FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND FACILITIES COMMITTEE

Florida International University
Modesto A. Maidique Campus
Graham Center Ballrooms

Thursday, December 5, 2019
8:45 a.m.
or
Upon Adjournment of Previous Meeting

Chair: Leonard Boord
Vice Chair: Rogelio Tovar
Members: Cesar L. Alvarez, Dean C. Colson, Natasha Lowell, Joerg Reinhold, Marc D. Sarnoff

AGENDA

1. **Call to Order and Chair's Remarks** — **Leonard Boord**

2. **Approval of Minutes** — **Leonard Boord**

3. **Follow-up from Previous Meeting** — **Leonard Boord**

4. **Action Items**

   FF1. FIU Direct Support Organizations Financial Audits FY 2018-2019 — **Kenneth A. Jessell**
      A. FIU Foundation, Inc.
      B. FIU Research Foundation, Inc.
      C. FIU Athletics Finance Corporation
      D. FIU Academic Health Center Health Care Network Faculty Group Practice, Inc.

   FF2. Signature Authority — **Kenneth A. Jessell**
   - Depositories for the University

   FF3. Re-authorization for the Issuance of Debt to Finance the Construction of a Student Residence Facility at the University's Modesto A. Maidique Campus — **Kenneth A. Jessell**

   FF4. Approval of Capital Improvement Budget and Expenditure for Road Relocation Project for Parkview II Project — **Kenneth A. Jessell**

4. Action Items *(Continued…)*

FF5.	**Approval of Contracts over $3 million #PUR-02644, vendor: Toshiba America Business Solutions, Inc. and Contract #PUR-02645, vendor: CDW Government, LLC.**	**Kenneth A. Jessell**
FF6.	**Renewing of Naming of the Ocean Bank Convocation Center**	**Pete Garcia**
FF7.	**Award of Contract and Approval of Expenditure Budget for Soil Remediation on Foundation Enterprise Holdings V, LLC (FEH V) Doral Property**	**Howard R. Lipman**
FF8.	**Approval of Agreement to Provide Health Services with Citrus Health Network, Inc.**	**Andres G. Gil**
FF9.	**Approval of Asset Acquisition and Related Matters Pertaining to Torrey Pines Initiative**	**Kenneth G. Furton**

4. Action Item *(Committee Action; Full Board Information Only)*

FF10.	**Approval of Contract under $3 million #PUR-00628, vendor Aramark Management Services Limited Partnership**	**Kenneth A. Jessell**

5. Discussion Item *(No Action Required)*

5.1	**Financial Performance Review, First Quarter FY 2019-20**	**Kenneth A. Jessell**

6. Reports *(For Information Only)*

6.1	**Athletics Update**	**Pete Garcia**
6.2	**Business Services Report**	**Aime Martinez**
6.3	**Emergency Management Status Report**	**Amy Aiken**
6.4	**Facilities and Construction Update**	**John Cal**
6.5	**Foundation Report**	**Andre L. Teixeira**
6.6	**Safety and Environmental Compliance Report**	**Amy Aiken**
6.7	**Treasury Report**	**Benjamin Jarrell**
6.8	**Procurement Report**	**Kelly Loll**
6.9	**CasaCuba Building Update**	**Maria Carla Chicuen**

7.	**New Business** *(If Any)*	**Leonard Boord**
8.	**Concluding Remarks and Adjournment**	**Leonard Boord**

Finance and Facilities Committee Meeting

Time: December 05, 2019 8:45 AM - 11:00 AM EST

Location: Florida International University, Modesto A. Maidique Campus, Graham Center Ballrooms

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THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee
December 5, 2019

Subject: Approval of Minutes of Meeting held September 18, 2019

Proposed Committee Action:

Approval of Minutes of the Finance and Facilities Committee meeting held on Wednesday, September 18, 2019 at the FIU, Modesto A. Maidique Campus, MARC 290, Earlene and Albert Dotson Pavilion.

Background Information:

Committee members will review and approve the Minutes of the Finance and Facilities Committee meeting held on Wednesday, September 18, 2019 at the FIU, Modesto A. Maidique Campus, MARC 290, Earlene and Albert Dotson Pavilion.

Supporting Documentation:	Minutes: Finance and Facilities Committee Meeting, September 18, 2019
Facilitator/Presenter:	Leonard Boord, *Finance and Facilities Committee Chair*

FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND FACILITIES COMMITTEE
MINUTES
SEPTEMBER 18, 2019

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 8:54 am on Wednesday, September 18, 2019 at the FIU, Modesto A. Maidique Campus, MARC 290, Earlene and Albert Dotson Pavilion.

General Counsel Carlos B. Castillo conducted roll call of the Finance and Facilities Committee members and verified a quorum. Present were Trustees Leonard Boord, *Chair;* Rogelio Tovar, *Vice Chair*; Dean C. Colson; Natasha Lowell *(by phone)*; Joerg Reinhold; and Marc D. Sarnoff.

Trustee Cesar L. Alvarez was excused.

Trustees Gerald C. Grant, Jr., Justo L. Pozo, and Sabrina L. Rosell and University President Mark B. Rosenberg also were in attendance.

Committee Chair Boord welcomed all Trustees and University 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 19, 2019. A motion was made and unanimously passed to approve the Minutes of the Finance and Facilities Committee meeting held on Wednesday, June 19, 2019.

3. Follow-up to Item from Previous Meeting

Committee Chair Boord explained that at the Committee's March 4, 2019 meeting, University Treasurer Benjamin "Powell" Jarrell provided an overview of FIU's investment program and its governance and history and that as a follow-up to that presentation, the Committee will continue the discussion on the risks and yields.

Mr. Jarrell explained that prior to its implementation in 2006, all University investments were in the Special Purpose Investment Account (SPIA) operated by the Florida State Treasury. He indicated that nine of the 12 State University System institutions invest more than 50% of their operating funds in the SPIA fund and that FIU considers SPIA as its chief investment alternative and part of the portfolio benchmark. He pointed out that the investment program is governed by Florida Statutes and the Board of Trustees (BOT)-approved Investment Policy.

Mr. Jarrell described the state audit findings relating to the University's investment program, noting that the first audit occurred in 2013 and concluded that investments were made in accordance with BOT policy. He added that the audit resulted in a recommendation to formally include a continuing education requirement as part of the Investment Policy. He delineated the recommendations that resulted from the state auditors review of FIU policies and procedures in 2019 as part of their operational audit, namely that the University review the investment distribution policy, that reconciliations are done within 45 days, and that the BOT be provided with an additional investment report on a quarterly basis. Mr. Jarrell explained that the 2019 internal audit is in progress and that the finding related to the 2011 internal audit ensures that the authorized signers of University bank accounts are updated in a timely fashion.

Mr. Jarrell delineated the Investment Program's governance, in terms of committee membership, consultant (Meketa Investment), and the custodian (Regions Trust). He described the Program's diversification, noting that the value of FIU's portfolio as of June 30, 2019 was $395.5M and that the portfolio has broad exposure across several asset classes. Mr. Jarrell indicated that the working capital pool is focused on safety and liquidity and that as of June 30, 2019 has a market value of $169.1M. He stated that the strategic capital and reserve pools focus on diversification and risk-adjusted returns for funds not needed in the short term and that as of June 30, 2019, these pools have a market value of $226.4M.

Mr. Jarrell explained that the overall portfolio risk or standard deviation is 3.7% and is lower than the level of what was forecasted for investment-grade bonds. He presented data that compared FIU's performance in relation to SPIA and the benchmarks, indicating that FIU's portfolio has less risk and higher returns than the SPIA fund and that FIU has outperformed SPIA and the benchmarks since the program's inception. He indicated that since 2006, the Program has added approximately $138.2M in total value to FIU and contributed $93.9 towards the University's unrestricted net position. Mr. Jarrell stated that the portfolio reserve totals $78.6M and is set aside for any potential unrealized losses and also provided an overview of portfolio simulated stress tests in terms of specific negative market scenarios.

Trustee Gerald C. Grant, Jr., University Investment Committee Chair, described the University's approach as very conservative in that operating expenses are covered, and it is those additional funds that are invested and maximized in order to provide additional support to the University. In response to Trustee Dean C. Colson's inquiry, Mr. Jarrell explained that the SPIA fund is a fixed income bond fund, has its own level of risk and is reflected at a fair market value. In terms of Trustee Roger Tovar's inquiry, Mr. Jarrell provided an overview of fees paid by the University to the consultant, adding that each fund manager has its own fees.

Committee Chair Boord described the follow-up item from the Committee's June 19, 2019 meeting, namely, the request for clarity pertaining to the Foundation's fundraising ratio and direct operating expenses. He explained that because the September 5, 2019 BOT meetings were postponed and ultimately rescheduled, FIU Foundation Inc. Board of Directors Chair Richard Brilliant, was not able to participate and therefore the Foundation presentation was deferred to the December BOT meeting.

Committee Chair Boord referred Trustees to the materials pertaining to cost estimates for critical athletics facility priorities, namely, the Soccer Stadium and Track addition and the Aquatic Center at the Modesto A. Maidique Campus.

4. Action Items

FF1. Approval of Educational and General Carryforward Funds

Senior Vice President and Chief Financial Officer Kenneth A. Jessell presented for Committee review the approval of Educational and General Carryforward Funds. He explained that BOT approval of carryforward funds is required under Florida Statute and Board of Governors (BOG) Regulation. He indicated that the BOG will review and discuss the BOT approved carryforward plan at its October 3, 2019 joint Facilities Committee and Budget and Finance Committee and approve the plan at its October 30, 2019 meeting.

Sr. VP and CFO Jessell pointed out that FIU's 2019-20 carryforward beginning balance is $103M, with $51M in prior year unexpended carryforward and $52M in unbudgeted carryforward from FY 2018-19. He delineated the proposed expenditures relating to the carryforward spending plans for the University and the Herbert Wertheim College of Medicine, which he noted totaled $53M and $9M respectively. In terms of the proposed expenditures for the University, he explained that $5.7M was restricted by legislative appropriations and that $22.5M was proposed for renovations and repairs to the physical plant and that $8.2M was proposed for other operating expenses, namely 1% for faculty and staff bonuses, as well as FIU's branding and marketing initiative. Pertaining to the proposed expenditures for the Herbert Wertheim College of Medicine, Sr. VP and CFO Jessell pointed out that $3.3M was restricted by legislative appropriations, that $2M was proposed for need and diversity-based financial aid and that $3.5M was proposed for visiting faculty and faculty start-up initiatives.

In light of Trustee Tovar's comments, Committee Chair Boord sought input from other Committee members, and they concurred to table the review of the request for the Approval of Educational and General Carryforward Funds until New Business after other Committee action items were reviewed.

FF2. Public Safety and Emergency Management Facilities Expansion-Amendment

Sr. VP and CFO Jessell presented the Public Safety and Emergency Management facilities expansion amendment for the Committee's review, describing the University's priorities in terms of ensuring a safe and secure environment for the University community. He pointed out the growing national and global concerns relating to public safety and emergency management and described University investments in the area of public safety. He explained that the increase of approximately 20 officers from 2009 aims to address the BOT-approved implementation plan that contemplates an additional two public safety officers per year in order to reach the average that is recommended by the BOG and the International Association of Police of two officers for every 1,200 students. He explained that FIU is unique in that it is only one of six universities in the nation that has an accredited emergency management program and that given the University's location within Miami-Dade, it is vulnerable for certain natural disasters.

Sr. VP and CFO Jessell compared project totals at the time of BOT approval in February 7, 2018 in terms of the current and adjusted project totals. He pointed out that the current adjusted square footage is 12,895, that the current total construction cost is $6,540,090 or $507 per square foot, and that the total project cost is $8,322,914 or $645 per square foot. He explained that the total project cost includes telecommunications, professional fees for architectural/engineering services, construction management services, inspections, surveys, and furnishings and equipment. He stated that the resulting difference totals approximately $2.82M more than the February 2018 BOT-approved budget. He delineated the contributing factors to the higher costs: escalating construction costs in South Florida; required reinforcement of parking deck required by code as load bearing requirements for occupancy by people are greater than requirements for vehicles; and greater square footage needs were calculated after completing the space assessment of the facility program due to corridors and circulation requirements and a required hardening of an egress corridor on the ground floor as an emergency exit into a parking garage is not building code compliant.

Sr. VP and CFO Jessell also presented comparable data for recently completed municipal emergency operations centers in Texas (League City, Dayton, Houston) and Florida (St. Petersburg). He explained that construction costs for these projects, adjusted to 2019, range from $270 to $561 per square foot and that if adjusted to a 2021 opening, the estimated range is $301 to $624 per square foot. He indicated that the Pinellas County Largo Emergency Operations Center opened in 2019 and was the most comparable, in that it consisted of a 13,180 square foot facility. He pointed out that the construction costs of $520 per square foot are estimated at $579, or 11 percent more, if designed, priced and built for a 2021 opening.

Sr. VP and CFO Jessell provided estimates for a stand-alone facility, as developed in cooperation with PGAL and Biltmore Construction. He explained that a stand-alone facility would require a minimum of 13,377 square feet at a projected construction cost of $8.3 million or $623 per square foot and a projected total project cost of $11.2 million, assuming two years of cost escalation due to additional planning and design. He indicated that the 13,337 square feet represents replicating the 10,682 square feet in the proposed expansion budget plus approximately 2,695 of additional square feet required to replicate existing space that is already in place in the existing facility, such as lobby, conference room, kitchenette/breakroom, restrooms, emergency egress/stairwells, mechanical room, janitorial room, and elevator. He pointed out that the estimates assume there is no additional gross-to-net adjustments for circulation and required mechanical systems and described the implications of a stand-alone facility in terms of valuable land space.

