



FLORIDA INTERNATIONAL UNIVERSITY

BOARD OF TRUSTEES

FINANCE AND AUDIT COMMITTEE

Tuesday, March 15, 2011

9:00 am

Florida International University
Modesto A. Maidique Campus
Graham Center Ballrooms

Committee Membership:

Albert Maury, *Chair*; Michael M. Adler; Sukrit Agrawal; Thomas A. Breslin

Liaison:

Richard Brilliant, *Foundation Board of Directors*

AGENDA

- | | |
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| 1. Call to Order and Chair's Remarks | Albert Maury |
| 2. Approval of Minutes | Albert Maury |
| 3. Follow up to Items from Previous Meetings | Albert Maury |
| 4. Action Items | |
| FA1. Approval of the Amendment to the Bylaws of the Florida International University Foundation, Inc. | Richard Brilliant |
| FA2. Authorization for the Issuance of Debt to Finance the Construction of a Student Residence Facility at the University's Modesto A. Maidique Campus | Kenneth A. Jessell |
| FA3. Authorization for the Issuance of Debt to Finance the Construction of Parking Garage 6 at the University's Modesto A. Maidique Campus | Kenneth A. Jessell |
| FA4. Approval of Mixed-Use Auxiliary Building | Kenneth A. Jessell |
| FA5. Signature Authority | Kenneth A. Jessell |
| A. Depositories | |
| B. Authorization to Sign Checks for Certain Foreign Research Program Accounts | |

4. Action Items *(Continued...)*

FA6. Report of Legal Action against T & G Corporation d/b/a and f/k/a T &G Constructors, Inc. and Request for Ratification	Kristina Raattama
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5. Discussion Items *(No Action Required)*

5.1 Office of Internal Audit Status Report	Allen Vann
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5.2 Budget Variance Analysis – Second Quarter 2010	Kenneth A. Jessell
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5.3 State Budget Update	Kenneth A. Jessell
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6. Reports *(For Information Only)*

6.1 Treasury Report	Tony Vu
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6.2 Environmental – Regulatory & Compliance	William Youngblut
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6.3 Athletics Update	Pete Garcia
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6.4 Emergency Management Report	Kenneth A. Jessell
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6.5 Foundation Report	Richard Brilliant
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6.6 University Compliance Report	Leyda Benitez
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6.7 Division of Research Report	Andres G. Gil
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7. New Business	Albert Maury
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7.1 Office of Internal Audit Discussion of Audit Processes	
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8. Concluding Remarks and Adjournment	Albert Maury
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*Next Finance and Audit Committee Meeting
is scheduled for Tuesday, June 7, 2011*

**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES**

Finance and Audit Committee

March 15, 2011

Subject: Approval of Minutes of the Meeting held December 2, 2010

Proposed Committee Action:

Approval of Minutes of the Finance and Audit Committee meeting held on Thursday, December 2, 2010, at the Modesto A. Maidique Campus, MARC International Pavilion.

Background Information:

Committee members will review and approve the Minutes of the Finance and Audit meeting held on Thursday, December 2, 2010, at the Modesto A. Maidique Campus, MARC International Pavilion.

Supporting Documentation: Finance and Audit Committee Meeting Minutes:
December 2, 2010

Facilitator/Presenter: Committee Chair Albert Maury

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**FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND AUDIT COMMITTEE
MINUTES
DECEMBER 2, 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 9:00 am on Thursday, December 2, 2010, at the Modesto A. Maidique Campus, MARC International Pavilion.

The following attendance was recorded:

Present

Albert Maury, *Chair*
Michael M. Adler
Sukrit Agrawal
Thomas A. Breslin

Excused

Miriam López, *Vice Chair*

Trustee Helena Ramirez and President Mark B. Rosenberg were also in attendance.

Committee Chair Maury welcomed all Trustees, faculty and staff. He thanked Trustee Michael M. Adler for agreeing to serve on the Committee. Committee Chair Maury noted that as is stipulated in the University's Investment Policy Statement, an individual designated by the Board of Trustees shall serve as a member of the Investment Committee. He reported that Trustee Sukrit Agrawal was now serving as the Board of Trustees' designated member on the University's Investment Committee.

Committee Chair Maury commended the University's Athletics Department and congratulated the student athletes on the recent football victory and season that culminated in the Sun Belt Conference Championship title.

2. Approval of Minutes

Committee Chair Maury asked that the Committee approve the Minutes of the Meeting held on September 8, 2010. A motion was made and passed to approve the Minutes of the Finance and Audit Committee Meeting held on Wednesday, September 8, 2010.

3. Action Items

FA1. Debt Management Guidelines

Senior Vice President for Finance and Administration and Chief Financial Officer Kenneth A. Jessell presented the Debt Management Guidelines for Committee review, noting that on April 27, 2006, the Florida Board of Governors (BOG) developed debt management guidelines for State universities and direct support organizations (DSOs). He stated that on September 16, 2010, the BOG adopted revised Debt Management Guidelines to provide clarification and better written guidance to universities on matters concerning debt management and issuance. He further noted that in furtherance of this objective, the provisions of these guidelines shall be followed in connection with the authorization, issuance and sale of university and DSO debt.

A motion was made and passed that the FIU Board of Trustees Finance and Audit Committee recommend for Board of Trustees' approval the revised Debt Management Guidelines.

FA2. FIU Direct Support Organizations Financial Audits, FY 2009-2010

Sr. VP and CFO Jessell presented the FIU Direct Support Organizations FY 2009-2010 Financial Audits for Committee review. 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.; the FIU Athletics Finance Corp; and the FIU Herbert Wertheim College of Medicine Health Care Network. 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 did not identify any deficiencies in internal control over financial reporting that were considered to be material weaknesses.

FA2-A. FIU Foundation, Inc.

Sr. VP and CFO Jessell noted that the FIU Foundation, Inc Board of Directors approved the 2009-2010 financial audit at its October 27, 2010 meeting and was submitting to the Board of Trustees for approval.

A motion was made and passed that the FIU Board of Trustees Finance and Audit Committee recommend for Board of Trustees' approval the FIU Foundation, Inc. Financial Audit for the 2009-2010 Fiscal Year and authorize 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.

FA2-B. FIU Research Foundation, Inc.

Sr. VP and CFO Jessell noted that the FIU Research Foundation, Inc. Board of Directors approved the 2009-2010 financial audit at its November 2, 2010 meeting and was submitting to the Board of Trustees for approval.

A motion was made and passed that the FIU Board of Trustees Finance and Audit Committee recommend for Board of Trustees' approval the FIU Research Foundation, Inc. Financial Audit for

the 2009-2010 Fiscal Year and authorize 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.

FA2-C. FIU Athletics Finance Corporation

Sr. VP and CFO Jessell noted that the FIU Athletics Finance Corp. Board of Directors approved the 2009-2010 financial audit at its November 22, 2010 meeting and was submitting to the Board of Trustees for approval.

A motion was made and passed that the FIU Board of Trustees Finance and Audit Committee recommend for Board of Trustees' approval the FIU Athletics Finance Corporation Financial Audit for the 2009-2010 Fiscal Year and authorize 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.

FA2-D. FIU Herbert Wertheim College of Medicine Health Care Network

Sr. VP and CFO Jessell noted that the FIU Herbert Wertheim College of Medicine Health Care Network Board of Directors approved the 2009-2010 financial audit at its October 22, 2010 meeting and was submitting to the Board of Trustees for approval.

A motion was made and passed that the FIU Board of Trustees Finance and Audit Committee recommend for Board of Trustees' approval the FIU Herbert Wertheim College of Medicine Health Care Network Financial Audit for the 2009-2010 Fiscal Year and authorize the Executive Director of the FIU Herbert Wertheim College of Medicine Health Care Network to take all actions necessary pertaining to this Financial Audit, including filing the report with the Auditor General.

FA3. Signature Authority - Authorization to Sign Checks for the University

Sr. VP and CFO Jessell presented the Authorization to Sign Checks for the University for Committee review, noting that the Board was updating its official records to reflect University officers and employees authorized to sign checks to pay legal obligations on behalf of the University.

Sr. VP and CFO Jessell introduced Associate Vice President and Controller Cecilia Hamilton, noting that she joined the University in October 2010.

A motion was made and passed that the FIU Board of Trustees Finance and Audit Committee recommend for Board of Trustees' approval the following officers and employees of the University as authorized to sign checks to pay legal obligations of the University from any and all designated University depositories:

Kenneth A. Jessell, Senior Vice President for Finance and Administration
and Chief Financial Officer

Cecilia Hamilton, Associate Vice President and University Controller

FA4. Ratification of the Wage Article of the 2007-2010 Collective Bargaining Agreement between the Florida International University Board of Trustees and the Dade County Police Benevolent Association

Vice President for Student Affairs Rosa L. Jones presented the Ratification of the Wage Article of the 2007-2010 Collective Bargaining Agreement between the FIU Board of Trustees and the Dade County Police Benevolent Association for Committee review, noting that the parties revisited the Agreement to negotiate the 2009-2010 wages. She added that based on the negotiations, the parties agreed to a 0.75% across-the board payment and a merit bonus of 0.75% for the 2009-2010 wages to the PBA unit members. She further noted that neither payment will be added to the base pay. She stated that the parties also agreed that a committee comprised of members of the PBA and University be formed to create a merit pay evaluation form that is tailored to law enforcement, adding that the approved form was included with the Board materials.

A motion was made and passed that the FIU Board of Trustees Finance and Audit Committee recommend for Board of Trustees' approval the Ratification of the Wage Article of the 2007-2010 Collective Bargaining Agreement between the Florida International University Board of Trustees and the Dade County Police Benevolent Association as specified in the Board materials.

FA5. Test Preparation Fee

Sr. VP and CFO Jessell presented the Test Preparation Fee for Committee review, noting that the proposed fee, as part of a degree program request, if approved, would increase the accessibility of students to test preparation courses and also lower the cost of the preparation courses through negotiated contracts. He added that, by including the test preparation course fee as part of the degree requirements, students may be eligible to pay for the course through financial aid.

Committee Chair Maury inquired as to the sentiment within the College of Law student population as it relates to the proposed Test Preparation Fee. College of Law Dean R. Alexander Acosta noted that students were in support of the proposed fee as the associated costs would be lower than what is available through private, for-profit providers.

Founding Dean and Senior Vice President for Medical Affairs John A. Rock also noted his support for the proposed Test Preparation Fee for College of Medicine students.

A motion was made and passed that the FIU Board of Trustees Finance and Audit Committee recommend for Board of Trustees' approval the Test Preparation fee that will apply only to those students who, as part of their graduation requirements, are expected to obtain specific preparation for a practice-based examination.

FA6. Market Rate Tuition for Master of Arts in Global Governance

Sr. VP and CFO Jessell presented the Market Rate Tuition for Master of Arts in Global Governance for Committee review, noting that the FIU Board of Trustees approved market tuition rates for several programs at its June 4, 2010 meeting. He further noted that while the Master of Arts in

Global Governance degree program was approved at the June meeting it was not included in the request for market tuition rates at that time because it was not then an existing program. He stated that the Market Rate Tuition, totaling \$32,000 for the two-year program, will be effective Fall 2011.

A motion was made and passed that the FIU Board of Trustees Finance and Audit Committee recommend for Board of Trustees' approval the Market Rate Tuition for the Master of Arts in Global Governance.

Discussion Items

4.1 Office of Internal Audit Status Report

Director of Internal Audit Allen Vann presented the Internal Audit Report, providing updates on recently completed investigations. He noted that the Office of Internal Audit welcomed Mr. Vincent Iovino as the Certified Information Systems Auditor. Director Vann also noted that an audit of the University's implementation of prior years' recommendations to ensure that management actions have been effectively implemented was concluded. He added that the results of the audit determined that the number of recommendations classified as not implemented dropped to five percent as compared to twenty-eight percent reported in 2008. He stated that University administration agreed to complete the implementation of 11 recommendations cited in the report.

At the next meeting of the Finance and Audit Committee, Chair Maury requested that University President Mark B. Rosenberg provide a comprehensive report, detailing the rationale relating to all the recommendations issued by the Office of Internal Audit that were either partially or not implemented.

Committee Chair Maury communicated his concern over the time elapsed between the last and current audit of the University Housing and Residential Life Department and requested a report at the next meeting of the Finance and Audit Committee that will elaborate further and provide the necessary background information on the matter.

At the next meeting of the Finance and Audit Committee, Chair Maury also requested that Director Vann provide a report on audits, investigations and/or other relevant issues that possess certain risk factors. Finally, Committee Chair Maury requested that Director Vann forward to the members of the Committee the Mid-Fiscal Year Progress Report that depicts the Office of Internal Audit's progress towards completing the annual Audit Plan.

4.2 University Compliance Report

Committee Chair Maury requested to move the University Compliance Report to the Reports section of the Agenda. There were no objections.

4.3 Budget Variance Analysis – First Quarter 2010

Associate Vice President for Business and Finance Liane Martinez presented the Budget Variance Analysis for the first quarter of 2010. She provided the highlights of University revenues and expenditures. She noted that in terms of E&G expenses, the University is experiencing a savings of approximately \$7 million due to vacant positions. She added that Auxiliaries continue to drive revenue growth and can be attributed to factors such as FIU Online enrollment growth, increases in food and retail sales, in addition to higher occupancy than expected in student housing.

4.4 State Budget Update

Sr. VP and CFO Jessell provided the state budget update, indicating that collections for the month of October were above the August 2010 estimate but the YTD net revenue is two percent under the August 2010. He noted that lower sales tax and corporate income tax account for the total revenue being under estimate.

5. Reports

Committee Chair Maury requested that the University Compliance Report, Treasury Report, Environmental – Regulatory & Compliance Report, Athletics Update, FIU Herbert Wertheim College of Medicine Health Care Network Patient Survey, Emergency Management Report and the Foundation Report be accepted as written. There were no objections.

Committee Chair Maury requested that President Mark B. Rosenberg provide remarks on recent University news and events. President Rosenberg reported that the University community was eagerly anticipating Fall Commencement, where approximately 3,600 graduates will participate in six ceremonies. President Rosenberg further reported that for the past two years research awards have increased by 22% and 13% respectively, adding that currently awards are increasing at a 13% rate. He noted that this remarkable performance at a time of increased competitiveness for diminishing resources to support scholarly activities is a testimony to the intellectual capital represented by the University's faculty. He added that in celebration of Art Basel Miami Beach, the Wolfsonian-FIU began its presentation of "Seduce Me." He noted that the installation was a collaboration with Isabella Rossellini, Andy Byers and Rick Gilbert and that the project takes its name from a series of short videos created by Rossellini. Finally, President Rosenberg stated that the Patricia & Phillip Frost Art Museum will host an official Art Basel-sponsored event, the Breakfast in the Park, noting that the event draws hundreds of art enthusiasts, patrons, collectors, gallery owners and artists from around the world.

6. New Business

Committee Chair Maury noted that as is stipulated in the Finance and Audit Committee Charter, the Office of Internal Audit is excused from the conversation with Senior Management. He announced that it was not obligatory for members of the public to exit the meeting, noting that it was acceptable for anyone to remain present for the discussion. Members of Senior Management discussed their respective experiences with the Internal Audit Office, noting that the working

relationships are defined by mutual collaboration and respect. Committee members and Senior Management noted that the growth of the Herbert Wertheim College of Medicine would require additional staff members in the Internal Audit Office. Committee Chair Maury requested that the issue of surplusings or discarding old copiers and retention of data be reviewed and addressed by utilizing software or other mechanism to erase any stored data before surplusings or discarding the copiers. President Rosenberg requested a comparative analysis of the University's Internal Audit Office staffing with benchmark universities and added that the report should not only consider current staffing levels, but should also anticipate future needs.

7. Concluding Remarks and Adjournment

With no other business, Committee Chair Albert Maury adjourned the meeting at 10:14 am.

<i>Trustee Requests</i>	<i>Follow-up</i>	<i>Completion Date</i>
<i>1. Committee Chair Maury requested that University President Mark B. Rosenberg provide a comprehensive report, detailing the rationale relating to all the recommendations issued by the Office of Internal Audit that were either partially or not implemented.</i>	<i>Office of the President</i>	<i>Spring 2011</i>
<i>2. Committee Chair Maury communicated his concern over the time elapsed between the last and current audit of the University Housing and Residential Life Department and requested a report at the next meeting of the Finance and Audit Committee that will elaborate further and provide the necessary background information on the matter.</i>	<i>Office of Internal Audit</i>	<i>Spring 2011</i>
<i>3. Committee Chair Maury requested that Director Vann provide a report on audits, investigations and/or other relevant issues that possess certain risk factors.</i>	<i>Office of Internal Audit</i>	<i>Spring 2011</i>
<i>4. Committee Chair Maury requested that Director Vann forward to the members of the Committee the Mid-Fiscal Year Progress Report that depicts the Office of Internal Audit's progress towards completing the annual Audit Plan.</i>	<i>Office of Internal Audit</i>	<i>December 2010</i>
<i>5. Committee Chair Maury requested that the issue of surplusings or discarding old copiers and retention of data be reviewed and addressed by utilizing software or other mechanism to erase any stored data before surplusings or discarding the copiers.</i>	<i>Office of Finance and Administration</i>	<i>Spring 2011</i>

6. <i>President Rosenberg requested a report that would benchmark the University's Internal Audit Office staffing against similar universities, looking not only at current staffing levels, but what we will need 5-10 years out and a discussion ensued.</i>	<i>Office of Internal Audit</i>	<i>Spring 2011</i>
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MB
12.13.10

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

March 15, 2011

Subject: Follow up to Items from Previous Meetings

Proposed Committee Action:

None. For discussion only.

Background Information:

In response to Board member requests for follow up, the attached Executive Summary and subsequent reports are submitted for Board of Trustees review.

Supporting Documentation:

EXECUTIVE SUMMARY: Follow up to Items from Previous Meetings

Follow up to Office of Internal Audit Status Report, December 2, 2010 – University Housing and Residential Life and Residential Life Department, including the Fire Inspection Report, completed by Housing on November 2010

In Process and Proposed Internal Audits

Rightsizing Internal Audit Activities (*benchmarking*)

Facilitator/Presenter:

Committee Chair Albert Maury

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Follow Up Items from Previous Meeting

- 1. Committee Chair Maury requested that University President Mark B. Rosenberg provide a comprehensive report, detailing the rationale relating to all the recommendations issued by the Office of Internal Audit that were either partially or not implemented.***

Partially Implemented:

- I. Audit on FIU Safeguards Over Credit Card Holder Data (Report No. 08/09-09).

Recommendation 4.5 – PCI Information Security Policy

The 08/09-09 FIU Internal Audit Finding 4.5, PCI Information Security Policy, found that the PCI Information Security Policy was partially implemented because a merchant account provider survey was not completed and submitted to the merchant provider.

Bank of America VISA has not designated FIU as a merchant that needs to report their PCI information and did not want the information unless it was requested by VISA. A survey was developed and sent to all departments accepting credit cards as a means of payments in June 2010. The 2010 PCI merchant survey results were received and analyzed. Follow-up with respondents who answered incompletely or ambiguously was performed. Red Flags Training was completed by those respondents who needed to attend. A class is currently offered on the UTS training page. The 2011 merchant survey is being developed. The survey will be conducted before the end of this fiscal year. UTS has not completed the technical section of the 2010 survey but stated they would complete a survey if it was requested.

- II. Access Controls Over PS Financial Aid Module (Report No. 05/06-03)

Recommendation No. 2.1 - Intrusive Prevention

The Division of IT has concluded the analysis of effectiveness and cost benefit on the implementation of a Web Application Firewall for FIU enterprise environments. We contacted other SUS institutions and found that most have not yet implemented except for their medical facilities. We also evaluated product and found similar price ranges and identified tools that would function and be appropriate for our environment. Given all of the information, we have concluded that given FIU's growth plans and expansion in technology, it would be consistent with our service and security commitment to implement the Web Application Firewall. We will begin to identify final product, funding, and timeline for implementation.

- III. Audit of Counseling & Psychological Service Center – Patient Information Systems (Report No. 06/07-09)

Recommendation No. 12 – Host Based Intrusion Detection Systems

McAfee HIPS has been installed on all workstations in the Counseling and Psychological Services department.

- IV. Audit of Contracts & Grants Expenditures (Other than Payroll) (Report No. 06/07-05)

Recommendation No. 3.2 – Indirect/Direct Costs

Budgetary controls were strengthened as part of the implementation of the grants module. However, to ensure appropriate review of expenditures, a project attribute “approved exemption” will be added to projects along with associating the restricted budgetary accounts with the attribute value. This will allow for the reporting at the project ID as the budgetary account code level to review restricted account activity. Reports are currently available and attributes are being added to existing projects with final completion in July 2011.

- V. Audit of Controls Over the ADP Payroll Process (Report No. 08/09-02)

Recommendation No. 1.1 – Time Approval Process

Although the Division of Human Resources (DHR) has fully implemented the established action plans which included establishing appropriate guidelines, procedures, training and reminders, this process cannot be fully corrected at this time due to the weak technological infrastructure we currently have with ADP. The only way this item can be changed from “Partially Implemented” to “Fully Implemented” is to replace ADP Timesaver. We are transitioning to a new system and the feature of not being able to approve your own time is a standard functionality in PeopleSoft HR. With PeopleSoft’s Time & Labor module, the Division of Human Resources will be able to implement stringent controls to prevent this from occurring in the future. The “Go Live” date for the new system is January 1, 2012.

- VI. Audit of Controls Over the ADP Payroll Process (Report No. 08/09-02)

Recommendation No. 2.2 – Access Controls

In order for this item to be “Fully Implemented”, a joint effort between the units and Human Resources is required. Human Resources (HR) is dependent on the units reaching out if roles have changed from the time access to EV4 was granted. HR does not have the visibility to determine if the individual no longer requires access. HR has implemented a periodic validation of the active users starting November of 2010 through our Executive Budget Managers who approve access request. Each quarter, HR disseminates reports to the EBMs with a list of EV4 users to determine if there have been changes in their internal roles.

- VII. Allegations Against the Director of the Metropolitan Center
(Report No. 07/08-I-03)

Recommendation No. 9 – Outside Activities

The Division of Human Resources is leading an initiative to strengthen compliance with the University's Outside Activity/Conflict of Interest Reporting requirements. Departments assisting with this initiative include: Academic Affairs, Legal, University Compliance, College of Medicine, and Research. We have developed an Outside Activity/Conflict of Interest Reporting System which allows us to monitor outside activities and potential conflicts of interest of university employees. The system shall permit us to establish annual reporting periods, track the reporting of faculty and staff, create compliance reports, monitor the frequency of changes in reporting, and track approval activities. Upon implementation, we will have the capability of archiving the data and generating reports to help ensure greater compliance. Faculty and Staff members are expected to report information by September 30 of each year. Staff and out-of-unit faculty will be expected to complete and submit forms regardless of any involvement in conflict of interest/outside activity. The Reporting System will be launched in March 2011.

- VIII. Audit of Controls Over University Vehicle Usage (Report No. 07/08-09)

Recommendation No. 6 – Employees Driving Record Verification

This item has been fully implemented. FIU created a University Procedure entitled "University Vehicles – Record Keeping/Review and Operating Requirements" which provides for the University Division of Human Resources to update the motor vehicle record checks every two years for FIU employees whose job assignment includes driving University vehicles or when reports or observations indicate that a University employee is not operating University vehicles safely. The procedure sets forth a list of the types of violations that will preclude an FIU employee from driving a University Vehicle. It also provides for FIU employees to reaffirm that their driver's license status has not materially changed since the last driver's license verification in the

vehicle log assigned to that vehicle. This procedure supplements existing FIU Policies entitled “Acquisition, Assignment, and Use of University Vehicles”, Policy No. 540.005, and Pre-Employments”, Policy No. 1710.257. FIU’s existing policies provide for drivers license checks to be conducted on prospective and existing FIU employees prior to assigning a job requiring driving.

IX. Frost Art Museum (Report No. 04/05-03)

Recommendation No. 1.1 – Art Collection Records; Inventory

A complete physical inventory of the collection was completed between 2005-2008, before, during and after our move into the new museum. The entire inventory was conducted on paper and most of the information has been transferred into our collections management database (which has been troublesome at times). There are still some objects that need to be tracked into the database but as stated above there is a handwritten register of the objects and their locations.

Our collection management policy, which has been approved by the Board of Trustees (Oct 2010), requires a complete collection inventory every five years. Our next inventory will be done in 2013. In addition periodic spot inventories are frequently conducted of collection objects by storage locations.

To cite two examples:

- In fall of 2010 many of our flat files in our works on paper storage area were re-inventoried.
- In summer of 2010 we retrieved all of the objects that were on campus loan and those objects were all inventoried and their new locations were tracked.

In addition, we have just purchased a new museum-industry specific collections management database system. The system should be implemented and working by the end of summer, 2011. Once the system is implemented we will transfer and check location tracking information. This may take up to one year to enter and update all of the information, depending on staffing.

Now that we know what objects cannot be located we will keep a list of those objects. After two years of not having been able to locate the objects they will be deaccessioned as losses as part of the next inventory cycle.

Not Implemented:

- I. Audit of the College of Law (Report No. 08/09-05)

Recommendation No. 6.2 – Property Accountability

In 2010, the college of law hired a new Director of Budget and was assigned the reconciliation of assets with property accounting records. A full physical inventory was made in September 2010. Completion of the reconciliation and update of records will be completed as originally identified in the report by April 2011.

- II. Audit of the College of Arts & Sciences Environmental Studies (Report No. 08/09-03)

Recommendation No. 7.2 – Property Accountability

The college assigned the lab and office manager the responsibility to identify the location of the 38 items. To date, approximately 30% of all items have been located and inventoried, the remainder been cannibalized and communicated to property control to remove from inventory.

General Remark:

We are hoping to see an increase in the state capitalization value to \$5000 that will help with some of these issues in the future. It is very time consuming and costly for the University to track assets that have little value. The University is also currently looking at other ways to efficiently tag capital assets using available technology such as radio frequency identification tags with built in sensors.

- 2. Committee Chair Maury communicated his concern over the time elapsed between the last and current audit of the University Housing and Residential Life Department and requested a report at the next meeting of the Finance and**

Audit Committee that will elaborate further and provide the necessary background information on the matter.

Please refer to Housing Audit Responses Follow Up (Page 21)

- 3. Committee Chair Maury requested that Director Vann provide a report on audits, investigations and/or other relevant issues that possess certain risk factors.***

Please refer to In Process & Proposed Internal Audit presentation (Page 39)

- 4. Committee Chair Maury requested that Director Vann forward to the members of the Committee the Mid-Fiscal Year Progress Report that depicts the Office of Internal Audit's progress towards completing the annual Audit Plan.***

Completed on 12.14.2010

- 5. Committee Chair Maury requested that the issue of surplusings or discarding old copiers and retention of data be reviewed and addressed by utilizing software or other mechanism to erase any stored data before surplusings or discarding the copiers.***

The University is installing Data Overwriter Enablers on all Toshiba copiers. These enablers offer advanced encryption functionality that provides on-the-fly encryption and decryption of data written to the device's hard drive. The Data Overwrite Kit ensures that all data is erased after every fax, copy, scan, and print job in order to prevent the latent storage of valuable data on the device.

There are 282 units in the University where the data overwriting enablers will be installed at a cost of \$45,120.00 (\$160.00 each). The funding source will come from the duplicating revenues.

- 6. President Rosenberg requested a report that would benchmark the University's Internal Audit Office staffing against similar universities, looking not only at current staffing levels, but what we will need 5-10 years out and a discussion ensued.***

Please refer to Rightsizing Internal Audit Activities presentation (Page 43)

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February 18, 2011

TO: Kenneth A. Jessell, Senior VP, Finance & Administration and CFO
Javier I. Marques, Chief of Staff, Office of the President
Allen Vann, Director of Internal Audit

FROM: Rosa L. Jones, Vice President of Student Affairs
James Wassenaar, Executive Director, Student Affairs Operations
and Auxiliary Services

SUBJECT: **Follow-Up to Office of Internal Audit Status Report,
December 2, 2010 - University Housing and Residential Life
and Residential Life Department**

The following responses are updates to the findings and recommendations in the University Housing and Residential Life Audit report.

If you have any questions, please do not hesitate to contact us.

Thank you.

Controls over Safety

a.) Safety Inspections and Fire Drill Compliance

Recommendations

Housing should:

- 1.1 Promptly correct outstanding violations contained in the State Fire Marshall reports for the fiscal years 2008-2009 and 2009-2010.
- 1.2 Ensure that fire drill reports are timely completed and signed by appropriate Housing staff. Maintain reports to support that fire drill are conducted every semester at all of the residence halls.

1.3 Work with the Division of Human Resources to ensure that criminal background checks including fingerprinting are conducted for all applicable positions.

Management Response/Action Plan

1.1. Housing has inspected and corrected all outstanding violations contained in the State Fire Marshal's reports for the fiscal years 2008-2009 and 2009-2010. **Completion date:** December 2010.

***Update:** Attached is the Fire Safety Inspection Report that was completed by Housing on November 2010, which reflected that all areas had been corrected except for signage. As of February, 2011- signage has been corrected.*

In an effort to strengthen our oversight in this area, a new position has been created within Housing- Superintendent for Fire Safety and Prevention Maintenance.

1.2 Housing will work with the University Fire Prevention Officer to improve documentation processes in order to ensure that records are updated in a consistent and timely manner. Housing has verified that student housing facilities have routinely performed successful building evacuations each and every semester both planned and unplanned. Housing and Residential Life are working in collaboration with the General Counsel's Office and the University Fire Prevention Officer to update and revise the fire drill reporting and documentation process to ensure compliance with State and Federal statutes. **Completion date:** January 2011.

***Update: Completed.** As of February 2011 all residence halls have completed spring semester fire drills. Original documentation is maintained in the Housing Facilities Office and copies of the documentation are sent to EH&S and each residence hall office.*

Controls over Safety

b) Employee Background Checks

1.3 Since the University's Pre-Employment Policy (# 1710.257) was implemented in March 2009, Housing and Residential Life has hired 131 new employees. One hundred and eleven (111) or 85% of these were students. Housing and Residential Life began conversations with the Division of Human Resources in July 2009 regarding the pre-employment requirement policy in order to ensure the safety of the student body in residence halls and the protocol that currently exists for preventing theft and exposure to student possession. Based on these measures, HR agreed that Desk Assistants will not be subject to the pre-employment requirement. Subsequently, the University has

been reviewing its process for background screening of student positions in general. Effectively immediately, the Housing and Residential Life Office will work together with HR to ensure that criminal background checks, including fingerprinting are conducted for *applicable* positions. **Completion date:** January 2011.

Update: Background checks for all staff within Housing and Residential Life will be conducted in compliance with the current Pre-Employment Requirements policy statement. Housing and Residential Life, along with Academic Affairs, and the University Graduate School have been working with HR during the last few months to ensure that criminal background checks, including fingerprinting are conducted for applicable student positions. In line with the current Pre-Employment Requirements policy statement, the following student classifications within Housing and Residential Life have been reviewed and were recommended for Level II background checks:

- Graduate Assistants
- Resident Assistants
- Conference Assistants

Review and final recommendation for the Desk Assistants is pending and will be completed by March, 2011.

Asset Management/Property Accounting

Recommendations

Housing should:

2.1 Investigate property items with negative values.

2.2 Work with Asset Management to

- A. complete a physical property inventory
- B. investigate any missing items
- C. tag those items where FIU tags are missing
- D. adjust property item locations as necessary

2.3 Complete and submit an Off Campus form to Asset Management when property items are used off campus.

2.4 Notify the Police Department of any lost or stolen property in a timely manner.

2.5 Establish procedures to track attractive property purchases and prepare an inventory list of items valued less than \$1000, which includes the type of property, cost and location.

Management Responses/Action Plan

2.1 Property items with negative values were investigated and it was determined that the items had appropriate documentation indicating that they were previously disposed. A PantherTrack work order is in place to research why previously disposed items continue to depreciate in the system. This is a PantherSoft Asset Management system issue. **Completion date:** October 26, 2010.

2.2

a.) Asset Management began its inventory of blind scanning for Housing in September 2010. Asset Management will return to scan items not located during blind scan. This is ongoing with Asset Management as Housing is on the list of departments to return to over the next few months. **Expected Completion date:** May 2011.

