



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

Tuesday, September 10, 2013  
10:00 am *approximate start time*  
Florida International University  
Biscayne Bay Campus  
Kovens Conference Center

### **Committee Membership:**

Sukrit Agrawal, *Chair*; Robert T. Barlick, Jr., *Vice Chair*; Cesar L. Alvarez; Gerald C. Grant, Jr.; C. Delano Gray

### **Liaison:**

Richard Brilliant, *Foundation Board of Directors*

## **AGENDA**

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| 1. Call to Order and Chair's Remarks   | Sukrit Agrawal     |
| 2. Approval of Minutes   | Sukrit Agrawal     |
| 3. Action Items  |                    |
| FA1. Amendment to Signature Authority - Authorization to Sign Checks for the West African Water Research Program and Account | Kenneth A. Jessell |
| FA2. Investment Policy Amendment   | Kenneth A. Jessell |
| FA3. Proposed Regulation – FIU-1101 Tuition and Fees Schedule  | Kenneth A. Jessell |
| 4. Discussion Items ( <i>No Action Required</i> )  |                    |
| 4.1 Campus Master Plan 2010-2020 Update  | Gene Kluesner      |
| 4.2 Financial Performance Review –FY 2012-13   | Kenneth A. Jessell |
| 4.3 Office of Internal Audit Status Report   | Allen Vann         |

**5. Reports** *(For Information Only)*

- |   |                          |
|---|--------------------------|
| <b>5.1 Treasury Report</b>                            | <b>Phong Vu</b>          |
| <b>5.2 Business Services Report</b>                   | <b>Aime Martinez</b>     |
| <b>5.3 Athletics Update</b>                           | <b>Pete Garcia</b>       |
| <b>5.4 Emergency Management Status Report</b>         | <b>Ruben D. Almaguer</b> |
| <b>5.5 University Compliance Report</b>               | <b>JoAnn Bova</b>        |
| <b>5.6 Safety and Environmental Compliance Report</b> | <b>Ruben D. Almaguer</b> |
| <b>5.7 Facilities and Construction Update</b>         | <b>John Cal</b>          |
| <b>5.8 Foundation Report</b>                          | <b>Richard Brilliant</b> |

**6. New Business**

- |  |                       |
|--|-----------------------|
| <b>6.1 Senior Management Discussion of Audit Processes</b> | <b>Sukrit Agrawal</b> |
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| <b>7. Concluding Remarks and Adjournment</b> | <b>Sukrit Agrawal</b> |
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*Next Finance and Audit Committee Meeting is scheduled for Thursday, January 9, 2014*

**THE FLORIDA INTERNATIONAL UNIVERSITY  
BOARD OF TRUSTEES**

**Finance and Audit Committee**

September 10, 2013

**Subject: Approval of Minutes of the Meeting held June 5, 2013**

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**Proposed Committee Action:**

Approval of Minutes of the Finance and Audit Committee meeting held on Wednesday, June 5, 2013 at the Modesto A. Maidique Campus, Graham Center Ballrooms.

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**Background Information:**

Committee members will review and approve the Minutes of the Finance and Audit meeting held on Wednesday, June 5, 2013 at the Modesto A. Maidique Campus, Graham Center Ballroom.

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**Supporting Documentation:** Finance and Audit Committee Meeting Minutes:  
June 5, 2013

**Facilitator/Presenter:** Committee Chair Sukrit Agrawal

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**FLORIDA INTERNATIONAL UNIVERSITY  
BOARD OF TRUSTEES  
FINANCE AND AUDIT COMMITTEE  
MINUTES  
JUNE 5, 2013**

**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 Sukrit Agrawal at 10:04 am on Wednesday, June 5, 2013, at the Modesto A. Maidique Campus, Graham Center Ballrooms.

The following attendance was recorded:

***Present***

Sukrit Agrawal, *Chair*

Robert T. Barlick, Jr., *Vice Chair*

Cesar L. Alvarez

Gerald C. Grant, Jr.

C. Delano Gray

Trustee Jorge L. Arrizurieta was also in attendance.

Committee Chair Agrawal welcomed all Trustees, faculty and staff. He also welcomed FIU Foundation, Inc. Board of Directors member T. Gene Prescott, noting that he would later provide the Foundation Report.

**2. Approval of Minutes**

Committee Chair Agrawal asked that the Committee approve the Minutes of the meeting held on March 6, 2013. A motion was made and passed to approve the Minutes of the Finance and Audit Committee Meeting held on Wednesday, March 6, 2013.

**3. Action Items**

**FA1. Proposed 2013-14 Operating Budget**

Committee Chair Agrawal introduced the proposed 2013-14 Operating Budget, noting that Senior Vice President of Administration and Chief Financial Officer Kenneth A. Jessell would provide a comprehensive review of all of the components, including the proposed fee increases. Sr. VP and CFO Jessell noted that in accordance with Florida Board of Governors' Regulation, the proposed increases for the Student Health and the Capital Improvement Trust Fund fees were recommended by a fee committee. He added that one half of the University Fee Committee was comprised of students appointed by the student government president while the other half of the Committee

members were appointed by the university president. He further noted that the chairperson was appointed jointly by the university president and the student government president and only voted in the instance of a tie. He stated that the fee committees held public hearings to hear comments and address concerns from the University community. Committee Chair Agrawal recommended that all of the action items included within the 2013-14 Operating Budget be voted on in one (1) motion. There were no objections.

**A. University and Direct Support Organizations (DSO) Operating Budgets**

Sr. VP and CFO Jessell presented the University and DSO Operating Budgets totaling \$1.187 billion for Committee review, providing a detailed summary of key aspects of each budget. He noted that key components of the operating budget included tuition increases for Undergraduate, Graduate and Law students, in addition to increases in the Financial Aid fee, the Technology fee, the Student Health Fee and the Capital Improvement Trust Fund (CITF) fee. He reported that last year's \$24.3 million in State revenue reduction was fully restored by the Legislature.

**B. University Tuition Fee**

Sr. VP and CFO Jessell presented the proposed amendments to the University Tuition Fees Regulation FIU-1101 for Committee review, noting that the regulation was being amended to reflect the changes in tuition and fees for the 2013-14 academic year as authorized by the Florida State Legislature and the Florida Board of Governors. He added that the proposed amendments reflect the adjustment of tuition increases (1.7 percent undergraduate, 5 percent graduate and 10 percent law), fees calculated as 5 percent of tuition (financial aid and technology), the Student Health Fee, and the CITF fee. Sr. VP and CFO Jessell also presented the amendment reflecting the graduate programs in the College of Nursing and Health Sciences that carry an extra charge for clinical curricular requirements, retroactive to 2009-10.

**C. Student Health Fee**

Sr. VP and CFO Jessell presented the proposed increase in the Student Health fee for Committee review, noting that the University Fee Committee recommends an increase in the Student Health fee in the amount of \$10.50 per student headcount, effective with the Fall term 2013. He stated that the proposed increase will raise the Health Fee from \$83.19 per student headcount to \$93.69 per student headcount and will provide an additional \$1.0M in revenue to cover the conversion of Other Personal Services temporary employees to benefits-earning employees, additional psychology and counseling services, market-equity adjustments for nurses, and prevention and wellness services that will directly serve students. He further noted that the proposed increase was one of the amendments to the University Tuition Fees Regulation FIU-1101. He presented a fee comparison, which reflected that FIU's proposed Student Health Fee (\$7.81 per credit hour based on 12 credit hours per semester) was, in most cases, lower than the Student Health Fee of the other State University System institutions.

**D. Capital Improvement Trust Fund Fee**

Sr. VP and CFO Jessell presented the proposed increase in the CITF fee for Committee review, noting that as required by Florida Statutes, a University Fee Committee approved the increase in the Capital Improvement Trust Fund fee from the current \$6.76 per student credit hour to \$8.76 per student credit hour, effective for academic year 2013-14. He stated that the CITF is used to fund new projects or real property acquisitions meeting the requirements of chapter 1013, F.S., such as student recreation and wellness centers and student unions. He also presented a fee comparison, which reflected that FIU's proposed CITF fee was comparable when contrasted to the CITF fee charged by other State University System institutions.

**E. Tuition for Market Rate Programs, 2014-15 Academic Year**

Sr. VP and CFO Jessell presented the request to establish Market Rate Tuition for the online Master of Science in Human Resources Management for Committee review, noting that the program would be offered through the University's continuing education program beginning academic year 2014-15. He further noted that market rate tuition programs receive no state funding and must cover all costs associated with program delivery.

A motion was made and passed that the FIU Board of Trustees Finance and Audit Committee recommend for Board of Trustees' approval the proposed 2013-14 University and DSO Operating Budgets, request to establish market rate tuition rate and proposed amendments to existing regulations concerning tuition and other fees, including the following:

- A. University and DSO Operating Budgets
- B. University Tuition Fee
- C. Student Health Fee
- D. Capital Improvement Trust Fund Fee
- E. Tuition for Market Rate Programs, 2014-15 Academic Year

**FA2. Proposed 2013-14 Fixed Capital Outlay Budget**

Sr. VP and CFO Jessell presented the University's 2013-14 Fixed Capital Outlay Budget for Committee review, noting that the Fixed Capital Outlay Budget governs the University's capital expenditures during the year. He further noted that FIU's 2013-14 Capital Outlay Budget for Public Education Capital Outlay Projects (PECO) totaled \$9,281,961 for the Student Academic Support Center and minor building repair and maintenance. He stated that there was no funding for utilities/infrastructure/capital renewal roofs (State University System [SUS] total was \$0). He added that FIU's 2013-14 Fixed Capital Outlay Budget for CITF Projects totaled \$9,703,585 for the expansion of the Recreation Center and the improvements to the Wolfe University Center.

A motion was made and passed that the FIU Board of Trustees Finance and Audit Committee recommend for Board of Trustees' approval Florida International University's 2013-2014 Fixed Capital Outlay Budget and authorize the University President to amend the budget as necessary, consistent with Florida Board of Governors and FIU Board of Trustees directives and guidelines.

### **FA3. Request for Approval of Florida International University's 2014-15 Fixed Capital Outlay Legislative Budget Request**

Sr. VP and CFO Jessell presented the Request for Approval of Florida International University's 2014-15 Fixed Capital Outlay Legislative Budget Request, consisting of the five-year Capital Improvement Plan or CIP, for Committee review, noting that the Fixed Capital Outlay Budget Request sets forth the University's proposed capital expenditures during the next five years. He noted that the Legislative Budget Request included the total Public Education Capital Outlay (PECO) and Challenge Grant requests. He added that PECO funds are exclusively used for construction.

Trustee C. Delano Gray requested an update on the Florida Board of Governors (BOG) Task Force on Facilities Funding as it relates to the possibility of public private partnership alternatives not currently utilized. Sr. VP and CFO Jessell reported that while the BOG accepted the Task Force's recommendations, no further actions were taken in terms of resulting legislation. He noted that PECO dollars are the primary source of both university construction and building maintenance funding in the State University System. He stated that declining and limited state appropriations over the past years have led to unaddressed needs for routine maintenance and repairs on infrastructure such as air-conditioning systems and roofs and further noted that these projects rarely benefit from donor gifts and therefore must rely solely on state funding.

A motion was made and passed that the FIU Board of Trustees Finance and Audit Committee recommend for Board of Trustees approval the 2014-15 Fixed Capital Outlay Legislative Budget Request, consisting of the five-year Capital Improvement Plan, and authorize the University President to amend the Legislative Budget Request as necessary, consistent with BOG and FIU Board of Trustees directives and guidelines.

Committee Chair Agrawal requested that the Committee meeting pause for a ten-minute break. There were no objections.

### **FA4. Proposed Regulation – FIU-1113 Waiver of Tuition and Fees**

Sr. VP and CFO Jessell presented the proposed regulation – FIU-1113 Waiver of Tuition and Fees for Committee review, noting that the purpose of this new regulation is to list the categories of tuition and fee waivers provided by the University. The BOG requires the list of tuition and fee waivers to be adopted by the University in a regulation. FIU's proposed regulation is consistent with BOG regulation 7.008.

A motion was made and passed that the FIU Board of Trustees Finance and Audit Committee recommend for Board of Trustees approval the proposed regulation, Waiver of Tuition and Fees, and delegate authority to the University President to approve any subsequent amendments that are based on comments to the Regulation received from the BOG and as a result of the regulation-making process.

### **FA5. Internal Audit Plan, 2013-14**

Internal Audit Director Allen Vann presented the Internal Audit Plan for fiscal year 2013-14 for Committee review and approval, noting that the plan was developed using a systematic approach



that aids in the determination of the audits that need to be performed, while also considering the most appropriate allocation of available resources to maximize productivity.

A motion was made and passed that the FIU Board of Trustees Finance and Audit Committee approve the University Internal Audit Plan for Fiscal Year 2013-14.

**FA6. Amendment to Signature Authority – Authorization to Sign Checks for Certain Foreign Research Program Accounts**

Sr. VP and CFO Jessell presented the Amendment to Signature Authority – Authorization to Sign Checks for Certain Foreign Research Program Accounts for Committee review, noting that the FIU Board of Trustees is updating its official records to reflect University officers and employees authorized to sign checks to pay legal obligations on behalf of the University.

A motion was made and passed that the FIU Board of Trustees Finance and Audit Committee recommend that Board of Trustees' amend the Signature Authority - Authorization to Sign Checks for Certain Foreign Research Program Accounts to reflect the following changes:

For the West African Water, Sanitation Hygiene Program:

Remove: Mr. Adama Ouedraogo, West African Program Office Manager

Approve: Mr. Issiaka Sawadogo, West African Program Office Manager

For the Rwanda Integrated Water Security Program:

Remove: Dr. David Mutekanga, Director  
Ms. Macklean Rwivanga, Office Manager

Approve: Ms. Liliane Cyakwela, Office Manager

**FA7. Disposition of Specified Real Property in Miami Beach**

Sr. VP and CFO Jessell presented the request for approval for the University to sell the Miami Beach Woman's Club property to PCCO, INC., a Florida corporation, on the terms outlined in the April 19, 2013 "As-Is Real Estate Purchase and Sale Contract". He noted that the Florida International University Board of Trustees (the BOT) is the owner of real property located at 2401 Pine Tree Drive, Miami Beach, Florida 33140 commonly referred to as the Miami Beach Woman's Club (Woman's Club). He added that the Miami Beach Woman's Club Property was deemed as unnecessary for educational purposes, stating that it would be in the BOT's best interest to sell the Miami Beach Woman's Club Property to PCCO, Inc., based upon the best and final offer submitted by PCCO, Inc. to the BOT in response to the FIU ITN. The FIU BOT Real Estate Subcommittee was involved in the development of the ITN, the review of "Best and Final Offers" and recommended approval of the sale of property to PCCO.

A motion was made and passed that the FIU Board of Trustees Finance and Audit Committee recommend that Board of Trustees' adopt the following Resolution:

The BOT is the owner of real property located at 2401 Pine Tree Drive, Miami Beach, Florida 33140 commonly referred to as the Miami Beach Woman's Club (Woman's Club), together with all improvements thereon, more fully described on Exhibit A attached hereto and incorporated herein by reference.

The BOT has determined that: (a) the Miami Beach Woman's Club Property is unnecessary for educational purposes; and (b) it would be in its best interest to sell the Miami Beach Woman's Club Property to PCCO, Inc., based upon the best and final offer (BAFO) submitted by PCCO, Inc. to the BOT in response to the FIU ITN.

The BOT approves the sale of the Miami Beach Woman's Club Property to PCCO, Inc. on the terms contained in the "AS-IS" Real Estate Purchase and Sale Contract executed by PCCO, Inc. on April 19, 2013 (Purchase Agreement) and submitted to FIU as PCCO Inc.'s BAFO in response to the FIU ITN. A copy of the Purchase Agreement is attached as Exhibit B and incorporated herein by reference.

Further, if the Purchase Agreement transaction with PCCO Inc. is not closed on or before the Closing Date established in the Contract, or any extension thereof approved by the parties in writing, the BOT authorizes the University President or his designee, in their sole discretion, to proceed with sale of the Woman's Club to the party with the next highest BAFO.

The President or his designee is authorized to undertake all steps necessary or desirable to process and finalize the sale of the Miami Beach Woman's Club Property on the terms above and to complete any and all documents necessary or desirable to effectuate and finalize the transaction.

#### **FA8. Amendment of University Traffic and Parking Regulation**

Sr. VP and CFO Jessell presented the proposed amendments to the University Traffic and Parking Regulation FIU-1105 for Committee review, noting that the amendments reflect various changes that include: allowing for the purchase of a semester student decal by students not required to pay the Transportation Access Fee; adding several restrictions ranging from "expired decal/permit" to "crosswalk light violation" and corresponding fines of \$20 or \$25; providing up to four hours of free parking in metered spaces to disabled visitors; disallowing appeals for ten enumerated reasons; adding a housing garage decal and an Army ROTC (Reserve Officers' Training Corps) decal (for non-FIU ROTC students); and provision for the review by an appeal board upon request. He added that the regulation is also being edited for clarification and to update the handling of visitor parking for departmental events.

A motion was made and passed that the FIU Board of Trustees Finance and Audit Committee recommend that Board of Trustees' approve the Amendment of the University Traffic and Parking Regulation FIU-1105 and delegate authority to the University President to approve any subsequent amendments that are based on comments to the regulation received from the Florida Board of Governors and as a result of the regulation-making process.

**FA9. Request for Approval to enter into a Long Term Lease from the State of Florida Board of Trustees of the Internal Improvement Trust Fund, as Co-Lessee with Miami-Dade County (or alternatively to be the tenant and sublease to, Miami-Dade County), the Coconut Grove Playhouse and Related Property**

Sr. VP and CFO Jessell presented the request for approval to enter into a long term lease from the State of Florida Board of Trustees of the Internal Improvement Trust Fund, as Co-Lessee with Miami-Dade County (or alternatively to be the tenant and sublease to, Miami-Dade County), the Coconut Grove Playhouse and Related Property for Committee review. He noted that Miami-Dade County will be responsible for the development, improvement, management and operation of the Coconut Grove Playhouse as a major regional theatre for South Florida as well as the development, improvement, management and operation of the grounds and ancillary improvements such as parking and concessions. He also presented the material terms of the proposed long term lease, providing a detailed summary of the key provisions. He added that the agreements will provide specifically for FIU's College of Architecture + The Arts, as well as other programs, to work with the operator of the theatre facility and to use the theatre and ancillary spaces to advance the University's academic and community engagement goals for the benefit of faculty and students, such as for workshops, performances, and classes.

A motion was made and passed that the FIU Board of Trustees Finance and Audit Committee recommend that Board of Trustees' approve the University President or his designee to negotiate and enter into a long-term lease from the State of Florida Board of Trustees of the Internal Improvement Trust Fund, as Co-Lessee with Miami-Dade County (or alternatively to be the tenant and sublease to, Miami-Dade County), the Coconut Grove Playhouse and Related Property.

**4. Discussion Items**

**4.1 Foundation Report**

Foundation Director T. Gene Prescott noted that Foundation Treasurer and Liaison to the Board of Trustees Finance and Audit Committee Richard Brilliant sent his regrets as he was not able to attend. Director Prescott provided the Foundation Report, noting that the Foundation's investment portfolio maintained fiscal year-to-date gains through April 30, 2013 at approximately 12.9%, or \$22.9 million. He also provided a fundraising update, commenting that it is expected to meet and exceed the year's goal of \$42 million.

**4.2 Financial Performance Review – Third Quarter FY 2012-13**

Sr. VP and CFO Jessell presented the Financial Performance Review for the third quarter of fiscal year 2012-13 and provided a summary of University revenues and expenditures. He reported that the University and direct support organizations' operating revenues were below estimates by \$7.2M (or one percent), which can be primarily attributed to lower Pell, FSAG and Bright Futures awards driven by lower enrollment in addition to changes in the Pell program requirements, which resulted in less eligible students and/or reduced awards. He also reported that the University and direct support organizations' operating expenses were below estimates by \$41.8M (or six percent), noting that Auxiliary Enterprises experienced lower programmatic and administrative expenses in academic programs and added that Educational and General expenses were below estimates by \$14.5M mainly

due to delays in spending on base operations and critical investments as well as vacant positions from the University and Herbert Wertheim College of Medicine.

#### **4.3 Office of Internal Audit Status Report**

Office of Internal Audit Director Allen Vann presented the Internal Audit Report, providing updates on recently completed audits, work in progress and a follow-up status report. He noted that 30 of the 43 recommendations due for implementation this quarter were completed and the remaining 13 recommendations are in progress.

#### **4.4 Procurement**

Committee Chair Agrawal noted that the discussion on the University's procurement procedures would take place at the June 12, 2013 meeting of the FIU Board of Trustees.

#### **5. Reports**

Committee Chair Agrawal requested that the Treasury Report, Business Services Report, Athletics Update, Emergency Management Status Report, University Compliance Report, Safety and Environmental Compliance Report and Construction Status Update be accepted as written. There were no objections.

#### **6. New Business**

##### **6.1 Office of Internal Audit Discussion of Audit Processes**

Committee Chair Agrawal noted that as is stipulated in the Finance and Audit Committee Charter, the Committee must meet with the Office of Internal Audit without the presence of senior management. He further noted that as a meeting conducted in the Sunshine, no one present was required to leave during the discussion with the Office of Internal Audit, adding that this was strictly voluntary. The Committee confirmed with the Director of Internal Audit, Allen Vann, that he has all the resources and support from Management necessary to perform the duties of his office.

#### **7. Concluding Remarks and Adjournment**

With no other business, Committee Chair Sukrit Agrawal adjourned the meeting of the Florida International University Board of Trustees Finance and Audit Committee on Wednesday, June 5, 2013 at 11:57 am.

*Trustee requests:*

*There were no Trustee requests.*

MB  
6.26.13

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

September 10, 2013

**Subject: Amendment to Signature Authority – Authorization to Sign Checks for the West African Water Research Program and Account**

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**Proposed Committee Action:**

Recommend that the Florida International University Board of Trustees amend the Signature Authority - Authorization to Sign Checks for the West African Water Research Program and Account to reflect the following changes:

For the West African Water, Sanitation Hygiene Program:

Remove: Ms. Emeline Bereziat, Deputy West African Program Director

Approve: Ms. Sara Miner, Deputy West African Program Director

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**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.

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**Supporting Documentation:** International Water Programs, Amendment to Signature Authority

**Facilitator/Presenter:** Kenneth A. Jessell

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## **INTERNATIONAL WATER PROGRAMS**

### **Amendment to Signature Authority – Authorization to Sign Checks for Certain Foreign Research Program Accounts**

Florida International University Board of Trustees (the BOT) approval is requested to amend a previously approved Signature Authority on the designated local depository for the following international water program, which is funded by the U.S. Agency for International Development (USAID):

1. West African Water, Sanitation and Hygiene Program, with USAID funding of \$28 million (the “West African Water Program”)

On March 30, 2011, the BOT approved the following designated local depository for the aforementioned program:

In Burkina Faso:      Societe Generale  
                                 Ouagadougou, Burkina Faso  
                                 <http://www.sgbb.bf>

On March 30, 2011, the BOT also approved the following officers and employees of the University as authorized to sign checks on accounts related to the aforementioned depositories and programs:

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

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

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

The BOT is requested to approve the following employee of the University as authorized to sign checks from the designated depositories as further specified below:

APPROVE Sara Miner, Deputy West African Program Director  
(for the West African Water Program only)

Signature Authority has been removed for the following individual as she is no longer employed by the University as of July 8, 2013:

REMOVE Emeline Bereziat, Deputy West African Program Director  
(for the West African Water Program only)

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All controls on the bank accounts previously approved by the Board on March 30, 2011 shall continue to apply. Specifically, those controls are:

### **Controls to be Placed on Bank Accounts**

Access to the bank accounts by local Program staff will be kept to the minimum persons 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 successfully by FIU in other international projects, will be adhered to:

- 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**

September 10, 2013

**Subject: Investment Policy Amendment**

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**Proposed Committee Action:**

Recommend to The Florida International University Board of Trustees (the BOT) adoption of revisions to the University's Investment Policy.

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**Background Information:**

The University Investment Committee is an advisory committee created by the BOT to make recommendations to the University administration and BOT regarding university investments. The University is recommending approval of the proposed revisions to the Investment Policy, as approved by the University Investment Committee on August 22, 2013.

The first proposed change is to add a continuing education requirement to the FIU Investment Policy in accordance with Florida Statute 218.415 (14).

Florida Statute 218.415 (14), Local Government Investment Policies – Continuing Education states: *The investment policy shall provide for the continuing education of the unit of local government's officials responsible for making investment decisions or chief financial officer. Such officials must annually complete 8 hours of continuing education in subjects or courses of study related to investment practices and products.*

The second proposed change is to amend the Asset Allocation Ranges to provide for a lower minimum allowable range for fixed income investment classes (Core, High Yield and TIPS) as part of strategic positioning in anticipation of a rising interest rate environment.

The third proposed change is an annual update to the expected returns by asset class reference.

The BOT is authorized to adopt an investment policy pursuant to Sections 1011.42 and 218.415 Florida Statutes. The University's Investment Policy was last revised on March 14, 2012.

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| <b>Supporting Documentation:</b> | Amended Investment Policy<br>Proposed revisions to Investment Policy in tracked form |
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| <b>Facilitator/Presenter:</b> | Kenneth A. Jessell |
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*University Community (faculty, staff and students)*

| SUBJECT (R*)      | EFFECTIVE DATE (R*) | POLICY NUMBER (O*) |
|-------------------|---------------------|--------------------|
| INVESTMENT POLICY | June 29, 2005       | 1160.010           |

**POLICY STATEMENT (R\*)**

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

The investment of the University’s operating funds investment pool (the “Portfolio”) shall be based on an analysis that will, at a minimum, consider:

- the financial condition of the University
- the expected long term capital market outlook
- the University’s risk tolerance
- future planned capital expenditures and cash requirements
- debt service requirements
- current and projected expenses
- inflation

The financial plan measures the potential impact of alternative investment policies in terms of risk and return based on various levels of asset diversification and the current and projected cash flows of the Portfolio.

**I. GENERAL INVESTMENT GOALS AND OBJECTIVES**

The general investment goals established herein are designed to broadly take into account the purpose of the Portfolio and articulate the philosophy and parameters by which the University will manage the Portfolio’s assets.

The overall goal of the Portfolio is to provide funds through a carefully planned and executed investment program necessary for regular expenses, capital expenditures and overall liquidity needs. There are both short term liquidity needs and longer term needs that allow for some incremental longer term growth of these assets. Specifically, the Portfolio shall be managed with the following objectives:

- i. Maintain the safety of the principal;
- ii. Maintain the necessary liquidity to ensure funds are available to support operational needs;
- iii. Obtain a reasonable return for a prudent level of risk.

The University seeks to produce a return on investment which is based on levels of operating liquidity needs and investment risk that are prudent and reasonable, given prevailing capital market conditions. While the University recognizes the importance of the preservation of capital, it also adheres to the theory of capital market pricing which maintains that varying degrees of investment risk should be rewarded with compensating returns.

**II. GOVERNANCE**

**BOT Finance and Audit Committee**

The Florida International University Board of Trustees (“BOT”) is responsible for the oversight and approval of this Policy (and any amendments thereto) and oversight of the University's implementation of the Policy.

This Policy addresses specifics relating to:

- investment goals and objectives
- asset allocation policy targets specifying minimum and maximum ranges
- rebalancing policy
- selection of investment managers
- authorized investments

### **Investment Committee**

The BOT's Investment Committee recognizes that matters concerning the investment of the operating fund assets owned by the University merit serious attention and frequent consideration. The Investment Committee, at a minimum, will consist of:

- An individual designated by the BOT,
- The Chief Financial Officer of the University,
- The Treasurer of the University and
- A representative from University academics.

In addition, the Investment Committee may include up to two business community representatives and other representatives with specific expertise in investment and portfolio management to strengthen the Committee's capabilities. The need for adding members will be determined by the Chair of the BOT, in consultation with the Chair of the Finance and Audit Committee.

The Investment Committee, with the guidance and recommendations of the investment consultant hired by the University, is responsible for:

- directing all of its efforts toward the investment objectives stated herein
- performing at least annually a review of the investment objectives stated herein
- ensuring that the objectives stated in this Policy are practical and reflect the mission of the University
- hiring an investment consultant, consistent with University procurement requirements
- implementing and monitoring the asset allocation policy
- conducting an annual formal review of the investment structure
- developing an updated financial projection a minimum of every three years
- selecting and monitoring of qualified, competent investment managers
- terminating investment managers failing to maintain acceptable quantitative (e.g. risk/return profile) and/or qualitative (e.g. organizational changes) standards
- developing and reviewing the objectives and guidelines given to each specific investment manager
- meeting at least quarterly to review the results of the investment portfolios
- determining whether the investment objectives set forth herein are being met and whether the investment guidelines are being followed
- providing the BOT with regular performance reports on the investment portfolios
- completing annually eight (8) hours of continuing education in subjects or courses of study related to investment practices and products, or the Chief Financial Officer shall complete this requirement.

### **Staff**

The staff is an integral part of the day-to-day requirements of the operating portfolio. The staff has the responsibility of administering and coordinating the implementation of decisions made by the Investment Committee and the BOT. The staff is responsible for:

- administering the investments of the Portfolio at the lowest possible cost, being careful to avoid sacrificing quality
- administering the rebalancing policy
- day-to-day interaction with the consultants and investment managers

### **III. INVESTMENT GUIDELINES**

The investment guidelines set forth herein establish parameters for the Portfolio and for the University's investment managers to

follow in implementing their respective investment strategies. These guidelines address asset allocation, restricted transactions, diversification, quality and turnover.

#### **A. Investment Pools\***

##### **TOTAL COMBINED POOL**

This pool is the overall combined investments of the Portfolio. In its entirety, it is intended to satisfy the overall objectives and constraints set forth in this Policy. The Total Combined Pool is divided into three distinct pools; each pool has a different investment time horizon, investment objective and minimum and maximum asset class allocations.

##### **WORKING CAPITAL POOL**

This pool is intended to provide for the immediate normal operating requirements of the University (funds awaiting clearance), and other short-term investments of the University. This pool includes funds that must be invested in a restricted manner in accordance with federal and/or state law.

##### **STRATEGIC CAPITAL POOL**

This pool is intended to be invested over the medium-term, as the cash needs of this pool are intermediate and long-term in nature.

##### **RESERVE POOL**

This pool encompasses a state-mandated unencumbered reserve. This pool is intended to be invested over the medium-longer term.

\*University and affiliated-organization bond proceeds are outside the purview of this Policy and will be invested in compliance with all relevant federal and state laws.

#### **B. Asset Class/Category Characteristics**

##### **CASH EQUIVALENTS**

The purpose of the cash equivalents portfolio is to provide liquidity to fund operational expenses, debt service and other short term cash needs.

##### **FIXED INCOME**

###### **Investment Grade**

This asset class is intended to be representative of the overall U.S. investment grade bond market. The purpose of the fixed income asset class is to provide a high level of current income to provide liquidity for intermediate cash flow needs and to provide diversification benefits during periods of a stock market decline.

###### **High Yield**

This asset class is intended to be representative of the non-investment grade U.S. bond market (bonds rated BB or lower). The purpose of this fixed income asset class is to provide a higher level of current income to compensate for the additional level of credit risk employed. The purpose of this asset class is to provide some return enhancement and diversification benefit in order for the Portfolio to realize long-term growth above inflation.