Sr. VP and CFO Jessell stated that the University's Emergency Management Operations Center (EOC) is occupied year-round. Trustee Tovar voiced his concerns over the total project cost, stating that he did not support the request. In response to Trustee Marc D. Sarnoff's inquiry, President Mark B. Rosenberg indicated that the proposed amendment is consistent with ensuring that the EOC is competitive at the national level and allows the University to be more supportive and responsive to the needs of the community in extreme situations and periods of emergency. Also, in response to Trustee Sarnoff's inquiry regarding the EOC's usage, Senior Vice President of Academic and Student Affairs Elizabeth M. Bejar indicated that the University has leveraged the EOC to augment the academic enterprise, namely, to support practitioner-based degrees such as the Master's degree from the Academy for International Disaster Preparedness and the Bachelor's degree in Disaster Management.

Vice President for Operations and Safety Javier I. Marques discussed the non-academic certificate programs supported by the EOC. In response to Committee Chair Boord's inquiry, Ms. Amy B. Aiken, Director of the Department of Emergency Management, indicated that the fire officer training program started in 2018 and during that time, approximately 150 individuals from each of the fire departments have completed the training. She added that the entire training time is spent in the EOC with the exception of only one day that is spent in the virtual training facility. In response to Trustee Joerg Reinhold's inquiries, FIU Chief of Police Alexander D. Casas indicated that currently police officer training is being conducted elsewhere on campus at a trailer that has exceeded its life expectancy.

Trustees engaged in a substantive discussion relating to state requests and mandates in times of an emergency. Ms. Aiken pointed out that Chapter 252 of the state legislature stipulates that under times of statewide emergency, the Governor has specific authorities and powers to act based on the good of the citizenship. She indicated that under the MOU with Monroe county, the University is required to receive special needs residents. Trustee Sabrina L. Rossell discussed the University's responsibility to the community and the importance of the EOC's academic and training components. Trustee Colson indicated that the one-time recurring expense associated with the project is justifiable, adding that moving forward it is critical to remain focused on initiatives and projects that help to advance the University's academic mission.

A motion was made and passed that the FIU Board of Trustees Finance and Facilities Committee recommend to the Florida International University Board of Trustees approval of an amendment to the budget for the expansion of space within Parking Garage 5 "Market Station" (PG-5) to provide additional hardened space for Public Safety and Emergency Operations including offices, emergency operations center, conference/breakout/meeting room, locker room and showers, and storage.

Trustee Tovar voted against the motion.

FF3. Amendment to Regulation FIU-1101 Tuition and Fees Schedule

Sr. VP and CFO Jessell presented the amendment to Regulation FIU-1101 Tuition and Fees Schedule for the Committee's review. He explained that the FIU BOT approved the University Tuition and Fee Regulation at its June 19, 2019 meeting and that subsequent to the BOT meeting, the BOG provided substantive changes as a result of their review process. He indicated that the changes to the Regulation reflect the statutory requirements associated with Senate Bill 190 and that the proposed changes address the calculation and amount of the Excess Credit Hour Surcharge.

A motion was made and unanimously passed that the FIU Board of Trustees Finance and Facilities Committee recommend that the Florida International University Board of Trustees approve the revisions to Regulation FIU-1101 Tuition and Fees Schedule, and delegate authority to the University President to approve any subsequent non-material amendments based on comments to the Regulation received from the Florida Board of Governors or as a result of the regulation-making process.

FF4. Amendment to Regulation FIU-2201 Purchasing

Sr. VP and CFO Jessell presented the amendment to Regulation FIU-2201 Purchasing for the Committee's review. He explained that the proposed revisions to the FIU Purchasing Regulation are recommended to formalize the practices that are followed during the procurement process and to make it consistent with the BOG Purchasing Regulation. He pointed that in addition to editorial changes for clarity, the proposed revisions include: utilizing other governmental or consortia contracts that are entered into after a public and open competitive solicitation; clarifying that the 72-hour public posting of intent to award does not include Saturdays, Sundays, and holidays; and excluding contractors that develop or draft specifications for competitive solicitations from competing for such procurement.

A motion was made and unanimously passed that the FIU Board of Trustees Finance and Facilities Committee recommend that the Florida International University Board of Trustees approve the revisions to Regulation FIU-2201 Purchasing, and delegate authority to the University President to approve any subsequent non-material amendments based on comments to the Regulation received from the Florida Board of Governors or as a result of the regulation-making process.

FF5. Proposed revisions to Finance and Facilities Committee Charter

General Counsel Castillo presented the proposed revisions to the Finance and Facilities Committee Charter for the Committee's review. He explained that as was the process for the review of the Audit and Compliance Committee Charter, the workgroup also reviewed the Finance and Facilities Committee Charter. He provided an overview of the proposed changes, namely, the Board Chair's participation in the process of the appointment and dismissal of the Senior Vice President and Chief Financial Officer.

A motion was made and unanimously passed that the FIU Board of Trustees Finance and Facilities Committee recommend to the Florida International University Board of Trustees approval of the proposed revisions to the Finance and Facilities Committee Charter.

5. Discussion Items

5.1 Review of FIU 2017 Operational Audit Findings and Recommendations for Calendar Year Ended December 31, 2017

Committee Chair Boord asked Trustees for comments relating to the 2017 Operational Audit findings and recommendations. In response to Trustee Tovar's comments, Sr. VP and CFO Jessell addressed the repeat findings related to textbook affordability. He explained that while the University was in compliance in terms of the 45-day deadline, the University report to the Chancellor of the State University System did not reflect the adjustments that took place between the 45-day deadline and the first day of the semester. Sr. VP and CFO Jessell pointed out that a process is in place moving forward.

Committee Chair Boord indicated that he contacted the state auditor to discuss the audit findings. In terms of the findings relating to textbook affordability, he stated the auditor's position in that it was deemed that the University was close in the attainment of the goal. In terms of the findings pertaining to the deficit fund balance in Intercollegiate Athletic programs, Committee Chair Boord pointed out that the BOG should review the discrepancy between the state auditor's findings of noncompliance and the University's position on the matter.

5.2 Financial Performance Review FY 2018-19

There were no questions or comments from the Committee members in terms of the Financial Performance Review FY 2018-19.

5.3 CasaCuba Building Update

Sr. VP and CFO Jessell provided a CasaCuba update, delineating the total for cash on hand as $102,344. He explained that while the National Endowment for the Humanities Challenge Grant Offer and the Knight Foundation Grant were received and satisfy the match requirements, the design phase will not move forward until the funding has been received as is consistent with BOT directives. In response to Trustee Tovar's comments regarding additional private funding for the project, Sr. VP Lipman indicated that while currently there are no signed gift agreements in place, there has been expressed interest.

6. Reports

There were no questions from the Committee members in terms of the reports included as part of the agenda materials: Athletics Update; Business Services Report; Emergency Management Status Report; Facilities and Construction Update; Foundation Report; Safety and Environmental Compliance Report; Treasury Report; and Procurement Report.

7. New Business

In terms of the University's Financial Performance Review for FY 2018-19, Sr. VP and CFO Jessell explained that operating revenues are above estimates by $33.6M and that operating expenses are below estimates by $38.1M.

FF6. Approval of 2019-2020 Fixed Capital Outlay Budget

Sr. VP and CFO Jessell presented the request for approval of FIU's 2019-2020 Fixed Capital Outlay Budget for the Committee's review. He explained that in accordance with BOG instructions, guidelines and Regulation, FIU has prepared an updated 2019-20 Fixed Capital Outlay (FCO) Budget. He indicated that the FCO Budget includes authorized PECO projects, CITF projects, and authorized projects from E&G Carryforward. He pointed out that the FCO Budget also includes new construction projects; maintenance, repair, remodeling, and renovation projects; and previously approved projects that have not yet been completed. He stated that the FCO expenditures will only be made upon approval of the BOT, upon the availability of funding, and upon the approval of the BOG.

Trustee Tovar requested that the meeting's record reflect that the BOT's action is to approve the request for the FCO proposed budget and not necessarily the included expenditures, unless previously approved by the BOT.

A motion was made and unanimously passed that the FIU Board of Trustees Finance and Facilities Committee recommend to The Florida International University Board of Trustees (the BOT) approval of the 2019-20 Florida International University (FIU) Fixed Capital Outlay (FCO) Budget in accordance with State University System of Florida Board of Governors (BOG) Regulation 14.0025 (with proposed amendments) and BOG directives; submit the BOT-approved FCO Budget to the BOG for discussion and review at its October 3, 2019 Budget and Facilities Workshop and approval at its October 30, 2019 meeting; authorize the University Chief Financial Officer, the University President, and the Chair of the Board of Trustees to certify the FCO Budget; and authorize the University President to amend the BOT FCO Budget as necessary and report to the BOT and the BOG any amendments to the Fixed Capital Outlay Budget as prescribed by the BOT and the BOG.

In response to concerns from Trustees Colson and Tovar regarding the timeliness of future funding for the CasaCuba building project, Committee Chair Boord read the action that was approved by the Committee in terms of CasaCuba, namely that a motion was made and unanimously passed that the FIU Board of Trustees Finance and Facilities Committee recommend Board of Trustees approval of the design phase using funding from donors, and approval of the amendment to the campus master plan and upon further review of the design, funding, and other data, the Board of Trustees will consider approval for construction. Trustees discussed and did not amend the motion.

FF1. Approval of Educational and General Carryforward Funds
The Committee resumed the review of the request for approval of Educational and General Carryforward Funds. In response to Trustee Tovar's inquiry, Sr. VP and CFO Jessell explained the request in that it is for the approval of the carryforward expenditures as presented to the BOT and that the approval does not include operating dollars to support the Foundation. Sr. VP and CFO Jessell indicated that the University President has the authority to amend the University's Operating Budget within the established parameters.

In response to Trustee Tovar's comments, the Committee concurred that no additional and new funding be allocated to the Foundation until such time that the Committee has received the follow-up presentation from the Foundation.

A motion was made and unanimously passed that the FIU Board of Trustees Finance and Facilities Committee recommend to The Florida International University Board of Trustees (the BOT) approval of the Florida International University (FIU) Educational and General (E&G) expenditure plan for carryforward funds in accordance with State University System of Florida Board of Governors (BOG) Regulation 9.007 *State University Operating Budgets* and Florida Statute 1011.45 End of Year Balance of Funds; submit the BOT-approved expenditure plan to the BOG for approval at its October 29-30, 2019 meetings; authorize the University Chief Financial Officer to certify the unexpended amount of funds appropriated to the University from the General Revenue Fund, the Educational Enhancement Trust Fund, and the Education/General Student and Other Fees Trust Fund as of June 30, 2019; and authorize the University President to amend the BOT expenditure plan as necessary and report to the BOT and the BOG any amendments to the spending plan in a format prescribed by the BOG Office of University Budgets.

8. 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 Wednesday, September 18, 2019 at 11:15 a.m.

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee
December 5, 2019

FIU DIRECT SUPPORT ORGANIZATIONS FINANCIAL AUDITS – SUMMARY JUNE 30, 2019

- FIU has four Component Units, ***FIU Foundation, Inc.***, ***Research Foundation, Inc., FIU Athletics Finance Corporation*** and the ***Academic Health Center Health Care Network Faculty Group Practice, Inc.***
- The annual financial audits of three of the Component Units will be reflected on the University's financial audit that is currently underway by the State of Florida Auditor General. The financial activities of the FIU Research Foundation, Inc. are not included in the University financial audit because total assets and operating revenues of that entity represent less than one percent of the total aggregate component units' assets and operating revenues.
- The financial statements for all four entities are prepared in conformity with **Governmental Accounting Standards Board** requirements. Previously, the FIU Foundation financial audit was prepared in conformity with the Financial Accounting Standards Board Requirements.
- FIU Board of Trustee approval of the audits is required in order for the State Auditor to include the audits as Component Units of the University.
- The audits were completed by James Moore, Certified Public Accountants and Consultants, and were presented to and approved by the respective Boards in October 2019.
- All of the audits received an "Unmodified" [formerly known as Unqualified] Opinion meaning the financial statements presented fairly, in all material respects, the financial positions of the entities as of June 30, 2019.
- The Auditors did **NOT** identify any weaknesses in Internal Control that they considered material weaknesses.
- The Auditors did **NOT** identify any instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

HIGHLIGHTS OF FINANCIAL RESULTS

ENDING JUNE 30, 2019 WITH JUNE 30, 2018 COMPARISONS

FIU FOUNDATION, INC.

- **Total Assets were $338.9M**, an increase of $8.8M, primarily due to changes in investments and pledges receivable. The increase in investment of $14.9M is due to 4.9% positive earnings in the current year. This was offset by a decrease of $4.9M in pledges receivable due to a strong collection effort on pledges and a decrease in cash and cash equivalents of $1.2M.

- **Total Liabilities were $15.0M**, an increase of $932,895 primarily from an increase in funds held for others of $1.8M attributable to the receipt of grant funds awarded to the University and managed by the Foundation as an endowment. The increase was offset by a decrease in notes payable of $865,000 for payment of principal.

