities | 3,433,986 |
| Corporate Bonds | 10,924,057 |
| Accrued Interest | 238,829 |
| Total | \$ 101,018,413 |

Note: See note 1 for disclosures regarding concentration of credit risk.

The FIU Athletics Finance Corporation investments are made in accordance with the trust indenture dated April 1, 2007. The investments at June 30, 2009, are reported at fair value, as follows:

| <u>Investment Type</u> | <u>Amount</u> |
|--------------------------------------|---------------------|
| External Investment Pools: | |
| State Board of Administration Fund B | |
| Surplus Trust Fund | \$ 705,057 |
| Money Market Funds | 6,080,003 |
| Total | \$ 6,785,060 |

Note: See note 1 for disclosures regarding concentration of credit risk.

At June 30, 2009, the FIU Athletics Finance Corporation reported investments at fair value totaling \$705,057 in the Local Government Surplus Fund (LGIP), Fund B Surplus Funds Trust Fund. Fund B is administered by the SBA pursuant to Sections 218.405 and 218.417, Florida Statutes. Disclosures regarding external investment pools are presented on page 22.

At June 30, 2009, the FIU Athletics Finance Corporation reported investments at fair value totaling \$6,080,003 in a money market mutual fund that only invests in United States Government issues and other AAA rated issues with maturity of 397 days or less. The fund maintains an average maturity of less than 60 days and is rated AAA by Standard and Poor's. The fund complies with the requirements of Rule 2a-7 under the 1940 Act, which sets forth portfolio quality and diversification restrictions for money market mutual funds.

3. RECEIVABLES

Accounts Receivable. Accounts receivable represent amounts for student tuition and fees, contract and grant reimbursements due from third parties, various sales and services provided to students and third

**FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

parties, and interest accrued on investments and loans receivable. As of June 30, 2009, the University reported the following amounts as accounts receivable:

| <u>Description</u> | <u>Amount</u> |
|---------------------------------------|-----------------------------|
| Contracts and Grants | \$ 9,752,870 |
| Student Tuition and Fees | 14,517,592 |
| Other | <u>586,359</u> |
| Total Accounts Receivable, Net | <u>\$ 24,856,821</u> |

Loans and Notes Receivable. Loans and notes receivable represent all amounts owed on promissory notes from debtors, including student loans made under the Federal Perkins Loan Program and other loan programs.

Allowance for Uncollectible Receivables. Allowances for uncollectible accounts, and loans and notes receivable, are reported based on management's best estimate as of fiscal year-end considering type, age, collection history, and other factors considered appropriate. Student tuition and fees receivable, contracts and grants receivable, and loans and notes receivable, are reported net of allowances of \$14,028,713, \$2,248,793, and \$1,259,371, respectively, at June 30, 2009.

4. DUE FROM STATE

This amount consists of \$164,609,371 of Public Education Capital Outlay, \$8,503,456 of Capital Improvement Fee Trust Fund, and \$725,300 of Alec P. Courtelis Capital Facility Matching Trust Fund due from the State to the University for construction of University facilities. There is an additional amount of \$4,606,169 that is due from the Lottery funding distribution.

5. DUE FROM AND TO COMPONENT UNITS/UNIVERSITY

The \$4,772,272 reported as due from component units, current and noncurrent, represents grants totaling \$774,188 owed to the University by the Florida International Research Foundation, Inc.; \$3,500,000 due from the FIU Athletics Finance Corporation to fund a reserve account for the issuance of bonds (see note 12); and \$498,084 owed to the University by the FIU Athletics Finance Corporation for construction costs related to the Football Stadium.

The \$2,302,675 reported as due to component units consists of \$2,212,265 owed by the University to the Florida International Research Foundation, Inc., to fund a promissory note issued by the Research Foundation to assist the University with a settlement agreement involving various Federal agencies (see note 11), and \$90,410 owed to the FIU Athletics Finance Corporation for athletic ticket sales.

FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009

6. INVENTORIES

Inventories have been categorized into the following two types:

- Departmental Inventories – Those inventories maintained by departments and not available for resale. Departmental inventories are comprised of such items as classroom and laboratory supplies, teaching materials, and office supply items, which are consumed in the teaching and work process. These inventories are normally expensed when purchased and therefore are not reported on the statement of net assets.
- Merchandise Inventory – Those inventories maintained which are available for resale to individuals and other University departments, and are not expensed at the time of purchase. Inventories are comprised of telephone, information technology, and pharmaceutical supplies, as well as items maintained at the University's duplicating and postal service centers. Merchandise inventories are reported on the statement of net assets, and are valued at cost using the first-in, first-out, method.

7. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2009, is shown below:

| Description | Beginning Balance | Additions | Reductions | Ending Balance |
|--|-----------------------|----------------------|----------------------|-----------------------|
| Nondepreciable Capital Assets: | | | | |
| Land | \$ 28,389,550 | \$ 2,600,000 | \$ | \$ 30,989,550 |
| Works of Art and Historical Treasures | 3,435,304 | 384,470 | 1,525 | 3,818,249 |
| Construction in Progress | 47,301,876 | 63,844,927 | 31,679,757 | 79,467,046 |
| Total Nondepreciable Capital Assets | \$ 79,126,730 | \$ 66,829,397 | \$ 31,681,282 | \$ 114,274,845 |
| Depreciable Capital Assets: | | | | |
| Buildings | \$ 589,829,668 | \$ 31,392,726 | \$ | \$ 621,222,394 |
| Infrastructure and Other Improvements | 14,653,282 | 23,569 | | 14,676,851 |
| Furniture and Equipment | 141,614,462 | 13,511,217 | 4,725,959 | 150,399,720 |
| Library Resources | 96,193,126 | 7,052,139 | 3,144 | 103,242,121 |
| Computer Software | 1,930,883 | 455,020 | 430,939 | 1,954,964 |
| Property Under Capital Leases | 6,298,617 | 500 | | 6,299,117 |
| Total Depreciable Capital Assets | 850,520,038 | 52,435,171 | 5,160,042 | 897,795,167 |
| Less, Accumulated Depreciation: | | | | |
| Buildings | 157,142,711 | 17,024,195 | | 174,166,906 |
| Infrastructure and Other Improvements | 11,666,078 | 333,785 | | 11,999,863 |
| Furniture and Equipment | 106,606,983 | 11,694,539 | 4,004,690 | 114,296,832 |
| Library Resources | 43,822,752 | 5,416,053 | | 49,238,805 |
| Computer Software | 1,431,365 | 213,525 | 387,987 | 1,256,903 |
| Property Under Capital Leases | 2,747,554 | 1,405,667 | | 4,153,221 |
| Total Accumulated Depreciation | 323,417,443 | 36,087,764 | 4,392,677 | 355,112,530 |
| Total Depreciable Capital Assets, Net | \$ 527,102,595 | \$ 16,347,407 | \$ 767,365 | \$ 542,682,637 |

FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009

8. DEFERRED REVENUE

Deferred revenue includes Public Education Capital Outlay and Alec P. Courtelis Matching Trust Fund appropriations for which the University had not yet received approval from the Florida Department of Education, as of June 30, 2009, to spend the funds. In addition, deferred revenue also includes stadium rental income for prepaid rent received from the FIU Athletics Finance Corporation, contracts and grants payments received in advance, and student housing fees, and athletic revenues received prior to fiscal year-end related to subsequent accounting periods. As of June 30, 2009, the University reported the following amounts as deferred revenue:

| <u>Description</u> | <u>Amount</u> |
|-------------------------------|------------------------------|
| Capital Appropriations | \$ 142,106,296 |
| Stadium Rental Income | 26,838,637 |
| Contracts and Grants | 3,855,118 |
| Student Housing Fees | 530,917 |
| Athletic Revenues | 159,275 |
| Total Deferred Revenue | <u>\$ 173,490,243</u> |

9. LONG-TERM LIABILITIES

Long-term liabilities of the University at June 30, 2009, include bonds, capital leases, compensated absences, postemployment healthcare benefits payable, and other long-term liabilities. Long-term liabilities activity for the fiscal year ended June 30, 2009, is shown below:

| <u>Description</u> | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Current Portion</u> |
|--|------------------------------|-----------------------------|-----------------------------|------------------------------|----------------------------|
| Bonds Payable | \$ 126,162,492 | \$ 6,592,740 | \$ 6,567,770 | \$ 126,187,462 | \$ 6,950,275 |
| Capital Leases Payable | 3,775,690 | | 1,221,280 | 2,554,410 | 1,114,953 |
| Compensated Absences Payable | 28,418,775 | 2,878,186 | 2,797,512 | 28,499,449 | 1,777,552 |
| Postemployment Health Care Benefits Payable | 2,117,000 | 1,960,000 | | 4,077,000 | |
| Other Long-Term Liabilities | | 2,785,317 | | 2,785,317 | |
| Total Long-Term Liabilities | <u>\$ 160,473,957</u> | <u>\$ 14,216,243</u> | <u>\$ 10,586,562</u> | <u>\$ 164,103,638</u> | <u>\$ 9,842,780</u> |

FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009

Revenue Bonds Payable. The University had the following bonds payable outstanding at June 30, 2009:

| Bond Type and Series | Amount of Original Issue | Amount Outstanding (1) | Interest Rates (Percent) | Maturity Date To |
|--|--------------------------------|------------------------------|--------------------------------|------------------------|
| Auxiliary Revenue Bonds: | | | | |
| 1995 | \$ 7,780,000 | \$ 3,672,770 | 5.20 - 5.375 | 2016 |
| 1998 | 26,525,000 | 21,348,706 | 4.30 - 4.75 | 2028 |
| 1999 | 7,530,000 | 4,751,308 | 5.00 - 5.625 | 2019 |
| 2000 | 14,605,000 | 11,603,592 | 4.65 - 5.75 | 2025 |
| 2002 | 22,915,000 | 16,952,153 | 3.20 - 4.60 | 2022 |
| 2004A | 53,915,000 | 46,173,794 | 4.00 - 5.00 | 2034 |
| Total Auxiliary Revenue Bonds | 133,270,000 | 104,502,323 | | |
| State University System Revenue Bonds: | | | | |
| 1997A | 4,360,924 | 2,950,185 | 4.75 - 5.00 | 2016 |
| 1998 | 5,643,367 | 3,829,177 | 4.40 - 5.00 | 2023 |
| 2001 | 5,566,922 | 4,378,180 | 4.00 - 5.00 | 2026 |
| 2003A | 5,049,124 | 2,132,260 | 5.00 | 2013 |
| 2005A | 2,257,296 | 1,862,939 | 3.625 - 4.125 | 2022 |
| 2008A | 6,686,029 | 6,532,398 | 4.00 - 6.50 | 2033 |
| Total State University System Revenue Bonds | 29,563,662 | 21,685,139 | | |
| Total | \$ 162,833,662 | \$ 126,187,462 | | |

Note: (1) Amount outstanding includes unamortized bond discounts and premiums, and deferred losses on refunding issues.

Auxiliary revenue bonds were issued to construct student parking garages and student housing facilities. Auxiliary revenue bonds outstanding, which include both term and serial bonds, are secured by a pledge of parking fees, housing rental revenues, and an assessed transportation fee based on credit hours.

State University System revenue bonds were issued to acquire and construct various university facilities. These bonds are secured and payable from capital improvement and building fees, which are remitted to the State Board of Education to be used to retire the bonds. The State Board of Education and the State Board of Administration administer the principal and interest payments, investment of sinking fund resources, and compliance with reserve requirements.

On January 14, 2009, the State Board of Education issued University System Improvement Revenue Bonds, Series 2008A. The University's portion of the bonds was \$6,686,029. The proceeds will be used to fund various construction and renovation projects.

**FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

Annual requirements to amortize all bonded debt outstanding as of June 30, 2009, are as follows:

| <u>Fiscal Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---|-----------------------|----------------------|-----------------------|
| 2010 | \$ 6,761,630 | \$ 5,935,305 | \$ 12,696,935 |
| 2011 | 7,082,898 | 5,626,110 | 12,709,008 |
| 2012 | 7,401,668 | 5,300,908 | 12,702,576 |
| 2013 | 7,751,605 | 4,956,336 | 12,707,941 |
| 2014 | 7,586,314 | 4,585,779 | 12,172,093 |
| 2015-2019 | 33,556,042 | 17,581,092 | 51,137,134 |
| 2020-2024 | 26,652,358 | 10,509,589 | 37,161,947 |
| 2025-2029 | 17,530,778 | 5,018,392 | 22,549,170 |
| 2030-2034 | 11,559,700 | 1,657,538 | 13,217,238 |
| Subtotal | 125,882,993 | 61,171,049 | 187,054,042 |
| Plus: Net Bond Discounts, Premiums, and Losses on Bond Refundings | 304,469 | | 304,469 |
| Total | <u>\$ 126,187,462</u> | <u>\$ 61,171,049</u> | <u>\$ 187,358,511</u> |

Capital Leases Payable. Data processing, food service equipment, and vehicles in the amount of \$6,299,117 is being acquired under capital lease agreements. The stated interest rates range from 3.22 to 11.60 percent. Future minimum payments under the capital lease agreements and the present value of the minimum payments as of June 30, 2009, are as follows:

| <u>Fiscal Year Ending June 30</u> | <u>Amount</u> |
|--|---------------------|
| 2010 | \$ 1,104,399 |
| 2011 | 947,834 |
| 2012 | 549,012 |
| 2013 | 108,416 |
| Total Minimum Payments | 2,709,661 |
| Less, Amount Representing Interest | (155,251) |
| Present Value of Minimum Payments | <u>\$ 2,554,410</u> |

Compensated Absences Payable. Employees earn the right to be compensated during absences for annual leave (vacation) and sick leave earned pursuant to Board of Governors regulations, University regulations, and bargaining agreements. Leave earned is accrued to the credit of the employee and records are kept on each employee's unpaid (unused) leave balance. The University reports a liability for the accrued leave; however, State appropriations fund only the portion of accrued leave that is used or paid in the current fiscal year. Although the University expects the liability to be funded primarily from future appropriations, generally accepted accounting principles do not permit the recording of a receivable in

**FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

anticipation of future appropriations. At June 30, 2009, the estimated liability for compensated absences, which includes the University's share of the Florida Retirement System and FICA contributions, totaled \$28,499,449. The current portion of the compensated absences liability is the amount expected to be paid in the coming fiscal year, and is based on actual payouts over the last three years calculated as a percentage of those years' total compensated absences liability.

Postemployment Healthcare Benefits Payable. The University follows Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for certain postemployment healthcare benefits administered by the State Group Health Insurance Program.

Plan Description. Pursuant to the provisions of Section 112.0801, Florida Statutes, all employees who retire from the University are eligible to participate in the State Group Health Insurance Program, an agent multiple-employer defined-benefit plan. The University subsidizes the premium rates paid by retirees by allowing them to participate in the plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. A stand-alone report is not issued and the Plan information is not included in the report of a public employee retirement system or another entity.

Funding Policy. Benefit provisions are pursuant to provisions of Section 112.0801, Florida Statutes, and benefits and contributions can be amended by the Florida Legislature. The University has not advance-funded or established a funding methodology for the annual Other Postemployment Benefit (OPEB) costs or the net OPEB obligation, and the Plan is financed on a pay-as-you-go basis. For the 2008-09 fiscal year, 206 retirees received postemployment healthcare benefits. The University provided required contributions of \$1,411,000 toward the annual OPEB cost, comprised of benefit payments made on behalf of retirees for claims expenses (net of reinsurance), administrative expenses, and reinsurance premiums. Retiree contributions totaled \$2,059,000.

Annual OPEB Cost and Net OPEB Obligation. The University's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of Governmental Accounting Standards Board Statement No. 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the

FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009

University's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the University's net OPEB obligation:

| <u>Description</u> | <u>Amount</u> |
|--|----------------------------|
| Normal Cost (Service Cost for One Year) | \$ 1,509,000 |
| Amortization of Unfunded Actuarial | |
| Accrued Liability | 1,571,000 |
| Interest on Normal Cost and Amortization | <u>123,000</u> |
| Annual Required Contribution | 3,203,000 |
| Interest on Net OPEB Obligation | 91,000 |
| Adjustment to Annual Required Contribution | <u>(78,000)</u> |
| Annual OPEB Cost (Expense) | 3,216,000 |
| Contribution Toward the OPEB Cost | <u>(1,411,000)</u> |
| Increase in Net OPEB Obligation | 1,805,000 |
| Net OPEB Obligation, Beginning of Year | 2,117,000 |
| Actuarial Adjustment to Beginning Net | |
| OPEB Obligation | <u>155,000</u> |
| Net OPEB Obligation, End of Year | <u><u>\$ 4,077,000</u></u> |

The University's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2009, and for the transition and preceding years, were as follows:

| <u>Fiscal Year</u> | <u>Annual OPEB Cost</u> | <u>Percentage of Annual OPEB Cost Contributed</u> | <u>Net OPEB Obligation</u> |
|---------------------------------|-----------------------------|---|--------------------------------|
| Beginning Balance, July 1, 2007 | \$ | | \$ |
| 2007-08 | 3,429,000 | 38.3% | 2,117,000 |
| 2008-09 | 3,216,000 | 43.9% | 4,077,000 |

Funded Status and Funding Progress. As of July 1, 2007, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$45,547,000, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$45,547,000 and a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was \$228,675,000 for the 2008-09 fiscal year, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 19.9 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual

**FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The University's OPEB actuarial valuation as of July 1, 2007, used the entry-age cost actuarial method to estimate the unfunded actuarial liability as of June 30, 2009, and the estimated 2008-09 fiscal year annual required contribution. This method was selected because it is the same method used for the valuation of the Florida Retirement System. Because the OPEB liability is currently unfunded, the actuarial assumptions included a four percent rate of return on invested assets, which is the University's expectation of investment returns under its investment policy. The actuarial assumptions also included a payroll growth rate of four percent per year. Initial healthcare cost trend rates for employees covered by Medicare was 9.1 percent, and was 9.6 percent for employees not covered by Medicare, grading to 5.5 percent in half-percent steps after 8 years and 9 years, respectively. The unfunded actuarial accrued liability is being amortized over 30 years using the level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009, was 28 years.

10. NOTES PAYABLE – FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.

On January 20, 2000, the Miami-Dade County Educational Facilities Authority (the Authority) issued \$13 million tax-exempt revenue bonds (Florida International University Foundation Project – Series 1999). These bonds are payable from and secured by a pledge of payments to be made to the Authority under a loan agreement dated December 1, 1999, between the Florida International University Foundation, Inc. (Foundation), and the Authority. The Foundation will finance the payments to the Authority under the loan agreement with lease payments received from the University under an operating lease (see note 16). The \$13 million principal amount was issued under a variable rate structure with a final maturity date of May 1, 2022. The variable rate on 50 percent of the original issue, \$6.5 million, has been synthetically fixed at 4.63 percent through February 1, 2015, by way of an interest rate swap agreement with a commercial bank

**FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

(see note 13). For the year ended June 30, 2009, total interest paid was \$339,263. The bond proceeds are being used to acquire, construct, and equip a multi-function support complex located on the University Park campus and to pay issuance costs. As of June 30, 2009, the outstanding principal balance due under this note payable was \$9.26 million. As of June 30, 2009, the fair value of the Foundation's liability under the swap agreement was \$614,928.

The bonds are also payable from an irrevocable letter of credit. On December 1, 1999, the Foundation entered into a letter of credit agreement with a commercial bank that permitted the Foundation to borrow up to \$13 million through December 15, 2004, bearing interest at the prime rate plus 2 percent. On November 29, 2004, this agreement was extended, with the same terms and conditions, through December 15, 2009. The Foundation must pay an annual commitment fee of .45 percent on the unused portion of the commitment. Borrowings under the financing agreement mature 90 days after the date of the borrowing.

Under the letter of credit agreement and loan agreement noted above, the Foundation is obligated under debt covenants to which they are in compliance with.

The aggregate maturities of the notes payable, as of June 30, 2009, are shown in the following table:

| <u>Fiscal Year Ending June 30</u> | <u>Amount</u> |
|-----------------------------------|----------------------------|
| 2010 | \$ 550,000 |
| 2011 | 575,000 |
| 2012 | 605,000 |
| 2013 | 640,000 |
| 2014 | 670,000 |
| Thereafter | <u>6,220,000</u> |
| Total | <u>\$ 9,260,000</u> |

**11. NOTES PAYABLE – FLORIDA INTERNATIONAL UNIVERSITY
RESEARCH FOUNDATION, INC. – RELATED PARTY TRANSACTION**

The Florida International University Research Foundation, Inc. (Research Foundation), issued the following promissory note on June 30, 2005, to assist the University with a settlement agreement involving various Federal agencies, relating to the Hemispheric Center for Environmental Technology. The University is obligated to provide funds to the Research Foundation to pay the principal and interest on the note as follows:

**FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

- \$7,955,000, Florida International University Research Foundation, Inc., Tax-Exempt Note, Series 2005; interest at 65 percent of three-month London Interbank Offered Rate plus 39.23 basis points; interest and principal payable on a quarterly basis with a final payment of \$515,000 on July 1, 2010 (see note 13).

Principal and interest requirements on the note payable outstanding as of June 30, 2009, are presented in the following table:

| <u>Fiscal Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------------|---------------------|------------------|---------------------|
| 2010 | \$ 2,030,000 | \$ 36,970 | \$ 2,066,970 |
| 2011 | 515,000 | 4,100 | 519,100 |
| Total | \$ 2,545,000 | \$ 41,070 | \$ 2,586,070 |

12. BONDS PAYABLE – FIU ATHLETICS FINANCE CORPORATION

On April 20, 2007, the FIU Athletics Finance Corporation issued \$28 million of Capital Improvement Revenue Bonds, Series 2007A, and \$7 million of Capital Improvement Revenue Bonds, Series 2007B. These bonds were issued and secured under and pursuant to a trust indenture, dated April 1, 2007, between the FIU Athletics Finance Corporation and a commercial bank, as trustee, and shall be payable from pledged revenues. The bond proceeds will be used to finance certain football stadium improvements, fund capitalized interest through March 1, 2009, fund a deposit to a debt service reserve fund, and pay costs related to the issuance of the bonds. The bonds are secured by operating and nonoperating revenues of the facility and University athletic fees.

The interest rate on these bonds are both fixed and variable and are subject to a hedge agreement that was entered into to reduce the exposure to market risks from changing interest rates (see note 13).

Annual requirements to amortize all bonded debt outstanding as of June 30, 2009, are as follows:

| <u>Fiscal Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------------|----------------------|----------------------|----------------------|
| 2010 | \$ 730,000 | \$ 1,585,156 | \$ 2,315,156 |
| 2011 | 775,000 | 1,540,675 | 2,315,675 |
| 2012 | 825,000 | 1,495,516 | 2,320,516 |
| 2013 | 880,000 | 1,441,092 | 2,321,092 |
| 2014 | 940,000 | 1,389,380 | 2,329,380 |
| 2015-2019 | 5,655,000 | 6,057,645 | 11,712,645 |
| 2020-2024 | 7,225,000 | 4,637,735 | 11,862,735 |
| 2025-2029 | 9,070,000 | 2,951,071 | 12,021,071 |
| 2030-2033 | 8,900,000 | 862,804 | 9,762,804 |
| Total | \$ 35,000,000 | \$ 21,961,074 | \$ 56,961,074 |

**FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

13. DERIVATIVE FINANCIAL INSTRUMENTS – COMPONENT UNITS

The Florida International University Foundation, Inc., the Florida International University Research Foundation, Inc., and the FIU Athletics Finance Corporation all entered into derivative instruments (i.e., interest rate swap agreements) to reduce their exposure to market risks from changing interest rates. For interest rate swap agreements, the differential to be paid or received is accrued and recognized as interest expense and may change as market interest rates change. These interest rate swap agreements, and a related Letter of Credit agreement entered into by the FIU Athletics Finance Corporation, are discussed below.

Florida International University Foundation, Inc. (Foundation)

On February 1, 2000, the Foundation entered into an interest rate swap agreement (swap agreement) with a commercial bank on a notional amount of \$6.5 million, which represents 50 percent of the principal amount of the bond issue, as described in note 10. Under the original swap agreement, the Foundation agreed to pay a fixed rate of 5.03 percent per annum and receive variable rates based on 67 percent of the one-month U.S. Dollar London Interbank Offered Rate (LIBOR). Effective October 1, 2005, the Foundation renegotiated the swap agreement reducing the interest rate swap to 4.63 percent per annum. The renegotiated swap agreement expires on February 1, 2015.

Florida International University Research Foundation, Inc. (Research Foundation)

On June 30, 2005, the Research Foundation entered into an interest rate swap agreement with a commercial bank on a notional amount of \$7,955,000, which represents the notes payable described in note 11. Under the swap agreement, the Research Foundation agrees to pay a fixed rate of 3.15 percent per annum and receive a variable rate based on 65 percent of the three-month LIBOR plus .3923 percent. As of June 30, 2009, the Research Foundation reported a derivative liability of \$42,168 in the statement of net assets and an unrealized loss of \$1,467 in the statement of revenue, expenses, and changes in net assets. The difference is due to the negative derivative's value of \$40,701 at the end of the 2007-08 fiscal year. The swap agreement has a maturity date of July 1, 2010.

FIU Athletics Finance Corporation (Finance Corporation)

On May 30, 2007, the Finance Corporation entered into an interest rate swap agreement with a commercial bank on a notional amount of \$21 million, which represents the fixed portion of the bonds payable described in note 12. Under the swap agreement, the Finance Corporation agrees to pay a fixed rate of 4.1451 percent per annum and receive a variable rate based on the Securities Industry and Financial Markets Association (SIFMA) index (tax-exempt variable demand bond index maintained by the Bond Marketing

**FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

Association). As of June 30, 2009, the Finance Corporation reported a derivative liability of \$1,756,577 in the statement of net assets and an unrealized loss on derivative instrument of \$748,747 in the statement of revenues, expenses, and changes in net assets. The swap agreement has a maturity date of March 1, 2033.