##### **EQUITIES**

###### **U.S. Equity**

This asset class is intended to be representative of the overall U.S. stock market. The purpose of the equity asset class is to provide a high level of capital appreciation in order for the Portfolio to realize long-term growth above inflation.

###### **International Equity**

The purpose of the international equity asset class is to provide exposure to equities in international equity markets. Exposure to

international equities enhances returns of the combined equity portfolio while reducing return volatility.

#### Private Equity

The purpose of the private equity asset class is to provide a global exposure to private equity markets that is diversified by geography, investment type (venture capital, growth equity, buyout, mezzanine, distressed and special situations) and vintage year. Exposure to the private equity market is expected to provide access to outsized returns as compared to the public equity market.

### REAL ASSETS

#### Treasury Inflation Protected Securities (TIPS)

This asset class is intended to be representative of the fixed income investments in which the principal is adjusted periodically based on changes in CPI. The purpose of the TIPS asset class is to provide fixed income returns with the additional diversification benefits of inflation protection.

#### Real Estate Investment Trusts (REITS)

This asset class is intended to be representative of the Real Estate Investment Trust market. The purpose of the REIT asset class is to provide a higher level of current income and capital appreciation than fixed income with diversification benefits from its low correlation to both stocks and bonds.

#### Commodities

This asset class is intended to be a passively managed representation of a direct investment in a diversified commodities strategy. A direct investment is either through the purchase of the physical commodity (e.g., crude oil, metals) or the purchase of derivatives (e.g., futures). The principal roles for commodities in the Portfolio are as a risk diversifier, and an inflation hedge, providing an expected offset to assets such as fixed rate instruments, which typically lose value during periods of unexpected inflation.

### ABSOLUTE RETURN

This asset class is intended to be representative of a broadly diversified hedge fund strategy intended to provide an “absolute return” in any market environment with low to intermediate level of risk. This strategy is intended to provide modest return enhancement to that of fixed income with diversification benefits derived from its low correlation to other asset classes.

### **C. Authorized Investments and Restrictions**

The following authorized investments and restrictions establish the parameters the University’s investment managers must follow in implementing their respective investment strategies. Each underlying manager will have a specific set of guidelines that may be more restrictive than those set forth herein.

| <b>Investment Guidelines - Investment Grade Fixed Income</b>   |                             |
|--|-----------------------------|
| <b>Authorized Investments:</b>   | <b>Status</b>               |
| Fixed Income securities issued in the U.S. investment grade bond market<br>Rule 144A securities with registration rights | Authorized<br>Authorized    |
| Non dollar securities and securities of issuers outside the U.S.   | Authorized                  |
| U.S. Treasury, Agency, Eurodollar, and Swap financials futures   | Authorized                  |
| Interest rate swaps  | Authorized                  |
| Options on securities otherwise allowable under the guidelines   | Authorized                  |
| Agency mortgage dollar rolls   | Authorized                  |
| Cash vehicle through trustee   | Authorized                  |
| <b>Restrictions:</b>   | <b>Guideline</b>            |
| Maximum invested in securities not paying in US dollars  | 10% of account market value |
| Maximum invested in issuers domiciled outside the US   | 10% of account market value |
| Maximum invested in non US dollar-denominated assets   | 10% of account market value |
| Cross-currency hedging   | Prohibited                  |
| Rated by both S&P Moody's (except US government and agency securities)   | Required                    |
| Rated BBB-/Baa3 or higher at time of purchase  | Required                    |
| Convertible securities and preferred stocks  | Prohibited                  |
| Maximum position in securities not rated or rated BB+ /Bal or lower  | 5% of account market value  |
| Collateralized securities must have a credit quality rated AAA by S&P and rated Aaa by Moody's                           | Required                    |
| Interest-only (IO) securities  | Prohibited                  |
| Collateralized Bond Obligations, Collateralized Debt Obligations, and Collateralized Loan Obligations                    | Prohibited                  |
| Credit derivatives   | Prohibited                  |
| Maximum per any one issuer   | 5% of account market value  |
| Maximum duration exposure derived from futures, options or swaps   | 20%                         |
| Borrowing and/or lending of funds or securities  | Prohibited                  |
| Leverage   | Prohibited                  |

| <b>Investment Guidelines - High Yield Fixed Income</b>  |                            |
|---|----------------------------|
| <b>Authorized Investments:</b>  | <b>Status</b>              |
| Registered high yield and Rule 144A, with registration rights, fixed income securities and debt obligations issued by public, corporate, and sovereign entities   | Authorized                 |
| Securities issue or guaranteed by the US government, its agencies and instrumentalities   | Authorized                 |
| Forward contracts on "eligible" securities  | Authorized                 |
| Common stock, preferred stock and options or warrants to purchase common or preferred stock only where included in a unit with, or attached to, fixed income securities or upon conversion of a convertible security or exercise of a warrant or option or received in a reorganization | Authorized                 |
| Convertible securities and preferred stocks, if most of their value is attributable to their yield and other fixed income features  | Authorized                 |
| Cash vehicle through trustee  | Authorized                 |
| <b>Restrictions:</b>  | <b>Guideline</b>           |
| Maximum position in an individual security (excluding Government securities)  | 5% of account market value |
| Maximum position in any one issuer (excluding Government securities)  | 5% of account market value |
| Maximum position in Rule 144A, with registration rights, securities   | 5% of account market value |
| Maximum position in emerging market debt (corporate or sovereign debt of countries with credit rating BB+/Ball or lower)  | 5% of account market value |
| Purchase of securities on margin  | Prohibited                 |
| Short sales   | Prohibited                 |
| Securities lending  | Prohibited                 |
| Employ leverage   | Prohibited                 |
| Structured securities (e.g. ABS, CMBS, CDO) except for equipment trust certificates   | Prohibited                 |
| Maximum position in equipment trust certificates  | 5% of account market value |
| Investment in direct real estate or real estate mortgage loans  | Prohibited                 |
| Debt issued by corporate entities involved in real estate otherwise allowed under these guidelines  | Permitted                  |
| Investment in commodities or commodity contracts  | Prohibited                 |
| All securities at the time of purchase must be rated single-B or higher by both S&P and Moody's (securities issued w/o rating are exempt if one can be reasonable expected within one month of issuance)  | Required                   |
| Maximum invested in securities not rated single-B or higher by both S&P and Moody's and any equity securities received into the account   | 5% of account market value |



| <b>Investment Guidelines - US Equity</b>   |                             |
|--|-----------------------------|
| <b>Authorized Investments:</b>   | <b>Status</b>               |
| Equity denominated in US dollars and traded on recognized US exchanges include NASDAQ  | Authorized                  |
| Common and preferred Stock   | Authorized                  |
| Securities convertible into common and preferred stock   | Authorized                  |
| Rights and warrants  | Authorized                  |
| Depository receipts  | Authorized                  |
| Cash vehicle available through the trustee   | Authorized                  |
| <b>Restrictions</b>  | <b>Guideline</b>            |
| Maximum investment in an individual company  | 5% of account market value  |
| Maximum ownership of an individual company's outstanding shares  | 10%                         |
| Maximum cash or cash equivalent position   | 10% of account market value |
| Maximum position in preferred stocks   | 5% of account market value  |
| Maximum position in convertible securities   | 5% of account market value  |
| Maximum position in rights and warrants  | 10% of account market value |
| Maximum position in depository receipts  | 10% of account market value |
| Margined stocks  | Prohibited                  |
| Short sales  | Prohibited                  |
| Real or personal property  | Prohibited                  |
| Commodities or commodity contracts   | Prohibited                  |
| Swaps, options, or other derivatives   | Prohibited                  |
| Limited partnerships   | Prohibited                  |
| Venture capital  | Prohibited                  |
| Letter stock and other securities restricted as to public resale   | Prohibited                  |
| Borrowing and/or lending funds or securities   | Prohibited                  |
| Maximum position in dollar-denominated equity securities issued by non-US domiciled companies but traded on a recognized US exchange               | 10% of account market value |
| Investments with a market capitalization less than the smallest security or greater than the largest security in the Benchmark at time of purchase | Prohibited                  |
| Maximum position in investments with a market capitalization less than the smallest security or greater than the largest security in the Benchmark | 5% of account market value  |

| <b>Investment Guidelines - International Equity</b>  |                             |
|--|-----------------------------|
| <b>Authorized Investments:</b>   | <b>Status</b>               |
| Countries represented in the MSCI ACWI ex-US (net) benchmark   | Authorized                  |
| Equity securities of companies domiciled in countries represented in the MSCI ACWI ex-US (net) benchmark | Authorized                  |
| Common and Preferred Stock   | Authorized                  |
| Securities convertible into common and preferred stock   | Authorized                  |
| Rights and warrants  | Authorized                  |
| Depository receipts  | Authorized                  |
| Rule 144A securities   | Authorized                  |
| Foreign currency and currency forwards of countries allowable under the guidelines                       | Authorized                  |
| International index futures contracts used solely for hedging purposes                                   | Authorized                  |
| Cash vehicle available through the trustee   | Authorized                  |
|  |                             |
| <b>Restrictions:</b>   | <b>Guideline</b>            |
| Maximum investment in an individual company  | 5% of account market value  |
| Maximum ownership of an individual company's outstanding shares  | 10%                         |
| Maximum cash or cash equivalent position   | 10% of account market value |
| Maximum position in preferred stocks   | 5% of account market value  |
| Maximum position in convertible securities   | 5% of account market value  |
| Maximum position in rights and warrants  | 10% of account market value |
| Maximum position in private placement securities eligible for resale pursuant to Rule 144A               | 10% of account market value |
| Private placements outside of Rule 144A  | Prohibited                  |
| Maximum position in depository receipts  | 10% of account market value |
| Margined stocks  | Prohibited                  |
| Shorts sales   | Prohibited                  |
| Real or personal property  | Prohibited                  |
| Commodities or commodity contracts   | Prohibited                  |
| Swaps, options, or other derivatives   | Prohibited                  |
| Limited partnerships   | Prohibited                  |
| Venture capital  | Prohibited                  |
| Letter stock and other securities restricted as to public resale   | Prohibited                  |
| Foreign currency and currency forward contracts for hedging purposes                                     | Permitted                   |
| Use of derivatives to expose more than 100% of the net assets of the account to equity securities        | Prohibited                  |
| Net aggregate holdings of foreign currency exposure in excess of net assets of the account               | Prohibited                  |
| Borrowing and/or lending of funds or securities  | Prohibited                  |

| <b>Investment Guidelines - Private Equity</b>  |                        |
|--|------------------------|
| <b>Authorized Investments:</b>   | <b>Status</b>          |
| Private equity investments should be invested in institutionally-oriented, globally diversified fund-of-funds vehicles         | Authorized             |
| Buyout   | Authorized             |
| Venture Capital  | Authorized             |
| Special Situations   | Authorized             |
| Primary partnerships   | Authorized             |
| Secondary partnerships   | Authorized             |
| Direct / Co-investments  | Authorized             |
| <b>Restrictions:</b>   | <b>Guideline</b>       |
| Investment Vehicle   | Fund of funds only     |
| Allowable range for Total Private Equity investments:  |                        |
| Buyout   | 40% - 60%              |
| Venture Capital  | 0% - 30%               |
| Special Situations   | 10% - 40%              |
| Primary Partnerships   | Up to 100%             |
| Secondary Partnerships   | Up to 40%              |
| Direct / Co-investments  | Up to 20%              |
| Allowable geographic diversification for Total Private Equity investments:   |                        |
| United States  | 40% - 70%              |
| Europe   | 25% - 50%              |
| Latin America  | Up to 25%              |
| Asia / Pacific   | Up to 40%              |
| Vintage year diversification must be achieved within each fund of funds structure  | Minimum of three years |
| General Partners must demonstrate acceptance through retention of other institutionally-oriented clients                       | Required               |
| General Partners must have capital committed in the private partnership  | Required               |
| General Partner must have a track record demonstrating investment capabilities with previous funds of funds and sizable assets | Required               |

#### Guidelines for Commodities

This asset class is intended to be representative of a passively managed commodities portfolio. It requires staying current at all times with the objectives of the manager's investment policy for discretionary commodity portfolios and the requirements of these guidelines.

The manager may buy or sell futures, forwards, options and swaps on both individual commodities as well as the derivatives on commodity indices. Although this account is intended to be passively managed, should the account migrate to an active management strategy, a short duration fixed income portfolio will be maintained as collateral. The guidelines for investment grade fixed income portfolios contained herein must be followed.

A portion of this investment may hold cash and cash instruments, including short-term investment vehicles. Although certain

investments may exhibit characteristics of leveraged transactions, the overall commodities investments will be managed to produce an unleveraged return. The investment will not borrow money or use derivatives in a manner that has the purpose of creating investment leverage.

The firm responsible for managing these investments must be registered with the SEC. Specific investment guidelines will be reviewed and approved by the Investment Committee prior to the implementation of such an investment vehicle.

| <b>Investment Guidelines - Commodities</b>  |                             |
|---|-----------------------------|
| <b>Authorized Investments:</b>  | <b>Status</b>               |
| Securities represented in the DJ - UBS Commodity Index  | Authorized                  |
| Commodity Groups Currently Included in the Dow Jones-UBS Commodity Index  |                             |
| Energy  | Authorized                  |
| Agriculture   | Authorized                  |
| Industrial Metals   | Authorized                  |
| Precious Metals   | Authorized                  |
| Livestock   | Authorized                  |
| Commodities Currently Included in the Dow Jones-UBS Commodity Index<br>Aluminum, Coffee, Copper, Corn, Cotton, Crude Oil, Gold, Heating Oil, Lean Hogs, Live Cattle, Natural Gas, Nickel, Silver, Soybeans, Soybean Oil, Sugar, Unleaded Gasoline, Wheat and Zinc | Authorized                  |
| Futures, Forwards, Options and Total Return Swaps   | Authorized                  |
| Commodity or Commodity Contracts  | Authorized                  |
| <b>Restrictions:</b>  | <b>Guideline</b>            |
| Maximum weight to any commodity group   | 33% of account market value |
| Minimum weight to any single commodity  | 2% of account market value  |

#### Guidelines for Hedge Funds

The Absolute Return asset class shall be implemented through a fund-of-funds investment vehicle. The organization managing the fund-of-funds vehicle must be registered with the SEC. Specific investment guidelines will be reviewed and approved by the Investment Committee prior to the implementation of such an investment vehicle.

#### Guidelines for Commingled Investment Vehicles and/or Mutual Funds

Investment may be made in commingled vehicles and/or mutual funds in which a specified set of guidelines developed for a broad number of institutions are already predetermined. These investments will be managed in a manner consistent with the authorized investments and restrictions set forth herein. These guidelines will be reviewed and approved by the Investment Committee prior to the implementation of such an investment vehicle.

#### **IV. Asset Allocation Guidelines**

The long-term allocation guidelines herein are expressed in terms of a target and ranges for each asset class to provide sufficient flexibility to take advantage of shorter-term market opportunities as they may occur. The asset allocation shall be sufficiently diversified to maintain risk at a reasonable level without imprudently sacrificing return.

The target allocation to each asset class will differ between the various pools as denoted in a previous section of this Policy. The asset allocation of each of the individual investment pools and the total combined pool are summarized in **Appendix I – Asset Allocation Targets and Rebalancing Policy**.

## **V. Manager Selection**

For the Strategic Capital and Reserve Pools, the Investment Committee, with the guidance and recommendations of the consultant, is responsible for the selection and continued monitoring of qualified, competent investment managers in accordance with University policy and Florida law.

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

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

## **VI. Performance Measurement & Evaluation**

Investment objectives provide quantifiable standards to measure and evaluate the progress of both the investment pools and each individual investment manager. For the purpose of monitoring and evaluating the ongoing investment activity and results, both relative and comparative performance standards and objectives are defined.

Relative standards are used to review the return and risk at both the pool and individual manager level. The relative standards for the pool level will represent a target policy index that will be constructed from the relative market indices weighted by the Portfolio's target allocation to each asset class. Each individual investment manager will be evaluated relative to an appropriate benchmark. An appropriate benchmark is defined as an identifiable market index or a "normal" portfolio that is constructed to replicate the manager's investment style. Benchmarks for each investment manager are identified in the Individual Manager section of this document.

Comparative standards are used to evaluate the returns of both the pool and each of its asset class components.

Investment objectives are established to measure the long-term (3 to 5 years) results of the Total Pool and each investment manager. The Committee must recognize the limitations of reviewing results over short-term horizons; however, current performance can serve as an early indication of the Portfolio's progress toward meeting the more fundamental primary objectives.

The Portfolio's performance objectives may be divided into two components: objectives for the overall fund and objectives for the individual portfolio components. Both levels of objectives will be incorporated into quarterly reviews of the Portfolio's performance. The performance objectives for each individual investment pool and the Total Combined Pool are detailed in **Appendix II – Performance Objectives**.

## **REASON FOR POLICY (O\*)**

This document will provide the framework for the investment management of the Portfolio. Specifically, it will address:

- the general goals of the investment Portfolio
- the guidelines and parameters for the management of the Portfolio
- the asset allocation guidelines
- performance objectives

This Policy is intended to allow for sufficient flexibility in the management process to capture investment opportunities as they may occur, yet set forth reasonable parameters to ensure prudence and care in the execution of the investment program.

## RELATED INFORMATION (O\*)

### APPENDIX I – Asset Allocation Targets & Rebalancing Policy

#### Asset Allocation Guidelines

The asset allocation guidelines differ between the various pools, and are summarized as follows:

|                                 | <b>Working<br/>Capital Pool</b> | <b>Strategic<br/>Capital Pool</b> | <b>Reserve Pool</b> | <b>Total<br/>Combined<br/>Pool</b> |
|---------------------------------|---------------------------------|-----------------------------------|---------------------|------------------------------------|
| <b>% of Total Combined Pool</b> | <b>30%</b>                      | <b>60%</b>                        | <b>10%</b>          | <b>100%</b>                        |
| Cash Equivalents                | 40.00%                          | 0.00%                             | 0.00%               | 12.00%                             |
| Short-Int. Fixed Income         | 60.00%                          | 0.00%                             | 0.00%               | 18.00%                             |
| Fixed Income (Inv. Grade)       | 0.00%                           | 29.50%                            | 29.50%              | 20.65%                             |
| High Yield                      | 0.00%                           | 10.00%                            | 10.00%              | 7.00%                              |
| <b>Total Fixed Income</b>       | <b>100.00%</b>                  | <b>39.50%</b>                     | <b>39.50%</b>       | <b>57.65%</b>                      |
| TIPS                            | 0.00%                           | 14.00%                            | 14.00%              | 9.80%                              |
| Commodities                     | 0.00%                           | 10.00%                            | 10.00%              | 7.00%                              |
| REITS                           | 0.00%                           | 5.50%                             | 5.50%               | 3.85%                              |
| <b>Total Real Assets</b>        | <b>0.00%</b>                    | <b>29.50%</b>                     | <b>29.50%</b>       | <b>20.65%</b>                      |
| Domestic Equity                 | 0.00%                           | 5.50%                             | 5.50%               | 3.85%                              |
| International Equity            | 0.00%                           | 5.50%                             | 5.50%               | 3.85%                              |
| Private Equity                  | 0.00%                           | 10.00%                            | 10.00%              | 7.00%                              |
| <b>Total Equity</b>             | <b>0.00%</b>                    | <b>21.00%</b>                     | <b>21.00%</b>       | <b>14.70%</b>                      |
| <b>Absolute Return</b>          | <b>0.00%</b>                    | <b>10.00%</b>                     | <b>10.00%</b>       | <b>7.00%</b>                       |
| <b>Total</b>                    | <b>100.00%</b>                  | <b>100.00%</b>                    | <b>100.00%</b>      | <b>100.00%</b>                     |

#### Asset Allocation Ranges and Rebalancing

Asset allocation refers to the strategic deployment of assets among the major classes of investments such as domestic equity, fixed income and cash equivalents. The asset allocation decision reflects the Portfolio's return requirements as well as the Portfolio's tolerance for return variability (risk) within the context of the expected liabilities of the fund. Asset allocation is widely recognized and accepted as the primary source of return and risk for an investment program. It is used for setting the parameters for long term risk and return in order to meet the University's long-term financial objectives.

The tables below set forth the asset allocation for the Portfolio, the strategic target weights and the allowable ranges around the target weights:

| <b><u>Total Combined Pool</u></b> | <b><u>Target (%)</u></b> | <b><u>Minimum (%)</u></b> | <b><u>Maximum (%)</u></b> |
|-----------------------------------|--------------------------|---------------------------|---------------------------|
| Working Capital Pool              | 30.00                    | 25.00                     | 93.00                     |
| Strategic Capital Pool            | 60.00                    | 0.00                      | 70.00                     |
| Reserve Pool                      | 10.00                    | 7.00                      | 20.00                     |

| <b><u>Working Capital Pool</u></b> | <b><u>Target (%)</u></b> | <b><u>Minimum (%)</u></b> | <b><u>Maximum (%)</u></b> |
|------------------------------------|--------------------------|---------------------------|---------------------------|
| Cash Equivalents                   | 40.00                    | 0.00                      | 100.00                    |
| Short Term Fixed Income            | 60.00                    | 0.00                      | 90.00                     |

| <b><u>Strategic Capital Pool</u></b> | <b><u>Target (%)</u></b> | <b><u>Minimum (%)</u></b> | <b><u>Maximum (%)</u></b> |
|--------------------------------------|--------------------------|---------------------------|---------------------------|
| Cash Equivalents                     | 0.00                     | 0.00                      | 5.00                      |
| Fixed Income (Investment Grade)      | 29.50                    | 20.50                     | 34.50                     |
| TIPS                                 | 14.00                    | 5.00                      | 19.00                     |
| Absolute Return                      | 10.00                    | 5.00                      | 15.00                     |
| High Yield                           | 10.00                    | 5.00                      | 15.00                     |
| Commodities                          | 10.00                    | 7.50                      | 12.50                     |
| REITS                                | 5.50                     | 3.00                      | 12.00                     |
| International Equity                 | 5.50                     | 2.50                      | 8.50                      |
| Domestic Equity                      | 5.50                     | 2.50                      | 8.50                      |
| Private Equity                       | 10.00                    | 5.00                      | 15.00                     |
| <b><u>Reserve Pool</u></b>           | <b><u>Target (%)</u></b> | <b><u>Minimum (%)</u></b> | <b><u>Maximum (%)</u></b> |
| Cash Equivalents                     | 0.00                     | 0.00                      | 5.00                      |
| Fixed Income (Investment Grade)      | 29.50                    | 20.50                     | 34.50                     |
| TIPS                                 | 14.00                    | 5.00                      | 19.00                     |
| Absolute Return                      | 10.00                    | 5.00                      | 15.00                     |
| High Yield                           | 10.00                    | 5.00                      | 15.00                     |
| Commodities                          | 10.00                    | 7.50                      | 12.50                     |
| REITS                                | 5.50                     | 3.00                      | 12.00                     |
| International Equity                 | 5.50                     | 2.50                      | 8.50                      |
| Domestic Equity                      | 5.50                     | 2.50                      | 8.50                      |
| Private Equity                       | 10.00                    | 5.00                      | 15.00                     |

Portfolio rebalancing is designed to provide a disciplined approach to control the risk exposure of the Portfolio to the investment categories that have deviated from the established target policy weights. Rebalancing parameters are addressed at the asset class level. Rebalancing requires a reallocation to be made whenever the quarter-end allocations exceed the minimum or maximum allocations specified above. Naturally occurring cash flows shall be used to the fullest extent possible to minimize transaction costs and rebalance toward policy targets.

The funding of the private equity asset class occurs over the term of the investment. In order to maintain the Policy's overall target allocation to equity, the Portfolio may maintain an overweight (or underweight) position to public equity no greater than the corresponding underweight (or overweight) target allocation to private equity. The staff and consultants will annually review the rebalancing to take into account the funding of private equity.

## **Appendix II – Performance Objectives**

The performance objectives for the overall fund are threefold:

1. objective relative to asset allocation targets
2. objective relative to capital market assumptions
3. objective relative to inflation

The first objective results in a comparative index that reflects the University's unique asset allocation policy (see example in Table 1). Exceeding this objective indicates that the active management of the various portfolio components has added value over a passively-managed fund with a similar asset mix. The second objective, to compare asset class performance to the capital market assumptions, ensures that the asset mix continues to achieve the long-term goals of the Portfolio. The inflation objective requires that the investment performance provide an adequate real return over the expected rate of inflation, the primary driver of costs.

Individual portfolio components also have performance objectives reflecting the unique investment style of each category. The investment style and performance benchmarks are also shown below:

**Five-Year Performance Objectives Methodology**

Relative to asset allocation targets, indexes that represent appropriate asset classes

|                         |   |  |
|-------------------------|---|--|
| Target Portfolio Weight | x | Representative cash equivalent portfolio |
| Target Portfolio Weight | x | Investment grade fixed income index      |
| Target Portfolio Weight | x | TIPS index                               |
| Target Portfolio Weight | x | Absolute return benchmark                |
| Target Portfolio Weight | x | High yield fixed income index            |
| Target Portfolio Weight | x | Global REIT Index                        |
| Target Portfolio Weight | x | Commodity Index                          |
| Target Portfolio Weight | x | Broad U.S equity index                   |
| Target Portfolio Weight | x | International equity index               |
| Target Portfolio Weight | x | Private equity benchmark                 |
| 100.00%                 |   | Total Portfolio Benchmark                |

**Total Combined Pool Objectives** (net of all fees and costs)

Relative to asset allocation targets, index weighted by:

|         |   |  |
|---------|---|--|
| 30.00%  | x | 91-Day Treasury Bill rate                                  |
| 20.65%  | x | Barclays U.S. Aggregate Bond Index                         |
| 9.80%   | x | Barclays TIPS Index  |
| 7.00%   | x | ML High Yield Master II Index                              |
| 7.00%   | x | CPI + 3.25% ( <i>Absolute Return benchmark</i> )           |
| 7.00%   | x | Dow Jones - UBS Commodity Index                            |
| 3.85%   | x | FTSE EPRA / NAREIT Developed Real Estate                   |
| 3.85%   | x | Wilshire 5000 Index (US Equity broad market)               |
| 3.85%   | x | MSCI All Country World ex-U.S. Index (int'l equity market) |
| 7.00%   | x | Wilshire 5000 (1-quarter lag) + 3%                         |
| 100.00% |   | Total Combined Pool Benchmark                              |

Relative to inflation: Consumer Price Index + 3.5%

**Working Capital Pool Objectives** (net of all fees and costs)

Relative to asset allocation targets, index weighted by:

|         |   |                                |
|---------|---|--------------------------------|
| 100.00% | x | 91-Day Treasury Bill rate      |
| 100.00% |   | Working Capital Pool Benchmark |

**Strategic Capital and Reserve Pool Objectives** (net of all fees and costs)

Relative to asset allocation targets, index weighted by:

|         |   |  |
|---------|---|--|
| 29.50%  | x | Barclays U.S. Aggregate Bond Index                         |
| 14.00%  | x | Barclays TIPS Index  |
| 10.00%  | x | CPI + 3.25% ( <i>Absolute Return benchmark</i> )           |
| 10.00%  | x | ML High Yield Master II Index                              |
| 5.50%   | x | FTSE EPRA / NAREIT Developed Real Estate                   |
| 10.00%  | x | Dow Jones – UBS Commodity Index                            |
| 5.50%   | x | Wilshire 5000 Index (US Equity broad market)               |
| 5.50%   | x | MSCI All Country World ex-U.S. Index (int'l equity market) |
| 10.00%  | x | Wilshire 5000 (1-quarter lag) + 3%                         |
| 100.00% |   | Strategic Capital or Reserve Pool Benchmark                |



Relative to capital market assumptions: (Wilshire's Asset Allocation Return and Risk Assumptions, most recent published date or equivalent.)

**Expected Return (%)**

|                      |       |
|----------------------|-------|
| Cash Equivalents     | 1.55  |
| Fixed Income         | 3.25  |
| TIPS                 | 2.60  |
| Absolute Return      | 5.80  |
| High Yield           | 5.15  |
| REITs                | 5.30  |
| Commodities          | 4.55  |
| U.S Equity           | 7.75  |
| International Equity | 8.00  |
| Private Equity       | 10.75 |

**Inflation at 2.55%**

**RESPONSIBILITIES (O\*)**

**LEGAL AUTHORITY:**

The BOT is authorized to adopt an Investment Policy pursuant to Section 1011.42 and 218.415 of the Florida Statutes.

**HISTORY (R\*)**

Effective Date: June 29, 2005; Revision Date(s): September 11, 2007; March 12, 2008; March 30, 2009; June 12, 2009; September 24, 2010, March 14, 2012 and September 10, 2013.

**RESPONSIBLE UNIVERSITY DIVISION/DEPARTMENT (R\*)**

Office of the Treasurer  
Finance and Administration

**RESPONSIBLE ADMINISTRATIVE OVERSIGHT (R\*)**

University Treasurer  
Florida International University  
11200 S.W. Eighth Street, MARC 110  
Miami, Florida 33199  
Telephone: (305) 348-2544  
Facsimile: (305) 348-2990

The University Policies and Procedures Library is updated regularly. In order to ensure a printed copy of this document is current, please access it online at <http://policies.fiu.edu/>.

For any questions or comments, the "Document Details" view for this policy online provides complete contact information.

**FORMS/ONLINE PROCESSES (O\*)**

Links to the above referenced Form(s) available in the "Document Details" Section of the online version of this policy document.

**\*R = Required \*O = Optional**

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*University Community (faculty, staff and students)*

| SUBJECT (R*)      | EFFECTIVE DATE (R*) | POLICY NUMBER (O*) |
|-------------------|---------------------|--------------------|
| INVESTMENT POLICY | June 29, 2005       | 1160.010           |

**POLICY STATEMENT (R\*)**

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

The investment of the University’s operating funds investment pool (the “Portfolio”) shall be based on an analysis that will, at a minimum, consider:

- the financial condition of the University
- the expected long term capital market outlook
- the University’s risk tolerance
- future planned capital expenditures and cash requirements
- debt service requirements
- current and projected expenses
- inflation

The financial plan measures the potential impact of alternative investment policies in terms of risk and return based on various levels of asset diversification and the current and projected cash flows of the Portfolio.

**I. GENERAL INVESTMENT GOALS AND OBJECTIVES**

The general investment goals established herein are designed to broadly take into account the purpose of the Portfolio and articulate the philosophy and parameters by which the University will manage the Portfolio’s assets.

The overall goal of the Portfolio is to provide funds through a carefully planned and executed investment program necessary for regular expenses, capital expenditures and overall liquidity needs. There are both short term liquidity needs and longer term needs that allow for some incremental longer term growth of these assets. Specifically, the Portfolio shall be managed with the following objectives:

- i. Maintain the safety of the principal;
- ii. Maintain the necessary liquidity to ensure funds are available to support operational needs;
- iii. Obtain a reasonable return for a prudent level of risk.

The University seeks to produce a return on investment which is based on levels of operating liquidity needs and investment risk that are prudent and reasonable, given prevailing capital market conditions. While the University recognizes the importance of the preservation of capital, it also adheres to the theory of capital market pricing which maintains that varying degrees of investment risk should be rewarded with compensating returns.

**II. GOVERNANCE**

**BOT Finance and Audit Committee**

The Florida International University Board of Trustees (“BOT”) is responsible for the oversight and approval of this Policy (and any amendments thereto) and oversight of the University's implementation of the Policy.