- **Total Net Position was $323.8M**, an increase of $7.8M in the current year change in net position. The net position represents the residual interest in Foundation's assets after deducting liabilities. In addition to the change in net position for the year, the change in accounting reporting standards from FASB to GASB described further in this report caused the reduction of the beginning net position balance. The endowment pledge receivable balances, net of allowance, discount and deferred charges was $42.1M. This balance has been reduced from the beginning net position from $358.2M to $316.0M as endowment pledges are not recognized under GASB accounting.

- **Total Net Operating Revenues were $41.0M**, a decrease of $3.5M primarily from $5.7M less investment earnings when compared to prior year, offset by $2.0M in increased contributions and $157,751 of rental income and other operating revenues.

- **Total Operating Expenses were $38.5M**, an increase of $725,263 due primarily to an increase in fundraising expenses associated with the capital campaign initiative of $1.1M, general and administrative support of $278,716, general support to FIU of $109,576 and depreciation of $44,001. The increases were offset by a decrease in college and department program support of $841,700.

- Under GASB reporting Endowment contributions are reflected as a non-operating revenue and totaled $5.4M, a decrease of $1.3M when compared to prior year. Donors gave more toward non-endowed gifts this past fiscal year as depicted in the increase of $2.0M in contributions mentioned previously.

- **Other Matters**, As a result of changes to Florida Statutes, section 1004.28, the Foundation changed its accounting framework used to prepare financial statements from the Financial Accounting Standards Board (FASB) to the Governmental Accounting Standards Board (GASB). The statute addresses DSOs of universities within the State University System of Florida. Among the changes the law now requires is the prospective approval of all new DSO board members by university board of trustees. This meets the definition of governmental control of the DSO, requiring all university DSOs to report in accordance with the accounting framework prescribed by the Governmental Accounting Standards Board (GASB) for the fiscal year ending June 30, 2019.

  Under the GASB accounting framework, it is important to note that endowment pledges are not recognized. Only additions to permanent endowments are recognized upon the receipt of cash. As of June 30, 2019, endowment pledges receivable totaled $51.3M, which includes $42.0M from the State of Florida for match funds from the Trust Fund for Major Gifts. Those pledges are not recognized in the statement of net position.

RESEARCH FOUNDATION, INC.

- **Research Foundation Total Assets (Cash) were $135,624**, a decrease of $16,362 over the prior year due to reduced activity in the international grant programs.

- **Research Foundation Total Liabilities were $8,102**, a decrease of $20,061 primarily the result of a decrease in Due to FIU as a result of less grant activities.

- **Research Foundation Net Position was $127,522,** an increase of $3,699.

- **Operating revenues of $10,005,** are associated with the development of a transit stop inventory system developed by University researchers and being managed by the Research Foundation. The University and the Research Foundation have entered into a royalty sharing agreement from funds received from the Research Triangle Regional Public Transportation Authority.

- **Research Foundation Operating Expenses were $26,306,** primarily for audit and tax fees and professional services. The increase of $9,034 from the prior year was primarily driven by higher audit and tax fees of $2,400 and professional services of $6,629.

- **Non-Operating Revenue of $20,000**, an increase of $20,000, is the result of FIU Division of Research transferring Sponsored Research royalty revenue to support operating expenses of the Research Foundation.

ATHLETICS FINANCE CORPORATION

- **Total Assets were $23.3M**, a decrease of $621,392, due primarily to decreases in prepaid rent of $1.3M, $165,000 due from FIU Foundation, suite and tickets receivables of $74,888, naming rights receivables of $20,000, change in leasehold improvement of $21,900 and cash of $7,296. The decreases were offset by the increase in investment balances of $279,060, funds due from the FIU totaling $516,181 and stadium naming rights of $175,000.

- **Total Liabilities were $31.9M**, a decrease of $693,074 due primarily from a decrease in bonds payable of $1.3M, unearned revenue of $26,930 from multi-year suite contracts, and amounts due to FIU of $5,393. These were offset by increases in the derivative liability of $655,896 and payables of $8,353.

- **Operating Revenues were $4.1M**, an increase of $92,548, due primarily to increases in ticket sales of $37,825, stadium naming rights of $60,000, higher level of contributions of $365,010, sponsorship and merchandise royalty of $13,525, and athletic support of $42,126. The increases were offset by decrease in suite revenues of $42,953, rental income of $155,458, general concession commissions of $29,396 and event revenues of $198,131.

- **Operating expenses were $2.2M**, a decrease of $80,048, due primarily to lower utilities of $68,987, materials and supplies of $32,073 and banking fees of $853. These savings were offset by increases of $16,635 in game-event day contractor expenses, $1,760 in repairs and maintenance, and audit and tax professional fees of $4,100.

- **The Net Position was $(6.4M),** an improvement of $809,405 which was primarily the result of higher revenues, savings on expenses, higher levels of interest income, less interest expenses and fiscal charges and no transfers to FIU when compared to prior year.

ACADEMIC HEALTH CENTER HEALTH CARE NETWORK

FACULTY GROUP PRACTICE, INC.

- **Total Assets were $8.7M**, an increase of $1.8M million, primarily from the increase in cash derived from management fees under the managed service organization line of business and the education program revenue related to the HWCOM Office of International Affairs totaling $2.3M. The increase was offset by a reduction of receivables totaling $481,791.

- **Total Liabilities were $10.0M**, a decrease of $544,451 primarily due to reductions in accounts payable of $187,436, unearned revenue of $29,024 and funds due to FIU in the amount of $327,991. The total due to FIU, $7.4M, is associated with a prior working capital and building capital loan in addition to operating losses that is secured by annual lease payments from Nicklaus Children's Hospital under a 40-year lease agreement. In addition, the common area maintenance received as part of the Nicklaus Children's Hospital lease previously recorded as a liability for future CAM expenses has been reclassified to align to revenue and expenses. Previously, CAM expenses were being booked against the liability.

- **Total Operating Revenues were $10.0M**, an increase of $1.6M, due primarily to increases in educational program revenue of $904,246 received from American University of Antigua for the Clinical Certificate Program, management fee revenue of $372,220, rental revenues of $174,197 and other revenues of $154,768 related to the HWCOM clinics to cover the cost of operating the HWCOM clinical sites.

- **Total Operating Expenses were $5.8M**, an increase of $319,590 due primarily to increases in contractual personnel/professional consulting services of $235,816, common area maintenance expenses of $41,494 (newly reported), medical and other supplies of $26,997, utilities, advertising and regular repairs totaling $ 14,430 and rentals and leases of $16,665. The increases were offset by reduction in depreciation and other operating expense savings totaling $15,810.

- **Transfer to Florida International University was $2.3M**, and represents the payment of the net profits of the international programs to the Herbert Wertheim College of Medicine.

- **Net position was $(1.3M),** an improvement of $2.3M. The increase was due to the change in net position of $1.8M and the necessary restatement of the beginning balance in net position resulting from the reclassification of the common area maintenance balance originally reported under current liabilities. This resulted in an increase to the beginning net position by $511,977.

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THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee
December 5, 2019

Subject: Florida International University Foundation Inc., Financial Audit, 2018-19

Proposed Committee Action:

Recommend acceptance by the Florida International University Board of Trustees of the Florida International University Foundation, Inc. Financial Audit for the 2018-19 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.

Background information:

Pursuant to Regulation FIU-1502 (2)(g), the Florida International University Foundation, Inc. must submit an independently conducted financial audit of its accounts and records, which has been recommended by the University President to the Florida International University Board of Trustees for review and acceptance.

The Florida International University Foundation, Inc. Financial Audit for 2018-19 was approved by the Florida International University Foundation, Inc. Board of Directors on October 19, 2019, and the University President is recommending its acceptance.

Florida Board of Governors Regulation 9.011 (5) University Direct Support Organizations and Health Services Support Organizations, states in relevant part:
Support organizations shall provide for an annual audit conducted pursuant to university regulations or policies. The annual audit report shall be submitted to the university board of trustees for review. The audit report shall be submitted to the Board of Governors, and the Auditor General.

Supporting Documentation:	Florida International University Foundation, Inc. Financial Audit, 2018-19
Facilitator/Presenter:	Kenneth A. Jessell

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
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JUNE 30, 2019

James Moore
Certified Public Accountants and Consultants

INDEPENDENT AUDITORS' REPORT

Members of the Board of Directors and
the Finance Committee and Audit Subcommittee,
Florida International University Foundation, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of the Florida International University Foundation, Inc. (the Foundation), a direct support organization and component unit of Florida International University, which comprise the statements of net position as of June 30, 2019, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2019, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Emphasis of Matter

As discussed in Note 1(q) to the financial statements, for the fiscal year ending June 30, 2019, the Foundation changed its accounting framework used to prepare financial statements from the Financial Accounting Standards Board (FASB) to the Governmental Accounting Standards Board (GASB), as a result of changes to Florida Statutes, section 1004.28. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2019, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

James Moore & Co., P.L.

Gainesville, Florida
October 18, 2019

MANAGEMENT’S DISCUSSION AND ANALYSIS

Management's discussion and analysis ("MD&A") provides an overview of the financial position and activities of the Florida International University Foundation, Inc. (the "Foundation") for the fiscal year ended June 30, 2019, and should be read in conjunction with the financial statements and notes thereto. The MD&A, financial statements, and notes thereto are the responsibility of management. The MD&A contains financial activity of the Foundation for the fiscal years ended June 30, 2019 and June 30, 2018.

The Foundation is presented as a discrete component unit of Florida International University (the "University" or "FIU") and is certified as a direct support organization ("DSO"). The Foundation's mission is to encourage, solicit, receive, and administer gifts and bequests of property and funds for scientific, educational and charitable purposes, all for the advancement of the University and its mission.

In order to facilitate the comparison of financial data in the MD&A, certain June 30, 2018 amounts have been restated to reflect the proper amounts under Governmental Accounting Standards Board (GASB) Refer to page 16 for additional information on the conversion to GASB.

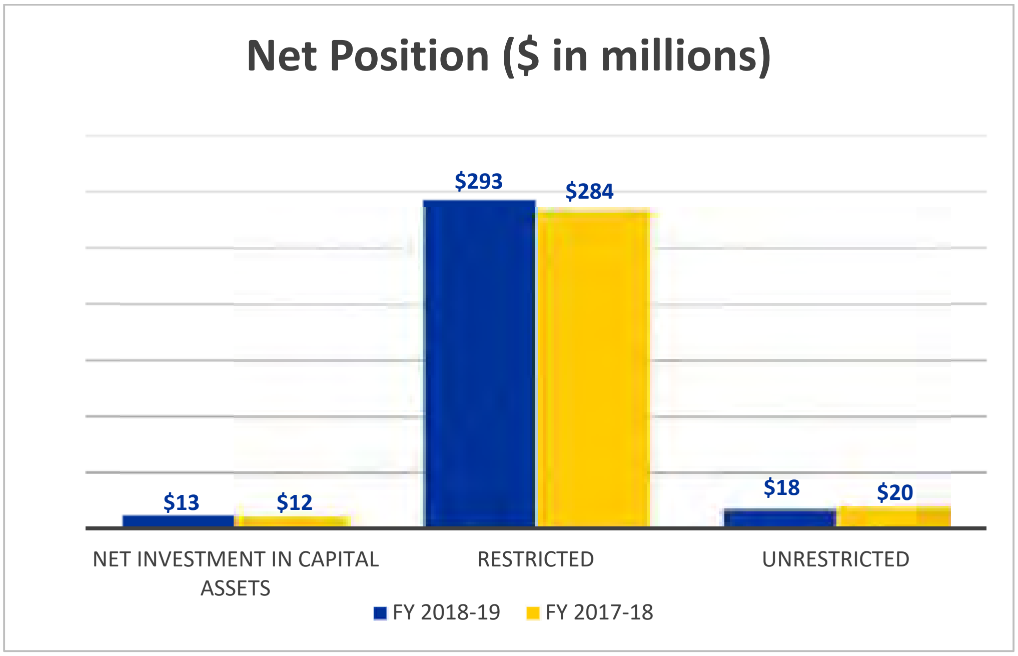
FINANCIAL HIGHLIGHTS

The Foundation's assets totaled $338,895,922 at June 30, 2019. This balance reflects an increase of $8,759,255, or 3.0%, as compared to the prior year, due to changes in investments and pledges receivable. The increase in investments of $14,877,873 is due to the recognition of investment earnings of 4.9% in the current year. This increase was offset by a decrease of $4,918,447 in pledges receivable due to a strong collection effort on pledges.

The Foundation's liabilities totaled $15,048,372 at June 30, 2019. This balance reflects an increase of $932,895, or 7.0%, as compared to the prior year, due to changes in funds held for others and notes payable. The increase in funds held for others of $1,835,700 is primarily attributable to the receipt of grant funds awarded to the University and managed by the Foundation as an endowment. This grant supports research in the area of minority health and health disparities. This increase was offset by a decrease in notes payable of $865,000 due to principal payments.

As a result, the Foundation's net position increased by $7,826,360, resulting in a year-end balance of $323,847,550. Net position represents the residual interest in the Foundation's assets after deducting liabilities.