***Update:** February 4, 2011, Asset Management is in the process of printing reports of assets not located during the blind scan. These reports are run by the Budget Officer or Manager and will be hand delivered to departments by Asset Management. Once the department has located the assets they will schedule a date and time for Asset Management staff to meet with the department to scan them. Expected Completion date May 2011.*

b.) Housing staff is in the process of locating all items documented as missing. **Completion date:** November 2010.

***Update: Completed.** All items were located except one, an Advanced Micromatic purchased September 18, 2002. Equipment was not repairable and disposed of improperly. The appropriate form has been completed and submitted to Property Control as of February, 2011.*

c.) Asset Management was contacted on October 5, 2010 for duplicate property tags for the six items where tags were missing. Asset Management staff has placed the tags on the six items. **Completion date:** October 25, 2010.

d.) The Property Control Transfer Form will be completed for thirteen items that have changed location. There are five items that are maintenance/custodial equipment. This equipment is shared between the residence halls. The Facilities staff will develop a system for logging equipment movement and locations. **Completion date:** November 2010.

***Update: Completed.** On November 3, 2010 a Property Control Transfer form was completed for the thirteen items that changed locations. Housing has identified and designated permanent locations for the five equipment items that are shared between the residence halls. Completion date: February 2011.*

2.3 Administrative staff with computers at home or staff who may carry laptops home from work will complete the Off Campus Property Forms. Residential Life has established procedures for the Residence Hall Association's use of the organization's laptop. The laptop remains in the Association's on-campus office but can be checked out for conferences and training purposes. The check-out form is maintained by the Association's Advisor. **Completion date:** December 1, 2010.

2.4 Effective immediately, any property item lost or stolen will be reported to FIU Police in a timely manner and will be logged. Furthermore, it was determined that one of the property items in question during the audit had been stolen and a copy of the police report was provided to the auditor. **Completion date:** October 2010.

2.5 Housing has completed the Attractive Property Inventory and has developed a process for the inventory of residence hall appliances. **Completion date:** December 2, 2010.

***Update:** Completed. On December 2, 2010, Housing & Residential Life's Attractive Property List was emailed to EH&S. Housing Facilities staff at BBC and MMC maintain an excel document of the locations of new appliances placed in student apartments and suites.*

Controls over Revenues

- a.) Housing Fees Assessment and Collection
- b.) Florida Sales Tax on Temporary Housing Rental
- c.) Refund Calculation for Guest Housing
- d.) Insurance Requirements for Housing Summer Conference Rental

Recommendations

Housing should:

3.1 Establish procedures to ensure that all housing fees are properly assessed, collected, and recorded.

3.2 Establish procedures to ensure that sales & use taxes are assessed, collected and remitted for non-exempt temporary housing and conference rentals.

3.3 Request a refund for the \$2,140 billing error from the Controller's Office and ensures that all refunds are properly calculated and processed.

3.4 Ensure that all affiliated renters have adequate insurance coverage before housing space is rented.

Management Responses/Action Plan:

3.1 Procedures are in place to ensure that all housing fees are properly assessed, collected, and recorded. To improve efficiency, accuracy, and reduction of human error, ImageNow was implemented in the fall of 2009. Additional staff training along with the scanning of documents will reinforce the processes. **Completion date:** December 2010.

Update: Completed. On November 14, 2010, a training session was held for Housing Office staff. Training will be ongoing and during regularly scheduled monthly office staff meetings, procedures will be reviewed, discussed, and reinforced.

3.2 The Temporary Housing Agreement and invoice will include sales tax when applicable. Effective with the 2011 summer conference groups, a copy of the group's Tax Exempt Certificate will be collected and taxes will be charged to non-exempt groups. The department has purchased conference software that will also assist with charging appropriate taxes. The Temporary Housing Agreement has been revised (as of September 27, 2010) and the contracts for summer conference groups will be revised for summer 2011 implementation. **Completion date:** February 2011

Update: On September 27, 2010 the Temporary Housing Agreement and invoice were revised to include sales tax. In January 2011, the conference software was set-up to include the sales tax. The Office of the General Counsel is currently finalizing the updates to the Summer Housing Conference Agreement for implementation this summer conference season. Completion date: February, 2011.

3.3 Housing was reimbursed \$2,140 from the Controller's Office through an ID Transfer, Journal ID # 0000481435. **Completion date:** September 14, 2010.

3.4 All insurance certificates for summer conference groups will have a two tier review by two individuals within Housing to ensure that insurance requirements are met and to eliminate human error. **Completion date:** April 2011.

Update: Once the Summer Conference Housing Agreement is reviewed/ approved by the Office of the General Counsel, Agreements will be mailed to non-FIU groups. Upon return of those Agreements, the two tier verification of insurance requirements will be implemented.

Controls over Expenditures

- a.) University Credit Card Administration
- b.) Monitoring Telephone Charges

Recommendations

Housing should:

4.1 Fully align commodity card procedures with the University's credit card policies and procedures.

4.2 Review telephone charges on a monthly basis, identify all personal long distance calls, and collect reimbursement from the employees if applicable.

Management Responses/Action Plan:

4.1 Housing now has the documentation for all eight purchases referenced within the report. **Completion date:** October 26, 2010.

Additional training sessions were held to reiterate to commodity card holders not to provide another staff member with their card information to make purchases.

Completion dates: October 25, and 27, 2010.

The department commodity card holders do request increases in single limit transactions and monthly transactions. Measures will be taken to raise credit limits in order to address emergencies to accommodate resident student needs. **Completion date:** Effective immediately.

On September 16, 2010, a Residence Life Coordinator candidate reimbursed FIU in the amount of \$165.20 for a second plane ticket purchased for an interview (Journal ID # CS00481386). In providing FIU customer service, the amount the candidate reimbursed FIU was for the plane ticket only, \$165.20. The department did not hold the candidate responsible for the \$50 non-refundable Air Tran Lost Ticket Application. **Completion date:** September 16, 2010.

To address the concern regarding the commodity card approver, the following plan will be implemented. The Associate Director will no longer be a commodity card holder and become the back-up approver. The Senior Secretaries for the Housing Office and Facilities Office will become commodity card holders. The Executive Director's commodity card will be used only in emergencies such as hurricanes, fire, flood, etc. On these occasions, the Vice President for Student Affairs will approve/sign-off on Executive Director's receipts for these emergencies. **Completion date:** February, 2011.

Update: Completed. In December 2010, the two Senior Secretaries in the Housing Office and Facilities Office became commodity card holders. In January 2011, the Associate Director

turned in her commodity card to the Controller's Office, participated in approver training, and completed the form to become one of the back-up approvers.


4.2 The department will resume reviewing telephone charges on a monthly basis, identifying all personal long distance calls, and collecting reimbursement from employees if applicable. **Completion date:** December 2010.

Update: Completed. In January 2011, access was provided to the Housing Office Senior Secretary to review and verify all departmental phone numbers, department ids, and names on phone bills. Effective February 2011, phone bills from September, October, and November 2010 were distributed to staff to review, identify personal long distance calls, sign, make payment to FIU if applicable, and return to Senior Secretary, who will maintain these records. Completion date: February 2011.

C: Douglas Wartzok, Provost & Executive Vice President
Tonja Moore, Associate Vice President for Academic Affairs
Matilde Gramling, Director Budget and Personnel, Student Affairs
Susan Beebe, Associate Director, Housing & Residential Life Department

MEMORANDUM

To: William Youngblut
Interim Director EH&S
CSC 156

From: Ivan Heredia, Assistant Director Housing Facilities – LVS 140 

Date: November 15, 2010

Subject: Response to 2010 Audit – Housing - Florida International University

Attached please find the response from the Housing Department to the 2010 Audit issued by the Office of Internal Audit. Our response depicts the completion of all items listed on the Audit report as deficient, except for items relating to signage. Missing signage is in the process of being restored.

This response to the Audit is being sent to your office for the purpose of scheduling follow up inspections so that you may validate the completion of the items listed in the report. Please contact our office as soon as possible to schedule these inspections. We would like to see these items verified as being in compliance and this issue closed.

cc: Johnny Suggs, Fire Prevention Officer, E H & S – CSC 162
Jim Wassenaar- Exec Director, Student Affairs Ops and Chief Housing Officer – UPT 121
Sue Beebe - Associate Director, Housing – UPT 121
Audrey Appleby - Coordinator, Housing Facilities – LVS 140
Steve Diezel, Maintenance Superintendent – LVS 140

FLORIDA INTERNATIONAL UNIVERSITY
AUDIT OF UNIVERSITY HOUSING DEPARTMENT
AUDIT PERIOD JULY 01, 2009 THRU JUNE 30, 2010

ORIGINAL INSPECTION DATE	BUILDING NAME	DESCRIPTION	DEADLINE	COMMENTS
8/11/2008	Panther Hall	131- 55-gallon recycle container located indoors	8/28/2008	Completed by 8/28/2008
8/11/2008	UP Housing A	Emergency lights not operational in foyer area	10/10/2008	Completed. Fixture replaced 8/08.
8/11/2008	UP Housing B	Fire alarm control panel indicates trouble condition	9/10/2008	Completed. Panel currently clear and normal.
8/11/2008	UP Housing B	GFCI inoperative	9/10/2008	Completed 8/08.
8/11/2008	UP Housing C	Outlet not securely mounted	9/10/2008	Completed. Reanchored 8/08.
8/11/2008	UP Housing D	Smoke detector not securely mounted (inoperative elect/mech room Bldg D)	9/10/2008	Completed 8/08 and Verified 10/27/10
8/11/2008	UP Housing D	Multiple GFCI inoperative	9/10/2008	Completed. Replaced 8/08.
8/11/2008	UP Housing D	Missing outlet cover	9/10/2008	Completed. Replaced 8/08.
8/11/2008	UP Housing F	Smoke detectors inoperative (elect/mech room)	9/10/2008	No test button on smoke detector. However, green light on and powered up o.k. Verified 10/27/10
8/11/2008	UP Housing F	GFCI inoperative	9/10/2008	Completed. Replaced 8/08.
8/11/2008	UP Housing G	Smoke detectors inoperative (elect/mech room)	9/10/2008	No test button on smoke detector. However, green light on and powered up o.k. Verified 10/27/10
8/11/2008	UP Housing G	Fire alarm control panel indicates trouble condition	9/10/2008	Completed. Panel clear and normal.

8/11/2008	UP Housing H	Smoke detectors inoperative. Smoke detectors not securely mounted.	9/10/2008	Completed. Replaced 8/08.
8/11/2008	UP Housing H	Outlet cover missing/broken. Outlet not securely mounted	9/10/2008	Completed. Replaced 8/08.
8/11/2008	UP Housing J	Emergency lights inoperative on 2nd floor	9/10/2008	Completed 8/08 and Verified 10/27/10
8/11/2008	UP Housing J	Smoke detectors inoperative (elect/mech room)	9/10/2008	No test button on smoke detector. However, green light on and powered up o.k. Verified 10/27/10
8/11/2008	UP Housing J	Fire alarm control panel indicates trouble condition	9/10/2008	Completed. Panel clear and normal.
8/11/2008	UP Housing J	GFCI inoperable	9/10/2008	Completed. Replaced 8/08.
8/11/2008	UP Housing J	201-A outlet cover missing/broken	10/10/2008	Completed. Replaced 8/08.
8/11/2008	UP Housing K	Smoke detectors inoperative. Smoke detectors not securely mounted. (elect/mech room)	9/10/2008	No test button on smoke detector. However, green light on and powered up o.k. Verified 10/27/10
8/11/2008	UP Housing K	203- no GFCI outlet at kitchen sink. GFCI outlet not securely mounted	9/10/2008	Completed. Replaced 8/08.
8/11/2008	UP Housing K	Multiple outlets not securely mounted. Outlet covers missing	9/10/2008	Completed. Replaced 8/08.
8/11/2008	UP Housing L	Fire alarm control panel indicates trouble condition	9/10/2008	Completed. Panel clear and normal.
8/11/2008	UP Housing L	GFCI inoperative	9/10/2008	Completed. Replaced 8/08.
8/11/2008	UP Housing L	Outlet not securely mounted	9/10/2008	Completed. Reanchored 9/08.
8/11/2008	UP Housing L	101- gasoline pressure sprayers stored indoors	8/14/2008	This is a residents unit. Removed 8/08.

8/12/2008	Everglades Hall	141 exit doors do not open easily	9/11/2008	Completed.
8/12/2008	Everglades Hall	Signs needed on all floors to indicate location of portable fire extinguishers	11/10/2008	Completed 9/08 and Verified 10/27/10
8/12/2008	Everglades Hall	Certificates expired	11/10/2008	Completed. All elevator certificates are current. Original comment addressed 9/08.
8/12/2008	Everglades Hall	Operator unable to identify elevator location when emergency call button is pressed	10/11/2008	Completed 8/08. UTS connected so signal is sent.
8/14/2008	UT - 19A	Smoke detectors inoperative throughout. 1011-smoke detectors not tied together. 824D smoke detector not louder than ambient. Backup batteries on smoke detectors dead throughout	8/28/2008	Completed. Batteries replaced 10/10. On going maintenance.
8/14/2008	UT - 19A	615- kitchen GFCI missing/inoperative	9/13/2008	Completed. Replaced 8/08.
8/14/2008	UT - 19A	522- outlet cover missing	9/13/2008	Completed. Replaced 8/08.
8/14/2008	UT - 19A	Elevator certificate expired	10/13/2008	Completed. All elevator certificates are current. Original comment addressed 9/08.
8/14/2008	UT - 19A	Operator unable to identify elevator location when emergency call button is pressed	10/13/2008	Completed. UTS connected so signal is sent.
8/15/2008	LVN	131- no maximum occupancy posted	9/14/2008	Signage machine will be operational within 30 days to complete all missing signs.
8/15/2008	LVN	810S1- emergency light not working 3rd to 4th floor. 810S1- emergency light not working 2nd to 3rd floor.	9/14/2008	Completed 8/08.
8/15/2008	LVN	No fire alarm log	10/14/2008	Panel service log in place. No panel incident report log, but panel is self-reporting and can produce log. Verified 10/27/10.
8/15/2008	LVN	Fire alarm control panel indicates trouble condition	9/14/2008	Completed. Panel clear and normal.

8/15/2008	LVN	Elevator certificate expired	10/14/2008	Completed. All elevator certificates are current.
8/15/2008	LVN	Operator unable to identify elevator location when emergency call button is pressed	10/14/2008	Completed 8/08. UTS connected so signal is sent.
8/15/2008	LVN	Trash chutes not closing/latching throughout	9/14/2008	Completed. 2 replaced. On-going maintenance.
8/15/2008	LVN	Accumulation of combustible materials-laundry room	9/14/2008	Completed and cleaned 8/08.
8/15/2008	LVS	420M1 - missing ceiling panel	9/14/2008	Completed 8/08.
8/15/2008	LVS	No fire alarm log	9/14/2008	Panel service log in place. No panel incident report log, but panel is self-reporting and can produce log. Verified 10/27/10.
8/15/2008	LVS	Signage for portable fire extinguishers missing or inadequate	10/14/2008	In process of being installed. To be completed in 30 days.
8/15/2008	LVS	414- missing portable fire extinguisher	8/29/2008	Complete 8/08.
8/15/2008	LVS	533- escuchen plate missing	10/14/2008	Complete replace 8/08.
8/15/2008	LVS	Elevator certificate expired	9/14/2008	Completed. All elevator certificates are current.
8/15/2008	LVS	Operator unable to identify elevator location when emergency call button is pressed	10/14/2008	Completed 8/08. UTS connected so signal is sent.
8/15/2008	LVS	Trash chutes not closing/latching throughout	9/14/2008	Completed. 1 replaced. On-going maintenance.
8/21/2008	Panther Hall	Emergency lights in interior stairways not operational	9/20/2008	Completed. Fixture replaced 8/08.

8/21/2008	Panther Hall	At 342 & 334 exit sign missing. 201 too much force required to open stairway door	9/20/2008	Completed 8/08.
8/21/2008	Panther Hall	Repair/close drywall at all new trash chute door locations. Latches removed on interior stairway doors	9/20/2008	Completed.
8/21/2008	Panther Hall	No fire alarm log	9/20/2008	Fire Alarm Panel self-reporting of history function.
8/21/2008	Panther Hall	Fire alarm control panel indicates trouble condition	9/20/2008	Completed 8/08. Verified as clear 10/27/10.
8/21/2008	Panther Hall	Signage missing or inadequate on portable fire extinguishers throughout. Breaker bars missing on portable fire extinguisher cabinets throughout	9/20/2008	Completed. Purchased and installed signs 9/08. Breaker bar replaced 9/08
8/21/2008	Panther Hall	244 - Caulking on escuchen plate	9/20/2008	Completed. Cleaned.
8/21/2008	Panther Hall	Elevator certificate expired	9/20/2008	Completed. All elevator certificates are current. Original comment addressed 9/08.
8/21/2008	Panther Hall	Operator unable to identify elevator location when emergency call button is pressed	10/20/2008	Completed. UTS connected so signal is sent.
8/21/2008	Panther Hall	Trash chutes not closing/latching throughout	9/20/2008	Completed. On-going maintenance.
8/20/2009	UP Housing A	Exit lighting chevrons at 3 locations within the office to be replaced and to be non directional	9/19/2009	Completion date to be verified. Issue verified as completed 10/27/10.
8/20/2009	UP Housing B	Smoke detector not working, missing batteries or chirping due to weak batteries in rooms: 204 & 205 building B	9/19/2009	Completion date to be verified. Issue verified as completed 10/27/10.
8/20/2009	UP Housing B	FACP in trouble in the electrical/mechanical room Building B	9/19/2009	Completed. Panel clear and normal.
8/20/2009	UP Housing B	Smoke detector covered with plastic and hanging by wires room 204 2nd floor. Identify on exterior of electrical/mechanical room door "FCAP INSIDE" building B	9/19/2009	Completion date to be verified. Issue verified as completed 10/27/10. Sign stenciled on wall.

8/20/2009	UP Housing B	Portable extinguisher missing in electrical/mechanical room Building B	9/19/2009	Completion date to be verified. Issue verified as completed 10/27/10.
8/20/2009	UP Housing C	Smoke detectors not working, missing batteries or chirping due to weak batteries in rooms 204, 206, 207 building C 2nd floor Smoke detectors not working in rooms 108 & 109 building C 1st floor	9/19/2009	Completion date to be verified. Issue verified as completed 10/27/10.
8/20/2009	UP Housing C	FACP indicates trouble and in silence mode electrical/mechanical room building C	9/19/2009	Completed. Panel clear and normal.
8/20/2009	UP Housing C	Identify on exterior of electrical/mechanical room door "FACP INSIDE"	9/19/2009	Completed. Applied stencil reading.
8/20/2009	UP Housing C	Portable extinguisher missing in electrical/mechanical room Building C	9/19/2009	Completion date to be verified. Issue verified as completed 10/27/10.
8/20/2009	UP Housing C	GFCI not working at kitchen sink building C room 203 second floor	9/19/2009	Completed. Replaced.
8/20/2009	UP Housing C	Identify on exterior of electrical/mechanical room "ELECTRICAL/MECHANICAL ROOM" "NO STORAGE" Building C	9/19/2009	Signage machine will be operational within 30 days to complete all missing signs.
8/20/2009	UP Housing D	Smoke detectors not working, missing batteries or chirping due to weak batteries in building D room 116 first floor	9/19/2009	Completion date to be verified. Issue verified as completed 10/27/10.
8/20/2009	UP Housing D	FACP indicates trouble and in silence mode electrical/mechanical room building D	9/19/2009	Completed. Panel clear and normal.
8/20/2009	UP Housing D	Identify on exterior door of electrical/mechanical room door "FACP INSIDE" building D	9/19/2009	Signage machine will be operational within 30 days to complete all missing signs.
8/20/2009	UP Housing D	Portable extinguisher missing in electrical/mechanical room building D	9/19/2009	Completion date to be verified. Issue verified as completed 10/27/10.
8/20/2009	UP Housing D	Missing cover plate above the FACP in the electrical/mechanical room building D first floor	9/19/2009	In process of verification.
8/20/2009	UP Housing E	FACP indicates trouble and in silence mode electrical/mechanical room building E	9/19/2009	Completed. Panel clear and normal.

8/20/2009	UP Housing E	Identify on exterior door of electrical/mechanical room door "FACP INSIDE" building E. Smoke detector hanging by the wires building E room 203 second floor	9/19/2009	Completed. Reanchored. Applied stencil reading.
8/20/2009	UP Housing E	Portable extinguisher missing in electrical/mechanical room Building E	9/19/2009	Completion date to be verified. Issue verified as completed 10/27/10.
8/20/2009	UP Housing E	GFCI not working at bathroom sink building E room 208 second floor	9/19/2009	Completed. Replaced.
8/30/2009	Everglades Hall	704 placard to be posted outside of generator room	11/29/2009	Signage machine will be operational within 30 days to complete all missing signs.
8/30/2009	Everglades Hall	Occupancy load posted in all multi purpose rooms, conference rooms etc. throughout the building.	11/29/2009	Signage machine will be operational within 30 days to complete all missing signs.
8/30/2009	Everglades Hall	Exit lighting not working on A/C power. Main lobby area	11/29/2009	Completion date to be verified. Issue verified as completed 10/27/10.
8/30/2009	Everglades Hall	Emergency generator must be exercised monthly under load. Generator hrs 212. Generator transfer ATS-2 indicates that it is in alarm.	11/29/2009	Completed. Generator exercised monthly.
8/30/2009	Everglades Hall	Ceiling penetrations in rooms: 100M1, 500M1, 300M1, 342M, 200M1, 242M, 221M	11/29/2009	Wool and fire stopping in place. Will apply another layer of firestopping from below.
8/30/2009	Everglades Hall	Wall penetrations in room: 121 T	11/29/2009	Wool and fire stopping in place. Will apply another layer of firestopping from below.
8/30/2009	Everglades Hall	Emergency call boxes throughout the interior and exterior of the building not working.	11/29/2009	Completed.
8/30/2009	Everglades Hall	Horn/strobe at the 1st floor lobby elevator with paint on strobe lens	11/29/2009	Completed.
8/30/2009	Everglades Hall	Post signage on room 140M1 "FCAP INSIDE"	11/29/2009	Signage machine will be operational within 30 days to complete all missing signs.
8/30/2009	Everglades Hall	Signs to be posted on all floors to indicate location of portable extinguishers	11/29/2009	Signage machine will be operational within 30 days to complete all missing signs.

8/30/2009	Everglades Hall	Cover plate missing in electrical panel Room 100M2	11/29/2009	Completion date to be verified. Issue verified as completed 10/27/10.
8/30/2009	Everglades Hall	Remove storage in rooms: 121T, 400M1	11/29/2009	Completed.
8/30/2009	Everglades Hall	Elevator certificate of inspection not valid in elevator 1	11/29/2009	Completed. All elevator certificates are current.
8/30/2009	Everglades Hall	The storage of gasoline powered equipment in room 130 to be stores in an approved, well ventilated area. Gasoline containers to be stored in an approved rated flammable cabinet.	11/29/2009	In the process of studying best location for equipment and how to ventilate room.
11/6/2009	Panther Hall	Exit lighting to be properly positioned and to show correct chevron direction for egress throughout the building	12/6/2009	Completed.
11/6/2009	Panther Hall	Exit lighting not working on D/C power 3rd floor student lounge. Exit lighting not working in stairwell #2	12/6/2009	Completed.
11/6/2009	Panther Hall	Emergency lighting not working on A/C and or D/C power room 060. emergency lighting need in room 149. Emergency lighting not working on D/C power in stairwell #3 at the top of the 5th floor and 4th floor.	12/6/2009	Completed.
11/6/2009	Panther Hall	Emergency call boxes not working throughout the building	12/6/2009	Completed.
11/6/2009	Panther Hall	Remove secondary horn strobe in room 434 at 434B	12/6/2009	Not completed.
11/6/2009	Panther Hall	Extinguisher service tag expired room 434C	12/6/2009	Completion date to be verified. Issue verified as completed 10/27/10.
11/6/2009	Panther Hall	Portable extinguisher of proper type and size needed in main lobby	12/6/2009	Completed 11/09. Issue verified as completed 10/27/10.
11/6/2009	Panther Hall	Remove storage in telecom room 050, 060, 213	12/6/2009	Completed 11/09.
11/6/2009	Panther Hall	Fire evacuation plans not posted in 3rd floor student lounge	12/6/2009	Signage machine will be operational within 30 days to complete all missing signs. Issue pending.

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Florida International University
In Process & Proposed
Internal Audits



March, 2011

Current In Process Audits

Fiscal Year 2011

Audit	Department
Major Construction Projects	Facilities
Auxiliary Funds	College of Business Administration
Grants	College of Engineering and Computer Sciences
Revenue Collections	Parking & Transportation
Controls Over Panther Cards	Student Affairs/Business Services
Controls over Fuel Inventories	Parking & Transportation
Banking & Investment Controls	FIU Foundation
Banking & Investment Controls	University Treasurer

Proposed Internal Audits

FY '12 - FY '13

Audit	Department
Construction Costs - Parking Garage 5 (\$43 million)	Facilities/Turner Construction
Student Athlete Eligibility/NCAA Compliance	Registrar & Athletics Dept.
South Beach Wine & Food Festival	Athletics
MOU with Tianjin University	School of Hospitality and Tourism Mgmt.
Payroll Controls	HR/Controller
Retail & Food Services	Business Services
Information Systems Controls (HIPAA Compliance)	College of Medicine
Student Technology Fee	UTS
Repairs & Maintenance	Facilities
Online Program	University College
Kovens Conference Center	School of Hospitality and Tourism Mgmt.
Children's Creative Learning Center	Student Affairs
College of Arts & Sciences	Academic Affairs
College of Public Health & Social Work	Academic Affairs
Health Care Network & Ambulatory Care Center	College of Medicine
University Health Services	Student Affairs
Libraries	Academic Affairs
Student Government Association	Student Affairs
Frost Art Museum	Provost
Wolfsonian Museum	Provost
IT Governance	UTS/University-wide
Accounts Payable	Controller

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Florida International University

Rightsizing Internal Audit Activities



March, 2011

Rightsizing The Internal Audit Function

Assumptions:

- Resources need to be adequate to achieve the audit plan
- Priorities should be based on FIU's risks
- Risks vary from University to University based on:
 - ✓ Governance
 - ✓ Complexity
 - ✓ Size
 - ✓ Growth
 - ✓ Control systems
 - ✓ Risk management

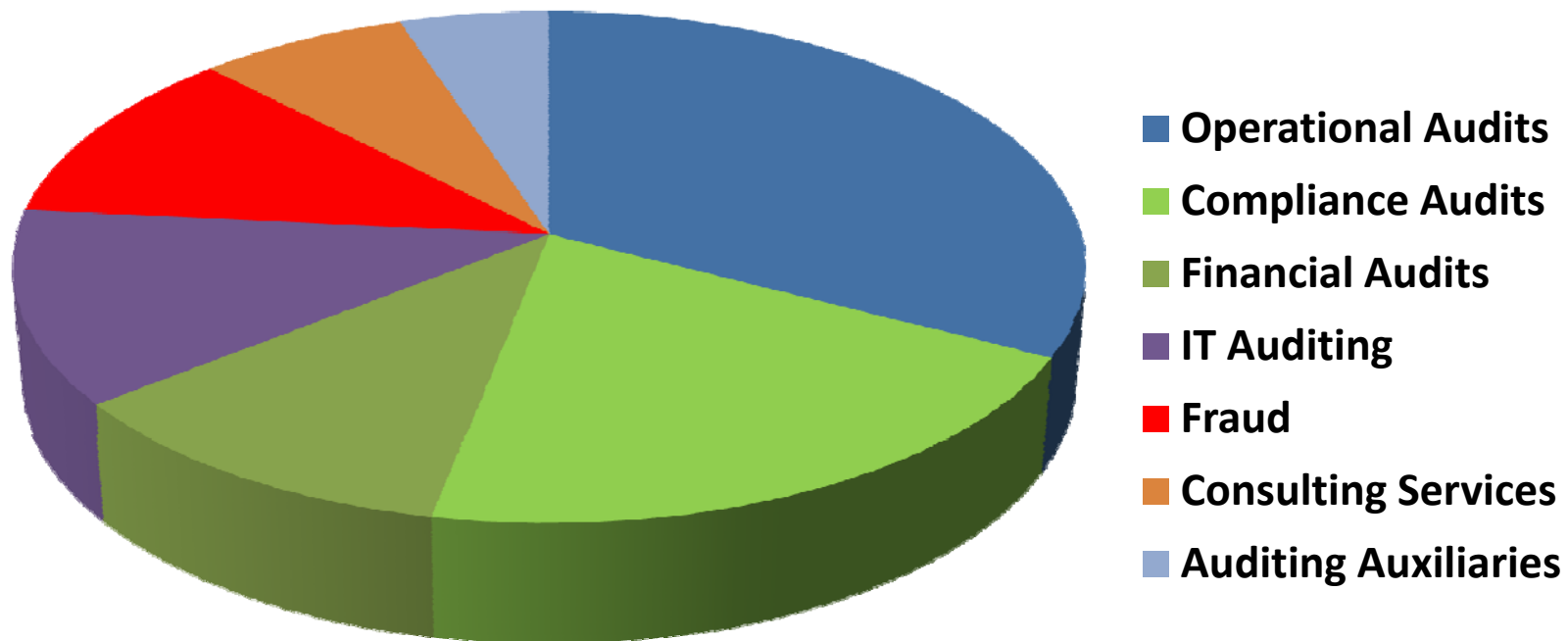
Rightsizing The Internal Audit Function

Mitigating Oversight Functions	
Oversight Issues/Activities	Non Internal Audit Department
Athletics	Annual CPA Firm - NCAA Compliance Audit
Ethics Code & Hotline	University Compliance Office
Health & Safety	Environmental Health & Safety Services
Emerging Liabilities	Risk Management
IT Security	IT Security Office
Financial Statements & Operational Audits	Florida Auditor General
Student Financial Aid	
Grants	
Loss Prevention	Office of the Controller
Facilities (Capital Construction)	Internal Auditor
Direct Support Organizations/Foundations	Annual CPA Firm Financial Audit

Office of Internal Audit

Rightsizing The Internal Audit Function

How Internal Audit Resources Are Dedicated At Public Universities

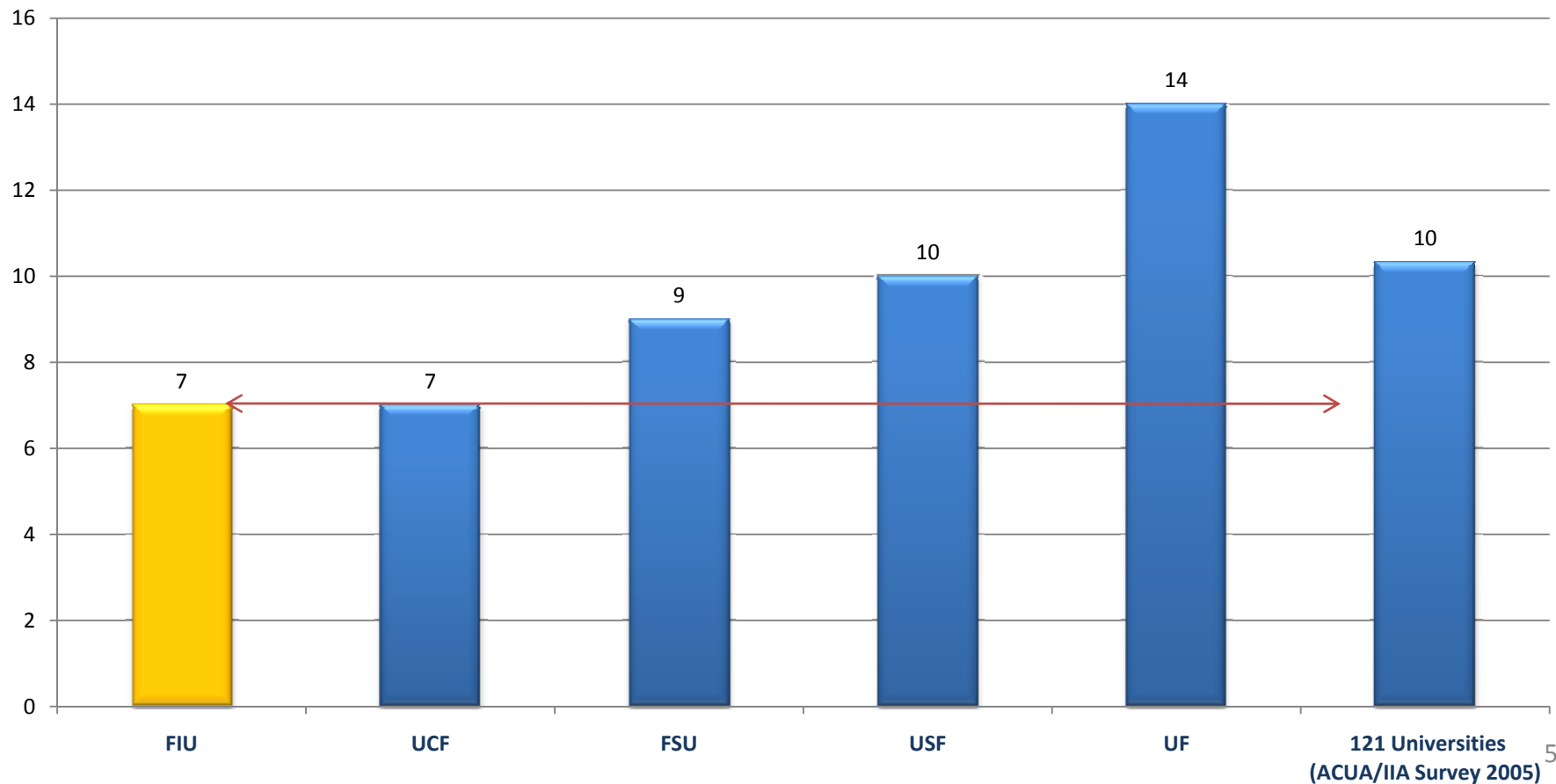


Data Source: *Effective Sizing of Internal Audit Activities for Colleges & Universities*, The Institute of Internal Auditors Research Foundation, September 2010