This Policy addresses specifics relating to:

- investment goals and objectives
- asset allocation policy targets specifying minimum and maximum ranges
- rebalancing policy
- selection of investment managers
- authorized investments

### **Investment Committee**

The BOT's Investment Committee recognizes that matters concerning the investment of the operating fund assets owned by the University merit serious attention and frequent consideration. The Investment Committee, at a minimum, will consist of:

- An individual designated by the BOT,
- The Chief Financial Officer of the University,
- The Treasurer of the University and
- A representative from University academics.

In addition, the Investment Committee may include up to two business community representatives and other representatives with specific expertise in investment and portfolio management to strengthen the Committee's capabilities. The need for adding members will be determined by the Chair of the BOT, in consultation with the Chair of the Finance and Audit Committee.

The Investment Committee, with the guidance and recommendations of the investment consultant hired by the University, is responsible for:

- directing all of its efforts toward the investment objectives stated herein
- performing at least annually a review of the investment objectives stated herein
- ensuring that the objectives stated in this Policy are practical and reflect the mission of the University
- hiring an investment consultant, consistent with University procurement requirements
- implementing and monitoring the asset allocation policy
- conducting an annual formal review of the investment structure
- developing an updated financial projection a minimum of every three years
- selecting and monitoring of qualified, competent investment managers
- terminating investment managers failing to maintain acceptable quantitative (e.g. risk/return profile) and/or qualitative (e.g. organizational changes) standards
- developing and reviewing the objectives and guidelines given to each specific investment manager
- meeting at least quarterly to review the results of the investment portfolios
- determining whether the investment objectives set forth herein are being met and whether the investment guidelines are being followed
- providing the BOT with regular performance reports on the investment portfolios
- completing annually eight (8) hours of continuing education in subjects or courses of study related to investment practices and products, or the Chief Financial officer shall complete this requirement.

### **Staff**

The staff is an integral part of the day-to-day requirements of the operating portfolio. The staff has the responsibility of administering and coordinating the implementation of decisions made by the Investment Committee and the BOT. The staff is responsible for:

- administering the investments of the Portfolio at the lowest possible cost, being careful to avoid sacrificing quality
- administering the rebalancing policy
- day-to-day interaction with the consultants and investment managers

### **III. INVESTMENT GUIDELINES**

The investment guidelines set forth herein establish parameters for the Portfolio and for the University's investment managers to

follow in implementing their respective investment strategies. These guidelines address asset allocation, restricted transactions, diversification, quality and turnover.

#### **A. Investment Pools\***

##### **TOTAL COMBINED POOL**

This pool is the overall combined investments of the Portfolio. In its entirety, it is intended to satisfy the overall objectives and constraints set forth in this Policy. The Total Combined Pool is divided into three distinct pools; each pool has a different investment time horizon, investment objective and minimum and maximum asset class allocations.

##### **WORKING CAPITAL POOL**

This pool is intended to provide for the immediate normal operating requirements of the University (funds awaiting clearance), and other short-term investments of the University. This pool includes funds that must be invested in a restricted manner in accordance with federal and/or state law.

##### **STRATEGIC CAPITAL POOL**

This pool is intended to be invested over the medium-term, as the cash needs of this pool are intermediate and long-term in nature.

##### **RESERVE POOL**

This pool encompasses a state-mandated unencumbered reserve. This pool is intended to be invested over the medium-longer term.

\*University and affiliated-organization bond proceeds are outside the purview of this Policy and will be invested in compliance with all relevant federal and state laws.

#### **B. Asset Class/Category Characteristics**

##### **CASH EQUIVALENTS**

The purpose of the cash equivalents portfolio is to provide liquidity to fund operational expenses, debt service and other short term cash needs.

##### **FIXED INCOME**

###### **Investment Grade**

This asset class is intended to be representative of the overall U.S. investment grade bond market. The purpose of the fixed income asset class is to provide a high level of current income to provide liquidity for intermediate cash flow needs and to provide diversification benefits during periods of a stock market decline.

###### **High Yield**

This asset class is intended to be representative of the non-investment grade U.S. bond market (bonds rated BB or lower). The purpose of this fixed income asset class is to provide a higher level of current income to compensate for the additional level of credit risk employed. The purpose of this asset class is to provide some return enhancement and diversification benefit in order for the Portfolio to realize long-term growth above inflation.

##### **EQUITIES**

###### **U.S. Equity**

This asset class is intended to be representative of the overall U.S. stock market. The purpose of the equity asset class is to provide a high level of capital appreciation in order for the Portfolio to realize long-term growth above inflation.

###### **International Equity**

The purpose of the international equity asset class is to provide exposure to equities in international equity markets. Exposure to

international equities enhances returns of the combined equity portfolio while reducing return volatility.

#### Private Equity

The purpose of the private equity asset class is to provide a global exposure to private equity markets that is diversified by geography, investment type (venture capital, growth equity, buyout, mezzanine, distressed and special situations) and vintage year. Exposure to the private equity market is expected to provide access to outsized returns as compared to the public equity market.

### REAL ASSETS

#### Treasury Inflation Protected Securities (TIPS)

This asset class is intended to be representative of the fixed income investments in which the principal is adjusted periodically based on changes in CPI. The purpose of the TIPS asset class is to provide fixed income returns with the additional diversification benefits of inflation protection.

#### Real Estate Investment Trusts (REITS)

This asset class is intended to be representative of the Real Estate Investment Trust market. The purpose of the REIT asset class is to provide a higher level of current income and capital appreciation than fixed income with diversification benefits from its low correlation to both stocks and bonds.

#### Commodities

This asset class is intended to be a passively managed representation of a direct investment in a diversified commodities strategy. A direct investment is either through the purchase of the physical commodity (e.g., crude oil, metals) or the purchase of derivatives (e.g., futures). The principal roles for commodities in the Portfolio are as a risk diversifier, and an inflation hedge, providing an expected offset to assets such as fixed rate instruments, which typically lose value during periods of unexpected inflation.

### ABSOLUTE RETURN

This asset class is intended to be representative of a broadly diversified hedge fund strategy intended to provide an “absolute return” in any market environment with low to intermediate level of risk. This strategy is intended to provide modest return enhancement to that of fixed income with diversification benefits derived from its low correlation to other asset classes.

### **C. Authorized Investments and Restrictions**

The following authorized investments and restrictions establish the parameters the University’s investment managers must follow in implementing their respective investment strategies. Each underlying manager will have a specific set of guidelines that may be more restrictive than those set forth herein.

| <b>Investment Guidelines - Investment Grade Fixed Income</b>   |                             |
|--|-----------------------------|
| <b>Authorized Investments:</b>   | <b>Status</b>               |
| Fixed Income securities issued in the U.S. investment grade bond market<br>Rule 144A securities with registration rights | Authorized<br>Authorized    |
| Non dollar securities and securities of issuers outside the U.S.   | Authorized                  |
| U.S. Treasury, Agency, Eurodollar, and Swap financials futures   | Authorized                  |
| Interest rate swaps  | Authorized                  |
| Options on securities otherwise allowable under the guidelines   | Authorized                  |
| Agency mortgage dollar rolls   | Authorized                  |
| Cash vehicle through trustee   | Authorized                  |
| <b>Restrictions:</b>   | <b>Guideline</b>            |
| Maximum invested in securities not paying in US dollars  | 10% of account market value |
| Maximum invested in issuers domiciled outside the US   | 10% of account market value |
| Maximum invested in non US dollar-denominated assets   | 10% of account market value |
| Cross-currency hedging   | Prohibited                  |
| Rated by both S&P Moody's (except US government and agency securities)   | Required                    |
| Rated BBB-/Baa3 or higher at time of purchase  | Required                    |
| Convertible securities and preferred stocks  | Prohibited                  |
| Maximum position in securities not rated or rated BB+ /Bal or lower  | 5% of account market value  |
| Collateralized securities must have a credit quality rated AAA by S&P and rated Aaa by Moody's                           | Required                    |
| Interest-only (IO) securities  | Prohibited                  |
| Collateralized Bond Obligations, Collateralized Debt Obligations, and Collateralized Loan Obligations                    | Prohibited                  |
| Credit derivatives   | Prohibited                  |
| Maximum per any one issuer   | 5% of account market value  |
| Maximum duration exposure derived from futures, options or swaps   | 20%                         |
| Borrowing and/or lending of funds or securities  | Prohibited                  |
| Leverage   | Prohibited                  |

| <b>Investment Guidelines - High Yield Fixed Income</b>  |                            |
|---|----------------------------|
| <b>Authorized Investments:</b>  | <b>Status</b>              |
| Registered high yield and Rule 144A, with registration rights, fixed income securities and debt obligations issued by public, corporate, and sovereign entities   | Authorized                 |
| Securities issue or guaranteed by the US government, its agencies and instrumentalities   | Authorized                 |
| Forward contracts on "eligible" securities  | Authorized                 |
| Common stock, preferred stock and options or warrants to purchase common or preferred stock only where included in a unit with, or attached to, fixed income securities or upon conversion of a convertible security or exercise of a warrant or option or received in a reorganization | Authorized                 |
| Convertible securities and preferred stocks, if most of their value is attributable to their yield and other fixed income features  | Authorized                 |
| Cash vehicle through trustee  | Authorized                 |
| <b>Restrictions:</b>  | <b>Guideline</b>           |
| Maximum position in an individual security (excluding Government securities)  | 5% of account market value |
| Maximum position in any one issuer (excluding Government securities)  | 5% of account market value |
| Maximum position in Rule 144A, with registration rights, securities   | 5% of account market value |
| Maximum position in emerging market debt (corporate or sovereign debt of countries with credit rating BB+/Ball or lower)  | 5% of account market value |
| Purchase of securities on margin  | Prohibited                 |
| Short sales   | Prohibited                 |
| Securities lending  | Prohibited                 |
| Employ leverage   | Prohibited                 |
| Structured securities (e.g. ABS, CMBS, CDO) except for equipment trust certificates   | Prohibited                 |
| Maximum position in equipment trust certificates  | 5% of account market value |
| Investment in direct real estate or real estate mortgage loans  | Prohibited                 |
| Debt issued by corporate entities involved in real estate otherwise allowed under these guidelines  | Permitted                  |
| Investment in commodities or commodity contracts  | Prohibited                 |
| All securities at the time of purchase must be rated single-B or higher by both S&P and Moody's (securities issued w/o rating are exempt if one can be reasonable expected within one month of issuance)  | Required                   |
| Maximum invested in securities not rated single-B or higher by both S&P and Moody's and any equity securities received into the account   | 5% of account market value |



| <b>Investment Guidelines - US Equity</b>   |                             |
|--|-----------------------------|
| <b>Authorized Investments:</b>   | <b>Status</b>               |
| Equity denominated in US dollars and traded on recognized US exchanges include NASDAQ  | Authorized                  |
| Common and preferred Stock   | Authorized                  |
| Securities convertible into common and preferred stock   | Authorized                  |
| Rights and warrants  | Authorized                  |
| Depository receipts  | Authorized                  |
| Cash vehicle available through the trustee   | Authorized                  |
|  |                             |
| <b>Restrictions</b>  | <b>Guideline</b>            |
| Maximum investment in an individual company  | 5% of account market value  |
| Maximum ownership of an individual company's outstanding shares  | 10%                         |
| Maximum cash or cash equivalent position   | 10% of account market value |
| Maximum position in preferred stocks   | 5% of account market value  |
| Maximum position in convertible securities   | 5% of account market value  |
| Maximum position in rights and warrants  | 10% of account market value |
| Maximum position in depository receipts  | 10% of account market value |
| Margined stocks  | Prohibited                  |
| Short sales  | Prohibited                  |
| Real or personal property  | Prohibited                  |
| Commodities or commodity contracts   | Prohibited                  |
| Swaps, options, or other derivatives   | Prohibited                  |
| Limited partnerships   | Prohibited                  |
| Venture capital  | Prohibited                  |
| Letter stock and other securities restricted as to public resale   | Prohibited                  |
| Borrowing and/or lending funds or securities   | Prohibited                  |
| Maximum position in dollar-denominated equity securities issued by non-US domiciled companies but traded on a recognized US exchange               | 10% of account market value |
| Investments with a market capitalization less than the smallest security or greater than the largest security in the Benchmark at time of purchase | Prohibited                  |
| Maximum position in investments with a market capitalization less than the smallest security or greater than the largest security in the Benchmark | 5% of account market value  |

| <b>Investment Guidelines - International Equity</b>  |                             |
|--|-----------------------------|
| <b>Authorized Investments:</b>   | <b>Status</b>               |
| Countries represented in the MSCI ACWI ex-US (net) benchmark   | Authorized                  |
| Equity securities of companies domiciled in countries represented in the MSCI ACWI ex-US (net) benchmark | Authorized                  |
| Common and Preferred Stock   | Authorized                  |
| Securities convertible into common and preferred stock   | Authorized                  |
| Rights and warrants  | Authorized                  |
| Depository receipts  | Authorized                  |
| Rule 144A securities   | Authorized                  |
| Foreign currency and currency forwards of countries allowable under the guidelines                       | Authorized                  |
| International index futures contracts used solely for hedging purposes                                   | Authorized                  |
| Cash vehicle available through the trustee   | Authorized                  |
|  |                             |
| <b>Restrictions:</b>   | <b>Guideline</b>            |
| Maximum investment in an individual company  | 5% of account market value  |
| Maximum ownership of an individual company's outstanding shares  | 10%                         |
| Maximum cash or cash equivalent position   | 10% of account market value |
| Maximum position in preferred stocks   | 5% of account market value  |
| Maximum position in convertible securities   | 5% of account market value  |
| Maximum position in rights and warrants  | 10% of account market value |
| Maximum position in private placement securities eligible for resale pursuant to Rule 144A               | 10% of account market value |
| Private placements outside of Rule 144A  | Prohibited                  |
| Maximum position in depository receipts  | 10% of account market value |
| Margined stocks  | Prohibited                  |
| Shorts sales   | Prohibited                  |
| Real or personal property  | Prohibited                  |
| Commodities or commodity contracts   | Prohibited                  |
| Swaps, options, or other derivatives   | Prohibited                  |
| Limited partnerships   | Prohibited                  |
| Venture capital  | Prohibited                  |
| Letter stock and other securities restricted as to public resale   | Prohibited                  |
| Foreign currency and currency forward contracts for hedging purposes                                     | Permitted                   |
| Use of derivatives to expose more than 100% of the net assets of the account to equity securities        | Prohibited                  |
| Net aggregate holdings of foreign currency exposure in excess of net assets of the account               | Prohibited                  |
| Borrowing and/or lending of funds or securities  | Prohibited                  |

| <b>Investment Guidelines - Private Equity</b>  |                        |
|--|------------------------|
| <b>Authorized Investments:</b>   | <b>Status</b>          |
| Private equity investments should be invested in institutionally-oriented, globally diversified fund-of-funds vehicles         | Authorized             |
| Buyout   | Authorized             |
| Venture Capital  | Authorized             |
| Special Situations   | Authorized             |
| Primary partnerships   | Authorized             |
| Secondary partnerships   | Authorized             |
| Direct / Co-investments  | Authorized             |
| <b>Restrictions:</b>   | <b>Guideline</b>       |
| Investment Vehicle   | Fund of funds only     |
| Allowable range for Total Private Equity investments:  |                        |
| Buyout   | 40% - 60%              |
| Venture Capital  | 0% - 30%               |
| Special Situations   | 10% - 40%              |
| Primary Partnerships   | Up to 100%             |
| Secondary Partnerships   | Up to 40%              |
| Direct / Co-investments  | Up to 20%              |
| Allowable geographic diversification for Total Private Equity investments:   |                        |
| United States  | 40% - 70%              |
| Europe   | 25% - 50%              |
| Latin America  | Up to 25%              |
| Asia / Pacific   | Up to 40%              |
| Vintage year diversification must be achieved within each fund of funds structure  | Minimum of three years |
| General Partners must demonstrate acceptance through retention of other institutionally-oriented clients                       | Required               |
| General Partners must have capital committed in the private partnership  | Required               |
| General Partner must have a track record demonstrating investment capabilities with previous funds of funds and sizable assets | Required               |

#### Guidelines for Commodities

This asset class is intended to be representative of a passively managed commodities portfolio. It requires staying current at all times with the objectives of the manager's investment policy for discretionary commodity portfolios and the requirements of these guidelines.

The manager may buy or sell futures, forwards, options and swaps on both individual commodities as well as the derivatives on commodity indices. Although this account is intended to be passively managed, should the account migrate to an active management strategy, a short duration fixed income portfolio will be maintained as collateral. The guidelines for investment grade fixed income portfolios contained herein must be followed.

A portion of this investment may hold cash and cash instruments, including short-term investment vehicles. Although certain

investments may exhibit characteristics of leveraged transactions, the overall commodities investments will be managed to produce an unleveraged return. The investment will not borrow money or use derivatives in a manner that has the purpose of creating investment leverage.

The firm responsible for managing these investments must be registered with the SEC. Specific investment guidelines will be reviewed and approved by the Investment Committee prior to the implementation of such an investment vehicle.

| <b>Investment Guidelines - Commodities</b>  |                             |
|---|-----------------------------|
| <b>Authorized Investments:</b>  | <b>Status</b>               |
| Securities represented in the DJ - UBS Commodity Index  | Authorized                  |
| Commodity Groups Currently Included in the Dow Jones-UBS Commodity Index  |                             |
| Energy  | Authorized                  |
| Agriculture   | Authorized                  |
| Industrial Metals   | Authorized                  |
| Precious Metals   | Authorized                  |
| Livestock   | Authorized                  |
| Commodities Currently Included in the Dow Jones-UBS Commodity Index<br>Aluminum, Coffee, Copper, Corn, Cotton, Crude Oil, Gold, Heating Oil, Lean Hogs, Live Cattle, Natural Gas, Nickel, Silver, Soybeans, Soybean Oil, Sugar, Unleaded Gasoline, Wheat and Zinc | Authorized                  |
| Futures, Forwards, Options and Total Return Swaps   | Authorized                  |
| Commodity or Commodity Contracts  | Authorized                  |
| <b>Restrictions:</b>  | <b>Guideline</b>            |
| Maximum weight to any commodity group   | 33% of account market value |
| Minimum weight to any single commodity  | 2% of account market value  |

#### Guidelines for Hedge Funds

The Absolute Return asset class shall be implemented through a fund-of-funds investment vehicle. The organization managing the fund-of-funds vehicle must be registered with the SEC. Specific investment guidelines will be reviewed and approved by the Investment Committee prior to the implementation of such an investment vehicle.

#### Guidelines for Commingled Investment Vehicles and/or Mutual Funds

Investment may be made in commingled vehicles and/or mutual funds in which a specified set of guidelines developed for a broad number of institutions are already predetermined. These investments will be managed in a manner consistent with the authorized investments and restrictions set forth herein. These guidelines will be reviewed and approved by the Investment Committee prior to the implementation of such an investment vehicle.

#### **IV. Asset Allocation Guidelines**

The long-term allocation guidelines herein are expressed in terms of a target and ranges for each asset class to provide sufficient flexibility to take advantage of shorter-term market opportunities as they may occur. The asset allocation shall be sufficiently diversified to maintain risk at a reasonable level without imprudently sacrificing return.

The target allocation to each asset class will differ between the various pools as denoted in a previous section of this Policy. The asset allocation of each of the individual investment pools and the total combined pool are summarized in **Appendix I – Asset Allocation Targets and Rebalancing Policy**.

## **V. Manager Selection**

For the Strategic Capital and Reserve Pools, the Investment Committee, with the guidance and recommendations of the consultant, is responsible for the selection and continued monitoring of qualified, competent investment managers in accordance with University policy and Florida law.

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

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

## **VI. Performance Measurement & Evaluation**

Investment objectives provide quantifiable standards to measure and evaluate the progress of both the investment pools and each individual investment manager. For the purpose of monitoring and evaluating the ongoing investment activity and results, both relative and comparative performance standards and objectives are defined.

Relative standards are used to review the return and risk at both the pool and individual manager level. The relative standards for the pool level will represent a target policy index that will be constructed from the relative market indices weighted by the Portfolio's target allocation to each asset class. Each individual investment manager will be evaluated relative to an appropriate benchmark. An appropriate benchmark is defined as an identifiable market index or a "normal" portfolio that is constructed to replicate the manager's investment style. Benchmarks for each investment manager are identified in the Individual Manager section of this document.

Comparative standards are used to evaluate the returns of both the pool and each of its asset class components.

Investment objectives are established to measure the long-term (3 to 5 years) results of the Total Pool and each investment manager. The Committee must recognize the limitations of reviewing results over short-term horizons; however, current performance can serve as an early indication of the Portfolio's progress toward meeting the more fundamental primary objectives.

The Portfolio's performance objectives may be divided into two components: objectives for the overall fund and objectives for the individual portfolio components. Both levels of objectives will be incorporated into quarterly reviews of the Portfolio's performance. The performance objectives for each individual investment pool and the Total Combined Pool are detailed in **Appendix II – Performance Objectives**.

## **REASON FOR POLICY (O\*)**

This document will provide the framework for the investment management of the Portfolio. Specifically, it will address:

- the general goals of the investment Portfolio
- the guidelines and parameters for the management of the Portfolio
- the asset allocation guidelines
- performance objectives

This Policy is intended to allow for sufficient flexibility in the management process to capture investment opportunities as they may occur, yet set forth reasonable parameters to ensure prudence and care in the execution of the investment program.

## RELATED INFORMATION (O\*)

### APPENDIX I – Asset Allocation Targets & Rebalancing Policy

#### Asset Allocation Guidelines

The asset allocation guidelines differ between the various pools, and are summarized as follows:

|                                 | <b>Working<br/>Capital Pool</b> | <b>Strategic<br/>Capital Pool</b> | <b>Reserve Pool</b> | <b>Total<br/>Combined<br/>Pool</b> |
|---------------------------------|---------------------------------|-----------------------------------|---------------------|------------------------------------|
| <b>% of Total Combined Pool</b> | <b>30%</b>                      | <b>60%</b>                        | <b>10%</b>          | <b>100%</b>                        |
| Cash Equivalents                | 40.00%                          | 0.00%                             | 0.00%               | 12.00%                             |
| Short-Int. Fixed Income         | 60.00%                          | 0.00%                             | 0.00%               | 18.00%                             |
| Fixed Income (Inv. Grade)       | 0.00%                           | 29.50%                            | 29.50%              | 20.65%                             |
| High Yield                      | 0.00%                           | 10.00%                            | 10.00%              | 7.00%                              |
| <b>Total Fixed Income</b>       | <b>100.00%</b>                  | <b>39.50%</b>                     | <b>39.50%</b>       | <b>57.65%</b>                      |
| TIPS                            | 0.00%                           | 14.00%                            | 14.00%              | 9.80%                              |
| Commodities                     | 0.00%                           | 10.00%                            | 10.00%              | 7.00%                              |
| REITS                           | 0.00%                           | 5.50%                             | 5.50%               | 3.85%                              |
| <b>Total Real Assets</b>        | <b>0.00%</b>                    | <b>29.50%</b>                     | <b>29.50%</b>       | <b>20.65%</b>                      |
| Domestic Equity                 | 0.00%                           | 5.50%                             | 5.50%               | 3.85%                              |
| International Equity            | 0.00%                           | 5.50%                             | 5.50%               | 3.85%                              |
| Private Equity                  | 0.00%                           | 10.00%                            | 10.00%              | 7.00%                              |
| <b>Total Equity</b>             | <b>0.00%</b>                    | <b>21.00%</b>                     | <b>21.00%</b>       | <b>14.70%</b>                      |
| <b>Absolute Return</b>          | <b>0.00%</b>                    | <b>10.00%</b>                     | <b>10.00%</b>       | <b>7.00%</b>                       |
| <b>Total</b>                    | <b>100.00%</b>                  | <b>100.00%</b>                    | <b>100.00%</b>      | <b>100.00%</b>                     |

#### Asset Allocation Ranges and Rebalancing

Asset allocation refers to the strategic deployment of assets among the major classes of investments such as domestic equity, fixed income and cash equivalents. The asset allocation decision reflects the Portfolio's return requirements as well as the Portfolio's tolerance for return variability (risk) within the context of the expected liabilities of the fund. Asset allocation is widely recognized and accepted as the primary source of return and risk for an investment program. It is used for setting the parameters for long term risk and return in order to meet the University's long-term financial objectives.

The tables below set forth the asset allocation for the Portfolio, the strategic target weights and the allowable ranges around the target weights:

| <b><u>Total Combined Pool</u></b> | <b><u>Target (%)</u></b> | <b><u>Minimum (%)</u></b> | <b><u>Maximum (%)</u></b> |
|-----------------------------------|--------------------------|---------------------------|---------------------------|
| Working Capital Pool              | 30.00                    | 25.00                     | 93.00                     |
| Strategic Capital Pool            | 60.00                    | 0.00                      | 70.00                     |
| Reserve Pool                      | 10.00                    | 7.00                      | 20.00                     |

| <b><u>Working Capital Pool</u></b> | <b><u>Target (%)</u></b> | <b><u>Minimum (%)</u></b> | <b><u>Maximum (%)</u></b> |
|------------------------------------|--------------------------|---------------------------|---------------------------|
| Cash Equivalents                   | 40.00                    | 0.00                      | 100.00                    |
| Short Term Fixed Income            | 60.00                    | 0.00                      | 90.00                     |

| <b><u>Strategic Capital Pool</u></b> | <b><u>Target (%)</u></b> | <b><u>Minimum (%)</u></b> | <b><u>Maximum (%)</u></b> |
|--------------------------------------|--------------------------|---------------------------|---------------------------|
| Cash Equivalents                     | 0.00                     | 0.00                      | 5.00                      |
| Fixed Income (Investment Grade)      | 29.50                    | <del>20.50</del> 24.50    | 34.50                     |
| TIPS                                 | 14.00                    | <del>5.00</del> 9.00      | 19.00                     |
| Absolute Return                      | 10.00                    | 5.00                      | 15.00                     |
| High Yield                           | 10.00                    | <del>5.00</del> 7.00      | 15.00                     |
| Commodities                          | 10.00                    | 7.50                      | 12.50                     |
| REITS                                | 5.50                     | 3.00                      | 12.00                     |
| International Equity                 | 5.50                     | 2.50                      | 8.50                      |
| Domestic Equity                      | 5.50                     | 2.50                      | 8.50                      |
| Private Equity                       | 10.00                    | 5.00                      | 15.00                     |
| <b><u>Reserve Pool</u></b>           | <b><u>Target (%)</u></b> | <b><u>Minimum (%)</u></b> | <b><u>Maximum (%)</u></b> |
| Cash Equivalents                     | 0.00                     | 0.00                      | 5.00                      |
| Fixed Income (Investment Grade)      | 29.50                    | <del>24.50</del> 20.50    | 34.50                     |
| TIPS                                 | 14.00                    | <del>9.00</del> 5.00      | 19.00                     |
| Absolute Return                      | 10.00                    | 5.00                      | 15.00                     |
| High Yield                           | 10.00                    | <del>7.00</del> 5.00      | 15.00                     |
| Commodities                          | 10.00                    | 7.50                      | 12.50                     |
| REITS                                | 5.50                     | 3.00                      | 12.00                     |
| International Equity                 | 5.50                     | 2.50                      | 8.50                      |
| Domestic Equity                      | 5.50                     | 2.50                      | 8.50                      |
| Private Equity                       | 10.00                    | 5.00                      | 15.00                     |

Portfolio rebalancing is designed to provide a disciplined approach to control the risk exposure of the Portfolio to the investment categories that have deviated from the established target policy weights. Rebalancing parameters are addressed at the asset class level. Rebalancing requires a reallocation to be made whenever the quarter-end allocations exceed the minimum or maximum allocations specified above. Naturally occurring cash flows shall be used to the fullest extent possible to minimize transaction costs and rebalance toward policy targets.

The funding of the private equity asset class occurs over the term of the investment. In order to maintain the Policy's overall target allocation to equity, the Portfolio may maintain an overweight (or underweight) position to public equity no greater than the corresponding underweight (or overweight) target allocation to private equity. The staff and consultants will annually review the rebalancing to take into account the funding of private equity.

## Appendix II – Performance Objectives

The performance objectives for the overall fund are threefold:

1. objective relative to asset allocation targets
2. objective relative to capital market assumptions
3. objective relative to inflation

The first objective results in a comparative index that reflects the University's unique asset allocation policy (see example in Table 1). Exceeding this objective indicates that the active management of the various portfolio components has added value over a passively-managed fund with a similar asset mix. The second objective, to compare asset class performance to the capital market assumptions, ensures that the asset mix continues to achieve the long-term goals of the Portfolio. The inflation objective requires that the investment performance provide an adequate real return over the expected rate of inflation, the primary driver of costs.

Individual portfolio components also have performance objectives reflecting the unique investment style of each category. The investment style and performance benchmarks are also shown below:

**Five-Year Performance Objectives Methodology**

Relative to asset allocation targets, indexes that represent appropriate asset classes

|                         |   |  |
|-------------------------|---|--|
| Target Portfolio Weight | x | Representative cash equivalent portfolio |
| Target Portfolio Weight | x | Investment grade fixed income index      |
| Target Portfolio Weight | x | TIPS index                               |
| Target Portfolio Weight | x | Absolute return benchmark                |
| Target Portfolio Weight | x | High yield fixed income index            |
| Target Portfolio Weight | x | Global REIT Index                        |
| Target Portfolio Weight | x | Commodity Index                          |
| Target Portfolio Weight | x | Broad U.S equity index                   |
| Target Portfolio Weight | x | International equity index               |
| Target Portfolio Weight | x | Private equity benchmark                 |
| 100.00%                 |   | Total Portfolio Benchmark                |

**Total Combined Pool Objectives** (net of all fees and costs)

Relative to asset allocation targets, index weighted by:

|         |   |  |
|---------|---|--|
| 30.00%  | x | 91-Day Treasury Bill rate                                  |
| 20.65%  | x | Barclays U.S. Aggregate Bond Index                         |
| 9.80%   | x | Barclays TIPS Index  |
| 7.00%   | x | ML High Yield Master II Index                              |
| 7.00%   | x | CPI + 3.25% ( <i>Absolute Return benchmark</i> )           |
| 7.00%   | x | Dow Jones - UBS Commodity Index                            |
| 3.85%   | x | FTSE EPRA / NAREIT Developed Real Estate                   |
| 3.85%   | x | Wilshire 5000 Index (US Equity broad market)               |
| 3.85%   | x | MSCI All Country World ex-U.S. Index (int'l equity market) |
| 7.00%   | x | Wilshire 5000 (1-quarter lag) + 3%                         |
| 100.00% |   | Total Combined Pool Benchmark                              |

Relative to inflation: Consumer Price Index + 3.5%

**Working Capital Pool Objectives** (net of all fees and costs)

Relative to asset allocation targets, index weighted by:

|         |   |                                |
|---------|---|--------------------------------|
| 100.00% | x | 91-Day Treasury Bill rate      |
| 100.00% |   | Working Capital Pool Benchmark |

**Strategic Capital and Reserve Pool Objectives** (net of all fees and costs)

Relative to asset allocation targets, index weighted by:

|         |   |  |
|---------|---|--|
| 29.50%  | x | Barclays U.S. Aggregate Bond Index                         |
| 14.00%  | x | Barclays TIPS Index  |
| 10.00%  | x | CPI + 3.25% ( <i>Absolute Return benchmark</i> )           |
| 10.00%  | x | ML High Yield Master II Index                              |
| 5.50%   | x | FTSE EPRA / NAREIT Developed Real Estate                   |
| 10.00%  | x | Dow Jones – UBS Commodity Index                            |
| 5.50%   | x | Wilshire 5000 Index (US Equity broad market)               |
| 5.50%   | x | MSCI All Country World ex-U.S. Index (int'l equity market) |
| 10.00%  | x | Wilshire 5000 (1-quarter lag) + 3%                         |
| 100.00% |   | Strategic Capital or Reserve Pool Benchmark                |



Relative to capital market assumptions: (Wilshire's Asset Allocation Return and Risk Assumptions, most recent published date, or equivalent publication).~~Relative to capital market assumptions: (Wilshire's published assumptions, 2012)~~

**Expected Return (%)**

|                      |       |
|----------------------|-------|
| Cash Equivalents     | 1.50  |
| Fixed Income         | 2.85  |
| TIPS                 | 1.65  |
| Absolute Return      | 5.55  |
| High Yield           | 5.45  |
| REITs                | 5.25  |
| Commodities          | 4.00  |
| U.S Equity           | 7.50  |
| International Equity | 7.80  |
| Private Equity       | 10.25 |

**Inflation at 2.00%**

**RESPONSIBILITIES (O\*)**

**LEGAL AUTHORITY:**

The BOT is authorized to adopt an Investment Policy pursuant to Section 1011.42 and 218.415 of the Florida Statutes.