On April 1, 2007, Regions Bank, as Trustee for the \$35,000,000 Series 2007A and 2007B Bonds for the construction of the University's football stadium, issued a letter of credit to serve as security for the payments of the bonds. The letter of credit will be in effect until April 15, 2012, and will automatically extend equal to the remaining balance of the bonds payable for a period of one year, subject to approval of Regions Bank, but not to extend beyond April 15, 2033. The Finance Corporation agrees to repay any draws against the letter of credit plus annual interest equal to the three-month LIBOR plus two percent. Construction draws to date as of June 30, 2009, were \$28,100,076. Under the letter of credit agreement, the Finance Corporation is required to have \$3,500,000 in an interest-bearing reserve fund deposited with Regions Bank, which is included in restricted cash and cash equivalents.

14. RETIREMENT PROGRAMS

Florida Retirement System. Essentially all regular employees of the University are eligible to enroll as members of the State-administered Florida Retirement System (FRS). Provisions relating to FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the Public Employee Optional Retirement Program (PEORP).

Employees in the Plan vest at six years of service. All vested members are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, which may include up to four years of credit for military service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability and death benefits, and annual cost-of-living adjustments.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in the DROP for a period not to exceed 60 months after

**FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

The State of Florida establishes contribution rates for participating employers. Contribution rates during the 2008-09 fiscal year were as follows:

| Class or Plan | Percent of Gross Salary | |
|---|-------------------------|-----------------|
| | Employee | Employer (A) |
| Florida Retirement System, Regular | 0.00 | 9.85 |
| Florida Retirement System, Senior Management Service | 0.00 | 13.12 |
| Florida Retirement System, Special Risk | 0.00 | 20.92 |
| Teacher's Retirement System, Plan E | 6.25 | 11.35 |
| Deferred Retirement Option Program - Applicable to Members from All of the Above Classes or Plan | 0.00 | 10.91 |
| Florida Retirement System, Reemployed Retiree | (B) | (B) |

Notes: (A) Employer rates include 1.11 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include .05 percent for administrative costs of the Public Employee Optional Retirement Program.

(B) Contribution rates are dependent upon retirement class or plan in which reemployed.

The University's liability for participation is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the University. The University's contributions for the fiscal years ended June 30, 2007, June 30, 2008, and June 30, 2009, totaled \$7,358,824, \$7,869,759, and \$8,286,522, respectively, which were equal to the required contributions for each fiscal year.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the PEORP in lieu of the FRS defined-benefit plan. University employees already participating in the State University System Optional Retirement Program or the DROP are not eligible to participate in this program. Employer contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The PEORP is funded by employer contributions that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in PEORP vest at one year of service. There were 330 University participants during the 2008-09 fiscal year. Required contributions made to the PEORP totaled \$1,246,690.

**FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services. An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services, Division of Retirement.

State University System Optional Retirement Program. Section 121.35, Florida Statutes, provides for an Optional Retirement Program (Program) for eligible university instructors and administrators. The Program is designed to aid State universities in recruiting employees by offering more portability to employees not expected to remain in the FRS for six or more years.

The Program is a defined-contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program, rather than the FRS, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing university contributes on behalf of the participant 10.43 percent of the participant's salary, less a small amount used to cover administrative costs. The remaining contribution is invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement. The participant may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the university to the participant's annuity account.

There were 1,670 University participants during the 2008-09 fiscal year. Required employer contributions made to the Program totaled \$13,562,169 and employee contributions totaled \$5,092,775.

15. CONSTRUCTION COMMITMENTS

The University's major construction commitments at June 30, 2009, are as follows:

FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009

| Project Description | Total Commitment | Completed to Date | Balance Committed |
|---|-----------------------|----------------------|-----------------------|
| Science Classroom Complex | \$ 50,000,000 | \$ 139,256 | \$ 49,860,744 |
| Graduate Classroom Building | 23,300,000 | 156,055 | 23,143,945 |
| Molecular Biology Building | 46,868,243 | 24,345,705 | 22,522,538 |
| Social Science - International Studies | 22,849,971 | 1,127,153 | 21,722,818 |
| International Hurricane Center | 15,000,000 | 7,263 | 14,992,737 |
| Utilities/Infrastructure Improvements | 9,975,000 | 2,068,999 | 7,906,001 |
| Satellite Chiller Plant | 7,110,000 | 45,459 | 7,064,541 |
| Pharmed Arena/Fitness Center Renovation | 5,000,000 | | 5,000,000 |
| Parking Garage V/Retail/Public Safety Building | 4,734,439 | 702,995 | 4,031,444 |
| Public Safety Building, University Park Campus | 3,131,025 | 102,388 | 3,028,637 |
| Subtotal | 187,968,678 | 28,695,273 | 159,273,405 |
| Projects with Balance Committed Under \$3 Million | 76,035,671 | 50,771,773 | 25,263,898 |
| Total | \$ 264,004,349 | \$ 79,467,046 | \$ 184,537,303 |

16. OPERATING LEASE COMMITMENTS WITH FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. – RELATED PARTY TRANSACTION

On December 1, 1999, the former Board of Regents of the State University System of the State of Florida for and on behalf of the University entered into a ground lease agreement with the Florida International University Foundation, Inc. (Foundation). Under this agreement, the Foundation leases from the University the grounds on which a multi-function support complex facility was built on the University Park campus. The consideration required to be paid by the Foundation is \$10 annually. The ground lease will expire on December 31, 2024, or on the date the Foundation makes its final payment under a letter of credit agreement related to the financing of the facility. On December 1, 1999, the former Board of Regents on behalf of the University also entered into a 20-year operating lease agreement with the Foundation for the facility. Under the terms of the operating lease, the University will pay the Foundation rent in the amount equal to all amounts due and payable by the Foundation under the letter of credit agreement, if any, and loan agreement related to the financing of the facility. The payments also include any costs of operating and maintaining the facility, in addition to amounts necessary to pay any unanticipated and extraordinary costs. The lease commenced during August 2002 when the facility became operational. The lease will terminate on May 1, 2022, which is the date of maturity of the loan agreement.

The facility under the above operating lease is not recorded as an asset on the statement of net assets; however, the operational lease payments are recorded as expenses in the statement of revenues, expenses, and changes in net assets when paid or incurred. The following schedule by years presents management's best estimate of future minimum rental payments for this noncancelable operating lease as of June 30, 2009:

**FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

| <u>Fiscal Year Ending June 30</u> | <u>Amount</u> |
|--|-----------------------------|
| 2010 | \$ 1,260,000 |
| 2011 | 1,260,000 |
| 2012 | 1,260,000 |
| 2013 | 1,260,000 |
| 2014 | 1,260,000 |
| Thereafter | <u>10,080,000</u> |
| Total Minimum Payments Required | <u>\$ 16,380,000</u> |

17. GIFT AGREEMENT – FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.

The Wolfsonian, Inc. (Wolfsonian), was established in 1986 to create and operate a museum and research center in Miami Beach, Florida, and to support a comprehensive program focused on the collection, exhibition, interpretation, preservation, research and publication of the decorative, or design and architectural arts. The Wolfsonian has been loaned the Mitchell Wolfson, Jr., collection of nearly 27,000 objects of art and rare books dating from the late nineteenth to the mid-twentieth century. It encompasses furniture, sculpture, paintings, books, graphics and other works of art on paper, as well as archives relating to the period. Through a series of academic study and fellowship programs, national and international traveling exhibitions, and scholarly initiatives, the Wolfsonian promotes public education and awareness of the social, historical, technological, political, economic, and artistic material culture of Europe and America in the 1885-1945 period.

On July 1, 1997, the Foundation entered into a gift agreement (Agreement) with Mitchell Wolfson, Jr., the Wolfsonian, and the University, whereby Mitchell Wolfson, Jr., agreed to donate all rights, title, and interest in and to all objects constituting the Mitchell Wolfson, Jr., Collection of Decorative and Propaganda Arts to the Foundation, subject to a loan agreement made and entered into by the Wolfsonian and Mr. Wolfson, Jr., dated July 29, 1991. The loan agreement was extended in July 2001, for ten years, to July 2011.

The Foundation has elected to exercise the option of not capitalizing the items that meet the definition of “collection” as prescribed by accounting principles generally accepted in the United States. Therefore, the fair value of the donated Collection of Decorative and Propaganda Arts is not reflected in the University’s financial statements. Purchases of collection items are recorded as decreases in unrestricted net assets in the year in which the items are acquired, or as temporarily or permanently restricted net assets if the assets used to purchase the items are restricted by donors. Contributed collection items are not reflected in the consolidated financial statements. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset classes.

**FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

As a result of the Agreement, the Wolfsonian amended its articles of incorporation and bylaws to provide that all its directors be appointed and removed at any time with or without cause by the Foundation, to effect a transfer of complete control of all of the assets, interest, and obligations of the Wolfsonian to the Foundation. On May 26, 1999, the Foundation passed a revision to the bylaws of the Wolfsonian to make the Foundation the sole voting member of the Wolfsonian.

The gifts are conditional upon the provisions outlined in the Agreement, including but not limited to the Foundation continuing the museum and educational activities and operations that were conducted by the Wolfsonian. As a result of the Agreement, the University and Foundation have assumed all administrative functions and operating costs of the Wolfsonian.

The most significant of the obligations under the Agreement is for the University to provide the Wolfsonian with the same financial support from its general budget, as provided to other departments, and to continue the museum and educational activities and operations of the Wolfsonian. The University provided support of \$2.1 million during the 2008-09 fiscal year for Wolfsonian expenses which included salaries, equipment, administrative expenses, insurance premiums for the art collection, and building security. In addition, the University provided support of approximately \$324,000 during the 2008-09 fiscal year for utilities, repairs, and maintenance expenses for buildings used by the Wolfsonian.

18. RISK MANAGEMENT PROGRAMS

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Pursuant to Section 1001.72(3), Florida Statutes, the University participates in State self-insurance programs providing insurance for property and casualty, workers' compensation, general liability, and fleet automotive liability. During the 2008-09 fiscal year, for property losses, the State retained the first \$2 million of losses for each occurrence with an annual aggregate retention of \$40 million for named wind and flood losses and no annual aggregate retention for all other named perils. After the annual aggregate retention, losses in excess of \$2 million per occurrence were commercially insured up to \$50 million for named wind and flood. For perils other than named wind and flood, losses in excess of \$2 million per occurrence were commercially insured up to \$200 million; and losses exceeding those amounts were retained by the State. No excess insurance coverage is provided for workers' compensation, general and automotive liability, Federal Civil Rights and employment action coverage; all losses in these categories are completely self-insured by the State through the State Risk Management Trust Fund established pursuant to Chapter 284, Florida Statutes. Payments on tort claims are limited to \$100,000 per person, and \$200,000 per occurrence as set by Section 768.28, Florida Statutes.

**FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

Calculation of premiums considers the cash needs of the program and the amount of risk exposure for each participant. Settlements have not exceeded insurance coverage during the past three fiscal years.

Pursuant to Section 110.123, Florida Statutes, University employees may obtain healthcare services through participation in the State group health insurance plan or through membership in a health maintenance organization plan under contract with the State. The State's risk financing activities associated with State group health insurance, such as risk of loss related to medical and prescription drug claims, are administered through the State Employees Group Health Insurance Trust Fund. It is the practice of the State not to purchase commercial coverage for the risk of loss covered by this Fund. Additional information on the State's group health insurance plan, including the actuarial report, is available from the Florida Department of Management Services, Division of State Group Insurance.

19. FUNCTIONAL DISTRIBUTION OF OPERATING EXPENSES

The functional classification of an operating expense (instruction, research, etc.) is assigned to a department based on the nature of the activity, which represents the material portion of the activity attributable to the department. For example, activities of academic departments for which the primary departmental function is instruction may include some activities other than direct instruction such as research and public service. However, when the primary mission of the department consists of instructional program elements, all expenses of the department are reported under the instruction classification. The operating expenses on the statement of revenues, expenses, and changes in net assets are presented by natural classifications. The following are those same expenses presented in functional classifications as recommended by NACUBO:

| <u>Functional Classification</u> | <u>Amount</u> |
|------------------------------------|------------------------------|
| Instruction | \$ 154,475,234 |
| Research | 74,208,498 |
| Public Service | 7,795,919 |
| Academic Support | 80,975,088 |
| Student Services | 22,381,292 |
| Institutional Support | 64,837,945 |
| Operation and Maintenance of Plant | 36,385,308 |
| Scholarships and Fellowships | 34,111,723 |
| Depreciation | 36,087,764 |
| Auxiliary Enterprises | 78,536,612 |
| Loan Operations | 32,194 |
| Total Operating Expenses | <u>\$ 589,827,577</u> |

**FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

20. SEGMENT INFORMATION

A segment is defined as an identifiable activity (or grouping of activities) that has one or more bonds or other debt instruments outstanding with a revenue stream pledged in support of that debt. In addition, the activity's related revenues, expenses, gains, losses, assets, and liabilities are required to be accounted for separately. The following financial information for the University's Housing and Parking facilities represents identifiable activities for which one or more bonds are outstanding:

Condensed Statement of Net Assets

| | Housing Revenue Bonds | Parking Revenue Bonds |
|---|-----------------------------|-----------------------------|
| Assets | | |
| Current Assets | \$ 14,173,101 | \$ 13,712,612 |
| Capital Assets, Net | 88,706,613 | 39,755,323 |
| Other Noncurrent Assets | 3,280,621 | 214,295 |
| Total Assets | 106,160,335 | 53,682,230 |
| Liabilities | | |
| Current Liabilities | 4,767,901 | 2,086,142 |
| Noncurrent Liabilities | 75,896,855 | 23,655,068 |
| Total Liabilities | 80,664,756 | 25,741,210 |
| Net Assets | | |
| Invested in Capital Assets, Net of Related Debt | 8,738,992 | 14,427,942 |
| Restricted - Expendable | 4,799,108 | 50,201 |
| Unrestricted | 11,957,479 | 13,462,877 |
| Total Net Assets | \$ 25,495,579 | \$ 27,941,020 |

FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009

**Condensed Statement of Revenues, Expenses,
and Changes in Net Assets**

| | Housing Revenue Bonds | Parking Revenue Bonds |
|-----------------------------------|-----------------------------|-----------------------------|
| Operating Revenues | \$ 22,865,946 | \$ 10,570,432 |
| Depreciation Expense | (3,065,008) | (1,668,947) |
| Other Operating Expenses | (12,667,923) | (5,138,618) |
| Operating Income | 7,133,015 | 3,762,867 |
| Nonoperating Revenues (Expenses): | | |
| Nonoperating Revenue | 63,995 | 72,662 |
| Interest Expense | (3,690,069) | (1,237,157) |
| Other Nonoperating Expense | (304,621) | (494,377) |
| Net Nonoperating Expenses | (3,930,695) | (1,658,872) |
| Income Before Transfers | 3,202,320 | 2,103,995 |
| Net Transfers | (600,793) | 801,684 |
| Increase in Net Assets | 2,601,527 | 2,905,679 |
| Net Assets, Beginning of Year | 22,894,052 | 25,035,341 |
| Net Assets, End of Year | \$ 25,495,579 | \$ 27,941,020 |

Condensed Statement of Cash Flows

| | Housing Revenue Bonds | Parking Revenue Bonds |
|--|-----------------------------|-----------------------------|
| Net Cash Provided (Used) by: | | |
| Operating Activities | \$ 9,515,841 | \$ 5,668,608 |
| Capital and Related Financing Activities | (8,157,346) | (3,081,060) |
| Investing Activities | (1,290,028) | (1,830,367) |
| Net Increase in Cash and Cash Equivalents | 68,467 | 757,181 |
| Cash and Cash Equivalents, Beginning of Year | 2,514,407 | 76,814 |
| Cash and Cash Equivalents, End of Year | \$ 2,582,874 | \$ 833,995 |

21. COMPONENT UNITS

The University has three component units as discussed in note 1. These component units comprise 100 percent of the transactions and account balances of the aggregate discretely presented component units' columns of the financial statements. The following financial information is from the most recently available audited financial statements for the component units:

FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009

| | Direct-Support Organizations | | | Total |
|---|---|---|---|-----------------------|
| | Florida International University Foundation, Inc. | Florida International University Research Foundation, Inc. | FIU Athletics Finance Corporation | |
| Condensed Statement of Net Assets | | | | |
| Assets: | | | | |
| Current Assets | \$ 64,570,678 | \$ 3,500,934 | \$ 7,093,275 | \$ 75,164,887 |
| Capital Assets, Net | 11,100,703 | | | 11,100,703 |
| Other Noncurrent Assets | 96,264,185 | | 32,286,606 | 128,550,791 |
| Total Assets | 171,935,566 | 3,500,934 | 39,379,881 | 214,816,381 |
| Liabilities: | | | | |
| Current Liabilities | 1,600,858 | 2,868,721 | 4,095,119 | 8,564,698 |
| Noncurrent Liabilities | 8,992,106 | 515,000 | 37,770,000 | 47,277,106 |
| Total Liabilities | 10,592,964 | 3,383,721 | 41,865,119 | 55,841,804 |
| Net Assets: | | | | |
| Invested in Capital Assets, Net of Related Debt | | | | |
| Restricted | 146,699,767 | | | 146,699,767 |
| Unrestricted | 14,642,835 | 117,213 | (2,485,238) | 12,274,810 |
| Total Net Assets | \$ 161,342,602 | \$ 117,213 | \$ (2,485,238) | \$ 158,974,577 |
| Condensed Statement of Revenues, Expenses, and Changes in Net Assets | | | | |
| Operating Revenues | \$ 46,239,834 | \$ 124,902 | \$ 2,909,116 | \$ 49,273,852 |
| Operating Expenses | 17,158,509 | 28,532 | 1,425,350 | 18,612,391 |
| Operating Income | 29,081,325 | 96,370 | 1,483,766 | 30,661,461 |
| Net Nonoperating Expenses | (28,138,104) | (33,424) | (2,500,058) | (30,671,586) |
| Increase (Decrease) in Net Assets | 943,221 | 62,946 | (1,016,292) | (10,125) |
| Net Assets, Beginning of Year | 160,399,381 | 54,267 | (1,468,946) | 158,984,702 |
| Net Assets, End of Year | \$ 161,342,602 | \$ 117,213 | \$ (2,485,238) | \$ 158,974,577 |

22. CURRENT UNRESTRICTED FUNDS

The Southern Association of Colleges and Schools, Commission on Colleges, which establishes the accreditation requirements for institutions of higher education, requires a disclosure of the financial position of unrestricted net assets, exclusive of plant assets and plant-related debt, which represents the change in unrestricted net assets. To meet this requirement, statements of net assets and revenues, expenses, and changes in net assets for the current unrestricted funds are presented, as follows:

**FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

Statement of Current Unrestricted Funds Net Assets

Assets

Current Assets:

| | |
|---------------------------|--------------|
| Cash and Cash Equivalents | \$ 5,258,499 |
| Investments | 165,165,672 |
| Receivables, Net | 14,512,526 |
| Due from State | 4,606,169 |
| Due from Component Units | 1,600 |
| Inventories | 436,276 |
| Other Current Assets | 87,034 |
| | <hr/> |

| | |
|----------------------------------|--------------------|
| Total Current Liabilities | 190,067,776 |
| | <hr/> |

Noncurrent Assets:

| | |
|--------------------------|-----------|
| Due from Component Units | 3,500,000 |
| | <hr/> |

| | |
|---------------------|--------------------|
| Total Assets | 193,567,776 |
| | <hr/> |

Liabilities

Current Liabilities:

| | |
|------------------------------|-----------|
| Accounts Payable | 6,814,647 |
| Salaries and Wages Payable | 6,271,096 |
| Deposits Payable | 1,408,355 |
| Due to State | 135,713 |
| Due to Component Units | 2,131,719 |
| Deferred Revenue | 690,192 |
| Compensated Absences Payable | 1,646,114 |
| | <hr/> |

| | |
|----------------------------------|-------------------|
| Total Current Liabilities | 19,097,836 |
| | <hr/> |

Noncurrent Liabilities:

| | |
|--|------------|
| Compensated Absences Payable | 24,745,983 |
| Postemployment Healthcare Benefits Payable | 4,077,000 |
| | <hr/> |

| | |
|-------------------------------------|-------------------|
| Total Noncurrent Liabilities | 28,822,983 |
| | <hr/> |

| | |
|--------------------------|-------------------|
| Total Liabilities | 47,920,819 |
| | <hr/> |

| | |
|-------------------------|-----------------------|
| Total Net Assets | \$ 145,646,957 |
| | <hr/> |

FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009

**Statement of Current Unrestricted Funds Revenues,
Expenses, and Changes in Net Assets**

Revenues

Operating Revenues:

| | |
|---|----------------|
| Student Tuition and Fees, Net of Scholarship Allowances of \$3,252,362 (Note 1) | \$ 177,471,893 |
| State and Local Grants and Contracts | 2,000 |
| Nongovernmental Grants and Contracts | 76,956 |
| Sales and Services of Educational Departments | 359,384 |
| Sales and Services of Auxiliary Enterprises | 88,510,796 |
| Other Operating Revenues | 7,393,622 |

| | |
|---------------------------------|--------------------|
| Total Operating Revenues | 273,814,651 |
|---------------------------------|--------------------|

Expenses

Operating Expenses:

| | |
|--|-------------|
| Compensation and Employee Benefits | 313,375,715 |
| Services and Supplies | 98,170,465 |
| Utilities and Communications | 15,315,396 |
| Scholarships, Fellowships, and Waivers | 23,661,911 |

| | |
|---------------------------------|--------------------|
| Total Operating Expenses | 450,523,487 |
|---------------------------------|--------------------|

| | |
|-----------------------|----------------------|
| Operating Loss | (176,708,836) |
|-----------------------|----------------------|

Nonoperating Revenues (Expenses)

| | |
|--|-------------|
| State Appropriations | 227,082,151 |
| Other Nonoperating Revenues | 84,494 |
| Investment Loss | (5,930,246) |
| Interest on Capital Asset-Related Debt | (146,862) |
| Other Nonoperating Expenses | (72,837) |

| | |
|----------------------------------|--------------------|
| Net Nonoperating Revenues | 221,016,700 |
|----------------------------------|--------------------|

Income Before Other Revenues,

| | |
|--|--------------|
| Expenses, Gains, or Losses | 44,307,864 |
| Capital Grants, Contracts, Donations, and Fees | 5,000 |
| Transfers to Other Funds, Net | (39,533,053) |

| | |
|-------------------------------|------------------|
| Increase in Net Assets | 4,779,811 |
|-------------------------------|------------------|

| | |
|-------------------------------|--------------------|
| Net Assets, Beginning of Year | 140,867,146 |
|-------------------------------|--------------------|

| | |
|--------------------------------|-----------------------|
| Net Assets, End of Year | \$ 145,646,957 |
|--------------------------------|-----------------------|

Note: (1) Tuition and fee revenue is recorded in the current unrestricted fund. Scholarship allowance is recorded based on the pro rata share of scholarship expense in the current unrestricted and restricted fund types. For the fiscal year ended June 30, 2009, \$48,715,776 of the scholarship allowance is recorded in the restricted fund.

**FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

23. SUBSEQUENT EVENTS

On December 17, 2009, the University issued \$32,000,000 of Florida International University Parking Facility Revenue Bonds consisting of \$3,085,000, Series 2009A, tax-exempt bonds and \$28,915,000, Series 2009B, taxable Build America Bonds. The bond proceeds are to be used to finance a portion of the construction of Parking Garage V, a new multilevel parking garage expected to be completed by August 2010. The bonds are secured by Parking System Revenues and were issued on parity with the current Parking System bonds (Auxiliary Revenue Bonds).

**FLORIDA INTERNATIONAL UNIVERSITY
OTHER REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS –
POSTEMPLOYMENT HEALTHCARE BENEFITS PLAN
JUNE 30, 2009**

| Actuarial Valuation Date (1) | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) - Entry Age (b) (2) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll [(b-a)/c] |
|------------------------------------|--|--|------------------------------------|--------------------------|---------------------------|---|
| 7/1/2007 | \$ - | \$ 48,762,000 | \$ 48,762,000 | 0% | \$ 223,494,966 | 21.8% |
| (1) | \$ - | \$ 45,547,000 | \$ 45,547,000 | 0% | \$ 228,675,000 | 19.9% |

Notes: (1) The most recent actuarial valuation was July 1, 2007. An update, dated October 14, 2008, took into account anticipated PPO cost increases, HMO cost increases, and retiree contribution increases used in the July 31, 2008, report on the Financial Outlook for the State Employees' Group Self-Insurance Trust Fund.

(2) The actuarial cost method used by the institution is the entry-age actuarial cost method.



DAVID W. MARTIN, CPA
AUDITOR GENERAL

AUDITOR GENERAL STATE OF FLORIDA

G74 Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450



PHONE: 850-488-5534
FAX: 850-488-6975

The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited the basic financial statements of Florida International University, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2009, which collectively comprise the University's basic financial statements, and have issued our report thereon included under the heading **INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS**. Our report on the financial statements was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Other auditors audited the financial statements of the aggregate discretely presented component units as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the University's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purposes of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the University's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the University's financial statements that is more than inconsequential will not be prevented or detected by the University's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the University's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements, with which noncompliance could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to University management in our operational audit report No. 2010-096.

Pursuant to Section 11.45(4), Florida Statutes, this report is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, Federal and other granting agencies, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



David W. Martin, CPA
February 22, 2010

This page intentionally left blank

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

May 20, 2010

Subject: Office of Internal Audit Status Report

Proposed Committee Action:

None. Discussion item.