Rightsizing The Internal Audit Function

Most Common Approach to Rightsizing: Benchmarking

Number of Internal Auditors



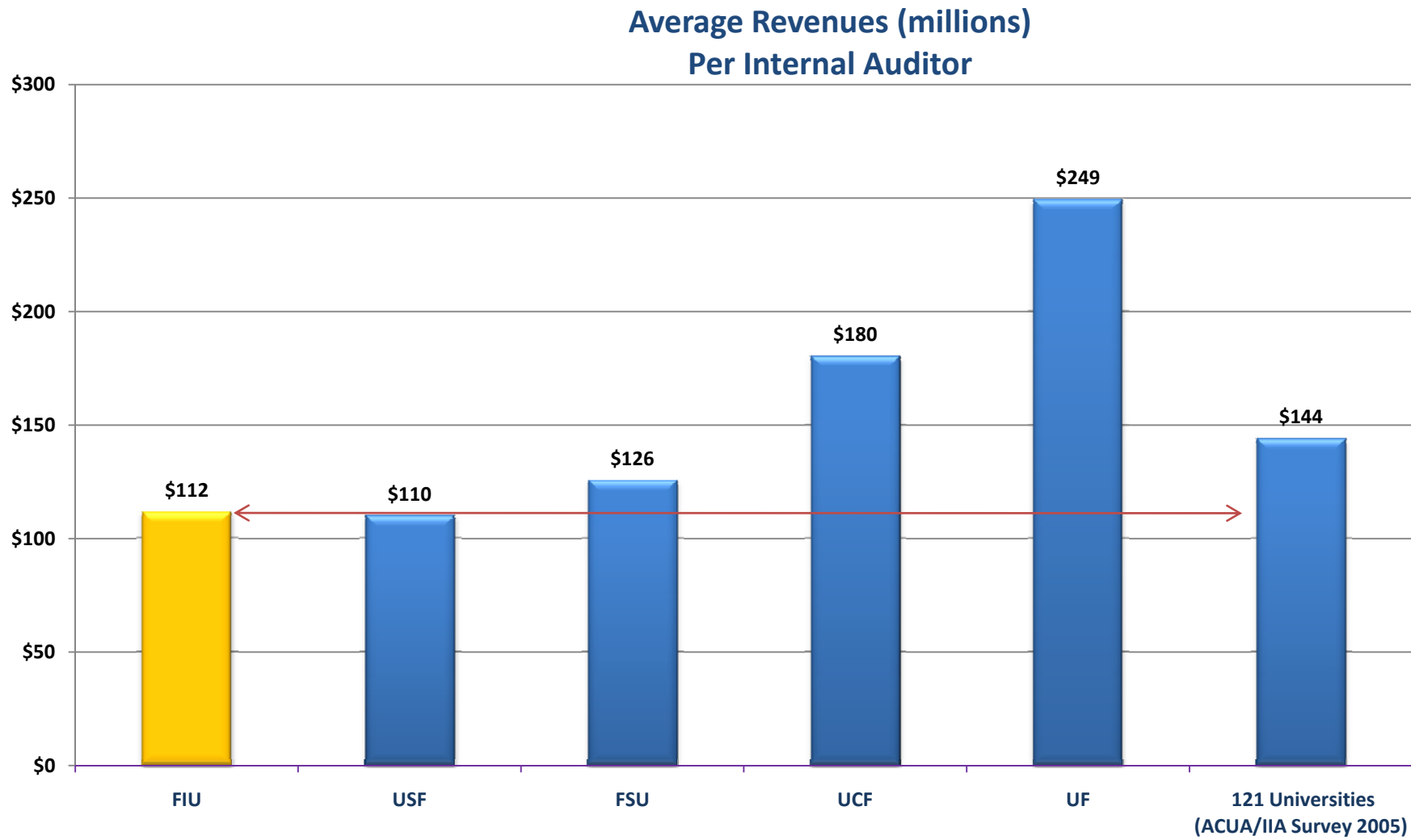
Rightsizing The Internal Audit Function

In order to adequately compare the various University's Internal Audit functions, we selected three common denominators:

1. Total Revenues
2. Full and Part Time Personnel
3. Full Time Equivalent Students

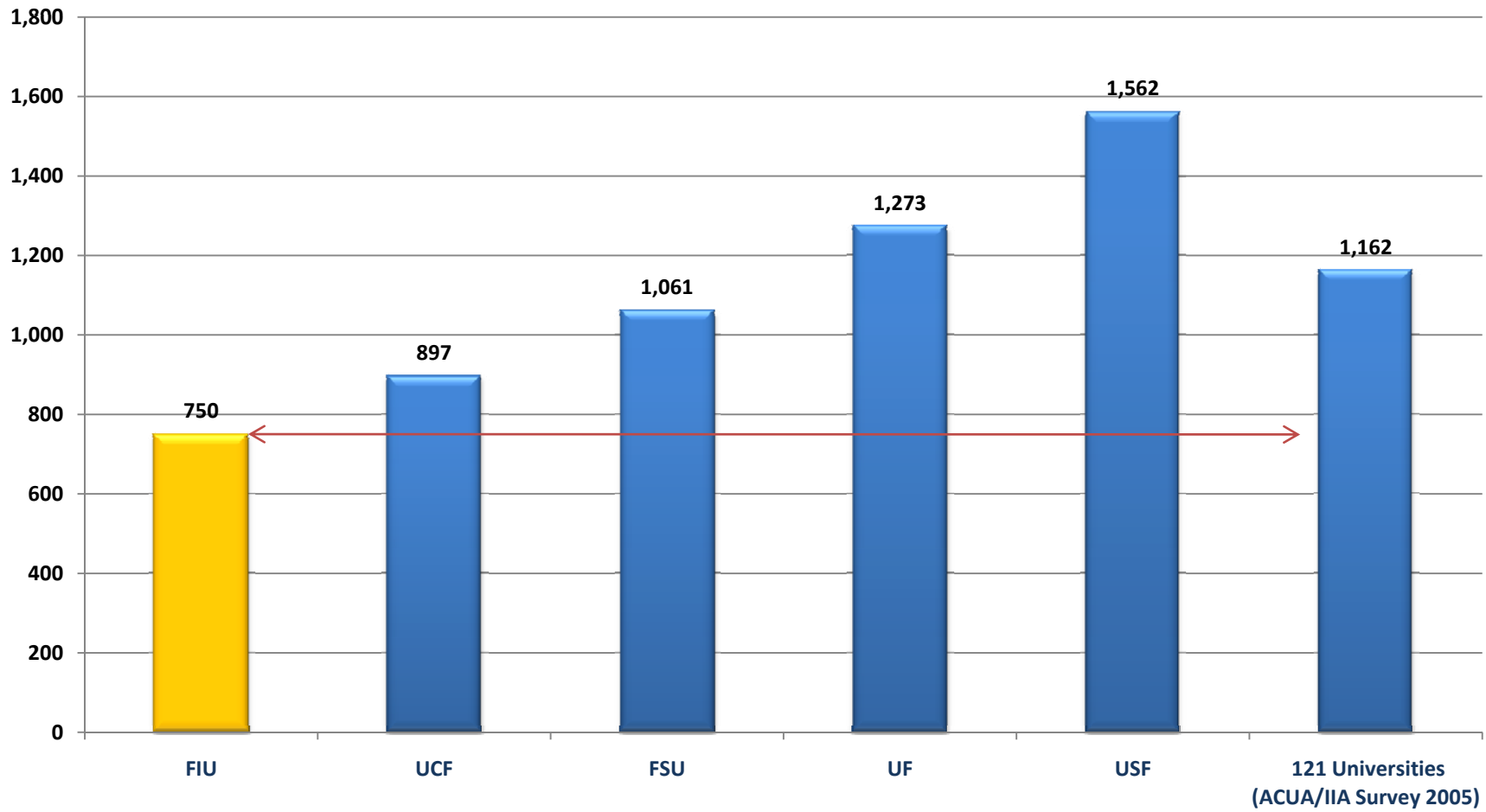
(All of the Florida State Universities selected for this benchmarking study have Medical Colleges.)

Rightsizing The Internal Audit Function



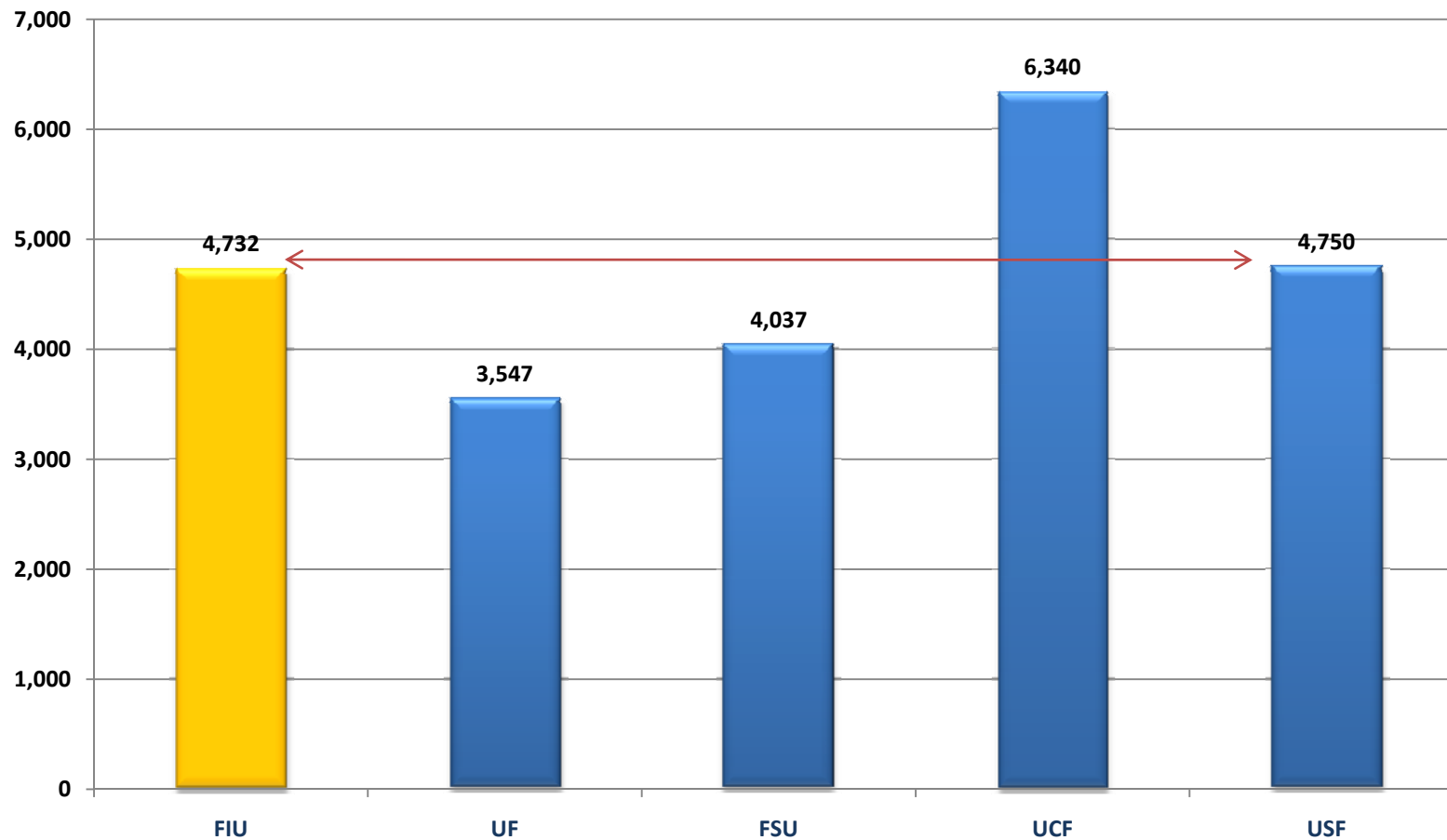
Rightsizing The Internal Audit Function

Average Number of Employees
Per Internal Auditor



Rightsizing The Internal Audit Function

Average Number of Students
Per Internal Auditor



Rightsizing The Internal Audit Function

RECOMMENDATIONS:

Maintain Current Staffing Level
(Additional Interns)



Continue To Invest In Training
(Continued Professional Education)

Increase Investment In New Technology
(Laptops, Software, etc.)



THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

March 15, 2011

Subject: Approval of the Amendment to the Bylaws of the Florida International University Foundation Inc. as Amended and Restated on the 26th day of January 2011

Proposed Committee Action:

Recommend to the Florida International University Board of Trustees approval of the Florida International University Foundation Inc. Bylaws as amended and restated on January 26, 2011 and authorize the President and CEO of the Foundation to take all actions necessary pertaining to these amended Bylaws.

Background Information:

On January 26, 2011, the Florida International University Foundation Inc. Board of Directors approved amendments to the Foundation's Bylaws.

The Florida International University Board of Trustees must approve any amendments to the FIU Foundation, Inc. Bylaws before their becoming effective.

Regulation FIU – 1502, section 2(a), states in relevant part:

...any amendments to the Articles of Incorporation or Bylaws must be submitted by the President of the University to the Board of Trustees for approval prior to becoming effective.

Article 9, Section 1 of the Florida International University Foundation Inc. Bylaws, states:

These Bylaws may be altered, amended, rescinded, or repealed at any regular or special meeting of the voting Directors by the affirmative vote of two-thirds of the voting Directors present. Any amendment to the Bylaws, approved by the Board, shall be submitted by the University President to the Board of Trustees for approval prior to its effective date.

Supporting Documentation: Florida International University Foundation, Inc. Bylaws as Amended and Restated on the 26th day of January 2011

Facilitator/Presenter: Richard Brilliant, *Treasurer, FIU Foundation, Inc. Board of Directors*

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FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION INC.
A Florida Not For Profit Corporation
(The "Foundation")

BYLAWS

As Amended and Restated the ~~26th~~^{4th} day of ~~March~~^{January} 20~~11~~⁰⁹.

ARTICLE 1. BOARD OF DIRECTORS.

Section 1. Governance. In accordance with Article 5 of the Articles of Incorporation of the Foundation, the affairs of the 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 Directors. Members of the Board shall be the sole voting members of the Foundation and shall be called "Directors."

Section 2. Number and Qualifications of Directors. The Directors shall include three categories of members:

(i) Elected Members. The Directors shall elect from the nominations of the Recruitment Committee, or from nominations made from the floor, a total of not less than twenty-eight (28) and not more than fifty (50) members in accordance with the nomination and election procedures specified by these Bylaws. Each Director shall have demonstrated outstanding qualities of leadership and managerial ability and a serious personal intention to promote the advancement of higher education and Florida International University ("the University") through dedicated service to the Foundation. Each Director should set an example of charitable interest in the University and the Foundation which alumni and other friends of the University may emulate. To that end, each elected member of the Board shall contribute to the Foundation, at a minimum, an annual membership gift, the amount of which shall be recommended by the Executive Committee and approved by the Board at the Annual Meeting, and which shall be paid to the Foundation by each Director during the first quarter of each fiscal year of membership. In addition, each Director shall either make a donation, or get others to make donations, annually in the amount established by the Board at its Annual Meeting. Directors shall be expected to participate in University functions and events whenever reasonable and practicable and act as an emissary to promote and advance the goals of the University.

(ii) Officers. The Directors shall elect a Chairperson of the Board ("Chairperson"), Vice Chairperson, Secretary and Treasurer from among its membership. The Chairperson may appoint an Assistant Secretary and Assistant Treasurer to provide administrative support.

(iii) Designated Ex Officio Members. The Directors shall include among their members the persons who hold the following offices during the time they hold such offices: the President of the University or his designee, a Faculty representative from the Faculty Senate recommended by the President after consultation with the Faculty Senate Chairperson, the President of the Student Government Council who is not serving on the Board of Trustees, the President of the Alumni Association, the Chairperson of the Florida International University Council of 100, and

others who may be designated by the Directors from time to time. The Chairperson of the University Board of Trustees may appoint a representative to the Board and the Executive Committee. Ex Officio members shall have the right to vote and shall be counted towards quorum.

Section 3. Terms of Service. A newly elected Director, who has not previously been a Director, shall be elected to serve for one initial Board calendar year, or part thereof. Following the initial year, he/she may be elected for a two year term, followed by two three year terms before having to rotate off the Board for a minimum of one year. Current Directors shall be considered newly elected Directors when their current term is concluded and shall be eligible to serve for nine (9) years before having to rotate off the Board for one (1) year. Terms of service shall begin immediately after election.

Section 4. Election. The Board shall elect new members to fill expiring and vacant terms at the Annual Meeting of the Directors to be held in May or June of each year. Directors may elect additional members at any other regular or special meeting of the Directors, as provided in these Bylaws. Nominations for Directors shall be made by the Recruitment Committee, as described in Article 3 of the Bylaws.

Section 5. Vacancies. Vacancies occurring during a term may be filled by the Directors at any regular or special meeting of the Directors, as provided in Section 4 of Article 1 of these Bylaws.

Section 6. Meetings. Regular meetings of the Board shall be held at least three times a year. One such meeting shall be held in May or June of each year and such meeting shall be the Annual Meeting of the Directors when new Directors and Officers shall be elected and take office, subject to other provisions of these Bylaws. Notice to the public of Regular meetings, Committee meetings, and Special meetings of the Board will be given by posting on the Foundation's website at <http://foundation.fiu.edu/> and faxing such notice and agenda to a newspaper of general circulation not less than seven (7) days before the meeting and will include a statement of the general subject matters to be considered. Notice to each Director shall be emailed or faxed to each Director not less than seven (7) days prior to each meeting, along with all materials needed for the meeting. Special meetings may be called by the Chairperson, the President of the University or his designee, or by any three (3) Directors with at least seven (7) days written notice provided to all of the Directors. The agenda for special meetings shall be limited to matters listed in the written notice of the special meeting.

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 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.

Executive Session: The Legislature has provided limited exemptions from the Sunshine law for certain meetings because of the confidential material that must be discussed. When the Board decides to avail itself of any such exemption, it will do so by convening an executive session of the Board.

A. Pending Litigation:

Meetings to discuss pending litigation in which the Board is presently a party before a court or administrative agency may be held in executive session outside the Sunshine, provided the following procedures and conditions are met.

1. Counsel for the Board must advise the Board at a public meeting that he or she desires an executive session and must state the basis therefore.
2. Only Board members, the Board's attorney(s) and the President of the University may attend a closed executive session to discuss pending litigation. Staff members or consultants are not permitted to attend. The Board must give advance public notice, pursuant to its procedures, of the time and date of the executive session, and must identify the names of the persons who will be attending the closed session.
3. The session must commence with an open meeting at which the Chairperson or his/her designee shall announce the commencement of the meeting, the estimated length of the closed executive session, and the names of the persons attending. At that point, the meeting is closed to all except those whose names have been announced. The executive session may then commence. At the conclusion of the executive session, the meeting must be reopened to the public and the person chairing the meeting shall announce the termination of the closed executive session.
4. A certified court reporter must record the entire executive session. The reporter must record the times of commencement and termination of the executive session; all discussions and proceedings; the names of all persons present at any time; and the names of all persons speaking. No portion of any executive session may be held off the record. The Board must have the court reporter's notes fully transcribed, and the transcript filed with its records custodian. The transcript is exempt from Florida's public records law, and is not to be disclosed until the litigation concludes. Upon the conclusion of the litigation, the transcript becomes part of the public record.
5. The subject matter of the closed session must be confined to settlement negotiations or strategy sessions related to litigation expenditures. The Board may not go beyond these strict parameters. No final action, no vote, and no decisive action may be taken during the closed session. Any final decision to settle a lawsuit, for a certain amount of money, or under certain conditions, is a decision that must be voted upon in a public meeting.

Section 7. Quorum. A quorum of the Directors shall be one-third of the voting Directors holding office at the time of the vote. A quorum must be present to transact the business of the Foundation at a meeting.

Section 8. Voting. Each Director shall have one vote. When a quorum is present at the meeting, all questions shall be decided by majority vote of the voting Directors present, except as otherwise provided in these Bylaws.

Section 9. Proxies. Proxies, general or special, shall not be accepted for any purpose in the meetings of the Directors or committees.

Section 10. Telephonic Meetings. Meetings of the Directors and of committees may be conducted by conference telephone or similar communications facilities, in the same manner as if the meeting were held in person, if the Chairperson or the Chairperson of the Committee determines it is appropriate and is 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.

Section 11. Resignation or Removal. A Director may resign at any time by giving written notice to the Chairperson, the ~~Executive Director~~President and CEO of the Foundation or the Secretary of the 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 Director who is not present for three (3) regular meetings of the Board during a fiscal year, or who fails to pay the annual established membership fee or who fails to give or obtain the donation established by the Board by the end of the fiscal year shall be placed on probation. The Recruitment Committee, in consultation with the Chairperson and the ~~Executive Director~~President and CEO of the Foundation, shall determine whether to remove the Director from the Board or continue his/her probationary period. In addition any Director may be removed from office by a two-thirds vote of all of the Directors present or no less than fifteen (15) members, effective as of the date of such vote.

ARTICLE 2. OFFICERS.

Section 1. Titles. The Officers of the Foundation, who also serve as Officers of the Board of the Foundation, shall be: a Chairperson, a Vice Chairperson, a Secretary, a Treasurer, and such other officers as the Board may determine.

Section 2. Election. The Chairperson, Vice Chairperson, Treasurer and Secretary shall be elected at the Annual Meeting of the Directors from nominations submitted to the Directors by the Recruitment Committee, or from nominations from the floor. No Officer may hold more than one Foundation office concurrently.

Section 3. Term of Service. Each Officer shall be elected for a term of one year and shall be eligible to succeed himself/herself for no more than two (2) additional terms.

Section 4. Vacancies. In case any vacancy occurs in an elected office, an election shall be held at the first regular or special meeting of the Directors 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 same manner as notice for regular or special meetings.

Section 5. Resignation and Removal. An Officer of the Foundation may resign at any time by giving written notice to the Board, the Chairperson or the Secretary of the 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 present or no less than fifteen (15) members, effective as of the date of such vote.

Section 6. Powers and Duties.

(i) Chairperson of the Board. The Chairperson shall ~~be the chief executive officer of the Foundation's corporation,~~ preside at all meetings of the Board and Executive Committee, and perform all other duties as may from time to time be assigned by the Directors or the Executive Committee. Among the Chairperson's powers and duties, without limitation, are to appoint the members and Chairpersons of all Standing Committees established by the Directors, except when members or Chairpersons may be designated by these Bylaws; name Special Committees and appoint their members and Chairpersons; appoint, a person to serve as Registered Agent for the Foundation; represent the Foundation at official functions of the University and elsewhere as he/she may determine proper; and present a report of the activities of the Foundation and the conduct of his/her office at the Annual Meeting which occurs when his/her term of office expires. The Chairperson shall report to the Board and the University President.

(ii) Vice Chairperson. The Vice Chairperson shall be responsible for assisting the Chairperson in any way so designated by the Chairperson and shall serve as temporary Chairperson in the Chairperson's absence. He/she shall perform such other duties as may from time to time be assigned to him/her by the Chairperson, the Directors or the Executive Committee.

(iii) Secretary. The Secretary shall be responsible for the maintenance and management of the Foundation's activities as may be required by the Chairperson, the Directors or the Executive Committee. He/she shall have charge of the Foundation's corporate records and corporate seal; record the minutes of all meetings of the Directors, Executive Committee and other committees; give and serve notice of meetings as required by these Bylaws; and perform such other duties as may be assigned to him/her by the Chairperson, the Board or the Executive Committee. The Secretary may delegate part of his/her duties to an Assistant Secretary as set forth in Article 5 below.

(iv) Treasurer. The Treasurer shall serve as Chairperson for the Finance and Audit Committee; approve all day-to-day disbursements by the Foundation; have custody of all of the funds and financial records of the Foundation; disburse funds upon instruction of the Directors or the Executive Committee; keep full and accurate accounts of all funds, together with the report of the annual audit; present a financial report for the Foundation at each meeting of the Directors and an annual financial report at the Annual Meeting; file all financial reports

required by Federal and Florida law, regulation, rule or established procedure; and perform such other duties as may be assigned to him/her by the Chairperson, the Board or the Executive Committee. The Treasurer may delegate part of his/her duties to an Assistant Treasurer as set forth in Article 5 below.

ARTICLE 3. 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. Standing Committees or Special Committees shall have the power to establish Sub-Committees. The Chairperson of the Foundation shall appoint the members of all committees and designate their chairpersons, except as otherwise specified by these Bylaws. A majority of the members of Standing Committees, Special Committees and of any sub-committees must be Directors. All members of the committees shall have voting rights. One-third of the 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 Executive Committee, and to confirmation 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 Directors or Executive Committee. Each committee shall keep approved minutes and submit them to the Directors for review. Committees shall present an annual plan at the first meeting of the Board for the Foundation's calendar year.

Section 2. Standing Committees. The Directors shall have the following Standing Committees:

(i) Executive Committee. The Executive Committee of the Directors of the Foundation shall have and may exercise all powers and authority of the Board when the Directors are not in session, subject only to such restrictions or limitations as the Directors 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. The Executive Committee shall meet at the call of the Chairperson of the Directors. A majority of the voting members of the Executive Committee 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 Executive Committee. When urgency precludes a formal meeting, matters may be handled by telephone in accordance with provisions of these Bylaws and the requirements of Florida law regarding meetings of the Directors. All actions of the Executive Committee shall be reported to the Directors at the next ensuing meeting of the Board, or when deemed sufficiently important by the Chairperson and the University President, such actions shall be reported to the Directors within thirty (30) days after such action is taken, or at a meeting of the Directors if a meeting is held within that period of time. All actions of the Executive Committee shall be ratified by the Board and shall be included in the minutes of the Board. Members of the Executive Committee shall be the Chairperson, Vice Chairperson, Treasurer and Secretary of the Foundation, the President of the University or his designee, the Chairpersons of each standing committee, and two (2) additional members as may be designated by the Chairperson.

(ii) Development Committee. The Development Committee shall review, approve and recommend to the Directors all major fundraising initiatives and campaigns undertaken by the Foundation or the University and each of its components; carry out a regular fundraising program; prepare policies and strategies for the solicitation, receipt, acknowledgment, stewardship and recognition of financial support; and prepare standards for gift recognition including, without limitation, endowed chairs, endowed professorships, endowed lectureships, endowed scholarships, the naming of colleges, schools, centers, buildings, areas and other significant facilities and activities of the University, recognizing, however, that only the Board of Trustees has the ability to recommend that state buildings and facilities be named after donors. The Development Committee shall coordinate all fundraising activities of the University, including those conducted by auxiliary groups which wish to use the Foundation's Certificate of Registration from the State of Florida or the University's trademarks.

(iii) Finance and Audit Committee. The Finance and Audit Committee shall be responsible for the preparation and periodic review of the Foundation's annual budget, which shall be prepared before the beginning of the University's fiscal year, approved by the Directors and recommended by the University President to the Board of Trustees each year no later than sixty (60) days following the beginning of the Foundation's fiscal year. The Board of Trustees must approve the Foundation budget before it can be enacted. It shall approve or reject gifts or bequests which impose unusual conditions on the Foundation or the University, subject to review and approval by the Executive Committee and the Directors. It shall monitor the work of the Foundation's Assistant Treasurer and shall review and report to the Board on the Foundation's Financial Statements and ensure that all financial reports are filed in a timely manner. The Finance and Audit Committee shall recommend to the Board investment policies relating to endowment funds, annuity funds, and short-term investments, charitable remainder trusts, engagement or termination of investment counselors and custodians and the basis of such engagement. It shall also appraise the performance of investment counselors and custodians and make periodic reports to the Board on investment performance and other important matters. It shall cause an audit to be made by an independent certified public accountant of the books of the Foundation as soon as possible after the close of the fiscal year of the Foundation, and to have the results reported to the ~~Executive Director~~President and CEO of the Foundation immediately, and to the full Board at their next meeting thereafter. The annual audit report shall be submitted by the University President to the Board of Trustees for review no later than the end of the fourth month following the close of the organization's fiscal year. The annual audit report shall also be submitted to the Auditor General and to the Board of Governors no later than nine (9) months after the close of the Foundation's fiscal year. The audit shall be conducted in accordance with rules promulgated by the Board of Trustees and with the policies adopted by the Auditor General. The Finance and Audit Committee also shall ensure that the financial records of the Foundation are maintained in accordance with generally accepted accounting principles, that consistent and reliable financial practices are followed and that the current financial status of the Foundation is reported to the Executive Committee and the Directors regularly. The Finance and Audit Committee shall comply with all requirements set forth in the Audit Charter attached hereto as Exhibit "A" to these Bylaws and incorporated by reference herein.

(iv) Recruitment Committee. The Recruitment Committee shall receive recommendations for nominees to the Board and as Officers, evaluate such recommendations, and present nominations for open positions to the Board at least seven (7) days prior to the Annual Meeting, or any meeting where new Directors will be chosen. The Recruitment Committee shall advise new Directors of the responsibilities of membership; nominate individuals for special recognition as members of the Foundation; and monitor the attendance, participation and activity of Foundation members and Directors.

(v) University and Community Relations Committee. The University and Community Relations Committee shall coordinate with, and render assistance to the Vice President for External Relations or the Chairperson's designee in building awareness and support for FIU within the community by advocating for the University with external constituencies and assisting with university events and activities.

Section 3. Special Committees. The Chairperson of the Directors may establish Special Committees from time to time to assist the Directors in carrying out the purposes of the Foundation. The Chairperson shall report the establishment of all Special Committees and the names of their chairpersons and members to the Executive Committee and the Directors at the next ensuing regular meetings of the Executive Committee and Directors.

ARTICLE 4. SPECIAL MEMBERS OF THE FOUNDATION.

Section 1. Purpose of Special Members. The Directors may from time to time, acting by majority vote, establish special categories of membership in the Foundation for the purpose of honoring persons for contributions, service or achievement. The qualifications for special membership for each category shall be determined by the Directors as they deem necessary for the benefit of the Foundation and the University. Special members shall have no vote in meetings of the Foundation's members or Directors except as specifically provided in these bylaws.