**HISTORY (R\*)**

Effective Date: June 29, 2005; Revision Date(s): September 11, 2007; March 12, 2008; March 30, 2009; June 12, 2009; September 24, 2010, ~~and~~ March 14, 2012 and September 10, 2013.

**RESPONSIBLE UNIVERSITY DIVISION/DEPARTMENT (R\*)**

Office of the Treasurer  
Finance and Administration

**RESPONSIBLE ADMINISTRATIVE OVERSIGHT (R\*)**

University Treasurer  
Florida International University  
11200 S.W. Eighth Street, MARC 110  
Miami, Florida 33199  
Telephone: (305) 348-2544  
Facsimile: (305) 348-2990

The University Policies and Procedures Library is updated regularly. In order to ensure a printed copy of this document is current, please access it online at <http://policies.fiu.edu/>.

For any questions or comments, the "Document Details" view for this policy online provides complete contact information.

**FORMS/ONLINE PROCESSES (O\*)**

Links to the above referenced Form(s) available in the "Document Details" Section of the online version of this policy document.

**\*R = Required \*O = Optional**

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**THE FLORIDA INTERNATIONAL UNIVERSITY  
BOARD OF TRUSTEES**

**Finance and Audit Committee**

September 10, 2013

**Subject: Regulation – FIU-1101 Tuition and Fees Schedule**

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**Proposed Committee Action:**

Recommend to The Florida International University Board of Trustees (the BOT) approval of the deletion of reference to parking fees in Amended Regulation FIU-1101 Tuition and Fees Schedule. As with any other regulation, also recommend delegating authority to the University President to approve any subsequent amendments resulting from comments the Board of Governors (BOG) may provide as part of the regulation-making process.

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**Background Information:**

This regulation was amended at the June 12, 2013 Board of Trustees meeting to establish the tuition and fees for the 2013-14 academic year. This amendment is needed to delete references to parking fees for College of Medicine students which are covered by another regulation on that subject.

The Regulation includes information on fees and therefore, in accordance with the Florida Board of Governors' Regulation Development Procedure, the University Administration is required to submit the regulation to the Florida Board of Governors for approval.

The University President will report to the BOT at its next regularly scheduled meeting on any substantive change requested or made to the Regulation as a result of comments received from the Board of Governors as part of the regulation-making process.

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**Supporting Documentation:** Regulation – FIU-1101 Tuition and Fees Schedule

**Facilitator/Presenter:** Kenneth A. Jessell

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

**REGULATION TITLE:** Tuition and Fees Schedule

**REGULATION NO.:** FIU-1101

**SUMMARY OF THE REGULATION:** The regulation provides the tuition and associated fees charged to students attending FIU. The revisions to the regulation deletes reference to parking fees as those fees are addressed in another FIU regulation and make other additional changes.

**TEXT OF REGULATION:** The full text of the Amended Regulation can be viewed below and on the website of The Florida International University Board of Trustees, <http://regulations.fiu.edu>. If you would like a copy of the Amended Regulation, please contact Eli Deville, Chief of Staff, Office of the General Counsel, 305.348.2103.

**AUTHORITY:** Board of Governors Regulations 1.001, 7.001, and 7.003 and the 2013 General Appropriations Act.

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

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

**THE CONTACT PERSON REGARDING THIS REGULATION IS:** Eli Deville, Chief of Staff, Office of the General Counsel, Florida International University, 11200 SW 8<sup>th</sup> Street, PC 511, Miami, FL 33199. Email: [devillee@fiu.edu](mailto:devillee@fiu.edu). Phone: 305.348.2103, Fax: 305.348.3272.

**DATE OF PUBLICATION:** August 9, 2013

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

## FIU 1101 Tuition and Fees Schedule

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

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

In addition to the fees set forth in ~~(1)–8.~~ above, a non- resident student, as defined by the Florida Board of Governors<sup>2</sup>, will pay the Out-of-State Fee and the Non-Resident Student Financial Aid Fee.

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

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

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

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

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

### (a) Undergraduate – Fall 2013

| <u>Fee – Per Credit Hour</u>       | <u>Undergraduate</u> |                     |
|------------------------------------|----------------------|---------------------|
|                                    | <u>Resident</u>      | <u>Non Resident</u> |
| Tuition                            | \$105.07             | \$105.07            |
| *Tuition Differential <sup>1</sup> | \$52.29              | \$52.29             |
| Out of State Fee                   | ---                  | \$393.62            |
| Financial Aid                      | \$5.25               | \$5.25              |

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

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

|                                |         |         |
|--------------------------------|---------|---------|
| Out of State Financial Aid     | ---     | \$19.68 |
| Capital Improvement Trust Fund | \$6.76  | \$6.76  |
| Activity & Service             | \$12.87 | \$12.87 |
| Athletic                       | \$16.10 | \$16.10 |
| Technology Fee                 | \$5.25  | \$5.25  |

**(b) Graduate – Fall 2013<sup>2</sup>**

| <b><u>Fee – Per Credit Hour</u></b> | <b>Graduate</b>                            |                            |
|-------------------------------------|--|----------------------------|
|                                     | <b>Student enrolled prior to Fall 2006</b> |                            |
|                                     | <b><u>Resident</u></b>                     | <b><u>Non Resident</u></b> |
| Tuition                             | \$352.15                                   | \$352.15                   |
| Out of State fee                    | ---  | \$480.08                   |
| Financial Aid                       | \$17.60                                    | \$17.60                    |
| Out of State Financial Aid          | ---  | \$24.00                    |
| Capital Improvement Trust Fund      | \$6.76                                     | \$6.76                     |
| Activity & Service                  | \$12.87                                    | \$12.87                    |
| Athletic                            | \$16.10                                    | \$16.10                    |
| Technology Fee                      | \$17.60                                    | \$17.60                    |

| <b><u>Fee – Per Credit Hour</u></b> | <b>Graduate</b>                                     |                            |
|-------------------------------------|---|----------------------------|
|                                     | <b>Students enrolled in Fall 2006 or thereafter</b> |                            |
|                                     | <b><u>Resident</u></b>                              | <b><u>Non Resident</u></b> |
| Tuition                             | \$368.88  | \$368.88                   |
| Out of State Fee                    | ---   | \$480.08                   |
| Financial Aid                       | \$18.44   | \$18.44                    |
| Out of State Financial Aid          | ---   | \$24.00                    |
| Capital Improvement Trust Fund      | \$6.76  | \$6.76                     |
| Activity & Service                  | \$12.87   | \$12.87                    |
| Athletic                            | \$16.10   | \$16.10                    |
| Technology Fee                      | \$18.44   | \$18.44                    |

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

(c) Law – Fall 2013<sup>3</sup>

| <u>Fee – Per Credit Hour</u>   | <b>Law</b>                                  |                     |
|--------------------------------|---|---------------------|
|                                | <b>Students enrolled prior to Fall 2006</b> |                     |
|                                | <u>Resident</u>                             | <u>Non Resident</u> |
| Tuition                        | \$534.42                                    | \$534.42            |
| Out of State Fee               | ---   | \$437.61            |
| Financial Aid                  | \$26.72                                     | \$26.72             |
| Out of State Financial Aid     | ---   | \$21.88             |
| Capital Improvement Trust Fund | \$6.76                                      | \$6.76              |
| Activity & Service             | \$12.87                                     | \$12.87             |
| Athletic                       | \$16.10                                     | \$16.10             |
| Technology Fee                 | \$26.72                                     | \$26.72             |

| <u>Fee – Per Credit Hour</u>   | <b>Law</b>  |                     |
|--------------------------------|---|---------------------|
|                                | <b>Students enrolled in<br/>Fall 2006 or thereafter</b> |                     |
|                                | <u>Resident</u>   | <u>Non Resident</u> |
| Tuition                        | \$559.86  | \$559.86            |
| Out of State Fee               | ---   | \$437.61            |
| Financial Aid                  | \$27.99   | \$27.99             |
| Out of State Financial Aid     | ---   | \$21.88             |
| Capital Improvement Trust Fund | \$6.76  | \$6.76              |
| Activity & Service             | \$12.87   | \$12.87             |
| Athletic                       | \$16.10   | \$16.10             |
| Technology Fee                 | \$27.99   | \$27.99             |

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<sup>3</sup> The additional Law fees for students enrolled in the law school in the Fall 2006, or thereafter, shall not apply to a law school student who was enrolled in a law program prior to Fall 2006, and such student's enrollment has not lapsed in four terms before re-enrolling in the same law program. Effective Spring term 2009, the additional fees for students enrolled in the fall 2006, or thereafter, shall not apply to a law school student who was enrolled in a law program prior to Fall 2006, provided such student maintains \*continuous enrollment.



**(d) Nursing Practicum Programs Fall 2013**

Master of Science in Nursing in Advanced Adult Gerontology Nurse Practitioner

Master of Science in Nursing in Advanced Child Nurse Practitioner

Master of Science in Nursing in Advanced Family Nurse Practitioner

Master of Science in Nursing in Psychiatric and Mental Health Nurse Practitioner

Master of Science in Nursing in Nurse Administration

| <b><u>Fee – Per Credit Hour</u></b> | <b><u>Resident</u></b> | <b><u>Non Resident</u></b> |
|-------------------------------------|------------------------|----------------------------|
| Tuition                             | \$487.88               | \$487.88                   |
| Out of State fee                    | ---                    | \$480.08                   |
| Financial Aid                       | \$ 24.39               | \$ 24.39                   |
| Out of State Financial Aid          | ---                    | \$ 24.00                   |
| Capital Improvement Trust Fund      | \$ 6.76                | \$ 6.76                    |
| Activity & Service                  | \$ 12.87               | \$ 12.87                   |
| Athletic                            | \$ 16.10               | \$ 16.10                   |
| Technology Fee                      | \$ 24.39               | \$ 24.39                   |

**Master of Science in Nursing in Nurse Anesthetist**

| <b><u>Fee – Per Credit Hour</u></b> | <b><u>Resident</u></b> | <b><u>Non Resident</u></b> |
|-------------------------------------|------------------------|----------------------------|
| Tuition                             | \$645.82               | \$645.82                   |
| Out of State fee                    | ---                    | \$480.08                   |
| Financial Aid                       | \$ 32.29               | \$ 32.29                   |
| Out of State Financial Aid          | ---                    | \$ 24.00                   |
| Capital Improvement Trust Fund      | \$ 6.76                | \$ 6.76                    |
| Activity & Service                  | \$ 12.87               | \$ 12.87                   |
| Athletic                            | \$ 16.10               | \$ 16.10                   |
| Technology Fee                      | \$ 32.29               | \$ 32.29                   |

**Master of Science in Athletic Training Education**

| <b><u>Fee – Per Credit Hour</u></b> | <b><u>Resident</u></b> | <b><u>Non Resident</u></b> |
|-------------------------------------|------------------------|----------------------------|
| Tuition                             | \$494.88               | \$494.88                   |
| Out of State fee                    | ---                    | \$480.08                   |
| Financial Aid                       | \$ 24.74               | \$ 24.74                   |
| Out of State Financial Aid          | ---                    | \$ 24.00                   |
| Capital Improvement Trust Fund      | \$ 6.76                | \$ 6.76                    |
| Activity & Service                  | \$ 12.87               | \$ 12.87                   |
| Athletic                            | \$ 16.10               | \$ 16.10                   |
| Technology Fee                      | \$ 24.74               | \$ 24.74                   |

### **Master of Science in Speech Language Pathology**

| <b><u>Fee – Per Credit Hour</u></b> | <b><u>Resident</u></b> | <b><u>Non Resident</u></b> |
|-------------------------------------|------------------------|----------------------------|
| Tuition                             | \$598.88               | \$598.88                   |
| Out of State fee                    | ---                    | \$480.08                   |
| Financial Aid                       | \$ 29.94               | \$ 29.94                   |
| Out of State Financial Aid          | ---                    | \$ 24.00                   |
| Capital Improvement Trust Fund      | \$ 6.76                | \$ 6.76                    |
| Activity & Service                  | \$ 12.87               | \$ 12.87                   |
| Athletic                            | \$ 16.10               | \$ 16.10                   |
| Technology Fee                      | \$ 29.94               | \$ 29.94                   |

### **Master of Science in Occupational Therapy**

| <b><u>Fee – Per Credit Hour</u></b> | <b><u>Resident</u></b> | <b><u>Non Resident</u></b> |
|-------------------------------------|------------------------|----------------------------|
| Tuition                             | \$544.88               | \$544.88                   |
| Out of State fee                    | ---                    | \$480.08                   |
| Financial Aid                       | \$ 27.24               | \$ 27.24                   |
| Out of State Financial Aid          | ---                    | \$ 24.00                   |
| Capital Improvement Trust Fund      | \$ 6.76                | \$ 6.76                    |
| Activity & Service                  | \$ 12.87               | \$ 12.87                   |
| Athletic                            | \$ 16.10               | \$ 16.10                   |
| Technology Fee                      | \$ 27.24               | \$ 27.24                   |

### **Doctorate in Nursing Practice**

| <b><u>Fee – Per Credit Hour</u></b> | <b><u>Resident</u></b> | <b><u>Non Resident</u></b> |
|-------------------------------------|------------------------|----------------------------|
| Tuition                             | \$487.88               | \$487.88                   |
| Out of State fee                    | ---                    | \$480.08                   |
| Financial Aid                       | \$ 24.39               | \$ 24.39                   |
| Out of State Financial Aid          | ---                    | \$ 24.00                   |
| Capital Improvement Trust Fund      | \$ 6.76                | \$ 6.76                    |
| Activity& Service                   | \$ 12.87               | \$ 12.87                   |
| Athletic                            | \$ 16.10               | \$ 16.10                   |
| Technology Fee                      | \$ 24.39               | \$ 24.39                   |

## Doctorate in Physical Therapy

| <b><u>Fee – Per Credit Hour</u></b> | <b><u>Resident</u></b> | <b><u>Non Resident</u></b> |
|-------------------------------------|------------------------|----------------------------|
| Tuition                             | \$562.88               | \$562.88                   |
| Out of State fee                    | ---                    | \$480.08                   |
| Financial Aid                       | \$ 28.14               | \$ 28.14                   |
| Out of State Financial Aid          | ---                    | \$ 24.00                   |
| Capital Improvement Trust Fund      | \$ 6.76                | \$ 6.76                    |
| Activity & Service                  | \$ 12.87               | \$ 12.87                   |
| Athletic                            | \$ 16.10               | \$ 16.10                   |
| Technology Fee                      | \$ 28.14               | \$ 28.14                   |

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

### College of Medicine- Fall 2013

| <b>College of Medicine</b>     |                               |                               |
|--------------------------------|-------------------------------|-------------------------------|
| <b>Fee - Per Academic Year</b> | <b><u>Resident</u></b>        | <b><u>Non Resident</u></b>    |
| Tuition                        | \$31,938.37                   | \$31,938.37                   |
| Out of State Fee               | ---                           | \$30,000.00                   |
| Financial Aid                  | \$1,596.91                    | \$1,596.91                    |
| Out of State Financial Aid     | ---                           | \$1,500.00                    |
| Capital Improvement Trust Fund | \$338.00                      | \$338.00                      |
| Activity & Service             | \$643.50                      | \$643.50                      |
| Athletic                       | \$825.00                      | \$825.00                      |
| Technology Fee                 | \$1,596.91                    | \$1,596.91                    |
| Health                         | \$187.38                      | \$187.38                      |
| <b>Parking</b>                 | <b>\$178.00</b>               | <b>\$178.00</b>               |
| <b>Total</b>                   | <b>\$37,<u>126,304.07</u></b> | <b>\$68,<u>626,804.07</u></b> |

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

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

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

**Fall 2013**

|                           | <b>Resident</b> | <b>Non Resident</b> |
|---------------------------|-----------------|---------------------|
| <b>Fee – Per Semester</b> |                 |                     |
| Health                    | \$93.69         | \$93.69             |
| Athletic                  | \$10.00         | \$10.00             |

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

(10) Students in their last year of Law School shall pay a test preparation fee, at cost, to cover test preparation programs offered as part of the law school program of instruction, including a Florida Bar examination preparation course.

(11) Optional fees.

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

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

(13) For students who enter a community college or university for the first time in the 2011-2012 academic year and thereafter, the University shall require the student to pay an excess hour surcharge equal to 100 percent of the tuition rate for each credit hour in excess of 115 percent of

the number of credit hours required to complete the baccalaureate degree program in which the student is enrolled.

(14) All state university undergraduate students who entered a postsecondary undergraduate program at any Florida public institution of higher education for the first time in fall 2012 or thereafter shall pay an excess hour fee equal to 100 percent of the undergraduate tuition identified in Florida Board of Governors Regulation 7.001(3) for each credit hour in excess of 110 percent of the number of credit hours required to complete the baccalaureate degree program in which the student is enrolled.

(15) The University President is authorized to establish, and determine the cost of, continuing education credit and non-credit courses and programs as provided in Board of Governors' Regulation 8.002. The President may delegate authority for credit courses and programs to the Provost and for non-credit courses and programs to any designee with responsibility for such programs.

(16) In academic years 2009-2010, 2010-2011, 2011-2012, 2012-2013, the President or if delegated, Provost, is authorized to charge up to 15% more than the tuition amount set forth in subsection 4(b) for each respective fiscal year as additional tuition for graduate program(s) in the College of Nursing and Health Professions for which there is additional cost due to clinical curricular requirements; provided such additional tuition shall not exceed the actual additional costs.

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

*Authority: Florida Board of Governors Regulations 1.001, 7.001, and 7.003 and the 2013 General Appropriations Act , History- New 11-3-02, Amended 9-3-03, 8-22-04- 9-1-05, Formerly 6C8-6.010, Amended 6-20-06, 7-20-07,11-20-07, 6-25-08, 9-29-08, 7-14-09, 8-10-10, 7-5-11, 7-9-12, 7-17-13, \_\_\_\_\_.*

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**THE FLORIDA INTERNATIONAL UNIVERSITY**  
**BOARD OF TRUSTEES**  
**Finance and Audit Committee**  
September 10, 2013

**Subject: Campus Master Plan 2010-2020 Update**

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**Proposed Committee Action:**  
None. Discussion Item.

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**Background Information:**

Pursuant to Subsection 1013.30 of the Florida Statutes, each university Board of Trustees is required to adopt a Campus Master Plan for the university to be updated at least every five years.

Over the past year the FIU Master Plan Steering Committee appointed by President Rosenberg has provided direction and guidance to a team of professional campus planners and encouraged input from numerous focus groups, local government staff and conducted public workshops at Biscayne Bay Campus and Modesto Maidique Campus.

Following the development of a draft Master Plan, FIU held the first of two required public hearings at both the Biscayne Bay Campus on July 15, 2013 and again at the Modesto Maidique Campus on July 16, 2013. At each of the hearings, a presentation of the draft Master Plan was given and public comments were received. Following the public hearings, the draft Master Plan was distributed to host and affected local governments and public agencies for formal review. The formal review period of 90 days is required by statute and will end in mid-October.

Upon receiving the review comments, the draft Master Plan will be revised to reflect and address all comments deemed appropriate that were received during the review time frame. A second public hearing will be held in January 2014 to present the final draft Master Plan and to detail changes that were made since the first hearing in July 2013.

The final Master Plan is planned to be presented to the FIU Board of Trustees in March, 2014. At that time the Board will be asked for approval and adoption for a term of ten years (2010-2020).

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**Supporting Documentation:** N/A

**Facilitator/Presenter:** Gene Kluesner, *Perkins & Will*

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**THE FLORIDA INTERNATIONAL UNIVERSITY**  
**BOARD OF TRUSTEES**  
**Finance and Audit Committee**  
September 10, 2013

**Subject: Financial Performance Review – Fiscal Year 2012 – 2013**

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**Proposed Committee Action:**  
None. Discussion Item.

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**Background Information:**  
The Financial Performance Review provides a summary overview of fiscal year 2012-2013.

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**Supporting Documentation:** Financial Summary Overview, FY 2012-2013

**Facilitator/Presenter:** Kenneth A. Jessell

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**Florida International University**  
**Financial Summary Overview <sup>1</sup>**  
**FY 2012-13**

|   | Year To Date<br>June 2013 |                     |             |              |
|---|---------------------------|---------------------|-------------|--------------|
|   | Budget                    | Current Year Actual | Variance    |              |
|   |                           |                     | \$          | %            |
| (\$ in millions)                                |                           |                     |             |              |
| <b>Revenue / Receipts</b>                       |                           |                     |             |              |
| <b>University</b>                               |                           |                     |             |              |
| Educational and General (net) <sup>2</sup>      | 371.1                     | 375.3               | 4.2         | 1%           |
| University                                      | 334.0                     | 338.1               | 4.2         | 1%           |
| College of Medicine                             | 37.2                      | 37.2                | (0.0)       | 0%           |
| FIU Self-Insurance Program                      | 0.5                       | 0.4                 | (0.1)       | -13%         |
| Auxiliary Enterprises                           | 194.1                     | 193.7               | (0.4)       | 0%           |
| Intercollegiate Athletics                       | 23.6                      | 26.2                | 2.6         | 11%          |
| Activities and Service                          | 15.8                      | 16.2                | 0.4         | 3%           |
| Technology Fee                                  | 8.3                       | 8.1                 | (0.2)       | -2%          |
| Board Approved Fees                             | 0.5                       | 0.4                 | (0.1)       | -26%         |
| Contracts and Grants                            | 91.7                      | 97.3                | 5.6         | 6%           |
| Student Financial Aid                           | 163.4                     | 146.9               | (16.5)      | -10%         |
| Concessions                                     | 1.0                       | 0.7                 | (0.3)       | -29%         |
| <b>Direct Support Organizations</b>             |                           |                     |             |              |
| FIU Athletic Finance Corp                       | 3.6                       | 3.8                 | 0.2         | 4%           |
| FIU Foundation Inc                              | 28.6                      | 38.4                | 9.8         | 34%          |
| FIU Health Care Network                         | 1.8                       | 1.3                 | (0.4)       | -24%         |
| FIU Research Foundation                         | 0.1                       | 0.1                 | -           | 0%           |
| Interfund Adjustments <sup>3</sup>              | (14.7)                    | (15.8)              | (1.1)       | 8%           |
| <b>Total Operating Revenues</b>                 | <b>889.4</b>              | <b>893.0</b>        | <b>3.6</b>  | <b>0%</b>    |
| University Treasury (net)                       | 12.7                      | 13.3                | 0.6         | 5%           |
| FIU Foundation Inc                              | 12.8                      | 20.5                | 7.7         | 60%          |
| <b>Total Investment Revenues</b>                | <b>25.5</b>               | <b>33.8</b>         | <b>8.3</b>  | <b>32%</b>   |
| <b>Total Revenues / Receipts</b>                | <b>914.9</b>              | <b>926.8</b>        | <b>11.8</b> | <b>1%</b>    |
| <b>Expenses</b>                                 |                           |                     |             |              |
| <b>University</b>                               |                           |                     |             |              |
| Educational and General (net)                   | 397.9                     | 381.1               | 16.9        | 4%           |
| University                                      | 361.5                     | 346.8               | 14.8        | 4%           |
| College of Medicine                             | 36.4                      | 34.3                | 2.1         | 6%           |
| FIU Self-Insurance Program                      | 0.5                       | 0.0                 | 0.5         | 98%          |
| Auxiliary Enterprises                           | 174.2                     | 166.4               | 7.8         | 5%           |
| Intercollegiate Athletics                       | 22.7                      | 23.3                | (0.6)       | -3%          |
| Activities and Service                          | 16.0                      | 16.2                | (0.2)       | -2%          |
| Technology Fee                                  | 8.4                       | 6.7                 | 1.7         | 21%          |
| Board Approved Fees                             | 0.5                       | 0.6                 | (0.1)       | -17%         |
| Contracts and Grants                            | 91.5                      | 95.1                | (3.6)       | -4%          |
| Student Financial Aid                           | 165.5                     | 148.0               | 17.5        | 11%          |
| Concessions                                     | 0.7                       | 0.6                 | 0.1         | 18%          |
| <b>Direct Support Organizations</b>             |                           |                     |             |              |
| FIU Athletic Finance Corp                       | 2.4                       | 2.2                 | 0.2         | 9%           |
| FIU Foundation Inc                              | 21.5                      | 16.9                | 4.6         | 21%          |
| FIU Health Care Network                         | 3.5                       | 3.0                 | 0.4         | 12%          |
| FIU Research Foundation                         | 0.0                       | 0.0                 | (0.0)       | -24%         |
| Interfund Adjustments <sup>3</sup>              | (14.7)                    | (15.8)              | 1.1         | -8%          |
| <b>Total Expenses</b>                           | <b>890.5</b>              | <b>844.2</b>        | <b>46.3</b> | <b>5%</b>    |
| Principal Payment of Debt <sup>4</sup>          | 7.5                       | 7.5                 | 0.0         | 0%           |
| <b>Change in Net Assets (incl. Investments)</b> | <b>16.9</b>               | <b>75.1</b>         | <b>58.2</b> | <b>344%</b>  |
| <b>Change in Net Assets (excl. Investments)</b> | <b>(8.6)</b>              | <b>41.3</b>         | <b>49.9</b> | <b>-580%</b> |

**Notes:**

- <sup>1</sup> *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: At fiscal year-end, E&G expenses will include year end commitments (encumbrances) which have not yet been invoiced.*
  - *Unrealized gains and losses: The investment results are recognized as revenues in the budget however GASB accounting principles require that it be recorded as a non-operating revenue / expense.*
- <sup>2</sup> *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.*
- <sup>3</sup> *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.*
- <sup>4</sup> *Principal payment of debt reflected above per BOG requirement that debt service payments be shown on a cash basis.*

**THE FLORIDA INTERNATIONAL UNIVERSITY**  
**BOARD OF TRUSTEES**  
**Finance and Audit Committee**  
September 10, 2013

**Subject: Office of Internal Audit Status Report**

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**Proposed Committee Action:**  
None. Discussion Item.

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**Background Information:**

The Office of Internal Audit Status Report provides the status of audits and work in progress since the Finance and Audit Committee last met on June 5, 2013.

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**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**

**September 10, 2013**

**Date:** September 10, 2013

**To:** Board of Trustees and Finance and Audit Committee

**From:** Allen Vann, Audit Director

**Subject:** OFFICE OF INTERNAL AUDIT STATUS REPORT

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I am pleased to provide you with the quarterly update on the status of our office's work activities. Since our last update to you on June 5, 2013, we completed the following:

- 1. University's Compliance with The Jeanne Clery Act (Police Department)** – Campus Police administers the Clery Act, a federal statute that requires FIU to publish an annual security report that accurately discloses campus crime statistics and security information. Our audit disclosed that there were adequate controls and procedures over the reporting process. Nevertheless, we identified some areas in need of improvement, particularly the manner in which information on crimes is collected, reported, and distributed, the method crimes are labeled, how campuses are identified, and the method used by FIU's Environmental Health and Safety Department to prepare the Fire Safety Reports. The audit resulted in nine recommendations, which management agreed to implement.
- 2. Construction Costs - Science Classroom Complex (DPR Construction, Inc.)** – The recently completed Academic Health Center is a six floor, 136,076 gross square feet state-of-the-art building, which provides specialized teaching science classrooms; flexible multi-disciplinary research spaces; graduate student study rooms; faculty offices and student/faculty gathering spaces. Our audit disclosed that the project was satisfactorily monitored by the University's Facilities Construction Department. The approved funding for the entire project totaled \$57.5 million of which \$45.7 was allocated to the construction manager, DPR Construction Inc.

We audited the construction costs submitted through March 29, 2013 by DPR, to ensure that they were appropriate, actually incurred, properly supported, and in accordance with the articles of the project agreement. Overall, we found that Facilities did a commendable job overseeing and controlling project costs. However, we identified opportunities to reduce costs through the recovery of payments to DPR totaling \$333,212. Facilities Management concurred with our findings and are in the process of closing out the project, which will likely result in additional adjustments as the final project costs are determined.



3. **Review of the Claimed Costs pursuant to an Agreement between the United Nations and Florida International University (Division of Research)** – Pursuant to a request from the Division of Research we reviewed the costs submitted to the United Nations International Strategy for Disaster Reduction Secretariat under a \$39,350 contract, which required a post award audit. Our review disclosed that expenditures submitted were generally allowable, allocable, and reasonable.
4. **Review of the PAT4YOU Program's Travel Expenses (Division of Research)** – We were asked to perform a review of travel expenses claimed under the PAT4YOU program funded by The Children's Trust. The awarded amount and travel budget for the contract year 2012-2013 were \$232,246 and \$18,734, respectively. Our review disclosed that, due to a lack of understanding of the University's travel policy and procedures, the \$13,425 in travel expenses claimed by three of our employees were overstated by \$5,685. Management agreed to recover the overpayments and adjust its billing to The Children's Trust.
5. **Sub-recipient monitoring (Division of Research)** – In accordance with the approved annual audit plan, we have commenced a long-term consulting project with the Division of Research to review sub-recipient's annual financial report submissions pursuant to the Federal and the State of Florida's respective single audit acts. The purpose of these reviews is to ensure that sub-recipients are compliant with the financial reporting requirements under the respective acts, that their reports reflect that they are fiscally responsible and are free of, or have adequately addressed material findings reported by their independent auditors. During the last quarter we have reviewed the reports submitted by six institutions who are sub recipients under FIU grants.

## WORK IN PROGRESS

We are currently working on the following audits:

1. Controls over Salary Costs Charged to Federal Awards (Division of Research)
2. Student Activity and Service Fees (Student Affairs)
3. Review of Management's Actions to Implement Prior Audit Recommendations
4. Healthcare Network Billing, Collections & E Medical Record Systems Controls (Herbert Wertheim College of Medicine)
5. College of Business Administration (Academic Affairs)
6. Kovens Conference Center (Chaplin School of Hospitality & Tourism Management)

The Internal Audit staff continues to take advantage of professional development opportunities. Three staff members recently attended the 24<sup>th</sup> Annual Global Fraud Conference sponsored by the Association of Certified Fraud Examiners.