The Foundation's comparative total net position by category for the fiscal years ended June 30, 2019 and June 30, 2018, is shown in the following graph:



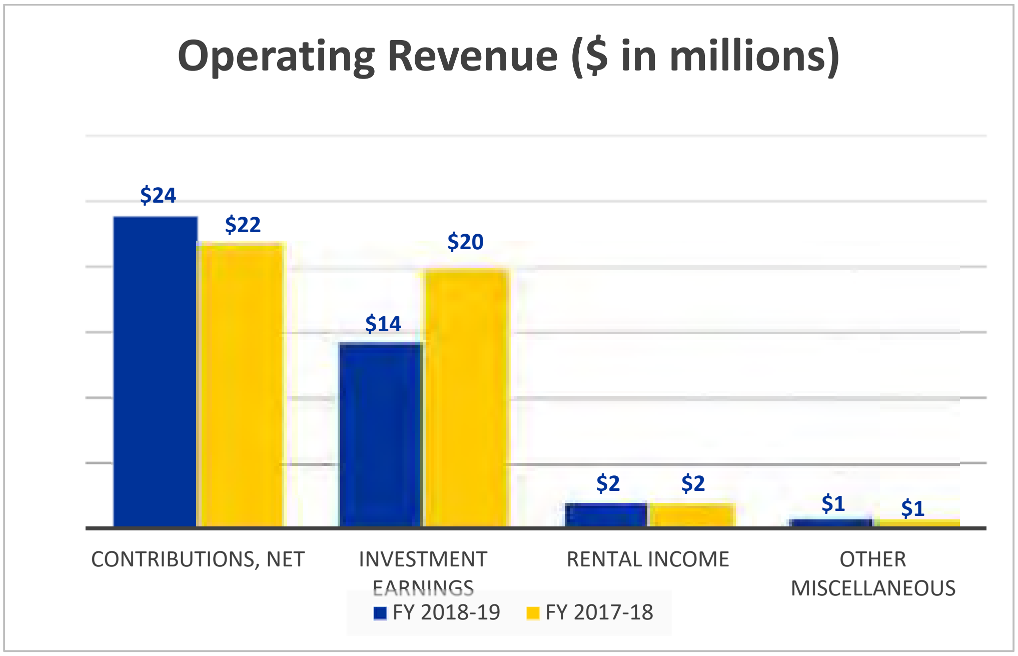
The Foundation's operating revenues totaled $40,967,246 for the 2018-19 fiscal year, representing a decrease of $3,468,846, or 8.0%, as compared to the prior year. Major components of operating revenues are contributions and investment earnings.

The overall decrease in operating revenues is mainly due to an increase in contributions revenue of $2,042,751 offset by a decrease in investment earnings of $5,669,348 as compared to the prior year.

The Foundation's operating expenses totaled $38,502,974 for the 2018-19 fiscal year, representing an increase of $725,263, or 2.0%, as compared to the prior year. Operating expenses are comprised of support to the University, fundraising, general and administrative, and depreciation expenses. The largest component of operating expenses is for the benefit of the University in the form of programs, scholarships and building support totaling $27,688,533.

The overall increase in operating expenses is mainly due to an increase in fundraising expenses related to the launch of the public phase of the Next Horizon Campaign. In addition, there was a decrease in program support to the University due to a larger than normal expense related to a building renovation in the prior year.

The following charts provide a graphical presentation of the Foundation's revenues by category for the 2018-19 and 2017-18 fiscal years:



OVERVIEW OF FINANCIAL STATEMENTS

Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 35, the Foundation's financial report consists of three basic financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. The financial statements, and notes thereto, encompass the Foundation and its blended component units, which include:

- The Wolfsonian, Inc.
- Foundation Enterprise Holdings I, LLC ("FEH I")
- Foundation Enterprise Holdings II, LLC ("FEH II")
- Foundation Enterprise Holdings V, LLC ("FEH V")

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

THE STATEMENT OF NET POSITION

The statement of net position reflects the assets and liabilities of the Foundation, using the accrual basis of accounting, and presents the financial position of the Foundation at a specified time. Assets less liabilities, equals net position, which is one indicator of the Foundation's current financial condition.

The increase in net position of $7,826,360 is primarily attributable to an increase in noncurrent assets related to investments.

The following summarizes the Foundation's total net position for fiscal years ended:

	June 30,		
	2019	2018	Variance
Assets			
Current assets	$ 24,949,030	$ 28,263,370	$ (3,314,340)
Noncurrent assets	313,946,892	301,873,297	12,073,595
Total assets	338,895,922	330,136,667	8,759,255
Liabilities			
Current liabilities	4,707,204	4,708,335	(1,131)
Noncurrent liabilities	10,341,168	9,407,142	934,026
Total liabilities	15,048,372	14,115,477	932,895
Net position			
Net investment in capital assets	12,565,994	11,605,672	960,322
Restricted:			
Nonexpendable endowments	179,637,406	174,696,827	4,940,579
Expendable	113,540,580	109,696,445	3,844,135
Unrestricted	18,103,570	20,022,246	(1,918,676)
Total net position	$ 323,847,550	$ 316,021,190	$ 7,826,360

TOTAL ASSETS

The following summarizes the Foundation's total assets for fiscal years ended:

	June 30, 2019	June 30, 2018	Variance
Cash and cash equivalents	$ 16,368,061	$ 17,580,203	$ (1,212,142)
Pledges receivable, net	16,991,025	21,909,472	(4,918,447)
Other current assets	433,560	418,459	15,101
Due from Florida International University	19,855	64,160	(44,305)
Investments	289,029,517	274,151,644	14,877,873
Depreciable capital assets, net	15,975,578	15,995,929	(20,351)
Nondepreciable capital assets	78,326	16,800	61,526
Total assets	$ 338,895,922	$ 330,136,667	$ 8,759,255

Total assets as of June 30, 2019 increased $8,759,255, or 3.0%. The increase is mainly due to an increase in investments of $14,877,873 offset with a decrease of $4,918,447 in pledges receivable. The increase in investments is due to the recognition of investment earnings of 4.9% in the current year. The decrease in pledges receivable is due to collection of early installment pledge payments in the current year.

Endowment pledges are not recognized under the GASB accounting framework. Only additions to permanent endowments are recognized upon the receipt of cash. Although endowment pledges are not included as part of the statement of net position, the Foundation understands the importance of endowment fundraising as these gifts are a strategic priority. The Foundation will continue to prioritize fundraising for endowment pledges and collecting on those pledges. Refer to page 16 for additional information on endowment pledges.

As of June 30, 2019, endowment pledges receivable totaled $51,309,132, which includes $41,967,040 the State of Florida has approved for match under the Trust Fund for Major Gifts. Effective July 1, 2011, state matching funds were temporarily suspended by the Florida Legislature for donations received for this program on or after June 30, 2011. The program may be restarted after $200 million of the backlog for programs have been matched. The State of Florida did not provide funds for this program during the fiscal year; therefore these endowment pledges are not recognized in the statement of net position. The ultimate collection of these funds is dependent upon future appropriations for this program by the State of Florida Legislature.

TOTAL LIABILITIES

The following summarizes the Foundation's total liabilities for fiscal years ended:

	June 30,		
	2019	2018	Variance
Accounts payable and accrued expenses	$ 417,198	$ 182,694	$ 234,504
Due to Florida International University	3,126,585	3,420,949	(294,364)
Funds held for others	7,625,600	5,789,900	1,835,700
Notes payable	2,945,000	3,810,000	(865,000)
Unearned revenue	292,836	214,807	78,029
Annuity obligations	641,153	697,127	(55,974)
Total liabilities	$ 15,048,372	$ 14,115,477	$ 932,895

Total liabilities as of June 30, 2019 increased $932,895, or 7.0%. The increase is mainly due to an increase in funds held for others of $1,835,700 offset with a decrease of $865,000 in notes payable. The increase in funds held for others is due to the receipt of grant funds awarded to the University and managed by the Foundation as an endowment. This grant supports research in the area of minority health and health disparities. Pursuant to the terms of the grant, the funds are to be held by the Foundation as an endowment for a period of at least 20 years. The decrease in notes payable is due to a principal payment made in the current year.

NET POSITION

The following summarizes the Foundation's net position for fiscal years ended:

	June 30,		
	2019	2018	Variance
Net investment in capital assets	$ 12,565,994	$ 11,605,672	$ 960,322
Restricted:			
Nonexpendable endowments	179,637,406	174,696,827	4,940,579
Expendable	113,540,580	109,696,445	3,844,135
Unrestricted	18,103,570	20,022,246	(1,918,676)
Total net position	$ 323,847,550	$ 316,021,190	$ 7,826,360

The net investment in capital assets as of June 30, 2019 was $12,565,994, which reflects an increase of $960,322 from the prior year. The increase is primarily attributable to a major building repair in the current year offset with the decrease in the notes payable due to a principal payment.

The restricted nonexpendable endowments net position as of June 30, 2019 was $179,637,406, which reflects an increase of $4,940,579 from the prior year. The increase is attributable to the receipt of endowed contributions in the current year offset by a donor directed release of restriction.

The restricted expendable net position as of June 30, 2019 was $113,540,580, which reflects an increase of $3,844,135 from the prior year. The increase is primarily attributable to an increase in the value of investments due to a 4.9% rate of return and the receipt of non-endowed contributions in the current year.

The unrestricted net position as of June 30, 2019 was $18,103,570, which reflects a decrease of $1,918,676 from the prior year.

Total net position reflects an increase of $7,826,360 as of June 30, 2019 in comparison to the prior year.

Additional information about the statement of net position is presented in the notes to financial statements.

THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The statement of revenues, expenses, and changes in net position presents the Foundation's revenue and expense activity, categorized as operating and nonoperating. Revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid.

The change in net position of $7,826,360 is primarily attributable to an increase in contributions revenue offset with a decrease in investment earnings in the current year.

The following summarizes the Foundation's changes in net position for fiscal years ended:

	June 30,		
	2019	**2018**	**Variance**
Contributions, net	$ 23,870,781	$ 21,828,030	$ 2,042,751
Investment earnings	14,239,211	19,908,559	(5,669,348)
Rental income	2,001,143	1,927,652	73,491
Other operating revenues	856,111	771,851	84,260
Total operating revenues, net	40,967,246	44,436,092	(3,468,846)
Programs, scholarships and building support to Florida International University	27,688,533	28,530,233	(841,700)
Fundraising	7,437,386	6,302,716	1,134,670
General and administrative	1,410,991	1,132,275	278,716
General support to Florida International University	1,243,041	1,133,465	109,576
Depreciation	723,023	679,022	44,001
Total operating expenses	38,502,974	37,777,711	725,263
Operating income	2,464,272	6,658,381	(4,194,109)
Nonoperating expenses	(29,853)	(32,431)	2,578
Gain before endowment contributions	2,434,419	6,625,950	(4,191,531)
Endowment contributions	5,391,941	6,693,273	(1,301,332)
Change in net position	7,826,360	13,319,223	(5,492,863)
Net position - beginning of year	316,021,190	302,701,967	13,319,223
Net position - end of year	$ 323,847,550	$ 316,021,190	$ 7,826,360

OPERATING REVENUES

GASB Statement No. 35 categorizes revenues as either operating or nonoperating. Operating revenues represent ongoing activities of the Foundation, as well as ongoing activities that are in support of the University's programs. Operating activities relate to the Foundation's mission, which is to encourage, solicit, receive, and administer gifts and bequests of property and funds for scientific, educational and charitable purposes, all for the advancement of the University and its objectives. As defined by GASB No. 35, all of Foundation's revenues are classified as operating revenues.

The following summarizes the operating revenues by source that were used to fund operating activities for the fiscal years ended:

	June 30,		
	2019	2018	Variance
Contributions, net	$ 23,870,781	$ 21,828,030	$ 2,042,751
Investment earnings	14,239,211	19,908,559	(5,669,348)
Rental income	2,001,143	1,927,652	73,491
Other operating revenues	856,111	771,851	84,260
Total operating revenues, net	$ 40,967,246	$ 44,436,092	$ (3,468,846)

Total operating revenues of $40,967,246 for fiscal year ended June 30, 2019, decreased $3,468,846, or 8.0%, over prior year. Operating revenues are made up of contributions revenue, investment earnings, rental income, and other operating activity.

Contributions revenue of $23,870,781 for the current fiscal year increased $2,042,751 over prior year.

Investment earnings of $14,239,211 for the current fiscal year decreased $5,669,348 over prior year. The rate of return was 4.9% and 8.0% for the years ended June 30, 2019 and 2018, respectively.

Rental income of $2,001,143 for the current fiscal year increased $73,491 over prior year. The increase is primarily attributable to higher rental income from the Management and Advanced Research Center ("MARC") building in the current year. In the prior year, the MARC building had a few vacancies which were filled in the current year.

Other operating revenues of $856,111 for the current fiscal year increased $84,260 over prior year. Other operating revenues are mainly made up revenues related to events and membership dues. The event revenues were fairly similar to prior year; however, there was an increase in revenues from membership dues in the current year.

OPERATING EXPENSES

GASB Statement No. 35 categorizes expenses as either operating or nonoperating. Operating expenses represent ongoing activities of the Foundation, as well as ongoing activities that are in support of the University, such as programs, scholarships and building support. The majority of the Foundation's expenses are operating expenses as defined by GASB. GASB gives financial reporting entities the choice of reporting operating expenses in either their functional or natural classifications. The Foundation has chosen to report the expenses by their functional classifications on the statement of revenues, expenses, and changes in net position.

The following summarizes the operating expenses by function for the fiscal years ended:

	June 30,		
	2019	2018	Variance
Programs, scholarships and building support to Florida International University	$ 27,688,533	$ 28,530,233	$ (841,700)
Fundraising	7,437,386	6,302,716	1,134,670
General and administrative	1,410,991	1,132,275	278,716
General support to Florida International University	1,243,041	1,133,465	109,576
Depreciation	723,023	679,022	44,001
Total operating expenses	$ 38,502,974	$ 37,777,711	$ 725,263

Total operating expenses of $38,502,974 for fiscal year ended June 30, 2019, increased $725,263, or 2.0%, over prior year. Operating expenses are comprised mainly of support to the University, fundraising, and general and administrative expenses.

