



**FLORIDA INTERNATIONAL UNIVERSITY  
BOARD OF TRUSTEES  
FINANCE AND FACILITIES COMMITTEE  
MINUTES  
DECEMBER 7, 2017**

**1. Call to Order and Chair's Remarks**

The Florida International University Board of Trustees' Finance and Facilities Committee meeting was called to order by Committee Chair Leonard Boord at 8:38 am on Thursday, December 7, 2017, at the Modesto A. Maidique Campus, Graham Center Ballrooms.

The following attendance was recorded:

***Present***

Leonard Boord, *Chair*  
Cesar L. Alvarez (*by phone*)  
Dean C. Colson  
Natasha Lowell  
Kathleen L. Wilson

***Excused***

Justo L. Pozo, *Vice Chair*  
Marc D. Sarnoff

Trustee Gerald C. Grant, Jr. and University President Mark B. Rosenberg also were in attendance.

Committee Chair Boord welcomed all Trustees, faculty, and staff to the meeting.

**2. Approval of Minutes**

Committee Chair Boord asked that the Committee approve the Minutes of the meeting held on June 1, 2017. A motion was made and passed to approve the Minutes of the Finance and Facilities Committee Meeting held on Thursday, June 1, 2017.

**3. Action Items**

**FF1. FIU Direct Support Organizations Financial Audits FY 2016-17**

Senior Vice President of Administration and Chief Financial Officer Kenneth A. Jessell presented the FIU Direct Support Organizations (DSO) FY 2016-17 Financial Audits for Committee review. He reported that James Moore Certified Public Accountants and Consultants performed the financial audits for: the Florida International University Foundation, Inc.; the Florida International University Research Foundation, Inc.; the Florida International University Athletics Finance Corp; and the Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. He stated that James Moore Certified Public Accountants and Consultants did not audit the financial statements of the FIU Research iWASH Initiative Limited, a component unit

of the Research Foundation that receives funding from USAID (US Agency for International Development), noting that those financial statements were audited by KPMG in Tanzania in accordance with International Standards on Auditing, for the period ending December 31, 2016.

Sr. VP and CFO Jessell indicated that each of the audits has been approved by the Boards of each DSO. He added that Board of Trustees approval is necessary, as the DSO audits will be incorporated into the Financial Statement Audit of the University, which he indicated was currently underway by the State of Florida Auditor General, as Component Units of the University.

Sr. VP and CFO Jessell added that the Florida International University Foundation Inc. audit was prepared in conformity with Financial Accounting Standards Board requirements. He stated that the remaining DSO statements apply Governmental Accounting Standards Board requirements. He further reported that all of the audits received an Unmodified Opinion, adding that results of the respective audits did not identify any deficiencies in internal control over financial reporting that were considered to be material weaknesses. He added that the results of the audits disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

A motion was made and passed that the FIU Board of Trustees Finance and Facilities Committee recommend that the Board of Trustees:

**FF1-A. FIU Foundation, Inc.**

Accept the Florida International University Foundation, Inc. Financial Audit for the 2016-17 Fiscal Year and authorize the CEO of the Florida International University Foundation, Inc. to take all actions necessary pertaining to this Financial Audit, including filing the report with the Auditor General.

**FF1-B. FIU Research Foundation, Inc.**

Accept the Florida International University Research Foundation, Inc. Financial Audit for the 2016-17 Fiscal Year and authorize the President of the Florida International University Research Foundation, Inc. to take all actions necessary pertaining to this Financial Audit, including filing the report with the Auditor General.

**FF1-C. FIU Athletics Finance Corporation**

Accept the Florida International University Athletics Finance Corporation Financial Audit for the 2016-17 Fiscal Year and authorize the Treasurer of the Florida International University Athletics Finance Corp. to take all actions necessary pertaining to this Financial Audit, including filing the report with the Auditor General.

**FF1-D. FIU Academic Health Center Health Care Network Faculty Group Practice, Inc.**

Accept the Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. Financial Audit for the 2016-17 Fiscal Year and authorize the President of the Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. to take all actions necessary pertaining to this Financial Audit, including filing the report with the Auditor General.

## **FF2. Investment Policy Amendment**

Sr. VP and CFO Jessell presented the Investment Policy Amendment for Committee review, noting that the proposed revisions were ratified by the University Investment Committee on May 23, 2017. He presented a historical overview of the University's Operating Funds Investment Program and described the membership of the University's Investment Committee. He added that the State of Florida Auditor General's review in 2013 concluded that funds are invested in accordance with FIU Board of Trustees Policy. He explained that Meketa Investment Group was selected in August 2016 as the investment consultant and that Regions Trust is the investments Custodian. He stated that the proposed revisions would provide clarifications in the Governance section, will include expansion of the Diversification section and will include replacement of the detailed Asset Class Characteristics, Investment Guidelines for specific managers, and detailed policy benchmarks language with more robust direction.

Mr. Gustavo Bikkesbakker, Senior Vice President of Meketa Investment Group provided an organizational overview. Trustee Dean C. Colson recommended that the University's Investment Committee should annually evaluate FIU's investment program in relation to peer institutions within the State University System. Trustee Gerald C. Grant, Jr. stated the University's Investment Committee manages the assets of the Portfolio in accordance with applicable laws and regulations. Senior Vice President of University Advancement Howard R. Lipman stated that in terms of the University's endowments, the FIU Foundation Inc. Investment Sub-Committee conducts annual reviews in relation to the State University System, other peer benchmarks, and the NACUBO (National Association of College and University Business Officers) study. In response to Committee Chair Board's request, Sr. VP and CFO Jessell delineated the process by which the University selected Meketa Investment Group as FIU's Investment Consultant.

A motion was made and passed that the FIU Board of Trustees Finance and Facilities Committee recommend that the Florida International University Board of Trustees adopt the revisions to the University's Investment Policy.

## **4. Discussion Item**

### **4.1 Financial Performance Review – First Quarter FY 2017-18**

Sr. VP and CFO Jessell presented the Financial Performance Review for the first quarter of 2017-18 and provided a summary of University revenues and expenditures. He reported that the University and direct support organizations' operating revenues were above estimates by \$10.2M (or 3 percent), which can be primarily attributed to: higher research grant revenues and higher sales at the Panther Tech store. He added that these were offset by loss of game guarantee revenues as the September 16, 2017 football game was cancelled due to Hurricane Irma and timing of receipt of NCAA disbursements, lower academic auxiliary revenues, and timing of gifts to the FIU Foundation. He noted that expenses were below estimates by \$7M (or 2 percent), primarily due to timing of spending on legislative appropriations and strategic investments, lower academic auxiliary revenues, and delays in technology fee projects and capital campaign expenditures.

Committee Chair Board requested that future financial performance reports focus on variances in revenues and expenses that are not timing related and which may reflect material differences in actual revenues and expenses compared to what was budgeted.

## 5. Reports

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

## 6. New Business

*No new business was raised.*

## 7. Concluding Remarks and Adjournment

With no other business, Committee Chair Leonard Boord adjourned the meeting of the Florida International University Board of Trustees Finance and Facilities Committee on Thursday, December 7, 2017 at 9:28 am.

<b>Trustee Request</b>	<b>Follow-up</b>	<b>Completion Date</b>
<i>Committee Chair Leonard Boord requested that future financial performance reports focus on variances in revenues and expenses that are not timing related and which may reflect material differences in actual revenues and expenses compared to what was budgeted.</i>	<i>Senior Vice President and Chief Financial Officer Kenneth A. Jessell</i>	<i>Ongoing</i>

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