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**THE FLORIDA INTERNATIONAL UNIVERSITY**  
**BOARD OF TRUSTEES**  
**Finance and Audit Committee**  
September 10, 2013

**Subject: Treasury Report**

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**Proposed Committee Action:**  
None. For information only.

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**Background Information:**  
The Treasury Report provides an update on liquidity, a comparison of fiscal YTD performance vs. benchmarks by investment style, debt portfolio performance and treasury summary for the quarter ending June 30, 2013.

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**Supporting Documentation:** Treasury Report

**Facilitator/Presenter:** Phong Vu

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## OVERVIEW

The University's total liquidity position of \$286.7 million was 1.75 times the debt position of \$164.1 million at the quarter end and 1.59 times total debt of \$204.4 million, which includes Direct Support Organization ("DSO") outstanding balances.

This was comparable to 1.79 Liquidity to University Debt ratio and 1.44 Liquidity to Total Debt ratio for the same period last year.

## LIQUIDITY

### Real Days Payable

\$155.5 million, or 48 percent, of the liquidity position was accessible within 5 business days (See *Liquidity Allocation* chart for detail of available liquidity). The university had 31 real days payable<sup>1</sup> ("RDP") versus 64 RDP in FY2012. The variance in RDP was due mainly to the higher outflows FY2013, especially the use of planned fund balances during the year.

### Stress Tests

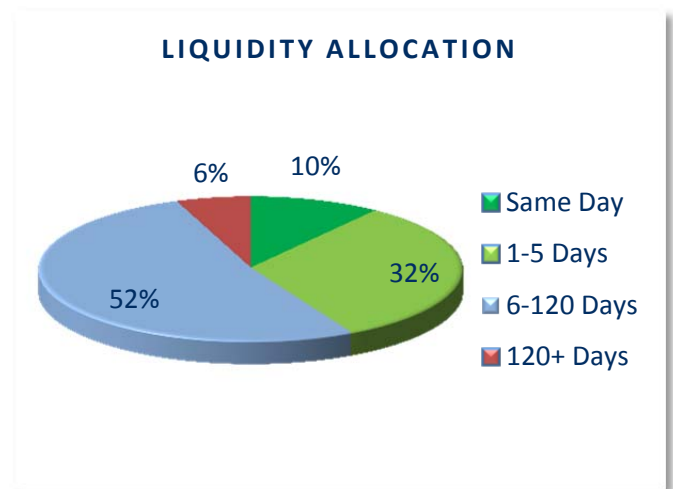
Treasury analyzes the effect of negative market performance on its liquidity position. At quarter end, difficult investment conditions that generate a projected 11 percent portfolio loss scenario would equate to \$31.5 million in unrealized losses. Liquidity, as measured by 5 day accessibility, would drop to \$82.7 million, or 39 percent of the total current available cash and investment balances. RDP would fall to 29 days based on FYTD outflows.

Extreme market conditions, represented by a 24 percent loss scenario, with \$67.9 million in unrealized losses, would result in a projected drop in liquidity to \$67.8 million, or 32 percent of the total current available balances. This balance translates into 23 RDP based on FYTD outflows.

## Sources<sup>2</sup>

The University started the fiscal year with \$69.1 million in cash balances<sup>3</sup> and \$1,009.9 million was transferred from the state and operations. Through the fourth quarter last fiscal year, the university had inflows totaling \$940.3 million from the same sources. On average, \$3.9 million flowed into the university each business day FYTD 2013 versus \$3.6 million/day in FY2012.

For the quarter, velocity of cash inflows was slightly lower than the FYTD average at \$3.7 million/day and higher than the prior fiscal year's fourth quarter rate of \$3.1 million/day.



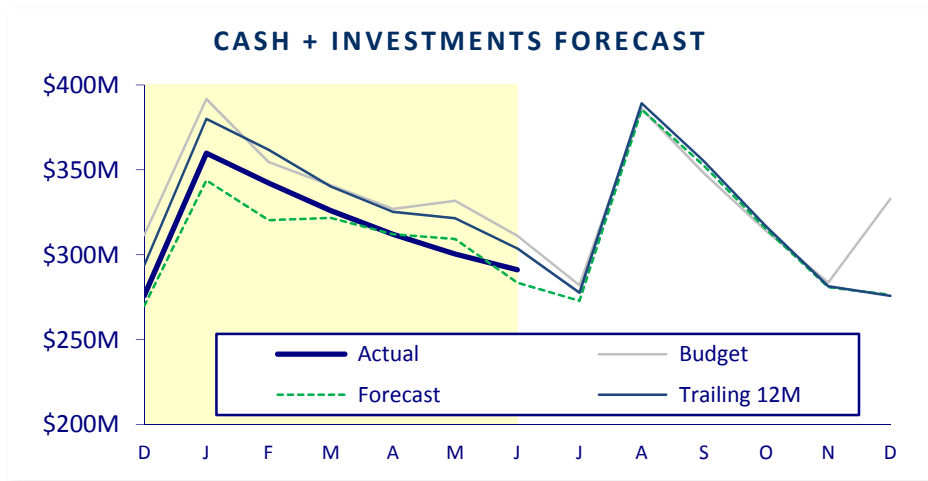
<sup>1</sup> Real Days Payable represents the available balance of liquid funds divided by the average cash outflows of the university. The calculation uses the available balance in the university's bank accounts plus the market value of investments that are accessible within 5 business days as its balance of liquid funds.

<sup>2</sup> Sources reported include transfers from the state, transfers from any bond proceeds on debt funded projects and cash from operations. The Treasury Summary details transfers from the state in the W/C (Working Capital Pool) Transfers.

<sup>3</sup> Cash includes Working Capital Pool assets and cash balances in the concentration bank account.

## Uses

FYTD, the university used \$1,016.0 million and ended the period with \$63.1 million in cash balances. In FY 2012, uses totaled \$950.7 million through Q4.



For the quarter, the velocity FYTD 2013 Q4 cash outflows increased to \$4.0 million/day from \$3.7 million/day in FYTD 2012 Q4. The increase in average cash outflows resulted in uses totaling \$257.1 million versus \$241.6 million for the same time period in FY 2012. Cash flows from the university's A/P disbursement account decreased by \$27.2 million in FY 2013 versus FY 2012. This decreased outflow was offset by \$95.4 million more in payroll related disbursements in FY 2013 Q4 versus FY 2012 Q4.

## Forecast

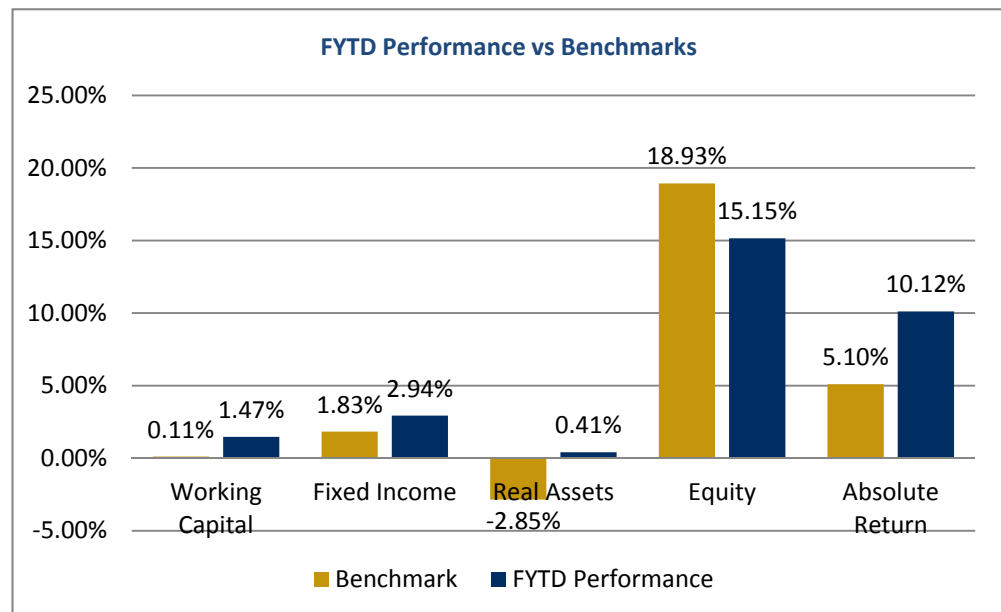
Combined Cash and Investment Balances continue to follow historical seasonality. The rolling forecast was just 0.7 percent higher than actual balances by period end. Variance versus the budget was 4.6 percent lower than the projected combined balances and versus last year, 4.2 percent lower. For the next quarter, the university should experience a steady drawdown in the balances lasting through the first quarter of FY 2014, when the start of the Fall 2013 semester will generate large cash inflows (See *Cash + Investment Forecast* chart for month-by-month projections).

## INVESTMENTS

### Performance

FIU's operating portfolio continues to **outperform** the State Treasury investment pool ("SPIA"), returning 4.48 percent since inception versus the SPIA's 3.12 percent for the same time. So far, in FY 2013, the portfolio is up 4.66 percent. This compares to 2.8 percent for the same period last year. The Strategic Capital and Reserve Pools gained 5.86 percent while the Working Capital Pool gained 1.47 percent. Returns from the SPIA totaled 2.2 percent during the same period (See *FYTD Performance vs. Benchmarks* chart for additional performance detail by asset class). This compares to 1.9 percent for the Working Capital Pool and 3.30 percent for the Strategic and Reserve Capital Pools for FYTD for the same period last year.

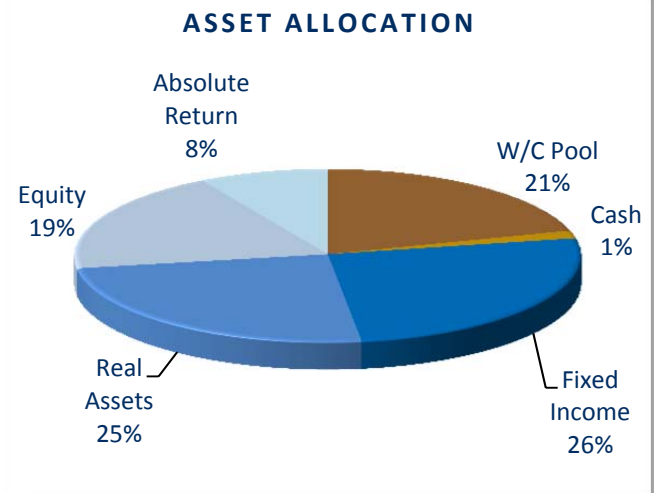
Five investment managers underperformed their benchmarks for the period: Working Capital Manager (0.10 percent versus 0.11 percent benchmark), US Small Cap Manager (19.61 percent versus 24.20 percent benchmark), Int'l Equity (11.57% versus 12.05% benchmark), Global REITs Manager (12.75 percent versus 14.27 percent benchmark) and Commodities Manager (-7.94 percent versus -7.69 percent benchmark).



## Composition

Asset allocations at the end of FY 2013 Q4 remained within policy guidelines. However, the continued strong performance of the REITs manager, in the Real Assets category, is generating market values that are reaching the upper limits of the policy range (See *Asset Allocation* chart for detail of asset allocation at quarter end).

The quarter-end market value of the University's operating funds portfolio and cash is \$287 million. This balance reflects a decrease of \$37 million or a drop of 11.5 percent, from the previous quarter and was not in line with the quarter-to-quarter seasonality of cash flows, because of rebalancing. The reduction was part of the rebalancing. Compared to the same time last fiscal year, the market value of the portfolio is \$3 million less due to increases in uses totaling \$25 million.



## DEBT

### Aggregate

The University and DSOs ended FY 2013 Q4 with \$204.4 million in outstanding debt versus \$210.7 million for the same period in FY 2012. The aggregated interest rate for the University and DSO issuances was 4.3 percent. At the end of FY 2013 Q4, \$189.0 million (92.4 percent) of the University and DSOs' outstanding debt was based on fixed interest rates. The remaining obligations of \$15.5 million (7.6 percent) were based on variable interest rates. The variable interest rate debt instruments are obligations of the AFC and the Foundation.

### Auxiliaries

The University's auxiliary debt of \$164.1 million consists of revenue bonds totaling \$114.0 million for the housing auxiliary and \$50.1 million for parking auxiliary for FY 2013 Q4. In comparison, FY 2012 Q4 auxiliary debt consisted of revenue bonds totaling \$116.4 million for housing and \$52.8 million for parking. The year over year decrease was due to the normally scheduled principal payments as included in the debt service. The average interest rate for the aggregated housing bonds was 4.1 percent and 4.6 percent for the aggregated parking bonds.

During the week of July 8<sup>th</sup>, staff met with each of the rating agencies (Fitch/S&P/Moody's) for the purpose of securing ratings for the Parking Garage 6 project bonds. The ratings actions were published on July 18<sup>th</sup> and 19<sup>th</sup> and were unchanged from last year. The housing bonds are rated A+/A/Aa3 (Fitch/S&P/Moody's). The parking bonds are rated A+/AA-/Aa3 (Fitch/S&P/Moody's).

The Florida Division of Bond Finance will price the Parking Garage 6 bonds in a competitive sale before August 31, 2013. The bonds will be sold to the lowest bidder.

### Direct Support Organizations

Currently, DSOs' outstanding debt of \$40.3 million includes stadium bonds with \$32.7 million outstanding and a Foundation loan with \$7.5 million outstanding. In FY 2012 Q4, DSOs had outstanding debt of \$41.5 million including \$33.4 million Athletics Finance Corporation (Stadium) debt and an FIU Foundation, Inc. loan (MARC building) with \$8.1 million outstanding. The average interest rate for the stadium bonds was 4.4 percent and 4.2 percent for the Foundation Loan. Neither of the DSO's debt is rated.

**Period Ending March 31, 2013**
**OVERVIEW**
**Liquidity Position**

|                           |                   |
|---------------------------|-------------------|
| Cash + W/C Pool           | \$ 81,411         |
| Strategic + Reserve Pools | 244,532           |
| <b>Total</b>              | <b>\$ 325,943</b> |

**Debt Position**

|                 |                   |
|-----------------|-------------------|
| University Debt | \$ 164,080        |
| DSO Debt        | 40,449            |
| <b>Total</b>    | <b>\$ 204,529</b> |

Liquidity/University Debt

1.99

Liquidity/Total Debt

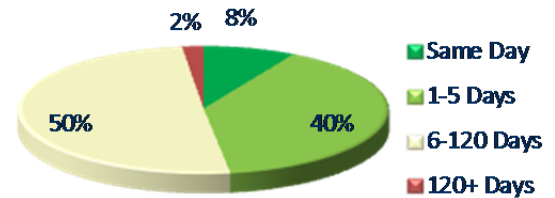
1.59

**LIQUIDITY**
**Availability**

|              |                   |
|--------------|-------------------|
| Same Day     | \$ 26,770         |
| 1-5 Days     | 128,759           |
| 6-120 Days   | 164,206           |
| 120+ Days    | 6,208             |
| <b>Total</b> | <b>\$ 325,943</b> |

**Real Days Payable (<5 Days)**

|              |    |
|--------------|----|
| MTD Outflows | 49 |
| QTD Outflows | 36 |
| YTD Outflow  | 40 |

**LIQUIDITY ALLOCATION**

**CASH SOURCES AND USES**
**Sources**

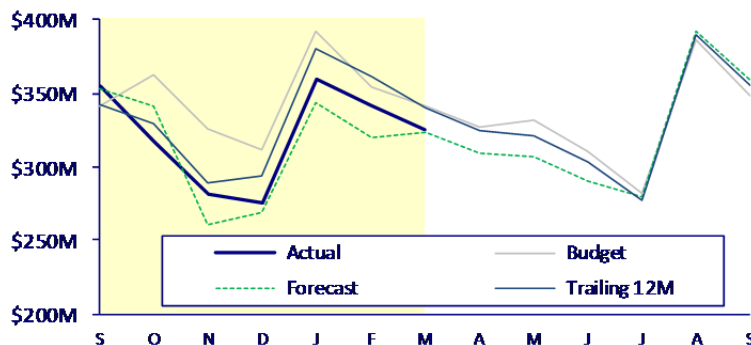
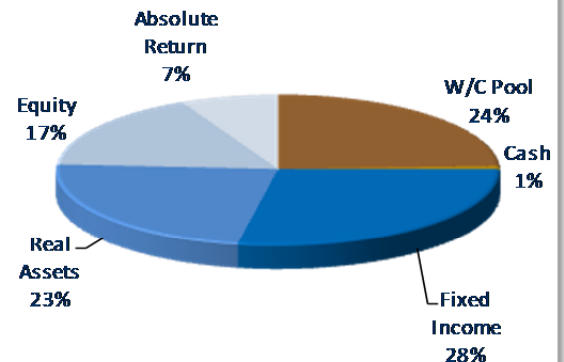
|                          | MTD       | QTD       | YTD       |
|--------------------------|-----------|-----------|-----------|
| Opening W/C Pool Balance | \$ 96,359 | \$ 33,375 | \$ 58,336 |
| Opening Cash Balance     | 3,500     | 4,712     | 10,801    |
| From State               | 20,110    | 78,495    | 191,634   |
| From Operations          | 28,032    | 235,507   | 579,528   |

**Uses**

|                        |                  |                  |                  |
|------------------------|------------------|------------------|------------------|
| To Payroll             | (37,123)         | (106,400)        | (320,129)        |
| To Operations          | (25,129)         | (81,767)         | (264,225)        |
| To Student             | (4,338)          | (82,510)         | (174,534)        |
| <b>Cash + W/C Pool</b> | <b>\$ 81,411</b> | <b>\$ 81,411</b> | <b>\$ 81,411</b> |

**INVESTMENTS**

| Cash + W/C Pool                  | Balance           | FYTD        | Last 1Y     |
|----------------------------------|-------------------|-------------|-------------|
| W/C Pool                         | \$ 79,470         | 1.1%        | 1.6%        |
| Cash                             | 1,941             | 0.0%        | 0.0%        |
| <b>Strategic + Reserve Pools</b> |                   |             |             |
| Fixed Income                     | 91,009            | 5.4%        | 7.4%        |
| Real Assets                      | 75,245            | 7.5%        | 8.3%        |
| Equity                           | 54,596            | 14.3%       | 9.7%        |
| Absolute Return                  | 23,683            | 8.5%        | 8.2%        |
| <b>Total</b>                     | <b>\$ 325,943</b> | <b>6.8%</b> | <b>7.2%</b> |

**CASH + INVESTMENTS FORECAST**

**ASSET ALLOCATION**

**DEBT**
**University**

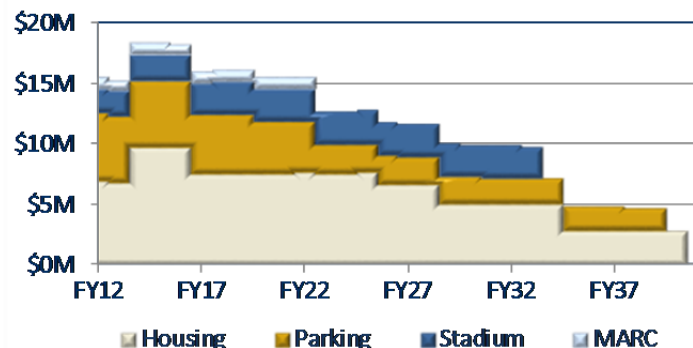
| O/s Balance           | Avg. Rate       |
|-----------------------|-----------------|
| Housing (Aa3/A/A+)*   | \$ 113,975 4.1% |
| Parking (Aa3/AA-/A+)* | 50,105 4.6%     |

**Direct Support Organizations**

|                               |                        |
|-------------------------------|------------------------|
| AFC (Stadium)                 | 32,749 4.4%            |
| Foundation (MARC)             | 7,700 4.0%             |
| <b>Total Outstanding Debt</b> | <b>\$ 204,529 4.3%</b> |

\*(Moody's/S&amp;P/Fitch)

|                    |         |       |
|--------------------|---------|-------|
| Fixed Rate Debt    | 189,040 | 92.4% |
| Variable Rate Debt | 15,489  | 7.6%  |

**ANNUAL DEBT SERVICE**




**THE FLORIDA INTERNATIONAL UNIVERSITY**  
**BOARD OF TRUSTEES**  
**Finance and Audit Committee**  
September 10, 2013

**Subject: Business Services Report**

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**Proposed Committee Action:**  
None. For information only.

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**Background Information:**  
The Office of Business Services Report provides information on services, sales, investments and venues.

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**Supporting Documentation:** Business Services Report

**Facilitator/Presenter:** Aime Martinez

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## UPDATES

Fall 2013

- This fall, FIU will open its first barbershop, **GoldenTouch Haircut & Shaves**, in the Graham Center. GoldenTouch is a premier barbershop offering traditional men's grooming services with an emphasis on affordable pricing and outstanding quality. Prices for haircuts start at \$12 and shaves start at \$10.
- Business Services is working closely with UTS to develop and open a new technology store in the Graham Center called **FIU Tech Village**. The store will service and sell electronics such as tablets, phones and computers and will feature brands like Microsoft, Dell and Apple to name a few.
- **The Fresh Food Company**, FIU's all-you-care-to-eat restaurant located in GC, has been fully renovated. The project will include new food stations, expanded seating and an attractive modern décor.
- **The Management and New Growth Opportunity (MANGO) building**, opening fall 2014, will feature Panda Express, Starbucks and Taco Bell with over 6,000 sq. ft. of indoor/outdoor seating designed to foster collaboration and community engagement.

## QUICK FACTS

### Services Under Management

- 46 Food and Retail Venues, Beverage & Snack Vending, FIU *One Card* Program, Office Supplies, Printing and Copying, Multi-use Facilities, Property Management and University-Wide Advertising.

### Investments

- In fiscal year 2013-14 Business Services plans to invest \$8.9M to build out new facilities, expand services and increase indoor and outdoor seating to help foster affinity and retention at FIU. Business Services will also contribute over \$1.8M to fund university initiatives, provide scholarships, underwrite student services and support FIU facilities.

### Revenues

- Business Services manages sales of over \$40M annually in Business Services operations. Revenues from operations in fiscal year 2013-14 are projected at \$7.5M. Over 60% of the revenue is derived from Food Services and Bookstore sales, \$3.0M and \$1.7M, respectively.

### Barnes & Noble at FIU

- This fall, the FIU bookstore will stock over 3,000 titles sourced from over a 1,000 vendors. 1,500 titles are available for rent, and with new dynamic pricing, students can save up to 80%. Digital titles have also continued to increase with over a 1,000 titles available this year.
- Barnes and Noble launched their newly designed website this summer enabling easy navigation and offering dynamic shopping experience.

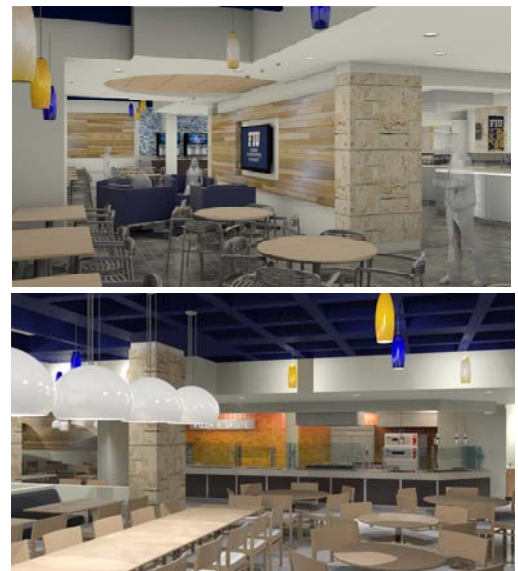
### FIU One Card/Wells Fargo

- Over 58,000 *One Cards* have been issued. Links to Wells Fargo accounts continue to climb through orientations augmented by new services like passport photos and student rewards pilot.

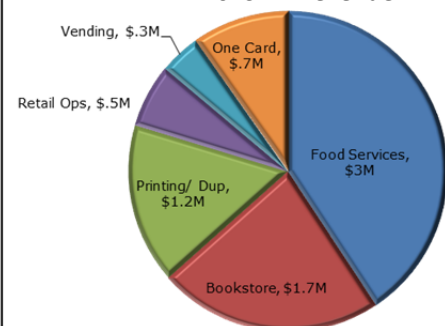
### Marketing and Consumer Insights

- ShopFIU's new website will launch this fall and will offer an enhanced user experience and new look and feel.
- ShopFIU will launch a mystery shopper program this fall to measure service levels, ensure quality assurance and validate adherence to processes.
- ShopFIU will be unveiling the new ShopFIU bus this fall with activations planned for football games, as well as other student events. The bus will serve as a mobile touch point for customers to experience our services.

### The Fresh Food Company Renovation



FY 2013-14 Revenue



Mango Building



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**THE FLORIDA INTERNATIONAL UNIVERSITY**  
**BOARD OF TRUSTEES**  
**Finance and Audit Committee**  
September 10, 2013

**Subject: Athletics Update**

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**Proposed Committee Action:**  
None. For information only.

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**Background Information:**  
The Athletics Update provides a fundraising report and financial highlights since the Finance and Audit Committee last met on June 5, 2013.

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**Supporting Documentation:** Athletics Update

**Facilitator/Presenter:** Pete Garcia

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**THE FLORIDA INTERNATIONAL UNIVERSITY**  
**BOARD OF TRUSTEES**  
**Finance and Audit Committee**  
September 10, 2013

**ATHLETICS UPDATE**

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**Reports** *(For Information Only)*

Pete Garcia, Executive Director of Sports & Entertainment

**Fundraising Report**

**FIU Foundation, Inc.**  
**Preliminary Recap of Statement of Activities**  
**Through the Period Ended June 30, 2013 (in thousands)**

|          | <b>Actual</b> | <b>Budget</b> | <b>Variance</b> |
|----------|---------------|---------------|-----------------|
| Revenues | \$1,042       | \$1,000       | \$42            |

**Financial Highlights**

Based on Athletics Finance Corporation, Unaudited Preliminary Recap through the period ended June 30, 2013:

- Year-to-date Net Income excluding debt service was \$2.89 million and favorable \$29 thousand vs. budget
  - Primary drivers include:
    - Favorable Operating Expenses \$35,377
    - Offset by unfavorable Operating Revenues \$6,329
- The debt coverage covenant requirement is forecasted to be met for the period ending June 30, 2013

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**THE FLORIDA INTERNATIONAL UNIVERSITY**  
**BOARD OF TRUSTEES**  
**Finance and Audit Committee**  
September 10, 2013

**Subject: Emergency Management Status Report**

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**Proposed Committee Action:**  
None. For information only.

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**Background Information:**

The Emergency Management Status Report provides updates on training, exercises and preparedness since the Finance and Audit Committee last met on June 5, 2013.

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**Supporting Documentation:** Emergency Management Status Report

**Facilitator/Presenter:** Ruben D. Almaguer

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Florida International University  
Board of Trustees  
Finance and Audit Committee  
September 10, 2013

**Emergency Management Status Report**  
*As of August 7, 2013*

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**Training and Exercises**

On July 9-10, 2013, FIU's Director of Emergency Management (DEM), Amy B. Aiken, along with University staff from other departments attended University of Central Florida's (UCF) Crisis Management Conference. This was the first conference of this type for the state university system (SUS) following the March 2013 Tower One shooting incident at UCF. Lessons learned and best practices on managing a crisis were discussed.

DEM staff facilitated the University's annual hurricane exercise on May 28, 2013 with the President and his executive staff.

DEM staff continues to train departments on the University's web based continuity of operations planning tool known as FIU Ready. All units are expected to have a completed plan. To date, there are over 100 plans in the system.

**Preparedness**

DEM staff continues to conduct informational sessions and training on emergency preparedness, hurricane preparedness and FIU's emergency notification system to various units throughout the University.

**Emergency Notification System**

Staff from DEM, FIU Police and the Division of Information Technology have selected Blackboard as the vendor for a new emergency notification system. This system will be implemented in phases beginning with text messaging.

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**THE FLORIDA INTERNATIONAL UNIVERSITY**  
**BOARD OF TRUSTEES**  
**Finance and Audit Committee**  
September 10, 2013

**Subject: University Compliance Report**

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**Proposed Committee Action:**  
None. Discussion item

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**Background Information:**

The University Compliance Program Report provides a summary of the University Compliance Program's major achievements for the fiscal ending June 30, 2013 and current initiatives.

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|                                  |   |
|----------------------------------|---|
| <b>Supporting Documentation:</b> | University Compliance Program: Major Accomplishments<br>Fiscal Year 2012-2013 |
|----------------------------------|---|

|                               |            |
|-------------------------------|------------|
| <b>Facilitator/Presenter:</b> | JoAnn Bova |
|-------------------------------|------------|

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*University Compliance  
Program:  
Major Accomplishments  
Fiscal Year 2012-2013*



September 10, 2013

## **University Compliance Program Major Accomplishments Fiscal Year 2012- 2013**

This document sets forth the major accomplishments of the University Compliance Office in strengthening the University Compliance and Ethics Program during Fiscal Year 2012-2013.

### **A. University Compliance Program Major Initiatives:**

- Penn State/New Florida Law/ Mandatory Reporting of Known or Suspected Child Abuse, Abandonment or Neglect for Universities: The University Compliance Office (“UCO”) worked with the Office of the General Counsel (“OGC”) to implement the action plan developed by the University General Counsel in order to implement this new law and related compliance requirements. The following was accomplished:
  1. Mandatory Reporting of Child Abuse, Abandonment and Neglect policy drafted and implemented.
  2. University Volunteer Policy drafted and under review.
  3. Training was conducted on the mandatory training requirements for University administrators and public safety officers, as well as other University personnel. Training was given by Dr. Maureen Kenny, FIU faculty member and subject matter expert in child abuse, and the University Compliance Office staff.
  4. An inventory of FIU summer camps or events sponsored by FIU involving minor children was conducted and is being maintained by the University Compliance Office.
  5. Direct contact with all camp administrators to confirm that appropriate background checks were being conducted and to provide general guidance/tips regarding child abuse detection and prevention.
  6. UCO/OGC assessed the Freeh Report and performed an assessment of FIU as compared to Freeh Report findings.
  7. Annual assessments will be done of University administrators, faculty and staff regarding their obligations to report known or suspected instances of child abuse, abandonment or neglect.
- Higher Education Act of 1965, as Amended: Student Consumer Information: The University Compliance Office created and now maintains a dedicated Web page linking the information that the University is required to make readily available to current and prospective students and their families, current and prospective employees, and the general public under the Higher Education Act of 1965 (HEA), as amended by the Higher Education Opportunity Act of 2008 (HEOA).

### **B. University Compliance Program Infrastructure:**

- SCCE Conference on Higher Education Compliance: The University Compliance Officer attended the Society of Corporate Compliance and Ethics (SCCE) conference on Higher Education Compliance in Austin, Texas, in June, 2013. Conference sessions included: Metrics, Conflicts of Interest, Committee Governance, Compliance Program Assessments, Internal Investigations, Freeh: Implications for Higher Education, and Ethics in the Age of Online Education & MOOCs. At this



conference, Leyda Benitez, Senior University Counsel for Compliance, was one of the presenters at a session on “Freeh: Implications for Higher Education.”