Section 2. Special Member Categories. The Foundation shall have the following special member categories for honorary and recognition purposes:

(i) Chairperson Emeritus. This category honors the Chief Executive Officers of the Foundation who have rendered extraordinary service to the Foundation. The Directors may elect a former Chairperson, after his/her term of office shall have expired, as Chairperson Emeritus of the Foundation. The Chairperson Emeritus shall be elected by a two-thirds vote of the Directors present.

(ii) Director Emeritus. The Directors may elect a former Director, after his/her term of office shall have expired, as a Director Emeritus to honor those who have given distinguished service as members of the Board. The Director Emeritus shall be elected by a two-thirds vote of the Directors present.

ARTICLE 5. EXECUTIVE AND ADMINISTRATIVE SUPPORT

There shall be an ~~Executive Director~~President and CEO of the Foundation. The President of the University shall approve and recommend to the Board a person to serve as ~~Executive Director~~President and CEO of the Foundation. After duly considering the recommendation of the University President, the Board shall appoint, by majority vote, the ~~Executive Director~~President and CEO of the Foundation, whose primary responsibilities are to manage the corporate affairs of the Foundation on a day-to-day basis, in accordance with policies established by the Directors, and to carry out the functions and duties of the position as prescribed by the Directors in consultation with the University President. The ~~Executive Director~~President and CEO shall report to the Board and the University President.

There may be an Assistant Secretary and an Assistant Treasurer to whom the Secretary or Treasurer may delegate part of their duties. The Assistant Secretary and Assistant Treasurer shall report to the Secretary and Treasurer respectively. Neither the ~~Executive Director~~President and CEO of the Foundation, the Assistant Secretary nor the Assistant Treasurer shall be considered members or officers of the Foundation nor shall they have voting rights.

ARTICLE 6. FUNDS.

Section 1. Fund Categories. The assets of the Foundation shall be held in various Funds as established in these Bylaws or as the Directors shall designate, with as many subfunds and accounts within these groupings as shall be necessary or desirable to achieve the purposes of the Foundation and to comply with the terms of gifts to the Foundation. The Foundation's Finance and Audit Committee shall review these fund categories at least annually and will recommend changes needed to the Executive Committee and the Directors. "Funds" include General Funds, Designated Funds (including Building Funds), Endowment Funds and other special fund categories.

Section 2. General Funds. General Funds are funds which may be used for the general purposes of the Foundation, including administration of the Foundation's affairs, or funds with restrictions which do not seriously inhibit their use for general Foundation purposes. All donations to the Foundation shall be credited to the General Funds when received, including all principal and income from properties donated to, disposed of, or held by the Foundation, unless the terms of the gift shall require the Foundation to credit such donations or the income of principal from such properties to a specific Designated Fund, as described in the Bylaws, or to a specific use or purpose inconsistent with the general unrestricted use by the Foundation of such donation or the income therefrom.

Section 3. Designated Funds. Designated Funds of the Foundation will be established for each major academic and administrative unit of the University to receive donations to the Foundation which are designated for such purposes. Additional Designated Funds for other specific purposes may be established by the Executive Committee or Directors. The principal of all designated Donations shall be credited to such Designated Fund. Interest income from

designated funds shall be credited to the Foundation's General Funds to offset additional university fundraising and support activities unless the terms of the gift specify otherwise.

Section 4. Building Funds. The Board may, from time to time, establish Building Funds for specifically designated capital projects. They shall be administered as Designated Funds.

Section 5. Endowment Funds. Endowment Funds, or Permanently Restricted net assets, are contributions including state matching that must be held and invested in perpetuity as stipulated by the Donor. Only the earnings generated by these investments may be expended and only in accordance with the donor's intent and the gift agreement. All endowment funds are pooled and invested as directed by the Board. Investment earnings/losses are distributed to each endowment on a yearly basis based on its pro-rated share of earnings/losses generated by the permanently restricted net assets. Unless stipulated by the donor, earnings shall not be permanently restricted. The Board will determine the percentage of yearly earnings to be distributed for spending and the percentage to be held in reserve as added principal. The added principal is available for future spending and although it is temporarily restricted, it may be used to calculate the endowment's average balance from which future distributions are based. Losses attributable to permanently restricted net assets must first reduce any added principal held in reserve prior to reducing the corpus of the endowment. Any permanently restricted net asset which has been reduced by losses must be reinstated to its original corpus before any future investment earnings are distributed for spending. No corpus including state matching may be reduced for spending. An administration fee, as approved by the Board, may be charged to endowments. This fee will be covered by the endowment's investment earnings, but may not reduce an endowment's corpus.

Section 6. Ownership and Use of Funds.

(i) All Funds described herein shall be the property of the Foundation and shall be owned by the Foundation as defined in and limited by its Articles of Incorporation, Bylaws, and applicable Florida and Federal law and regulations. In such capacity, the Foundation shall have the ultimate authority and control over all property in the Funds, and the income derived there from, for the general purposes of the Foundation.

(ii) The assets and income of any Fund may be commingled with those of other unrestricted funds of the Foundation, or may be invested in units of a common investment fund which may be established or utilized by the Foundation, unless otherwise restricted by the terms of gift. The Foundation shall not have an obligation to commingle the assets for investment purposes and may, in its discretion, retain any assets received or hold the assets of a Fund as a separate unit for investment purposes. Any investment or reinvestment of assets shall be made only in such investments as are appropriate for a prudent fiduciary.

(iii) Specific expenses necessary or desirable for the proper administration of each Fund and subfund shall be charged to that Fund or subfund. General operational and administrative expenses shall be charged to each Fund or subfund in accordance with a formula approved by the Directors unless inconsistent with the terms of the gift or otherwise legally improper. Such charges shall be paid into the General Funds where they may be disbursed to pay such expenses. In the event such charges are inconsistent with the terms of the gift or otherwise

legally improper, the Directors shall determine which Funds may be used to pay for such expenses.

(iv) These provisions shall not limit in any way the power and ability of the Directors to accept special gifts from donors which may be used for purposes specified by the donors, if such purposes fall within the Foundation's broad general purposes, and which may be subject to such ownership, income and distribution characteristics and restrictions as the Directors of the Foundation and the donors of such gifts may agree, but no characteristic or restriction shall jeopardize the Foundation's tax exempt status or its corporate charter. The Directors intend that all donations will be administratively grouped as a part of one or more of the Funds specified above or as may be established.

(v) Upon the voluntary or involuntary dissolution of the Foundation, or decertification of the Foundation by the Board of Trustees, the Directors shall, after paying or providing for all debts and obligations of the Foundation, transfer the assets of the Foundation to the University, subject to the conditions, restrictions and limitations to which the assets were subject when they were assets of the Foundation.

Section 7. Checks and Depositories. Except as may otherwise be specified in these Bylaws, the Directors shall provide by Resolution which Officers, Directors, or their designees are authorized to draw checks on the Funds of the Foundation and may impose any reasonable terms, conditions or limitation on such authority. Checks or drafts on the Funds of the Foundation shall be signed by any two of the Officers, Directors, or their designees authorized to do so by the Directors or by these Bylaws. Funds of the Foundation shall be deposited to the credit of the Foundation only in institutions approved by the Directors by resolution and only in financial institutions insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation.

Section 8. Fiscal Year. The fiscal year of the Foundation shall be consistent with the fiscal year of the University.

ARTICLE 7. CODE OF ETHICS.

Code of Ethics – Conflict of Interest

Directors stand in a fiduciary relationship to the University and the 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 Foundation shall maintain the highest ethical standards in all of its operations in order to protect and preserve the Foundation's good name, business interests, and relationships with donors, beneficiaries, and the community at large, and shall adhere to the requirements of the Florida Whistle-blower's Act, Sections 112.3187 – 112.31895, Florida Statutes.

ARTICLE 8. MISCELLANEOUS PROVISIONS

Indemnification

The Board shall, to the extent legally permissible, indemnify and defend each of its Directors, officers, employees, volunteers and other agents against all liabilities and expenses incurred in the connection with the disposition or defense of any action, suit or other proceeding, whether civil or criminal, in which such person may be involved by reason of Foundation service, except with respect to any matter in which such person shall have been adjudicated in any proceeding not to have acted in good faith; and further provided that no settlement shall be entered into without the prior consultation and approval of a duly authorized representative of the Board.

Service of Process

Service of process may be made on the Office of the University's General Counsel.

Fiscal Year

The fiscal year of the Foundation shall commence on July 1 of each year and end on June 30.

Foundation Records and Sunshine Laws

Public access to Board records will be governed by the provisions of Chapter 1004.28(5), Florida Statutes. Board meetings shall be governed by the provisions of the Open Meetings Law, Chapter 286, Florida Statutes. The Foundation shall maintain and/or dispose of all records made or received in connection with Foundation business in accordance with a document retention schedule as the Board may adopt from time to time.

ARTICLE 9. AMENDMENTS.

Section 1. Amendments to Bylaws. These Bylaws may be altered, amended, rescinded, or repealed at any regular or special meeting of the voting Directors by the affirmative vote of two-thirds of the voting Directors present. Any amendment to the Bylaws, approved by the Board, shall be submitted by the University President to the Board of Trustees for approval prior to its effective date.

Section 2. Amendments to Articles of Incorporation. Articles of Incorporation of the Foundation may be altered or amended at any regular or special meeting of the Board by resolution approved by the affirmative vote of two-thirds 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. Written notice of any proposed amendment of the Articles of Incorporation shall be mailed to each Director not less 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 Foundation shall comply with Florida law and appropriate state rules and policies.

ARTICLE 10. OFFICE.

The office of the Foundation shall be located at the University.

ARTICLE 11. EMPLOYEES OF THE FOUNDATION

Any person employed by the Foundation shall not be considered to be an employee of the State of Florida by virtue of such employment. Any employee of the State of Florida who is assigned to work on Foundation matters shall not be considered an employee of the Foundation.

ARTICLE 12. SEAL.

The corporate seal of the Foundation shall bear the words "FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC." and "MIAMI, FLORIDA" and the date "1969". The corporate seal shall be used only in connection with the transaction of business of the Board and of the University. The Secretary may affix the seal on any document signed on behalf of the corporation. Permission may be granted by the Secretary for use of the seal in the decoration of any University building or in other special circumstances. The seal of the Board shall be consistent with the following form and design:

ARTICLE 13. 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).

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THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

March 15, 2011

Subject: Authorization for the Issuance of Debt to Finance the Construction of a Student Residence Facility at the University's Modesto A. Maidique Campus

Proposed Committee Action:

Recommend that the Florida International University Board of Trustees approve, and request the Board of Governors to approve, the issuance of revenue bonds to finance construction of a Student Residence Facility on the Modesto A. Maidique campus of the University.

Background Information:

The Department of Housing and Residential Life of the Division of Student Affairs has submitted a proposal for financing and constructing a new Student Residence Facility on the Modesto A. Maidique campus of the University (the "Project"). The Project will be constructed as a suite-style residence hall with 620 beds and will include approximately 300 parking spaces to be available to the residents only and some ancillary space to service the residents. The Project is consistent with the University's Campus Master Plan. The total Project construction cost is expected to be approximately \$45 Million with an approximately \$5 million cash contribution from the Housing's reserves.

The Administration recommends that the Board of Trustees authorize a request from the Board of Governors to the Division of Bond Finance to issue up to \$47,500,000 of fixed rate, revenue bonds to finance the construction of the Project, finance capitalized interest, fund a debt service reserve fund and pay costs of issuing the Bonds. The Bonds will mature thirty (30) years after issuance with level annual debt service payments.

This request is consistent with the Florida Board of Governors Debt Management Guidelines dated September 16, 2010; Sections 1010.62 of the Florida Statutes; and Article IX, Section 7, Florida Constitution.

Supporting Documentation:

Requesting Resolution in Board of Governors Form
Appendix A

Facilitator/Presenter:

Kenneth A. Jessell

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A RESOLUTION AUTHORIZING THE ISSUANCE OF DEBT AND REQUESTING THE FLORIDA BOARD OF GOVERNORS TO APPROVE THE ISSUANCE OF SUCH DEBT TO FINANCE THE CONSTRUCTION OF A 620 BED STUDENT RESIDENCE FACILITY (UNIVERSITY HOUSING – PHASE I) ON THE MODESTO A. MAIDIQUE CAMPUS OF FLORIDA INTERNATIONAL UNIVERSITY, PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE BOARD OF TRUSTEES:

Section 1. The Board of Trustees (the “Board of Trustees”) of the Florida International University (the “University”) hereby requests the Florida Board of Governors to request the Division of Bond Finance of the State Board of Administration of Florida (the “Division”) to issue bonds in an amount not exceeding \$47,500,000 (the “Bonds”) for the purpose of financing a (i) a Student Residence Facility, (ii) capitalized interest, (iii) a debt service reserve fund and (iv) certain costs relating to the Bonds (the “Project”) on the campus of the University.

Section 2. The Project will consist of approximately 620 beds and will include approximately 300 parking spaces for the residents and some ancillary space to service the residents. The Project is reflected on the approved master plan for the University and is consistent with the mission of the University because it will provide additional housing for use by students of the University. Construction of the Project is expected to begin February 2012 and to be completed by July 2013. Proceeds of the Bonds are not anticipated to be sufficient to complete the construction of the Project without the use of additional funds. Additional necessary funding in the amount of approximately \$5,000,000 will be obtained from cash reserves of the University’s housing system. Legislative approval of the Project has been obtained pursuant to section 1010.62, Florida Statutes. No proceeds of the Bonds will be used to finance operating expenses of the University. The issuance of Bonds by the Division for the purpose of reimbursing the University for capital expenditures paid for the Project from legally available funds of the University is hereby authorized.

Section 3. The Bonds are to be secured by net housing system revenues derived primarily from rental income, summer special event rentals, net parking revenues paid by the residents and other miscellaneous collections after deducting operating and maintenance expenses (the “Pledged Revenues”) and will be issued on parity with the system’s outstanding debt. The University is legally authorized to secure the Bonds with the revenues to be pledged pursuant to section 1010.62, Florida Statutes. The University is also committed to ensuring that sufficient revenues will be generated to fulfill the University’s obligations with respect to the Bonds.

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

Section 5. (Reserved for variable rate debt and not applicable)

Section 6. (Reserved for taxable debt and not applicable)

Section 7. The Bonds will be sold through competitive sale. Any selection of underwriters or financial advisors will be accomplished 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 8. The Board of Trustees will comply, and will require the University to comply, 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 9. The President, Chief Financial Officer and other authorized representatives of the University and the Board of Trustees 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 10. In making the determination to finance the Project, the Board of Trustees has reviewed the information attached to Appendix A and finds that the issuance of the Bonds is in compliance with the Debt Management Guidelines, the University's debt management policy, and applicable law.

Section 11. This Resolution shall take effect immediately upon its adoption.

CERTIFICATE OF THE CORPORATE SECRETARY

The undersigned, Corporate Secretary of the Florida International University Board of Trustees, does hereby certify that the attached resolution relating to the issuance of Bonds by the Division of Bond Finance of the State Board of Administration of Florida is a true and accurate copy as adopted by the Florida International University Board of Trustees on March 30, 2011 and said resolution has not been modified or rescinded and is in full force and effect on the date hereof.

BOARD OF TRUSTEES OF FLORIDA INTERNATIONAL UNIVERSITY

Dated: _____, 2011

By: _____
Corporate Secretary

Appendix A

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

1. the project summary;
2. a draw schedule for the project;
3. sources and uses of funds for the project;
4. an estimated debt service schedule;
5. debt service schedules for any outstanding debt with a lien on the pledged revenues;
6. a schedule showing estimated compliance with any additional bonds requirement set forth in the documents governing the outstanding debt;
7. a description of the security supporting repayment and the lien position the debt will have on that security;
8. a five year history, if available, and a five year projection, of the pledged revenues and the debt service coverage.

Appendix A: Item 1
Project Summary
Florida International University
University Housing Project – Phase I (BT-889)

Project Description:

The proposed housing expansion project will be constructed on the Florida International University's main campus and will provide an additional 620 beds to the existing capacity of 3,000 students in the housing system. The project will be constructed as four bedroom suites, each bedroom designed for single occupancy, with one bathroom and a shared common area housing a total of four students. Serving residents will be community lounges, a multipurpose room and other spaces which are provided to accommodate residential life programs and activities. In addition, four staff apartments will be provided to house full-time professional staff members and graduate assistants. The project will include approximately 300 parking spaces and some ancillary space to service the residents. The parking spaces at this facility will only be available to the residents of the facility and will not be designated as part of the University's parking system. Revenues from resident parking fees for the project shall be considered as revenues of the housing system. It is anticipated that Phase II of the project, consisting of an adjacent building that will also include 620 beds, will be constructed approximately two years later.

The project is included in the current Campus Master Plan.

Facility Site Location:

The proposed project will be located in the central, southern area of the Modesto A. Maidique campus of the University.

Projected Start and Opening Date:

It is anticipated that construction of the project will commence in February 2012 and that the project will be open and available for occupancy in July 2013.

Demand Analysis:

The University has very limited on-campus housing. The student body now exceeds 42,000 headcount, with only 3,000 students living on-campus. The University's goal is to house 20 percent of the total full-time student body by the year 2016. In order to achieve this goal, the University must construct an additional 3,000 bed spaces. With the addition of a Law School, Bowl Championship Subdivision Football, and the Medical School, the University is anticipating unprecedented growth in demand for on-campus housing services. The current housing need at the Modesto A. Maidique Campus is estimated at 1,240 additional bed spaces.

The assessment of student needs indicates an equal desire for privacy and the opportunity to share a common living space with other students. A design of this nature provides the undergraduate student an opportunity for privacy for sleeping and studying in his/or her bedroom while still providing space for social interaction. Other important design criteria include computer access to wireless internet services, personal storage space, and the capacity to prepare and store quick meals/snacks, adequate study space, minimal noise transmission between living spaces, ample security measures, and provisions for indoor/outdoor recreational

activities.

Although off-campus housing has been an acceptable alternative for some students, rising costs and limited availability are two prohibitive factors. Off-campus apartment rental rates have increased consistently over the past several years and this trend is expected to continue for the foreseeable future. The immediate area surrounding the Modesto A. Maidique Campus is fully developed and primarily consists of retail shops, restaurants and single family homes.

Demand by non-student tenants has reduced availability of affordable off-campus housing. A number of the older, more affordable apartments are not well maintained and are not desirable for student housing. This creates a poor environment for students and causes worry and concerns for parents. As safety concerns increase, the shortage of adequate on-campus housing will impede the growth of the University and negatively impact the University's ability to recruit students.

Evidence that the lack of on-campus housing discourages some quality students from attending the University comes when applicants learn they will not be assigned to on-campus housing, withdraw their application and go elsewhere. In some cases, parents will not allow them to come to Miami and live off-campus and in other cases parents cannot afford the additional expense of off-campus housing.

Students living off-campus encounter an array of problems for which no immediate assistance is available. There is no in-house support when landlord, roommate, or academic problems arise. Additionally, much student effort goes toward working to pay rent, furnishing living quarters and commuting. In contrast, on-campus residents are free to devote all their energy to academic pursuits. When problems do arise, interested and informed assistance is readily available.

The resident student is freer to explore, develop, and fully participate in the college experience. Students who live on-campus are more likely to graduate, know a faculty member, complete their degree within four years, and participate in extracurricular activities. It is this group of students that gives a specific character and sense of campus life to an institution.

In conclusion, there is a demonstrated need for additional on-campus student housing. The University, with a present total bed capacity of 3,000 students, does not have sufficient housing capacity to meet its growing student enrollment. Many students who desired on-campus housing on the Modesto A. Maidique Campus this year had to be placed in housing on the Biscayne Bay Campus or chose not to attend the University. The University will increasingly depend upon the availability of on-campus housing in order to attract high quality students with greater diversity. The construction of additional undergraduate and graduate student housing is critical to the achievement of the University's goal to become a top public urban research university.

**Project Cost and
Financing Structure:**

The total project cost, which includes construction and associated design costs, is estimated at \$45 million, and will be funded through bond proceeds and an approximately \$5 million contribution from the housing system cash reserves. The project will be financed with fixed rate, tax-exempt revenue bonds issued by the Florida State Board of Administration's Division of Bond Finance, on behalf of Florida International University, in an amount not to exceed \$47,500,000. The bond issue will be structured with a 30 year final maturity and approximately level debt service. Approximately \$4.3 million of the debt will be used to fund capitalized interest during the construction period.

Construction of the project will be administered by the University under the supervision of its Facilities Management Department consistent with the construction of previous University housing phases.

Security/Lien Structure:

Net housing system revenues will be pledged for the payment of debt service on parity with the system's outstanding debt. These revenues are derived primarily from rental income, summer special event rentals, the net revenues from the parking spaces associated with this project and other miscellaneous collections after deducting operating and maintenance expenses ("Pledged Revenues"). When the facility opens in FY2013-14, the projected rental rate for fall and spring semesters is \$4,000 per bed for the four-bedroom suites. These rates are consistent with rental rates for existing facilities at the University and across the State University System.

The debt will be payable solely from the Pledged Revenues and secured as to the payment of principal and interest, on a parity with the State of Florida, Florida Education System, Florida International University Housing Facility Revenue Bonds, Series 2004A the State of Florida, Board of Regents, Florida International University Housing Facility Revenue Bonds, Series 1998 and the State of Florida, Board of Regents, Florida International University Housing Facility Revenue Bonds, Series 1998 by a lien on the Pledged Revenues. Currently, \$74,910,000 in aggregate principal amount is outstanding.

**Pledged Revenues and
Debt Service Coverage:**

According to the forecasts provided by the FIU staff, the system is expected to generate Pledged Revenues of \$13,790,220 in FY2013-14, the first year of operation, and would produce a maximum annual debt service coverage ratio of 1.30X. For the second year of operation, the system is expected to generate Pledged Revenues of \$14,120,742 which would produce a maximum annual debt service coverage of 1.34X.

For the entire system, during the past five year period from FY2005-06 to FY2009-10, Pledged Revenues ranged from \$7,791,902 in 2005-06 to \$11,997,769 in 2007-08. This resulted in maximum annual debt service coverage which ranged from 1.09X to 1.68X. For FY2010-11 to FY2014-15, Pledged Revenues for the system are projected to grow from \$9,997,429 to \$14,120,742 with estimated coverage of 1.40X in FY2010-11, 1.35X in FY2011-12, 1.42X in FY2012-13, 1.30X in FY2013-14 and 1.34X in FY2014-15. It has been assumed that interest payments on the

proposed debt during the 18-month construction period through August 2013 will be provided from proceeds of the debt.

The projected debt service coverages have been calculated using an interest rate of 6 percent. The projected revenues are based, in part, upon 3 percent annual rental rate increases through FY2014-15. Annual operating expenses are expected to increase by approximately 2 percent per year.

A detailed schedule with the five year history and a five year projection of the Pledged Revenues, annual debt service coverage and maximum annual debt service coverage are included in the attached Appendix A: Item 8.

Type of Sale:

Competitive.

**Analysis and
Recommendation:**

University staff has reviewed the information provided by the Housing Office with respect to the request for Board of Governors approval for the subject financing. University staff feels that demand for the existing and proposed housing is adequate to support construction of the proposed project. Additionally, the housing system has historically generated positive debt service coverage and is projected to continue to provide adequate debt service coverage in the future based upon projections by the University. Based upon a review of the information, it appears that the financing is in compliance with the Florida Statutes governing the issuance of university debt and the Board of Governors' Debt Management Guidelines. The University administration recommends adoption of the resolution authorizing the proposed financing.

Estimated Project Cost

Design Start Date

Construction Start Date

Construction Completion Date

Estimated Useful Life

Bond Issuance Date

\$ 45,000,000

3/1/2011

2/1/2012

7/31/2013

50 years

1/1/2012

DRAW SCHEDULE																			
	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Total
a. Construction Cost	\$ -	\$ 2,138,704	\$ 2,138,704	\$ 2,138,704	\$ 2,138,704	\$ 2,138,704	\$ 2,138,704	\$ 2,138,704	\$ 2,138,704	\$ 2,138,704	\$ 2,138,704	\$ 2,138,704	\$ 2,138,704	\$ 2,138,704	\$ 2,138,704	\$ 2,138,704	\$ 2,138,704	\$ 2,138,704	\$ 36,357,976
b. Professional Fees																			-
Base Agreement - A/E (as per contract)	1,912,430																		1,912,430
Special Consultants & Inspectors	300,000																		300,000
Construction Manager (1%) - Pre-Construction fees	363,580																		363,580
c. Fire Marshal																	90,895		90,895
d. Inspection Services																			-
Project Representative	300,000																		300,000
Roof Inspector	-																		-
Threshold Inspector	200,000																		200,000
f. Surveys/Tests																			-
Topographical Survey	16,000																		16,000
Geotechnical Tests	20,000																		20,000
Concrete Test	40,000																		40,000
HVAC System Tests	55,000																		55,000
HVAC Test & Balance	75,000																		75,000
g. Permit/Impact/Environmental Fees																			-
Permits - WASA , Elevator	17,225																		17,225
Code Compliance	163,662																		163,662
Impacts	1,500																		1,500
Environmental	3,000																		3,000
i. Movable Furnishings & Equipment																		1,483,733	1,483,733
j. Contingencies	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	2,250,000
Construction Services Reimbursement (3%)	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	1,350,000
Total	\$ 3,667,396	\$ 2,338,704	\$ 2,338,704	\$ 2,338,704	\$ 2,338,704	\$ 2,338,704	\$ 2,338,704	\$ 2,338,704	\$ 2,338,704	\$ 2,338,704	\$ 2,338,704	\$ 2,338,704	\$ 2,338,704	\$ 2,338,704	\$ 2,338,704	\$ 2,338,704	\$ 2,429,599	\$ 3,822,437	\$ 45,000,000
Percent completed	8.1%	13.3%	18.5%	23.7%	28.9%	34.1%	39.3%	44.5%	49.7%	54.9%	60.1%	65.3%	70.5%	75.7%	80.9%	86.1%	91.5%	100.0%	

STATE OF FLORIDA, BOARD OF GOVERNORS
FLORIDA INTERNATIONAL UNIVERSITY HOUSING FACILITY REVENUE BONDS, SERIES 2012
Estimated Sources and Uses of Funds
University Housing Project, Phase 1 (BT-889)
for Fiscal Year 2012-2013

Sources of Funds

Bond Par Amount	\$ 47,500,000	Series 2012 Bonds par amount based on a fixed, tax-exempt interest rate of 6% for 30 years.
Less: Costs of Issuance		
Total Costs of Issuance	\$ (484,200)	Based on estimates
Plus: Cash Contribution	\$ 5,000,000	
Plus: Interest Earnings (Construction Trust Fund)	\$ 712,500	Based on net bond proceeds deposited in the construction fund, invested for 15 months at an estimated interest rate of 2%.
Total Sources of Funds	<u>\$ 52,728,300</u>	

Uses of Funds

Project Cost (Planning, Design, Construction & Equipment)	\$ 45,000,000	Cost of planning, design, construction, and equipment.
Debt Service Reserve Account	\$ 3,453,300	Fully funded at maximum annual debt service on the bonds.
Estimated Interest to be paid during Construction (Capitalized Interest)	\$ 4,275,000	This represents 18 months of capitalized interest to be paid from bond proceeds at an interest rate of 6%.
Total Uses of Funds	<u>\$ 52,728,300</u>	

March 15, 2011

Estimated Debt Service				
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Coupon*</u>
1	600,000	2,850,000	3,450,000	6.000%
2	635,000	2,814,000	3,449,000	6.000%
3	675,000	2,775,900	3,450,900	6.000%
4	715,000	2,735,400	3,450,400	6.000%
5	760,000	2,692,500	3,452,500	6.000%
6	805,000	2,646,900	3,451,900	6.000%
7	850,000	2,598,600	3,448,600	6.000%
8	905,000	2,547,600	3,452,600	6.000%
9	960,000	2,493,300	3,453,300	6.000%
10	1,015,000	2,435,700	3,450,700	6.000%
11	1,075,000	2,374,800	3,449,800	6.000%
12	1,140,000	2,310,300	3,450,300	6.000%
13	1,210,000	2,241,900	3,451,900	6.000%
14	1,280,000	2,169,300	3,449,300	6.000%
15	1,360,000	2,092,500	3,452,500	6.000%
16	1,440,000	2,010,900	3,450,900	6.000%
17	1,525,000	1,924,500	3,449,500	6.000%
18	1,620,000	1,833,000	3,453,000	6.000%
19	1,715,000	1,735,800	3,450,800	6.000%
20	1,820,000	1,632,900	3,452,900	6.000%
21	1,925,000	1,523,700	3,448,700	6.000%
22	2,040,000	1,408,200	3,448,200	6.000%
23	2,165,000	1,285,800	3,450,800	6.000%
24	2,295,000	1,155,900	3,450,900	6.000%
25	2,435,000	1,018,200	3,453,200	6.000%
26	2,580,000	872,100	3,452,100	6.000%
27	2,735,000	717,300	3,452,300	6.000%
28	2,895,000	553,200	3,448,200	6.000%
29	3,070,000	379,500	3,449,500	6.000%
30	3,255,000	195,300	3,450,300	6.000%
	47,500,000	56,025,000	103,525,000	

March 15, 2011

Total Outstanding Debt with a Lien on Pledged Revenues

Outstanding Debt Service					Projected Debt Service	
Year	Series 1998	Series 2000	Series 2004A	Total	Series 2011	Total
07/01/05	1,735,465	1,096,629	4,084,600	6,916,694		6,916,694
07/01/06	1,730,815	1,096,154	3,661,600	6,488,569		6,488,569
07/01/07	1,734,275	1,098,114	4,292,600	7,124,989		7,124,989
07/01/08	1,735,215	1,098,764	4,297,350	7,131,329		7,131,329
07/01/09	1,733,635	1,098,514	4,297,100	7,129,249		7,129,249
07/01/10	1,730,385	1,096,894	4,296,850	7,124,129		7,124,129
07/01/11	1,733,995	1,099,109	4,296,350	7,129,454		7,129,454
07/01/12	1,731,100	1,094,646	4,295,350	7,121,096		7,121,096
07/01/13	1,731,120	1,098,565	4,293,600	7,123,285		7,123,285
07/01/14	1,733,770	1,096,078	4,290,850	7,120,698	3,450,000	10,570,698
07/01/15	1,733,750	1,096,865	4,296,850	7,127,465	3,449,000	10,576,465
07/01/16	1,735,525	1,094,735	4,295,850	7,126,110	3,450,900	10,577,010
07/01/17	1,735,163	1,095,745	2,217,850	5,048,758	3,450,400	8,499,158
07/01/18	1,732,663	1,094,605	2,221,650	5,048,918	3,452,500	8,501,418
07/01/19	1,733,025	1,096,280	2,218,650	5,047,955	3,451,900	8,499,855
07/01/20	1,731,013	1,095,855	2,219,050	5,045,918	3,448,600	8,494,518
07/01/21	1,731,625	1,097,925	2,222,650	5,052,200	3,452,600	8,504,800
07/01/22	1,731,625	1,099,106	2,221,225	5,051,956	3,453,300	8,505,256
07/01/23	1,733,625	1,097,981	2,217,675	5,049,281	3,450,700	8,499,981
07/01/24	1,730,688	1,099,550	2,220,363	5,050,600	3,449,800	8,500,400
07/01/25	1,734,900	1,098,556	2,220,425	5,053,881	3,450,300	8,504,181
07/01/26	1,734,425		2,221,075	3,955,500	3,451,900	7,407,400
07/01/27	1,731,025		2,218,800	3,949,825	3,449,300	7,399,125
07/01/28	1,734,700		2,218,600	3,953,300	3,452,500	7,405,800
07/01/29			2,220,250	2,220,250	3,450,900	5,671,150
07/01/30			2,218,525	2,218,525	3,449,500	5,668,025
07/01/31			2,218,425	2,218,425	3,453,000	5,671,425
07/01/32			2,219,725	2,219,725	3,450,800	5,670,525
07/01/33			2,222,200	2,222,200	3,452,900	5,675,100
07/01/34			2,220,625	2,220,625	3,448,700	5,669,325
07/01/35					3,448,200	3,448,200
07/01/36					3,450,800	3,450,800
07/01/37					3,450,900	3,450,900
07/01/38					3,453,200	3,453,200
07/01/39					3,452,100	3,452,100
07/01/40					3,452,300	3,452,300
07/01/41					3,448,200	3,448,200
07/01/42					3,449,500	3,449,500
07/01/43					3,450,300	3,450,300
07/01/44						

Parity / Incurrence Test

	<u>FY2008-09</u>	<u>FY2009-10</u>	<u>Average</u>
Rental Income	\$ 22,865,946	\$ 23,188,374	
plus Other Non-operating Income	(240,626)	302,271	
less Housing System Expenses	(12,667,923)	(12,896,489)	
Pledged Revenues (Unadjusted)	<u>9,957,397</u>	<u>10,594,156</u>	<u>\$ 10,275,777</u>

Adjustments



Adjusted Pledged Revenues	<u>\$ 9,957,397</u>	<u>\$ 10,594,156</u>	<u>\$ 10,275,777</u>
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Average Adjusted Pledged Revenues	\$ 10,275,777
Maximum Annual Debt Service	10,577,010
Maximum Annual Debt Service Coverage	0.9715

**Security/Lien
Structure:**

Net housing system revenues will be pledged for the payment of debt service on parity with the system's outstanding debt. These revenues are derived primarily from rental income, summer special event rentals, and other miscellaneous collections (such as the net revenues from the parking spaces associated with this project) after deducting operating and maintenance expenses ("Pledged Revenues"). When the facility opens in FY2013-14, the projected rental rate for fall and spring semesters is \$4,000 per bed for the four-bedroom suites. These rates are consistent with rental rates for existing facilities at FIU and across the State University System.