Background Information:

The Office of Internal Audit Report provides the status of audits and investigations since the Finance and Audit Committee last met on February 5, 2010.

Supporting Documentation: Office of Internal Audit Status Report

Facilitator/Presenter: Allen Vann

This page intentionally left blank



Office of Internal Audit Status Report

BOARD OF TRUSTEES

May 20, 2010

Date: April 23, 2010

To: Board of Trustees and Finance and Audit Committee

From: Allen Vann, Audit Director

Subject: OFFICE OF INTERNAL AUDIT STATUS REPORT

COMPLETED AUDITS AND INVESTIGATIONS

Since our last Finance and Audit Committee meeting on February 5, 2010 we completed the following projects:

- 1. Audit of ProCard/Credit Card Solutions Program: Better Controls & Administrative Practices Needed** – We conducted a University-wide audit of ProCard/Credit Card Solutions Program for the period of February 1, 2008 through January 31, 2010. Our audit testing revealed a number of purchases that were either non-compliant or otherwise questionable in nature, which resulted in separately reported investigations.

The Controller's Office has made significant progress in trying to reform the credit card program but due to the decentralized nature of the program and difficulties administering the program, significant control weaknesses persist. Areas that were identified as needing significant improvements include: cancellation of credit cards; administrative oversight; managing credit card limits; approval hierarchy; written procedures governing credit card administration; and periodic retraining of cardholders and approvers. The Controller's Office agreed to implement all of the resultant recommendations.

- 2. Audit of FIU Football Attendance for the 2009 Season** – This audit was requested by the Athletics Director. The objectives of this audit were to certify to the accuracy of attendance at FIU home football games reported to the NCAA for the 2009 season. We found that established controls and procedures are sufficient to reflect reported attendance in conformity with the NCAA requirements. Consequently, the football attendance data reported to the NCAA on the 2009 *Football Paid Attendance Summary* were adequately supported by sufficient, relevant and competent records.

- 3. Review of the Administration of American Reinvestment and Recovery Act Funds Program** – We reviewed the use and reporting of the American Reinvestment and Recovery Act (ARRA) funds received by the University through December 31, 2009. The University was proactive in identifying those areas where ARRA funds were best needed and the required reports filed under the act were accurate and complete. Nevertheless, our review identified ARRA funding areas needing stronger procedures. The Office of Financial Planning and other cognizant management officials agreed to implement our resultant recommendations.
- 4. Investigation of Improper Procurement and Other Activities by the College of Education's Director of Technology** – This report represents the third and final investigation of procurement card use at the College of Education. Based on our investigation, we concluded that the Director of Technology misused the procurement card provided to him by the University by purchasing personal and unallowable items. The Director of Technology using the College's funds engaged in year-end purchases of computers, laptops, monitors, printers and other technology related supplies for the faculty and staff. We observed a considerable amount of underutilized equipment including new computers and printers unopened in their original boxes and excessive supplies on-hand.

As a result of our investigation, the Director resigned and the College implemented recommendations designed to prevent recurrence and to redistribute surplus computer equipment.

- 5. Investigation of Improper Procurement Card Use at the College of Medicine by the Director of Operations and His Former Office Assistant** – Based on information provided by the College of Medicine and the Division of Human Resources, we conducted an investigation into expenditures made using a procurement card assigned to College's Director of Operations. We concluded that the former Office Assistant misused the Director's ProCard by purchasing personal and/or unallowable items. The Director failed to manage his ProCard; and proper controls over ProCard purchases were not maintained.

As a result of our investigation, the Director resigned. The College of Medicine agreed to retrain staff and improve internal controls by and assigning specific supervisory personnel the responsibility of approving ProCard transactions.

WORK IN PROGRESS

| Audits/Investigations | Status |
|---|-----------------------|
| Audit of the University's Information System Continuity Plan | Drafting Report |
| Audit of Financial Controls Over College of Medicine Expenditures | Fieldwork in progress |
| Review of PeopleSoft Upgrade Implementation | Fieldwork in progress |
| Investigation of Enrollment Information Services | Fieldwork in progress |
| Audit of Housing | Planning |

FOLLOW-UP STATUS REPORTS

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

As of April 2010, there are 81 outstanding recommendations, 17 of which are not due for implementation. Of the remaining 64 recommendations, we are pleased to report that management indicated that they completely implemented 61 recommendations (95%) and are working on implementing the remaining 3. Revised target dates were provided for three remaining recommendations.

Attachment A – Follow-up Status Report – Internal Audits

Attachment B – Follow-up Status Report – Operational Audit (Auditor General)

Attachment C – Management Responses to Outstanding Recommendation(s) with Revised Target Dates

FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT

[illegible]

| Report | Audit Issue(s)/Recommendations | Responsible Executive/Director | Status | Original Due Date | Revised Due Date |
|---|--|---|--|--|-------------------------|
| Investigation of Improper Procurement Card Use and Questionable Payroll Transactions in the College of Education Report Issued: November 24, 2009 | 1. Appropriate Disciplinary Action (Rec. #1.1) 2. Reimbursement to the University (Rec. #1.2) 3. Supporting Receipts for ProCard Expenditures (Rec. #1.3) | Wartzok/McDemmond | Yes N/A Yes | 11/09 06/10 01/10 | |
| University Asset Management Accounting Observations Report Issued: December 17, 2009 | 1. Surplus Computers (Rec. #1.1) (Rec. #1.2) (Rec. #1.3) (Rec. #1.4) 2. Donation of Surplus Property (Rec. #2.1) (Rec. #2.2) 3. Attractive Property Items (Rec. #3.1) 4. Asset Tracking (Rec. #4.1) (Rec. #4.2) (Rec. #4.3) | Jessell/Blevens | Yes Yes Yes Yes Yes Yes Yes Yes Yes Yes | 12/09 12/09 12/09 12/09 12/09 01/10 01/10 12/09 12/09 12/09 | |
| Investigation into Allegations Against a Professor at the College of Medicine Report Issued: January 13, 2010 | 1. Conflict of Interest (Rec. #1.1) 2. Violation of Policies/Ethics Laws (Rec. #1.2) 3. Outside Activities (Rec. #1.3) 4. Purchasing Card Training (Rec. #2) 5. FedEx Charges (Rec. #3.1) 6. FedEx Shipments (Rec. #3.2) | Rock/Smithburg | No No No N/A Yes Yes | 04/10 04/10 04/10 06/10 02/10 03/10 | 06/10 06/10 06/10 |
| Investigation of Improper Procurement Card Use & Other Questionable Transactions at the College of Education by the Former Interim Dean Report Issued: January 20, 2010 | 1. Appropriate Disciplinary Action (Rec. #1) 2. Reimbursement to the University (Rec. #2) | Wartzok/McDemmond | Yes N/A | 01/10 04/10 | 06/10 |
| Audit of FIU Football Attendance for the 2009 Season in Accordance with National Collegiate Athletic Association Operating Bylaws Report Issued: February 10, 2010 | There are sufficient controls and procedures for recording attendance in conformity with the National Collegiate Athletic Association. (No Recommendations) | Pete Garcia | Yes | 02/10 | |
| Investigation of Improper Procurement and Other Activities by the College of Education's Director of Technology Report Issued: February 22, 2010 | 1. Appropriate Disciplinary Action (Rec. #1) 2. Reallocate Surplus Technology Equipment (Rec. #2) 3. Supervision of Technology Area (Rec. #3) 4. Outside Activities (Rec. #4) | Wartzok/McDemmond | Yes Yes Yes Yes | 02/10 04/10 02/10 04/10 | |
| Review of the Administration of American Reinvestment & Recovery Act Funds Program Report Issued: March 9, 2010 | 1. Review of ARRA Charges (Rec. #1.1) 2. Adjuncts Use of ARRA Funds (Rec. #1.2) 3. Compliance Documents for Projects (Rec. #1.3) 4. Personnel Knowledge of Compliance (Rec. #1.4) | Jessell/Martinez Jessell/Cal Jessell/Martinez | Yes Yes N/A N/A | 03/10 03/10 06/10 07/10 | |
| Investigation of Improper Procurement Card Use at the College of Medicine by the Director of Operations & His Former Office Assistant Report Issued: March 15, 2010 | 1. Revoke the Director's ProCard (Rec. #1) 2. Reimbursement to the University (Rec. #2) 3. Establish ProCard Controls (Rec. #3) 4. Purchasing Card Training (Rec. #4) 5. Appropriate Disciplinary Action (Rec. #5) | Rock/Smithburg | Yes N/A Yes Yes Yes | 03/10 08/10 03/10 03/10 03/10 | |

FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT
FOLLOW-UP STATUS REPORT - OPERATIONAL AUDIT
AS OF APRIL 2010

The following summarizes current status of audit issues from the State Auditor's Operational Audit (Report No. 2010 -096)

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

| Finding Number & Area | Audit Issue(s)/Finding | Responsible Executive/Director | Status | Original Due Date | Revised Due Date |
|---|--|---------------------------------------|---------------|--------------------------|-------------------------|
| Finding No. 1 Policies for Reporting Fraud | Develop comprehensive fraud policies for the detection, prevention, and reporting of fraud. These policies should be submitted to the Board of Trustees for their approval. | Jessell | Yes | 02/10 | |
| Finding No. 2 Direct Purchase of Construction Materials | Establish written policies and procedures for the direct purchase of construction materials. In addition, for future construction contracts, take advantage of sales tax exemptions or document how greater savings were achieved by the CM making the purchases. | Cal | N/A | 06/10 | |
| Finding No. 3 Design Professionals Liability Insurance | Establish written policies and procedures prescribing minimum liability insurance coverage requirements for design professionals. Additionally, enhance procedures to ensure that insurance coverage for design professionals is provided through completion of the project. | Cal | N/A | 06/10 | |
| Finding No. 4 Collection of Social Security Numbers | Continue efforts to ensure that the required written statements are provided to individuals when their SSNs are collected to ensure compliance with Section 119.071(5) (a), Florida Statutes. | Kelly/Jaffus | Yes | 02/10 | |
| Finding No. 5 Parking Citations Receivables | Ensure that sufficient identifying information is obtained for all individuals issued parking citations and that academic holds are timely placed on students' records for nonpayment of obligations. | Martinez/Foster | Yes | 02/10 | |
| Finding No. 6 Tangible Personal Property Records | Strengthen procedures to ensure that the property records are complete and accurate. When personnel cannot locate property items, missing property item reports should be filed with the appropriate law enforcement agency. Also, property transfer forms or off-campus use forms should be completed to document approval for transfers or off-campus use of property. | Blevens/Carmenate | N/A | 06/10 | |
| Finding No. 7 Property Deletions | Strengthen procedures to ensure accurate completion of survey forms for property deletions. | Blevens/Carmenate | N/A | 06/10 | |
| Finding No. 8 Vehicle Records | Implement procedures to ensure that University-owned vehicle usage is adequately documented and approved by the vehicle user department. | Martinez/Foster | N/A | 06/10 | |
| Finding No. 9 Monitoring Fuel Efficiency of Vehicles | Continue efforts to monitor the reasonableness of fuel consumption, but also establish monitoring procedures sufficient to ensure the accuracy of odometer readings recorded in the system. In addition, University records should document the resolution of exceptions disclosed by monitoring procedures. | Martinez/Foster | N/A | 06/10 | |

| Finding Number & Area | Audit Issue(s)/Finding | Responsible Executive/Director | Status | Original Due Date | Revised Due Date |
|--|---|---------------------------------------|---------------|--------------------------|-------------------------|
| Finding No. 10 Decentralized Collections- The School of Hospitality & Tourism Management | Strengthen procedures at the School of Hospitality and Tourism Management to ensure that checks received are restrictively endorsed, and recorded to a mail receipt log, immediately upon receipt; transfer documents are used to evidence the transfer of collections between employees; and collections remitted to the Student Financials Office are periodically reconciled to the accounting records. | Remington/Qureshi | N/A | 06/10 | |
| Finding No. 11 Purchasing Card Program | Enhance procedures to ensure that purchasing card credit limits serve the intended purpose of its purchasing card program; credit limit increases that allow for high dollar transactions are closely monitored to ensure that purchases do not circumvent competitive procurement policies; the purchasing card accounts of former employees are closed in a timely manner; purchasing card purchases and supervisory approval of charges are made in accordance with established procedures; and cardholders maximize savings by taking advantage of the University's tax exempt status when using the purchasing card. | Blevens/Duenas | Yes | 03/10 | |
| Finding No. 12 Competitive Procurement | Ensure that goods and services are procured using a competitive selection process as required by Board of Governors Regulation 18.001 and the University's Manual, or properly document that such procurements are exempt from competitive selection requirements. In addition, procedures should be enhanced to ensure that purchases are not split that otherwise would be subject to the University's competitive selection process. | Blevens/Carmenate | Yes | 02/10 | |
| Finding No. 13 Contractual Agreements | Continue efforts to ensure that written agreements or detailed purchase orders are used for purchases of goods and services. | Blevens/Carmenate | Yes | 02/10 | |

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**

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

| |
|--|
| Investigations into Allegations Against a Professor at the College of Medicine (January 2010) |
|--|

1. Audit Issue: **Conflict of Interest** (Recommendation #1.1)
Status: Not Implemented

Recommendation:

The College should determine whether the Professor's outside activities represent a conflict of interest.

Action Plan to Complete:

The faculty member completed the Conflict of Interest Form. The College of Medicine's Legal Counsel forwarded information to The Office of Sponsored Research, which is reviewing the matter and will advise COM if the outside activities represent a conflict of interest.

Original Target Date: April 30, 2010

New Target Date: June 30, 2010

2. Audit Issue: **Violation Policies/Ethics Laws** (Recommendation #1.2)
Status: Not Implemented

Recommendation:

The College should ask the University's General Counsel to review and determine whether the Professor's use of his affiliation with the University violated University policies and State Ethics laws.

Action Plan to Complete:

COM will work with the University's General Counsel and the Office of Sponsored Research Administration to review and determine whether the Professor's use of his affiliation with the University violated University policies and State Ethics laws.

Original Target Date: April 30, 2010

New Target Date: June 30, 2010

3. Audit Issue: **Outside Activities** (Recommendation #1.3)
Status: Not Implemented

Recommendation:

The College in consultation with the Provost should review the circumstances of the Professor's failure to complete an Outside Activities form and take appropriate action.

Action Plan to Complete:

COM will work with the Provost in order to review the circumstances of the Professor's failure to complete an Outside Activities Form and take appropriate action.

Original Target Date: April 30, 2010

New Target Date: June 30, 2010

This page intentionally left blank

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

May 20, 2010

Subject: University Compliance Report

Proposed Committee Action:

None. For information only.

Background Information:

The University Compliance Program Report provides an update on the status of compliance initiatives since the last report dated January 15, 2010. The Identity Theft Prevention Program Annual Report addresses the effectiveness of the policies and procedures in addressing the risk of identity theft.

Supporting Documentation:

University Compliance Program Report

Identity Theft Prevention Program: Annual Report to
the Finance and Audit Committee, Florida
International University Board of Trustees

Facilitator/Presenter:

Leyda Benitez

This page intentionally left blank



MEMORANDUM

University Compliance Office

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

From: Leyda Benitez
University Compliance Officer

Subject: University Compliance Program Report

Date: April 21, 2010

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 January 15, 2010.

I. Executive Summary:

Since the last report to this Committee, significant efforts have been dedicated to the area of athletics compliance, as oversight responsibility for the Athletics Compliance Office has been assigned to the University Compliance Officer.

Significant efforts have also been dedicated to the area of privacy, as the University continues to strengthen and refine the policies and procedures and education and training programs dedicated to compliance with the Health Insurance Portability and Accountability Act of 1996 and implementing regulations.

The first annual report of the Identity Theft Prevention Program has been prepared and is hereby presented to this Committee for its review and consideration.

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

1. Athletics Compliance Office Oversight: Since the last report to this Committee, the University Compliance Officer has been assigned responsibility and oversight of the Athletics Compliance Office at Florida International University. This Office is charged with ensuring that the University has in place the necessary processes, policies and

procedures to abide by all applicable NCAA legislation in the conduct of the University's athletics activities and operation. In order to promote compliance, this Office has a significant role in providing education and training regarding NCAA legislation to the various areas within the University that interface with athletics and with our student athletes. Such University areas include, without limitation, Admissions, Financial Aid, Housing, the Registrar's Office and the Student Athlete Academic Center ("SAAC"). Directly overseeing the Athletics Compliance Office is Bill Bryant, Special Assistant to the General Counsel on Athletics Compliance.

2. Athletics Compliance Education and Training: Education and training efforts by the Athletics Compliance Office include:
 - a. Athletic Department Compliance Meetings. Attendance at these monthly meetings is mandatory for staff and coaches. These meetings provide for review of NCAA rules, compliance procedures, explanations and reminders of upcoming timelines and deadlines. President Mark B. Rosenberg presented to the group during the February 9, 2010 meeting and stressed the importance of remaining vigilant about the institution's NCAA compliance obligations.
 - b. NCAA Rules Education: Student Services. A rules education session was conducted for those employees in the student services areas on February 25, 2010. Participants included representatives from Admissions, Financial Aid, Housing, the Registrar's Office, SAAC, the Faculty Athletics Representative ("FAR") and the Vice President for Enrollment Services.
 - c. NCAA Rules Education: Coaching Staff. Individual rules presentations were held for the coaching staffs of the football, men's basketball, and baseball staffs to provide discussion of the NCAA regulations with emphasis on the sport specific applicable rules.
 - d. NCAA Eligibility. Weekly student-athlete eligibility meetings were held throughout the first half of the semester. These meetings provide for review of NCAA rules and the completion of the NCAA eligibility documentation.
 - e. Academic Progress. Regular meetings were held with the staff of the SAAC to discuss pertinent NCAA regulations, eligibility processing and current issues. The Assistant Registrar and the FAR participated in these meetings when relevant topics were covered.
 - f. NCAA Rules Education: Complimentary Admissions. On February 4, 2010 a meeting was held with the athletics compliance staff, the ticket office and the baseball and softball staffs to discuss issues surrounding complimentary admissions to games.
3. Athletics Compliance Work Groups: Several work groups meet throughout the academic year to review and evaluate current

processes and procedures in areas of athletics compliance. The work groups are comprised of members of the Athletics Compliance Office and various campus offices. During the 2010 Spring term the Admissions Work Group, the Eligibility Work Group, the Financial Aid Work Group and the Transfer Work Group have met in an ongoing effort to ensure broad-based involvement in all aspects of athletics compliance. These work groups provide for improved communication, review of policies and procedures, and continuing education of campus staff about NCAA rules.

4. Eligibility Processing: The Eligibility Work Group hosted a meeting with the Academic Liaisons for the various colleges and schools and the SAAC staff members. The meeting, held on March 12, 2010, was led by William Beesting, Associate Dean of Undergraduate Education and Interim Director of SAAC. The meeting focused on the eligibility certification process and ways to improve the efficiency of the process. This meeting allowed for open communication and discussion, introduction of a recently revised form to track eligibility, and an opportunity to answer any questions posed by the group.
5. Sun Belt Conference Compliance Review: On April 28th through the 30th, 2010, the University will undergo a compliance review which is required to take place every four years by the NCAA. This compliance review will be conducted by a representative of the Sun Belt Conference who will meet with representatives from the Athletics Compliance Office and the various University offices that interface with athletics regarding the University's processes to ensure compliance with NCAA legislation.
6. Title IX Athletics Compliance Work Group: A work group comprised of representatives from Athletics, Athletics Compliance, Equal Opportunity Programs & Diversity, Office of the General Counsel, Planning & Institutional Research and University Compliance have met on at least two occasions, February 22, 2010 and March 19, 2010, to discuss the University's gender equity in intercollegiate athletics to assure compliance with Title IX of the Education Amendments of 1972, a federal law that prohibits sex discrimination in any educational program or activity at any educational institution that is a recipient of federal funds. This work group will continue to meet on a periodic basis and will come up with recommendations and findings regarding the University's compliance status.
7. Clinical Trials Office Work Group: This work group consisting of representatives from the Division of Research, the Herbert Wertheim College of Medicine, Finance and Administration, Controller's Office and University Compliance continues to meet on a regular basis. The goal of this work group is to recommend the structure and functions of a Clinical Trials Office ("CTO") that would serve to facilitate the various scientific, financial and regulatory aspects of a clinical trial

from its inception (*e.g.* protocol development) through close out (*e.g.* billing compliance). The work group expects to complete its recommendations by the end of FY 2009-2010.

8. Compliance Education and Training: Since the last report, the University Compliance Office's education and training efforts include:
 - a. Compliance and Ethics Education and Training for New Employees: The University Compliance Office continues to provide education and training on compliance and ethics to new employees during orientation.
 - b. Export Controls: At the request of the Associate Director for Sponsored Research Administration, the University Compliance Officer assisted in the review of an online training program to ensure compliance with export controls. Under the University's Export Controls policy, any project with export control requirements that is accepted by the Office of Sponsored Research Administration ("OSRA") may not be commenced until the principal investigator has undergone the export control training provided by the University Compliance Office and OSRA. These online modules will facilitate the principal investigator's compliance with this training requirement.
 - c. HIPAA Education and Training:
 - i. Since the last report to this Committee, HIPAA education has been offered on three occasions: January 27, March 24 and April 6, 2010. In addition, a regular schedule for HIPAA education and training sessions has now been established with sessions taking place at least twice a month.
 - ii. On May 13, 2010, HIPAA education and training will be provided to the students from the College of Medicine, Nursing and Social Work who will be participating in the Neighborhood Health Program.
 - iii. The University Compliance Office is participating in the Media and Technology Support, Division of Information Technology Services' pilot phase of the deployment of the Moodle learning management system that will allow for the HIPAA education modules to be placed on-line.
 - d. Identity Theft Prevention: The next education and training session on identity theft prevention is scheduled to take place on May 5, 2010. At its March 18, 2010 meeting, the Identity Theft Prevention Committee recommended that these training sessions take place on a quarterly basis or more frequently as may be requested by a University department or unit whose employees need to receive this training.

9. E-commerce and Payment Card Industry Data Security Standard ("PCI DSS"): The University's comprehensive Payment Card Processing policy and implementing procedures were presented and approved by the University's senior leadership effective April 8, 2010. The policy serves to provide the institutional framework for compliance with PCI DSS.
10. EthicsPoint Communications Campaign: The existence of the EthicsPoint hotline has been incorporated into the compliance and ethics presentation provided to new employees during their New Employee Experience. In addition, the University Compliance Officer worked closely with External Relations, the Office of the President, and the Office of the Chief Financial Officer & Senior Vice President for Finance & Administration on a communications campaign to ensure that the existence of this hotline is broadly communicated to the University community of faculty, staff and students.
11. H1N1 Special Assignment Group: Previously reported were the workings of this Special Assignment Group in connection with the University's H1N1 vaccination efforts. Thankfully this Group has not had the need to meet in quite a number of months now and per Dorothy Miller, Assistant Director of Emergency Management, this Group is now disbanded.
12. Higher Education Opportunity Act Compliance: The Office of the General Counsel and University Compliance Office have developed a comprehensive work plan to address the various areas impacted by the regulations issued under the Higher Education Opportunity Act and implement any necessary changes. Memoranda outlining the new reporting and disclosure requirements have been circulated to various University representatives. The Office of the General Counsel and the University Compliance Office will provide guidance and assistance to the various areas with regards to implementation efforts.
13. Identity Theft Prevention Program: The Identity Theft Prevention Committee met on March 18, 2010. A copy of the Identity Theft Prevention Program's Annual Report is attached.
14. Summer Camps/Programs Involving Minors: This project is ongoing, with programs or activities currently being reviewed on a case-by-case basis by the work group. A final recommendation needs to be reached regarding where ultimate responsibility for approval of these activities will rest. The work group must reconvene to finalize its recommendations. The goal is to present the framework for approval of these activities to senior leadership by no later than June 1, 2010.
15. University Web Policies and Procedures: This work group, consisting of representatives from Academic Affairs, Information Technology,

External Affairs and Media Relations, General Counsel and University Compliance has developed a number of policies, procedures and guidelines to be used in connection with University Web sites and social networking media. These documents are under review. This work group will finalize the documents and present them to senior leadership prior to June 30, 2010.

16. University Policies and Procedures Library:

- a. The University Compliance Office has completed the project of transitioning all University policies into the new template. The only area remaining with procedures to be transitioned is International Student & Scholar Services (“ISSS”). A number of these procedures were recently updated by the ISSS staff. The procedures have been numbered and have been reviewed by the ISSS staff. The University Compliance Office is in the process of reviewing each of the 42 procedures prior to posting them to the University’s Policies and Procedures Library.
- b. Since the last report to this Committee, the following areas have added new policies or had existing policies revised or transitioned and posted to the University’s Policies and Procedures Library:
 - i. Board of Trustees
 - 1. Operating Procedures of the Florida International University Board of Trustees (Amended February 20, 2010)
 - ii. Division of Finance & Administration
 - 1. Concession Fund Policy
 - 2. Payment Card Processing
 - iii. FIU Foundation
 - 1. Trademark Policy
 - 2. Establishment of Endowment
 - 3. FIU Foundation, Inc. Employee Business Meal Reimbursement Policy
 - 4. FIU Foundation, Inc. Gift Reimbursement Policy
 - 5. FIU Foundation, Inc. Non-Cash Gifts Policy
 - 6. Foundation Reserves
 - 7. Travel: FIU Foundation, Inc. Travel Reimbursement Policy
 - iv. FIU Libraries
 - 1. Building Use Policy for University Libraries
 - 2. Circulation of Library Materials
 - 3. Collection Development at University Libraries
 - 4. Collection Gifts Policy for University Libraries

5. Course Reserves at University Libraries
 6. Internet Access Policy for University Libraries
 7. Privacy Concerning Use of Library Resources
 8. Access Services for Persons with Disabilities at University Libraries
- v. Office of Internal Audit
1. Office of Internal Audit Policy and Charter
- vi. Office of Sponsored Research Administration
1. Eligibility to Submit a Proposal as Principal Investigator
 2. Stipend and Other Payments to Students and Temporary Personnel on Sponsored Projects
 3. Conflict of Interest in Research
 4. Transfer of Sponsored Projects
 5. Use of Facilities and Administrative Costs

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 May 20, 2010. As always, I welcome your questions, comments and concerns.