- SUS Florida Compliance & Ethics Consortium: Several compliance representatives from the SUS of Florida attended the conference and formed the Florida SUS Compliance & Ethics Consortium (CEC). The Florida SUS CEC held its first meeting on June 27, 2013 and will meet quarterly. It is currently developing its charter.
- Consolidated Reporting: In its effort to move toward more consolidated reporting, the University Compliance Office, in collaboration with representatives from Athletics Compliance, Academic Health Center/Health Care Network, Environmental Health and Safety, IT Security and Research developed metrics for consolidated reporting on compliance activities to the Finance and Audit Committee of The Florida International University Board of Trustees. The metrics that these subject-matter risk areas will focus on are described in the chart below.

| Consolidated Reporting Metrics |   |
|--------------------------------|---|
| 1.                             | Education and Training: Subject Matter, Audience, Date, Number of Attendees |
| 2.                             | Inquiries: Internal/External  |
| 3.                             | Policies and Procedures   |
| 4.                             | Reports: To create a comprehensive Compliance calendar                      |
| 5.                             | Monitoring Activities: Tracking/Reporting                                   |

## 1. Compliance Education and Training:

- HIPAA Online Education and Training: The Offices of University Compliance, Academic Health Center/ College of Medicine Compliance and Information Technology Security jointly developed an online HIPAA Privacy and Security training that is currently available for all FIU Herbert Wertheim College of Medicine faculty, staff and students who need this training.
- Specific compliance-related education and training provided during FY2012-13 consisted of:

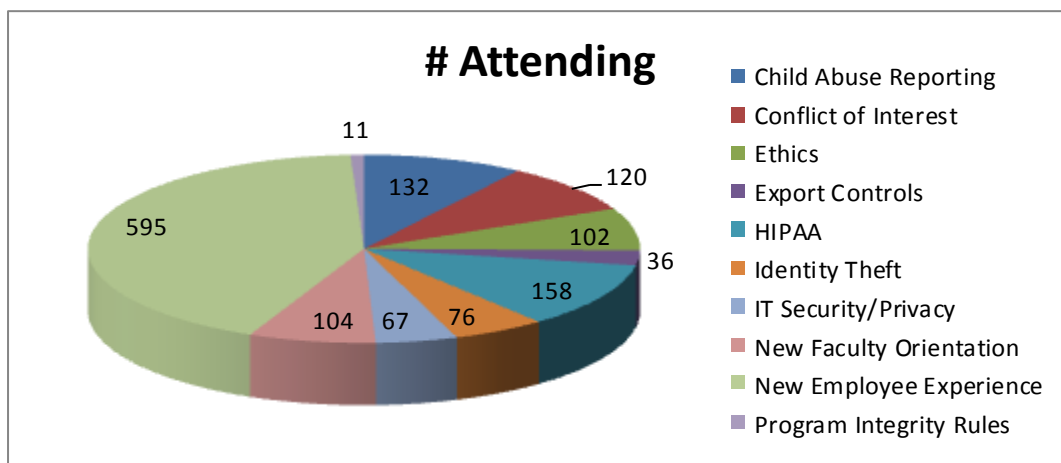
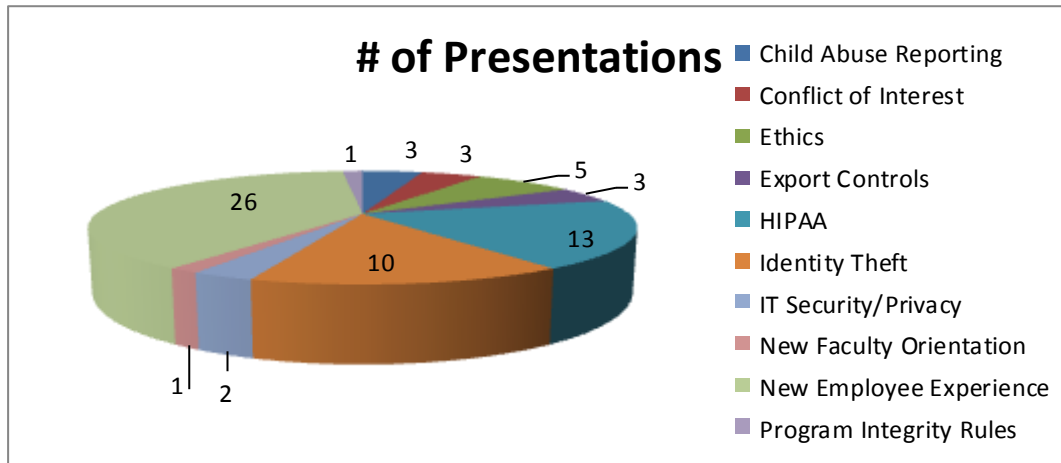
| Training  | # of Presentations | # Attending |
|---|--------------------|-------------|
| Child Abuse Reporting Requirements <sup>1</sup> | 3                  | 132         |
| Conflict of Interest                            | 3                  | 120         |
| Ethics  | 5                  | 102         |
| Export Controls <sup>2</sup>                    | 3                  | 36          |
| HIPAA <sup>3</sup>                              | 13                 | 158         |
| Identity Theft <sup>4</sup>                     | 10                 | 76          |
| Information Technology Security - Privacy       | 2                  | 67          |
| New Faculty Orientation                         | 1                  | 104         |
| New Employee Experience                         | 26                 | 595         |
| Program Integrity Rules                         | 1                  | 11          |
| <b>TOTAL</b>                                    | <b>67</b>          | <b>1401</b> |

<sup>1</sup> Presentations by Dr. Maureen Kenny, FIU, College of Education

<sup>2</sup> Online training through Division of Research

<sup>3</sup> Presentations by Kathleen Ojala, FIU-AHC Compliance and Privacy Officer and David Assee, IT Security Office

<sup>4</sup> Presentations by David Assee, IT Security Office and Claudia Zapata, University Compliance Office

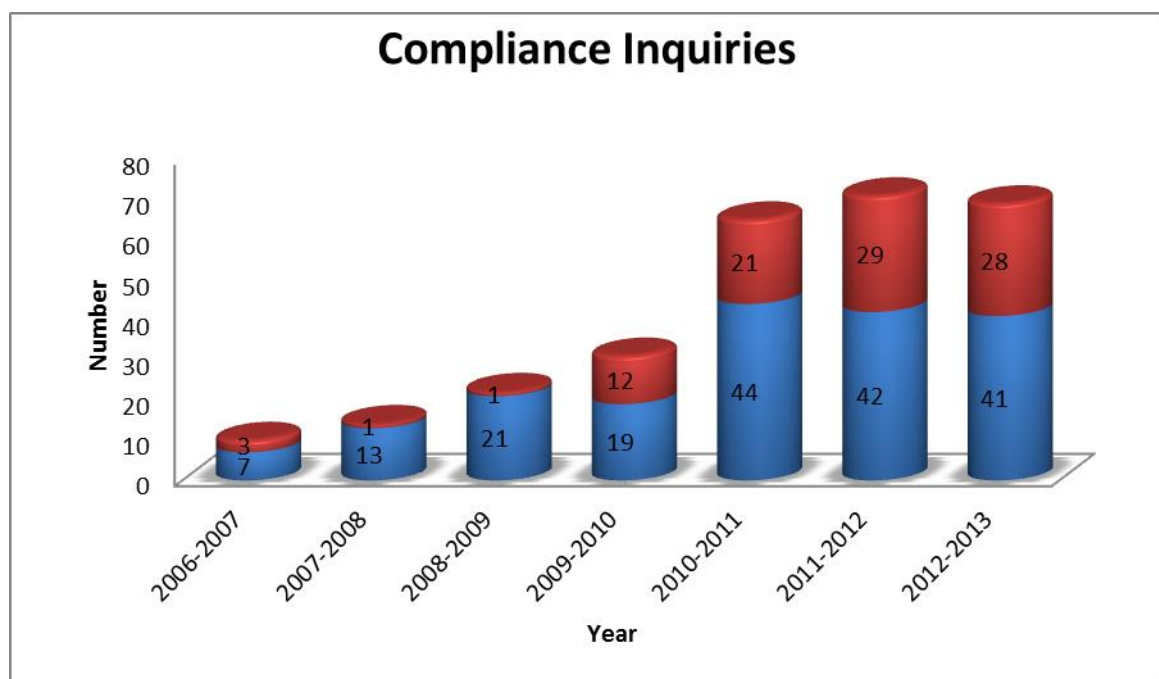


## 2. Compliance Inquiries (Internal/External)

- University Compliance and Ethics Hotline:
  1. Conducted benchmarking and determined that level and frequency of use of the hotline is in keeping with comparable and aspirational institutions.
  2. Increased awareness and knowledge of the University's ethics and compliance hotline through routine Univmail announcements to faculty, staff and students and greater visibility and exposure via flyers displayed on monitors located in the Green Library and the Graham Center.
  3. In May 2013, the University Compliance Office participated in the National Corporate Compliance and Ethics Week by posting flyers on University email (Univmail) to thank employees for their commitment to compliance and ethics in the workplace. This campaign helped to raise awareness of FIU's Compliance and Ethics Program, and reminded employees of the existence of the hotline.

- Following is information regarding internal and external inquiries to the University Compliance Office and the Ethics and Compliance hotline.

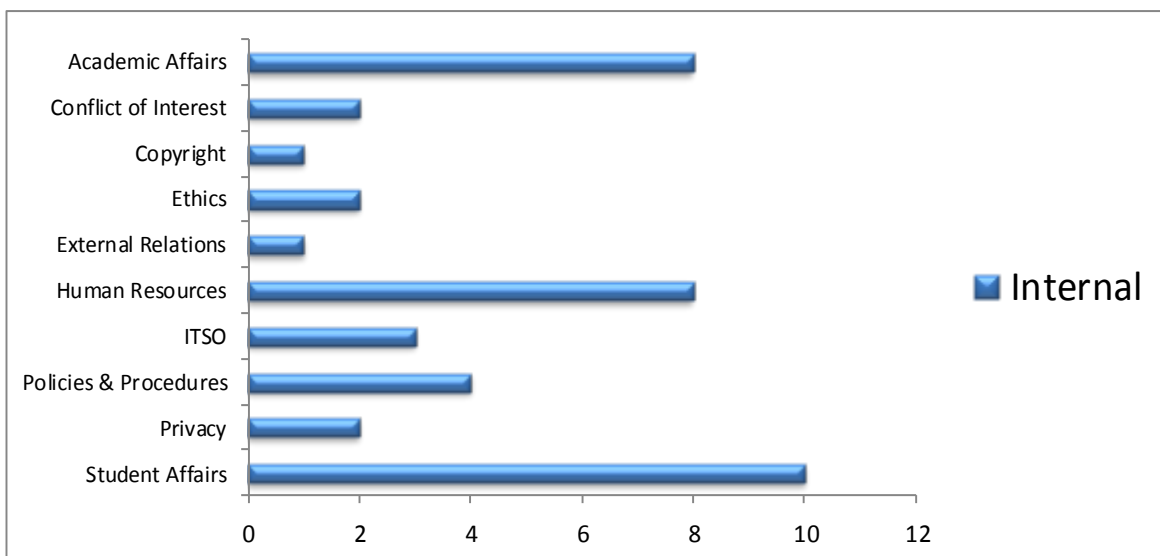
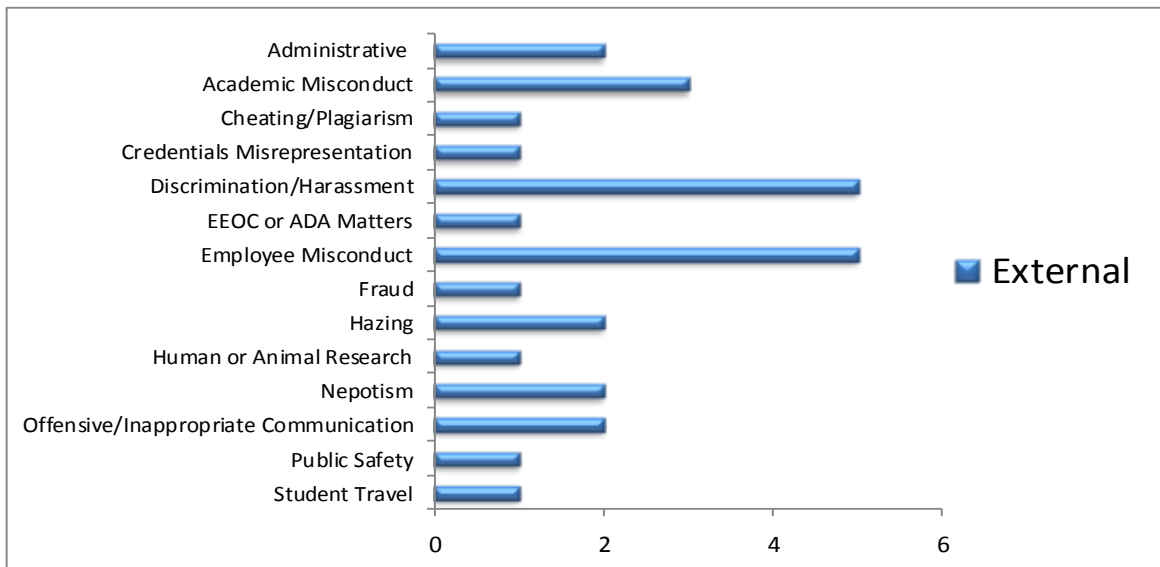
| COMPLIANCE INQUIRIES/REPORTS |          |                 |       |
|------------------------------|----------|-----------------|-------|
| FY                           | INTERNAL | EXTERNAL        | TOTAL |
| 2006-07                      | 7        | 3               | 10    |
| 2007-08                      | 13       | 1               | 14    |
| 2008-09                      | 21       | 1               | 22    |
| 2009-10                      | 19       | 12              | 31    |
| 2010-11                      | 44       | 21              | 65    |
| 2011-12                      | 42       | 29              | 71    |
| 2012-13                      | 41       | 28 <sup>5</sup> | 69    |



Internal ■ External ■

<sup>5</sup> 25 external inquiries through EthicsPoint hotline

## FY2012-2013 Inquiries/Reports by Subject Matter (External) and University Area (Internal)



### 3. University Policies and Procedures:

- University Compliance Office New Web site: Redesigned University Compliance Office Web site to enhance and provide:
  1. More interactive capabilities for users
  2. *Compliance Alliance* e-Newsletter
  3. Centralized compliance-related education and training links
  4. Featured policy of the month
  5. Policy development process flow chart
  6. Compliance reporting metrics
  7. Expected launch date is August 30, 2013
- University-Wide Policies under Development/Review:
  - a. Draft Camps and Enrichment Policy
  - b. Draft Automated External Defibrillator (AED) Program and Policy

### **C. Other Noteworthy Work Conducted by the University Compliance Office**

- FERPA: The University Compliance Office has identified and will meet with representatives from the following four Registrar's Offices: Undergraduate, Graduate, College of Law, and College of Medicine, in order to revise and update FIU Regulation FIU-108.
- Online FERPA and FTC Red Flags Rule/Identity Theft Training: The University Compliance Office is working with a third-party vendor to complete an online FERPA training and an FTC Red Flags Rule/Identity Theft training program that will include a test component in order to assess completion of materials and level of understanding.

### **D. Consolidated Reporting on Compliance Activities:**

The following reports are from University Specific Subject-Matter Risk Areas:

- Athletics Compliance Office
- FIU Academic Health Center ("AHC") & FIU Health Care Network ("HCN") Compliance Office
- Environmental Health and Safety
- IT Security Office

**ATHLETICS COMPLIANCE**  
**Prepared by: Valerie Sheley**  
**Director, University Athletics Compliance**  
**July 29, 2013**

## **Introduction**

The following report summarizes the work performed by, and major accomplishments of, the Athletics Compliance Office ("ACO") during FY 2012-2013. The metrics set forth in the report are for the following:

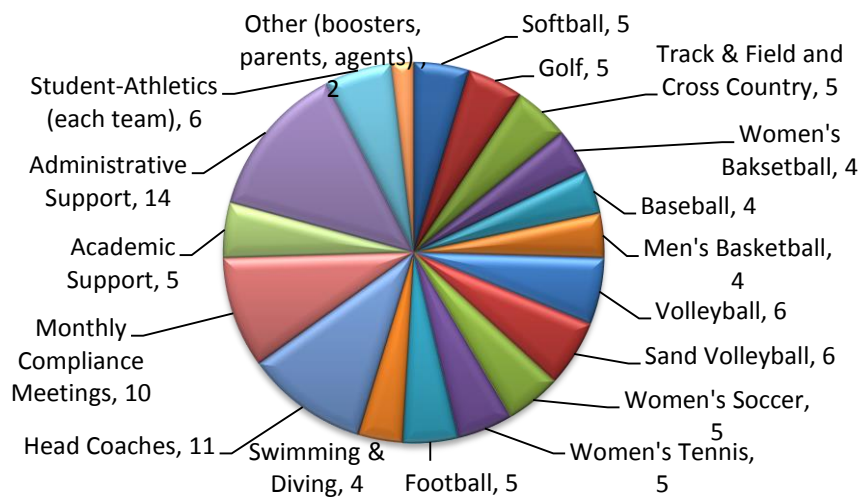
- the number of ACO education and training presentations and meetings that took place during fiscal year 2012-2013;
- the number of inquiries/reports handled by the ACO; and
- the number and type of NCAA secondary violations handled by the ACO.

## **1. Education and Training**

The ACO conducted 111 educational sessions during the 2012-13 fiscal year, including the monthly "All-Staff" compliance meetings, the monthly "Head Coaches" meetings and in-person meetings with selected boosters.

| ATHLETICS COMPLIANCE - FY 2012-2013<br>Sports, Academic & Administrative Support<br>Meetings Education & Training |            |
|---|------------|
| Men's Soccer  | 5          |
| Softball  | 5          |
| Golf  | 5          |
| Track & Field and Cross Country   | 5          |
| Women's Basketball  | 4          |
| Baseball  | 4          |
| Men's Basketball  | 4          |
| Volleyball  | 6          |
| Sand Volleyball   | 6          |
| Women's Soccer  | 5          |
| Women's Tennis  | 5          |
| Football  | 5          |
| Swimming & Diving   | 4          |
| Head Coaches  | 11         |
| Monthly Compliance Meetings   | 10         |
| Academic Support  | 5          |
| Administrative Support  | 14         |
| Student-Athletes (each team)  | 6          |
| Other (Boosters, Parents, Agents)   | 2          |
| <b>TOTAL</b>  | <b>111</b> |

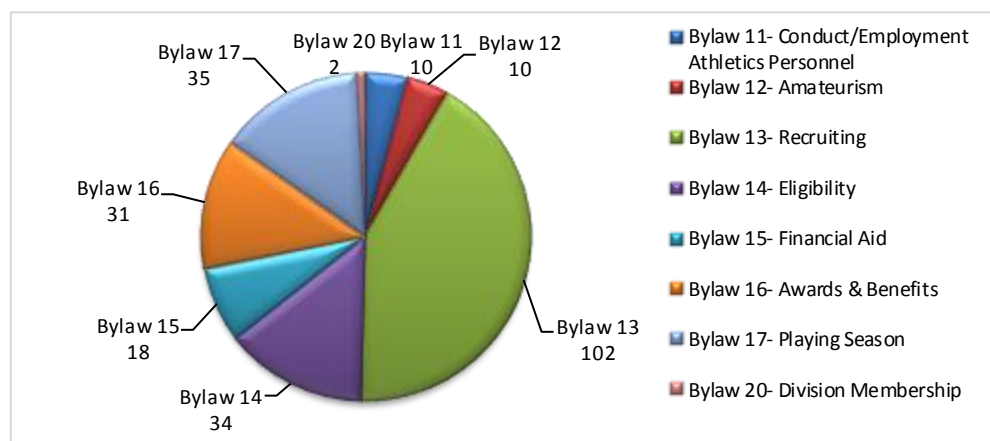
## Sports, Academic & Administrative Support Meetings, Education and Training



## 2. Monitoring and Reporting

- Inquiries/Reports:** The ACO documented 242 responses to NCAA rules interpretations during the 2012-2013 fiscal year. This does not include questions and answers during educational sessions or procedural questions. The 242 responses were divided by NCAA Operating Bylaws.

| INQUIRIES | TOTAL |
|-----------|-------|
| Bylaw 11  | 10    |
| Bylaw 12  | 10    |
| Bylaw 13  | 102   |
| Bylaw 14  | 34    |
| Bylaw 15  | 18    |
| Bylaw 16  | 31    |
| Bylaw 17  | 35    |
| Bylaw 20  | 2     |
| TOTAL     | 242   |



- Inquiries/Reports: 16 NCAA Secondary Violations were reviewed and reported during 2012-2013. 8 were "Level I" (3 - recruiting; 3 - eligibility; 1 - awards/benefits; and 1 in playing/practice), and therefore reported directly to the NCAA. 8 were "Level II" (3 - recruiting; 2 - eligibility; and 3 - playing/practice), and therefore reported directly to the Conference Office.

The number and type of NCAA Secondary Violations handled by the ACO are described below.

| REPORTS  | TOTAL |
|----------|-------|
| Bylaw 13 | 6     |
| Bylaw 14 | 5     |
| Bylaw 16 | 1     |
| Bylaw 17 | 4     |
| TOTAL    | 16    |

| REPORTS  | TOTAL |
|----------|-------|
| Level I  | 8     |
| Level II | 8     |
| TOTAL    | 16    |

### 3. 2012-2013 Major Accomplishments

- To continue to improve the accuracy of our information, streamline information sharing and provide real-time compliance support to our coaches, additional functionality available within the JumpForward Compliance Solutions Software program was activated. The following required compliance paperwork is now being managed through JumpForward:
  - All in-person, contacts and evaluations of prospective student-athletes;
  - Declaration of the practice and playing seasons;
  - Countable athletically related activity logs that are verifiable by randomly selected student-athletes;
  - All telephone calls to prospective student-athletes and their parents or legal guardians;
  - All official and unofficial visit paperwork and approvals;
  - Any scholarship requests or changes paperwork;
  - Any changes in status of current student-athletes from active to in-active on the squad lists;
  - Official visit expense reimbursement paperwork;
  - Complimentary tickets for student-athletes;
  - Transcript evaluations;
  - Travel Authorizations for coaches; and
  - Student-athlete required forms prior to the first practice.
- Expanded the educational efforts within and outside the athletics department with in-person presentations. As compared to last fiscal year, we offered 13 more in-person presentations to athletics department personnel and University staff, boosters and student-athletes.
- Developed a more clear and efficient eligibility certification process. The Athletics Compliance Officer was a member of a working group the purpose of which was to determine whether the eligibility process could be automated and



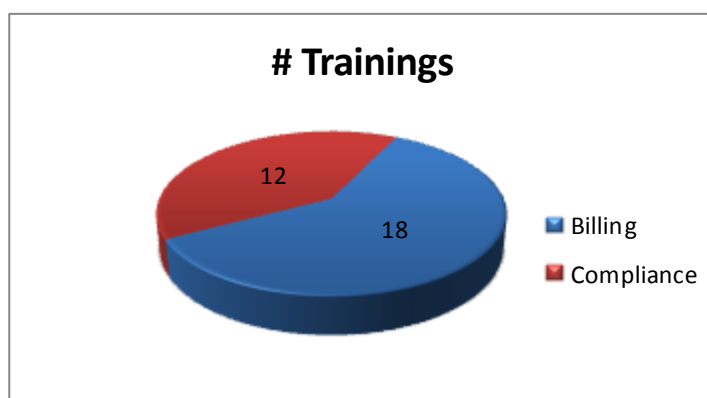
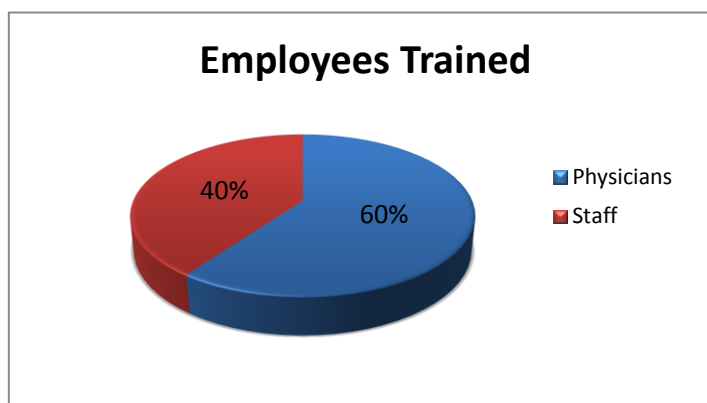
thereby be made more efficient and reduce the risk of human error. A proposal for the IT consulting necessary to automate the process has been prepared and is being submitted for consideration to senior leadership.

- A new admissions process for students that do not meet the regular FIU entrance requirements was implemented with the collaboration of the Vice President for Enrollment Services, the Director of the SAAC, Undergraduate Admissions and the ACO. The new procedure is transparent, consistent and holistic, affording all students the opportunity to appeal denial of admissions to FIU. This replaces a process that pre-screened student-athletes prior to being reviewed by the Admissions Committee, which had the potential for inconsistent criteria and results.
- After several in-person meetings with the Financial Aid office, they added a graduate assistant to assist the financial aid liaison, and a procedure has been developed that runs more smoothly and cooperatively, with the required checks and balances.
- The Athletics Compliance Operating Manual has been completely updated. This manual implements all of the compliance requirements of the NCAA applicable to coaches and other athletics department personnel. This undertaking resulted in all existing forms and procedures being updated, as needed, for consistency with current NCAA legislation and needed forms and procedures being identified and developed. All required forms and procedures are now available on-line to the Athletics Department staff.
- A new coaches' orientation program has been developed to ensure that new coaches understand the expectations of FIU relating to athletics compliance. We strive to conduct the new coaches' orientation program within the first two weeks of employment, dependent upon recruiting calendar demands. The program covers some basics with all the coaches, but is also tailored dependent upon the sport and the coach's experience by providing at least 2 hours of instruction regarding FIU's athletics compliance program and the coaches' responsibilities relating thereto.
- The successful audit of the ACO eligibility process was completed in early spring. Only a few housekeeping items, such as the inconsistent filing of documents, and a minor secondary violation were revealed.

**FIU ACADEMIC HEALTH CENTER ("AHC") & FIU HEALTH CARE NETWORK  
("HCN") Compliance Report for Fiscal Year 2012-2013**  
**Prepared by: Kathleen Ojala, JD, BSN, CHC, CPC**  
**FIU AHC Compliance and Privacy Officer**  
**August 2, 2013**

**1. Education & Training**

- All physicians (18) for whom HCN is conducting billing have completed 1:1 compliance training.
- All practice support staff of the HCN completed compliance training (approximately 30).
- Quarterly AHC Compliance and Quality Newsletter are published and distributed across HWCOM and AHC College Deans.
- Effective June 24, 2013, online Health Insurance Portability and Accountability Act of 1996 ("HIPAA") training for all Herbert Wertheim College of Medicine ("HWCOM") faculty, staff and students was made available - 92% completion rate. Follow up still being conducted.
- A significant infrastructure build was required to host the training materials. HWCOM, with support from the University, has created its Learning Management infrastructure which supports the hosting of online learning modules for faculty, staff and students, and the reporting of completion of the same.



## **2. Inquiries**

No inquiries from internal or external sources to report.

## **3. Policies and Procedures**

The AHC, FIU HCN Compliance Plan, as adopted by the HCN Board of Trustees on November 10, 2011, presently has 10 associated policies and procedures (e.g. exclusion list checking, compliance education, correct coding of claims, auditing of claims, etc.). As the clinical operations of the AHC Colleges are evolving and expanding, so are the Compliance Plan and the associated policies and procedures. Plan review and policy development is dynamic.

HWCOM, in collaboration with the AHC Colleges, has developed 17 HIPAA related implementing procedures, and has provided training to workforce members as described above. The adoption of the implementing procedures and staff training of the staff members' responsibilities is an important initial step in standardizing regulatory adherence to HIPAA across the covered health care components at FIU.

## **4. Monitoring and Reporting**

AHC Compliance Reports are provided quarterly to the Health Care Network Board of Trustees. The reports include dashboards of select items, such as those depicting standardized processes (such as exclusion list checking completion). A centerpiece of any health care compliance program is the monitoring and auditing of the accuracy of claims which have been submitted to third party payers. The AHC annual claims auditing report is pending finalization.

### **Summary:**

The AHC Compliance Program is two years old. As the AHC evolves, and ongoing rapid changes in the U.S. health care system regulations continue, the Compliance Program is designed to grow and adapt.

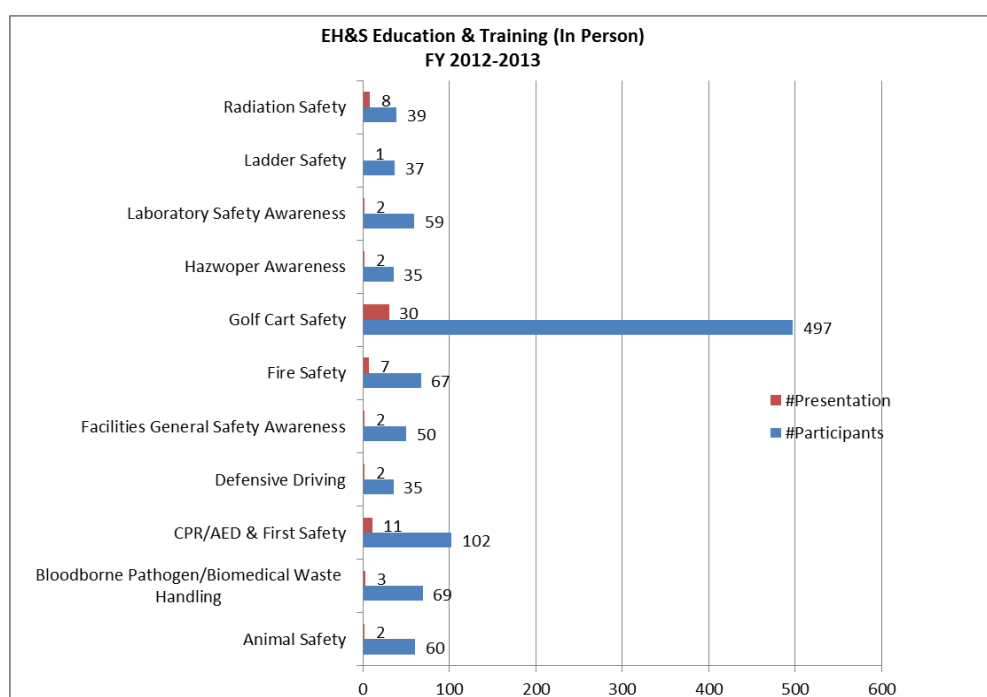
# SAFETY AND ENVIRONMENTAL COMPLIANCE STATUS REPORT

Prepared by: Roger Riddlemoser, Director, Environmental Health & Safety  
August 2, 2013

## 1. Education and Training

A significant component of safety and environmental compliance comprises raising awareness and providing education and training regarding the regulations University faculty, staff and students must follow in order to work, perform research and pursue academic endeavors in a safe environment.