The largest component of operating expenses is support to the University. This includes transfers to the University or expenses directly paid to third parties for the University's programs, student scholarships and building support. Support to the University of $27,688,533 for the current fiscal year decreased $841,700, or 3.0%, over prior year. The decrease is primarily attributable to a larger than normal expense related to a building renovation in the prior year.

The next largest component of operating expenses is fundraising totaling $7,437,386 for the current fiscal year. Due to the launch of the Next Horizon Campaign, fundraising expenses increased $1,134,670, or 18.0%, over prior year.

General and administrative expenses include general expenses related to the operations of the Foundation, including business office expenses, insurance, utilities, and maintenance. General support to the University includes expenses incurred by the Foundation, such as lobbying, president's compensation, and support for the Washington Center. General and administrative expenses increased slightly from prior year due to higher business office operations in the current year. General support to the University remained similar to prior year.

NONOPERATING EXPENSES

GASB Statement No. 35 categorizes expenses as either operating or nonoperating. Nonoperating expenses include expenses not included in operating expenses and include the change in value of annuity obligations.

The following summarizes the nonoperating expenses for the fiscal years ended:

	June 30, 2019	June 30, 2018	Variance
Change in value of annuity obligations	$ (29,853)	$ (32,431)	$ 2,578
Total nonoperating expenses	$ (29,853)	$ (32,431)	$ 2,578

The nonoperating expenses were similar in the current year as in the prior year.

ENDOWMENT CONTRIBUTIONS

Endowment contributions of $5,391,941 decreased 19.0% over the prior year. Endowment contributions are recognized as revenue as they are received in cash. The earnings on an endowment, rather than the endowment itself, are intended for spending. The endowment is invested in perpetuity.

	June 30, 2019	June 30, 2018	Variance
Endowment contributions	$ 5,391,941	$ 6,693,273	$ (1,301,332)
Total endowment contributions	$ 5,391,941	$ 6,693,273	$ (1,301,332)

THE STATEMENT OF CASH FLOWS

The statement of cash flows provides information about the Foundation's financial results by reporting the major sources and uses of cash and cash equivalents. The statement will assist in evaluating the Foundation's ability to generate net cash flows, its ability to meet its financial obligations as they come due, and its need for external financing. Cash flows from operating activities show the net cash used or provided by the operating activities of the Foundation. Cash flows from capital and related financing activities include changes associated with the long-term debt activities of the Foundation. Cash flows from investing activities show the net sources and uses of cash related to purchasing or selling investments and earnings income on those investments. Cash flows from noncapital financing activities includes those activities not covered in other sections.

The following summarizes the major sources and uses of cash for the fiscal years ended:

	June 30,		
	2019	2018	Variance
Cash flows provided by (used in)			
Operating activities	$ (4,202,640)	$ (5,424,726)	$ 1,222,086
Capital and related financing activities	(1,762,781)	(1,946,424)	183,643
Investing activities	(638,662)	(4,942,735)	4,304,073
Noncapital financing activities	5,391,941	6,693,273	(1,301,332)
Change in cash and cash equivalents	(1,212,142)	(5,620,612)	4,408,470
Cash and cash equivalents			
Beginning of year	17,580,203	23,200,815	(5,620,612)
End of year	$ 16,368,061	$ 17,580,203	$ (1,212,142)

Cash and cash equivalents decreased $1,212,142 during the 2018-19 fiscal year. The decrease of $1,222,086 in cash flows used in operating activities is attributable to an increase in receipts from contributions and a combined increase in payments made to Florida International University and suppliers as compared to the prior year. The decrease of $183,643 in cash flows used in capital and related financing activities is attributable to slightly higher purchases of leasehold improvements in the prior year. The decrease of $4,304,073 in cash flows used in investing activities is attributable to higher purchases and sales of investments and land held for investments in the prior year. The cash flows provided by noncapital financing activities decreased $1,301,332, primarily due to a decrease in endowment contributions received. Endowment contributions are recognized as revenue as they are received in cash.

CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

At June 30, 2019, the Foundation had $23,733,795 in capital assets, less accumulated depreciation of $7,679,891 for net capital assets of $16,053,904. Depreciation charges for the current fiscal year totaled $723,023.

The following summarizes the Foundation's capital assets, net of accumulated depreciation for the fiscal years ended:

	June 30,		
	2019	**2018**	**Variance**
Building and improvements, net	$ 15,345,925	$ 15,515,615	$ (169,690)
Furniture and equipment, net	629,653	480,314	149,339
Total depreciable capital assets, net	15,975,578	15,995,929	(20,351)
Construction in progress	78,326	16,800	61,526
Total nondepreciable capital assets	78,326	16,800	61,526
Total capital assets, net	$ 16,053,904	$ 16,012,729	$ 41,175

The largest component of capital assets is building and improvements, totaling $15,345,925, or 96.0%, of the total balance. Furniture and equipment and construction in progress account for the remaining balance in capital assets.

At June 30, 2019, the Foundation had $3,586,153 in debt outstanding.

The following summarizes the Foundation's debt outstanding for the fiscal years ended:

	June 30,		
	2019	**2018**	**Variance**
Notes payable	$ 2,945,000	$ 3,810,000	$ (865,000)
Annuity obligations	641,153	697,127	(55,974)
Total outstanding debt	$ 3,586,153	$ 4,507,127	$ (920,974)

During the 2018-19 fiscal year, the Foundation reduced debt by $920,974, related to principal payments and annuity obligation payments.

The following summarizes the Foundation's net investment in capital assets for the fiscal years ended:

	June 30, 2019	June 30, 2018	Variance
Capital assets, net	$ 16,053,904	$ 16,012,729	$ 41,175
Notes payable	(2,945,000)	(3,810,000)	865,000
Annuity obligations	(542,910)	(597,057)	54,147
Net investment in capital assets	$ 12,565,994	$ 11,605,672	$ 960,322

Additional information about the Foundation's capital assets and long-term debt activity is presented in the notes to financial statements.

CONVERSION TO GASB

On March 11, 2018, Senate Bill 4 was signed into law and became effective immediately as Chapter 2018-004, Laws of Florida. Several changes were made to section 1004.28, Florida Statutes, which addresses DSOs of universities within the State University System of Florida. Among the changes, the law now requires the prospective approval of all new DSO board members by a university board of trustees. This change meets the definition of governmental control of the DSO and thusly, requires all university DSOs to report in accordance with the accounting framework prescribed by the Governmental Accounting Standards Board (GASB) for the fiscal year ending June 30, 2019.

This requirement sets forth a change for entities that previously followed the accounting framework prescribed by the Financial Accounting Standards Board (FASB) to convert to the accounting framework prescribed by the GASB. The major differences impacting the Foundation's financial statements include the non-recognition of endowment pledges receivable and the requirement to expense deferred bond issuance costs as they are incurred. The financial statements now also include a required management discussion and analysis section and the statement of cash flows presented under the direct method.

As of June 30, 2018, the endowment pledges receivable balance, net of allowance and discount, was $42,099,972. This balance has been reduced from the beginning net position balance as of June 30, 2019.

As of June 30, 2018, debt issuance costs was $47,772. This balance has been reduced from the beginning net position balance as of June 30, 2019.

The following summarizes the adjustments to beginning net position for the fiscal year ended June 30, 2019:

Change in Net Position

Net assets, end of year (per FASB financials FYE June 30, 2018)	$ 358,168,934
Adjustment for endowment net assets (pledges receivable, net of allowance and discount)	(42,099,972)
Adjustment for deferred fiscal charges	(47,772)
Net position, beginning of year (under GASB)	$ 316,021,190

OUTLOOK FOR THE FUTURE

The Foundation is presented as a discrete component unit of FIU and is certified as a DSO. The sole purpose of the Foundation is to encourage, solicit, receive and administer gifts and bequests of property and funds for scientific, educational and charitable purposes, all for the advancement of FIU and its mission. The primary way this is accomplished is through consistent philanthropic revenue and responsible investing of the endowment, capital and operating funds on behalf of FIU. As much as each individual donor will allow, efforts are focused on the FIU approved strategic priorities of student success and research preeminence, while focusing on the impact to students, faculty and the community.

The Next Horizon breaks new ground as FIU's first $750 million comprehensive campaign. The multiyear effort entered its public phase on January 26, 2019 and aims to showcase the trailblazing achievements of FIU while raising funds for future-forward initiatives. The Next Horizon campaign reached new heights in the 2018-19 fiscal year. The Foundation's growth in cash and other philanthropic revenue and its successes in the 2018-19 fiscal year can be attributed to the discipline surrounding a comprehensive fundraising campaign and the concentration of development, campaign, and university-wide resources around the campaign pillars (student success and research preeminence) that align with FIU's strategic priorities and crucial performance indicator goals.

In November 2018, the Foundation hosted the Campaign Leadership Summit and subsequently named the campaign committee, which includes 16 longstanding, exceptional FIU supporters. In January 2019, the Next Horizon campaign kickoff celebration attracted more than 1,200 alumni, students, faculty, donors, and other members of the FIU community. Events included the dedication of the University's Wall of Gratitude, which honors donors who have given $1 million or more in support of FIU, and various interactive exhibits highlighting FIU's research initiatives, community programs, and more. In May 2019, the Foundation shared the Next Horizon campaign and FIU's preeminent programs at the Foundation's first road show campaign receptions, which included an Annual Cocktail Reception in Miami with over 600 alumni and in New York City with over 300 alumni.

As a result of the public phase of the Next Horizon campaign, the Foundation increased marketing, communications, publications, and events designed to engage a greater range of stakeholders. The Foundation implemented a targeted marketing and communications strategy that prioritized stories of success, progress, and excellence made possible through philanthropic investments in an effort to emphasize the impact of philanthropy at FIU.

In addition, major forthcoming projects will soon shape the FIU campus. The Florida Board of Governors (BOG) approved a public-private partnership to establish an alumni center, conference center, and hotel on campus as well as the plans for a new 84,800-square-foot Phase II building of the Steven J. Green School of International and Public Affairs.

Within the State University System and nationally, FIU's rankings have been on the rise. The University celebrated two recent firsts: its emergence as a top 105 public university in U.S. News & World Report's 2019 Best Colleges rankings and its designation by the Florida Board of Governors as an emerging preeminent state research university. Together, these milestones attest to our ability to promote social mobility and student success, attract high-achieving students and scholars, and grow our research enterprise. Philanthropic investments in our student success initiatives and research programs will accelerate our rise to national excellence.

The success of the University and Foundation is dependent on many components. One of these major components is a comprehensive fundraising campaign, which includes a focus on raising and collecting on both non-endowed and endowed contributions.

REQUESTS FOR INFORMATION

These financial statements are designed to provide a general overview of the Foundation's finances. Questions concerning information provided in the MD&A or other required supplemental information, and financial statements and notes thererto, or requests for additional financial information should be addressed to the Controller, FIU Foundation, Inc., 11200 Southwest 8th Street, MARC Building, 5th Floor, Miami, Florida 33199.

FINANCIAL STATEMENTS

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
STATEMENT OF NET POSITION
JUNE 30, 2019

ASSETS

Current assets		
Cash and cash equivalents	$	16,368,061
Pledges receivable, net		8,127,554
Other current assets		433,560
Due from Florida International University		19,855
Total current assets		24,949,030
Noncurrent assets		
Investments		289,029,517
Pledges receivable, net		8,863,471
Depreciable capital assets, net		15,975,578
Nondepreciable capital assets		78,326
Total noncurrent assets		313,946,892
Total assets		338,895,922

LIABILITIES

Current liabilities		
Accounts payable and accrued expenses		417,198
Due to Florida International University		3,126,585
Funds held for others		25,600
Long-term liabilities - current portion:		
Notes payable		910,000
Unearned revenue		137,836
Annuity obligations		89,985
Total current liabilities		4,707,204
Noncurrent liabilities		
Notes payable		2,035,000
Unearned revenue		155,000
Annuity obligations		551,168
Funds held for others		7,600,000
Total noncurrent liabilities		10,341,168
Total liabilities		15,048,372

NET POSITION

Net investment in capital assets		12,565,994
Restricted:		
Nonexpendable endowments		179,637,406
Expendable		113,540,580
Unrestricted		18,103,570
Total net position	$	323,847,550

The accompanying notes are an integral part
of these financial statements.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

Operating revenues	
Contributions, net	$ 23,870,781
Investment earnings	14,239,211
Rental income	2,001,143
Dues	433,428
Other miscellaneous	337,505
Royalties	85,178
Total operating revenues, net	40,967,246
Operating expenses	
Programs, scholarships and building support to Florida International University	27,688,533
Fundraising	7,437,386
General and administrative	1,410,991
General support to Florida International University	1,243,041
Depreciation	723,023
Total operating expenses	38,502,974
Operating income	2,464,272
Nonoperating expenses	
Change in value of annuity obligations	(29,853)
Total nonoperating expenses	(29,853)
Gain before endowment contributions	2,434,419
Endowment contributions	5,391,941
Change in net position	7,826,360
Net position - beginning of year	316,021,190
Net position - end of year	$ 323,847,550

The accompanying notes are an integral part
of these financial statements.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

Cash flows from operating activities	
Receipts from contributions	$ 28,833,537
Receipts from rental income	2,079,171
Receipts on behalf of others	1,900,000
Other receipts	774,882
Net payments on annuity obligations	(84,000)
Payments made to suppliers	(5,553,876)
Payments made to Florida International University	(32,152,354)
Net cash used in operating activities	(4,202,640)
Cash flows from capital and related financing activities	
Principal paid on capital debt	(865,000)
Purchase of leasehold improvement	(505,518)
Purchase of furniture and equipment	(258,680)
Interest paid on capital debt	(133,583)
Net cash used in capital and related financing activities	(1,762,781)
Cash flows from investing activities	
Proceeds from sale and maturity of Investments	105,998,684
Purchase of investments	(107,276,375)
Receipts from interest, net of fees	639,029
Net cash used in investing activities	(638,662)
Cash flows from noncapital financing activities	
Private gifts for permanent endowments	5,391,941
Net cash flows provided by noncapital financing activities	5,391,941
Net decrease in cash and cash equivalents	(1,212,142)
Cash and cash equivalents - beginning of year	17,580,203
Cash and cash equivalents - end of year	$ 16,368,061
Reconciliation of operating income to net cash used in operating activities:	
Operating income	$ 2,464,272
Adjustments to reconcile operating income to net cash used in operating activities:	
Depreciation expense	723,023
Investment earnings	(14,239,211)
Interest expense	133,583
Change in value of annuity obligations	(29,853)
Changes in operating assets and liabilities:	
(Increase) decrease in:	
Receivables from related parties	44,305
Pledges receivable	4,918,447
Other assets	(15,101)
Increase (decrease) in:	
Accounts payable and other liabilities	234,504
Annuity obligations	(55,974)
Funds held for others	1,835,700
Payables to related parties	(294,364)
Unearned revenue	78,029
Total adjustments	(6,666,912)
Net cash used in operating activities	$ (4,202,640)

The accompanying notes are an integral part
of these financial statements.