Thank you for your kind attention and consideration.



MEMORANDUM

University Compliance Office

To: Kenneth Jessell, Chief Financial Officer and Senior Vice President of Finance and Administration

From: Leyda Benitez
University Compliance Officer and Interim Privacy Officer

Subject: Identity Theft Prevention Program: Annual Report to the Finance and Audit Committee, Florida International University Board of Trustees

Date: April 21, 2010

As you know, the Identity Theft Prevention Committee met on March 18, 2010 in preparation for the submission of this annual report. Your presentation to the Committee at this meeting stressed the University's commitment to the Identity Theft Prevention Program as the institution safeguards its people and resources against this very serious crime.

The Identity Theft Prevention Program Annual Report to the Finance and Audit Committee, Florida International University Board of Trustees is attached to this memorandum.

Thank you.

LB:jab

Attachment



Identity Theft Prevention Program

Annual Report

Presented to the
Finance and Audit Committee

Florida International University
Board of Trustees

Prepared by:
Leyda Benitez
University Compliance Officer
and Interim Privacy Officer
April 21, 2010

Pursuant to the requirements of the Federal Trade Commission's Red Flags Rule, this report is submitted on behalf of the University's Identity Theft Prevention Committee¹ to the Finance and Audit Committee of the Florida International University Board of Trustees.

Background

On March 2, 2009, Florida International University's written Identity Theft Prevention Program was approved by the Operations Committee and the University President. Pursuant to the requirements of the Red Flags Rule, the initial Identity Theft Prevention Program was presented and approved by the Finance and Audit Committee of the Florida International University Board of Trustees on March 30, 2009, and by the full Board on March 31, 2009, to be effective as of August 1, 2009.²

The Identity Theft Prevention Program aims at detecting, preventing and mitigating identity theft in connection with "covered accounts" opened or maintained by Florida International University.³ At the University, covered accounts are student financial aid loan accounts, short-term loan accounts, emergency loan accounts, and student and staff PantherCARD debit accounts.

Annual Report

The Federal Trade Commission's Red Flags Rule requires that the University submit to the University's Board of Trustees, or appropriate committee thereof, an annual report that addresses the effectiveness of the policies and procedures in addressing the risk of identity theft and that provides relevant information regarding the institution's:

- Experiences with identity theft
- Methods of identity theft
- Changes in methods to detect, prevent, and mitigate identity theft
- Changes in the type of accounts the institution offers or maintains, and
- Changes in the business arrangements including mergers, acquisitions, alliances, joint ventures, and service provider arrangements

¹ The members of the University Identity Theft Prevention Committee are set forth in Appendix "A."

² A time line for the creation and implementation of the University's Identity Theft Prevention Program is set forth in Appendix "B."

³ "Covered accounts" are defined as accounts maintained by the University that involve or are designed to permit multiple payments or transactions. Covered accounts also include those accounts for which there is a reasonably foreseeable risk to customers or to the safety and soundness of the institution from identity theft including financial, operational, compliance, reputation or litigation risks.

The Identity Theft Prevention Committee met on March 18, 2010 in order to gather the necessary information for the submission of this annual report. The required items for the annual report are addressed below.

Experiences with, and Methods of, Identity Theft:

The Committee discussed, in detail, the effectiveness of the University's Identity Theft Prevention Program in addressing the risks of identity theft since its inception. Several Committee members noted that the various University areas covered by these requirements have become more savvy in identifying and raising questions regarding identification documents that appear to be false. In addition, the employees from the various areas are checking identification documents more carefully to ensure that they match the person who is actually presenting these documents. The fact that the identity theft prevention education and training has been helpful in this regard was specifically noted by representatives from Human Resources, Student Financials, and Student Affairs.

Two instances of identity theft with regards to the payment of tuition and fees were specifically discussed and the Committee brainstormed regarding what additional safeguards could be put in place to prevent this crime in the future.

The Committee reached out to Chief Bill King, University Public Safety, in order to obtain a list of reported incidents of identity theft. A total of twelve (12) incidents involving identity theft have been reported during the period from August 1, 2009 through March 18, 2010. Of these,

- Two (2) cases involved fraudulent use of credit cards for tuition and fees (these incidents were discussed at length during the Committee meeting);
- One (1) case involved identity theft by or through fraudulent access to credit card equipment; and
- Nine (9) cases involved identity theft through fraudulent use of lost or stolen PantherCARD ID debit cards.⁴

Changes in methods to detect, prevent, and mitigate identity theft

In order to continue to prevent identity theft, the Committee stressed the importance of continuing to provide education and training opportunities. The comprehensive education and training program developed through the Committee will be scheduled to take place in May, 2010 and at least quarterly thereafter. This education and training program will also be presented to University departments, units, and outside vendors, upon request.

⁴ A detailed list of the incident reports is set forth as Appendix "C."

One topic that was discussed, at length, by the Committee, was the level of difficulty in authenticating the identity of an individual who is calling to request specific account information. The development of a set of standard, simple questions that will be used by the various University areas to authenticate identity was stated as a Committee goal. These questions would be used in conjunction with one or two additional questions unique to the area the person is calling (e.g., Financial Aid, Registrar's, Human Resources).

The Committee also discussed proposed revisions to the Identity Theft Prevention Program to provide more detailed information regarding the requirements that must be met by any University department or unit that needs to collect or maintain an individual's social security number.⁵

Changes in type of accounts the institution offers or maintains

The Committee determined no additional changes were needed to the Identity Theft Prevention Program regarding the types of accounts offered.

The Committee discussed the fact that the University is in the process of assessing the purchase of an "intelligent card" in the future but, to date, this has not occurred.

Changes in the business arrangements including mergers, acquisitions, alliances, joint ventures, and service provider arrangements

The Identity Theft Prevention Committee recently added a representative from the Business Services Office in order to strengthen the coordination of efforts between the University's Identity Theft Prevention Program and service providers on campus who accept the PantherCARD debit card. These vendors were requested to attend the Identity Theft Prevention Program education and training program. The Committee will continue to more thoroughly assess these vendors readiness in the detection, prevention and mitigation of identity theft in the upcoming months.

LB:jab

Attachments

⁵ The University's Identity Theft Prevention Program, with proposed revisions in tracked form, is set forth as Appendix "D."

APPENDIX “A”

MEMBERS OF THE UNIVERSITY’S IDENTITY THEFT PREVENTION COMMITTEE:

Leyda Benitez, University Compliance Officer and
Interim Privacy Officer, Co-Chair
Leyda.Benitez@fiu.edu

JoAnn Bova, Paralegal, University Compliance Office
Joann.Bova@fiu.edu

Mercedes Cesin, Coordinator, PantherCARD Office
Mercedes.Cesin@fiu.edu

Hilma Fermin, Controller’s Office, Student Financials
Hilma.Fermin@fiu.edu

Cheryl Granto, IT Security Officer, Co-Chair
Cheryl.Granto@fiu.edu

Ruth Hamilton, Executive Director, Graham Center
Ruth.Hamilton@fiu.edu

Ana Jimenez, Assistant Director, HR Recruitment
Ana.Jimenez@fiu.edu

Jeff Krablin, Assistant Vice President, Business Services
Jeff.Krablin@fiu.edu

David Lannom, Computer Operations Manager, Graham Center
David.Lannom@fiu.edu

Sanyo Mathew, Assistant Director, PantherCARD Office
Sanyo.Mathew@fiu.edu

Francisco Valines, Director, Financial Aid
Francisco.Valines@fiu.edu

Claudia Zapata, Administrative Assistant, University Libraries
Claudia.Zapata1@fiu.edu

PROGRAM ADMINISTRATION OVERSEEN BY:

Kenneth Jessell, Chief Financial Officer and Senior Vice President of
Finance & Administration
Kenneth.Jessell@fiu.edu

APPENDIX “B”

FTC TIMELINE:

| <i>Date</i> | <i>Event</i> |
|------------------|---|
| November 1, 2008 | FTC enforcement date for Red Flags Rule (delayed to 5/1/2009) |
| May 1, 2009 | FTC enforcement date for Red Flags Rule (delayed to 8/1/2009) |
| August 1, 2009 | FTC enforcement date for Red Flags Rule (delayed to 6/1/2010) |
| June 1, 2010 | FTC enforcement date for implementation of Red Flags Rule |

FIU MEETINGS:

| <i>Date</i> | <i>Event</i> |
|-------------------|---|
| October 21, 2008 | Telephone conference: Leyda Benitez, Cheryl Grant, Francisco Valines, JoAnn Bova |
| October 22, 2008 | Educause Seminar: Leyda Benitez, Cheryl Grant |
| December 5, 2008 | Red Flags Rule work group meeting |
| January 14, 2009 | Red Flags Rule work group meeting |
| January 28, 2009 | Red Flags Rule work group meeting |
| February 17, 2009 | Telephone conference: Leyda Benitez, Steve Kelly, Francisco Valines |
| February 17, 2009 | Meeting with Leyda Benitez, Ruth Hamilton and Felecia Townsend |
| March 2, 2009 | FIU Operations Committee approves Identity Theft Prevention Program |
| March 2, 2009 | FIU President approves Identity Theft Prevention Program |
| March 26, 2009 | Meeting with Leyda Benitez and Ana Jimenez (HR) |
| March 30, 2009 | Finance and Audit Committee of the FIU Board of Trustees approves Identity Theft Prevention Program |
| March 31, 2009 | Full FIU Board of Trustees approves Identity Theft Prevention Program |
| April 3, 2009 | Identity Theft Prevention Committee meeting |
| April 15, 2009 | Identity Theft Prevention Committee meeting |
| April 29, 2009 | Identity Theft Prevention Committee meeting |
| May 3, 2009 | Agenda Briefing |
| May 19, 2009 | Meeting with Leyda Benitez, Cheryl Grant |
| May 28, 2009 | Meeting with Leyda Benitez, Cheryl Grant |
| June 4, 2009 | Meeting with Leyda Benitez, Cheryl Grant and Claudia Zapata |
| June 22, 2009 | Meeting with Leyda Benitez, Cheryl Grant |
| July 13, 2009 | Meeting with Ana Jimenez (HR) |
| August 1, 2009 | Effective date for FIU Identity Theft Prevention Program |
| March 18, 2010 | Identity Theft Prevention Committee meeting |

FIU IDENTITY THEFT PREVENTION EDUCATION AND TRAINING:

| <i>Date</i> | <i>Identity Theft Prevention Program Training</i> |
|------------------|---|
| July 14, 2009 | Human Resources |
| July 21, 2009 | BBC (Parking & Transportation, UHS, Student Financials, HR) |
| July 22, 2009 | BBC (Parking & Transportation, Health Clinic, Student Financials, School of Journalism) |
| October 9, 2009 | Graham Center (Student Affairs [BBC and MMC], Student Financials, and Vendors) |
| October 29, 2009 | Enrollment Services (Admissions, Registrar, Financial Aid) |

APPENDIX "C"

| Date | Case ID # | Offense | Details | Value |
|------------|-----------|---|---|-------------------|
| 8/25/2009 | 00889 | Theft/Fraud | Fraudulent use of PantherCard; card had \$500 available; card used 3 times in Breezeway Café totaling up to \$118.11; remaining balance \$381.89; new card issued by GC I.D. office. Case card issued; case closed. | \$118.11 |
| 8/27/2009 | 00913 | Theft/Fraud/Fraud Electronic | Financial Aid; between 7/29/09 and 8/10/09, twenty (20) attempts by student "A" to pay student "B's" outstanding balance from 11 credit cards; 17 unsuccessful, 3 successful. Unauthorized payments on student account totaled \$913.19; two on 8/5/09 for \$202.98 and \$213.18; third payment on 8/10/09 in the amount of \$497.03. Student "A" arrested. | 913.19 |
| 9/18/2009 | 01042 | Theft/Fraud | Financial Aid; student account received unauthorized payment of \$311.17 on 9/13/09. Case pending and under investigation (active). | 311.17 |
| 10/20/2009 | 01253 | Theft/Fraud | Stolen property from GC Cafeteria; drivers' license, credit cards, wallet, cell phone, money (\$40), etc. Stolen credit card used at Game Stop in Dolphin Mall. Case open, but inactive. | 155.00 |
| 10/15/2009 | 01258 | Theft/Fraud | Unauthorized credit by student to his personal bank credit card in the amount of \$4,000 while employed at FIU REC Center, BBC Campus. Student arrested. | 4,000.00 |
| 11/16/2009 | 01424 | Theft/Fraud | FIU employee accessed university building between 10/5/09 and 10/7/09 and downloaded pornographic material paid for with misappropriated professor's ProCard. Total charge \$19.95. Arrested and charged with one count of fraudulent use of credit card and theft. | 19.95 |
| 11/18/2009 | 01440 | Fraud/Electronic/Computer/Wire | FIU student (Juvenile) lost PantherCard in GC; Meals charged on 11/16/09 in the amount of \$38.11. Case open, but inactive. | 38.11 |
| 1/20/2010 | 00098 | Fraud Other | FIU student PantherCard lost with \$450.00 PantherBucks on card; purchases made by unknown suspect. Case card issued; case open and active. | 450.00 |
| 1/21/2010 | 00111 | Theft/Fraud | FIU PantherCard missing; card used four separate occasions; transactions totaled \$100.05. Case open, but inactive. | 100.05 |
| 2/20/2010 | 00275 | Theft/Other, Fraud, Fraud by Identity Theft | FIU student wallet removed from unsecure purse in BBC library on 2/20/10. Checks have been falsely issued and credit card used. Bank has been notified to cancel card; \$963.68 removed from account by check fraud and credit card theft. Case pending and active. | 963.68 |
| 2/23/2010 | 00292 | Theft/Fraud | FIU student lost wallet on campus; reported to bank and credit card company; credit card used fraudulently on campus vending machines in the amount of \$12.00. Case open, but inactive. | 12.00 |
| 3/8/2010 | 00372 | Theft/Fraud by False Pretense | Student's wallet missing on 3/4/10, but reappeared two days later; not reported to public safety. Student noticed a 3/5/10 unauthorized purchase was made on PantherCard on campus and then notified public safety. Case pending and active. | 10.00 |
| TOTAL | | | | <u>\$7,091.26</u> |

Appendix “D”

April, 2010 Recommended Revisions Appear in

Tracked Form

Florida International University

Identity Theft Prevention Program

Effective beginning August 1, 2009

I. PROGRAM ADOPTION

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

II. DEFINITIONS AND PROGRAM

A. Red Flags Rule Definitions Used in this Program

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

B. Fulfilling Requirements of the Red Flags Rule

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

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

III. IDENTIFICATION OF RED FLAGS

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

A. Notifications and Warnings from Credit Reporting Agencies

Red Flags

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

B. Suspicious Documents

Red Flags

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

C. Suspicious Personal Identifying Information

Red Flags

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

D. Suspicious Covered Account Activity or Unusual Use of Account

Red Flags

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

E. Alerts from Others

Red Flags

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

IV. DETECTION OF RED FLAGS

A. Student Enrollment and Student and Staff Issuance of PantherCARD

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

Detect

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

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

B. Existing Accounts Involving Students

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

Detect

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

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

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

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

V. PREVENTING AND MITIGATING IDENTITY THEFT

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

A. Prevent and Mitigate

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

B. Protect Student Identifying Information

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

1. Ensure that its Web site is secure or provide clear notice that the Web site is not secure.
2. Ensure complete and secure destruction of paper documents and computer files containing student account information when a decision has been made to no longer maintain such information.
3. Ensure that office computers with access to Covered Account information are password protected.

4. Avoid use of social security numbers as, under Florida law, the collection and use of social security numbers is only permitted when either specifically authorized by law or imperative for the performance of the University's duties and responsibilities. Please note that any department/unit that collects social security numbers from individuals must provide written notification to the individuals stating the purpose for such collection. For additional safeguards regarding the use and collection of social security numbers see Section V, Subsection C below.
5. Ensure computer virus protection is up-to-date.
6. Require and keep only the kinds of student identifying information that are necessary for University purposes.

C. Use and Collection of Social Security Numbers

Identity thieves covet social security numbers (SSNs) because they can be used as tools to perpetuate fraud against individuals by facilitating the acquisition of sensitive financial, medical, and familial information. As a result, and in accordance with Florida law requirements, the University will take the following steps in order to protect SSNs:

1. Departments or units of the University may not collect an individual's social security number unless:
 - a. They are specifically authorized by law to do so; or
 - b. It is imperative for the performance of that department or unit's duties and responsibilities as prescribed by law; and
 - c. They provide a written statement to the individuals whose SSNs they are collecting indicating the purpose for the collection and whether such collection is authorized or mandatory under federal or state law.
2. The department or unit shall identify in writing the specific federal or state law governing the collection, use, or release of SSNs for each purpose for which it is collecting the SSN, including any authorized exceptions that apply to such collection, use, or release.
3. SSNs collected by the department or unit may not be used by the department or unit for any purpose other than the purpose provided in the written statement.
4. Departments or units that collect or maintain SSNs must abide by the requirements of the University Data Stewardship Procedure.

VI. PROGRAM ADMINISTRATION

A. Oversight

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

B. Staff Training and Reports

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

C. Service Provider Arrangements

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

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

D. Program Updates

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

Proposed Revision Date(s): April 9, 2010

This page intentionally left blank

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

May 20, 2010

Subject: Foundation Report

Proposed Committee Action:
None. For Information Only.

Background Information:

The FIU Foundation, Inc. Report contains the Preliminary Financial Statements Recap and Investment Summaries as of March 31, 2010.

Supporting Documentation: FIU FOUNDATION, INC. – Preliminary Financial Statements Recap & Investment Summaries, March 31, 2010

Facilitator/Presenter: Richard Brilliant, *Treasurer, FIU Foundation Inc., Board of Directors*

This page intentionally left blank

FIU FOUNDATION, INC.

**PRELIMINARY
FINANCIAL STATEMENTS RECAP
& INVESTMENT SUMMARIES**

March 31, 2010

This page intentionally left blank

FIU FOUNDATION, INC.
Preliminary Recap of Statement of Activities
Through the Period Ended March 31, 2010

(In Thousands of Dollars)

| | 2009-10 9-Month Budget | 2009-10 9-Month Actuals | Variance | | 2009-10 Annual Budget | 2008-09 9-Month Actuals | 2008-09 Total Year Actuals |
|---|---------------------------------------|--|-------------------|------|--------------------------------------|--|---|
| REVENUES: | | | | | | | |
| <u>Contributions:</u> | | | | | | | |
| Endowments | \$ 2,017 | \$ 8,489 | \$ 6,472 | [1] | \$ 4,273 | \$ 1,521 | \$ 3,169 |
| Non-Endowed Funds: | | | | | | | |
| Scholarship & Programs | \$ 3,212 | \$ 6,482 | \$ 3,270 | [2] | \$ 4,100 | \$ 5,391 | \$ 6,986 |
| Building Funds | \$ 119 | \$ 1,370 | \$ 1,250 | [3] | \$ 184 | \$ 1,092 | \$ 1,803 |
| Annual Fund | \$ 313 | \$ 333 | \$ 20 | | \$ 365 | \$ 363 | \$ 432 |
| Pledged Revenue | \$ 12,217 | \$ (3,943) | \$ (16,160) | [4] | \$ 11,200 | \$ 4,362 | \$ 4,362 |
| TOTAL CONTRIBUTIONS | \$ 17,878 | \$ 12,730 | \$ (5,148) | | \$ 20,121 | \$ 12,729 | \$ 16,752 |
| <u>Other Revenues:</u> | | | | | | | |
| MARC Building - Rental Income | \$ 998 | \$ 1,009 | \$ 10 | | \$ 1,331 | \$ 697 | \$ 1,031 |
| Estimated Investment Returns | \$ 3,547 | \$ 18,826 | \$ 15,279 | [5] | \$ 4,729 | \$ (37,487) | \$ (37,487) |
| Administrative Fee | \$ 1,040 | \$ - | \$ (1,040) | [6] | \$ 1,387 | \$ - | \$ - |
| TOTAL OTHER REVENUES | \$ 5,586 | \$ 19,835 | \$ 14,249 | | \$ 7,447 | \$ (36,790) | \$ (36,455) |
| TOTAL REVENUES | \$ 23,464 | \$ 32,565 | \$ 9,101 | | \$ 27,569 | \$ (24,061) | \$ (19,703) |
| EXPENSES: | | | | | | | |
| <u>University Programs:</u> | | | | | | | |
| Scholarships & Programs | \$ 5,450 | \$ 5,981 | \$ (531) | [7] | \$ 6,263 | \$ 6,851 | \$ 9,250 |
| Building Funds | \$ 1,342 | \$ 1,370 | \$ (29) | [8] | \$ 1,342 | \$ 1,398 | \$ 1,449 |
| Annual Fund | \$ 190 | \$ 138 | \$ 52 | [9] | \$ 207 | \$ 295 | \$ 345 |
| TOTAL UNIVERSITY PROGRAMS EXPENSES | \$ 6,982 | \$ 7,490 | \$ (508) | | \$ 7,812 | \$ 8,543 | \$ 11,044 |
| <u>Operational:</u> | | | | | | | |
| MARC Building | \$ 1,111 | \$ 554 | \$ 557 | [10] | \$ 1,306 | \$ 812 | \$ 990 |
| Administrative Reserve | \$ 1,048 | \$ 902 | \$ 147 | [11] | \$ 1,387 | \$ 1,217 | \$ 1,495 |
| General Reserve | \$ 1,058 | \$ 648 | \$ 410 | [12] | \$ 1,490 | \$ 1,367 | \$ 1,555 |
| Administrative Fee | \$ - | \$ - | \$ - | | \$ - | \$ - | \$ - |
| TOTAL OPERATIONAL EXPENSES | \$ 3,218 | \$ 2,105 | \$ 1,113 | | \$ 4,183 | \$ 3,396 | \$ 4,040 |
| TOTAL EXPENSES | \$ 10,200 | \$ 9,594 | \$ 605 | | \$ 11,994 | \$ 11,940 | \$ 15,083 |
| EXCESS REVENUES OVER EXPENSES | \$ 13,264 | \$ 22,971 | \$ 9,707 | | \$ 15,574 | \$ (36,001) | \$ (34,787) |

*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
March 31, 2010

Fund/Manager/Inception Date

Total Fund (6/30/00)

Total Fund Composite

+/- *Benchmark*

Total Equity Accounts (6/30/00)

Total Equity Composite

+/- *Benchmark*

Total Fixed Income Accounts (6/30/00)

Total Fixed Income Composite

+/- *Benchmark*

Total Alternative Investments (3/1/02)

Total Alternative Composite

+/- *Benchmark*

| Market Value | % Allocation | Target Allocation | Current Month 3/1/2010 3/31/2010 | Calendar YTD 2010 12/31/2009 3/31/2010 | Fiscal YTD 6/30/2009 3/31/2010 | Trailing 1 Year 3/31/2009 3/31/2010 | Trailing 3 Year 3/31/2007 3/31/2010 | Trailing 5 Year 3/31/2005 3/31/2010 | Since Investment Inception |
|-----------------|-----------------|----------------------|---|---|---|--|--|--|----------------------------------|
| \$126,724,437 | 100.0% | 100.0% | 3.8% | 3.4% | 18.5% | 32.5% | -2.0% | 3.2% | 2.4% |
| | | | 4.1% | 3.7% | 19.8% | 33.8% | -0.8% | 3.6% | 1.9% |
| | | | -0.2% | -0.3% | -1.3% | -1.3% | -1.2% | -0.5% | 0.6% |
| \$72,461,414 | 57.2% | 55.0% | 6.3% | 4.4% | 25.8% | 48.4% | -4.7% | 3.2% | 1.3% |
| | | | 6.5% | 4.8% | 29.3% | 54.2% | -5.8% | 2.3% | -0.9% |
| | | | -0.2% | -0.4% | -3.5% | -5.9% | 1.2% | 0.8% | 2.2% |
| \$27,922,777 | 22.0% | 22.0% | 0.1% | 2.1% | 9.4% | 16.8% | 7.1% | 5.9% | 6.3% |
| | | | -0.1% | 1.6% | 6.5% | 8.9% | 5.6% | 5.1% | 5.7% |
| | | | 0.2% | 0.6% | 2.9% | 7.9% | 1.5% | 0.8% | 0.6% |
| \$26,340,246 | 20.8% | 23.0% | 1.5% | 1.8% | 12.2% | 19.4% | -3.4% | 1.8% | 4.1% |
| | | | 3.0% | 3.5% | 16.6% | 26.2% | 1.3% | 3.4% | 3.9% |
| | | | -1.5% | -1.8% | -4.4% | -6.8% | -4.7% | -1.6% | 0.1% |