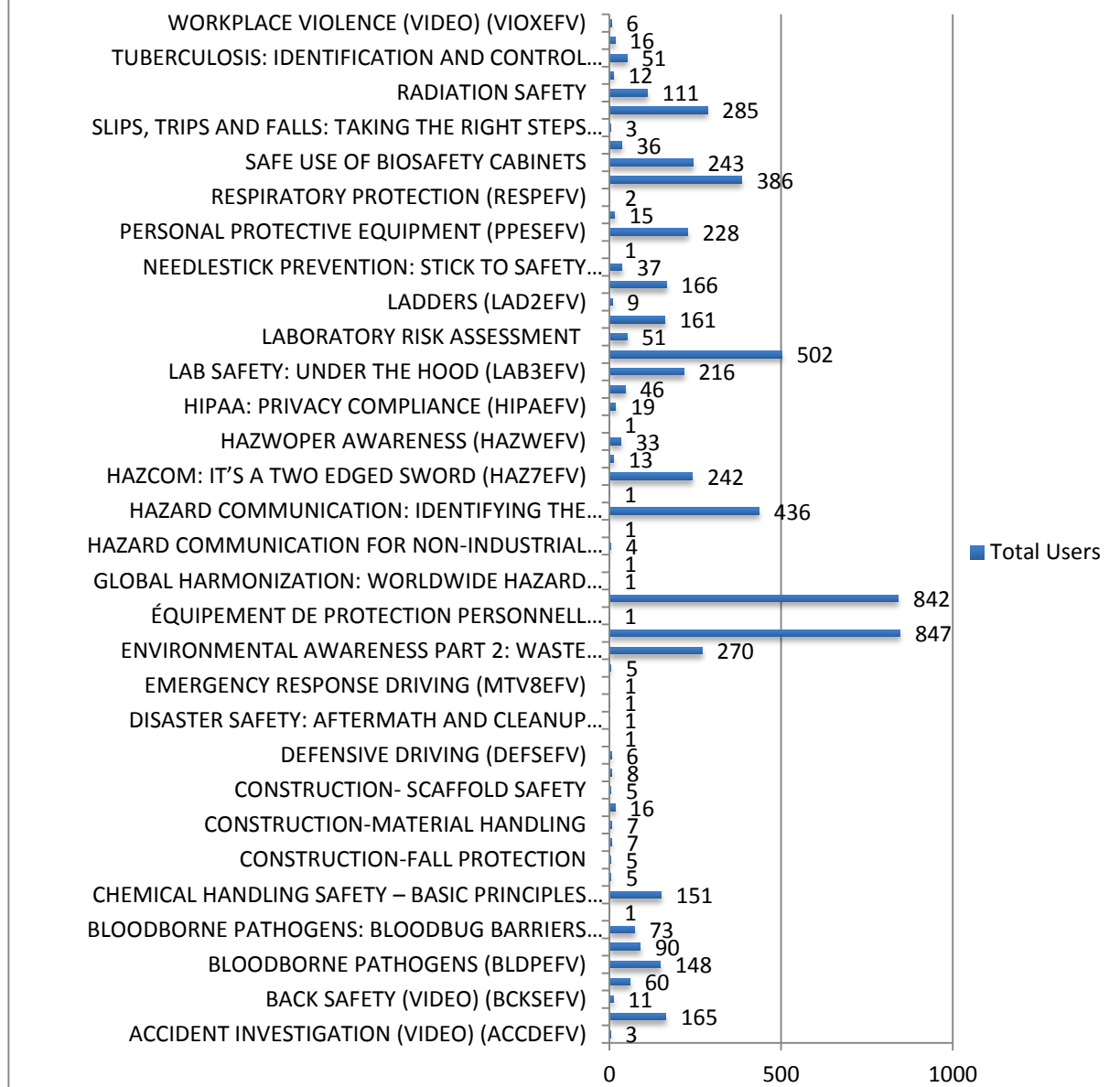
Trainings through The Department of Environmental Health & Safety (EH&S) are offered both in person and online. EH&S conducted 70 in person and 59 online educational and training sessions during the 2012-13 fiscal year. In total, 7,115 participants attended one or more of these trainings. The charts below illustrate their subject matter and the number of participants.



| Environmental Health & Safety Education/Training<br>FY 2012-2013 (In Person) |                |                 |
|--|----------------|-----------------|
| Classroom Training (In person)   | # Participants | # Presentations |
| Animal Safety  | 60             | 2               |
| Bloodborne Pathogen/Biomedical Waste Handling                                | 69             | 3               |
| CPR/AED & First Safety   | 102            | 11              |
| Defensive Driving  | 35             | 2               |
| Facilities General Safety Awareness  | 50             | 2               |
| Fire Safety  | 67             | 7               |
| Golf Cart Safety   | 497            | 30              |
| Hazwoper Awareness   | 35             | 2               |
| Laboratory Safety Awareness  | 59             | 2               |
| Ladder Safety  | 37             | 1               |
| Radiation Safety   | 39             | 8               |
| <b>Total</b>   | <b>1050</b>    | <b>70</b>       |

| Environmental Health & Safety Education/Training<br>FY 2012-2013 (Online) |             |   |             |
|---|-------------|---|-------------|
| Safety Training   | Total Users | Safety Training   | Total Users |
| ACCIDENT INVESTIGATION (VIDEO) (ACCDEFV)                                  | 3           | HAZARD COMMUNICATION: IDENTIFYING THE DANGERS (HZNTEFV)     | 436         |
| ANIMAL SAFETY   | 165         | HAZARD COMMUNICATION: THE ROAD TO SAFETY (VIDEO) (HAZXEFV)  | 1           |
| BACK SAFETY (VIDEO) (BCKSEFV)   | 11          | HAZCOM: IT'S A TWO EDGED SWORD (HAZ7EFV)                    | 242         |
| BIOLOGICAL AND CHEMICAL THREATS-CLOSING THE DOOR (EM12EFV)                | 60          | HAZMAT AWARENESS (HAZMEFV)                                  | 13          |
| BLOODBORNE PATHOGENS (BLDPEFV)  | 148         | HAZWOPER AWARENESS (HAZWEFV)                                | 33          |
| BLOODBORNE PATHOGENS: A SHARPER IMAGE (BP13EFV)                           | 90          | HEAT STRESS (HEATEFV)                                       | 1           |
| BLOODBORNE PATHOGENS: BLOODBUG BARRIERS (BLDBEV)                          | 73          | HIPAA: PRIVACY COMPLIANCE (HIPAEFV)                         | 19          |
| BUCKET TRUCKS – EXTENDING YOUR SAFETY (BUC0EFV)                           | 1           | INFECTION CONTROL ESSENTIALS: EVERY ACTION COUNTS (INFHEFV) | 46          |
| CHEMICAL HANDLING SAFETY – BASIC PRINCIPLES (CHE5EFV)                     | 151         | LAB SAFETY: UNDER THE HOOD (LAB3EFV)                        | 216         |
| CONSTRUCTION- ELECTRICAL SAFETY   | 5           | LABORATORY SAFETY (LABSEFV)                                 | 502         |
| CONSTRUCTION-FALL PROTECTION  | 5           | LABORATORY RISK ASSESSMENT                                  | 51          |
| CONSTRUCTION-LADDER SAFETY  | 7           | FIU'S LABORATORY SAFETY AWARENESS                           | 161         |
| CONSTRUCTION-MATERIAL HANDLING  | 7           | LADDERS (LAD2EFV)   | 9           |
| CONSTRUCTION-PERSONAL PROTECTIVE EQUIPMENT                                | 16          | LASER SAFETY: THE BLINK OF AN EYE (LAS1EFV)                 | 166         |
| CONSTRUCTION- SCAFFOLD SAFETY   | 5           | NEEDLESTICK PREVENTION: STICK TO SAFETY (NSP1EFV)           | 37          |
| CONSTRUCTION- POWER TOOL SAFETY   | 8           | PERSONAL FALL PROTECTION: ONE STEP BEYOND (PPF1EFV)         | 1           |
| DEFENSIVE DRIVING (DEFSEFV)   | 6           | PERSONAL PROTECTIVE EQUIPMENT (PPESEFV)                     | 228         |
| DEFENSIVE DRIVING: 15-PASSENGER VANS (MTVAEFV)                            | 1           | RECYCLING PROCEDURES  | 15          |
| DISASTER SAFETY: AFTERMATH AND CLEANUP (EE37EFV)                          | 1           | RESPIRATORY PROTECTION (RESPEFV)                            | 2           |
| DISPOSABLE RESPIRATORS: EXPOSURE CONTROL (RES5EFV)                        | 1           | SAFE HANDLING OF BIOMEDICAL WASTE                           | 386         |
| EMERGENCY RESPONSE DRIVING (MTV8EFV)                                      | 1           | SAFE USE OF BIOSAFETY CABINETS                              | 243         |
| ENVIRONMENTAL AWARENESS PART 1: AIR AND WATER (VID (ENV1EFV)              | 5           | SAFETY ORIENTATION: ON ALERT (SAFOEFV)                      | 36          |
| ENVIRONMENTAL AWARENESS PART 2: WASTE AND CHEMICAL (ENV2EFV)              | 270         | SLIPS, TRIPS AND FALLS: TAKING THE RIGHT STEPS (STF3EFV)    | 3           |
| EPA: HAZARDOUS WASTE MANAGEMENT   | 847         | SMALL SPILLS AND LEAKS (SSLKEFV)                            | 285         |
| ÉQUIPEMENT DE PROTECTION PERSONNELL (PPESFFV)                             | 1           | RADIATION SAFETY  | 111         |
| FIRE SAFETY   | 842         | SPILL CONTROL   | 12          |
| GLOBAL HARMONIZATION: WORLDWIDE HAZARD COMMUNICATION (HZ18EFV)            | 1           | TUBERCULOSIS: IDENTIFICATION AND CONTROL (TBS1EFV)          | 51          |
| GROUNDKEEPING SAFETY: BE A PRO! (FAC1EFV)                                 | 1           | WORKING SAFELY WITH POWER TOOLS (HNTLEFV)                   | 16          |
| HAZARD COMMUNICATION FOR NON-INDUSTRIAL EMPLOYEES (HAZEFEV)               | 4           | WORKPLACE VIOLENCE (VIDEO) (VIOXEFV)                        | 6           |
| HAZARD COMMUNICATION FOR PUBLIC EMPLOYEES (HAZHEFV)                       | 1           |   |             |
| <b>Sub Total</b>  | <b>2737</b> | <b>Sub Total</b>  | <b>3328</b> |
|   |             | <b>TOTAL</b>  | <b>6065</b> |

## EH&S Education & Training (Online) FY 2012-2013

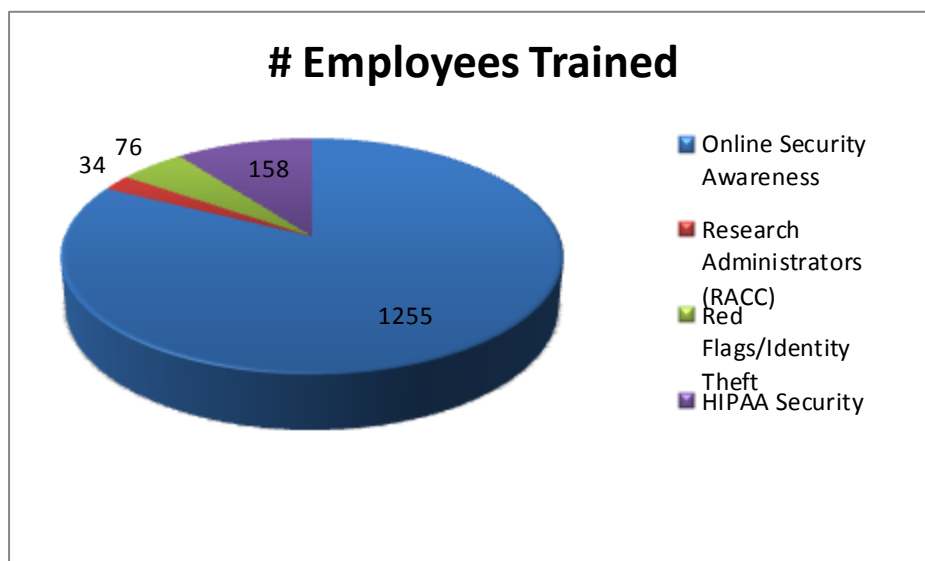
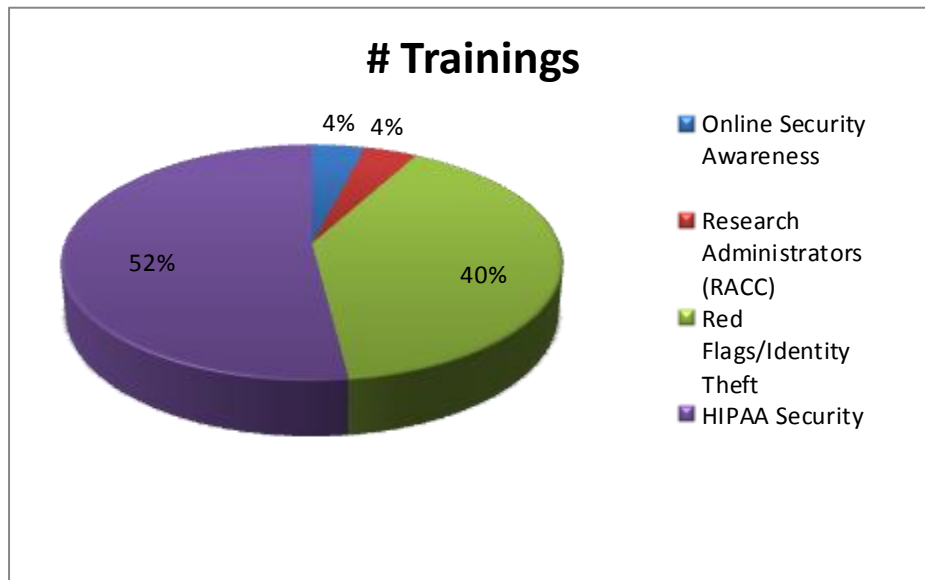


## 2. Policies and Procedures

The University Golf Cart and Other Motorized Carts Safety Policy was revised and updated and posted in the University's Policies and Procedures Library during fiscal year 2012-2013.

**IT SECURITY OFFICE**  
**Prepared by: Donna Day, Interim Security Officer**  
**August 2, 2013**

**1. Education and Training**



| ITSO Training                          | #Trainings | #Employees  |
|--|------------|-------------|
| Online Security Awareness <sup>6</sup> | 1          | 1255        |
| Research Administrators (RACC)         | 1          | 34          |
| Red Flags/Identity Theft               | 10         | 76          |
| HIPAA Security                         | 13         | 158         |
| <b>TOTAL</b>                           | <b>25</b>  | <b>1523</b> |

<sup>6</sup> Online Training

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**THE FLORIDA INTERNATIONAL UNIVERSITY**  
**BOARD OF TRUSTEES**  
**Finance and Audit Committee**  
September 10, 2013

**Subject: Safety and Environmental Compliance Report**

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**Proposed Committee Action:**  
None. For information only.

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**Background Information:**  
The Safety and Environmental Compliance Report provides the status of compliance issues since the Finance and Audit Committee last met on June 5, 2013.

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**Supporting Documentation:** Safety and Environmental Compliance Report

**Facilitator/Presenter:** Ruben D. Almaguer

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**Florida International University  
Board of Trustees  
Finance and Audit Committee  
September 10, 2013**

**Safety and Environmental Compliance Status Report**  
*(May 9, 2013 – August 9, 2013 Coverage)*

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**Issue: Deuxieme Maison (DM) Lake #11 Visible Oil Release – (FPL Transformer Failure)**  
**Agency:** Florida Department of Regulatory and Economic Resources (DRER)

**Status:** Update: On April 22-23, 2013, a Florida Power & Light (FPL) transformer failure occurred in the FIU Central Plant area. FPL reported all di-electric fluid (mineral oil) was cleaned up. FIU noticed an April 23, 2013 visible oil release on DM Lake #11 which was immediately reported to DRER. FPL, FIU EH&S and DRER initial investigation assumed oil release from normal road/parking lot oil run-off. Observations during another rain storm event on April 30, 2013 showed more visible oil on DM Lake #11. Additional FIU EH&S investigation determined that DM Lake #11 oil release was due to FPL transformer failure/improper oil release clean-up. FPL, DRER and FIU worked together for proper control/clean-up with a final FPL closure report issued May 29, 2013.

**Issue: National Pollutant Discharge Elimination System (NPDES) Stormwater Phase II MS4 Permit Audit (5 year)**  
**Agency:** Florida Department of Environmental Protection (FDEP)

**Status:** Update: On July 10, 2013, FIU received the final FDEP inspection report for the 5 Year – NPDES Stormwater Permit covering the Modesto Maidique Campus and Biscayne Bay Campus. A total of fifteen (15) items were identified in the audit receiving a marginal or unsatisfactory rating. FIU Environmental Health & Safety (EH&S) completed all corrective actions and submitted a response to FDEP on August 8, 2013.

**Issue: Bureau of Radiation Control Radioactive Material License Inspection**  
**Agency:** Florida Department of Health (FDOH)

**Status:** New: FIU Broad Scope Radioactive Material License requires semi-annual leak testing of 30 sealed sources. All removable contamination results on May 31, 2013 were below the reporting level of 0.005 microcurie\*.

New: FIU Radiation Control Committee recommended closure of one (1) radiation laboratory – Owa Ehan (OE) Room 316. Radioactive material/waste was removed, laboratories cleaned, decontaminated and released for unrestricted use on July 8, 2013\*.

*\*Please note: These issues will be removed from future BOT reports.*

**Issue: Annual Life Safety Code Compliance Inspections & Other Life Safety Code Activities**  
**Agency:** State Fire Marshal

**Status:** New: State Fire Marshal completed 13 construction and remodeling inspections. Five construction plans reviews and site visits were conducted. BBC Royal Caribbean Cruise Line Building planning is in progress. All monthly fire extinguisher systems, inspections, service and recertification have been completed.

**Issue: FIU Laboratory Safety Awareness – Making Safety a Priority Training Status**  
**Agency:** Florida International University (FIU) Faculty & Staff Management

**Status:** Update: On June 27, 2013, a Los Angeles County judge scheduled another hearing for August 26, 2013 in the criminal case against the UCLA Chemistry Professor on four felony charges of violating the state labor code. This brings continuous attention and awareness on the importance of the FIU Laboratory Safety Program. EH&S conducts regular safety inspections and training. EH&S recommends and is promoting attendance of the ON-LINE “Laboratory Safety Awareness – Making Safety a Priority!” training which reiterates laboratory safety awareness, safety training and supervisory enforcement of safe work practices. A total of 556 students, faculty & staff have completed the Laboratory Safety Awareness training. To promote a “culture of laboratory safety” with the FIU community, Division of Research and EH&S have also collaborated their efforts to establish a Laboratory Safety Task Force.

**Issue: FIU Golf Cart Safety Program Status**  
**Agency:** Florida International University (FIU) Faculty & Staff Management

**Status:** Update: FIU departments have been encouraged and are taking advantage of the opportunity to propose improvements, concerns, suggestions and changes to the Golf Cart Safety Program policy and procedure based on six months of experience. The updated policy with corrections and acceptable changes is in draft form for future review. Early enforcement and educational efforts have resulted in an observable reduction in number of golf cart safety violations. The FIU SAFE initiative continues to gain wide acceptance and use campus-wide.

**THE FLORIDA INTERNATIONAL UNIVERSITY**  
**BOARD OF TRUSTEES**  
**Finance and Audit Committee**  
September 10, 2013

**Subject: Facilities and Construction Update**

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**Proposed Committee Action:**  
None. For information only.

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**Background Information:**  
The Facilities and Construction Update provides an overview and the status of University projects.

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**Supporting Documentation:** Facilities and Construction Update

**Facilitator/Presenter:** John Cal

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**Finance and Audit Committee**  
**September 10, 2013**

**Facilities and Construction Update**  
*As of August 7, 2013*

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**Projects Completed**

- **Science Classroom Complex (SCC)/Academic Health Center 4 (AHC-4) (BT-876)** - \$57.5M Public Education Capital Outlay (PECO) project budget. A/E – Perkins + Will; CM – DPR; first FIU construction project for both firms. Faculty and staff now occupy portions of the 2<sup>nd</sup> and 3<sup>rd</sup> floors. The research lab on the 5<sup>th</sup> floor is occupied and operational. The College of Medicine began using the 1<sup>st</sup> floor auditorium and seminar rooms with the new class cohort that entered August 5<sup>th</sup>.

Customization of lab space continues as researchers are assigned to specific locations.

- A computational dry lab has been installed on the 3d floor.
  - The customized mass spectrometer lab on the 1<sup>st</sup> floor is under construction, due by the end of August.
  - Customized build-out has begun for four (4) researchers now assigned to the 2d floor wet labs. Pricing for casework furniture is now being finalized.
  - Build-out also is in progress for 3d floor wet labs.
  - Shell construction continues for additional research space on the 5<sup>th</sup> floor. Construction Documents (CD's) will be ready mid-August.
- **Parkview Housing 2013 (BT-889)** – \$55.1M (multiple sources) project budget. A/E: HADP/HKS Joint Venture; CM – Moss. Temporary Certificate of Occupancy (TCO) was issued on July 19, 2013. Both residential wings and the parking garage are complete; student move-in begins on August 22. Punch-list items are being addressed. Moss is also providing warranty certificates and building system manuals. ODP tax savings of \$467,795 exceeded the 1% goal of \$412k. The project remains on track for Leadership in Energy and Environmental Design (LEED) Gold Certification, exceeding the original commitment to Silver. Additional scope now includes a lighted rubberized fitness track that will surround the preserve area. Project delivered on-time and on-budget.

- **Satellite Chiller Plant (BT-834)** - \$14.1M (PECO) project budget/\$7.6M funded. E/A – SGM Engineering; CM – Poole & Kent. The facility has been completed and is operational. Coordination and integration with the Central Utilities Plant (i.e. main chiller plant) continues. However, due to insufficient funding the facility does not have the two (2) back-up generators originally envisioned in the project, and has only two (2) of the five (5) planned chillers and cooling towers. At this point, the generators are the most mission critical urgent need. Additional funding of \$7.0M has been requested in the FY14-15 Capital Improvement Plan (CIP) to add the needed equipment and continue the development of required infrastructure (e.g. extension of chilled water lines). The project achieved Owner Direct Purchase (ODP) tax savings of \$73,947.

### **Projects Under Construction**

- **Stocker AstroScience Center (BT-814)** - \$4.4M (multiple sources) project budget. A/E – Siddiq Khan & Associates (SKA); CM – Stobs Brothers. Exterior shell has been completed; window assemblies have also been installed. Air-handling units have been installed. The observatory dome has been mounted. Due to questions regarding the NEMA rating of the exterior elevator, however, ordering and installation of the elevator was delayed, pushing the delivery date from August to September 2013. This delay has no adverse impact on any academic program.
- **Academic Health Center 5 (BT-877/895)** - \$44.9 M (multiple sources) project budget. A/E – Perkins + Will; CM – Skanska. The Robert Stempel College of Public Health and Social Work (\$23.3M) and the International Hurricane Center (IHRC) project (\$15.0 M) have been combined into one project; the University's Department of Research contributed an additional \$6.6M for research facilities. The building shell will be completed by early August. Architectural pre-cast panels and curtain wall installation started at the end of July. Interior partitions and mechanical systems will be completed by December 2013. Current ODP tax savings are \$266,533 toward the goal of \$385,000. Target delivery date: March 2014.
- **Management and New Growth Opportunities (MANGO) Mixed-Use College of Business Building- (BT-886)** - \$35.7M (multiple sources) project budget. A/E – HOK; CM- Arellano. Building is now going vertical with 2d floor columns poured. Long lead items such as elevators are being reviewed and released for fabrication. Pre-cast and glazing mock-ups will be installed by late September. The northeast entry door has been finalized with a sliding door, additional glass, and a donor stele to enhance the aesthetics. Project engineers are performing the calculations required to ensure the new entry door meets Miami-Dade County product specifications. Due to College of Business (COB) program changes, the COB initiated re-design of 2d and 4<sup>th</sup> floor layouts and the case study rooms. The new layout has been finalized; we do not anticipate any negative impact to the schedule. The Guaranteed Maximum Price (GMP) Amendment #3 has been approved. Current ODP savings tally \$119,259 toward the 1% goal of \$370,524. Target delivery date: July 2014.



## **Projects in Design**

- **Student Academic Support Center (SASC) (BT-882)** - \$30.9M (PECO) project budget/\$25.8M PECO/GR funded. A/E – Gould Evans; CM – Balfour Beatty. While the original project required \$30.9M, FIU will move forward with the anticipated funding of \$25.8M, adjusting the program to fit the budget. We also anticipate that a reduction in funding of \$1,686,722 due to a Department of Education (DOE) administrative error will be restored in the next legislative session. Advanced Schematics have been approved; the project is now in the “design development” stage. Design reviews are now focusing on the building envelope and skin. Full design had been scheduled for December 2013; however, discussion of program changes may impact the design schedule. Target delivery date: June 2015 (pending impact of program changes).
- **Ambulatory Care Center (BT-870)** - \$8.6M (County bond) project budget. A/E – AECOM; CM – Klewin. Negotiations continue with a potential partner for the ambulatory surgical center (ASC) component of the facility. FIU has selected and approved a conceptual schematic option for full design. The FIU ACC program lay-out for the 1<sup>st</sup> floor has been finalized. Construction Documents (CD's) are due at the end of October. That implies groundbreaking January 2014. AECOM is working with the potential partner on the 2d floor program. FIU will be responsible for the building structure, complete build-out of the 1<sup>st</sup> floor, and shell build-out of the 2d floor. The partner would be responsible for the design and build-out of the 2d floor ASC. The project budget is extremely tight and under duress. The allocated budget, for example, includes no furniture, fixtures and equipment (FF&E). The project schedule is also tight and is still being finalized. Target delivery date: November 2014.
- **Parking Garage 6 (BT-868)** – \$42.6M (bond) project budget. A/E – PGAL; CM – Facchina. This facility will reuse the PG5/Market Station design. Located to the west of PG4/Red Garage, the garage will house approximately 2,000 car spaces with 35,000 square feet of shell space that will be filled as needs, users and funds are identified. PGAL submitted advanced schematic documents incorporating FIU review comments. Comments addressed future development of surrounding area, traffic flow, location of retail space, classroom space, and the pedestrian bridge crossing the campus loop road. Design development is scheduled for completion by the end of August. Site survey and geotechnical studies have been completed. Planning with Miami-Dade Expressway Authority (MDX) and Florida Department of Transportation (DOT) is still pending. Target delivery date: January 2015.

## **Projects in Planning Stage**

- **Recreation Center Expansion (BT-903)** - \$8.6M (CITF) project budget. A/E – TBD; CM – TBD. Programming is now beginning for this project. The newly appointed Program Committee will prepare the scope of work and project parameters for the southward expansion of the existing facility into Parking Lot #8. The committee will begin its effort by reviewing the February 2010 facility master plan for the expansion of the Rec Center that was commissioned by the Division of Student Affairs.

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**THE FLORIDA INTERNATIONAL UNIVERSITY**  
**BOARD OF TRUSTEES**  
**Finance and Audit Committee**  
September 10, 2013

**Subject: Foundation Report**

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**Proposed Committee Action:**  
None. For Information Only.

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**Background Information:**

The FIU Foundation, Inc. Report contains the Financial Statements Recap and Investment Summaries as of June 30, 2013.