The debt will be payable solely from net housing system revenues and secured as to the payment of principal and interest, on a parity with the State of Florida, Florida Education System, Florida International University Housing Facility Revenue Bonds, Series 2004A the State of Florida, Board of Regents, Florida International University Housing Facility Revenue Bonds, Series 1998 and the State of Florida, Board of Regents, Florida International University Housing Facility Revenue Bonds, Series 1998 by a lien on the Pledged Revenues. Currently, \$74,910,000 in aggregate principal amount is outstanding.

**STATE OF FLORIDA, BOARD OF GOVERNORS
FLORIDA INTERNATIONAL UNIVERSITY
HOUSING FACILITY REVENUE BONDS, SERIES 2012**

5-YEAR HISTORICAL AND PROJECTED DEBT SERVICE COVERAGE¹

	Historical					Projected				
	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Operating Revenues										
Rental Income ²	\$14,353,288	\$19,577,253	\$21,242,663	\$22,865,946	\$23,188,374	\$23,880,413	\$23,875,011	\$24,541,882	\$30,183,896	\$31,050,521
Total Housing System Revenues	\$14,353,288	\$19,577,253	\$21,242,663	\$22,865,946	\$23,188,374	\$23,880,413	\$23,875,011	\$24,541,882	\$30,183,896	\$31,050,521
Current Expenses^{3,4}										
Personnel Services	2,762,748	3,518,822	3,994,637	3,948,091	4,237,266	4,711,744	4,840,103	4,943,935	5,818,906	5,946,151
Contractual Services	2,142,064	4,726,378	4,980,383	6,573,454	6,759,518	6,986,650	7,162,912	7,361,051	8,088,387	8,311,635
Other Operating Expenses	1,635,697	2,259,103	1,910,157	2,146,378	1,899,705	2,218,178	2,434,056	2,537,994	3,077,706	3,208,633
Total Current Expenses	6,540,509	10,504,303	10,885,177	12,667,923	12,896,489	13,916,572	14,437,071	14,842,980	16,984,998	17,466,418
Net Housing System Revenues	7,812,779	9,072,950	10,357,486	10,198,023	10,291,885	9,963,841	9,437,940	9,698,902	13,198,898	13,584,103
Interest Income	20,580	880,667	1,695,745	-213,585	329,312	33,588	177,845	395,105	591,321	536,639
Other Non-Operating Expense	-41,457	1,412,876	-75,462	-27,041	-27,041	0	0	0	0	0
Non-operating Income/(Expense)	-20,877	2,293,543	1,620,283	-240,626	302,271	33,588	177,845	395,105	591,321	536,639
Pledged Revenues	7,791,902	11,366,493	11,977,769	9,957,397	10,594,156	9,997,429	9,615,786	10,094,007	13,790,220	14,120,742
Annual Debt Service:										
1998 Bonds	1,730,815	1,734,275	1,735,215	1,733,635	1,730,385	1,733,995	1,731,100	1,731,120	1,733,770	1,733,750
2000 Bonds	1,096,154	1,098,114	1,098,764	1,098,514	1,096,894	1,099,109	1,094,646	1,098,565	1,096,078	1,096,865
2004 Bonds	3,661,600	4,292,600	4,297,350	4,297,100	4,296,850	4,296,350	4,295,350	4,293,600	4,290,850	4,296,850
2012 Bonds ⁵									3,450,000	3,449,000
Total Annual Debt Service	6,488,569	7,124,989	7,131,329	7,129,249	7,124,129	7,129,454	7,121,096	7,123,285	10,570,698	10,576,465
Maximum Annual Debt Service	7,131,329	7,131,329	7,131,329	7,131,329	7,131,329	7,131,329	7,131,329	7,131,329	10,577,010	10,577,010
Coverage Ratios										
Annual Debt Service	1.20x	1.60x	1.68x	1.40x	1.49x	1.40x	1.35x	1.42x	1.30x	1.34x
Maximum Annual Debt Service	1.09x	1.59x	1.68x	1.40x	1.49x	1.40x	1.35x	1.42x	1.30x	1.34x

¹ The financial information related to revenues and expenses was provided by the University and has not been audited.

² Rental Income projected to increase by 3 percent every fiscal year starting in FY 2012-13 at the Modesto Maidique Campus and 3 percent in FY 2014-15 at the Biscayne Bay Campus.

Rental Income also includes net revenues from the 300 parking spaces associated with this project.

³ Current expenditures include costs associated with salaries, utilities, routine maintenance, supplies and repairs, less depreciation expense.

⁴ Employee salaries and fringe benefits are projected to increase 2 percent per year; other personnel services expenses are projected to increase 2 percent per year.

⁵ Estimated debt service was calculated based on the par amount of \$47.5 million, \$4.3 million capitalized interest, \$3.5 million DSRF and a 6 percent interest rate.

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THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

March 15, 2011

Subject: Authorization for the Issuance of Debt to Finance the Construction of Parking Garage 6 at the University's Modesto A. Maidique Campus

Proposed Committee Action:

Recommend that the Florida International University Board of Trustees approve, and request the Board of Governors to approve, the issuance of revenue bonds to finance construction of a Parking Garage on the Modesto A. Maidique campus of the University.

Background Information:

The Department of Parking and Transportation has submitted a proposal for financing and constructing a new Parking Garage 6 on the Modesto A. Maidique campus of the University (the "Project"). The Project will be constructed as a multi-story structure with approximately 2,000 parking spaces. The Project is consistent with the University's Campus Master Plan. The total Project construction cost is expected to be approximately \$37 million. The Department of Parking and Transportation plans to contribute approximately \$9 million from cash reserves to fund the Project.

The Administration recommends that the Board of Trustees authorize a request from the Board of Governors to the Division of Bond Finance to issue up to \$33,500,000 of fixed rate, revenue bonds to finance the construction of the Project, finance capitalized interest, fund a debt service reserve fund and pay costs of issuing the Bonds. The Bonds will mature thirty (30) years after issuance with level annual debt service payments.

This request is consistent with the Florida Board of Governors Debt Management Guidelines dated September 16, 2010; Sections 1010.62 of the Florida Statutes; and Article IX, Section 7, Florida Constitution.

Supporting Documentation:

Requesting Resolution in Board of Governors Form
Appendix A

Facilitator/Presenter:

Kenneth A. Jessell

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A RESOLUTION AUTHORIZING THE ISSUANCE OF DEBT AND REQUESTING THE FLORIDA BOARD OF GOVERNORS TO APPROVE THE ISSUANCE OF SUCH DEBT TO FINANCE THE CONSTRUCTION OF A 2,000 SPACE PARKING GARAGE ON THE MODESTO A. MAIDIQUE CAMPUS OF FLORIDA INTERNATIONAL UNIVERSITY, PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE BOARD OF TRUSTEES:

Section 1. The Board of Trustees (the “Board of Trustees”) of the Florida International University (the “University”) hereby requests the Florida Board of Governors to request the Division of Bond Finance of the State Board of Administration of Florida (the “Division”) to issue bonds in an amount not exceeding \$33,500,000 (the “Bonds”) for the purpose of financing a (i) a parking garage, (ii) capitalized interest, (iii) a debt service reserve fund and (iv) certain costs relating to the Bonds (the “Project”) on the campus of the University.

Section 2. The Project will consist of approximately 2,000 spaces. The Project is reflected on the approved master plan for the University and is consistent with the mission of the University because it will provide additional parking for use by students, faculty and staff of the University. Construction of the Project is expected to begin February 2012 and to be completed by July 2013. Proceeds of the Bonds are not anticipated to be sufficient to complete the construction of the Project without the use of additional funds. Additional necessary funding in the amount of approximately \$9,000,000 will be obtained from cash reserves of the University’s parking system. Legislative approval of the Project has been obtained pursuant to section 1010.62, Florida Statutes. No proceeds of the Bonds will be used to finance operating expenses of the University. The issuance of Bonds by the Division for the purpose of reimbursing the University for capital expenditures paid for the Project from legally available funds of the University is hereby authorized.

Section 3. The Bonds are to be secured by net parking system revenues derived primarily from a per credit hour student transportation access fee, faculty and staff parking decal sales, fines, and other miscellaneous revenues, after deducting operating and maintenance expenses (“Pledged Revenues”) and will be issued on parity with the system’s outstanding debt. The University is legally authorized to secure the Bonds with the revenues to be pledged pursuant to section 1010.62, Florida Statutes. The University is also committed to ensuring that sufficient revenues will be generated to fulfill the University’s obligations with respect to the Bonds.

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

Section 5. (Reserved for variable rate debt and not applicable)

Section 6. (Reserved for taxable debt and not applicable)

Section 7. The Bonds will be sold through competitive sale. Any selection of underwriters or financial advisors will be accomplished 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 8. The Board of Trustees will comply, and will require the University to comply, 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 9. The President, Chief Financial Officer and other authorized representatives of the University and the Board of Trustees 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 10. In making the determination to finance the Project, the Board of Trustees has reviewed the information attached to Appendix A and finds that the issuance of the Bonds is in compliance with the Debt Management Guidelines, the University's debt management policy, and applicable law.

Section 11. This Resolution shall take effect immediately upon its adoption.

CERTIFICATE OF THE CORPORATE SECRETARY

The undersigned, Corporate Secretary of the Florida International University Board of Trustees, does hereby certify that the attached resolution relating to the issuance of Bonds by the Division of Bond Finance of the State Board of Administration of Florida is a true and accurate copy as adopted by the Florida International University Board of Trustees on March 30, 2011 and said resolution has not been modified or rescinded and is in full force and effect on the date hereof.

BOARD OF TRUSTEES OF FLORIDA INTERNATIONAL UNIVERSITY

Dated: _____, 2011

By: _____
Corporate Secretary

Appendix A

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

1. the project summary;
2. a draw schedule for the project;
3. sources and uses of funds for the project;
4. an estimated debt service schedule;
5. debt service schedules for any outstanding debt with a lien on the pledged revenues;
6. a schedule showing estimated compliance with any additional bonds requirement set forth in the documents governing the outstanding debt;
7. a description of the security supporting repayment and the lien position the debt will have on that security;
8. a five year history, if available, and a five year projection, of the pledged revenues and the debt service coverage.

**Appendix A: Item 1
Project Summary
Florida International University
Parking Garage Six**

Project Description:	<p>The proposed project is a multi-level parking structure on Florida International University's main campus and will provide approximately 2,000 structured parking spaces to accommodate students, faculty, and staff.</p> <p>The project is included in the current Campus Master Plan.</p>
Facility Site Location:	<p>The current Campus Master Plan reflects the location of Parking Garage Six to the west of Parking Garage Four (Red Garage). It is anticipated that Parking Garage Six will be located just east of the Wertheim Performing Arts Center, partially on leased land of the Youth Fair property.</p>
Projected Start and Opening Date:	<p>It is anticipated that construction of the project will commence in February 2012 and that the project will be open and available for occupancy in July 2013.</p>
Demand Analysis:	<p>The University community is presently comprised of over 42,000 students, over 6,000 full and part-time faculty and staff and a large number of daily visitors. Drivers of the 37,203 currently permitted student vehicles and 6,750 permitted employee vehicles compete for the 14,965 available parking spaces.</p> <p>Of the 14,965 spaces, 9,462 are available for students and 2,877 are available for faculty and staff. The remaining spaces consist of service vehicles spaces, visitor lot spaces, metered spaces and loading zones. The ratio of space availability to decal holders is 1 space for every 3.9 students and 1 space for every 2.3 faculty and staff. Unmet parking demands are expected to increase over time due to projected annual enrollment growth of approximately five percent. In addition, the construction of a 620-bed housing facility will displace some surface spaces throughout construction over the next two years. The proposed project will increase the total spaces on campus to approximately 17,000 and approximately 6,900 structured parking spaces.</p>
Project Cost and Financing Structure:	<p>The total project cost, which includes construction and associated design costs, is estimated at \$37 million and will be funded through bond proceeds and an approximately \$9 million contribution from the parking system cash reserves. The project will be financed with fixed rate, tax-exempt revenue bonds issued by the Florida State Board of Administration's Division of Bond Finance, on behalf of Florida International University, in an amount not to exceed \$33,500,000. The bond issue will be structured with a 30 year final maturity and approximately level debt service. Approximately \$3.0 million of the debt will be used to fund capitalized interest during the construction period.</p>

Construction of the project will be administered by the University under the supervision of its Facilities Management Department consistent with the construction of previous University parking structures.

Security/Lien Structure:

Net parking system revenues will be pledged for the payment of debt service. These revenues are derived primarily from a student transportation access fee, faculty and staff parking decal sales, fines, and other miscellaneous revenues, after deducting operating and maintenance expenses ("Pledged Revenues"). The transportation access fee was increased from an average of \$75.00 per semester for the 2009-10 academic year to an average of \$79.00 per semester for academic year 2010-11. The University retains the ability to increase student fees, decal rates, fines, meter rates and other sources of revenue.

The debt will be payable solely from Pledged Revenues and secured as to the payment of principal and interest, on a parity with the State of Florida, Florida Board of Education, Florida International University Parking Facility Revenue Bonds, Series 2002, 2009A and 2009B and the State of Florida, Board of Regents, Florida International University Parking Facility Revenue Bonds, Series 1995 and 1999 by a lien on the Pledged Revenues. Currently, \$55,430,000 in aggregate principal amount is outstanding.

**Pledged Revenues and
Debt Service Coverage:**

During the five year period from fiscal year 2005-06 to 2009-10, Pledged Revenues grew from \$4,797,147 to \$7,137,434. These revenues produced maximum annual debt service coverage ratios ranged from a low of 1.18X to a high of 1.52X. These calculations of Pledged Revenues and coverage exclude the revenue and expenses of the Golden Panther Express bus system and vehicle services. Excess Pledged Revenues remaining after payment of debt service were sufficient in each year to pay expenses of the bus system and vehicle services.

Pledged Revenues are projected to be \$6,803,517 in fiscal year 2010-11, growing to \$10,100,833 in fiscal year 2014-2015, resulting in projected maximum annual debt service coverage ratios range from a low of 1.25X to a high of 1.69X. Debt service for the new bond issue will begin in fiscal year 2013-14. The Pledged Revenues for that year are projected at \$9,221,277 and are estimated to produce maximum annual debt service coverage ratios of 1.25X. For fiscal year 2014-15 the Pledged Revenues are expected to produce debt service coverage ratio of 1.37X. Excess Pledged Revenues remaining after payment of debt service are expected to be sufficient in each year to pay expenses of operating the bus system and vehicle services. It has been assumed that interest payments on the proposed debt during the 18-month construction period through August 2013 will be provided from proceeds of the debt.

The projected debt service coverage ratio has been calculated using an interest rate of 6 percent on the bonds and an average of \$79.00 per semester transportation access fee for 2010-11 with an annual increase of 5 percent in both fiscal years 2012-13 and 2014-15. Operating costs, excluding bus system expenses, are projected to increase approximately 2 percent per year.

A detailed schedule with the five year history and a five year projection of the Pledged Revenues, annual debt service coverage and maximum annual debt service coverage are included in the attached Appendix A: Item 8.

Type of Sale:

Competitive

**Analysis and
Recommendations:**

The University staff has reviewed the information with respect to the request for Board of Governors approval for the subject financing. Based primarily upon the increase in transportation access fees and what appear to be reasonable assumptions as to growth in expenses, projections provided by the University indicate that sufficient net revenues will be generated to pay debt service on the Bonds and the outstanding Parking Bonds. It appears that the proposed financing is in compliance with Florida Statutes governing the issuance of university debt and the Board of Governors Debt Management Guidelines. Accordingly, adoption of the resolution authorizing the proposed financing is recommended.

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Estimated Project Cost \$ 37,000,000

Design Start Date 3/1/2011

Construction Start Date 2/1/2012

Construction Completion Date 7/31/2013

Estimated Useful Life 50 years

Bond Issuance Date 1/1/2012

DRAW SCHEDULE																			
	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Total
a. Construction Cost	\$ 1,539,787	\$ 1,751,434	\$ 1,751,434	\$ 1,751,434	\$ 1,751,434	\$ 1,751,434	\$ 1,751,434	\$ 1,751,434	\$ 1,751,434	\$ 1,751,434	\$ 1,751,434	\$ 1,751,434	\$ 1,751,434	\$ 1,751,434	\$ 1,751,434	\$ 1,751,434	\$ 1,751,434	\$ 1,751,434	\$ 31,314,158
b. Professional Fees																			-
Base Agreement - A/E (as per contract)	1,684,720																		1,684,720
c. Fire Marshal																	78,285		78,285
d. Inspection Services																			
Project Representative	191,700																		191,700
Code Inspector	105,000																		105,000
Threshold Inspector	210,000																		210,000
f. Surveys/Tests																			
Topographical Survey	10,000																		10,000
Geotechnical Tests	15,000																		15,000
Soil and Concrete Testing	70,000																		70,000
Post-tension stressing review & logging	56,000																		56,000
HVAC System Tests	2,500																		2,500
g. Permit/Impact/Environmental Fees																			
Permits (Stormwater DEP)	5,000																		5,000
WASA	3,000																		3,000
i. Movable Furnishings & Equipment																		299,837	299,837
j. Contingencies	61,558	61,558	61,558	61,558	61,558	61,558	61,558	61,558	61,558	61,558	61,558	61,558	61,558	61,558	61,558	61,558	61,558	61,558	1,108,050
Construction Services Reimbursement (3%)	102,597	102,597	102,597	102,597	102,597	102,597	102,597	102,597	102,597	102,597	102,597	102,597	102,597	102,597	102,597	102,597	102,597	102,597	1,846,750
Total	\$ 4,056,862	\$ 1,915,589	\$ 1,915,589	\$ 1,915,589	\$ 1,915,589	\$ 1,915,589	\$ 1,915,589	\$ 1,915,589	\$ 1,915,589	\$ 1,915,589	\$ 1,915,589	\$ 1,915,589	\$ 1,915,589	\$ 1,915,589	\$ 1,915,589	\$ 1,915,589	\$ 1,993,875	\$ 2,215,426	\$ 37,000,000
Percent drawn	11.0%	16.1%	21.3%	26.5%	31.7%	36.9%	42.0%	47.2%	52.4%	57.6%	62.7%	67.9%	73.1%	78.3%	83.4%	88.6%	94.0%	100.0%	

STATE OF FLORIDA, BOARD OF GOVERNORS
FLORIDA INTERNATIONAL UNIVERSITY PARKING REVENUE BONDS, SERIES 2012
Estimated Sources and Uses of Funds
Parking Garage 6
for Fiscal Year 2012-2013

Sources of Funds

Bond Par Amount	\$ 33,500,000	Series 2012 Bonds par amount based on a fixed, tax-exempt interest rate of 6% for 30 years.
Less: Costs of Issuance		
Total Costs of Issuance	\$ (551,200)	Based on estimates
Plus: Cash Contribution	\$ 9,000,000	
Plus: Interest Earnings (Construction Trust Fund)	\$ 502,500	Based on net bond proceeds deposited in the construction fund, invested for 15 months at an estimated interest rate of 2%.
Total Sources of Funds	<u>\$ 42,451,300</u>	

Uses of Funds

Project Cost (Planning, Design, Construction & Equipment)	\$ 37,000,000	Cost of planning, design, construction, and equipment.
Debt Service Reserve Account	\$ 2,436,300	Fully funded at maximum annual debt service on the bonds.
Estimated Interest to be paid during Construction (Capitalized Interest)	\$ 3,015,000	This represents 18 months of capitalized interest to be paid from bond proceeds at an interest rate of 6%.
Total Uses of Funds	<u>\$ 42,451,300</u>	

Estimated Debt Service				
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Coupon*</u>
1	425,000	2,010,000	2,435,000	6.000%
2	450,000	1,984,500	2,434,500	6.000%
3	475,000	1,957,500	2,432,500	6.000%
4	505,000	1,929,000	2,434,000	6.000%
5	535,000	1,898,700	2,433,700	6.000%
6	565,000	1,866,600	2,431,600	6.000%
7	600,000	1,832,700	2,432,700	6.000%
8	635,000	1,796,700	2,431,700	6.000%
9	675,000	1,758,600	2,433,600	6.000%
10	715,000	1,718,100	2,433,100	6.000%
11	760,000	1,675,200	2,435,200	6.000%
12	805,000	1,629,600	2,434,600	6.000%
13	855,000	1,581,300	2,436,300	6.000%
14	905,000	1,530,000	2,435,000	6.000%
15	960,000	1,475,700	2,435,700	6.000%
16	1,015,000	1,418,100	2,433,100	6.000%
17	1,075,000	1,357,200	2,432,200	6.000%
18	1,140,000	1,292,700	2,432,700	6.000%
19	1,210,000	1,224,300	2,434,300	6.000%
20	1,280,000	1,151,700	2,431,700	6.000%
21	1,360,000	1,074,900	2,434,900	6.000%
22	1,440,000	993,300	2,433,300	6.000%
23	1,525,000	906,900	2,431,900	6.000%
24	1,620,000	815,400	2,435,400	6.000%
25	1,715,000	718,200	2,433,200	6.000%
26	1,820,000	615,300	2,435,300	6.000%
27	1,930,000	506,100	2,436,100	6.000%
28	2,045,000	390,300	2,435,300	6.000%
29	2,165,000	267,600	2,432,600	6.000%
30	2,295,000	137,700	2,432,700	6.000%
	33,500,000	39,513,900	73,013,900	

Outstanding Debt Service						Projected Debt Service	
<u>Year</u>	<u>Series 1995</u>	<u>Series 1999</u>	<u>Series 2002</u>	<u>Series 2009</u>	<u>Total</u>	<u>Series 2011</u>	<u>Total</u>
07/01/05	597,058	637,269	1,738,531		2,972,858		2,972,858
07/01/06	612,058	638,769	1,739,611		2,990,438		2,990,438
07/01/07	632,058	639,279	1,740,041		3,011,378		3,011,378
07/01/08	633,308	638,769	1,738,366		3,010,443		3,010,443
07/01/09	638,558	637,209	1,741,004	1,032,049	4,048,819		4,048,819
07/01/10	642,138	634,749	1,740,254	1,909,224	4,926,364		4,926,364
07/01/11	643,998	635,999	1,741,494	1,911,024	4,932,514		4,932,514
07/01/12	644,323	635,854	1,741,069	1,912,524	4,933,769		4,933,769
07/01/13	648,088	639,274	1,737,819	1,913,724	4,938,904		4,938,904
07/01/14	649,869	636,174	1,737,219	1,912,861	4,936,123	2,435,000	7,371,123
07/01/15	655,038	636,334	1,737,219	1,909,141	4,937,731	2,434,500	7,372,231
07/01/16	653,325	639,659	1,738,975	1,912,643	4,944,601	2,432,500	7,377,101
07/01/17		636,334	1,737,175	1,908,931	4,282,439	2,434,000	6,716,439
07/01/18		636,094	1,742,030	1,913,074	4,291,197	2,433,700	6,724,897
07/01/19		639,031	1,738,020	1,909,643	4,286,694	2,431,600	6,718,294
07/01/20			1,740,240	1,909,791	3,650,031	2,432,700	6,082,731
07/01/21			1,738,140	1,913,024	3,651,164	2,431,700	6,082,864
07/01/22			1,741,590	1,909,094	3,650,684	2,433,600	6,084,284
07/01/23				1,912,824	1,912,824	2,433,100	4,345,924
07/01/24				1,909,364	1,909,364	2,435,200	4,344,564
07/01/25				1,913,862	1,913,862	2,434,600	4,348,462
07/01/26				1,910,865	1,910,865	2,436,300	4,347,165
07/01/27				1,909,812	1,909,812	2,435,000	4,344,812
07/01/28				1,911,858	1,911,858	2,435,700	4,347,558
07/01/29				1,911,792	1,911,792	2,433,100	4,344,892
07/01/30				1,911,603	1,911,603	2,432,200	4,343,803
07/01/31				1,908,956	1,908,956	2,432,700	4,341,656
07/01/32				1,913,852	1,913,852	2,434,300	4,348,152
07/01/33				1,910,842	1,910,842	2,431,700	4,342,542
07/01/34				1,910,152	1,910,152	2,434,900	4,345,052
07/01/35				1,911,556	1,911,556	2,433,300	4,344,856
07/01/36				1,909,833	1,909,833	2,431,900	4,341,733
07/01/37				1,909,981	1,909,981	2,435,400	4,345,381
07/01/38				1,911,778	1,911,778	2,433,200	4,344,978
07/01/39					-	2,435,300	2,435,300
07/01/40					-	2,436,100	2,436,100
07/01/41					-	2,435,300	2,435,300
07/01/42					-	2,432,600	2,432,600
07/01/43					-	2,432,700	
07/01/44					-		
	-	-	-	48,805,863	97,325,267		



Parity / Incurrence Test

	<u>FY2008-09</u>	<u>FY2009-10</u>	<u>Average</u>
Parking System Revenues	\$ 11,060,794	\$ 11,496,944	\$ 11,278,869
plus Investment Income	69,354	518,854	294,104
less Parking System Expenses	(4,514,344)	(4,545,777)	(4,530,061)
plus Depreciation	1,668,947	1,166,289	1,417,618
Pledged Revenues (Unadjusted)	<u>8,284,751</u>	<u>8,636,309</u>	<u>\$ 8,460,530</u>

Adjustments

2009-10 Rate increases

Executive permits	-
Administrative permits	-
Staff permits (<\$25K)	-
Staff permits (\$25K-\$35K)	-
Staff permits (\$35K-\$45K)	-
Staff permits (\$45K+)	-
Students (Fall/Spring)	-
Students (Summer)	-

2010-11 Rate increases

Executive permits	1,344	1,596
Administrative permits	7,866	7,980
Staff permits (<\$25K)	4,458	4,458
Staff permits (\$25K-\$35K)	3,178	3,178
Staff permits (\$35K-\$45K)	4,080	4,080
Staff permits (\$45K+)	14,234	14,234
Students (Fall/Spring)	281,484	290,644
Students (Summer)	96,936	105,648

Adjusted Pledged Revenues	<u>\$ 8,698,331</u>	<u>\$ 9,068,127</u>	<u>\$ 8,883,229</u>
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Average Adjusted Pledged Revenues	\$ 8,883,229
MADS with Additional \$33.5 Million 2012 Bonds	7,377,101
Maximum Annual Debt Service Coverage	<u>1.2042</u>

**Security/Lien
Structure:**

Parking system revenues will be pledged for the payment of debt service on parity with the system's outstanding debt. These revenues are derived primarily from a student transportation access fee, faculty and staff parking decal sales, fines, and other miscellaneous revenues, after deducting operating and maintenance expenses ("Pledged Revenues").

The debt will be payable solely from and secured as to the payment of principal and interest, on a parity with the State of Florida, Florida Board of Education, Florida International University Parking Facility Revenue Bonds, Series 2002, 2009A and 2009B and the State of Florida, Board of Regents, Florida International University Parking Facility Revenue Bonds, Series 1995 and 1999 by a lien on the Pledged Revenues. Currently, \$55,430,000 in aggregate principal amount is outstanding.

STATE OF FLORIDA, BOARD OF GOVERNORS
FLORIDA INTERNATIONAL UNIVERSITY
PARKING FACILITY REVENUE BONDS, SERIES 2012

5-YEAR HISTORICAL AND PROJECTED DEBT SERVICE COVERAGE ¹

	Historical					Projected				
	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Operating Revenues										
Parking Decals and Fees ²	\$6,091,210	\$6,633,129	\$7,178,376	\$7,875,089	\$8,678,360	\$9,246,523	\$10,363,480	\$11,356,496	\$11,641,265	\$12,701,246
Visitor Parking ³	349,081	359,173	343,565	351,134	296,801	407,200	410,600	414,000	417,400	420,900
Traffic Fines, Towing & Other Revenue ⁴	575,774	1,006,564	1,183,158	2,344,209	2,188,725	2,536,737	2,852,880	2,921,295	2,994,545	3,068,630
less: Golden Panther Express	-172,317	-237,326	-276,287	-261,616	-283,684	-296,400	-330,100	-345,200	-360,300	-375,600
less: Vehicle Services	0	0	0	-748,022	-882,134	-976,518	-976,518	-976,518	-976,518	-976,518
Total Parking System Revenues	\$6,843,748	\$7,761,540	\$8,428,812	\$9,560,793	\$9,998,068	\$10,917,542	\$12,320,342	\$13,370,073	\$13,716,392	\$14,838,658
Current Expenses										
Salaries and Personnel Services ⁵	\$1,140,047	\$1,308,375	\$1,318,453	\$2,019,872	\$2,335,621	\$2,006,590	\$2,080,870	\$2,122,490	\$2,245,350	\$2,290,260
Other Operating Expenses ^{6,7,8}	1,519,285	1,567,300	1,878,761	3,118,746	2,791,959	3,843,214	3,719,732	3,824,047	4,372,441	4,502,898
less: Golden Panther Express	-585,613	-563,949	-663,584	-708,627	-721,300	-738,000	-753,000	-768,000	-783,000	-799,000
less: Vehicle Services	0	0	0	-854,946	-1,026,792	-972,311	-981,256	-995,016	-1,004,366	-1,018,629
Total Current Expenses	\$2,073,720	\$2,311,726	\$2,533,630	\$3,575,045	\$3,379,488	\$4,139,493	\$4,066,347	\$4,183,521	\$4,830,425	\$4,975,530
Net Parking System Revenues	4,770,029	5,449,814	5,895,182	5,985,748	6,618,580	6,778,049	8,253,995	9,186,552	8,885,966	9,863,129
Interest Income	27,118	450,699	249,347	-407,516	518,854	25,468	88,874	235,076	335,311	237,704
Pledged Revenues	4,797,147	5,900,513	6,144,529	5,578,232	7,137,434	6,803,517	8,342,869	9,421,628	9,221,277	10,100,833
Annual Debt Service:										
1995 Bonds	612,058	632,058	633,308	638,558	642,138	643,998	644,323	648,088	649,869	655,038
1999 Bonds	638,769	639,279	638,769	637,209	634,749	635,999	635,854	639,274	636,174	636,334
2002 Bonds	1,739,611	1,740,041	1,738,366	1,741,004	1,740,254	1,741,494	1,741,069	1,737,819	1,737,219	1,737,219
2009 Bonds	-	-	-	1,032,049	1,909,224	1,911,024	1,912,524	1,913,724	1,912,861	1,909,141
2012 Bonds ⁹	-	-	-	-	-	-	-	-	2,435,000	2,434,500
Total Annual Debt Service	2,990,438	3,011,378	3,010,443	4,048,819	4,926,364	4,932,514	4,933,769	4,938,904	7,371,123	7,372,231
Maximum Annual Debt Service	4,048,819	4,048,819	4,048,819	4,048,819	4,944,601	4,944,601	4,944,601	7,377,101	7,377,101	7,377,101
Coverage Ratios										
Annual Debt Service	1.60x	1.96x	2.04x	1.38x	1.45x	1.38x	1.69x	1.91x	1.25x	1.37x
Maximum Annual Debt Service	1.18x	1.46x	1.52x	1.38x	1.44x	1.38x	1.69x	1.28x	1.25x	1.37x

¹ The financial information related to revenues and expenses was provided by the University and has not been audited.