Florida International University Foundation, Inc.
Preliminary Performance Summary as of
March 31, 2010

| <i>Fund/Manager/Inception Date</i> | Market Value | % Alloc. | Target Alloc. | Current Month 3/1/2010 3/31/2010 | Calendar YTD 2010 12/31/2009 3/31/2010 | Fiscal YTD 6/30/2009 3/31/2010 | Trailing 1 Year 3/31/2009 3/31/2010 | Trailing 3 Year 3/31/2007 3/31/2010 | Trailing 5 Year 3/31/2005 3/31/2010 | Since Investment Inception |
|---|----------------------|---------------|---------------|--|--|--------------------------------------|---|---|---|-------------------------------|
| <u>Domestic Equity Managed Accounts</u> | | | | | | | | | | |
| Atalanta Sosnoff Large Cap Growth (3/1/06) | \$16,785,655 | 13.2% | 12.5% | 5.6% | 4.0% | 28.0% | 46.4% | 0.1% | N/A | 2.7% |
| Russell 1000 Growth Index | | | | 5.8% | 4.6% | 28.7% | 49.8% | -0.8% | 3.4% | 1.5% |
| Wedge Capital Large Cap Value QVM (12/29/06) | \$17,140,917 | 13.5% | 12.5% | 5.6% | 5.3% | 28.4% | 48.0% | -7.4% | N/A | -5.8% |
| Russell 1000 Value Index | | | | 6.5% | 6.8% | 31.6% | 53.6% | -7.3% | 1.1% | -6.4% |
| Advisory Research Small Cap Value (6/1/01) | \$6,910,194 | 5.5% | 5.0% | 7.3% | 7.9% | 23.9% | 46.2% | -4.7% | 3.3% | 9.2% |
| Russell 2000 Value Index | | | | 8.3% | 10.0% | 39.9% | 65.1% | -5.7% | 2.8% | 7.1% |
| IronBridge Small Cap Core Equity (12/2/03) | \$7,004,036 | 5.5% | 5.0% | 6.4% | 7.2% | 28.1% | 55.9% | -1.5% | 5.4% | 5.9% |
| Russell 2000 Small Cap Index | | | | 8.1% | 8.9% | 34.9% | 62.8% | -4.0% | 3.4% | 4.6% |
| Student Investment Management Fund (3/31/09) | \$207,781 | 0.2% | N/A | 1.2% | 1.2% | 3.5% | 3.9% | N/A | N/A | 3.9% |
| <u>International Equity Managed Accounts</u> | | | | | | | | | | |
| Artio International Equity Fund (12/2/03) | \$14,783,798 | 11.7% | 10.0% | 7.8% | 1.7% | 24.1% | 51.4% | -7.1% | 5.4% | 8.8% |
| MSCI EAFE Index | | | | 6.3% | 0.9% | 23.3% | 55.2% | -6.6% | 4.2% | 7.4% |
| Brandes International Equity Fund (6/1/01) | \$8,129,034 | 6.4% | 5.0% | 5.8% | 1.4% | 18.0% | 45.4% | -8.2% | 3.2% | 5.2% |
| MSCI EAFE Index | | | | 6.3% | 0.9% | 23.3% | 55.2% | -6.6% | 4.2% | 5.0% |
| Wentworth Hauser & Violitch (3/31/10) | \$1,500,000 | 1.2% | 5.0% | | | | | | | |
| TOTAL EQUITY INVESTMENTS | \$72,461,414 | 57.2% | 55.0% | | | | | | | |
| <u>Core Fixed Income Managed Accounts</u> | | | | | | | | | | |
| SCM Advisors Enhanced Core Fixed (6/1/01) | \$12,017,589 | 9.5% | 9.0% | 0.1% | 2.3% | 11.1% | 17.7% | 7.9% | 6.5% | 6.4% |
| Barclays Custom Index | | | | 0.3% | 2.3% | 12.1% | 14.1% | 8.2% | 6.7% | 6.4% |
| Hillswick Asset Management (6/1/01) | \$9,766,311 | 7.7% | 8.0% | -0.6% | 1.6% | 3.4% | 4.2% | 8.2% | 6.5% | 6.7% |
| Barclays Aggregate Index | | | | -0.1% | 1.8% | 5.8% | 7.7% | 6.1% | 5.4% | 5.7% |
| Brandywine Global Opp Bond (1/1/08) | \$5,633,215 | 4.4% | 5.0% | 1.2% | 2.5% | 12.4% | 27.1% | N/A | N/A | 5.3% |
| Citigroup World Gov't Bond Index | | | | -1.7% | -1.3% | 2.7% | 6.3% | 7.2% | 4.8% | 5.2% |
| SunTrust Balanced Annuity Account (10/22/03) | \$505,663 | 0.4% | N/A | 4.1% | 5.3% | 20.3% | 30.4% | 4.2% | 4.6% | 5.4% |
| 70% Barclays Aggregate / 30% S&P 500 | | | | 1.7% | 2.9% | 12.5% | 19.2% | 3.4% | 4.7% | 5.0% |
| TOTAL FIXED INCOME INVESTMENTS | \$27,922,777 | 22.0% | 22.0% | | | | | | | |
| <u>Alternative Investments</u> | | | | | | | | | | |
| Ironwood Partners (3/1/04) | \$5,787,654 | 4.6% | 6.5% | 1.0% | 2.3% | 10.6% | 16.4% | -3.7% | 1.8% | 2.7% |
| Barclays Aggregate Index | | | | -0.1% | 1.8% | 5.8% | 7.7% | 6.1% | 5.4% | 4.9% |
| Ironwood Partners (NDM Gift) (8/1/05) | \$1,922,745 | 1.5% | | 1.0% | 2.3% | 10.9% | 16.8% | -3.7% | N/A | 1.5% |
| Barclays Aggregate Index | | | | -0.1% | 1.8% | 5.8% | 7.7% | 6.1% | 5.4% | 5.4% |
| Collins Capital (3/1/07) | \$3,170,704 | 2.5% | | 1.1% | 1.4% | 11.1% | 17.9% | -1.2% | N/A | -0.6% |
| 50% S&P 500/ 50% Barclays Agg | | | | 3.0% | 3.7% | 17.1% | 27.4% | 1.4% | 4.0% | 1.5% |
| Titan Advisors (3/1/07) | \$7,034,308 | 5.6% | 6.5% | 1.0% | 1.9% | 11.3% | 17.3% | 4.3% | N/A | 4.8% |
| 50% S&P 500/ 50% Barclays Agg | | | | 3.0% | 3.7% | 17.1% | 27.4% | 1.4% | 4.0% | 1.5% |
| Cohen and Steers Realty (12/16/08) | \$2,445,894 | 1.9% | 2.5% | 9.6% | 9.7% | 62.3% | 113.9% | N/A | N/A | 35.7% |
| NAREIT US REIT Index | | | | 10.2% | 10.0% | 60.4% | 106.7% | -10.6% | 3.8% | 31.4% |
| Deutsche Bank Liquid Comm. Fund (1/1/08) | \$2,708,212 | 2.1% | 2.5% | -0.5% | -4.4% | 1.7% | 14.4% | N/A | N/A | -13.2% |
| DTC Private Equity II (\$5 Million) ¹ (12/15/05) | \$2,617,100 | 2.1% | 5.0% | | | | | | | -5.7% |
| DTC Private Equity III (\$2.5 Million) ¹ (07/10/08) | \$234,027 | 0.2% | | | | | | | | -17.8% |
| Montagu Newhall Partners IV (\$2.5 Million) ¹ (8/8/08) | \$419,602 | 0.3% | | | | | | | | -9.5% |
| TOTAL ALTERNATIVE INVESTMENTS | \$26,340,246 | 20.8% | 23.0% | | | | | | | |
| TOTAL FUND | \$126,724,438 | 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 positive variance for endowed revenues is a result of the collection of a \$2 million pledge payment in support of a Geriatrics Chair in the College of Medicine expected in the previous fiscal year, the collection of \$4 million in pledge payments in support of various new endowments in the College of Medicine, and the collection of a \$500,000 pledge payment in support of a new endowment in the School of Hospitality Management.

[2] Due to the negative state of the economy last year, non-endowed revenues were budgeted conservatively in anticipation of decreased donations. The positive variance for non-endowed revenues is a result of the collection of various new gifts, including \$1 million in support of Athletics, as well as the early collection of several expected donations. In addition, the contractually mandated distributions for endowments totaling \$610,034 were transferred out of the General Reserve and into the corresponding colleges' accounts.

[3] The positive variance for building fund revenues is a result of the following new gifts: \$1 million in support of the Athletics Field House and \$80,500 in support of the Astrophysics Center. There have also been additional gifts in excess of what was expected made in support of the College of Nursing & Health Sciences building for \$78,000, the Beverage Management Center in the School of Hospitality Management totaling \$20,500, the International Hurricane Center for \$45,000, and the Alumni Center totaling \$18,000.

[4] The budgeted change in contributions receivable for the 9-month period ended March 31, 2010 was \$12.2 million versus the actual change in contributions receivable for this period, which totaled (\$3.9) million, resulting in a negative variance of \$16.2 million. The majority of the negative variance is related to expected new gift agreements that have not yet been signed, but are expected to be finalized by June 2010, for the following units: \$5.1 million for the College of Medicine, \$5 million for general endowment, \$2 million for the College of Arts & Sciences, \$2.8 million for the College of Business Administration, \$1.1 million for the College of Nursing & Health Sciences, \$1 million for the Frost Art Museum, and \$500,000 for the School of Journalism and Mass Communication. Approximately \$1 million in expected proposals were declined and are no longer expected. Below is an aging schedule of all Foundation contributions receivable, net of a 1% allowance as of 3/31/10:

| | Current Year | 1-2 years** | 3-4 years | 5+ years | TOTAL |
|---------------------|---------------------|---------------------|--------------------|--------------------|---------------------|
| ENDOWED* | \$10,700,254 | \$33,811,248 | \$2,126,909 | \$3,455,430 | \$50,093,841 |
| NON-ENDOWED* | \$3,371,571 | \$2,746,796 | \$599,713 | \$693,114 | \$7,411,195 |
| TOTAL* | \$14,071,824 | \$36,558,044 | \$2,726,623 | \$4,148,544 | \$57,505,035 |

**Total Receivables on the statement of financial position total \$54.5 million because contributions receivable are discounted to their present value (the total discount is \$3.4 million). The total also includes \$96,492 of dues receivables, \$160,730 of workman's compensation receivables, and \$81,629 of intercompany receivables.*

[5] Upon the recommendation of Consulting Services Group (CSG) and the Board's Investment Committee, investment returns were budgeted at 5%, or \$4.7 million, for the 2009-10 fiscal year. The monthly budgeted returns were forecasted based on our asset allocation and the historical performance of indexes for each asset class. Current fiscal year-to-date gains total approximately 18.5%, or \$18.8 million, which exceed expected returns. The biggest contributor to the returns were equities, with fiscal year-to-date returns of 25.8%, followed by alternative investments and fixed income at 12.2% and 9.4%, respectively.

[6] Due to the negative market conditions in the previous two fiscal years, funding for the Administrative Reserve, which is derived from the administrative fee charged to endowments at year end, was expected to be insufficient to cover budgeted expenses. As such, a \$1.04 million transfer from the General Reserve to the Administrative Reserve was budgeted to cover anticipated expenses. Due to the net surplus of revenues derived from the Annual Fund combined with other savings in terms of budgeted expenses, only a partial transfer is expected to be made in the fourth quarter.

[7] The negative variance is a result of a \$1 million unbudgeted transfer to the university (tied to the collection of the unbudgeted \$1 million gift in support of Athletics referenced above) in support of the Athletics Field House. The positive variance has been offset by timing of budgeted Athletics expenses in excess of \$500,000, which are expected to be transferred to the Athletics Finance Corporation by the end of the year.

[8] The university has requested that the following transfers for building funds be made from the Foundation: \$1 million for the Athletics Field House; \$259,000 for the Arena; \$50,000 for the Student Center and \$20,500 for the Beverage Management Center in the School of Hospitality Management; and \$40,000 for the Kovens Center. The majority of these expenses are related to new, unbudgeted gifts received in support of building funds this year. The possibility remains that additional budgeted transfers (up to \$1.3 million) will be made prior to year-end.

[9] The positive expense variance for Annual Fund expenses is due to timing caused by scheduling changes related to the President's Council meetings and Annual Giving mail campaigns. Total budgeted expenses are expected to be incurred in the fourth quarter.

[10] The majority of the positive variance for the MARC building expenses is related to \$500,000 in budgeted expenses for the repair of the stucco on various areas of the building's exterior which have not yet been incurred. In addition, there have been interest savings on the variable component of the MARC building loan as a result of the low interest rate environment. Finally, there have been savings in MARC building utilities and repairs & maintenance expenses of approximately \$20,000.

[11] The positive variance in Administrative Reserve expenses is due to timing. Changes in the scope and schedule of planned donor events have resulted in a positive variance of \$57,000 in the Capital Campaign account. In addition, due to changes in the President's deferred compensation, payments for the second and third quarter totaling \$37,500 have not been transferred to the university. Finally, changes in the President's travel and entertainment schedules have resulted in a positive variance in the President's Entertainment & Special Events and Travel allowances. Presidential travel, however, is expected to accelerate during fourth quarter as several business trips are scheduled.

[12] Due to the negative market conditions in the previous two fiscal years, funding for the Administrative Reserve, which is derived from the administrative fee charged to endowments at year end, was expected to be insufficient to cover budgeted expenses. As such, a \$1.04 million transfer from the General Reserve to the Administrative Reserve was budgeted to cover anticipated expenses. Due to the net surplus of revenues derived from the Annual Fund combined with other savings in terms of budgeted expenses, only a partial transfer is expected to be made in the fourth quarter. The positive variance was offset by the unbudgeted transfer of \$610,034 out of the General Reserve and into the corresponding colleges' accounts for contractually mandated distributions to endowment spending.

This page intentionally left blank

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

May 20, 2010

Subject: Division of Research Report, July 1, 2009 – March 30, 2010

Proposed Committee Action:

None. For Information Only.

Background Information:

The Division of Research Report provides an overview of performance regarding research awards and grant applications and an update and summary of ongoing initiatives undertaken by the Division of Research. The Report also addresses questions raised at the last Finance and Audit Committee meeting regarding trends in grant application competitiveness and its relation to ARRA funding.

Supporting Documentation: Division of Research Report, July 1, 2009 – March 30, 2010

Facilitator/Presenter: Andres Gil

This page intentionally left blank

FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES
FINANCE AND AUDIT COMMITTEE

DIVISION OF RESEARCH

JULY 1, 2009 THROUGH MARCH 30, 2010

I. Introduction

This document reports on the first nine months in Fiscal Year 2009-2010 (FY 2010). It is important to note that since the timing of renewals and continuation of grants can vary from year to year, the “snapshot” of similar time periods within two fiscal years has to be interpreted with caution. For example, a given multiple-year grant may receive its funding in May on its first year and, due to delays, receive it in July the subsequent year.

In [Section II](#), we present an overview of performance regarding research awards and grant applications. In [Section III](#), we provide a brief report on applications and awards related to the American Recovery and Reinvestment Act (ARRA). In [Section IV](#), we address questions raised at the last Finance and Audit Committee meeting regarding trends in grant application competitiveness and its relation to ARRA funding. In [Section V](#), we provide an update and summary of ongoing initiatives undertaken by the Division of Research.

In this report we use the term Division of Research rather than the previous name of OSRA (Office of Sponsored Research Administration). The rationale for this change is based on four major factors: 1) we are interested in the growth and support for research throughout the university, whether the source of funding is external or not; 2) we are responsible for research oversight regardless of the source of funding (for example, unfunded student-initiated thesis and dissertation research require human subjects protection oversight); 3) ultimately all research is “sponsored” whether through external grants or through the time and effort allocated to research by FIU faculty; and 4) Division of Research is consistent with the terminology used in other units throughout the university.

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

[Table 1](#) presents data comparing new awards for the first nine months of FY 2008-2009 (FY 2009) and FY 2009-2010 (FY 2010) by unit (academic and/or administrative). Grant awards through March 2010 totaled \$71.7M, a 1.5% increase from the same period last year. It is important to note that during the first nine months of FY 2009, \$7.2M from the State Center of Excellence for the International Hurricane Research Center had been received. If the funding from that specific State grant is excluded from the calculations, funding for the first nine months of FY 2010 has increased by 13%.

The unique one-time funding opportunities provided by the State’s Center of Excellence award for FY 2009, and the subsequent ARRA-funding for both FY 2009 and 2010 can distort overall funding trends. [Figure 1](#) portrays the comparison of funding trends based on the inclusion and exclusion of these two factors. Including all factors, awards during the first nine

months have increased 1.5%. If the State Center of Excellence award is excluded, the increase is 13%; but this also includes the one-time Federal ARRA funding (\$113,166 in FY 2009 and \$5,468,932 in FY 2010). When the State Center of excellence and FY 2009-2010 ARRA funds are excluded, the increase is 4.6%. Finally, with the exclusion of ARRA funding, federal awards increased 11.4%. Since all ARRA funding is federal, the increase including ARRA funding is much higher (22.3%).

[Figure 2](#) graphically presents the changes in new awards for each of the colleges. The largest increases in awards were for the College of Nursing and Health Sciences (CNHS), and the Herbert Wertheim College of Medicine (CoM). The CNHS experienced a notable increase of 163.8% and the CoM experienced an increase of 57.9%. In addition, the College of Education (CoE) increased its awards by 41.9%, and the School of Hospitality and Tourism Management (SHTM) had an increase of 111.4%. Furthermore, the overall F&A rate for new awards has increased thus far from 18% in FY 2009 to 20% in FY 2010. [Figure 3](#) shows the F&A rates by college, school, or division. The CoM and Robert Stempel College of Public Health and Social Work (PHSW) had the highest F&A rates (36.2% and 30.2% respectively); which is largely due to the higher proportion of health-related research funded by the National Institutes of Health (NIH).

[Table 2](#) presents data on new awards for FY 2009 and FY 2010 for centers and institutes. Grant awards to centers and institutes have decreased by 33.7% when compared to the same period last year. Among the centers with significant funding, the Jack D. Gordon Institute for Public Policy and Citizenship Studies had the highest increase of 348%, followed by the Center for Labor Research and Studies (167%) and the Institute for Public Management and Community Service (153%). The highest decreases in awards include 83% for the International Hurricane Research Center (IHRC), 75% for the Metropolitan Center, and 66% for the Center for Administration of Justice (CAJ). There are specific reasons for decreases among these three Centers. As stated above, the State Center of Excellence funding to the IHRC was a substantial one-time award, and if this award is excluded from the calculation, the overall decrease is 14.8%. The decrease for the CAJ is cyclical, with the last stage of the award for a major project ending this year. Finally, the Metropolitan Center's work is mostly funded by local and state government, and thus its funding has been impacted by the State's budget reductions.

[Table 3](#) illustrates the distribution of new research awards by three categories: Federal, State, and Private/Other. Note the increase in the proportion for Federal awards and the decrease for State awards. Again, the State decrease is due to the fact that there was a large State award last year (Center of Excellence).

[Table 4](#) presents the funding value of applications submitted by colleges. The amount of funding requested in FY 2010, when compared with the same period in FY 2009, increased by 83.5%, and the number of applications increased by 11.3%. As mentioned in the last report, the large increase in the School of Journalism and Mass Communication was due to a \$6.65M application to the NSF, and the increase reflected by Academic Affairs includes \$21.73 M in ARRA applications for facilities projects.

[Table 5](#) presents the funding value of applications submitted by centers and institutes. The values of applications submitted increased by 100.9%, which is higher than the total for the University – 83.5% (see [Table 4](#)).

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

By February 1, 2010, 75 ARRA proposals had been submitted by FIU researchers, with the following funding status: funded (17.3%); not funded (14.7%); still pending funding decision (69%). We assume that ARRA grants are more competitive than “regular” grants. For example, for the ARRA-funded Challenge Grants (NIH), there were over 23,000 applications nationwide for 200 awards (only 0.5% funded), and for the large facilities awards (FIU submitted an application for the nano laboratory) there were over 1,500 applications for 50 awards (3.3% funded). During FY 2009, FIU received three ARRA awards, totaling \$131,116. During the first nine months of FY 2010, FIU received 28 ARRA awards, \$5,468,932.

Among all ARRA applications, there were three large ones, which have been previously reported to the BOT. One application was for expansion of the Animal Care Facility for \$6.92M. That application received a score of 27 from NIH, and NIH funded applications with scores from 10 to 20 (the lower numbers indicate better scores). The second application was for renovation and expansion of the nano laboratory at the College of Engineering Campus (\$9.25M). This application received a score of 20, and we were initially informed by NIH that applications with scores of 10-22 would be funded. We still have not been notified of funding; but have been informed that NIH is making funding decisions on these applications partially based on regional representation, which places us at a disadvantage since the Universities of Miami and Florida received large awards from the same Institute. The third large application was to NIST for an additional floor for the planned IHRC building (\$5.56M), and the application was not funded.

IV. Trends in Award Competitiveness

During the last Finance and Audit Committee meeting, Trustee Breslin requested information on how ARRA funding may be impacting the trends in awards. [Figure 1](#) illustrates the trends with the inclusion and exclusion of ARRA funding. The discussion at the Committee meeting also revolved around the issue of funding trends and the success rate of FIU researchers in their applications for funding. Obviously, the economic downturn during the past three years has negatively impacted State funding (note the decrease in the proportion of total funding from the State on [Table 3](#)). However, there has been a trend of greater competitiveness for federal funding from all Federal agencies, including NIH and the National Science Foundation (NSF), which predates the more recent economic downturn.

National NIH and NSF Funding Trends:

Examples of Trends from NSF:

1. Number of PIs submitting to NSF increased from FY 2000 to 2005:
 - 29% increase in first-time submitters
 - 38% increase overall

2. 30% increase in the number of proposals PIs submit to gain a single award:
 - 1998-2000: 1.7 per PI
 - 2003-2005: 2.2 per PI

Examples of Trends from NIH:

1. First time applications have much lower success rate than resubmissions:
 - 1998-2002: About 20% success rate for first time R01 applications
 - 2005-2008: Less than 10% success rate for first time R01 applications
 - 38% increase overall
2. Average age of PIs on NIH grants has increased:
 - 1998-2008: Average age of PIs on all R01s increased from 47.1 to 49.6 years old
 - 1998-2009: Average age of first-time PI on R01s increased from 40.5 to 42.5 years old

[Figure 4](#) shows the overall success rate trends for NIH and NSF from 1998 to 2008. [Figure 5](#) shows the success rate for first submission and resubmission of R01 grants (major PI initiated grants) from 1998 to 2008. Both figures show a trend of increased competitiveness. As to the question of how FIU researchers who submit grant applications compare to these National trends, [Figure 6](#) presents such data. The findings from Figure 6 can be interpreted as follows:

- FIU success rate for NIH is higher than the success rate reported by NIH. Note that the comparison is not precise given that the fiscal year for FIU is July to June compared to a calendar year for NSF and NIH.
- FIU success rate for NSF is slightly lower than the NSF's reported rate.
- Given national trends, increasing sponsored research requires faculty to submit more applications and universities to encourage increases in the number of grant submissions. Essentially, more faculty time and university resources are required to maintain and increase sponsored research levels.

There are several challenges in assessing grant application success rates that should be considered in the interpretation of the data on [Figure 6](#):

- Success rates differ by type of grant and whether the grant application is new or a resubmission. The data on Figure 6 does not make these distinctions.
- There is a lag time between grant submission and funding decisions, which varies across agencies. Therefore, success rate information on recent time periods is incomplete. For example, for FY 2008-2009, 36.6% of applications are still in the review process. This process is very slow for NIH, with 76.5% of the applications still pending a decision as of 2/9/2010.
- There are some funding agencies for which PIs engage in discussions prior to submitting applications, and only make the submission when it is clear that the grant will be funded. This can produce artificially higher application success rates.

V. Initiatives Update

As reported in the last BOT report, there are several Division of Research initiatives pertaining to expected increases in Clinical Trials research by faculty in the Herbert Wertheim College of Medicine, to the continuation of the Cluster Hiring Initiative, and to negotiations with the

Federal Government for new F&A (overhead) rates. On the latter, in the last report we informed the Finance & Audit Committee that we were negotiating for a full fringe benefit rate on grants and contracts (currently we use a calculated average rate). We confidently anticipate going to a full fringe benefit rate on July 1, 2010.

In this report, we highlight a new initiative for internal support of research activities. In the past, FIU has supported a Summer Research Awards program. This program has been funded by the Provost, the FIU Foundation, and the Division of Research. However, with the State budget reductions and the market decline, all funding now derives from the Division of Research. The Summer Research Awards have been expanded into the Faculty Research Support Program (FRSP). The FRSP is intended to:

- Advance FIU's research, scholarship and creative activities.
- Promote novel, innovative, and/or interdisciplinary research efforts.
- Assist junior research faculty in establishing new research programs with potential for future extramural funding.
- Assist faculty in pursuing "seed" funding for pilot projects or new areas of research focus.
- Promote creative activities in the humanities and the arts.