(1) Nature of Organization and Significant Accounting Policies:

(a) **Organization and purpose**—Florida International University Foundation, Inc. (the "Foundation"), serves as a direct support organization ("DSO") and a discrete component unit of Florida International University (the "University"), which is organized to encourage, solicit, receive and administer gifts and bequests of property and funds for the advancement of the University and its objectives. The Foundation is a tax-exempt organization as defined by Section 501(c)(3) of the Internal Revenue Code.

The Foundation is considered a discrete component unit of the University due to the University's budgetary oversight responsibility and due to the Foundation's significant operational and financial relationships with the University. The Foundation has determined that there are four component units that meet the criteria for blending into the Foundation's financial statements. The financial statements of the Foundation include the accounts of its blended component units: the Wolfsonian, Inc., Foundation Enterprise Holdings I, LLC ("FEH I"), Foundation Enterprise Holdings II, LLC ("FEH II"), and Foundation Enterprise Holdings V, LLC ("FEH V").

The Wolfsonian, Inc. was established in 1986 to create and operate a museum and research center in Miami Beach, Florida, and to support a comprehensive program focused on the collection, exhibition, interpretation, preservation, research and publication of the decorative, design and architectural arts. The Mitchell Wolfson, Jr. Collection of nearly 27,000 objects of art and rare books dating from the late nineteenth to the mid-twentieth century has been loaned to the Wolfsonian, Inc. It encompasses furniture, sculptures, paintings, books, graphics and other works of art on paper, as well as archives relating to the period. Through a series of academic study and fellowship programs, national and international traveling exhibitions, and scholarly initiatives, the Wolfsonian, Inc. promotes public education and awareness of the social, historical, technological, political, economic, and artistic material culture of Europe and America in the 1885-1945 periods. The Wolfsonian, Inc. is a tax-exempt organization as defined by Section 501(c)(3) of the Internal Revenue Code.

As more fully explained in Note 2, the Foundation was party to the gift agreement (the "Agreement") on July 1, 1997 with the Wolfsonian, Inc., whereby the Wolfsonian, Inc. agreed to amend its articles of incorporation and bylaws with the intent of transferring control of the Wolfsonian, Inc., all of its assets, interest, and obligations, to the Foundation.

FEH I is a Florida limited liability company of which the sole member is the FIU Foundation, Inc. On March 29, 2011, FEH I became the owner of real property located at 1035 and 1049 Washington Avenue, Miami Beach, Florida ("Property"), pursuant to an agreement with Mitchell Wolfson, Jr. and the Washington Storage Co. ("WSC") to convey Property to FEH I for the benefit of the Wolfsonian-FIU. As part of the agreement with the WSC, FEH I executed an Assignment and Assumption of Leases on March 29, 2011, and assumed all of the rights formerly held by WSC with regard to its lease agreements.

FEH II is a Florida limited liability company of which the sole member is the FIU Foundation, Inc. On December 10, 2012, FEH II became the owner of real property located at 301, 311, and 321 Washington Avenue, Miami Beach, Florida ("JMOF Property"), pursuant to an agreement with the Jewish Museum of Florida, Inc. ("JMOF") and the University as explained in Note 2.

(1) **Nature of Organization and Significant Accounting Policies:** (Continued)

FEH V is a Florida limited liability company of which the sole member is the FIU Foundation, Inc. On October 27, 2017, FEH V became the owner of 62.5 acres of vacant land located at 11800 NW 41st Street, Miami, Florida ("Doral Property"). The Doral Property was purchased for $1,008,153 and is valued at $1,411,550.

FEH I, FEH II, and FEH V have not elected under Section 301.8801-3(c) of the Income Tax Regulations to be classified as separate corporations or entities from its single member (Foundation) for federal tax purposes. For federal tax purposes, FEH I, FEH II, and FEH V are treated, therefore, as "disregarded entities" under the Income Tax Regulations and are simply components or divisions of its single member.

(b) **Basis of accounting**—The financial statements and related disclosures are prepared on the accrual basis in conformity with accounting principles generally accepted in the United States (GAAP) for governmental business-type activities.

To help ensure observance of limitations and restrictions placed on the use of resources, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. Accordingly, the net position of the Foundation is reported as follows:

(i) **Net investment in capital assets**—Represents capital assets, net of accumulated depreciation, reduced by the outstanding balance on any bonds, annuity obligations, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of the capital assets.

(ii) **Restricted**—Restricted net position represents net position that is restricted by constraints placed on the use of resources externally imposed by either creditors, grantors, contributors, or laws. Restricted funds include:

Nonexpendable endowments—Represents the nonexpendable portion (corpus) of endowment funds that are subject to donor, grantor or other outside party restrictions for the benefit of various programs at the University. These programs primarily include endowed chairs and professorships, research funding, and student scholarships. The corpus of the permanent endowments are retained and reported in nonexpendable endowments net position, while the net earnings or losses on endowment funds are included in expendable net position available for expenditure.

Expendable—Represents funds that are subject to donor, grantor or other outside party restrictions to use for the benefit of various programs at the University and includes the expendable portion of endowment funds. These programs primarily include endowed chairs and professorships, research funding, and student scholarships.

(iii) **Unrestricted**—Represents funds that are available without restriction for carrying out the Foundation's objectives.

(1) Nature of Organization and Significant Accounting Policies: (Continued)

(c) **Use of estimates**—Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and revenue and expenses during the period reported. These estimates include assessing the collectability of pledges receivable and the fair value of investments. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

(d) **Cash equivalents**—The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

(e) **Promises to give**—Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in restricted expendable net position. When a restriction is met, the restricted net position is transferred to the unrestricted net position. Promises to give to endowments are recognized when funds are received.

The Foundation records unconditional promises to give at fair value when received and subsequently at net realizable value which is based on prior years' collection experience and management's analysis of specific promises made. The receivables are further discounted to reflect their present value, using a risk adjusted discount rate applicable to the month in which the promises are received. The Foundation determines an allowance for uncollectible receivables based upon management’s judgment about such factors as prior collection history, type of contribution, and nature of fundraising activity. Decreases in net realizable value are recognized as provision for uncollectable pledges in the period the decrease occurs. Increases in net realizable value are not recognized unless they represent recoveries of previous provision for uncollectable pledges incurred; increases are recognized as additional contribution revenue when the promise to give is collected.

(f) **Contributions**—Contributed goods and services are recorded as contributions at their estimated fair value at date of receipt.

(g) **Investments and investment earnings**—Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value (see Note 1 (h) on *fair value measurements*) in the statement of net position. Investment gains and losses (including realized and unrealized gains and losses on investments as well as interest income and dividends) are included in the statement of revenue, expenses, and changes in net position as an increase or decrease in unrestricted net position unless the gains or losses are restricted by donor or law. Restricted gains and losses and investment earnings where the restrictions are met in the same reporting period as the income is earned are recorded as unrestricted support.

(1) Nature of Organization and Significant Accounting Policies: (Continued)

(h) **Fair value measurements**—Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The financial statements are required to disclose information about their fair value determinations via an established framework for measuring. The established framework includes a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs, and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best available information.

See Note 4 for a summary of the inputs used as of June 30, 2019, in determining the fair value of the Foundation's investments.

(i) **Capital assets**—Capital assets are defined as assets with an initial individual cost of more than $1,000 and an estimated useful life in excess of five years and are recorded at historical cost. If contributed, the asset, with the exception of the collection of decorative and propaganda arts, is recorded at its fair value at the time of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions are recorded as unrestricted support. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, ranging from five to forty years. Capital assets, net of accumulated depreciation, are reported as capital assets in the statement of net position. Capital assets, net of accumulated depreciation and capital-related borrowings, are reported as net investment in capital assets in the statement of net position.

The Foundation has elected to exercise the option of not capitalizing the items that meet the definition of "collections" as prescribed by accounting principles generally accepted in the United States. Therefore, the fair value of the donated collection of decorative and propaganda arts are not reflected in the accompanying financial statements. Purchases of collection items are recorded as decreases in unrestricted net position in the year in which the items are acquired or as restricted expendable net position if the assets used to purchase the items are restricted by donors. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net position classes.

(j) **Unearned revenue**—Unearned revenue is comprised of unearned contributions and rental income. On May 13, 2016, the Foundation entered into a challenge gift agreement to receive matching contributions up to $1 million for the benefit of a Chair of Transition Studies in the Vaclav Havel Center for Human Rights and Diplomacy. As of June 30, 2019, the donor has made advanced matching funding payments to the Foundation in the amount of $150,000. This balance is reflected as noncurrent unearned revenue in the statement of net position. Once the required matching donations are received, the Foundation will recognize contribution revenue.

(1) Nature of Organization and Significant Accounting Policies: (Continued)

For the fiscal year ended June 30, 2019, the Foundation has current unearned revenues in the amount of $137,836, mainly made up of a prepaid lease payment in the amount of $110,481. The payment covers the rent for the following fiscal year and will then be recognized as rental income. The remaining balance in unearned revenues is related to contributions received, which will be recognized as contributions revenue in the following fiscal year.

(k) **Annuity obligations**—The Foundation received a contribution of property in which the donor retains a life interest. The asset is a commercial real estate property and annual cash distributions are made to the donor under the terms of the agreement. The Foundation recorded the property based on the fair value of the asset received. Initial recognition and subsequent adjustments to the asset carrying values are reported as a change in value of annuity obligations in the accompanying financial statements. The annuity obligation is presented as a liability in the statement of net position. Capital assets, net of accumulated depreciation and annuity obligations, are reported as net investment in capital assets in the statement of net position.

Annuity obligations are recorded when incurred at the present value of the anticipated distributions to be made to the donors' designated beneficiaries. Distributions are paid over the lives of the beneficiaries. Present values are determined using appropriate discount rates and actuarially determined life expectancies. Annuity obligations are revalued annually at June 30 to reflect actuarial experience; the discount rate is not changed. Any resulting difference between the asset and liability is recognized annually as revenue. The net revaluations together with any remaining recorded obligation after all trust or gift obligations under terminated agreements have been satisfied, are recorded as net changes in the value of annuity obligations.

(l) **Funds held for others**—In March 2016, the National Institutes of Health (NIH) awarded a grant in the amount of $9,500,000 to the University, with annual installments in the amount of $1,900,000 payable over five years in support of research in the area of minority health and health disparities. Pursuant to the terms of the grant, the NIH requires that the funds be held as an endowment for a period of at least 20 years. Thereafter, the funds may be used to support this research initiative. The University transferred $1,900,000, $1,710,000 and $2,090,000 during fiscal years ended June 30, 2016, 2017 and 2018, respectively, to the Foundation to be held as a term endowment. The University transferred an additional $1,900,000 to the Foundation during fiscal year ended June 30, 2019. The endowment will be managed consistent with the Foundation's policies and procedures. In addition, the balance also includes funds deposited with the Foundation for management on behalf of a family foundation in the amount of $25,600 as of June 30, 2019.

(m) **University support**—University support on the statement of changes in net position includes amounts transferred to related parties or amounts disbursed directly to third parties to benefit the University or its DSO's. These expenses include programs, scholarships, building support and other program related expenses.

(n) **Income taxes**—The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The blended component units are Limited Liability Companies which are wholly owned by the Foundation and therefore are disregarded for tax purposes. However, the Foundation is subject to income tax on unrelated business income. The Foundation's primary source of unrelated business income is from certain investments in private equity partnerships. Income taxes incurred during the year, if any, are estimated to be immaterial to the financial statements.