² Parking Decals and Fees are projected to increase 5 percent in FY2012-13 and FY2014-15.

³ Visitor Parking Revenue from metered parking spaces are projected to increase 1 percent each year from FY2010-11 and FY2014-15.

⁴ Other revenues includes Golden Panther Express and Vehicle Services which are included in the financial statements that are not a part of the Pledged Revenues.

⁵ Employee salaries and fringe benefits are projected to increase approximately 2 percent per year; other personnel services expenses are projected to increase approximately 2 percent per year.

⁶ Includes maintenance, materials and supplies and other current expenses and are projected to increase approximately 2 percent per year.

⁷ Includes electric utility costs and are projected to increase 2 percent per year.

⁸ Includes Golden Panther Express and Vehicle Services which are included in the financial statements that are not a part of the Pledged Revenues.

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**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES**

Finance and Audit Committee

March 15, 2011

Subject: Mixed-Use Auxiliary Building

Proposed Committee Action:

Recommend to the Florida International University Board of Trustees approval of the construction of a mixed-use building on the west side of the FIU Modesto A. Maidique Campus that will combine offices, classrooms, food venues and dining space.

Background Information:

The FIU College of Business Administration continues to grow by adding new programs and innovative partnerships. The new mixed-use auxiliary building will provide 31,000 square feet of space to accommodate academic advising space, classrooms and administrative offices to support professional education and market rate programs. It will also enable proper support for undergraduate programs until the second phase of College of Business Complex is completed.

The enrollment in FIU Online classes has increased to 16 percent of overall University enrollment in the past five years. The unit has grown proportionately and currently occupies rented space in two locations on campus. The new mixed-use auxiliary building will consolidate operations in one location and provide a testing center for 250 students and two distance learning/class capturing classrooms. FIU Online will occupy approximately 41,000 square feet in the building.

The west side of the Modesto A. Maidique campus has weekly traffic of over 75,000 students, faculty and staff and is currently served by two very limited food venues – Tropical Smoothies Café and Java City. The new mixed-use auxiliary building will allow for 12,000 square feet of needed food venues and dining space to serve students, faculty and staff for the College of Law, School of International and Public Affairs, Labor Center, and the College of Business Administration.

The building will encompass 84,000 square feet and be located between the Ryder Business Building, College of Business Complex and College of Law building. The projected completion date is in 2013, at an approximate cost of \$22,280,000 and will be funded with auxiliary fund balances of the units that will occupy the building. The mixed-use building will meet the expansion needs of the College of Business, FIU Online, and Business Services while simultaneously enhancing service quality for students, faculty and staff.

Supporting Documentation: N/A

Facilitator/Presenter: Kenneth A. Jessell

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THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

March 15, 2011

Subject: Signature Authority – Depositories

Proposed Committee Action:

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

TBC Bank
Tbilisi, Republic of Georgia

Bank of Kigali
Kigali, Rwanda

Societe Generale
Burkina Faso

Bank of Africa -Mali (BoA) (Correspondent Bank to Societe Generale)
Bamako, Mali

Furthermore, the Finance and Audit Committee recommends for Board of Trustees approval that the University President, the Senior Vice President for Finance and Administration and 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. Additionally, the following person is also authorized to take all actions necessary to open or close bank accounts in the above banks: Luis Salas, Associate Vice President for Research.

Background Information:

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

Section 1011.42 of the Florida Statutes provides that the board of trustees of each university shall designate the depositories in which any university funds may be deposited, as provided by Florida Statutes.

Supporting Documentation: International Water Programs

Facilitator/Presenter: Kenneth A. Jessell

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INTERNATIONAL WATER PROGRAMS

Approval is requested for local depositories to carry out the following international water programs each of which is funded by the U.S. Agency for International Development (USAID):

1. Integrated Natural Resource Management in Watersheds of Georgia (INRMW) with USAID funding of \$6,514,913; and
2. Rwanda Integrated Water Security Program (RIWSP) with USAID funding of \$28 million; and
3. West African Water, Sanitation Hygiene Program (WA-WASH), with USAID funding of \$22 million.

These Programs build on prior successful experiences by FIU in other USAID-funded international water sustainability projects. The goals of the Programs include developing and implementing practical and scalable models for watershed planning and management and for improving water security in Georgia and Rwanda, respectively, and expanding on past West African water initiatives seeking to provide sustainable access to safe water and sanitation, and improved hygiene.

In order to perform the Programs, local bank accounts must be opened and maintained so that local purchases may be made and payroll met for local employees and consultants. The Programs' FIU Director, Dr. Maria Donoso, has investigated the banks that are available in the regions as well as the local banks used by collaborators on the Programs and other international organizations (such as CARE and World Vision). Preference was given to banks with local U.S. branches or with partnerships with US banks, where possible. After performing the foregoing due diligence, the banks proposed to be used by FIU are:

In Georgia: TBC Bank, jsc
Tbilisi, Republic of Georgia
<http://www.tbcbank.ge/en/private/>
<http://www.tbcbank.ge/en/corporate/>

In Rwanda: Bank of Kigali
Kigali, Rwanda
<http://www.bk.rw>

In Burkina Faso: Societe Generale
Ouagadougou, Burkina Faso
[http:// www.sgbb.bf](http://www.sgbb.bf)

In Mali: Bank of Africa -Mali (BoA)
(Correspondent Bank to Societe Generale)
Bamako-Mali
[http:// www.bank-of-africa.net](http://www.bank-of-africa.net)

Controls to be Placed on Bank Accounts

Access to the bank accounts by local Program staff will be kept to the minimum people necessary to effectively perform the Programs. Controls will be implemented to ensure that the bank accounts are used appropriately for Program purposes and that FIU Program personnel maintain oversight and monitoring of the bank accounts' use. In addition to world-wide insurance coverage for liability and theft by FIU employees overseas, the following controls, which have been used by FIU in other international projects successfully will be follows:

- Checks on the bank accounts will require signature by two authorized Program personnel and no cash withdrawal cards will be issued. All checks issued in the foreign countries must be cosigned by two of the authorized signatories on the account and all checks issued to one of the authorized signatories in foreign countries must be cosigned by one of the authorized signatories in FIU/Miami.
- The maximum check amount will be US\$10,000.
- There will always be one bank account in US Dollars that will receive wires from the US and another in local currency.
- The bank accounts will have a monthly balance of no more than between US\$55,000 to US\$70,000 at any given time.
- Replenishment of the bank accounts will be done only when financial reports of expenditures on the bank accounts have been approved by FIU personnel. Every month the local Program offices will send to the FIU/Miami Program office substantiated financial reports (i.e., reports with back-up documentation) detailing the expenditures for the preceding period and requesting funds to replenish the bank accounts by the amount accounted for in the report. Such reports and back-up documentation will be reviewed by the FIU Program office.
- If the local FIU Program office approves the monthly financial report, it will forward a reimbursement package to the Division of Research for its review and auditing. Each reimbursement package will have a unique Report Number that will separate it from other reports. Invoices will be submitted with the report detailing each payment made, the currency rate used, check payee, amount, and date. In addition, any deposits made will be totaled separately and will equal any deposits made to that account. After the Division of Research audits the report and if it is approved, it will then be sent to the FIU Controller's Office for wire processing and reconciliation.
- The FIU personnel reconciling the accounts will have online access to the banks accounts, if available.

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

March 15, 2011

Subject: Signature Authority – Authorization to Sign Checks for Certain Foreign Research Program Accounts

Proposed Committee Action:

Approve the following officers and employees of the University as authorized to sign checks to pay the legal obligations of the University from the designated University depositories related to the following projects: (1) Integrated Natural Resource Management in Watersheds of the Republic of Georgia (INRMW) Program (the “Georgia Program”); (2) Rwanda Integrated Water Security Program (the “Rwanda Program”); and (3) West African Water, Sanitation Hygiene Program (the “West Africa Program”):

Kenneth A. Jessell, Senior Vice President for Finance and Administration
and Chief Financial Officer

Cecilia Hamilton, Associate Vice President and University Controller

Luis Salas, Associate Vice President for Research
(authorized for the Georgia, Rwanda and West Africa Programs)

Mariam Shotadze, Program Director of the Georgia Program,
(authorized only for the Georgia Program)

Eliso Barnovi, Deputy Georgia Program Director
(authorized only for the Georgia Program)

Nino Darchiashvili, Office Administrator for the Georgia Program
(authorized only for the Georgia Program)

Lakhdar Boukerrou, West Africa Program Director
(authorized only for the West Africa Program)

Emeline Bereziat, Deputy West Africa Program Director
(authorized only for the West Africa Program)

Salimata Marico, Mali Program Coordinator for West Africa Program
(authorized only for the West Africa Program)

Background Information:

The Florida International University Board of Trustees (the BOT) 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 A. Jessell

**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES**

Finance and Audit Committee

March 15, 2011

Subject: Report of Legal Action against T & G Corporation d/b/a and f/k/a T &G Constructors, Inc. and Request for Ratification

Proposed Committee Action:

Recommend to the Florida International University Board of Trustees ratification of the lawsuit filed on February 25, 2011 against the Contractor, T & G Corporation d/b/a and f/k/a T&G Constructors, for breach of contract and latent defects at the FIU Recreation Center located on the Modesto A. Maidique Campus.

Background Information:

The Florida International University Board of Trustees (the BOT) delegated authority to the President to initiate lawsuits pursuant to Board Action dated February 18, 2002, with final approval for specified suits reserved to the BOT.

On July 17, 2003, Florida International University (the University) entered into a contract with T & G Corporation d/b/a and f/k/a T&G Constructors (T&G) to construct the FIU Recreation Center located on the Modesto A. Maidique Campus (Recreation Center) which was completed on or about August 2005. The Recreation Center was designated to serve as a Hurricane Shelter for Monroe County. In April/May 2007, the University experienced major water damage and serious water intrusion problems. The University notified the Contractor T&G but T&G failed to investigate and/or remedy the problems. The University undertook its own investigation which literally required the University to open and remove part of the Recreation Center curtain wall window system. The University discovered a number of latent defects in the aluminum framed storefront window, door and curtain wall systems of the Recreation Center as it was constructed by T&G. The University undertook extensive efforts to resolve the issues with T&G informally throughout the investigation and remediation process, which is still ongoing, to no avail. The University sent T&G numerous letters between the period April 30, 2010 and January 19, 2011 inviting them to participate in the investigation and remediation process. T&G failed to provide any meaningful response to the University. Therefore, the University had no choice but to proceed to file a complaint against T&G due to the 4 year statutory limitation period for construction related defects. It is currently estimated that the costs, including consultant fees, to address the latent defect issues at the Recreation Center will be between \$700,000 to \$750,000. This estimate is subject to change if latent defects are discovered during the remediation process or other unforeseen costs arise.

Pursuant to Florida Board of Governors Regulation 1.001 (2)(f), University Board of Trustees Powers and Duties, each board of trustees shall be a public body corporate with all the powers of a body corporate, including the power to adopt a corporate seal, to contract and be contracted with, to sue and be sued, to plead and be impleaded in all courts of law and equity, and to give and receive donations.

Supporting Documentation: N/A

Facilitators/Presenters: Kristina Raattama

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THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

March 15, 2011

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 December 2, 2010.

Supporting Documentation: Office of Internal Audit Status Report

Facilitator/Presenter: Allen Vann

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Office of Internal Audit Status Report

BOARD OF TRUSTEES

March 15, 2011

Date: March 15, 2011

To: Board of Trustees and Finance and Audit Committee

From: Allen Vann, Audit Director

Subject: OFFICE OF INTERNAL AUDIT STATUS REPORT

I am pleased to provide an update on the status of our office's work activities. Our last update to you was on December 2, 2010.

AUDITS

Audit of the Information Technology Controls Over the PeopleSoft Grants Module – The Grants Module, which was put into production in June 2009, accumulates cost and budgeting data and facilitates billing and financial management of each of FIU's approved awards. The total amount awarded to University researchers for the year ended December 31, 2010 was \$104 million.

Our audit, which concentrated on Information Technology controls, revealed security deficiencies related to the user account management process. The identity management monitoring process for temporary users also needed improvement. The profile process allowed privileged users to update their own profiles, violating key segregation of duties precepts. In addition, we found upper management had key navigation access, not typical for their positions. Finally, workstation security's monitoring capabilities were not operating as expected.

The audit resulted in 34 recommendations. Management agreed to implement all of our recommendations.

Audit of the Controls Over Athletics Ticket Revenue – Total revenue from ticket sales received by the Department for the year ended June 30, 2010 was \$553,660. Almost 90% of this amount was from football events and the balance was from all other sports, including: basketball, soccer, volleyball, baseball, and softball. We tested financial controls and procedures and the controls over the information systems used in the ticketing process.

While the Athletics Department's procedures for the sale of tickets are generally adequate, internal controls would benefit from additional strengthening. Processes that management agreed to improve include: prompter deposits, performing employee background checks, increasing segregation of duties, and performing more thorough ticket sales report reconciliations. Other improvements were needed due to security deficiencies in the ticket sales information system's user account management process. There were excessive super user access privileges and workstation security monitoring issues.

The audit resulted in 23 recommendations. Management agreed to implement all of our recommendations.

Audit of the Football Attendance Pursuant to NCAA Requirements – 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 2010 season. We found that the football attendance data reported on the NCAA *Football Paid Attendance Summary* sheets were adequately supported by sufficient, relevant and competent records. However, we also provided the Athletics Department with a separate *Management Letter*, which included our reportable observations of misstatements and/or deficiencies in internal controls that can materially impact future attendance reporting.

Audit Work In Progress

Audits	Status
Major Construction Projects (Facilities)	Fieldwork in Progress
Auxiliary Funds (College of Business Administration)	Fieldwork in Progress
Review of Fuel Inventory Controls	Fieldwork in Progress
Revenue Collections (Parking & Traffic)	Fieldwork in Progress
Grants (College of Engineering and Computer Sciences)	Fieldwork in Progress
PantherCard Services Financial Information Systems Control	Fieldwork in Progress
Cash and Investment Controls (Foundation)	Fieldwork in Progress
Cash and Investment Controls (University)	Fieldwork in Progress

INVESTIGATIONS

Whistle-Blower Complaint – We received a Whistle-Blower complaint referral from the Governor's Chief Inspector General. The complainant, a former administrative staff person, made allegations relating to a supervisor. Our preliminary investigation revealed that the information disclosed were personnel related matters, which was already being handled by appropriate Human Resource staff and further investigation was not merited.

Fraud Complaint – We received a complaint from a member of the public alleging job related fraudulent behavior on the part of an FIU employee. We are investigating the complaint.

OTHER

On January 18, 2011 the Audit Director provided fraud awareness training to University staff involved in managing grants as requested by the Office of Sponsored Research Administration.

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

March 15, 2011

Subject: Budget Variance Analysis – Second Quarter 2010

Proposed Committee Action:
None. Discussion item.

Background Information:

The Financial Summary Overview for Fiscal Year 2010-2011 provides the Second Quarter 2010 Budget Variance Analysis.

Supporting Documentation: Financial Summary Overview, FY2010-11

Facilitator/Presenter: Kenneth A. Jessell

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Florida International University
Financial Summary Overview ¹
FY 2010-11

	Year To Date December 2010			
	Budget	Current Year Actual	Variance	
			\$	%
(\$ in millions)				
Revenue / Receipts				
University				
Educational and General (net) ²	224.7	226.8	2.1	1%
University	204.4	209.8	5.5	3%
College of Medicine	15.0	15.1	0.1	1%
State Fiscal Stabilization Fund ³	5.4	1.9	(3.5)	-65%
FIU Self-Insurance Program	0.0	0.0	0.0	0%
Auxiliary Enterprises	84.3	94.6	10.3	12%
Intercollegiate Athletics	14.1	15.7	1.6	11%
Activities and Service	9.7	10.0	0.3	3%
Technology Fee	5.2	5.3	0.1	3%
Contracts and Grants	45.3	43.7	(1.7)	-4%
Student Financial Aid	70.8	85.1	14.3	20%
Concessions	0.3	0.2	(0.1)	-34%
Direct Support Organizations				
FIU Athletic Finance Corp	2.3	2.8	0.5	22%
FIU Foundation Inc	11.7	13.5	1.8	15%
FIU Health Care Network	0.0	0.0	0.0	0%
FIU Research Foundation	0.1	0.1	0.0	0%
Interfund Adjustments ⁴	(6.8)	(7.2)	(0.4)	6%
Total Operating Revenues	461.6	490.5	28.8	6%
University Treasury (net)	5.2	14.1	8.9	172%
FIU Foundation Inc	3.4	18.9	15.5	461%
Total Investment Revenues	8.5	32.9	24.4	286%
Total Revenues / Receipts	470.2	523.4	53.2	11%
Expenses				
University				
Educational and General (net)	183.4	164.8	18.6	10%
University	164.1	151.4	12.7	8%
College of Medicine	13.0	11.0	2.1	16%
State Fiscal Stabilization Fund ³	6.3	2.4	3.9	61%
FIU Self-Insurance Program	0.0	0.0	0.0	0%
Auxiliary Enterprises	55.9	54.0	2.0	4%
Intercollegiate Athletics	10.6	11.1	(0.5)	-5%
Activities and Service	9.2	8.8	0.4	4%
Technology Fee	3.9	1.9	2.0	52%
Contracts and Grants	42.9	41.4	1.4	3%
Student Financial Aid	55.4	70.9	(15.5)	-28%
Concessions	0.3	0.2	0.1	28%
Direct Support Organizations				
FIU Athletic Finance Corp ⁶	1.1	1.0	0.2	14%
FIU Foundation Inc	4.9	4.3	0.7	14%
FIU Health Care Network	0.1	0.0	0.0	59%
FIU Research Foundation	0.1	0.0	0.0	75%
Interfund Adjustments	(6.8)	(7.2)	0.4	-6%
Total Expenses	361.1	351.2	9.8	3%
Principal Payment of Debt ^{5 6}	0.7	0.9	(0.2)	-31%
Change in Net Assets (incl. Investments)	108.4	171.2	62.9	58%
Change in Net Assets (excl. Investments)	99.8	138.3	38.5	39%

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 \$13.5M, 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.*
- ⁶ *FIU Athletic Finance Corp: Original budget included \$2.1M under Principal Payment of Debt. This figure has been adjusted to correctly reflect Principal Payment of Debt \$0.6M and Debt Service Interest (Expense) \$1.5M.*

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
March 15, 2011

Subject: State Budget Update

Proposed Committee Action:
None. Discussion item.

Background Information:
Senior Vice President for Finance and Administration and Chief Financial Officer Kenneth A. Jessell will provide the State Budget Update.

Supporting Documentation: N/A

Facilitator/Presenter: Kenneth A. Jessell

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THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
March 15, 2011

Subject: Treasury Report

Proposed Committee Action:
None. For information only.

Background Information:

The Treasury Report provides an update on Investment Portfolio Performance for the Quarter ending December 31, 2010 and Composition for the second Quarter of the 2011 Fiscal Year.

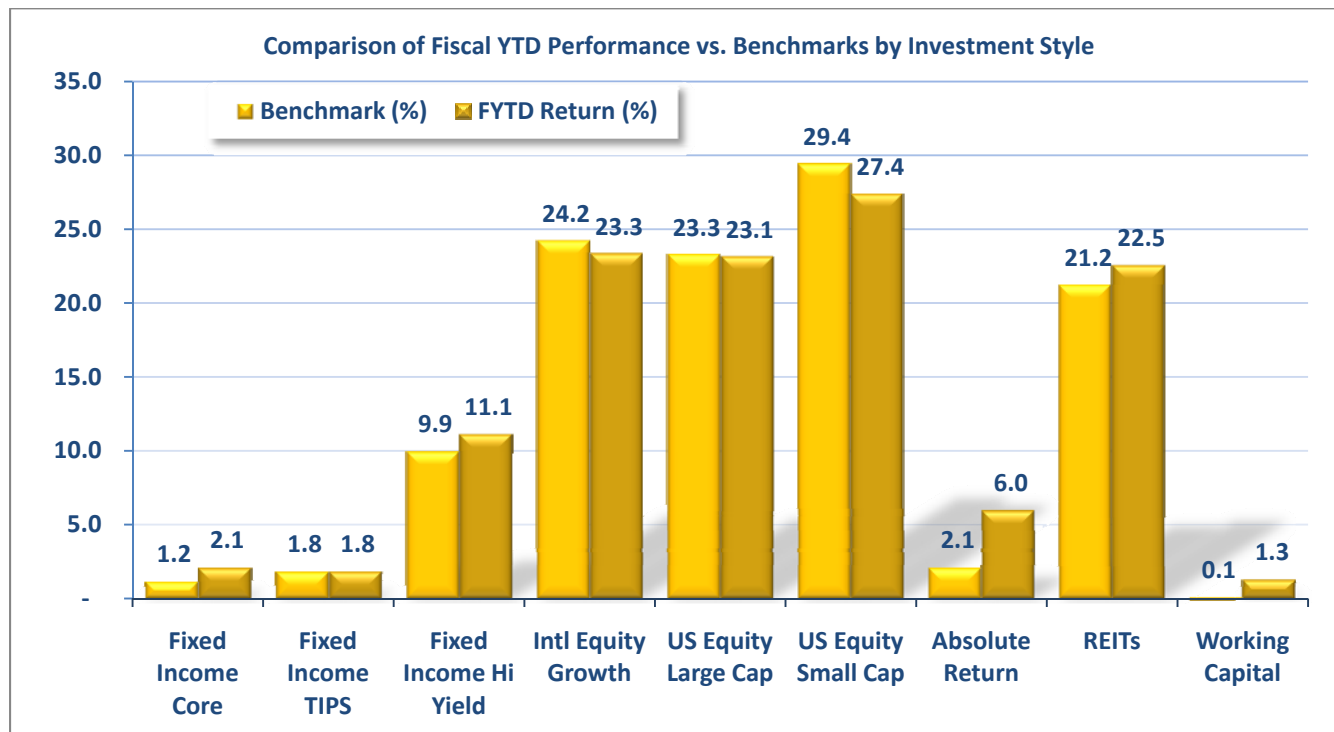
Supporting Documentation: Treasury Report

Facilitator/Presenter: Tony Vu

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Fiscal YTD Performance

Every asset class in the University's investment portfolio experienced positive performance in fiscal Q2. Overall, fiscal YTD return for the portfolio was **5.6%**. The Strategic/Reserve Pools gained **9.1%** and the Working Capital Pool gained **1.3%** for the fiscal Q2. 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 **1.7%** during the same period.



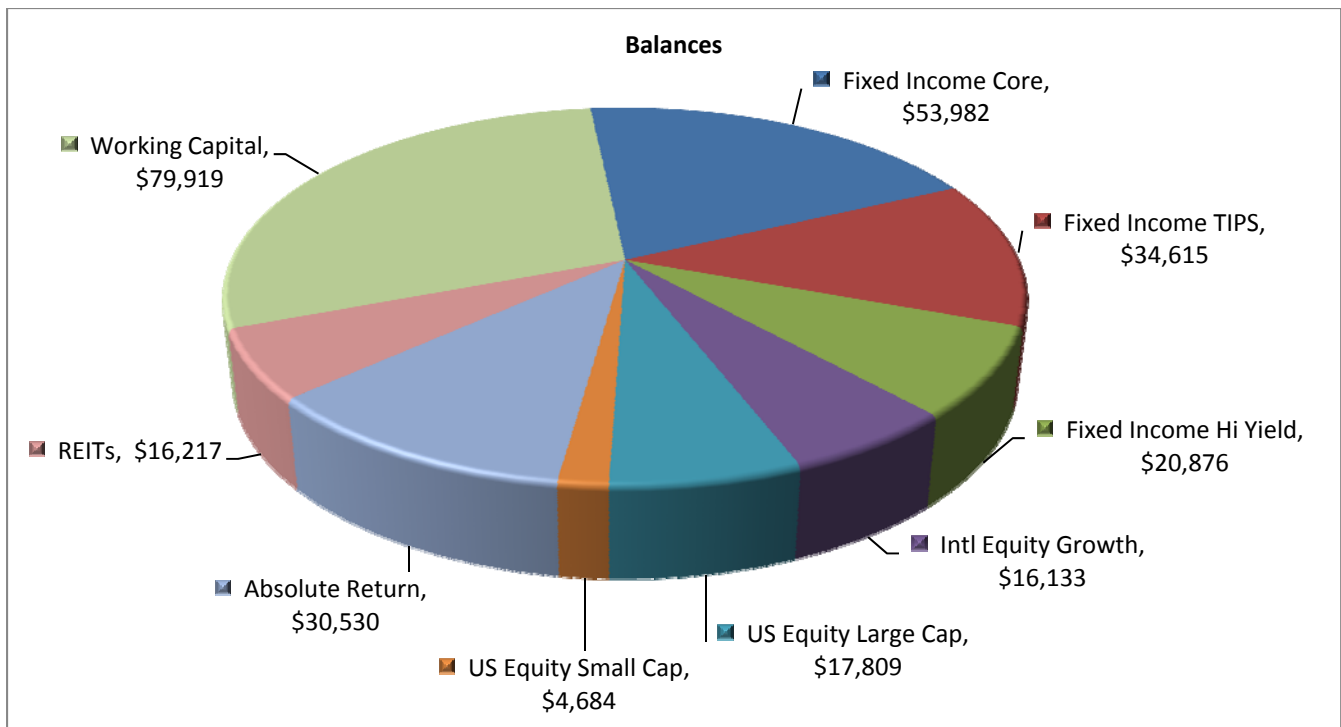
As shown above, every investment manager met or exceeded benchmarks with the exception of the International Equity Growth Manager (23.3% gain vs 24.2% benchmark), US Equity Large Cap Manager (23.1% gain vs 23.3% benchmark), and the US Equity Small Cap Manager (27.4% gain vs 29.4% benchmark).

A detailed schedule of the portfolio's performance overall and versus benchmarks, for the month and fiscal year to date is attached at the end of this report.

Year Ending Composition

Asset allocations at the end of the 2nd Quarter FY 2011 remained within policy guidelines with the exception for the addition of commodities. The University is in the process of finalizing the commodities manager agreement. The quarter end market value of the University's operating investment portfolio totaled \$274.8 million. This balance reflects a decrease of \$27.5 million (9%) over the previous quarter balance and a decrease of \$3.3 million (1%) over 2Q FY 2010 period ending balance. The decreases were due to the timing of Spring Semester payments that the Working Capital Pool received in January. The Strategic/Reserve Capital Pool returned 11.3% year over year, irrespective, of the overall timing reductions driven by the Working Capital Pool.

The following chart details the allocation of investments within The University's operating investment portfolio.



Investment Committee Meeting

The Investment Committee met on February 24, 2011 to review investment performance, international benchmarks and to interview International Equity Managers. The investment committee consists of:

Membership

Sukrit Agrawal
Member, Finance and Audit Committee
FIU Board of Trustees

Dr. Chun-Hao Chang
Department Chair, Finance and Real Estate
College of Business Administration

Dr. Kenneth Jessell
SVP & CFO
Office of Finance & Administration

Tony Vu – Committee Chair
University Treasurer
Office of the Treasurer

Dr. William Welch
Retired
College of Business Administration

Consultant

Bill Bensusan
Vice President
Wilshire & Associates

Performance Summary as of December 31, 2010

<i>Fund / Manager (Inception Date)</i>	<u>Market Value</u> (000's)	<u>% Allocation</u>	<u>Target Allocation*</u>	<u>Target Allocation % of Base</u>	<u>Current Month</u>	<u>QTD</u>	<u>YTD</u>	<u>Fiscal YTD</u>	<u>Trailing 1 Year</u>	<u>2 Years</u>	<u>3 Years</u>	<u>Since Inception</u>
Total Combined Pool (3/31/06)	274,764	100%	100%	180,000	1.2%	2.1%	7.2%	5.6%	7.2%	9.2%	4.1%	4.7%
Benchmark Index				152.6%	0.9%	1.5%	7.1%	5.4%	7.1%	9.5%	3.8%	4.8%
Working Capital Pool (3/31/06)	79,919	29.1%	30.0%	44.4%	0.2%	0.7%	2.2%	1.3%	2.2%	2.0%	2.3%	3.2%
91-Day Treasury Bill					0.0%	0.0%	0.1%	0.1%	0.1%	0.2%	0.8%	2.3%
Total Combined Pool Less Cash Equivalents (3/31/06)	194,845	70.9%	70.0%	108.2%	1.7%	2.8%	11.3%	9.1%	11.3%	15.7%	4.7%	5.6%
Benchmark Index					1.3%	2.1%	10.1%	7.7%	10.1%	13.7%	5.0%	5.9%
SPIA Account (3/31/06)	54,851	20.0%	0.0%	30.5%	0.3%	0.9%	2.8%	1.7%	2.8%	2.5%	2.5%	3.5%
91-Day Treasury Bill					0.0%	0.0%	0.1%	0.1%	0.1%	0.2%	0.8%	2.3%
SBA-LGP Account (9/30/06)	12	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%	0.4%	1.7%
91-Day Treasury Bill					0.0%	0.0%	0.1%	0.1%	0.1%	0.2%	0.8%	2.1%
Regions Bank (11/30/09)	5,010	1.8%	0.0%	2.8%	0.0%	0.1%	0.2%	0.1%	0.2%	--	--	0.2%
91-Day Treasury Bill					0.0%	0.0%	0.1%	0.1%	0.1%	--	--	0.1%
Morgan Stanley Account (8/31/09)	20,046	7.3%	0.0%	11.1%	0.0%	0.1%	0.2%	0.1%	0.2%	--	--	0.2%
91-Day Treasury Bill					0.0%	0.0%	0.1%	0.1%	0.1%	--	--	0.1%
<u>FIXED INCOME COMPOSITE (3/31/06)</u>	109,473	39.8%	42.0%	60.8%	-0.5%	0.2%	9.5%	3.7%	9.5%	13.0%	7.2%	7.0%
Benchmark Index					-0.8%	-0.4%	7.9%	2.8%	7.9%	10.6%	6.7%	7.0%
BlackRock HY Bond (3/31/06)	20,876	7.6%	7.0%	11.6%	2.6%	4.8%	18.6%	11.1%	18.6%	34.7%	9.4%	8.4%
ML High Yield Master II					1.8%	3.0%	15.2%	9.9%	15.2%	34.7%	10.1%	8.7%
Northern Trust TIPS (6/30/06)	34,615	12.6%	14.0%	19.2%	-1.6%	-0.8%	6.5%	1.8%	6.5%	8.7%	5.1%	6.5%
Barclays U.S. TIPS					-1.6%	-0.7%	6.3%	1.8%	6.3%	8.8%	5.0%	6.4%
Prudential Core Fixed (11/30/07)	53,982	19.6%	21.0%	30.0%	-0.9%	-0.8%	8.1%	2.1%	8.1%	10.0%	7.1%	6.9%
Barclays Aggregate					-1.1%	-1.3%	6.5%	1.2%	6.5%	6.2%	5.9%	5.8%
<u>ABSOLUTE RETURN COMPOSITE (4/31/06)</u>	30,530	11.1%	10.5%	17.0%	1.4%	2.7%	6.7%	6.0%	6.7%	9.1%	0.7%	3.1%
CPI + 3.25%					0.4%	1.1%	4.7%	2.1%	4.7%	5.4%	4.7%	5.1%
Aetos Alternatives Mgmt. (4/31/06)	30,530	11.1%	10.5%	17.0%	1.4%	2.7%	6.7%	6.0%	6.7%	9.1%	0.7%	3.1%
CPI + 3.25%					0.4%	1.1%	4.7%	2.1%	4.7%	5.4%	4.7%	5.1%
<u>REIT's (6/30/06)</u>	16,217	5.9%	5.3%	9.0%	4.6%	7.3%	29.7%	22.5%	29.7%	35.3%	5.4%	4.2%
NAREIT Equity					4.7%	7.4%	27.9%	21.2%	27.9%	28.0%	0.6%	0.6%
Urdang REIT (6/30/06)	16,217	5.9%	5.3%	9.0%	4.6%	7.3%	29.7%	22.5%	29.7%	35.3%	5.4%	4.2%
NAREIT Equity					4.7%	7.4%	27.9%	21.2%	27.9%	28.0%	0.6%	0.6%
<u>DOMESTIC EQUITY COMPOSITE (3/31/06)</u>	22,493	8.2%	7.0%	12.5%	7.0%	11.7%	18.6%	24.0%	18.6%	22.4%	-1.5%	0.1%
Wishare 5000					6.9%	11.6%	17.2%	24.4%	17.2%	22.6%	-1.9%	1.9%
Northern Trust S&P 500 (6/30/06)	17,809	6.5%	5.6%	9.9%	6.7%	10.8%	15.0%	23.1%	15.0%	20.8%	-2.8%	2.0%
S&P 500					6.7%	10.8%	15.1%	23.3%	15.1%	20.6%	-2.9%	1.9%
CS McKee Small Cap (6/30/08)	4,684	1.7%	1.4%	2.6%	8.2%	15.4%	29.3%	27.4%	29.3%	27.4%	--	10.9%
Russell 2000					7.9%	16.3%	26.9%	29.4%	26.9%	27.0%	--	6.8%
<u>INTERNATIONAL EQUITY COMPOSITE (3/31/06)</u>	16,133	5.9%	5.2%	9.0%	7.3%	5.7%	2.7%	23.3%	2.7%	18.8%	-9.9%	-1.7%
MSCI EAFE Index (N)					8.1%	6.6%	7.8%	24.2%	7.8%	19.2%	-7.0%	0.7%
Alliance Bernstein (6/30/08)	16,133	5.9%	5.2%	9.0%	7.3%	5.7%	2.7%	23.3%	2.7%	18.8%	--	-6.1%
MSCI EAFE Index (N)					8.1%	6.6%	7.8%	24.2%	7.8%	19.2%	--	-4.0%

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

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THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
March 15, 2011

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

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**BOARD OF TRUSTEES
FEBRUARY 16, 2011 UPDATE**

SAFETY & ENVIRONMENTAL COMPLIANCE STATUS REPORT

Issue: Green Library: Petroleum Discharge; Chromium Levels

Agency: Miami Dade County Department of Environmental Resources Management (DERM)

Florida Department of Environmental Protection (FDEP)

United States Environmental Protection Agency (USEPA)

Status: A review by DERM of the analytical results of soil from the Green Library associated with an assessment of a petroleum discharge (a leak of diesel fuel was detected from underground piping connecting an above ground tank to the emergency generator in the Green Library) in April 2008 indicated that the concentration of Chromium for soil samples exceeds the Freshwater Leachability cleanup target level. Facilities Management coordinated a new soil analysis to determine the Chromium source and submitted the report to DERM. While DERM has recommended a “no further action” be issued in connection with the petroleum discharge, DERM is requiring that the University fully assess the high Chromium levels and, once assessed, will require the University to develop a remedial action plan.