The FRSP will consist of the following funding programs:

1. **Junior Investigator Mentoring Award:** Provides financial support for mentoring and consulting for junior investigators who are engaged in preparation of extramural applications for research funding.
2. **Seed Funds Award:** Supports individual faculty members or teams of faculty members working on initiation and/or continuation of research projects or pilot studies with the purpose of seeking external funding.
3. **Creative Scholarships in the Humanities & the Arts:** Assists faculty members to enhance research and new insights in the humanities or the pursuit of innovative directions in artistic creativity.
4. **Major Research Initiatives Course Buy-Out:** Supports members of a team of faculty who are working on the initiation and/or establishment of trans-disciplinary research initiatives with the purpose of seeking external funding for the initiative.
5. **Bridge Funding Program:** Provides modest financial support for faculty research and scholarship during times when externally funded research programs are between funding cycles. Funds will be used to maintain research programs at a level adequate to ensure continuing viability.

| Table 1: Comparison of Awards Received FY 2009 and FY 2010 | | | | | | | |
|---|-------------------------------|---------------------|---------------------|-------------------------------|---------------------|---------------------|---------------------|
| College/School/Division | July 2008 – March 2009 | | | July 2009 – March 2010 | | | % change |
| | Direct | F&A | Total | Direct | F&A | Total | |
| Academic Affairs (AA) | \$13,499,946 | \$1,351,296 | \$14,851,242 | \$5,612,269 | \$1,479,326 | \$7,091,595 | -52.2% |
| College of Architecture + the Arts (CARTA) | \$251,695 | \$4,346 | \$256,041 | \$52,152 | \$0 | \$52,152 | -79.6% |
| College of Arts & Sciences (CAS) | \$21,003,661 | \$4,463,927 | \$25,467,588 | \$27,078,534 | \$5,000,003 | \$32,078,537 | 26.0% |
| College of Business Administration (CBA) | \$391,374 | \$25,926 | \$417,300 | \$445,113 | \$60,064 | \$505,177 | 21.1% |
| College of Education (CoE) | \$2,872,083 | \$270,473 | \$3,142,556 | \$4,141,564 | \$318,671 | \$4,460,235 | 41.9% |
| College of Engineering & Computing (CEC) | \$11,457,794 | \$2,380,378 | \$13,838,172 | \$10,606,783 | \$2,118,434 | \$12,725,217 | -8.0% |
| College of Law (CoL) | \$140,372 | \$0 | \$140,372 | \$275,000 | \$0 | \$275,000 | 95.9% |
| College of Nursing & Health Sciences (CNHS) | \$675,952 | \$147,956 | \$823,908 | \$1,967,491 | \$206,230 | \$2,173,721 | 163.8% |
| Division of Finance & Administration (DFA) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | N/A |
| Division of Student Affairs (DSA) | \$1,228,114 | \$69,122 | \$1,297,236 | \$866,620 | \$50,190 | \$916,810 | -29.3% |
| Division of University Advancement (DUA) | \$86,402 | \$0 | \$86,402 | \$0 | \$0 | \$0 | -100.0% |
| Herbert Wertheim College of Medicine (CoM) | \$1,483,728 | \$472,285 | \$1,956,013 | \$2,267,797 | \$821,173 | \$3,088,970 | 57.9% |
| Honors College (Honors) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | N/A |
| Robert Stempel College of Public Health & Social Work (PH&SW) | \$5,285,865 | \$1,418,453 | \$6,704,318 | \$6,040,040 | \$1,824,549 | \$7,864,589 | 17.3% |
| School of Hospitality & Tourism Management (SHTM) | \$75,000 | \$0 | \$75,000 | \$158,537 | \$0 | \$158,537 | 111.4% |
| School of Journalism & Mass Communication (SJMC) | \$401,564 | \$105,170 | \$506,734 | \$5,551 | \$1,443 | \$6,994 | -98.6% |
| University Technology Services (UTS) | \$1,016,723 | \$85,158 | \$1,101,881 | \$288,742 | \$41,081 | \$329,823 | -70.1% |
| TOTAL | \$59,870,273 | \$10,794,490 | \$70,664,763 | \$59,806,193 | \$11,921,164 | \$71,727,357 | 1.5% |
| Effective/average indirect cost rate | 18% | | | 20% | | | |

Figure 1: Funding Trends Between FY 2009 & FY 2010

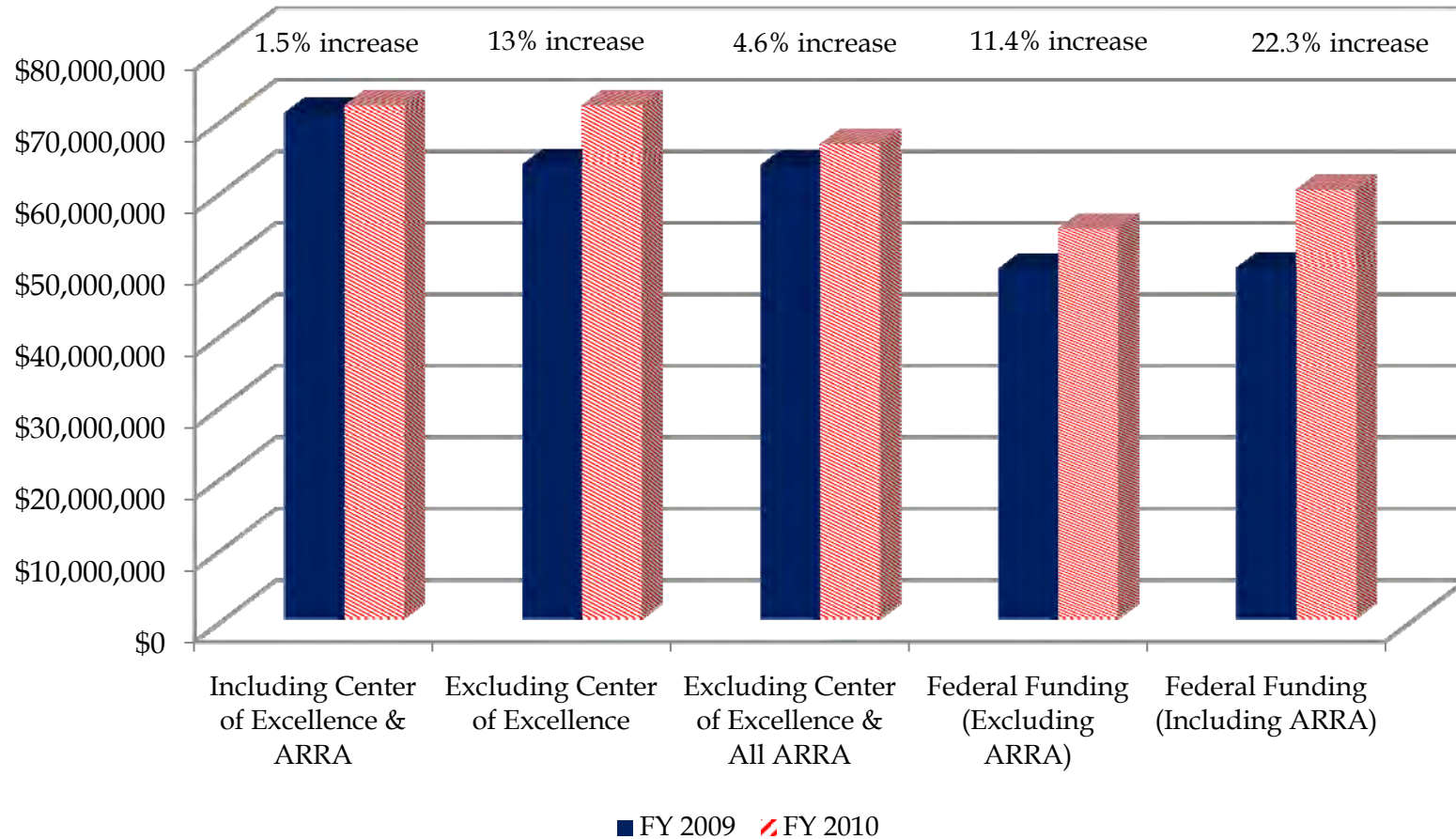


Figure 2: Comparison of Awards Received by College/School (\$M)

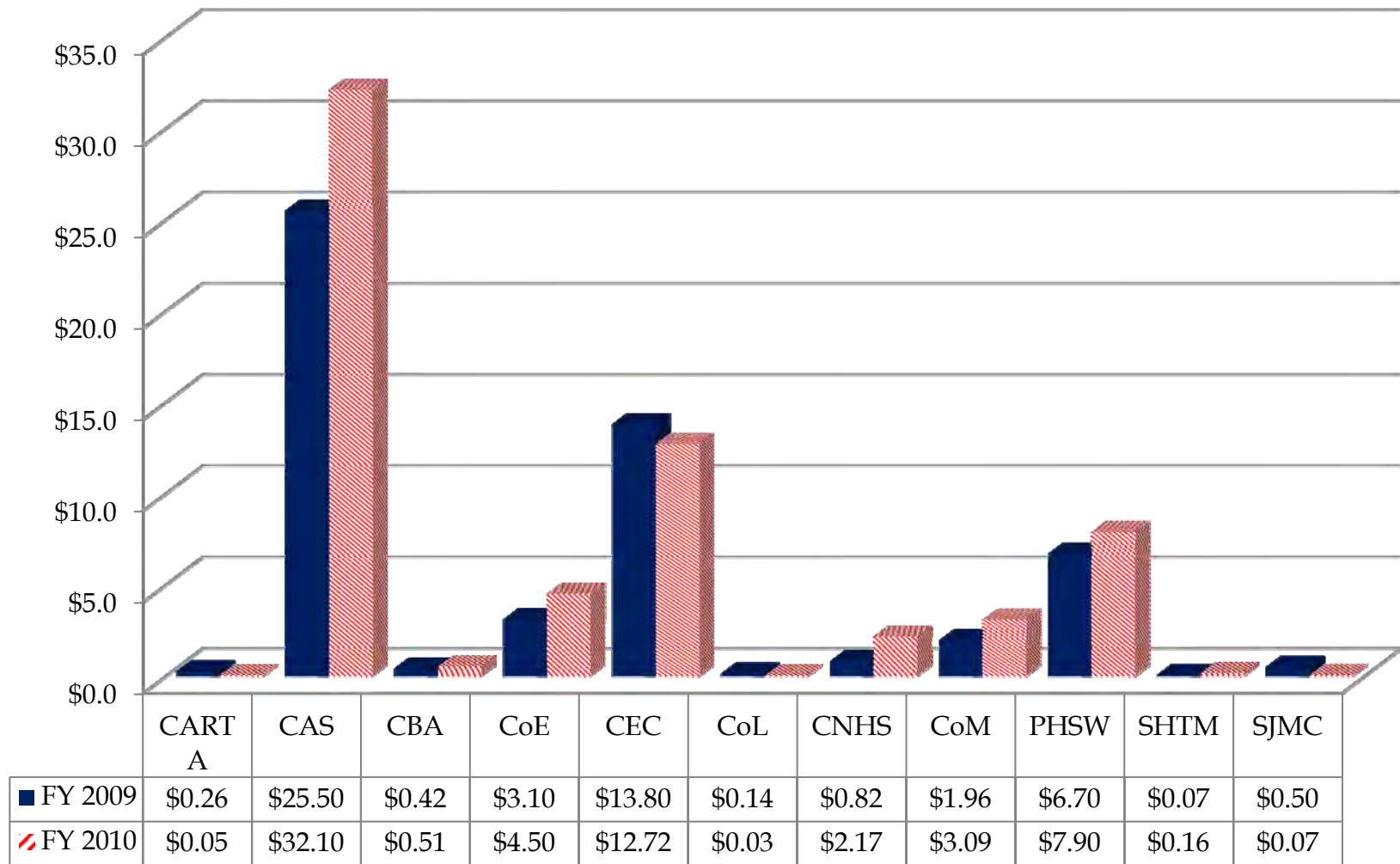


Figure 3: Average Award F&A Rate by College/School

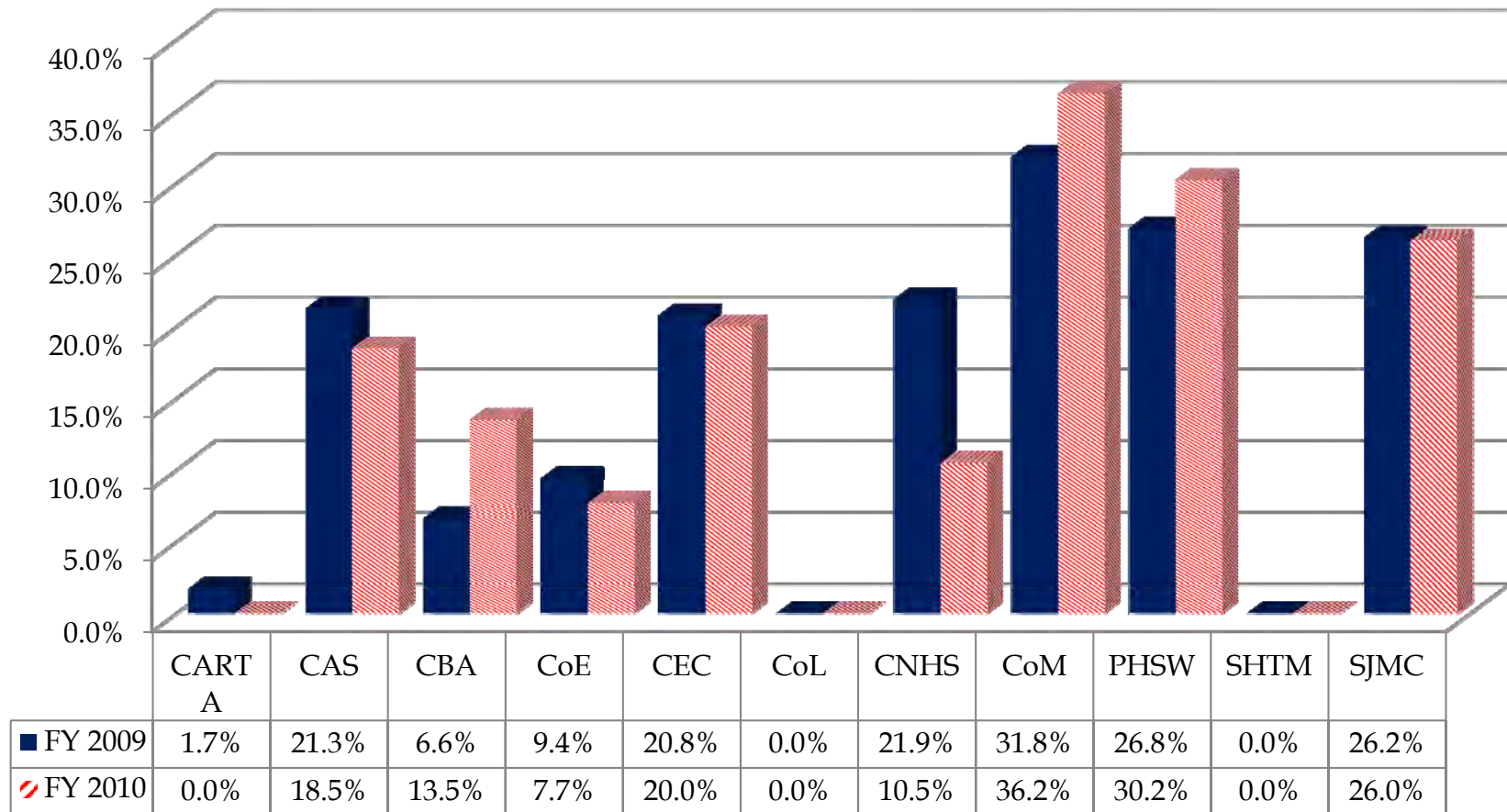


Table 2: Comparison of Awards Received by Centers/Institutes FY 2009 and FY 2010

| College/Division | July 2008 - March 2009 | | | July 2009 - March 2010 | | | % change |
|--|------------------------|-------------|-------------|------------------------|-------------|-------------|-------------|
| | Direct | F&A | Total | Direct | F&A | Total | |
| Academic Affairs | | | | | | | |
| Applied Research Center (ARC) | \$3,329,236 | \$1,030,639 | \$4,359,875 | \$2,775,269 | \$914,070 | \$3,689,339 | -15% |
| CRUSADA: Center for Research on US Latino AIDS/HIV/Drug Abuse | \$0 | \$0 | \$0 | \$715,053 | \$269,312 | \$984,365 | n/a |
| Frost Art Museum | \$193,729 | \$0 | \$193,729 | \$130,500 | \$0 | \$130,500 | -33% |
| International Hurricane Research Center (IHRC) | \$8,571,016 | \$260,790 | \$8,831,806 | \$1,194,829 | \$264,273 | \$1,459,102 | -83% |
| MBRS: Minority Biomedical Research Support Program | \$100,832 | \$8,066 | \$108,898 | \$89,017 | \$7,121 | \$96,138 | -12% |
| The Wolfsonian | \$1,016,544 | \$5,870 | \$1,022,414 | \$307,456 | \$0 | \$307,456 | -70% |
| College of Arts & Sciences | | | | | | | |
| Center for Administration of Justice | \$4,921,819 | \$1,073,181 | \$5,995,000 | \$1,711,882 | \$342,746 | \$2,054,628 | -66% |
| Center for Labor Research and Studies (CLRS) | \$80,669 | \$8,331 | \$89,000 | \$216,663 | \$21,068 | \$237,731 | 167% |
| Center for Transnational & Comparative Studies | \$158,125 | \$9,249 | \$167,374 | \$131,046 | \$9,173 | \$140,219 | -16% |
| Institute for Public Management and Community Service | \$113,313 | \$14,837 | \$128,150 | \$295,937 | \$28,187 | \$324,124 | 153% |
| International Forensic Research Institute (IFRI) | \$367,392 | \$85,760 | \$453,152 | \$148,681 | \$45,990 | \$194,671 | -57% |
| Jack D. Gordon Institute for Public Policy & Citizenship Studies | \$13,889 | \$1,111 | \$15,000 | \$63,004 | \$4,240 | \$67,244 | 348% |
| Latin American and Caribbean Center (LACC) | \$2,298,353 | \$265,299 | \$2,563,652 | \$2,725,273 | \$371,346 | \$3,096,619 | 21% |
| Metropolitan Center | \$490,983 | \$122,985 | \$613,968 | \$127,973 | \$24,561 | \$152,534 | -75% |
| Southeast Environmental Research Center (SERC) | \$4,205,717 | \$879,264 | \$5,084,981 | \$5,661,109 | \$1,151,762 | \$6,812,871 | 34% |
| Women's Studies Center | \$263,886 | \$26,389 | \$290,275 | \$0 | \$0 | \$0 | n/a |

| Table 2: Comparison of Awards Received by Centers/Institutes FY 2009 and FY 2010 | | | | | | | |
|--|------------------------|-------------|--------------|------------------------|-------------|--------------|----------|
| College/Division | July 2008 - March 2009 | | | July 2009 - March 2010 | | | % change |
| | Direct | F&A | Total | Direct | F&A | Total | |
| College of Engineering & Computing | | | | | | | |
| Center for Diversity in Engineering & Computing | \$712,177 | \$69,862 | \$782,039 | \$798,119 | \$82,159 | \$880,278 | 13% |
| Telecommunications & Information Technology Institute | \$381,935 | \$68,066 | \$450,001 | \$0 | \$0 | \$0 | n/a |
| College of Education | | | | | | | |
| Center for Urban Education and Innovation (CUEI) | \$431,310 | \$58,692 | \$490,002 | \$126,133 | \$32,164 | \$158,297 | -68% |
| Division of Student Affairs | | | | | | | |
| Children's Creative Learning Center (CCLC) | \$223,529 | \$17,530 | \$241,059 | \$0 | \$0 | \$0 | n/a |
| Victim Advocacy Center (VAC) | \$14,015 | \$1,402 | \$15,417 | \$0 | \$0 | \$0 | n/a |
| Robert Stempel College of Public Health & Social Work | | | | | | | |
| Community Based Intervention Research Group (C-BIRG) Total | \$0 | \$0 | \$0 | \$455,942 | \$192,795 | \$648,737 | n/a |
| School of Journalism & Mass Communication | | | | | | | |
| Institute for Public Opinion Research (IPOR) | \$147,856 | \$53,224 | \$201,080 | \$0 | \$0 | \$0 | n/a |
| International Media Center (IMC) | \$203,708 | \$51,946 | \$255,654 | \$5,551 | \$1,443 | \$6,994 | -97% |
| University Technology Services | | | | | | | |
| CIARA: Center for Internet Augmented Research | \$68,067 | \$28,814 | \$96,881 | \$57,669 | \$20,899 | \$78,568 | -19% |
| Total | \$28,308,100 | \$4,141,307 | \$32,449,407 | \$17,737,106 | \$3,783,309 | \$21,520,415 | -33.7% |
| Effective F&A rate | 14.6% | | | 21.3% | | | |

| Table 3: Awards by Sponsor Type | | | | |
|---|-----------------------------|------------------------|----------------------|----------------|
| July 2008 – March 2009 (FY 2009) | | | | |
| Funding Source | Awarded Direct Costs | Awarded F&A | Awarded Total | Percent |
| Federal Government | \$39,554,346 | \$ 9,450,454 | \$49,004,800 | 69.35% |
| State & Local Government* | \$14,208,494 | \$ 893,993 | \$15,102,487 | 21.37% |
| Private / Other Sources | \$6,107,433 | \$ 450,043 | \$6,557,476 | 9.28% |
| TOTAL | \$59,870,273 | \$10,794,490 | \$70,664,763 | 100% |
| July 2009 – March 2010 (FY 2010) | | | | |
| Federal Government | \$49,248,203 | \$10,658,907 | \$59,907,110 | 83.52% |
| State & Local Government | \$4,751,675 | \$ 628,483 | \$5,380,158 | 7.50% |
| Private / Other Sources | \$5,806,315 | \$ 633,774 | \$6,440,089 | 8.98% |
| TOTAL | \$59,806,193 | \$11,921,164 | \$71,727,357 | 100% |

* It is important to note that during the first nine months of FY 2009, \$7.2M from the State Center of Excellence funding for the International Hurricane Research Center had been received.

| Table 4: Comparison of Applications Submitted FY 2009 and FY 2010 | | | | | | | |
|---|------------------------|--------------|---------------|------------------------|--------------|---------------|----------|
| College/School/Center/Division | July 2008 – March 2009 | | | July 2009 – March 2010 | | | % change |
| | Direct | F&A | Total | Direct | F&A | Total | |
| Academic Affairs (AA) | \$11,229,760 | \$2,902,242 | \$14,104,992 | \$60,014,887 | \$13,167,323 | \$73,182,210 | 418.8% |
| College of Architecture & the Arts (CARTA) | \$168,640 | \$14,648 | \$183,288 | \$205,044 | \$19,603 | \$224,647 | 22.6% |
| College of Arts & Sciences (CAS) | \$47,548,922 | \$13,378,086 | \$60,926,606 | \$71,956,332 | \$14,116,580 | \$86,072,912 | 41.3% |
| College of Business Administration (CBA) | \$115,686 | \$38,566 | \$154,252 | \$1,973,282 | \$278,383 | \$2,251,665 | 1359.7% |
| College of Education (CoE) | \$5,291,402 | \$710,631 | \$6,002,033 | \$11,230,726 | \$1,201,981 | \$12,432,707 | 107.1% |
| College of Engineering & Computing (CEC) | \$47,639,646 | \$13,281,874 | \$60,921,520 | \$92,719,477 | \$23,145,706 | \$115,865,183 | 90.2% |
| College of Law (CoL) | \$318,755 | \$0 | \$318,755 | \$465,076 | \$0 | \$465,076 | 45.9% |
| College of Nursing & Health Sciences (CNHS) | \$4,854,683 | \$1,608,308 | \$6,462,991 | \$4,947,928 | \$1,118,034 | \$6,065,962 | -6.1% |
| Division of Student Affairs (DSA) | \$190,647 | \$14,700 | \$205,347 | \$2,176,918 | \$332,824 | \$2,509,742 | 1122.2% |
| Herbert Wertheim College of Medicine (CoM) | \$8,409,440 | \$3,224,196 | \$11,633,636 | \$9,482,311 | \$3,345,974 | \$12,828,285 | 10.3% |
| Robert Stempel College of Public Health & Social Work (PHSW) | \$26,730,996 | \$9,031,045 | \$35,762,232 | \$40,910,668 | \$13,737,369 | \$54,648,037 | 52.8% |
| School of Hospitality & Tourism Management (SHTM) | \$95,750 | \$0 | \$95,750 | \$84,000 | \$0 | \$84,000 | -12.3% |
| School of Journalism & Mass Communication (SJMC) | \$20,755 | \$3,632 | \$24,387 | \$6,607,565 | \$1,558,267 | \$8,165,832 | 33384.4% |
| University Technology Services (UTS) | \$9,703,420 | \$2,567,930 | \$12,271,350 | \$8,066,781 | \$771,050 | \$8,837,831 | -28.0% |
| TOTAL | \$162,318,502 | \$46,775,858 | \$209,067,139 | \$310,840,995 | \$72,793,094 | \$383,634,089 | 83.5% |
| Effective/average F&A rate | 28.8% | | | 23.4% | | | 11.3% |
| Number of Applications | 539 | | | 600 | | | |