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|                                  |   |
|----------------------------------|---|
| <b>Supporting Documentation:</b> | FIU FOUNDATION, INC. – Preliminary Financial Statements Recap and Investment Summaries, June 30, 2013 |
|----------------------------------|---|

|                               |                   |
|-------------------------------|-------------------|
| <b>Facilitator/Presenter:</b> | Richard Brilliant |
|-------------------------------|-------------------|

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**FIU FOUNDATION, INC.**

**FINANCIAL STATEMENTS RECAP  
& INVESTMENT SUMMARIES**

**June 30, 2013**

**FIU FOUNDATION, INC.**  
**Preliminary Recap of Statement of Activities**  
**For the Period Ended June 30, 2013**

*(In Thousands of Dollars)*

|   | <b>2012-13</b><br><b>12-Month</b><br><b><u>Budget</u></b> | <b>2012-13</b><br><b>12-Month</b><br><b><u>Actuals</u></b> | <b><u>Variance</u></b> |            | <b>2011-12</b><br><b>Total Year</b><br><b><u>Actuals</u></b> |
|---|---|--|------------------------|------------|--|
| <b>REVENUES:</b>                          |   |  |                        |            |  |
| <u>Contributions:</u>                     |   |  |                        |            |  |
| Endowments                                | \$ 12,899   | \$ 9,920   | \$ (2,979)             |            | \$ 2,322   |
| Non-Endowed Funds:                        |   |  |                        |            |  |
| Scholarship & Programs                    | \$ 8,548  | \$ 9,824   | \$ 1,276               |            | \$ 8,957   |
| Building Funds                            | \$ 1,751  | \$ 4,959   | \$ 3,209               |            | \$ 1,128   |
| Unrestricted Annual Revenues              | \$ 903  | \$ 621   | \$ (282)               |            | \$ 467   |
| Pledged Revenue                           | \$ -  | \$ 8,793   | \$ 8,793               |            | \$ 20,218  |
| <b>TOTAL CONTRIBUTIONS</b>                | <b>\$ 24,101</b>  | <b>\$ 34,118</b>   | <b>\$ 10,017</b>       | <b>[1]</b> | <b>\$ 33,092</b>   |
| <u>Other Revenues:</u>                    |   |  |                        |            |  |
| MARC Building                             | \$ 1,669  | \$ 1,917   | \$ 248                 |            | \$ 1,815   |
| Foundation Enterprise Holdings I          | \$ 249  | \$ 206   | \$ (43)                |            | \$ 311   |
| Foundation Enterprise Holdings II         | \$ -  | \$ 2,185   | \$ 2,185               |            | \$ -   |
| Estimated Investment Returns              | \$ 12,818   | \$ 20,493  | \$ 7,675               |            | \$ (2,446)   |
| Administrative Reserve                    | \$ 2,605  | \$ (0)   | \$ (2,605)             |            | \$ 1,181   |
| <b>TOTAL OTHER REVENUES</b>               | <b>\$ 17,342</b>  | <b>\$ 24,802</b>   | <b>\$ 7,460</b>        | <b>[2]</b> | <b>\$ 861</b>  |
| <b>TOTAL REVENUES</b>                     | <b>\$ 41,443</b>  | <b>\$ 58,920</b>   | <b>\$ 17,477</b>       |            | <b>\$ 33,953</b>   |
| <b>EXPENSES:</b>                          |   |  |                        |            |  |
| <u>University Programs:</u>               |   |  |                        |            |  |
| Scholarships & Programs                   | \$ 10,151   | \$ 11,777  | \$ (1,626)             |            | \$ 10,343  |
| Building Funds                            | \$ 3,301  | \$ 823   | \$ 2,478               |            | \$ 2,212   |
| Unrestricted Annual Expenses              | \$ 809  | \$ 811   | \$ (2)                 |            | \$ 801   |
| <b>TOTAL UNIVERSITY PROGRAMS EXPENSES</b> | <b>\$ 14,260</b>  | <b>\$ 13,411</b>   | <b>\$ 850</b>          | <b>[3]</b> | <b>\$ 13,357</b>   |
| <u>Operational:</u>                       |   |  |                        |            |  |
| MARC Building                             | \$ 909  | \$ 805   | \$ 104                 |            | \$ 655   |
| Foundation Enterprise Holdings I          | \$ 159  | \$ 193   | \$ (34)                |            | \$ 216   |
| Foundation Enterprise Holdings II         | \$ -  | \$ 11  | \$ (11)                |            | \$ -   |
| Administrative Reserve                    | \$ 1,609  | \$ 1,576   | \$ 33                  |            | \$ 1,391   |
| General Reserve                           | \$ 1,949  | \$ 879   | \$ 1,069               |            | \$ 114   |
| Administrative Fee                        | \$ 2,605  | \$ (0)   | \$ 2,605               |            | \$ 1,181   |
| <b>TOTAL OPERATIONAL EXPENSES</b>         | <b>\$ 7,231</b>   | <b>\$ 3,464</b>  | <b>\$ 3,767</b>        | <b>[4]</b> | <b>\$ 3,557</b>  |
| <b>TOTAL EXPENSES</b>                     | <b>\$ 21,491</b>  | <b>\$ 16,875</b>   | <b>\$ 4,616</b>        |            | <b>\$ 16,914</b>   |
| <b>EXCESS REVENUES OVER EXPENSES</b>      | <b>\$ 19,952</b>  | <b>\$ 42,045</b>   | <b>\$ 22,093</b>       |            | <b>\$ 17,039</b>   |

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

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

Florida International University Foundation, Inc.  
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| <u>Fund/Manager/Inception Date</u>                        | <u>Market Value</u>  | <u>Current Allocation</u> | <u>Tactical Target Allocation</u> | <u>Strategic Target Allocation</u> | <u>Current Month</u><br>5/31/2013<br>6/30/2013 | <u>Trailing 3 Months</u><br>3/31/2013<br>6/30/2013 | <u>Calendar YTD 2013</u><br>12/31/2012<br>6/30/2013 | <u>Fiscal YTD</u><br>6/30/2012<br>6/30/2013 | <u>Trailing 3 Year</u><br>6/30/2010<br>6/30/2013 | <u>Trailing 5 Year</u><br>6/30/2008<br>6/30/2013 | <u>Since Investment Inception</u> |
|---|----------------------|---------------------------|-----------------------------------|------------------------------------|--|--|---|---|--|--|-----------------------------------|
| <b>Total Fund (6/30/00)</b>                               | <b>\$201,693,589</b> | <b>100.0%</b>             | <b>100.0%</b>                     | <b>100.0%</b>                      | <b>-1.6%</b>                                   | <b>0.1%</b>  | <b>6.1%</b>   | <b>11.6%</b>                                | <b>10.0%</b>                                     | <b>3.1%</b>                                      | <b>3.5%</b>                       |
| Total Fund Composite                                      |                      |                           |                                   |                                    | -1.3%  | 0.4%   | 6.3%  | 11.3%                                       | 10.2%  | 3.9%   | 2.9%                              |
| <b>Total Equity Accounts (6/30/00)</b>                    | <b>\$98,811,914</b>  | <b>49.0%</b>              | <b>46.0%</b>                      | <b>55.0%</b>                       | <b>-1.8%</b>                                   | <b>1.3%</b>  | <b>11.1%</b>  | <b>17.2%</b>                                | <b>12.4%</b>                                     | <b>2.7%</b>                                      | <b>2.7%</b>                       |
| Total Equity Composite                                    |                      |                           |                                   |                                    | -1.5%  | 1.8%   | 11.7%   | 18.1%                                       | 14.9%  | 4.4%   | 1.5%                              |
| <b>Total Fixed Income Accounts (6/30/00)</b>              | <b>\$42,799,524</b>  | <b>21.2%</b>              | <b>22.0%</b>                      | <b>22.0%</b>                       | <b>-2.4%</b>                                   | <b>-2.0%</b>                                       | <b>-0.9%</b>  | <b>4.5%</b>                                 | <b>7.4%</b>                                      | <b>8.3%</b>                                      | <b>6.7%</b>                       |
| Total Fixed Income Composite                              |                      |                           |                                   |                                    | -1.7%  | -1.2%  | 0.1%  | 3.7%  | 5.9%   | 6.6%   | 5.8%                              |
| <b>Total Alternative Investments (3/1/02)</b>             | <b>\$56,621,405</b>  | <b>28.1%</b>              | <b>31.5%</b>                      | <b>23.0%</b>                       | <b>-0.7%</b>                                   | <b>-0.1%</b>                                       | <b>3.7%</b>   | <b>8.4%</b>                                 | <b>8.3%</b>                                      | <b>1.1%</b>                                      | <b>5.0%</b>                       |
| Total Alternative Composite                               |                      |                           |                                   |                                    | -0.9%  | -0.5%  | 2.9%  | 6.8%  | 5.6%   | 0.0%   | 3.1%                              |
| <b>Total Cash &amp; Equivalents Investments (6/30/10)</b> | <b>\$3,460,746</b>   | <b>1.7%</b>               | <b>0.5%</b>                       | <b>0.0%</b>                        | <b>0.1%</b>                                    | <b>0.3%</b>  | <b>0.8%</b>   | <b>2.1%</b>                                 | <b>2.5%</b>                                      | <b>N/A</b>                                       | <b>2.5%</b>                       |
| 90 Day Treasury Bills                                     |                      |                           |                                   |                                    | 0.0%   | 0.0%   | 0.0%  | 0.1%  | 0.1%   | 0.2%   | 0.1%                              |

Florida International University Foundation, Inc.  
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| <u>Asset Class:</u><br>Manager/Fund (Inception Date)<br>Benchmark                          | Market<br>Value     | Current<br>Alloc. | Tactical<br>Target<br>Alloc. | Strategic<br>Target<br>Alloc. | Current<br>Month<br>5/31/2013<br>6/30/2013 | Trailing 3<br>Months<br>3/31/2013<br>6/30/2013 | Calendar<br>YTD 2012<br>12/31/2012<br>6/30/2013 | Fiscal<br>YTD<br>6/30/2012<br>6/30/2013 | Trailing<br>3 Year<br>6/30/2010<br>6/30/2013 | Trailing<br>5 Year<br>6/30/2008<br>6/30/2013 | Since<br>Investment<br>Inception |
|--|---------------------|-------------------|------------------------------|-------------------------------|--|--|---|---|--|--|----------------------------------|
| <b>INTECH Broad LCG (11/22/11)</b><br>Russell 1000 Growth Index                            | \$14,022,502        | 7.0%              | 7.3%                         | N/A                           | -1.6%<br>-1.9%                             | 2.5%<br>2.1%                                   | 11.2%<br>11.8%                                  | 15.4%<br>17.1%                          | N/A<br>18.7%                                 | N/A<br>7.5%                                  | 17.7%<br>17.1%                   |
| <b>Wells Fundamental Select LCG (11/9/11)</b><br>Russell 1000 Growth Index                 | \$14,384,859        | 7.1%              | 7.3%                         | N/A                           | -2.2%<br>-1.9%                             | 1.5%<br>2.1%                                   | 9.5%<br>11.8%                                   | 15.6%<br>17.1%                          | N/A<br>18.7%                                 | N/A<br>7.5%                                  | 16.3%<br>17.1%                   |
| <b>iShares Russell 1000 Growth Fund (07/31/11)</b><br>Russell 1000 Growth Index            | \$15,901,077        | 7.9%              | 6.0%                         | N/A                           | -2.1%<br>-1.9%                             | 1.9%<br>2.1%                                   | 11.3%<br>11.8%                                  | 16.4%<br>17.1%                          | N/A<br>18.7%                                 | N/A<br>7.5%                                  | 12.2%<br>12.4%                   |
| <b>Wedge Capital Large Cap Value QVM (12/29/06)</b><br>Russell 1000 Value Index            | \$14,098,401        | 7.0%              | 6.0%                         | N/A                           | -1.3%<br>-0.9%                             | 3.8%<br>3.2%                                   | 14.8%<br>15.9%                                  | 22.6%<br>25.3%                          | 18.6%<br>18.5%                               | 6.1%<br>6.7%                                 | 3.1%<br>2.7%                     |
| <b>Advisory Research SMID Cap Value (11/1/12) <sup>3</sup></b><br>Russell 2500 Value Index | \$11,314,013        | 5.6%              | 5.0%                         | N/A                           | -1.2%<br>-1.0%                             | -0.2%<br>1.5%                                  | 11.3%<br>15.1%                                  | N/A<br>26.9%                            | N/A<br>18.9%                                 | N/A<br>9.4%                                  | 14.0%<br>20.3%                   |
| <b>IronBridge Small Cap Core Equity (12/2/03)</b><br>Russell 2000 Small Cap Index          | \$9,976,890         | 4.9%              | 5.0%                         | N/A                           | -1.2%<br>-0.5%                             | 0.3%<br>3.1%                                   | 13.4%<br>15.9%                                  | 19.1%<br>24.2%                          | 16.1%<br>18.7%                               | 6.1%<br>8.8%                                 | 7.7%<br>7.5%                     |
| <b>Morgan Stanley Buy Write (12/06/11)</b><br>CBOE Buy Write Index<br>S&P 500 Index        | \$12,541,626        | 6.2%              | 6.5%                         | N/A                           | -1.7%<br>-1.0%<br>-1.3%                    | -0.2%<br>0.0%<br>2.9%                          | 10.7%<br>4.9%<br>13.8%                          | 14.9%<br>5.3%<br>20.6%                  | N/A<br>10.8%<br>18.5%                        | N/A<br>3.3%<br>7.0%                          | 15.5%<br>8.5%<br>20.0%           |
| <b>Subtotal: Domestic Equity (6/30/00)</b>   | \$92,239,368        | 45.7%             | 43.0%                        | 35.0%                         | -1.6%                                      | 1.5%   | 11.7%   | 17.5%                                   | 14.6%  | 4.9%   | 3.6%                             |
| <b>Thornburg International Equity (1/31/11)</b><br>MSCI EAFE Index                         | \$3,245,722         | 1.6%              | 1.5%                         | N/A                           | -4.3%<br>-3.6%                             | -1.5%<br>-1.0%                                 | 0.9%<br>4.1%                                    | 12.7%<br>18.6%                          | N/A<br>10.0%                                 | N/A<br>-0.6%                                 | 0.0%<br>2.0%                     |
| <b>Wentworth Hauser &amp; Violich (3/31/10)</b><br>MSCI EAFE Index                         | \$3,326,824         | 1.6%              | 1.5%                         | N/A                           | -3.7%<br>-3.6%                             | 1.1%<br>-1.0%                                  | 6.1%<br>4.1%                                    | 18.0%<br>18.6%                          | 10.5%<br>10.0%                               | N/A<br>-0.6%                                 | 3.7%<br>4.3%                     |
| <b>Subtotal: International Equity (6/30/00)</b>  | \$6,572,546         | 3.3%              | 3.0%                         | 20.0%                         | -4.0%                                      | -1.9%  | 1.8%  | 13.5%                                   | 4.6%   | -4.0%  | 0.6%                             |
| <b>TOTAL EQUITY INVESTMENTS</b>  | <b>\$98,811,914</b> | <b>49.0%</b>      | <b>46.0%</b>                 | <b>55.0%</b>                  |  |  |   |   |  |  |                                  |
| <u><b>Core Fixed Income Managed Accounts</b></u>   |                     |                   |                              |                               |  |  |   |   |  |  |                                  |
| <b>Newfleet Asset Management (5/31/2001)</b><br>Barclays Custom Index                      | \$13,308,457        | 6.6%              | 7.0%                         | N/A                           | -3.5%<br>-2.8%                             | -3.9%<br>-3.3%                                 | -3.8%<br>-3.4%                                  | 1.3%<br>1.1%                            | 6.9%<br>5.6%                                 | 8.5%<br>7.7%                                 | 6.6%<br>6.4%                     |
| <b>Shenkman Convertible Bond Fund (12/23/11)</b><br>BofA ML All US Convertibles Index      | \$9,901,690         | 4.9%              | 5.0%                         | N/A                           | -1.4%<br>-2.0%                             | 0.8%<br>2.2%                                   | 4.7%<br>9.9%                                    | 9.7%<br>18.6%                           | N/A<br>12.0%                                 | N/A<br>7.0%                                  | 8.8%<br>16.1%                    |
| <b>Brandywine Global Opp Bond (1/1/08)</b><br>Citigroup World Gov't Bond Index             | \$9,652,298         | 4.8%              | 5.0%                         | N/A                           | -2.2%<br>-0.6%                             | -3.2%<br>-3.0%                                 | -3.6%<br>-5.7%                                  | 4.0%<br>-4.5%                           | 8.6%<br>2.7%                                 | 7.4%<br>3.0%                                 | 7.1%<br>3.7%                     |
| <b>First Eagle (7/11/12)</b><br>BofA Merrill Lynch US High Yield Master II TR              | \$9,937,079         | 4.9%              | 5.0%                         | N/A                           | -2.0%<br>-2.6%                             | -1.0%<br>-1.4%                                 | 1.9%<br>1.5%                                    | 9.1%<br>9.6%                            | N/A<br>10.4%                                 | N/A<br>10.6%                                 | 9.1%<br>9.6%                     |
| <b>TOTAL FIXED INCOME INVESTMENTS</b>  | <b>\$42,799,524</b> | <b>21.2%</b>      | <b>22.0%</b>                 | <b>22.0%</b>                  |  |  |   |   |  |  |                                  |



Florida International University Foundation, Inc.  
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| <u>Asset Class:</u><br>Manager/Fund (Inception Date)<br>Benchmark                                     | Market<br>Value      | Current<br>Alloc. | Tactical<br>Target<br>Alloc. | Strategic<br>Target<br>Alloc. | Current<br>Month<br>5/31/2013<br>6/30/2013 | Trailing 3<br>Months<br>3/31/2013<br>6/30/2013 | Calendar<br>YTD 2012<br>12/31/2012<br>6/30/2013 | Fiscal<br>YTD<br>6/30/2012<br>6/30/2013 | Trailing<br>3 Year<br>6/30/2010<br>6/30/2013 | Trailing<br>5 Year<br>6/30/2008<br>6/30/2013 | Since<br>Investment<br>Inception |
|---|----------------------|-------------------|------------------------------|-------------------------------|--|--|---|---|--|--|----------------------------------|
| <b>Hedge Funds</b>  |                      |                   |                              |                               |  |  |   |   |  |  |                                  |
| Archstone Offshore (5/1/10)<br>HFR FOF: Diversified   | \$8,889,559          | 4.4%              | 4.5%                         | N/A                           | -0.4%<br>-1.2%                             | 1.5%<br>0.3%                                   | 7.3%<br>3.6%                                    | 13.7%<br>7.4%                           | 6.1%<br>3.2%                                 | N/A<br>-0.4%                                 | 4.4%<br>1.9%                     |
| Ironwood Partners (3/1/04)<br>HFR FOF: Conservative   | \$8,346,037          | 4.1%              | 4.5%                         | N/A                           | -0.2%<br>-1.0%                             | 1.9%<br>0.5%                                   | 5.0%<br>3.3%                                    | 11.2%<br>6.9%                           | 7.9%<br>2.9%                                 | 1.3%<br>-0.6%                                | 4.2%<br>2.2%                     |
| Ironwood Partners (NDM Gift) (8/1/05)<br>HFR FOF: Conservative  | \$2,412,908          | 1.2%              | 1.3%                         | N/A                           | -0.2%<br>-1.0%                             | 1.9%<br>0.5%                                   | 5.0%<br>3.3%                                    | 11.6%<br>6.9%                           | 8.1%<br>2.9%                                 | 1.4%<br>-0.6%                                | 3.8%<br>1.9%                     |
| Titan Advisors (3/1/07)<br>HFR FOF: Diversified   | \$9,343,453          | 4.6%              | 5.0%                         | N/A                           | -0.7%<br>-1.2%                             | 0.7%<br>0.3%                                   | 4.2%<br>3.6%                                    | 8.2%<br>7.4%                            | 5.8%<br>3.2%                                 | 3.1%<br>-0.4%                                | 4.8%<br>0.5%                     |
| Subtotal: Total Hedge Funds (3/31/02)   | \$28,991,957         | 14.4%             | 15.3%                        | N/A                           | -0.4%                                      | 1.4%   | 5.4%  | 11.0%                                   | 6.5%   | 1.1%   | 4.8%                             |
| <b>Real Assets</b>  |                      |                   |                              |                               |  |  |   |   |  |  |                                  |
| Cohen and Steers Realty (12/16/08)<br>NAREIT US REIT Index  | \$9,823,964          | 4.9%              | 5.0%                         | N/A                           | -1.8%<br>-2.2%                             | -1.5%<br>-2.1%                                 | 6.1%<br>5.8%                                    | 8.3%<br>10.2%                           | 16.8%<br>18.5%                               | N/A<br>7.7%                                  | 19.3%<br>19.7%                   |
| Deutsche Bank Liquid Comm. Fund (1/31/08)<br>S&P GSCI   | \$3,310,259          | 1.6%              | 2.0%                         | N/A                           | -2.8%<br>0.2%                              | -7.9%<br>-5.9%                                 | -9.5%<br>-5.4%                                  | -2.4%<br>2.0%                           | 5.0%<br>4.7%                                 | -11.4%<br>-15.2%                             | -5.1%<br>-8.5%                   |
| Subtotal: Real Assets (1/31/08)   | \$13,134,223         | 6.5%              | 7.0%                         | N/A                           | -2.0%                                      | -3.5%  | 0.8%  | 4.7%                                    | 12.0%  | -4.0%  | -1.2%                            |
| <b>Private Equity</b>   |                      |                   |                              |                               |  |  |   |   |  |  |                                  |
| DTC Private Equity II (\$5 Million) <sup>1</sup> (12/15/05)   | \$3,459,258          | 1.7%              | 3.0%                         | N/A                           |  |  |   | 4.9%                                    |  |  | 7.3%                             |
| DTC Private Equity III (\$2.5 Million) <sup>1</sup> (07/10/08)  | \$1,120,256          | 0.6%              | 1.5%                         | N/A                           |  |  |   | 5.6%                                    |  |  | -0.2%                            |
| Greenspring Global Partners IV (\$2.5 Million) <sup>1</sup> (8/8/08)                                  | \$2,127,611          | 1.1%              | 1.5%                         | N/A                           |  |  |   | 6.2%                                    |  |  | 11.5%                            |
| Greenspring Global Partners V (\$2.5 Million) <sup>1</sup> (1/19/12)                                  | \$936,849            | 0.5%              | 1.5%                         | N/A                           |  |  |   | 15.2%                                   |  |  | 14.4%                            |
| Greenspring Opportunities II (\$2 Million) <sup>1</sup> (2/14/13)                                     | \$798,889            | 0.4%              | N/A                          | N/A                           |  |  |   | N/A                                     |  |  | 0.0%                             |
| Medley Opportunity Fund II (\$2 Million) <sup>1</sup> (9/14/12)                                       | \$1,243,456          | 0.6%              | N/A                          | N/A                           |  |  |   | N/A                                     |  |  | 1.2%                             |
| Apollo EPF Fund II (\$2 Million) <sup>1</sup> (11/02/12)  | \$300,434            | 0.1%              | N/A                          | N/A                           |  |  |   | N/A                                     |  |  | -10.9%                           |
| Subtotal: Private Equity (12/31/05)   | \$9,986,753          | 5.0%              | 7.5%                         | N/A                           | 0.0%                                       | 0.0%   | 3.0%  | 6.6%                                    | 13.2%  | 8.5%   | 7.6%                             |
| <b>Other Alternatives</b>   |                      |                   |                              |                               |  |  |   |   |  |  |                                  |
| Foundation Enterprise Holdings I (3/31/11) <sup>1</sup>   | \$574,000            | 0.3%              | 0.4%                         | N/A                           |  |  |   | 0.0%                                    |  |  | 2.9%                             |
| JMOF - Morgan Stanley (2/1/2013)  | \$1,416,175          | 0.7%              | 0.0%                         | N/A                           | -1.4%                                      | 0.2%   | N/A   | N/A                                     | N/A  | N/A  | 3.2%                             |
| JMOF - Raymond James QE (2/1/2013)  | \$886,099            | 0.4%              | 0.0%                         | N/A                           | 0.0%                                       | 0.0%   | N/A   | N/A                                     | N/A  | N/A  | 0.2%                             |
| JMOF - Raymond James CEF (2/1/2013)   | \$981,989            | 0.5%              | 0.0%                         | N/A                           | -0.4%                                      | -1.1%  | N/A   | N/A                                     | N/A  | N/A  | -0.2%                            |
| PIMCO All Assets All Authority (7/18/12) <sup>2</sup><br>50% MSCI World/50% Barclays Global Aggregate | \$101,993            | 0.1%              | 1.0%                         | N/A                           | -4.1%<br>-1.8%                             | -5.6%<br>-1.1%                                 | -5.3%<br>1.7%                                   | 4.4%<br>7.8%                            | N/A<br>8.8%                                  | N/A<br>3.6%                                  | 4.4%<br>7.8%                     |
| Student Investment Management Fund (3/31/09)  | \$241,195            | 0.1%              | 0.1%                         | N/A                           | -1.3%                                      | -0.4%  | 7.5%  | 11.9%                                   | 6.2%   | N/A  | 4.4%                             |
| SunTrust Balanced Annuity Account (10/22/03)<br>70% Barclays Aggregate/30% S&P 500                    | \$307,021            | 0.2%              | 0.2%                         | N/A                           | -1.7%<br>-1.5%                             | -0.3%<br>-2.3%                                 | 4.0%<br>-2.4%                                   | 5.7%<br>-0.7%                           | 9.1%<br>3.5%                                 | 6.8%<br>5.2%                                 | 5.7%<br>4.8%                     |
| Subtotal: Other Alternatives (10/31/03)   | \$4,508,472          | 2.2%              | 1.7%                         | N/A                           | -0.8%                                      | -0.3%  | 2.7%  | 4.5%                                    | 7.5%   | 4.6%   | 4.5%                             |
| <b>TOTAL ALTERNATIVE INVESTMENTS</b>  | <b>\$56,621,405</b>  | <b>28.1%</b>      | <b>31.5%</b>                 | <b>23.0%</b>                  |  |  |   |   |  |  |                                  |
| <b>Cash &amp; Cash Equivalents</b>  |                      |                   |                              |                               |  |  |   |   |  |  |                                  |
| State of Florida Treasury Fund (7/01/10)<br>90 Day Treasury Bills                                     | \$3,460,746          | 1.7%              | 0.5%                         | N/A                           | 0.1%<br>0.0%                               | 0.3%<br>0.0%                                   | 0.8%<br>0.0%                                    | 2.1%<br>0.1%                            | 2.5%<br>0.1%                                 | N/A<br>0.2%                                  | 2.5%<br>0.1%                     |
| <b>TOTAL CASH &amp; EQUIVALENTS INVESTMENTS</b>   | <b>\$3,460,746</b>   | <b>1.7%</b>       | <b>0.5%</b>                  | <b>0.0%</b>                   |  |  |   |   |  |  |                                  |
| <b>TOTAL FUND</b>   | <b>\$201,693,589</b> | <b>100.0%</b>     | <b>100.0%</b>                | <b>100.0%</b>                 |  |  |   |   |  |  |                                  |

\*These are short-term liquid funds

<sup>1</sup> For these investments, the returns displayed represent the internal rate of return.

<sup>2</sup> Deferred compensation

<sup>3</sup> The strategy and benchmark expanded to small/mid cap effective 11.1.12

**Variance Notes:**

[1] Overall cash contributions collected in FY 2012-13 exceeded the budgeted amount by \$1.2 million. The variances for endowments and building funds contributions offset each other and are a result of budgeted endowed gifts in excess of \$3 million that supported building funds. The negative variance for unrestricted annual gifts is mainly a result of the 3% advancement initiative fee, which is exempted by policy for gifts supporting building fund and the First Generation Scholarship program. The change in contributions receivable for the year ended June 30, 2013 totaled \$8.8 million, representing an excess of new signed gift agreements over pledged payments, net of the related allowance for uncollectable pledges and a 1.41% present value discount. The entire pledged revenue component is a variance as this non-cash item is not budgeted.

[2] The positive variance of \$7.5 million in other revenues is mainly driven by investment returns, which exceeded the budgeted amount by \$7.7 million. Investment returns for fiscal year 2012-13 were projected at 7.0% or \$12.8 million, based on a beginning balance of \$175 million. The monthly budgeted returns were forecasted based on our asset allocation and the historical performance of indexes for each asset class. Annual investment gains on the portfolio totaled approximately 11.6%, or \$20.5 million. The biggest contributors to these gains were equities (our largest asset class), which were up 17.2%, followed by alternative investments and fixed income, which delivered returns of 8.4% and 4.5%, respectively.

Adding to the favorable variance is the additional revenue totaling \$248,000 for the MARC Building, which is a result of unrealized gains related to the derivative liability on the swap portion of the building loan as well as being at 100% occupancy (a 5% allowance for vacancies was budgeted). In addition, there is a \$2.2 million positive variance for FEH II, which is the result of the contribution of the Jewish Museum of Florida FIU assets (less assumption of mortgage). Finally, the year-end entries related to the distribution of investment income to endowments have not yet been made (pending final June 30, 2013 statements from all investment managers). The budgeted \$2.6 million in administrative reserve revenue derived from the 2% administrative fee has not yet been recorded. Once these entries are made, the positive variance for other revenues will increase from \$7.4 million to approximately \$10 million.

[3] The positive variance of \$850,000 for university programs is explained as follows:

\$2.5 million budgeted in support of three University construction projects were not requested from the University in FY 2012-13. They have been included in the Foundation's budget for FY 2013-14.

\$1.6 million in unbudgeted expenses supporting scholarships and programs were incurred in FY 2012-13. This was mainly a result of the receipt of additional/unbudgeted non-endowed gifts, which were spent throughout the year.

[4] The positive variance of \$3.8 million for operations is mainly due to the following:

\$1.1 million in Capital Campaign expenses budgeted out of the General Reserve were not incurred. The positive variance is mainly due to salaries for new positions that were not filled as expected. As the Campaign ramps up in FY 2013-14, those positions as well as the ones planned for next year are expected to be filled.

As noted above, since the year-end entries related to the distribution of investment income to endowments have not yet been made (pending final June 30, 2013 statements from all investment managers), the 2% administrative fee budgeted at \$2.6 million has not yet been charged and recorded. Once these entries are made, the positive variance for operating expenses will decrease from \$3.8 million to approximately \$1.2 million.

*\*Please note that the enclosed financial statements recaps and notes as of June 30, 2013 are preliminary. The annual distribution of investment income to endowments (including the administrative fee) has not yet been made, and additional invoices for expenses pertaining to this fiscal year may need to be recorded.*

**THE FLORIDA INTERNATIONAL UNIVERSITY  
BOARD OF TRUSTEES**

**Finance and Audit Committee**

September 10, 2013

**Subject: Request for: (1) Florida International University Board of Trustees (FIU BOT) approval to negotiate and enter into the agreements specified below with Royal Caribbean Cruises Ltd or an affiliated entity (collectively RCL) for RCL to fund and develop a state-of-the art Production Rehearsal and Performance Facility on FIU's Biscayne Bay Campus to be used by both Parties pursuant to FIU ITN 012-016 (ITN); and (2) delegation of authority to the University President or his designee to negotiate and execute all agreements deemed necessary to consummate the FIU-RCL transaction.**

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**Proposed Committee Action:**

1. Approve that the University President or his designee may negotiate and execute the following agreements on mutually agreeable terms:
    - (i) a Long-Term Ground Sublease and appropriate easements to Royal Caribbean Cruises, Ltd. ("RCL") to allow RCL to design, construct, operate and maintain at its expense a Production, Rehearsal, and Performance facility at the Florida International University Biscayne Bay Campus ("BBC");
    - (ii) a License Agreement and Service Contract to RCL to use the Bay Vista Residence Hall for RCL teachers, performers, cast members and support employees;
    - (iii) a Facilities Use Agreement to RCL for the use and payment of certain university facilities at BBC; and
    - (iv) a Memorandum of Understanding for Collaborative Partnership (MOU).
  2. Authorize the University President or his designee to carry out all acts and to execute all other documents deemed necessary by FIU for the FIU-RCL transaction.
  3. Approve the removal of the Bay Vista Residence Hall at BBC from the Florida International University Housing System.
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**Background Information:**

Section 1013.171, Florida Statutes, authorizes the FIU BOT to negotiate and enter into a long-term ground lease of land for purposes of erecting facilities and accommodations which are necessary and desirable to serve the University needs and purposes. FIU and RCL believe the creation of a Production, Rehearsal and Performance facility at FIU's BBC Campus would serve both parties goals and missions.

On August 16, 2012, FIU issued FIU ITN 012-016 to enable FIU to establish a long-term collaboration with an organization that develops and presents performing arts productions. The anticipated benefits of this collaboration are to enhance the curricula of FIU's Colleges and Schools and the educational experiences of students by (i) providing access to state-of-the-art Production, Rehearsal and Performance (PRP) facilities for student learning, training and productions; (ii)

creating opportunities for student and faculty scholarly work; and (iii) creating internship opportunities for FIU's students pursuing careers in the entertainment and hospitality fields. The collaboration also serves FIU's commitment to community engagement by connecting the corporate community with bright student talent and a world-class faculty in the context of the arts-, tourism-, and hospitality-driven South Florida economy.

Royal Caribbean Cruises, Ltd. submitted an ITN response on September 6, 2012. An evaluation committee, comprised of individuals with the appropriate expertise to complete a comprehensive evaluation of the proposal was established. The following individuals served on the committee:

Vojkan Dimitrijevic, Associate Vice President, Auxiliary and Enterprise Development  
Mohammad Qureshi, Associate Dean, Chaplin School of Hospitality and Tourism Management  
Brian Schriener, Dean, College of Architecture + The Arts  
James Wassenaar, Executive Director, Student Affairs Operations and Auxiliary Services  
John Cal, Associate Vice President, Facilities Management

The evaluation committee reviewed the solicitation response and evaluated the response on the basis of fit with FIU priorities, consideration paid to FIU, corporate profile, entertainment production experience, and facility sustainability. The committee met with RCL for negotiation purposes and RCL was invited to submit a "Best and Final Offer" which was submitted by RCL on March 12, 2013. On April 1, 2013, the committee recommended that FIU award the ITN to RCL, contingent upon the satisfactory development of all appropriate and required agreements and approvals.

The terms of the Royal Caribbean Cruise Lines, Ltd. collaboration require RCL to design, construct, and operate, at their sole expense, a Production, Rehearsal and Performance facility containing approximately 130,000 occupied square feet at a cost of approximately \$20 million. The PRP will be constructed on approximately 2.5 acres of land through a long-term ground sublease with an initial term of 40 years with up to four 5-year renewal options, for a total period of 60 years. In addition to BOT approval of the sublease, approval by the State of Florida Department of Environmental Protection is also required. Section 1013.171, Florida Statutes, requires that as part of the consideration for these types of leases, the state must own the completed facilities constructed at the end of the lease term.

The PRP facility will be available for FIU students and faculty as part of innovative state-of-the-art performing arts curricula, back-of-the-house operations, and participation in training programs as part of comprehensive experiential learning opportunities for students. RCL will provide workshops and guest lectures to FIU's students and faculty; participate on FIU's Industry Advisory Councils and Leadership Advisory Boards; provide paid internships to our students; work with academic units on creating and monitoring custom curricula, master classes and workshops, and participate in post-graduate career placement in multiple fields. RCL will hire an employee whose sole function is to work closely with FIU and RCL staff in implementing and administering the academic and other initiatives of the collaboration. Additionally, RCL will give FIU access to

propriety research data for faculty and student research opportunities that will be especially helpful in the development and analysis of entertainment programs, market trends, consumer behavior, and market research.

In addition to the teaching, research and employment benefits of the RCL collaboration, RCL will make a one-time payment of \$2.2 million to FIU. This payment will be used to supplement housing revenue in 2014 and provide scholarship and research support in the College of Architecture + The Arts and the Chaplin School of Hospitality and Tourism Management.

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**Supporting Documentation:** N/A

**Facilitator/Presenter:** Kenneth A. Jessell