Issue: Hazardous Waste Management

Agency: Florida Department of Environmental Protection (FDEP)

Status: On August 3rd, 2010, FIU Biscayne Bay Campus’ hazardous waste management practices and facilities were inspected by FDEP. EH&S responded and addressed all alleged violations and concerns. On December 22nd, 2010, FIU received a warning letter from FDEP providing a summary of possible violations and associated monetary penalties documented during the August 3rd compliance evaluation inspection. The University recently negotiated a settlement agreement with DEP for the alleged violations which reflects a significantly reduced penalty amount from that originally proposed by DEP.

Issue: Radioactive Materials Use Compliance

Agency: Florida Department of Health (FDOH)

US Nuclear Regulatory Commission (USNRC)

Status: As of February 2011, EH&S is working with the FIU Athletics Department to coordinate the testing and registration of an x-ray machine donated to the department by the Doctors Hospital in Coral Gables. Once the performance of the machine is deemed suitable, the machine will be registered with the Food and Drug Administration and the FDOH prior to use for diagnosis.

Issue: Life Safety Code Compliance

Agency: State Fire Marshal

Status: As of February 2011, EH&S is scheduled to conduct 2010-2011 Life Safety Code inspections on 11 buildings this month and 11 buildings next month. Construction/remodeling inspections are still on-going for the following campus buildings/areas: PG5 (medical center build-out and police station), Academic Health Center II (anticipated completion within the next 7-10 days), Graham Center (stadium seating classrooms on the first floor), the Green Library (first floor classroom remodel), and the Wolfe University Center (second floor remodel).

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
March 15, 2011

Subject: Athletics Update

Proposed Committee Action:
None. For information only.

Background Information:

The Athletics Update presents a summary of revenues and expenses and provides financial highlights since the Finance and Audit Committee last met on December 2, 2010.

Supporting Documentation: Athletics Update

Facilitator/Presenter: Pete Garcia

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ATHLETICS UPDATE
March 15, 2011

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

Pete Garcia, Athletics Director

Fundraising Report

FIU Foundation, Inc.
Preliminary Recap of Statement of Activities
Through the Period Ended January 31, 2011 (in thousands)

	Actual	Budget	Variance
Revenues	\$536	\$491	\$45
Expenses	\$25	\$432	\$407

Revenues

- Favorable \$45 thousand due to timing of collections versus budget.

Expenses

- Favorable \$407 thousand due to timing of payments from the FIU Foundation Inc. to the University Athletics Department and the Athletics Finance Corporation, a Direct Support Organization of the University.

Financial Highlights

Athletics Finance Corporation, Unaudited Preliminary Recap through the period ended January 31, 2011

- January year-to-date net income before debt service was \$2.24 million and favorable \$414 thousand vs. budget
 - Primary drivers included favorable revenue (in thousands):
 - Investment income \$179
 - Suite revenue \$109
 - Ticket sales \$83

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THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
March 15, 2011

Subject: Emergency Management Report

Proposed Committee Action:
None. For information only.

Background Information:

The Office of Emergency Management Report examines the Fall 2010 FIU commencement ceremonies and provides an Emergency Management Review along with findings and recommendations.

Supporting Documentation: Fall 2010 FIU Commencement Ceremonies - Emergency Management Review, Findings & Recommendations

Facilitator/Presenter: Kenneth A. Jessell

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FLORIDA INTERNATIONAL UNIVERSITY

***Fall 2010 FIU Commencement Ceremonies
Emergency Management Review, Findings & Recommendations***

Event Background & Objectives:

Each year, the Office of the Provost is responsible for organizing and conducting the commencement ceremonies for all FIU Graduates. In Fall alone, 6 separate ceremonies are held in the U.S. Century Bank Arena. Each commencement ceremony is attended by approximately 700 students and their guests (approx. 4,000). Because of the scope of the event, a concern existed that there was a need for improved safety, security and coordination. As a result, the Office of the Provost requested assistance from the Office of Emergency Management (OEM) in identifying potential areas for improvement. The OEM responded to the request by meeting with event organizers, conducting a walkthrough of the facilities, attending the event and making recommendations to event organizers. Below are the recommendations.

- ✓ Increase police staffing levels inside the arena from 8 to 10 officers
 - (1) Incident Commander
 - (4) Ground Floor Gates
 - (2) Upper Decks
 - (2) Platform Sides
 - (1) VIP Room
- ✓ Maintain current number of traffic control police officers for each commencement.
- ✓ Maintain (2) Miami-Dade Fire Rescue Paramedics inside arena at all time.
- ✓ Pre-establish a Fire Rescue transportation location (Gate 4).
- ✓ Develop and play a 30-45 second public safety video at beginning of each commencement, displaying locations of officers in case of an emergency, as well as evacuation procedures and routes.
- ✓ Implement a simple door opening mechanism to maintain arena doors open during exiting of crowds.
- ✓ Inspect and test fire systems prior to each commencement.
- ✓ Widen sidewalk between parking garage and arena to improve crowd movement and safety.
- ✓ Encourage and improve use of Gate 2 to enter arena.
- ✓ Increase level of baggage security checks.

- ✓ Provide radio earpieces for all officers located inside the arena.
- ✓ Improve interior stairwell lighting during night time commencements.
- ✓ Establish a geographical incident command post on the 3rd level “President’s Booth”.
- ✓ Require a senior ranking police officer to serve as incident commander.
- ✓ Require a senior ranking university official to serve as liaison to the incident commander for communicating with volunteers.
- ✓ Maintain the same incident commander & liaison for each scheduled day of commencement.
- ✓ Develop and distribute a standard operating procedure emergency manual for all participants, that includes an all hazards approach, that would cover various types of incidents, such as:
 - Power Outages
 - Active Shooters
 - Chemical Releases
 - Explosions
 - Structural Collapses
- ✓ Remove all barricades and tables in entrance areas prior to crowds exiting.
- ✓ Increase emergency lighting capabilities for the interior of the arena.
- ✓ Procure an emergency back-up generator that provides additional arena interior lighting for all night time commencements.
- ✓ Expand general and emergency exterior generator lighting.
- ✓ Provide a safety & security briefing to President and Provost prior to each day’s series of commencements. This should include reminders of what they should do if an emergency occurs.
- ✓ Develop a few commencement/arena specific pre-recorded messages for the emergency notification system, e.g.;
 - “FIU Panther Alert, an emergency incident has occurred during commencement at the Arena. Please evacuate this location and avoid until further notice”.

Conclusion

It is apparent that the Police Department and the Office of the Provost have significant experience in planning and managing these types of events. OEM will continue working closely with the Police Department and the Office of the Provost on all future commencement ceremonies to ensure that the highest levels of readiness and coordination are maintained.

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

March 15, 2011

Subject: Foundation Report

Proposed Committee Action:
None. For information only.

Background Information:

The FIU Foundation, Inc. Report contains the Financial Statements Recap and Investment Summaries as of January 31, 2011.

Supporting Documentation: FIU FOUNDATION, INC. – Financial Statements Recap & Investment Summaries, January 31, 2011

Facilitator/Presenter: Richard Brilliant, *Treasurer, FIU Foundation Inc., Board of Directors*

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FIU FOUNDATION, INC.

**FINANCIAL STATEMENTS RECAP
& INVESTMENT SUMMARIES**

January 31, 2011

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FIU FOUNDATION, INC.
Recap of Statement of Activities
For the Period Ended January 31, 2011

(In Thousands of Dollars)

	2010-11 7-Month Budget	2010-11 7-Month Actuals	Variance		2010-11 Annual Budget	2009-10 7-Month Actuals	2009-10 Total Year Actuals
REVENUES:							
<u>Contributions:</u>							
Endowments	\$ 8,435	\$ 11,554	\$ 3,119	[1]	\$ 15,962	\$ 8,210	\$ 9,206
Non-Endowed Funds:							
Scholarship & Programs	\$ 2,767	\$ 3,785	\$ 1,018	[2]	\$ 4,867	\$ 4,281	\$ 7,302
Building Funds	\$ 218	\$ 266	\$ 48	[3]	\$ 855	\$ 309	\$ 2,249
Annual Giving	\$ 276	\$ 183	\$ (92)	[4]	\$ 415	\$ 281	\$ 404
Pledged Revenue	\$ -	\$ (2,943)	\$ (2,943)	[5]	\$ -	\$ (6,159)	\$ (509)
TOTAL CONTRIBUTIONS	\$ 11,695	\$ 12,845	\$ 1,151		\$ 22,099	\$ 6,922	\$ 18,653
<u>Other Revenues:</u>							
MARC Building	\$ 1,218	\$ 1,182	\$ (35)	[6]	\$ 1,624	\$ 981	\$ 1,310
Estimated Investment Returns	\$ 3,275	\$ 20,929	\$ 17,654	[7]	\$ 6,412	\$ 11,995	\$ 10,945
Administrative Reserve	\$ 354	\$ 341	\$ (13)		\$ 2,612	\$ -	\$ 724
TOTAL OTHER REVENUES	\$ 4,847	\$ 22,453	\$ 17,605		\$ 10,648	\$ 12,976	\$ 12,979
TOTAL REVENUES	\$ 16,542	\$ 35,298	\$ 18,756		\$ 32,746	\$ 19,898	\$ 31,632
EXPENSES:							
<u>University Programs:</u>							
Scholarships & Programs	\$ 4,279	\$ 3,220	\$ 1,059	[8]	\$ 6,499	\$ 2,732	\$ 7,252
Building Funds	\$ -	\$ 6	\$ (6)		\$ -	\$ -	\$ 1,826
Annual Giving	\$ 185	\$ 76	\$ 109	[9]	\$ 327	\$ 110	\$ 201
TOTAL UNIVERSITY PROGRAMS EXPENSES	\$ 4,463	\$ 3,302	\$ 1,161		\$ 6,826	\$ 2,842	\$ 9,279
<u>Operational:</u>							
MARC Building	\$ 398	\$ 430	\$ (32)	[10]	\$ 727	\$ 396	\$ 740
Administrative Reserve	\$ 1,282	\$ 887	\$ 396	[11]	\$ 3,088	\$ 642	\$ 1,320
General Reserve	\$ 95	\$ 356	\$ (261)	[12]	\$ 1,394	\$ 637	\$ 1,693
Administrative Fee	\$ -	\$ -	\$ -		\$ -	\$ -	\$ 359
TOTAL OPERATIONAL EXPENSES	\$ 1,775	\$ 1,672	\$ 103		\$ 5,209	\$ 1,675	\$ 4,112
TOTAL EXPENSES	\$ 6,238	\$ 4,974	\$ 1,264		\$ 12,035	\$ 4,518	\$ 13,391
EXCESS REVENUES OVER EXPENSES	\$ 10,304	\$ 30,323	\$ 20,020		\$ 20,711	\$ 15,380	\$ 18,241

*These financial statements recaps reflect revenues and expenses on a modified accrual basis.

**Please refer to Appendix A for detailed variance notes.

Variance Notes:

[1] The positive variance of \$3.1 million for endowed revenues is a result of \$2.5 million in new endowed gifts in support of the College of Medicine as well as the early collection of pledge payments in the College of Business Administration.

[2] The positive variance of \$1 million for Scholarship and Program revenues is mainly a result of new gifts made to the College of Business Administration and First Generation Scholarship Program as well as the early collection of receipts across numerous units university-wide.

[3] The positive variance of \$48,000 for building fund revenues is a result of the early collection of pledge payments in support of the Astrophysics Center and CBA Building Complex.

[4] The \$91,000 negative variance in Annual Giving revenues is due to changes made to the Annual Fund program schedule, resulting in a lag of revenues and expenses compared to the budgeted amount; delays in the collection of Board dues for which pledge reminders have been sent to members who have not yet fulfilled their membership gift; and the redirection of revenues derived from merchandise royalties from the Foundation to the University's Auxiliary Trust Fund.

[5] The Board of Directors agreed to not budget the change in contributions receivable for FY 2010-11 since it relates primarily to gift requests and agreements under negotiations. The actual change in contributions receivable for the 7-month period ended January 31, 2011 totaled (\$2.9) million, which represents an excess of pledged receipts versus new gift agreements.

Below is an aging schedule of all Foundation contributions receivable as of 1/31/11, net of an allowance for doubtful accounts totaling \$2.8 million:

	Current Year	1-2 years	3-4 years	5+ years	TOTAL
ENDOWED*	\$12,446,634	\$21,337,028	\$10,759,013	\$7,284,668	\$51,827,343
NON-ENDOWED*	\$3,009,927	\$1,917,039	\$478,955	\$930,000	\$6,335,920
TOTAL*	\$15,456,560	\$23,254,067	\$11,237,968	\$8,214,668	\$58,163,263

** Receivables on the statement of financial position total \$53.0 million, which are discounted by \$2.8 million to their present value. The total also includes other receives such as dues receivables, workman's compensation claim reimbursements, and an intercompany receivable from the College of Nursing and Health Sciences totaling \$486,961.*

[6] The negative variance of \$35,000 for MARC building revenues is related to vacancies on the second floor for offices that are delayed in finalizing their lease agreements. These are expected to be rented during this quarter.

[7] Investment returns for fiscal year 2010-11 were projected at 5% or \$6.4 million, based on a beginning balance of \$125 million and assuming conservative yields on equities, fixed income and alternative investments. 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 16.7%, or \$20.9 million, which exceed expected returns. The biggest contributor to these returns were equities delivering fiscal year-to-date returns of 25.6%, followed by alternative and fixed income investments at 9.9% and 5.2%, respectively. An additional \$126,370 in realized gains from the sale of gifted stock and investment income made on the Foundation's operating bank account has also been included.

[8] There is a positive expense variance of \$1.1 million for Scholarships and Programs which is due to timing of expenses incurred primarily in the College of Engineering and Computing, Athletics, and College of Business Administration. Of that variance, \$282,689 will be realized savings related to salary reimbursements in the Biomedical Program budgeted for this fiscal year but transferred out to the University in June 2010.

[9] The negative variance of \$109,000 for Annual Giving expenses is related to the changes made to the Annual Fund program schedule, which resulted in a lag of revenues and expenses compared to the budgeted amount.

[10] The negative variance of \$32,000 for MARC building expenses is related to unbudgeted fees and interest expense related to the refinancing of the MARC building loan.

[11] The positive variance of \$396,000 in Administrative Reserve expenses is mainly a result of Capital Campaign Initiative expenses that are currently being funded by the University's allocation.

[12] The negative expense variance of \$261,000 in the General Reserve is a result of a transfer in the amount of \$319,000 from the General Reserve to the Administrative Reserve that occurred earlier than expected as well as higher than anticipated bank fees. The negative variance was offset by \$72,000 in budgeted expenses for faculty recruitment that have not yet been submitted for reimbursement.

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Florida International University Foundation, Inc.
Performance Summary
Ending January 31, 2011

<i><u>Fund/Manager/Inception Date</u></i>	Market Value	% Allocation	Target Allocation	Current Month 12/31/2010 1/31/2011	Trailing 3 Months 10/31/2010 1/31/2011	Calendar YTD 2011 12/31/2010 1/31/2011	Fiscal YTD 6/30/2010 1/31/2011	Trailing 1 Year 1/31/2010 1/31/2011	Trailing 3 Year 1/31/2008 1/31/2011	Trailing 5 Year 1/31/2006 1/31/2011	Since Investment Inception
Total Fund (6/30/00)	\$152,912,990	100.0%	100.0%	1.1%	5.2%	1.1%	16.7%	15.1%	0.4%	2.9%	3.1%
Total Fund Composite				1.2%	4.9%	1.2%	16.6%	14.9%	1.1%	2.8%	2.8%
Total Equity Accounts (6/30/00)	\$84,176,955	55.0%	55.0%	1.5%	8.1%	1.5%	25.6%	19.7%	-1.1%	2.1%	2.1%
Total Equity Composite				1.8%	8.3%	1.8%	25.8%	19.7%	-0.6%	1.5%	0.7%
Total Fixed Income Accounts (6/30/00)	\$29,170,503	19.1%	22.0%	0.2%	-0.6%	0.2%	5.2%	9.4%	8.0%	7.1%	6.7%
Total Fixed Income Composite				0.1%	-1.9%	0.1%	3.7%	6.8%	6.3%	5.9%	6.0%
Total Alternative Investments (3/1/02)	\$34,577,407	22.6%	23.0%	1.1%	3.9%	1.1%	9.9%	11.0%	-1.9%	1.8%	4.6%
Total Alternative Composite				0.8%	3.0%	0.8%	8.8%	9.0%	-2.6%	1.2%	3.3%
Total Cash & Equivalents Investments (6/30/10)	\$4,988,125	3.3%	N/A	0.1%	0.6%	0.1%	1.0%	N/A	N/A	N/A	1.0%
90 Day Treasury Bills				0.0%	0.0%	0.0%	0.1%	0.1%	0.5%	2.1%	0.1%

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Florida International University Foundation, Inc.
Preliminary Performance Summary
Ending January 31, 2011

<i>Fund/Manager/Inception Date</i>	Market Value	% Alloc.	Target Alloc.	Current Month 12/31/2010 1/31/2011	Trailing 3 Months 10/31/2010 1/31/2011	Calendar YTD 2011 12/31/2010 1/31/2011	Fiscal YTD 6/30/2010 1/31/2011	Trailing 1 Year 1/31/2010 1/31/2011	Trailing 3 Year 1/31/2008 1/31/2011	Trailing 5 Year 1/31/2006 1/31/2011	Since Investment Inception
<i>Domestic Equity Managed Accounts</i>											
Atalanta Sosnoff Large Cap Growth (3/1/06) Russell 1000 Growth Index	\$18,654,470	12.2%	12.5%	1.5% 2.6%	6.1% 9.5%	1.5% 2.6%	20.1% 29.6%	13.3% 25.1%	-0.4% 3.1%	N/A 3.9%	2.9% 4.0%
Wedge Capital Large Cap Value QVM (12/29/06) Russell 1000 Value Index	\$19,011,439	12.4%	12.5%	2.5% 2.3%	9.5% 9.8%	2.5% 2.3%	28.2% 24.5%	24.8% 21.5%	-1.1% -2.4%	N/A 1.0%	-1.5% -2.8%
Advisory Research Small Cap Value (6/1/01) Russell 2000 Value Index	\$9,521,300	6.2%	5.0%	-0.1% 0.1%	12.9% 11.1%	-0.1% 0.1%	29.4% 26.7%	26.5% 28.3%	1.3% 3.6%	2.6% 1.9%	9.8% 7.8%
IronBridge Small Cap Core Equity (12/2/03) Russell 2000 Small Cap Index	\$8,132,591	5.3%	5.0%	0.9% -0.3%	12.1% 11.4%	0.9% -0.3%	27.6% 29.0%	29.0% 31.4%	4.4% 4.6%	4.5% 2.6%	7.3% 6.2%
Student Investment Management Fund (3/31/09)	\$205,455	0.1%	N/A	2.8%	0.3%	2.8%	2.5%	0.4%	N/A	N/A	1.5%
<i>International Equity Managed Accounts</i>											
Artio International Equity Fund (12/2/03) MSCI EAFE Index	\$13,615,373	8.9%	10.0%	-0.4% 2.4%	3.3% 5.3%	-0.4% 2.4%	22.3% 27.1%	14.4% 15.4%	-6.0% -3.2%	1.8% 1.7%	7.9% 6.7%
Wentworth Hauser & Violitch (3/31/10) MSCI EAFE Index	\$7,404,851	4.8%	5.0%	2.8% 2.4%	12.9% 5.3%	2.8% 2.4%	37.2% 27.1%	N/A 15.4%	N/A -3.2%	N/A 1.7%	14.2% 9.4%
Brandes International Equity Fund (6/1/01)	\$7,631,476	5.0%	5.0%								
TOTAL EQUITY INVESTMENTS	\$84,176,955	55.0%	55.0%								
<i>Core Fixed Income Managed Accounts</i>											
SCM Advisors Enhanced Core Fixed (6/1/01) Barclays Custom Index	\$12,062,010	7.9%	9.0%	0.9% 0.2%	1.4% -1.5%	0.9% 0.2%	7.9% 3.2%	11.5% 7.5%	9.4% 8.1%	8.1% 7.5%	6.9% 6.5%
Hillswick Asset Management (6/1/01) Barclays Aggregate Index	\$9,369,422	6.1%	8.0%	-0.4% 0.1%	-2.8% -1.5%	-0.4% 0.1%	0.2% 1.3%	6.1% 5.1%	6.9% 5.4%	7.0% 5.8%	6.8% 5.7%
Brandywine Global Opp Bond (1/1/08) Citigroup World Gov't Bond Index	\$7,233,830	4.7%	5.0%	0.0% 0.0%	-1.4% -3.1%	0.0% 0.0%	8.8% 6.3%	11.7% 5.0%	6.9% 4.9%	N/A 6.8%	7.2% 6.0%
SunTrust Balanced Annuity Account (10/22/03) 70% Barclays Aggregate / 30% S&P 500	\$505,241	0.3%	N/A	0.9% 0.1%	3.9% -1.5%	0.9% 0.1%	15.6% 1.3%	15.6% 5.1%	6.2% 5.4%	5.2% 5.8%	5.9% 5.1%
TOTAL FIXED INCOME INVESTMENTS	\$29,170,503	19.1%	22.0%								
<i>Cash & Cash Equivalents</i>											
State of Florida Treasury Fund (7/01/10) 90 Day Treasury Bills	\$4,988,125	3.3%	N/A	0.1% 0.0%	0.6% 0.0%	0.1% 0.0%	1.0% 0.1%	N/A 0.1%	N/A 0.5%	N/A 2.1%	1.0% 0.1%
TOTAL CASH & EQUIVALENTS INVESTMENTS	\$4,988,125	3.3%									
<i>Alternative Investments</i>											
Ironwood Partners (3/1/04) HFR FOF: Conservative	\$6,261,655	4.1%	4.0%	1.4% 0.4%	3.5% 1.9%	1.4% 0.4%	8.2% 5.3%	9.0% 5.1%	-2.4% -2.0%	1.7% 1.3%	3.5% 2.5%
Ironwood Partners (NDM Gift) (8/1/05) HFR FOF: Conservative	\$2,076,041	1.4%	1.0%	1.4% 0.4%	3.7% 1.9%	1.4% 0.4%	8.6% 5.3%	9.4% 5.1%	-2.3% -2.0%	1.8% 1.3%	2.7% 2.1%
Titan Advisors (3/1/07) HFR FOF: Diversified	\$7,279,010	4.8%	4.0%	0.0% -0.1%	1.8% 2.0%	0.0% -0.1%	5.2% 6.3%	5.5% 5.4%	2.7% -1.5%	N/A 1.8%	4.7% 0.0%
Archstone Offshore (5/1/10) HFR FOF: Diversified	\$7,078,472	4.6%	4.0%	0.5% -0.1%	2.3% 2.0%	0.5% -0.1%	8.4% 6.3%	N/A 5.4%	N/A -1.5%	N/A 1.8%	4.0% 2.8%
Cohen and Steers Realty (12/16/08) NAREIT US REIT Index	\$3,463,669	2.3%	2.5%	3.8% 4.1%	7.0% 6.8%	3.8% 4.1%	26.6% 26.2%	40.0% 40.6%	N/A 2.4%	N/A 2.4%	31.1% 29.2%
Deutsche Bank Liquid Comm. Fund (1/1/08)	\$3,278,588	2.1%	2.5%	3.5%	13.2%	3.5%	31.9%	25.4%	-5.0%	N/A	-5.0%
DTC Private Equity II (\$5 Million) ¹ (12/15/05)	\$3,464,879	2.3%	5.0%								0.8%
DTC Private Equity III (\$2.5 Million) ¹ (07/10/08)	\$482,405	0.3%									-7.7%
Greenspring Global Partners IV (\$2.5 Million) ¹ (8/8/08)	\$882,416	0.6%									0.4%
Collins Capital (3/1/07) - Awaiting redemption proceeds	\$310,272	0.2%									
TOTAL ALTERNATIVE INVESTMENTS	\$34,577,407	22.6%	23.0%								
TOTAL FUND	\$152,912,990	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.

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THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
March 15, 2011

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 November 2, 2010.

Supporting Documentation: University Compliance Program Report

Facilitator/Presenter: Leyda Benitez

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MEMORANDUM

University Compliance Office

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

From: Leyda Benitez
University Compliance Officer

Subject: University Compliance Program Report

Date: February 16, 2011

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 November 2, 2010.

Executive Summary

Since the last report to this Committee, significant efforts have been dedicated to the areas of athletics compliance and conflict of interest. In addition, significant efforts have been dedicated to the use of an enterprise risk management model for the institutional compliance program as a whole.

With regards to athletics compliance, Florida International University is in the midst of the NCAA Division I Self-Study Certification and is actively reviewing many areas and processes that impact our student-athletes' academic experience.

In the area of conflict of interest, and under the leadership of the Vice President for Human Resources, the electronic portal for the report of outside activities and conflicts of interest is near completion. The University Compliance Office dedicated time and effort to the development of education modules that will serve to raise awareness and provide education to the University community regarding their legal and ethical obligations with regards to conflict of interest disclosures.

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

1. University Compliance Program Operational Framework: The University Compliance Officer, in consultation with the University General Counsel and other University representatives, is moving toward the use of an enterprise risk management model for the institutional compliance program and those compliance initiatives undertaken by, or with the assistance of, the University Compliance Office. A University Compliance Program Advisory Committee will soon be named, and this Committee will assist in the identification and prioritization of compliance risk areas to be addressed at the institutional level utilizing an enterprise risk management approach.
2. Athletics Compliance Office Oversight: From November 2, 2010 through January 10, 2011, Senior Associate Athletic Director Julie Berg and University Compliance Officer Leyda Benitez provided operational and administrative oversight to the Athletics Compliance Office. Effective January 10, 2011, Florida International University welcomed Valerie Sheley as the new Director of University Athletics Compliance. Ms. Sheley is an experienced athletics compliance professional, who most recently served as the Senior Associate Director of Athletics and Senior Woman Administrator at the University of South Carolina at Columbia where she oversaw the NCAA Compliance Office. Since her hire, the University Compliance Officer has worked with Ms. Sheley, Ms. Berg and University General Counsel Kristina Raattama to transition all ongoing athletics compliance matters and initiatives to Ms. Sheley.
3. Sun Belt Conference Compliance Review: Starting in late November and through the month of December, 2010, the University Athletics Compliance Office staff worked with the University Compliance Officer and the Senior Associate Athletic Director to discuss all observations and recommendations that were included in the Final Report of the Sun Belt Conference Compliance Review and to develop an implementation plan. A number of the recommendations have been implemented, with the remaining planned for implementation over the course of this year through the next fiscal year. In January, 2011, this matter was transitioned to our new Director of University Athletics Compliance.
4. NCAA Self-Study: The University's Self-Study certification process continues to make progress at an accelerated pace. The Steering Committee will be reviewing a first draft of the report during the month of February, 2011, and open forum meetings to discuss the report have been scheduled during the month of March, 2011 at both the Biscayne Bay and Modesto A. Maidique campuses.

5. Athletics Compliance Eligibility Work Group: This work group, comprised of representatives from the Office of the Provost, Office of the Registrar, Transfer Services, Enrollment Processing Services, Student-Athlete Academic Center, Athletics Compliance Office, and the Faculty Athletic Representative met on November 19 and December 10, 2010 and on February 4, 2011. The purpose of these meetings was to address matters of academic policy, registration, advising, transferability of credits, technological tools, NCAA continuing eligibility rules and education and training opportunities that would serve to improve upon current processes as these relate to FIU student-athletes who are transfer students. These meetings have provided for a meaningful learning opportunity where the representatives can learn from each other's processes in order to strengthen the University's support infrastructure to the benefit of our transfer student population, including our transfer student-athletes.
6. Student-Athlete Travel Policy and Procedure: As part of the University's Self-Study, the Steering Committee identified the need to develop and implement a student-athlete travel policy and procedure. The University Compliance Officer was tasked with benchmarking against other universities' student-athlete travel policies in order to develop a solid policy for the University. Working with the Senior Associate Athletic Director, this policy has been developed and reviewed by senior leadership, and is ready for presentation to the Operations Committee for review.
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, General Counsel and University Compliance has not met in the recent past. The University Compliance Officer understands that there is a smaller group of College of Medicine and Research representatives who are working to establish the operational and regulatory infrastructure for the conduct of clinical trials at this institution. The University Compliance Officer awaits information regarding this group's recommendations and findings.
8. Compliance Education and Training: Since November 2, 2010, 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. Since the beginning of fiscal year 2010-2011, 417 new employees have received this training. At the request of Talent Management and Development, Division of Human Resources, an effort is underway to simplify the presentation provided to new employees during orientation,

while leaving intact the most critical elements of such presentation including basic information on the Florida Code of Ethics and gift restrictions, conflict of interest, information technology security and privacy as well as a summary of available compliance resources.

b. Health Insurance Portability and Accountability Act (HIPAA) Education and Training:

- i. HIPAA education has been offered on three occasions: December 16, 2010, January 27, 2011 and February 7, 2011.
- ii. On January 27, 2011, HIPAA education was provided to 187 students, faculty and staff from the College of Medicine, Nursing, and Social Work who will participate in the NeighborhoodHELP™ Program. For this orientation program, the University Compliance Office prepared a comprehensive set of guidelines for use by faculty, staff and students.
- iii. The University Compliance Office continues to participate in the Media and Technology Support, Division of Information Technology Services' pilot phase of the deployment of the Moodle learning management system as it works toward providing on-line HIPAA education and training.
- iv. The University Compliance Office has met with representatives from the Office of Talent Management and Development, Division of Human Resources, in order to learn more about, and take advantage of, the on-line registration capabilities offered through Talent Management and Development.
- v. The University Compliance Office is working with the Office of the General Counsel and other appropriate University representatives to create the framework that will assist in the identification of business associates to the University and the preparation of form business associate agreements.

c. Identity Theft Prevention: Education on identity theft prevention is offered through the University IT Security Office and training took place on January 20, 2011.