(1) Nature of Organization and Significant Accounting Policies: (Continued)

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken and recognize a tax liability (or asset) if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken and has concluded that as of June 30, 2019, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. If the Foundation were to incur an income tax liability in the future, interest and penalties would be reported as income taxes. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes the Foundation is no longer subject to income tax examinations from years prior to 2016.

(o) **Concentrations of credit risk**—Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents in banks, investments, and promises to give.

In addition to insurance provided by the Federal Depository Insurance Corporation (FDIC), all deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, Florida Security for Public Deposits Act, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits, with the exception noted in the preceding paragraph, are insured or collateralized with securities held by the entity or its agent in the entity's name.

The Foundation maintains certain investment accounts with financial institutions which are not insured by the FDIC. These funds may be subject to insurance by Securities Investor Protection Corporation (SIPC), subject to various limitations. At June 30, 2019, approximately $302,407,000 was held in these accounts, respectively. The Foundation believes that the number, diversity and financial strength of the issuers mitigate the credit risks associated with all investments.

(p) **Change in accounting principles**—On March 11, 2018, Senate Bill 4 was signed into law and became effective immediately as Chapter 2018-004, Laws of Florida. Several changes were made to section 1004.28, Florida Statutes, which addresses DSOs of universities within the State University System of Florida. Among the changes, the law now requires the prospective approval of all new DSO board members by university board of trustees. This meets the definition of governmental control of the DSO. Thus, requiring all university DSOs to report in accordance with the accounting framework prescribed by the Governmental Accounting Standards Board (GASB) for the fiscal year ending June 30, 2019.

(1) **Nature of Organization and Significant Accounting Policies:** (Continued)

The following summarizes the net assets category at June 30, 2018 under FASB compared to the net position category under GASB:

As of June 30, 2018

FASB			**GASB**		
Net assets			Net position		
Unrestricted	$	31,675,690	Net investment in capital assets	$	11,605,672
Temporarily restricted		109,058,945	Restricted:		
Permanently restricted		217,434,299	Nonexpendable endowments		174,696,827
			Expendable		109,696,445
			Unrestricted		20,022,246
	$	358,168,934		$	316,021,190

The restated balance under GASB represents the beginning net position for the year ended June 30, 2019.

(2) **Gift Agreements:**

On July 1, 1997, the Foundation entered into a gift agreement (the “Agreement”) with Mitchell Wolfson, Jr., the Wolfsonian, Inc. and the University, whereby Mitchell Wolfson, Jr. agreed to donate all rights, title and interest in and to all objects constituting The Mitchell Wolfson, Jr. Collection of Decorative and Propaganda Arts (the “Collection”) to the Foundation, subject to an agreement made and entered into by the Wolfsonian, Inc. and Mr. Wolfson, Jr., dated July 29, 1991. The agreement is effective through July 2021, at which time it can be renewed for an additional period of ten years.

As a result of the Agreement, the Wolfsonian, Inc. has amended its articles of incorporation and bylaws to provide that all of its directors be appointed and removed at any time with or without cause by the Foundation, with the intention to effect a transfer of complete control of all of the assets, interests and obligations of the Wolfsonian, Inc. to the Foundation. On May 26, 1999, the Foundation passed a revision to the bylaws of the Wolfsonian, Inc. to make the Foundation the sole voting member of the Wolfsonian, Inc.

The gifts are conditional upon the provisions outlined in the Agreement, including but not limited to the Foundation continuing the museum and educational activities and operations that were conducted by the Wolfsonian, Inc. As a result of the Agreement, the University and the Foundation have assumed all administrative functions and operating costs of the Wolfsonian activities within the University (Wolfsonian-FIU).

(2) **Gift Agreements:** (Continued)

In order for the Foundation to be able to maintain the rights to the Collection, the University is to provide the Wolfsonian-FIU with the same financial support from its general budget, as provided to other departments, in order to continue the museum and educational activities and operations of the Wolfsonian-FIU. The University provides support for the Wolfsonian-FIU expenses which include the insurance premium for the art collection, salaries, equipment, administrative expenses, and building security.

In addition, the University provides support for utilities, repairs and maintenance expenses for buildings used by the Wolfsonian-FIU.

On December 10, 2012, the Foundation entered into a gift agreement with the Jewish Museum of Florida ("JMOF") and the University, whereby JMOF agreed to convey to the Foundation the JMOF Property together with all improvements, furniture, fixtures, equipment and appurtenances. JMOF agreed to transfer to the Foundation all of its endowed funds, financial and other assets and interests in other property. As a result of this agreement, the Foundation also assumed all contractual and other obligations and liabilities of JMOF. The JMOF maintained a museum facility ("JMOF Museum") at the JMOF Property. In accordance with this gift agreement, JMOF Property is to be used exclusively in support of the JMOF mission to collect, preserve and interpret for the public the material evidence of the Florida Jewish experience from at least 1763 to the present to Jews, non-Jews, Florida residents and visitors alike; and to examine how Jews form part of a dynamic mosaic of ethnicities, all seeking to balance the continuity and traditions of their heritage with the values and customs of a larger society.

According to the gift agreement, the University will develop a presence for the FIU Judaic Studies Program at the JMOF Property and the JMOF Museum will be operated and known as the "Jewish Museum of Florida – FIU". The University shall operate the JMOF Museum and educational and outreach activities in accordance with the guidelines of the American Association of Museums and will maintain the JMOF Museum as a unit of the University within its College of Arts, Sciences & Education. The University and the Foundation will provide the JMOF Museum with the same administrative support afforded to other units pursuant to University and Foundation policies.

(3) Pledges Receivable:

Unconditional promises to give, recorded at their estimated fair value and discounted to present value, are summarized as follows:

	2019
Pledges receivable	$ 19,290,594
Less:	
Allowance for doubtful accounts	(1,384,814)
Discount on future payments	(914,755)
Total pledges receivable, net	$ 16,991,025

Current pledges receivable, net	8,127,554
Noncurrent pledges receivable, net	8,863,471
Total pledges receivable, net	$ 16,991,025

Contributions to be received after one year are discounted using U.S. Treasury yields. The discount on future payments totaled $914,755 at June 30, 2019. Amortization of the discount on future payments is recorded as an adjustment to contribution revenue. The discount rate on June 30, 2019 was 1.76%.

Effective July 1, 2011, the State of Florida match under the Trust Fund for Major Gifts are temporarily suspended by the Legislature for donations received for this program on or after June 30, 2011. The program may be restarted after $200 million of the backlog for programs have been matched. The State of Florida did not provide funds for this program during the fiscal year; therefore these endowment pledges are not recognized. The ultimate collection of these funds is dependent upon future appropriations for this program by the State of Florida legislature.

(4) Cash, Cash Equivalents, and Investments:

The Foundation maintains an investment structure for managing portfolio assets. This structure includes targets and allowable ranges for investments in various asset classes and investment management styles utilizing a role in portfolio construct that, in aggregate, is expected to produce a sufficient level of overall diversification and total investment returns over the long-term. The goal of investment returns, net of investment management fees, is to achieve a total return that is consistent with the requirements of the spending policy and the administrative fee distribution policy. See Note 14 for additional information on these requirements.

(4) **Cash, Cash Equivalents, and Investments:** (Continued)

The Foundation's investments, including alternative investments, at June 30, 2019 are reported as follows:

Domestic equities	$ 43,458,187
Global equities	87,138,667
Real assets	10,612,471
Fixed income	38,652,619
Hedge funds	60,747,119
Private investments	47,008,904
Land held for investments	1,411,550
Total investments	$ 289,029,517

Total investment earnings for the year ended June 30, 2019 totaled $14,239,211, of which $10,789,520 was applied to individual endowments. Investment earnings are reported net of related expenses for custodial fees, investment management and incentive fees, mutual fund expenses, and investment consulting fees. Custodial fees, investment management and incentive fees paid during the fiscal year ended June 30, 2019 totaled $3,465,209. Investment consultant fees totaled $797,769 for the fiscal year ended June 30, 2019.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The future maturities of the securities held in domestic fixed income at June 30, 2019 are as follows:

		Investment Maturities (In Years)		
Type of Investment	**Fair Market Value**	**Less Than 1**	**1-5**	**6-10**
Domestic Fixed Income	$ 38,651,419	$ 21,329	$ 11,278,916	$ 27,351,174
Total	$ 38,651,419	$ 21,329	$ 11,278,916	$ 27,351,174

(4) **Cash, Cash Equivalents, and Investments:** (Continued)

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2019, the securities held in domestic fixed income had credit quality ratings by Standard & Poor's as follows:

Debt Investment Credit Quality Ratings

Type of Investment	Fair Market Value	AA+
Domestic Fixed Income	$ 38,651,419	$ 38,651,419
Total	$ 38,651,419	$ 38,651,419

GASB Statement No. 72, *Fair Value Measurement and Application*, establishes a framework for determining fair value through a hierarchy that prioritizes the inputs in valuation techniques used to measure fair value. The three-level valuation hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The inputs are summarized in the three-level valuation hierarchy as follows:

Level 1 – Valuation is based on unadjusted quoted prices for identical assets or liabilities in active markets (e.g., exchange traded securities). An active market is defined as a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Valuation is based on significant observable inputs, either directly or indirectly, at the measurement date such as:

(i) quoted prices for similar assets or liabilities in active markets;
(ii) quoted prices for identical assets and liabilities in markets that are not active;
(iii) observable inputs, other than quoted prices, for similar or identical assets and liabilities; or
(iv) inputs that are derived from or corroborated by observable market data by correlation or other means.

Level 3 – Valuation is based on unobservable inputs for an asset or liability. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of a market participant. Therefore, unobservable inputs reflect the Investment Manager's own assumptions about the assumptions that market participants would use in valuing the asset or liability, including assumptions about risk.

(4) **Cash, Cash Equivalents, and Investments:** (Continued)

Unobservable inputs are developed based on the best information available in the circumstances, which might include the Investment Manager's own data. The Investment Manager's own data used to develop unobservable inputs are adjusted if information is reasonably available without undue cost and effort that indicates market participants would use different assumptions. Investment types which have been valued using this approach generally include investments in investee funds that have lock-ups that are greater than 12 months.

Equity investments that are listed on national securities exchanges, quoted on NASDAQ or on the over-the-counter market are valued at the last reported sale price, or in the absence of a recorded sale, at a value between the most recent bid and asked prices. Mutual funds held by the Foundation which are deemed to be actively traded, are valued at the daily closing price as reported by the fund. These funds are required to publish their daily net asset value (NAV) and to transact at that price. Fixed income securities are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yield currently available on comparable securities of issuers with similar credit ratings. Alternative investments for which quoted market prices are not available include hedge funds and private investments. The estimated fair value of alternative investments is based on the net asset value of the fund or other valuation methods. The Foundation reviews and evaluates the values and assesses the valuation methods and assumptions used in determining the fair value of the alternative investments. Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and therefore may differ from the value that would have been used had a readily available market for such investments existed and differences could be material. Land held for investment is carried at fair value and is updated periodically based on recent market conditions and outside appraisals obtained on its value.

(4) **Cash, Cash Equivalents, and Investments:** (Continued)

The following tables set forth by levels, within the fair value hierarchy, the Foundation's investments measured at fair value on a recurring basis as of June 30, 2019:

Fair Value Measurements Using

Investments by fair value level	Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Domestic equities	$ 6,915,068	$ 6,915,068	$ -	$ -
Global equities	28,082,670	28,082,670	-	-
Fixed income	38,651,419	38,651,419	-	-
Real assets	6,728,512	6,728,512	-	-
Land held for investments	1,411,550	-	-	1,411,550
Total investments by fair value level	$ 81,789,219	$ 80,377,669	$ -	$ 1,411,550
Investments measured at the net asset value (NAV)[1]				
Domestic equities	36,543,119			
Global equities	59,055,997			
Fixed income	1,200			
Real assets	3,883,959			
Hedge funds	60,747,119			
Private investments	47,008,904			
Total investments measured at NAV[1]	207,240,298			
Total investments measured at fair value	$ 289,029,517			

[1] In accordance with GASB No. 72, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of net position.

(4) **Cash, Cash Equivalents, and Investments:** (Continued)

The following table discloses the nature and risk of investments for which fair value has been estimated using the net asset value per share (NAV) of the investments as a practical expedient as of June 30, 2019:

Investments measured at NAV[1]	**Fair Value**	**Unfunded Commitments**	**Redemption Frequency (if Currently Eligible)**	**Redemption Notice Period**
Equities:				
Domestic equities (a)	$ 36,543,119	$ -	Monthly - Quarterly	5 - 45 Days
Global equities (b)	46,199,108	-	Monthly - Quarterly	6 - 60 Days
Emerging markets (c)	12,856,889	-	Monthly	7 - 30 Days
Fixed income:				
Global bonds (d)	1,200	-	Monthly	10 Days
Real assets:				
Natural resource equities (e)	3,883,959	-	Monthly	30 Days
Hedge funds:				
Long/short equity (f)	39,308,883	-	Monthly - Every 3 Years[2]	30 - 180 Days
Event driven/open mandate (g)	11,931,105	-	Quarterly - Annually[2]	30 - 90 Days
Global macro (h)	9,507,131	-	Daily - Monthly	2 - 14 Days
Private investments:				
Private equity (i)	25,717,012	23,482,991	Illiquid	N/A
Venture capital (j)	21,291,892	1,465,000	Illiquid	N/A
Total investments measured at NAV[1]	$ 207,240,298	$ 24,947,991		

[1] In accordance with GASB No. 72, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of net position.

[2] Ten percent of the redemption value is customarily held back by the hedge funds manager, for a period up to one year, pending a final audit of the fund for the year of exit.