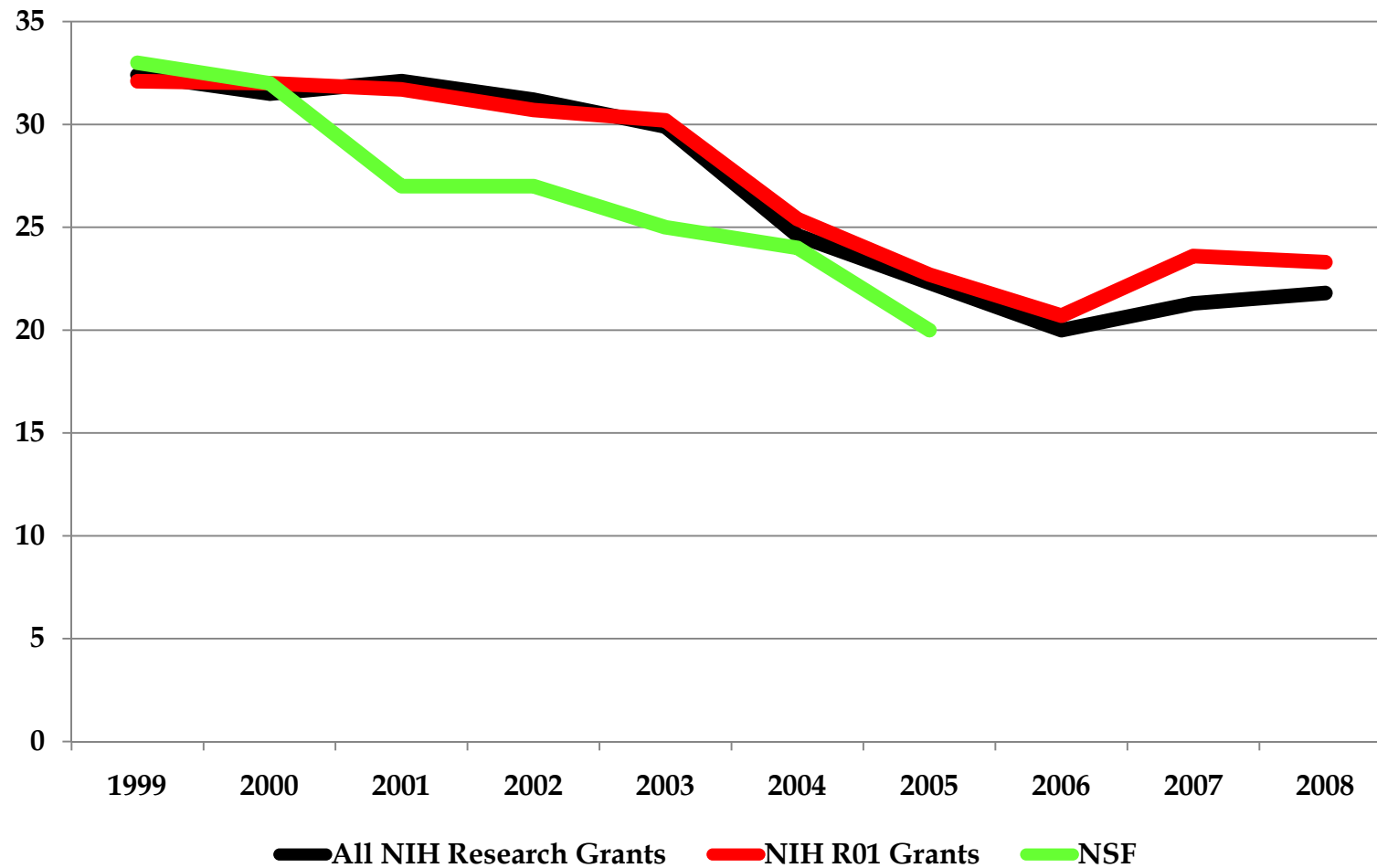
Table 5: Comparison of Applications Submitted by Centers/Institutes FY 2009 and FY 2010

| Center/Institute | July 2008 – March 2009 | | | July 2009 – March 2010 | | | % change |
|---|------------------------|-------------|--------------|------------------------|--------------|--------------|----------|
| | Direct | F&A | Total | Direct | F&A | Total | |
| Academic Affairs | | | | | | | |
| Applied Research Center (ARC) | \$8,381,200 | \$2,791,969 | \$11,173,169 | \$33,710,478 | \$12,255,634 | \$45,966,112 | 311.4% |
| Center for Research on US Latino AIDS/HIV/ Drug Abuse (CRUSADA) | \$41,778 | \$0 | \$41,778 | \$837,302 | \$302,996 | \$1,140,298 | 2629.4% |
| Frost Art Museum | \$230,000 | \$0 | \$230,000 | \$375,875 | \$13,858 | \$389,733 | 69.4% |
| International Hurricane Research Center (IHRC) | \$668,421 | \$31,563 | \$699,984 | \$1,420,355 | \$346,883 | \$1,767,238 | 152.5% |
| Minority Biomedical Research Support Program (MBRS) | \$0 | \$0 | \$0 | \$300,000 | \$135,000 | \$435,000 | n/a |
| The Wolfsonian | \$1,515,102 | \$23,655 | \$1,511,747 | \$901,231 | \$65,544 | \$966,775 | -36.0% |
| College of Arts & Sciences | | | | | | | |
| Center for Administration of Justice (CAJ) | \$1,444,852 | \$508,232 | \$1,953,084 | \$6,684,497 | \$956,821 | \$7,641,318 | 291.2% |
| Center for Labor Research and Studies (CLRS) | \$141,116 | \$12,884 | \$154,000 | \$320,380 | \$17,541 | \$337,921 | 119.4% |
| Institute for Asian Studies (IAS) | \$170,791 | \$7,243 | \$178,034 | \$131,836 | \$13,184 | \$145,020 | -18.5% |
| Institute for Judaic Studies & Near Eastern Studies | \$49,961 | \$0 | \$49,961 | \$0 | \$0 | \$0 | n/a |
| Institute for Public Management and Community Service | \$113,313 | \$14,837 | \$128,150 | \$308,856 | \$28,068 | \$336,924 | 162.9% |
| International Forensic Research Institute (IFRI) | \$83,761 | \$21,221 | \$104,982 | \$756,885 | \$197,204 | \$954,089 | 808.8% |
| Jack D. Gordon Institute for Public Policy & Citizenship Studies | \$2,565,435 | \$684,565 | \$3,250,000 | \$937,048 | \$77,507 | \$1,014,555 | -68.8% |
| Latin American and Caribbean Center (LACC) | \$63,147 | \$0 | \$63,147 | \$2,907,808 | \$54,898 | \$2,962,706 | 4591.8% |
| Metropolitan Center | \$625,318 | \$157,165 | \$782,081 | \$774,567 | \$243,447 | \$1,018,014 | 30.2% |
| Southeast Environmental Research Center (SERC) | \$8,678,310 | \$2,024,612 | \$10,702,922 | \$6,460,979 | \$1,232,736 | \$7,693,715 | -28.1% |

Table 5: Comparison of Applications Submitted by Centers/Institutes FY 2009 and FY 2010

| Center/Institute | July 2008 – March 2009 | | | July 2009 – March 2010 | | | % change |
|--|------------------------|-------------|--------------|------------------------|--------------|--------------|----------|
| | Direct | F&A | Total | Direct | F&A | Total | |
| College of Business Administration | | | | | | | |
| Center for Urban Education and Innovation (CUEI) | \$446,388 | \$53,250 | \$499,638 | \$0 | \$0 | \$0 | n/a |
| College of Education | | | | | | | |
| Center for International Business Education and Research | \$0 | \$0 | \$0 | \$1,482,075 | \$117,925 | \$1,600,000 | n/a |
| College of Engineering & Computing | | | | | | | |
| Center for Diversity in Engineering & Computing | \$180,599 | \$27,100 | \$207,699 | \$827,518 | \$73,115 | \$900,633 | 333.6% |
| Telecommunications & Information Technology Institute | \$1,519,920 | \$386,146 | \$1,906,066 | \$0 | \$0 | \$0 | n/a |
| Division of Student Affairs | | | | | | | |
| Disability Research Center (DRC) | \$83,300 | \$14,700 | \$98,000 | \$0 | \$0 | \$0 | n/a |
| Robert Stempel College of Public Health & Social Work | | | | | | | |
| Community Based Intervention Research Group (C-BIRG) | \$906,097 | \$392,692 | \$1,298,789 | \$2,614,384 | \$914,580 | \$3,528,964 | 171.7% |
| School of Journalism & Mass Communication | | | | | | | |
| Institute for Public Opinion Research (IPOR) | \$20,755 | \$3,632 | \$24,387 | \$5,243,430 | \$1,409,126 | \$6,652,556 | 27179.1% |
| International Media Center (IMC) | \$0 | \$0 | \$0 | \$682,317 | \$80,959 | \$763,276 | n/a |
| UTS | | | | | | | |
| Center for Internet Augmented Research (CIARA) | \$9,678,419 | \$2,567,930 | \$12,246,349 | \$8,066,781 | \$771,050 | \$8,837,831 | -27.8% |
| Total | \$37,607,983 | \$9,723,396 | \$47,303,967 | \$75,744,602 | \$19,308,076 | \$95,052,678 | 100.9% |
| Effective F&A rate | 25.9% | | | 25.5% | | | |

Figure 4: NIH & NSF Research Grant Applications Success Rate



**Figure 5: Success Rate of NIH Competing R01 Awards:
Originals and Resubmissions**

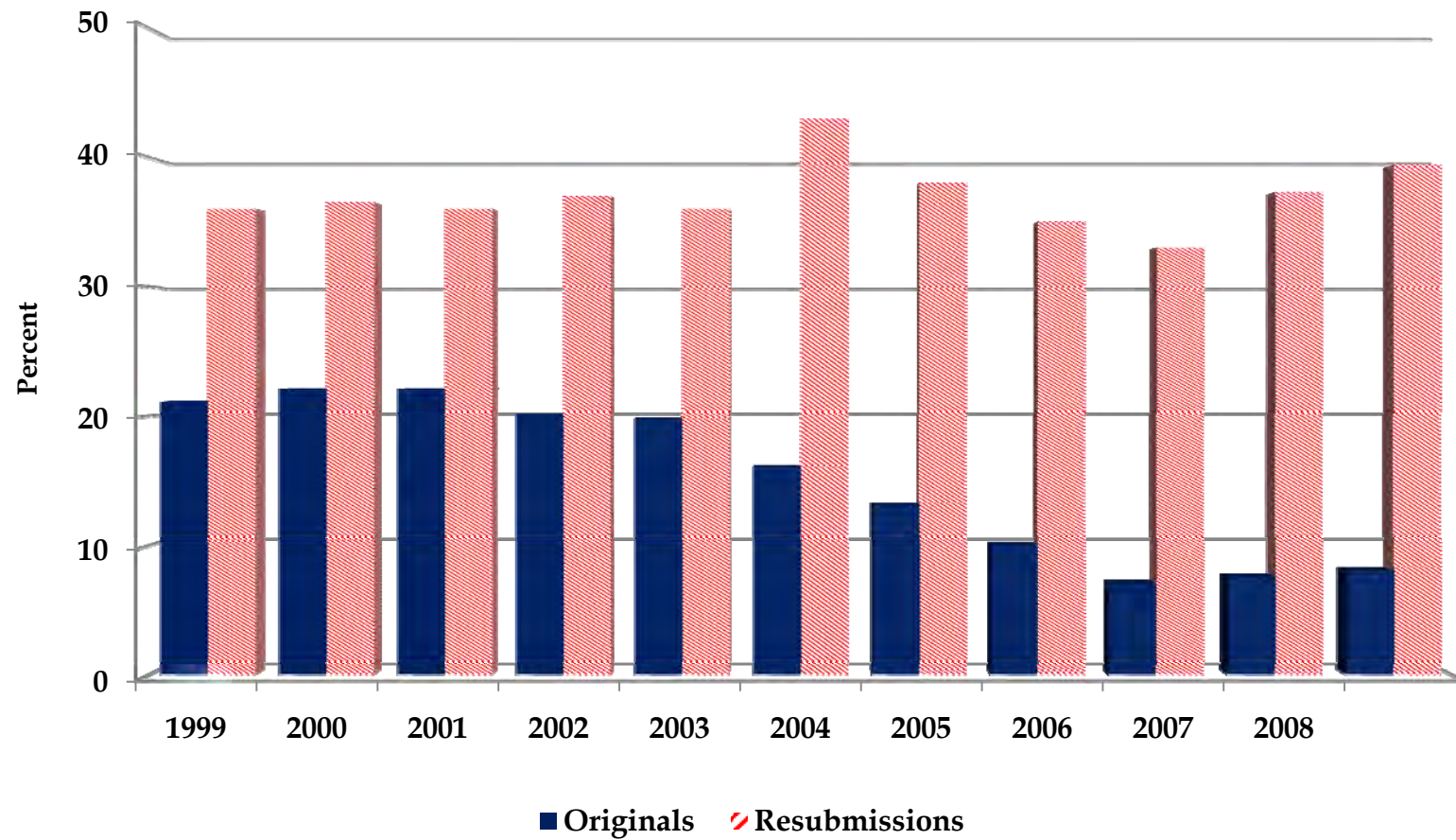
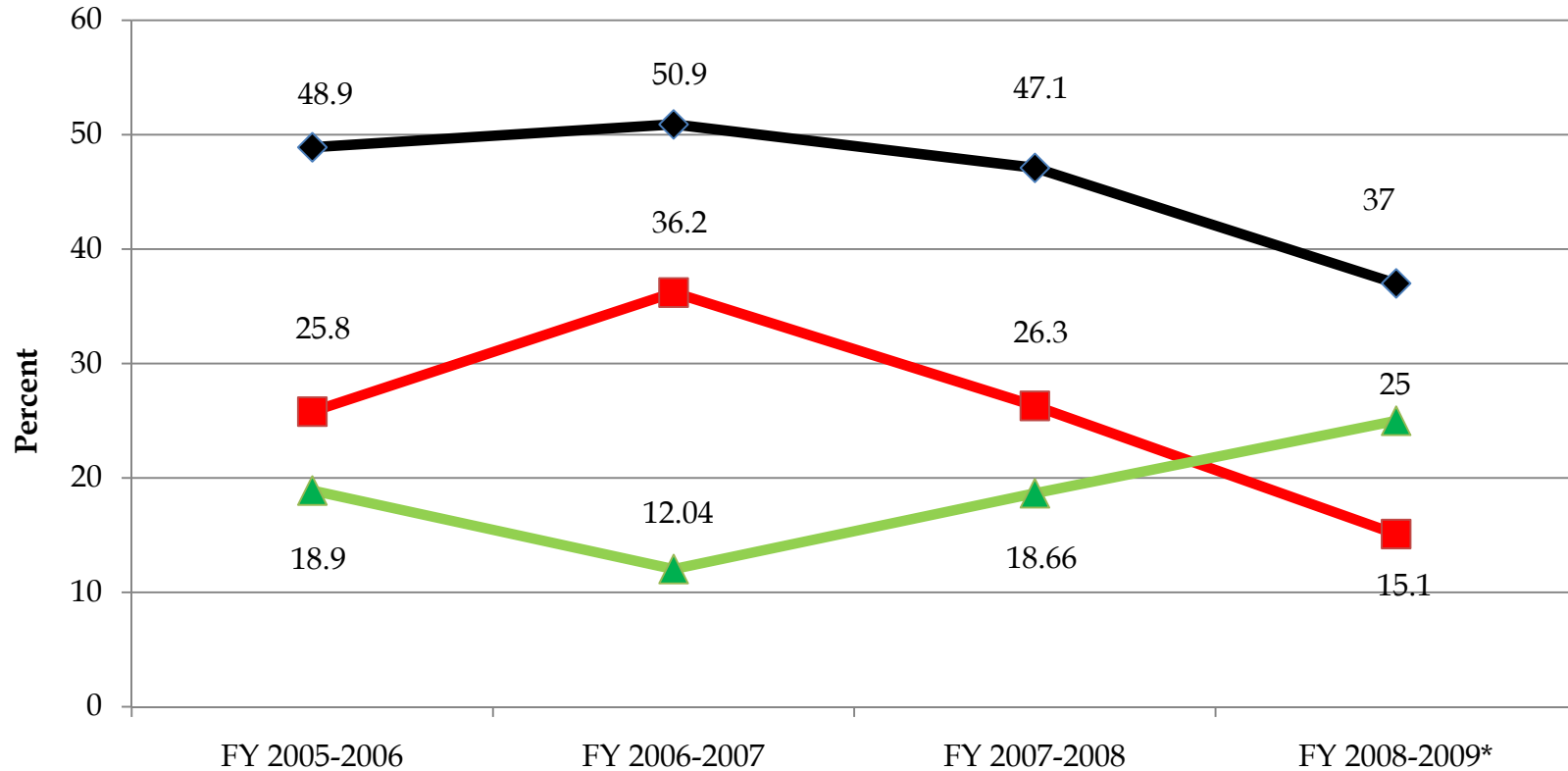


Figure 6: FIU Grant Applications Success Rate



* Information for funding decisions, and 76.5% of NIH applications are also pending funding decisions. FY 2008-2009 is incomplete since 36.6% of all grants are pending.

◆ All ■ NIH ▲ NSF

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

May 20, 2010

Subject: Treasury Report

Proposed Committee Action:
None. For Information Only.

Background Information:

The Treasury Report provides an update on Investment Portfolio Performance and Composition as of March 31, 2010.

Supporting Documentation: Treasury Report – Investment Performance for
Quarter Ending March 31, 2010

Facilitator/Presenter: Tony Vu

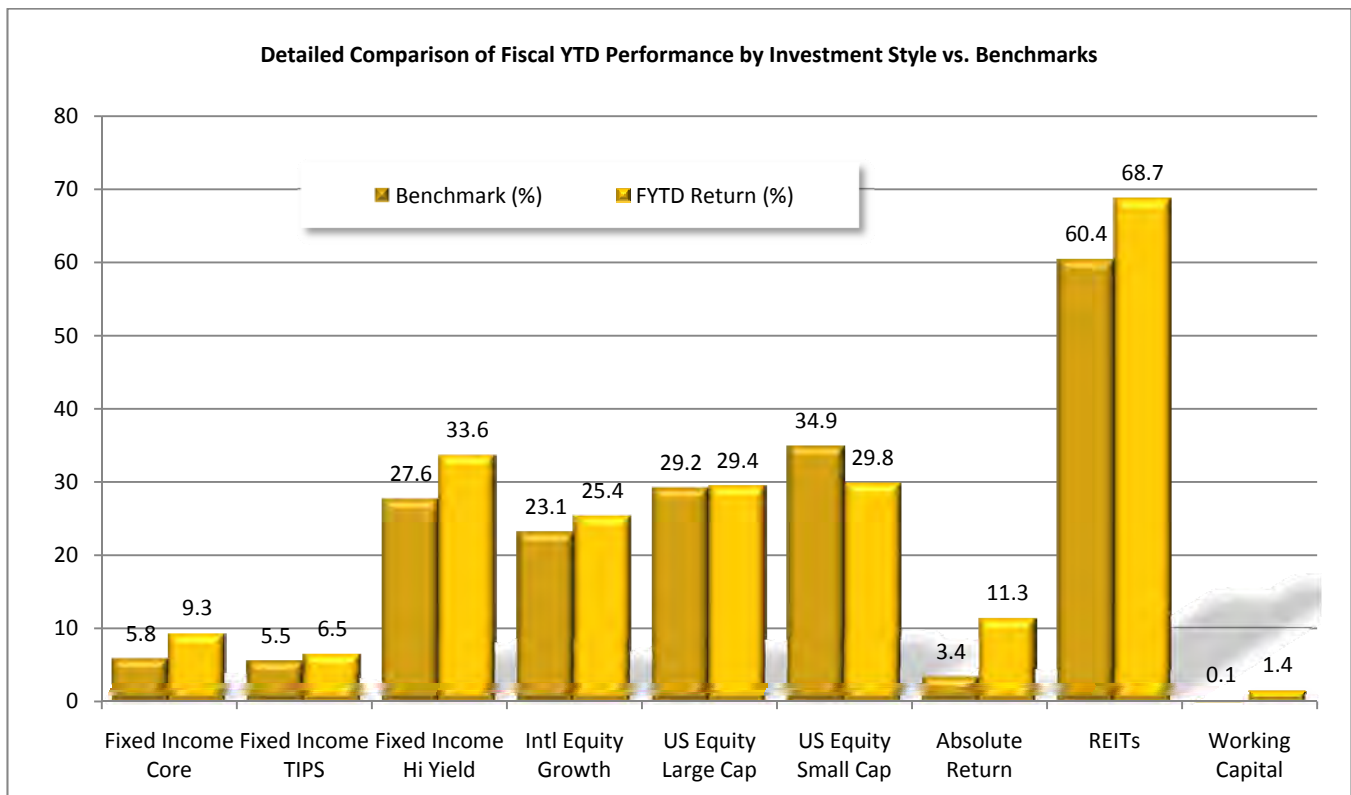
This page intentionally left blank

Board of Trustees
Treasury Report of Investment Portfolio Performance and Composition
May 20, 2010

Investment Performance for Quarter Ending March 31, 2010

Fiscal YTD Performance

Every asset class carried the positive performance 2009 into the first quarter of 2010. Overall, fiscal YTD return for the portfolio was **9.9%** up from 7.7% since the end of the previous quarter. The Strategic/Reserve Pools have gained a total of **17.2%** and the Working Capital Pool gaining **1.1%** for the fiscal year. The following chart details the fiscal year to date returns by investment class. Returns from the State Treasury's Special Purpose Investment Account (SPIA) have totaled 1.8% during the same period.

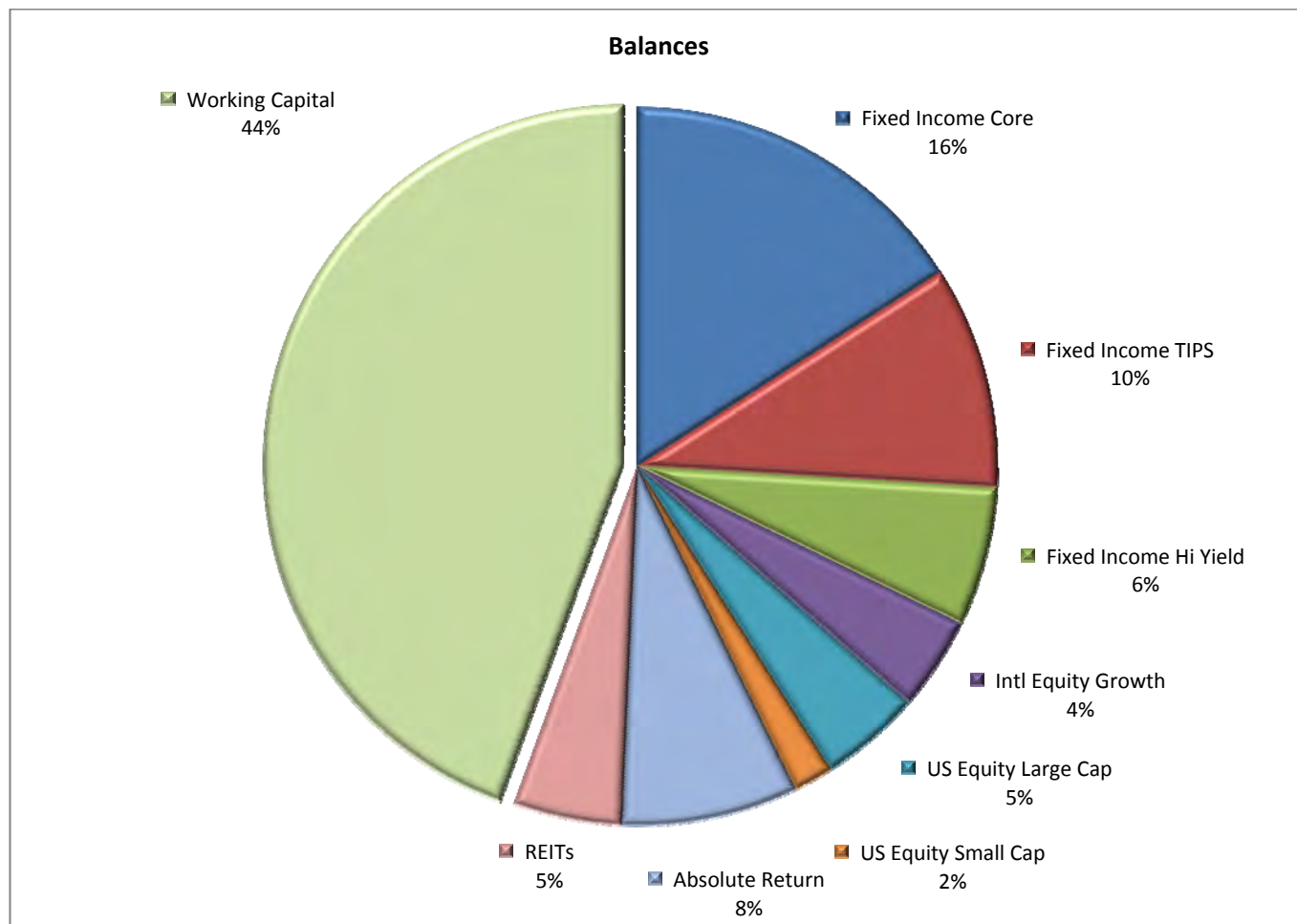


As shown above, every investment manager met or exceeded benchmarks with the exception of U.S. Equity Small Cap manager, who still gained 29.8% versus the benchmark return of 34.9%.

A detailed schedule of the portfolio's performance overall and versus benchmarks, for the month, quarter and fiscal year to date is attached at the end of this report.

Quarter Ending Composition

Asset allocations remain within policy guidelines. The quarter-end investment market value of the university's operating investment portfolio totaled \$266.3 million. This was a \$11.8 million, or 4%, decrease over the previous quarter's ending balance and \$53.7 million, or 25%, more than the same time last year. The following chart details the allocation of investments within the university's operating investment portfolio.