9. Conflict of Interest Electronic Disclosure Process: The electronic portal for disclosure of outside activities and conflicts of interest is nearing launch to the University community. Under the leadership of Vice President for Human Resources Jaffus Hardrick, the electronic portal was presented to the Operations Committee once, and will again be presented to the Operations Committee during its next scheduled meeting. The electronic portal will allow all University

faculty and staff to disclose any outside activity that may pose an actual or perceived conflict within the context of employment, commitment, or research. Since the last report to this Committee, the University Compliance Officer has worked on the development of three education modules that will be housed within the electronic portal to provide to the University community a better understanding of their disclosure obligations. The modules address: 1. The “nuts and bolts” on how to use the system; 2. Disclosure obligations under the State of Florida Code for Public Officers and Employees; and 3. Disclosure obligations in connection with the design, conduct and reporting of federally funded research. The electronic portal will be ready for launch within the next sixty (60) days.

10. Health Insurance Portability and Accountability Act (HIPAA) Policies, Procedures and Forms: There are a number of policies, procedures and forms under development in order to provide the framework for compliance with HIPAA for the use and disclosure of personally identifiable health information in the conduct of research and also in order to comply with new requirements under the Health Information Technology for Economic and Clinical Health Act, referred to as the HITECH Act, effective February 18, 2009. At present, ten additional HIPAA policies are in the process of review. It is projected that these policies will be presented to senior leadership for approval by the end of this fiscal year.
11. Higher Education Opportunity Act Compliance: The Office of the General Counsel has been providing guidance to representatives from the various university areas impacted by the regulations promulgated pursuant to the Higher Education Opportunity Act. This work will be ongoing at least through the conclusion of the 2011-2012 academic year.
12. Summer Camps/Programs Involving Minors: The recommended approach for the approval of camps and enrichment programs involving the participation of minors on campus, whether sponsored through FIU or an outside entity, has been presented to senior leadership. With the additional input that has been received, the policy and procedure will go back to the work group for one final review and then will be presented to the Operations Committee and the President for review and approval. It is anticipated that this phase of the project will be completed by the end of this fiscal year.
13. 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 developed a number of policies, procedures and guidelines to be used in connection with University Web sites and social networking media. The work group must reconvene to finalize its recommendations and review of documents. The University

Compliance Officer will take the necessary steps to reconvene this work group within the next sixty (60) days.

14. University Policies and Procedures Library:

a. 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. Office of Finance & Administration

1. University Travel Expense Policy

ii. University Foundation Office

1. FIU Foundation, Inc. Travel Reimbursement Policy
2. Foundation Travel Reimbursement Procedure
3. Foundation Employee Business Meal Reimbursement Procedure

iii. Division of Research

1. All 52 policies were updated to remove all references to the Office of Sponsored Research Administration and amended to reflect the new name, Division of Research.
2. Nepotism in Research
3. Transfer of Residual Balances to Miscellaneous Accounts
4. Transfer on a Sponsored Project
5. Travel on a Sponsored Project
6. Only Allowable Direct Costs may be Charged on Federally Sponsored Project Proposals

iv. The Wolfsonian-FIU Policies and Procedures

1. Currently underway is a project with representatives from The Wolfsonian-FIU to review the museum's policies and procedures and transition them to the University Policies and Procedures Library, as may be appropriate.

I respectfully submit this report to the Finance and Audit Committee of the Florida International University Board of Trustees in anticipation of the meeting scheduled to take place on March 15, 2011. As always, I welcome your questions, comments and concerns.

Thank you for your kind attention and consideration.

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

March 15, 2011

Subject: Division of Research Report, *July-December 2010 Report*

Proposed Committee Action:

None. For information only.

Background Information:

The Division of Research Report provides data for the first six months of fiscal year 2011, and compares the information for the same period during fiscal year 2010. The Report presents an overview of performance regarding research awards, facilities and administrative costs, and research grant applications. The Report also provides an update and summary of several key initiatives that represent ongoing efforts aimed at improving research support to faculty, and addressing needs associated with the growing breadth and quality of the research enterprise at FIU.

Supporting Documentation: Division of Research Report, July – *December 2010 Report*

Facilitator/Presenter: Andres G. Gil

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THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES

FINANCE AND AUDIT COMMITTEE

DIVISION OF RESEARCH

JULY TO DECEMBER 2010 REPORT

I. Introduction

This document presents Division of Research data for the first six months of fiscal year 2011 (FY 2011), and compares the information for the same period during fiscal year 2010 (FY 2010). Data on research expenditures is not available until the NSF report is completed. We expect research expenditures between the \$104 and \$106 million mark for FY 2010. In [Section II](#), we present an overview of performance regarding research awards, facilities and administrative costs (F&A), and research grant applications. In [Section III](#), we provide an update and summary of several key initiatives that represent ongoing efforts aimed at improving research support to faculty, and addressing needs associated with the growing breadth and quality of the research enterprise at FIU.

There are two critical elements that should be considered in assessing the mid-year performance in grants and contracts. First, the lack of a Federal budget for the current fiscal year, and the ongoing operation of such budget through continuing resolutions bring a great deal of uncertainty to our ability to predict grant awards performance for the remaining second part of the fiscal year. While awards have increased 7.4% in comparison to the same period last fiscal year ([Table 1](#)), we have not received any new federal grants since November 1, 2010. Federal agencies have been holding all grants slated to be funded until there is greater certainty with their budget. For example, there are two large grants from USAID (\$22 million and \$28 million) that we expected to receive last November, but have as yet to receive. During the second week of February, there were some indications that Federal grants are beginning to flow again.

Second, the level of uncertainty with research funding from the federal government is unprecedented, with the unusual circumstance that funding opportunities may be announced by federal agencies on a given week, only to be discontinued by Congress a few weeks later. For example, on January 25, 2011 the National Institute of Standards and Technology (NIST) announced a \$20 million research laboratory competition, and on February 11th the Continuing Budget Resolution from the House of Representatives terminated this program.

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

The data presented in [Table 1](#) compares awards received by unit (academic and/or administrative) for the period of July-December 2009 with those received during July through December 2010. The total amount received in grants during the first six months of FY 2011 totaled \$56,796,254, which represents a 7.4% increase when compared to the same period last fiscal year. We expect this trend to continue, and once again exceed \$100 million in research awards.

[Figure 1](#) presents the changes in new awards for each of the colleges. Overall, awards for colleges/schools have increased by a modest 1.7%, from \$48.1M to \$48.9M. During the first six months of FY 2011, the Herbert Wertheim College of Medicine (CoM) has experienced an 83% growth in awards, and the College of Business Administration (CBA) has experienced a 52% growth, when compared to the same period last year. The School of Journalism and Mass Communication (SJMC) reflects a 7292.1% growth due to a large grant from the Department of State for a project titled “The Next Step for Cuba’s Independent Journalists.”

[Figure 2](#) presents the average award F&A rate by college or school. The data reflects that the average F&A rate for awards received increased by almost 2% when compared with the rate for awards received for the period of July through December 2009 – 19.55% in 2009 and 21.24% in 2010. The CoM continues to reflect the highest F&A rates (40.05%).

Awards received by Centers, Institutes and Museums are presented by unit in [Table 2](#). There was a 50% increase in awards in this category, representing an increase of \$7.16 million in awards compared to the same period last year. Several centers show large increases, including the Applied Research Center (ARC), International Hurricane Research Center (IHRC), the International Forensic Research Institute (IFRI), the Jack D. Gordon Institute for Public Policy and Citizenship Studies, the Latin American and Caribbean Center (LACC), the International Media Center (IMC) and the Center for Internet Augmented Research (CIARA).

[Table 3](#) illustrates the distribution of new research awards by three categories: Federal, State, and Private/Other.

[Table 4](#) presents the funding value of applications submitted by colleges. The amount of funding requested during the first six months of FY 2011 decreased by 45%, when compared with the same period last fiscal year. The actual number of applications declined by 73, from 383 in FY 2010 to 310 in FY 2011. These decreases are expected, since last FY was an exception due to the funding opportunities related to the American Recovery and Reinvestment Act (ARRA).

[Table 5](#) presents information on applications submitted for centers and institutes. The funding values of applications decreased by 56.4%, which is higher than the total for the University (45% – see [Table 4](#)).

III. Initiatives Update

In this section, we provide an update and summary of several key Division of Research initiatives aimed at improving research support to faculty, and growing the breadth and quality of the research enterprise at FIU. The major goal of the initiatives listed below is to continue the growth trajectory of research at FIU.

- A Core Facilities and Recharge Centers Committee has been established, composed of faculty and support staff. This Committee has been charged with developing and defining a consistent way of charging for the use of research facilities; determining whether these facilities are self-supporting or if they need to be subsidized; determining which facilities are needed by the University and/or by colleges, and developing a system with criteria for new facilities that may come up. As FIU's research enterprise grows in size and complexity, we expect the need for new state-of-the-art core research facilities; thus, this is a critical initiative to our growth.
- As reported to this Committee last year, we are in the process of implementing a new electronic system that will facilitate the submission of grants to funding agencies. This system will facilitate a more efficient internal review of grant applications. An important element of this initiative consists on embedding grant application support personnel from the Division of Research into the colleges. The goal of this initiative is to decrease the amount of time and effort faculty dedicate to non-scientific matters in the preparation of grant applications. We are on track to have this new system fully implemented throughout the University by June 30, 2011.
- The new Faculty Research Support Program (FRSP) has been launched. This competitive, internally funded program provides funding for pilot studies aimed at obtaining external funding, for mentoring junior faculty pursuing external research funding, as well as for "bridge" funding to maintain laboratory activities between funding cycles for faculty. The next initiative for the FRSP will be to develop a program to support the rapid progression of selected research with high commercialization potential.
- We are in the process of creating a Graduate Grants Center. The Center is an initiative between the University Graduate School and the Division of Research. The Center will provide assistance for graduate students seeking external funding support for their research. Our expectation is that this investment will result in the availability of more external dollars to support graduate education, and that it will enhance the quality of our Ph.D. education programs.

Table 1: Comparison of Awards Received

College/Division	July 2009 - December 2009			July 2010 - December 2010			% change
	Direct	F&A	Total	Direct	F&A	Total	
Academic Affairs (AA)	\$4,240,841	\$1,270,217	\$5,511,058	\$5,612,811	\$1,912,553	\$7,525,364	36.6%
College of Architecture and the Arts (CARTA)	\$0	\$0	\$0	\$20,000	\$0	\$20,000	N/A
College of Arts and Sciences (CAS) *	\$19,716,533	\$3,272,923	\$22,989,456	\$21,494,854	\$3,927,049	\$25,421,903	10.6%
College of Business Administration (CBA) *	\$556,418	\$99,769	\$656,187	\$904,196	\$94,697	\$998,893	52.2%
College of Education (CoE)	\$3,288,488	\$263,042	\$3,551,530	\$3,003,661	\$159,473	\$3,163,134	-10.9%
College of Engineering and Computing (CEC) *	\$6,666,555	\$1,205,192	\$7,871,747	\$7,497,873	\$1,438,474	\$8,936,347	13.5%
College of Law (CoL)	\$0	\$0	\$0	\$641	\$0	\$641	N/A
College of Nursing and Health Sciences (CNHS)	\$1,967,491	\$206,230	\$2,173,721	\$1,175,814	\$177,283	\$1,353,097	-37.8%
Division of Student Affairs	\$792,889	\$50,190	\$843,079	\$1,145,516	\$84,393	\$1,229,909	45.9%
Herbert Wertheim College of Medicine (HWCeM)	\$1,938,776	\$679,563	\$2,618,339	\$3,424,587	\$1,371,541	\$4,796,128	83.2%
Robert Stempel College of Public Health and Social Work (RSCPHSW) *	\$6,243,025	\$1,957,169	\$8,200,194	\$2,881,191	\$805,446	\$3,686,637	-55.0%
School of Hospitality and Tourism Management (SHTM)	\$74,537	\$0	\$74,537	\$70,965	\$0	\$70,965	-4.8%
School of Journalism and Mass Communication (SJMC)	\$5,551	\$1,443	\$6,994	\$419,603	\$97,397	\$517,000	7292.1%
University Technology Services	\$57,669	\$20,899	\$78,568	\$937,069	\$72,203	\$1,009,272	1184.6%
TOTAL	\$44,215,526	\$8,645,770	\$52,861,296	\$46,847,886	\$9,948,368	\$56,796,254	7.4%
The effective/average F&A rate	19.55%			21.24%			

* The following are **NOT** reflected in the “TOTAL” above, but are included in the respective colleges, thus “double counted.”

	July-December 2009 Total	July-December 2010 Total
Included in AA (IHRC) and CAS	\$567,900	\$149,880
Included in AA (IHRC) and CBA	\$506,010	\$464,781
Included in AA (IHRC) and CEC	\$40,000	\$987,000
Included in AA (CRUSADA) and RSCPHSW	\$600,204	\$331,375

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

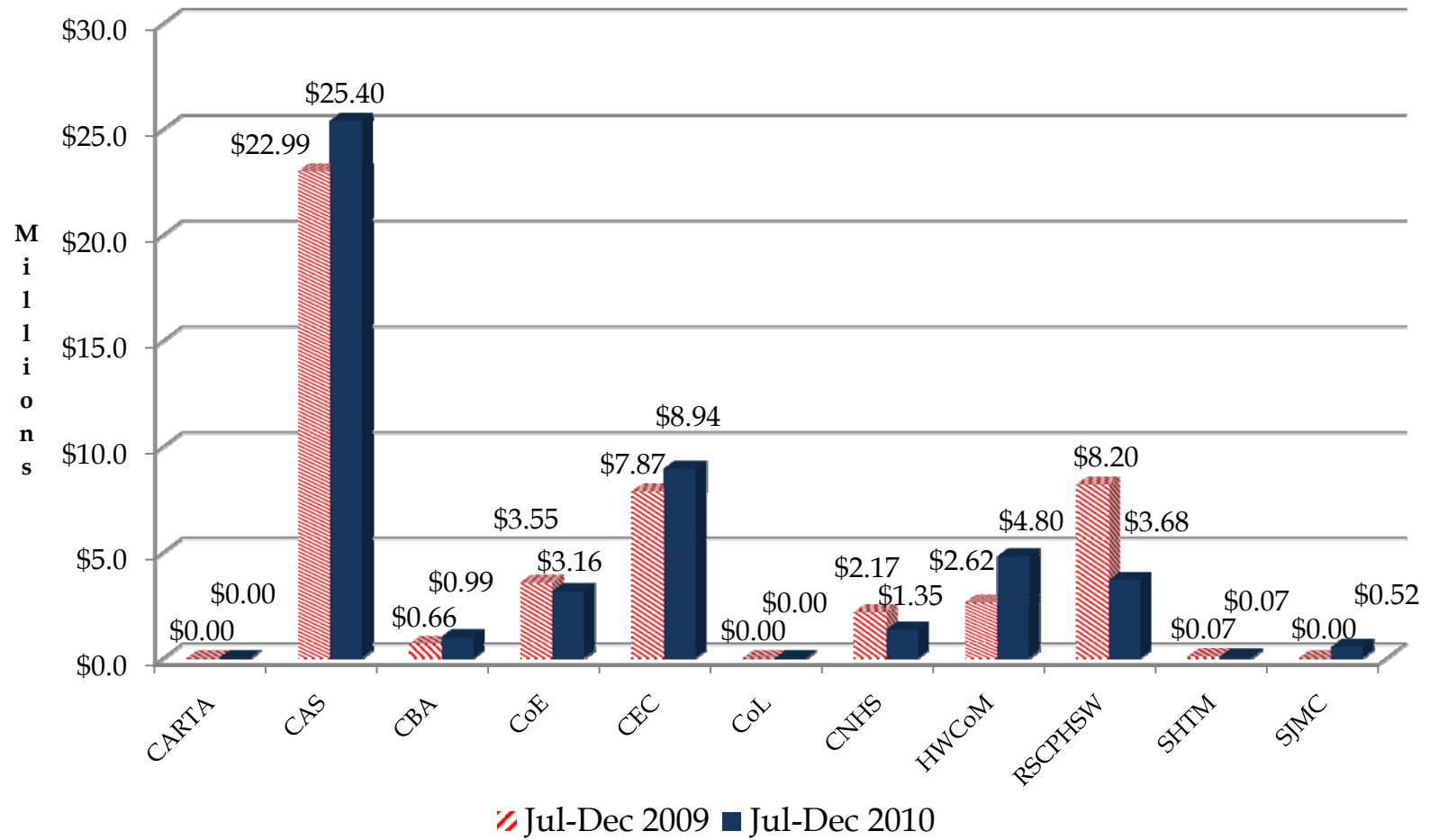


Figure 2: Average Award Facilities & Administrative Rate by College/School

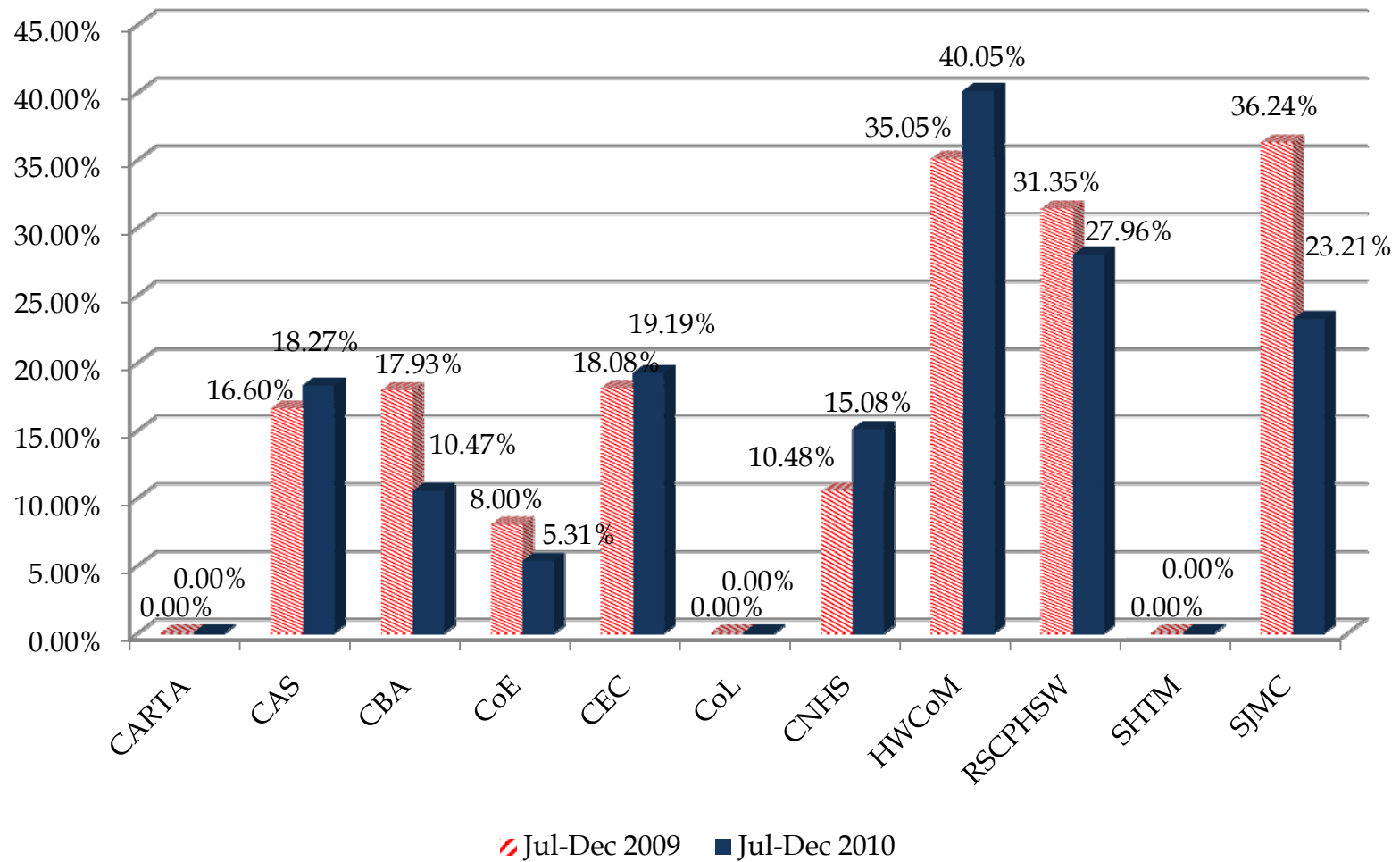


Table 2: Comparison of Awards Received by Centers, Institutes, Museums

College/Division	July 2009 - December 2009			July 2010 - December 2010			% change
	Direct	F&A	Total	Direct	F&A	Total	
Academic Affairs							
Applied Research Center (ARC)	\$2,602,421	\$875,412	\$3,477,833	\$3,222,661	\$1,675,173	\$4,897,834	40.8%
CRUSADA: Center for Research on US Latino AIDS/HIV/Drug Abuse *	\$434,090	\$166,114	\$600,204	\$249,909	\$81,466	\$331,375	-44.8%
International Hurricane Research Center (IHRC)	\$899,157	\$214,753	\$1,113,910	\$1,490,986	\$110,675	\$1,601,661	43.8%
The Wolfsonian	\$75,584	\$0	\$75,584	\$99,714	\$0	\$99,714	31.9%
College of Architecture + the Arts							
Frost Art Museum	\$26,100	\$0	\$26,100	\$130,158	\$0	\$130,158	398.7%
College of Arts & Sciences							
Center for Administration of Justice	\$0	\$0	\$0	\$538,011	\$61,989	\$600,000	n/a
Center for Labor Research and Studies (CLRS)	\$172,364	\$19,320	\$191,684	\$28,571	\$1,429	\$30,000	-84.3%
Center for Transnational & Comparative Studies	\$131,046	\$9,173	\$140,219	\$0	\$0	\$0	n/a
Institute for Asian Studies (IAS)	\$0	\$0	\$0	\$41,647	\$0	\$41,647	n/a
Institute for Public Management and Community Service	\$231,481	\$18,519	\$250,000	\$0	\$0	\$0	n/a
International Forensic Research Institute (IFRI)	\$105,174	\$29,118	\$134,292	\$985,056	\$97,034	\$1,082,090	705.8%
Jack D. Gordon Institute for Public Policy & Citizenship Studies	\$21,337	\$907	\$22,244	\$246,206	\$18,496	\$264,702	1090.0%
Latin American and Caribbean Center (LACC)	\$2,076,144	\$183,868	\$2,260,012	\$3,536,070	\$380,770	\$3,916,840	73.3%
Metropolitan Center	\$91,374	\$15,451	\$106,825	\$539	\$145	\$684	-99.4%
Southeast Environmental Research Center (SERC)	\$3,864,857	\$918,682	\$4,783,539	\$4,059,949	\$1,029,771	\$5,089,720	6.4%
Women's Studies Center	\$0	\$0	\$0	\$211,134	\$21,114	\$232,248	n/a
College of Business Administration							
Center for International Business Education & Research	\$0	\$0	\$0	\$362,074	\$28,726	\$390,800	n/a
Eugenio Pino & Global Entrepreneurship Center	\$0	\$0	\$0	\$129,012	\$0	\$129,012	n/a

Table 2: Comparison of Awards Received by Centers, Institutes, Museums							
College/Division	July 2009 – December 2009			July 2010 – December 2010			% change
	Direct	F&A	Total	Direct	F&A	Total	
College of Engineering & Computing							
Center for Diversity in Engineering & Computing	\$722,105	\$76,155	\$798,260	\$673,267	\$59,923	\$733,190	-8.2%
College of Education							
Center for Urban Education and Innovation (CUEI)	\$126,133	\$32,164	\$158,297	\$0	\$0	\$0	n/a
Division of Research							
MBRS: Minority Biomedical Research Support Program	\$89,017	\$7,121	\$96,138	\$127,145	\$10,172	\$137,317	42.8%
Division of Student Affairs							
Children's Creative Learning Center (CCLC)	\$0	\$0	\$0	\$273,166	\$21,511	\$294,677	n/a
Robert Stempel College of Public Health & Social Work							
CRUSADA: Center for Research on US Latino AIDS/HIV/Drug Abuse *	\$434,090	\$166,114	\$600,204	\$249,909	\$81,466	\$331,375	-44.8%
School of Journalism & Mass Communication							
International Media Center (IMC)	\$5,551	\$1,443	\$6,994	\$374,603	\$97,397	\$472,000	6648.6%
University Technology Services							
CIARA: Center for Internet Augmented Research	\$57,669	\$20,899	\$78,568	\$937,069	\$72,203	\$1,009,272	1184.6%
Total	\$11,731,604	\$2,589,099	\$14,320,703	\$17,716,947	\$3,767,994	\$21,484,941	50.0%
Effective F&A rate	22.1%			21.3%			

* Amount credited to Academic Affairs and the Robert Stempel College of Public Health and Social Work

Table 3: Awards by Sponsor Type				
July 2009 - December 2009				
Funding Source	Awarded Direct Costs	Awarded F&A	Awarded Total	Percent
Federal Government	\$37,271,488	\$7,778,384	\$45,049,872	85.22%
State & Local Government	\$2,284,850	\$303,423	\$2,588,273	4.90%
Private / Other Sources	\$4,659,188	\$563,963	\$5,223,151	9.88%
TOTAL	\$44,215,526	\$8,645,770	\$52,861,296	100.00%
July 2010 - December 2010				
Federal Government	\$38,427,034	\$8,888,112	\$47,315,146	83.31%
State & Local Government	\$3,193,164	\$342,254	\$3,535,418	6.22%
Private / Other Sources	\$5,227,688	\$718,002	\$5,945,690	10.47%
TOTAL	\$46,847,886	\$9,948,368	\$56,796,254	100.00%

Table 4: Comparison of Applications Submitted by Colleges							
College/School/Center/Division	July 2009 - December 2009			July 2010 - December 2010			% change
	Direct	F&A	Total	Direct	F&A	Total	
Academic Affairs	\$42,162,649	\$7,747,112	\$49,909,761	\$9,463,841	\$3,237,147	\$12,700,988	-74.55%
College of Architecture and the Arts	\$116,548	\$8,099	\$124,647	\$0	\$0	\$0	n/a
College of Arts and Sciences	\$47,793,085	\$9,613,126	\$57,406,211	\$47,484,521	\$11,276,654	\$58,761,175	2.36%
College of Business Administration	\$1,973,282	\$278,383	\$2,251,665	\$143,312	\$0	\$143,312	-93.64%
College of Education	\$9,193,114	\$995,886	\$10,189,000	\$6,904,611	\$860,021	\$7,764,632	-23.79%
College of Engineering and Computing	\$76,892,264	\$18,224,774	\$95,117,038	\$31,440,532	\$9,550,434	\$40,990,966	-56.90%
College of Law	\$25,000	\$0	\$25,000	\$0	\$0	\$0	n/a
College of Nursing and Health Sciences	\$2,605,856	\$697,470	\$3,303,326	\$5,435,120	\$665,657	\$6,100,777	84.69%
Division of Student Affairs	\$1,237,483	\$88,236	\$1,325,719	\$482,874	\$17,037	\$499,911	-62.29%
Herbert Wertheim College of Medicine	\$4,661,274	\$1,781,715	\$6,442,989	\$1,884,753	\$627,227	\$2,511,980	-61.01%
Robert Stempel College of Public Health and Social Work	\$14,940,457	\$5,365,864	\$20,306,321	\$10,703,917	\$2,998,967	\$13,702,884	-32.52%
School of Hospitality and Tourism Management	\$70,000	\$0	\$70,000	\$115,750	\$0	\$115,750	65.36%
School of Journalism and Mass Communication	\$6,580,543	\$1,558,267	\$8,138,810	\$902,799	\$223,027	\$1,125,826	-86.17%
University Technology Services	\$7,780,910	\$656,921	\$8,437,831	\$184,327	\$71,061	\$255,388	-96.97%
Total	\$216,032,465	\$47,015,853	\$263,048,318	\$115,146,357	\$29,527,232	\$144,673,589	-45.00%
Effective F&A Rate	21.76%			25.64%			

Table 5: Comparison of Applications Submitted by Centers, Institutes, Museums

College/Division	July 2009 - December 2009			July 2010 - December 2010			% change
	Direct	F&A	Total	Direct	F&A	Total	
Academic Affairs							
Applied Research Center (ARC)	\$17,703,224	\$7,192,313	\$24,895,537	\$3,429,316	\$1,003,378	\$4,432,694	-82.2%
CRUSADA: Center for Research on US Latino AIDS/HIV/Drug Abuse	\$62,302	\$0	\$62,302	\$4,308,002	\$1,865,766	\$6,173,768	9809.4%
Frost Art Museum	\$245,375	\$13,858	\$259,233	\$38,950	\$6,467	\$45,417	-82.5%
International Hurricane Research Center (IHRC)	\$1,402,528	\$339,039	\$1,741,567	\$863,491	\$151,288	\$1,014,779	-41.7%
The Wolfsonian	\$265,970	\$19,494	\$285,464	\$60,951	\$0	\$60,951	-78.6%
College of Arts & Sciences							
Center for Administration of Justice	\$341,525	\$88,796	\$430,321	\$0	\$0	\$0	n/a
Center for Labor Research and Studies (CLRS)	\$188,622	\$11,062	\$199,684	\$65,268	\$4,732	\$70,000	-64.9%
Infant Development Research Center (IDRC)	\$0	\$0	\$0	\$99,908	\$44,958	\$144,866	n/a
Institute for Asian Studies (IAS)	\$72,431	\$7,243	\$79,674	\$0	\$0	\$0	n/a
Institute for Public Management and Community Service	\$244,400	\$18,400	\$262,800	\$0	\$0	\$0	n/a
International Forensic Research Institute (IFRI)	\$132,799	\$52,701	\$185,500	\$2,977,920	\$18,967	\$2,996,887	1515.6%
Jack D. Gordon Institute for Public Policy & Citizenship Studies	\$494,459	\$45,541	\$540,000	\$214,219	\$49,747	\$263,966	-51.1%
Metropolitan Center	\$762,756	\$240,258	\$1,003,014	\$568,526	\$136,358	\$704,884	-29.7%
Southeast Environmental Research Center (SERC)	\$4,684,066	\$844,716	\$5,528,782	\$2,156,425	\$590,178	\$2,746,603	-50.3%
Women’s Study Center	\$0	\$0	\$0	\$2,262,071	\$365,038	\$2,627,109	n/a

Table 5: Comparison of Applications Submitted by Centers, Institutes, Museums

College/Division	July 2009 - December 2009			July 2010 - December 2010			% change
	Direct	F&A	Total	Direct	F&A	Total	
College of Business Administration							
Center for International Business Education & Research	\$1,482,075	\$117,925	\$1,600,000	\$0	\$0	\$0	n/a
Eugenio Pino & Global Entrepreneurship Center Total	\$0	\$0	\$0	\$129,012	\$0	\$129,012	n/a
College of Engineering & Computing							
Center for Diversity in Engineering & Computing	\$686,912	\$59,704	\$746,616	\$567,424	\$53,016	\$620,440	-16.9%
School of Journalism & Mass Communication							
Institute for Public Opinion Research (IPOR)	\$5,243,430	\$1,409,126	\$6,652,556	\$0	\$0	\$0	n/a
International Media Center (IMC)	\$655,295	\$80,959	\$736,254	\$857,799	\$223,027	\$1,080,826	46.8%
UTS							
CIARA: Center for Internet Augmented Research	\$7,780,910	\$656,921	\$8,437,831	\$184,327	\$71,061	\$255,388	-97.0%
Total	\$42,449,079	\$11,198,056	\$53,647,135	\$18,783,609	\$4,583,981	\$23,367,590	-56.4%
Effective F&A rate	26.38%			24.40%			

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