Investment Committee Meeting

The Investment Committee plans to meet on May 12, 2010 to review performance and discuss possible adjustment to the asset allocations targets. The investment committee is:

Membership

Dr. Chun-Hao Chang
Department Chair, Finance and Real Estate
College of Business Administration

Dr. Kenneth Jessell
SVP & CFO
Office of Finance & Administration

Albert Maury
Chair, Finance & Audit Committee
FIU Board of Trustees

Tony Vu – Committee Chair
University Treasurer
Office of the Treasurer

Dr. William Welch
Retired
College of Business Administration

Consultant

Marc Friedberg
Vice President
Wilshire & Associates

**Performance Summary as of
March 31, 2010**

| OPERATING FUNDS PORTFOLIO | | | | | | | | |
|--|---------------------|-------------------|----------------|---------------|---------------|-----------------|----------------|------------------|
| Fund / Manager (Inception Date) | <u>Market Value</u> | <u>Allocation</u> | <u>Current</u> | <u>Fiscal</u> | | <u>Trailing</u> | | <u>Since</u> |
| <i>Benchmark</i> | <i>(000's)</i> | <i>(%)</i> | <i>Month</i> | <i>YTD</i> | <i>1 Year</i> | <i>2 Years</i> | <i>3 Years</i> | <i>Inception</i> |
| Working Capital Pool (03/31/06) | \$ 118,294 | 44% | 0.1% | 1.4% | 1.9% | 2.0% | 2.9% | 3.4% |
| <i>91-Day Treasury Bill</i> | | 30% | 0.0% | 0.1% | 0.2% | 0.7% | 2.0% | 2.8% |
| Strategic / Reserve Capital Pool (03/31/06) | 147,965 | 56% | 2.8% | 17.2% | 25.7% | 3.7% | 3.1% | 4.8% |
| <i>Weighted Average Benchmark Index</i> | | 70% | 2.3% | 14.7% | 23.5% | 3.8% | 3.8% | 5.2% |
| TOTAL COMBINED POOL (03/31/06) | \$ 266,259 | 100% | 1.5% | 9.9% | 13.4% | 3.7% | 3.4% | 4.3% |
| <i>Weighted Average Benchmark Index</i> | | 100% | 1.6% | 10.2% | 16.1% | 3.0% | 3.3% | 4.4% |

| WORKING CAPITAL POOL | | | | | | | | |
|---|---------------------|-------------------|----------------|---------------|---------------|-----------------|----------------|------------------|
| Fund / Manager (Inception Date) | <u>Market Value</u> | <u>Allocation</u> | <u>Current</u> | <u>Fiscal</u> | | <u>Trailing</u> | | <u>Since</u> |
| <i>Benchmark</i> | <i>(000's)</i> | <i>(%)</i> | <i>Month</i> | <i>YTD</i> | <i>1 Year</i> | <i>2 Years</i> | <i>3 Years</i> | <i>Inception</i> |
| WORKING CAPITAL POOL | | | | | | | | |
| SPIA Account (03/31/06) | \$ 93,260 | 35% | 0.2% | 1.8% | 2.3% | 2.1% | 3.1% | 3.6% |
| <i>91-Day Treasury Bill</i> | | | 0.0% | 0.1% | 0.2% | 0.7% | 2.0% | 2.8% |
| MS Institutional Liquid Funds Account (08/07/09) | 20,017 | 8% | 0.0% | 0.1% | 0.0% | 0.0% | 0.0% | 0.1% |
| <i>91-Day Treasury Bill</i> | | | 0.0% | 0.1% | 0.0% | 0.0% | 0.0% | 0.0% |
| Regions Account (12/15/09) | 5,003 | 2% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.1% |
| <i>91-Day Treasury Bill</i> | | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| WORKING CAPITAL POOL COMPOSITE (3/31/06) | \$ 118,294 | 44% | 0.1% | 1.4% | 1.9% | 2.0% | 2.9% | 3.4% |
| <i>Target Allocation / 91-Day Treasury Bill</i> | | 30% | 0.0% | 0.1% | 0.2% | 0.7% | 2.0% | 2.8% |
| STRATEGIC / RESERVE CAPITAL POOL | | | | | | | | |
| Prudential Core Fixed (11/30/07) | \$ 42,362 | 16% | 0.1% | 9.3% | 14.1% | 6.9% | 0.0% | 6.8% |
| <i>Barclays Aggregate</i> | | 21% | -0.1% | 5.8% | 7.7% | 5.4% | 0.0% | 5.7% |
| Northern Trust TIPS (6/30/06) | 26,737 | 10% | 0.2% | 6.5% | 7.1% | 2.1% | 6.2% | 6.3% |
| <i>Barclays U.S. TIPS</i> | | 14% | 0.1% | 5.5% | 6.2% | 2.0% | 6.0% | 6.1% |
| BlackRock HY Bond (3/31/06) | 16,664 | 6% | 4.0% | 33.6% | 56.5% | 11.2% | 5.7% | 7.3% |
| <i>ML High Yield Master II</i> | | 7% | 3.2% | 27.6% | 57.2% | 12.0% | 6.5% | 7.8% |
| FIXED INCOME COMPOSITE (3/31/06) | 85,763 | 32% | 0.8% | 12.1% | 17.1% | 6.2% | 6.5% | 6.6% |
| <i>Fixed Income Benchmark Index</i> | | 42% | 0.5% | 9.1% | 12.7% | 5.7% | 6.7% | 6.8% |
| Northern Trust S&P 500 (6/30/06) | 12,162 | 5% | 6.1% | 29.4% | 50.2% | -3.6% | -4.0% | 0.1% |
| <i>S&P 500</i> | | 5% | 6.0% | 29.2% | 49.8% | -3.7% | -4.2% | 0.0% |
| CS McKee Small Cap (6/30/08) | 4,765 | 2% | 6.8% | 29.8% | 58.8% | 0.0% | 0.0% | 4.1% |
| <i>Russell 2000</i> | | 2% | 8.1% | 34.9% | 62.8% | 0.0% | 0.0% | -3.7% |
| U.S. EQUITY COMPOSITE (3/31/06) | 16,927 | 6% | 6.3% | 29.6% | 51.8% | -2.1% | -4.5% | -2.6% |
| <i>Wilshire 5000</i> | | 7% | 6.2% | 30.3% | 52.1% | -2.9% | -3.8% | -0.3% |
| Alliance Bernstein (6/30/08) | 11,204 | 4% | 7.3% | 25.4% | 58.8% | 0.0% | 0.0% | -9.3% |
| <i>MSCI EAFE Index (N)</i> | | 5% | 6.2% | 23.1% | 54.4% | 0.0% | 0.0% | -12.9% |
| INTERNATIONAL EQUITY COMPOSITE (3/31/06) | 11,204 | 4% | 7.3% | 25.4% | 58.8% | -11.3% | -9.3% | -2.6% |
| <i>MSCI EAFE Index (N)</i> | | 5% | 6.2% | 23.1% | 54.4% | -9.1% | -7.0% | -0.9% |
| Aetos Alternatives Mgmt. (4/31/06) | 21,123 | 8% | 1.9% | 11.3% | 14.9% | 0.4% | 1.0% | 2.8% |
| <i>CPI + 3.25%</i> | | 11% | 0.7% | 3.4% | 5.7% | 4.3% | 5.3% | 5.3% |
| ABSOLUTE RETURN COMPOSITE (3/31/06) | 21,123 | 8% | 1.9% | 11.2% | 14.8% | 0.4% | 1.0% | 2.8% |
| <i>CPI + 3.25%</i> | | 11% | 0.7% | 3.4% | 5.7% | 4.3% | 5.3% | 5.3% |
| Urdang REIT (6/30/06) | 12,947 | 5% | 9.7% | 68.7% | 118.6% | -1.5% | -6.5% | 0.6% |
| <i>NAREIT Equity</i> | | 5% | 10.2% | 60.4% | 106.7% | -7.0% | -10.6% | -3.2% |
| REITs COMPOSITE (6/30/06) | \$ 12,947 | 5% | 9.7% | 68.7% | 118.6% | -1.5% | -6.5% | 0.6% |
| <i>NAREIT Equity</i> | | 5% | 10.2% | 60.4% | 106.7% | -7.0% | -10.6% | -3.2% |

This page intentionally left blank

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

May 20, 2010

Subject: Environmental – Regulatory & Compliance

Proposed Committee Action:
None. For Information Only.

Background Information:
The Safety and Environmental Compliance Report provides the status of compliance issues.

Supporting Documentation: Safety and Environmental Compliance Status Report

Facilitator/Presenter: William Youngblut

This page intentionally left blank

**FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES – FINANCE & AUDIT COMMITTEE
SAFETY & ENVIRONMENTAL COMPLIANCE STATUS REPORT
APRIL 23, 2010**

Agencies: Department of Environmental Resources Management (DERM)

Florida Department of Environmental Protection (FDEP)

United States Environmental Protection Agency (USEPA)

Issue: Petroleum Products Storage Tank compliance

Status: Underground fuel storage tanks (UST) have been removed from all FIU locations as of 3/27/10. Temporary tanks are in place to service building emergency generators and university vehicles. Permanent double walled above ground tank installation is scheduled for completion by the end of May 2010.

Agencies: Department of Environmental Resource Management (DERM)

Florida Department of Environmental Protection (FDEP)

US Environmental Protection Agency (US-EPA)

Issue: Waste Water Discharge

Status: Photography Labs. Procedures to discharge photographic waste products from the Photographic laboratories to the sewer system were reviewed. New procedures for water discharge from photographic equipment were implemented and are enforced to prevent silver contamination. Silver recovery units were updated and serviced every six months and water samples analysis are conducted to ensure compliance. Presently awaiting results of March 2010 discharge samples.

Agencies: Department of Environmental Resource Management (DERM)

Florida Department of Environmental Protection (FDEP)

US Environmental Protection Agency (USEPA)

Issue: Hazardous Waste Management

Status: Based on the amount of, acute hazardous waste generated at the Modesto A. Madique (MMC) and Biscayne Bay (BBC) campuses in 2009, an EPA Biannual Hazardous Waste Generators Report was submitted to the FDEP and US-EPA on April 15, 2010. This report also identifies the

university as a “Large Quantity Generator” of hazardous waste. This designation mandates increased management practices of hazardous wastes generated by the University, and regular regulatory inspections by the FDEP and USEPA.

Agencies: United States Department of Homeland Security (US DHS)

Florida Department of Environmental Protection (FDEP)

Department of Environmental Resources Management (DERM)

Issue: Chemical Inventory Management (CIMS)

Status: As of April 2010, usernames and passwords have been assigned to two of the larger FIU departments – Biology and Chemistry. A “mock” version of the CIMS program will be developed and accessible to the registered users through the EH&S website for the users to become familiar with the program before they are required to input their information. The anticipated release date of the “practice” CIMS program and the usernames and passwords is May 31st, 2010.

Agencies: Florida Department of Health (FDOH) Bureau of Radiation Control.

US Nuclear Regulatory Commission (USNRC)

Issue: Radioactive Materials Use Compliance

Status:

The request for an amendment to the FIU Broad Scope Materials License submitted to the Florida Department of Health for use of radioactive materials at Jackson North Medical Center (JNMC) has been approved. The request was originally submitted by Dr. Anthony McGoren (PI of joint venture between the Biomedical Engineering Department and the College of Medicine) to the FIU Radiation Safety Officer.

Agencies: Florida Department of Health (FDOH), Bureau of Radiation Control.

US Nuclear Regulatory Commission (USNRC)

Issue: Renewal of FIU Broad Scope License # 3669-1

On March 26, 2010, the University received approval for the renewal of its Broad Scope, Radioactive Materials License # 3669-1 from the FDOH Bureau of Radiation Control. The new license expiration date is March 31, 2015.

Agencies: Florida Department of Health (FDOH), Bureau of Radiation Control

Issue: Laser Device Registration and Use Compliance

Status: No formal inspection has been conducted by the Bureau of Radiation Control, and FIU is in compliance with regulation requirements. One Class 4 laser was relocated to Louisiana State University (LSU) after separation of a researcher from FIU. Relocation of this laser and other lasers within the labs at FIU were reported to the Bureau. At present there are ninety Class 3B and Class 4 laser devices registered with the Bureau.

Agency: United States Drug Enforcement Administration (USDEA)

Issue: Controlled Substance Use Compliance

Status: In January 2010 the DEA issued a new registration to a researcher in COM (FIU Academic Health Center 1). In January 2010 Office of Research Integrity submitted an application for a new registration for the Research Animal Care Facility (FIU OE building).

Agency: Florida Department of Financial Services (FDFS), Division of State Fire Marshal, Bureau of Fire Prevention.

Issue: Life Safety Code Compliance Repeat Violations

Status: Life Safety Code inspections are still behind due to the reduction in Florida Bureau of Fire Prevention agency staff. As of April 2010, 25 building inspections have been completed. In addition, partial construction inspections have been completed once a week on the following construction projects: PG5, Campus Support Complex, and International Business School.

This page intentionally left blank

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

May 20, 2010

Subject: Third Quarter 2009 Budget Variance Analysis

Proposed Committee Action:
None. For Information Only.

Background Information:
The Financial Summary Overview for Fiscal Year 2009-10 provides the Third Quarter 2009 Budget Variance Analysis.

Supporting Documentation: Third Quarter 2009 Budget Variance Analysis

Facilitator/Presenter: Liane Martinez

This page intentionally left blank

Financial Summary Overview ¹
FY 2009-10

| | Year To Date March 2010 | | | |
|---|----------------------------|---------------------|-------------|-------------|
| | Budget | Current Year Actual | Variance | |
| | | | \$ | % |
| <i>(\$ in millions)</i> | | | | |
| Revenue / Receipts | | | | |
| University | | | | |
| Educational and General (net) ² | 257.9 | 256.4 | (1.6) | -1% |
| University | 233.3 | 231.0 | (2.2) | -1% |
| College of Medicine | 17.1 | 17.3 | 0.2 | 1% |
| State Fiscal Stabilization Fund ³ | 7.6 | 8.0 | 0.5 | 6% |
| FIU Self-Insurance Program | 0.0 | 0.0 | 0.0 | 0% |
| Auxiliary Enterprises | 96.7 | 101.7 | 4.9 | 5% |
| Intercollegiate Athletics | 14.6 | 16.0 | 1.4 | 9% |
| Activities and Service | 9.4 | 10.2 | 0.7 | 8% |
| Technology Fee | 4.6 | 4.8 | 0.2 | 4% |
| Contracts and Grants | 64.6 | 62.4 | (2.2) | -3% |
| Student Financial Aid | 85.7 | 92.5 | 6.8 | 8% |
| Concessions | 0.3 | 0.3 | (0.1) | -23% |
| Direct Support Organizations | | | | |
| FIU Athletic Finance Corp | 3.0 | 3.5 | 0.5 | 16% |
| FIU Foundation Inc | 19.9 | 13.7 | (6.2) | -31% |
| FIU Health Care Network | 0.1 | 0.1 | 0.0 | 0% |
| FIU Research Foundation | 0.0 | 0.0 | 0.0 | 0% |
| Interfund Adjustments ⁴ | (9.0) | (8.7) | 0.3 | -3% |
| Total Operating Revenues | 548.0 | 552.7 | 4.7 | 1% |
| University Treasury (net) | 6.3 | 22.4 | 16.0 | 252% |
| FIU Foundation Inc | 3.5 | 18.8 | 15.3 | 431% |
| Total Investment Revenues | 9.9 | 41.2 | 31.3 | 317% |
| Total Revenues / Receipts | 557.9 | 593.9 | 36.0 | 6% |
| Expenses | | | | |
| University | | | | |
| Educational and General (net) | 272.9 | 239.5 | 33.4 | 12% |
| University | 245.2 | 216.9 | 28.4 | 12% |
| College of Medicine | 16.6 | 12.3 | 4.4 | 26% |
| State Fiscal Stabilization Fund ³ | 11.0 | 10.4 | 0.7 | 6% |
| FIU Self-Insurance Program | 0.0 | 0.0 | 0.0 | 0% |
| Auxiliary Enterprises | 79.2 | 75.5 | 3.7 | 5% |
| Intercollegiate Athletics | 15.7 | 15.1 | 0.6 | 4% |
| Activities and Service | 10.1 | 9.6 | 0.5 | 5% |
| Technology Fee | 4.1 | 2.2 | 1.9 | 47% |
| Contracts and Grants | 60.7 | 58.3 | 2.5 | 4% |
| Student Financial Aid | 83.5 | 96.9 | (13.4) | -16% |
| Concessions | 0.3 | 0.3 | (0.1) | -26% |
| Direct Support Organizations | | | | |
| FIU Athletic Finance Corp | 0.7 | 0.7 | 0.0 | -7% |
| FIU Foundation Inc | 10.2 | 9.6 | 0.6 | 6% |
| FIU Health Care Network | 0.1 | 0.0 | 0.1 | 84% |
| FIU Research Foundation | 0.1 | 0.1 | 0.0 | 6% |
| Interfund Adjustments | (9.0) | (8.7) | (0.3) | 3% |
| Total Expenses | 528.6 | 499.0 | 29.6 | 6% |
| Principal Payment of Debt ⁵ | 1.6 | 1.6 | (0.0) | -2% |
| Change in Net Assets (incl. Investments) | 27.7 | 93.2 | 65.6 | 237% |
| Change in Net Assets (excl. Investments) | 17.8 | 52.0 | 34.3 | 193% |

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*
- ² *E&G revenues include State Funding and Tuition and are net of waivers, uncollectible amounts and 30% Financial Aid need-based amounts per BOG regulation. The difference between E&G Revenues and Expenses will be funded from prior years carry forward.*
- ³ *State Fiscal Stabilization Fund is appropriated as follows: University \$14.2M, College of Medicine \$0.9M*
- ⁴ *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.*
- ⁵ *Principal payment of debt reflected above per BOG requirement that debt service payments be shown on a cash basis.*

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

May 20, 2010

Subject: Construction Status Report

Proposed Committee Action:
None. For Information Only.

Background Information:

The Facilities and Construction Update provides an overview and the status of University projects.

Supporting Documentation: Facilities and Construction Update, April 2010

Facilitator/Presenter: John Cal

This page intentionally left blank

Facilities & Construction Update (April 2010)

Projects Completed:

- **College of Nursing and Health Sciences (CNHS)** - \$46.9M project cost. Project finished ahead of schedule (1 month) and under budget (\$1.6 million). Fifth floor research wing modifications have been designed for newly hired researchers and the Guaranteed Maximum Price (GMP) is under final evaluation. Construction of the modified space will begin in May. Although the main building project is being closed out, this modification project will extend the builder's contract to facilitate construction and preserve the existing building warranties. LEED Silver certification is in progress. Financial close-out of the original construction is underway with an external audit to follow. Duration of the audit is projected at 3 months.

Projects Under Construction

- **School of International and Public Affairs (SIPA)** - \$22.8M project cost. On schedule and on budget (assuming receipt of FY10-11 supplemental appropriation). Project incorporated all add-alternates, including build outs of floors 3-5, while maintaining the schedule. Building was "topped off" in early March. Pre-cast panels are currently 75% installed. Once the pre-cast panel installation is complete, the Public Safety Tower impact resistant cap will be installed as part of the SIPA project. Construction is on schedule for completion in October 2010 with a move in prior to Spring 2011. Furniture was reviewed by users and a final office standard selected. Budget and final finish selections are ongoing. Design LEED items were submitted in February and the university is awaiting USGBC's comments on design points. Construction LEED items will be submitted at end of construction. Delivery date: October 2010.

Projects Under Design – PECO Approved

- **International Hurricane Research Center (IHRC)** – \$15M Project cost. Project remains on-hold until FIU & NOAA reach agreement on lease & MOU. FIU & NOAA have reached conceptual agreement on all substantive issues (building location, temporary balloon launch site, possibility of incorporating balloon launch at new building). The only disagreement appears to be NOAA's insistence to de-link the MOU from the lease. At this point, both sides consider this issue a deal-breaker. Without an agreement, project funding of \$15M may be at risk. No firm decision has been made regarding the wind tunnel location at the IHRC. Alternative location being investigated is at the FIU's Engineering Center. Once an MOU and/or a new lease is agreed to and signed, AE will develop 3 new alternatives for the new location. A new delivery date will have to be determined once a formal understanding is reached with NOAA.
- **Science Classroom Complex** - \$50.0M Project cost. Project budget will likely increase by \$7.7M to \$57.7M to accommodate the increased requirements of the Academic Health

Center. Additional funds were redirected from cost savings and by re-allocating PECO funds. The increased scope includes expansion of the vivarium and data center, a larger auditorium style classroom, 12 seminar style classrooms, additional lab space, and faculty offices. The detailed programming document is pending final approval. Designers have begun the Schematic Design phase with the full agreement of the University's program committee. CM contract negotiation in progress with formal contract signing anticipated in May 2010. Project Delivery date: July 2012

Projects Under Design – CITF Approved

- **GC Expansion** - \$700K project cost – CITF. Phase I/Stage I, Ballroom Restoration, will begin on April 25, 2010 and will concentrate on the ballroom renovations that include movable partitions and finishes. Stage II will begin in August 2010 and will include the media infrastructure and carpeting. Total project to be completed by early September 2010. Planning study on hold until a business plan is developed by GC administration. The GC Planning Study will respond to current functional requirements laid out by the new 20-year campus master plan.
- **WUC Improvements** - \$1.5M - CITF. BBC/WUC-220: Construction documents are at 75% completion. Preliminary GMP has been obtained at 75% construction documents. Construction is scheduled to begin by July 2010. Completion is scheduled for December 2010.

Projects in Planning Stage

Stempel Complex - This \$64.3M project combines three distinct yet related programs in one facility: the Robert Stempel College of Public Health & Social Work; an Ambulatory Care Clinic (ACC); and Miami-Dade County Health Department (MDCHD). General support - infrastructure, utilities, services, circulation, etc. - will be shared for economies of scale. With each project element funded from a different source, the development of the complex is contingent on funding. Funding for the Stempel College is set. Construction funding for the ACC is in place. The College of Medicine is responsible for identifying the funding for equipment. The funding for the MDCHD has not been finalized. The Construction Manager (CM), Skanska, is under contract. FIU is in final contract negotiations with the A/E, Perkins+Will; we anticipate a finalized contract in May. The current focus is aimed at validating the program. Completion is projected for Summer 2012.

- **Student Academic Support Center (SASC)** - \$30.9M project cost. Project is currently on-hold due to lack of construction funding and new questions regarding location. Final Program is being submitted to Program Committee and Administration for approval and signature. Conceptual design phase will not continue until the project site location and funding are finalized.

- **U.S. Century Bank Arena (USCB) - \$4.5M project cost - CITF.** Gould Evans was the successful A/E; contract is at their offices for review and signing. Design kick-off meeting is scheduled for the first week in May. CM short list interviews will be conducted on April 26th. Efforts will focus on accelerating project delivery from June 2012 to December 2011.
- **Satellite Chiller Plant - \$7.1M project cost.** Evaluation of campus wide chilled water system actual capacity vs. needs for UP campus growth indicates that the current chiller plants with additional equipment will support growth through 2013. A/E Design for additional equipment implementation has begun. Different plant options are being evaluated such as pre-packaged chiller plant and emergency operations capability for DRU (Disaster Resistant University) requirements to assure chilled water distribution for critical research facilities. This new plant is intended to meet the requirements past 2013. This project is now in programming.
- **HM Dining & Kitchen Expansion Improvements - \$2.0M - Auxiliary.** Beverage Management Center. Kitchen and Dining Room expansion. Well known and highly esteemed Miami firm, M.C. Harry, will be the A/E of record on this project working under a continuing services contract. M.C. Harry will lead and coordinate overall design and have primary responsibility for mechanical, electrical, and plumbing components. The University is analyzing the potential to add a design consultant with specific restaurant expertise. In conjunction with this project, Hospitality Management (HM) and Facilities Management are coordinating a facilities/building master plan to support HM's academic growth strategy.

Projects Under Construction – Bonded

- **Parking Garage 5/Public Safety/Retail – Project budget \$40.8M.** On schedule & on budget. Design has been finalized for the retail “mall” and 3 new classrooms, to be added in uncommitted shell space. Approximate classroom capacity will be 96, 120 and 144 seats. Schedule is still on target for garage delivery in August 2010. Classroom and complete retail mall is targeting August 2010 as well, a month earlier than the contractual requirement. Public Safety will be delivered September 2010, pending definition of supplemental work now funded in FY10-11. In anticipation of the Allied Health quadrant, the east quadrant road and infrastructure work will be incorporated into PG5's CM's contract. Infrastructure and roadwork will begin this summer and extend through December 2011. A university information campaign will be initiated in order to inform the university community and minimize disruptions.

This page intentionally left blank

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

May 20, 2010

Subject: Athletics Update

Proposed Committee Action:

None. For Information Only.

Background Information:

The Athletics Update provides a Fundraising Report, a summary on cost-savings initiatives and financial highlights from the Athletics Finance Corporation.

Supporting Documentation: Athletics Update

Facilitator/Presenter: Pete Garcia

This page intentionally left blank



ATHLETICS UPDATE
May 20, 2010

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

Alex Duque, Assoc. Athletics Director

Fundraising Report

Fundraising revenues are favorable \$924,000 on a year-to-date basis as of March 31, 2010.

- This variance is primarily driven by the Naming Rights donation from Mr. Kirk Landon for the naming of the Football Field House in the amount of \$1.0 million
- Bank of America Affinity Card revenues are unfavorable \$87,000 to budget on a year-to-date basis

FIU Foundation, Inc.
Preliminary Recap of Statement of Activities
Through the Period Ended March 31, 2010 (in thousands)

| | Actual | Budget | Variance |
|----------|---------------|---------------|-----------------|
| Revenues | \$1,618 | \$694 | \$924 |

Cost Savings Initiatives

- Reduced the number of phone lines by 11, generating an annual savings of \$5,200
- Negotiated a trade deal for two storage pod units at no cost, generating an annual savings of \$5,000
- Partnered with FAU to host track meets at the Ansin Sports Complex in Miramar, Florida, reducing team travel expenses for an annual savings of \$20,000

Athletics Finance Corporation (AFC) Report

Financial Highlights

- March year-to-date Net Income was \$2.8 million and favorable \$437,000 vs. budget
 - Primary drivers included additional conference revenues of \$420,000, net of unfavorable Naming Rights of \$165,000
- Full year forecasted Net Income \$2.68 million vs. Budget of \$2.7 million, meeting debt covenant requirements

This page intentionally left blank