(a) **Domestic equities**—This category includes investments in publicly listed equities of companies domiciled in the U.S.

(b) **Global equities**—This category includes investments in publicly listed equities of companies domiciled globally.

(c) **Emerging markets**—This category includes investments in publicly listed equities of companies listed in markets which have been categorized as emerging.

(d) **Global bonds**—This category includes investments in globally listed public debt instruments.

(e) **Natural resource equities**—This category includes investments in publicly listed equities of companies that derive a substantial portion of their operations from natural resource-related business operations.

(4) **Cash, Cash Equivalents, and Investments:** (Continued)

(f) **Long/short equity**—This category includes investments in hedge funds that invest domestically and globally in both long and short common stocks across all market capitalizations. These investments offer a low correlation to traditional long-only equity benchmarks in order to achieve absolute return. Management of the hedge funds may opportunistically shift investments across sectors, geographies, and net market exposures.

(g) **Event driven/open mandate**—This category includes investments in hedge funds that invest in event-driven strategies including merger arbitrage, distressed debt, and convertible arbitrage to achieve returns.

(h) **Global macro**—This category includes investments in hedge funds that invest in global macro strategies including long and short equities, currencies, commodities, etc. based on evaluation of macroeconomic trends.

(i) **Private equity**—This category includes investments in several limited partnership funds that invest in equity securities and debt of private companies or conduct buyouts of public companies the result in a delisting of public equity. The nature of the investment in this category prohibits redemptions through the duration of the partnership, which ranges between 10 to 15 years. Distributions are received through the liquidation of underlying assets of the funds.

(j) **Venture capital**—This category includes investments in several limited partnership funds that invest in early-stage, high-potential startup companies or small businesses that do not have access to public funding. The nature of the investment in this category prohibits redemptions through the duration of the partnership, which ranges between 10 to 15 years. Distributions are received when underlying companies are exited via acquisition or initial public offering ("IPO").

(5) **Capital Assets:**

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Buildings and improvements	$ 21,968,743	$ 443,992	$ -	$ 22,412,735
Less: accumulated depreciation	(6,453,128)	(613,682)	-	(7,066,810)
Net buildings and improvements	15,515,615	(169,690)	-	15,345,925
Furniture and equipment	984,054	258,680	-	1,242,734
Less: accumulated depreciation	(503,740)	(109,341)	-	(613,081)
Net furniture and equipment	480,314	149,339	-	629,653
Construction in progress	16,800	78,326	(16,800)	78,326
Total capital assets, net	$ 16,012,729	$ 57,975	$ (16,800)	$ 16,053,904

Depreciation expense was $723,023 for the year ended June 30, 2019.

(6) Other Current Assets:

Other current assets include the cash surrender value of life insurance policies in the amount of $253,365 at June 30, 2019. The net benefit value of the underlying life insurance in force at June 30, 2019, was approximately $6,784,543. Various individuals have donated the policies, with the Foundation designated as beneficiary and owner.

(7) Notes Payable:

On January 20, 2000, the Miami-Dade County Educational Facilities Authority (the "Authority") issued $13,000,000 tax-exempt revenue bonds (Florida International University Foundation Project – Series 1999). These bonds are payable from and secured by a pledge of payments to be made to the Authority under a loan agreement dated December 1, 1999, between the Foundation, Inc. and the Authority.

The Bonds are secured by an irrevocable letter of credit issued by a commercial bank as described below. The Foundation will finance the payments to the Authority under the loan agreement with lease payments received from the University under an operating lease (see Note 13). The $13,000,000 original principal amount was issued under a variable rate structure with a final maturity date of May 1, 2022. The variable rate on fifty percent of the original issue, $6,500,000, was synthetically fixed at 4.63 percent by way of an interest rate swap agreement with a commercial bank and expired on February 1, 2015. The bond proceeds were used to acquire, construct and equip the Management and Advanced Research Center (MARC), a multi-function support complex located on the University campus in Miami-Dade County and to pay issuance costs. As of June 30, 2019, the outstanding principal balance due under this notes payable amounted to $2,945,000. For the year ended June 30, 2019, total interest incurred and paid was $133,583.

Under the loan agreement noted above, the Foundation is obligated under certain debt covenants with which they are in compliance.

The bonds were repurchased by the Trustee under the SunTrust Bank letter of credit due to the diminishing ability to remarket the variable rate demand bonds in the public marketplace. On July 30, 2010, the commercial bank converted the variable rate demand bonds into a five year tax exempt qualified loan. After the initial 5 year period, the bank would have the right to require the Foundation to refinance the bank qualified loan or could agree to extend the maturity date for an additional five year period. The Foundation agrees to pay interest at a rate of 67% of one month LIBOR plus 1.68%. With the passage of The Tax Cuts and Jobs Act of 2017, effective January 1, 2018, the maximum federal corporate income tax rate decreased from 35% to 21%, resulting in an increase in the applicable interest rate by a factor of 1.22, retroactive to January 1, 2018. The interest rate at June 30, 2019 is 4.03%. The bond maturity date of May 1, 2022 remains unchanged. The Foundation paid $52,213 in refinancing fees to complete this transaction. Since the terms remained substantially the same and the present value of the cash outflows is not substantially different, this is not considered an exchange of debt instruments and therefore, all remains unchanged.

(7) **Notes Payable:** (Continued)

The debt activity for the year ended June 30, 2019 is as follows:

	Beginning Balance 7/1/2018	Additions	Reductions	Ending Balance 6/30/2019	Due Within One Year
Notes payable	$ 3,810,000	$ -	$ (865,000)	$ 2,945,000	$ 910,000
	$ 3,810,000	$ -	$ (865,000)	$ 2,945,000	$ 910,000

Minimum principal and estimated interest payments required under all debt agreements, subsequent to June 30, 2019, are as follows:

For the Year Ending June 30,	Principal	Interest	Total Principal and Interest
2020	$ 910,000	$ 104,931	$ 1,014,931
2021	960,000	67,503	1,027,503
2022	1,075,000	28,059	1,103,059
Total	$ 2,945,000	$ 200,493	$ 3,145,493

(8) **Annuity Obligations:**

FEH I became the owner of real property located at 1035 and 1049 Washington Avenue, Miami Beach, Florida pursuant to an agreement with Mitchell Wolfson, Jr. and the Washington Storage Co. (“WSC”) to convey the Property to the FEH I for the benefit of the Wolfsonian-FIU. As part of the agreement with the WSC, the FEH I executed an Assignment and Assumption of Leases on March 29, 2011, and assumed all of the rights formerly held by WSC with regard to its lease agreements.

The Property and or net proceeds derived therefrom shall be used exclusively for the benefit of the Wolfsonian-FIU, and any net income or proceeds generated from the Property, after the satisfaction of the annual payments herein and reimbursement to the University, Foundation or FEH I of all expenses with respect to the Property, shall be used solely for the support and benefit of the Wolfsonian-FIU. Donor agrees that the Property may be used as a net revenue source for the Wolfsonian-FIU, including but not limited to expansion of the Wolfsonian-FIU Facilities and/or other income generating projects such as the construction of the Wolfsonian-FIU facilities and/or other income generating projects such as the construction of a parking garage structure, with the express intent of achieving the highest and best use of the Property for the sole benefit of the Wolfsonian-FIU.

In return for the transfer of the Property and assignment of the leases to the FEH I, the Foundation or FEH I agreed to satisfy the donor’s obligation under the current mortgage of $386,000; pay the 2010 property taxes on the real estate; documentary stamp taxes and Miami–Dade County surtax in connection with closing; pay the donor an annual sum of $84,000 commencing on April 1, 2011 and continuing until the demise of the donor. The payment shall be paid by the Foundation in all events without regard to income or proceeds generated by the Property.

(8) **Annuity Obligations:** (Continued)

Actuarial assumptions published by the Social Security Administration, actuarial publications period life table and a discount rate of 5% was used in calculating the present value of the anticipated distributions to be made to the donor.

Annuity obligations for the year ended June 30, 2019 are as follows:

	Beginning Balance 7/1/2018	Additions	Reductions	Ending Balance 6/30/2019	Due Within One Year
Annuity obligations	$ 697,127	$ 28,026	$ (84,000)	$ 641,153	$ 89,985
	$ 697,127	$ 28,026	$ (84,000)	$ 641,153	$ 89,985

The fair value of the assets held, included in fixed assets in the accompanying statements of financial position and corresponding liability to the donor, included in annuity obligations are as follows:

	Fixed Asset	Annuity obligation to Donor	Net
Life Annuity	$ 2,100,000	$ 542,910	$ 1,557,090

The Foundation has received, as of June 30, 2019, $155,000 in gifts under charitable remainder annuity trust agreements. The Foundation recognized the contributions received as revenue during the period that the trust was established. The amount of the contribution was the fair value of the trust assets less the fair value of the estimated annuity payments to be paid annually over the expected life of the annuities. The Foundation recorded the present value of the annuities, as required by Florida Statute Section 627.481, as annuity obligations in the statement of net position totaling $98,243 at June 30, 2019.

(9) **Net Investment in Capital Assets:**

The net investment in capital assets category reflects total capital assets, net of accumulated depreciation, less any capital-related borrowings. The following summarizes the balance as of June 30, 2019:

MARC Building	
Building and improvements, net	$ 10,868,024
Furniture and equipment, net	629,653
Notes payable	(2,945,000)
FEH I	
Building, net	1,666,875
Annuity obligation	(542,910)
FEH II	
Building, net	2,889,352
Net investment in capital assets	$ 12,565,994

(10) **Restricted Net Position:**

At June 30, 2019, the restricted nonexpendable endowments net position of $179,637,406 consist of endowment funds. Investment earnings earned by endowment funds are available for spending based on the Foundation's spending policy. The spending rate is determined by the Foundation's Board at its annual meeting. The spending rate for the year ending June 30, 2019 was 6.0%, 4.0% to support donor-designated scholarships and programs and 2.0% for the administrative fee. The spendable earnings are recorded as increases to the restricted expendable net position.

At June 30, 2019, the restricted expendable net position of $113,540,580 includes $36,744,852 of undistributed earnings related to endowment funds, which represents gifts that are subject to donor-imposed restrictions, either for a specific purpose or subject to the passage of time. Restricted expendable amounts also include earnings on permanently restricted endowments that have not yet been appropriated for expenditure.

(11) **Contributions to University Building Program:**

Contributions are received by the Foundation to support construction projects of the University. These projects are handled by the University, are on University property and become assets of the University upon completion. These funds may be further matched by a State of Florida matching program for construction. Prior to the request of matching funds and the commencement of the construction project, the Foundation transfers these contributions to the University.

During the year ended June 30, 2019, the Foundation received $6,197,222 from donors to support numerous construction projects, as follows:

	2019
SIPA Phase II Building	$ 6,000,000
SOBEWFF Capital Fund	100,000
Alumni Center Building	84,258
Baseball Stadium Expansion	10,000
Founders Park	1,160
CBA Building Complex	1,023
SIPA Bricks and Mortar Building	580
Stocker Astrophysics Center Building	201
Total contributions received in support of University building programs	$ 6,197,222

(12) **Commitments and Contingencies:**

Loan Guarantees

In January of 2012, the Foundation Board approved a guarantee of the loan by SunTrust Bank to The Graduate Association of Phi Gamma Delta at Florida International University, Inc. ("PGD") relating to PGD's housing facility at FIU. In December of 2018, PGC paid off the loan in full and the guarantee is no longer outstanding.

In December of 2017, the Foundation Board authorized and approved to guarantee low-interest loans, up to $1,000,000, to qualifying Florida International University employees, who are members of the University Credit Union, for purposes of hurricane relief as a result of Hurricane Irma. A total of $989,800 was issued to qualifying employees with maturity dates through January 2023. The outstanding loan amount as of June 30, 2019 was $592,578. As of June 30, 2019, there have been eleven loan defaults totaling $39,699.

Doral Property

In October of 2017, FEH V purchased the Doral Property, which requires environmental remediation. FEH V has received the approval from the Division of Environmental Resources Management (DERM) on a Corrective Action Plan (CAP) for the remediation. As part of the CAP, an environmental consultant has been engaged to provide construction oversight and monitoring and will report to DERM on a monthly basis. Management is still evaluating the cost for the environmental remediation.

Letter of Credit

As part of a gift acceptance on June 29, 2005, the Foundation accepted all rights and responsibilities for two worker's compensation claims. On August 20, 2007, the Foundation was required to enter into a letter of credit agreement with a commercial bank that permitted the Foundation to borrow up to $100,000 in favor of the Florida Self Insurers Guaranty Association (FSIGA) to guaranty the worker's compensation obligations. As of June 30, 2019, the Foundation has not used any of the available balance in the letter of credit.

(13) **Related Party Transactions:**

On December 1, 1999, the Foundation entered into a ground lease agreement with the Board of Regents of the State University System of the State of Florida for and on behalf of the University. Under this agreement, the Foundation, as lessee, has leased the grounds on which the MARC complex, was built, as described in Note 7. The consideration required to be paid by the Foundation is $10 annually. The lease will expire on December 31, 2024 or the final payment date under the letter of credit agreement, as described in Note 7. Total amounts paid to the Foundation under this agreement were $1,669,315 for the year ended June 30, 2019.

(13) **Related Party Transactions:** (Continued)

On December 1, 1999, the Foundation also entered into an operating lease with the Board of Regents on behalf of the University to lease the 75,000 square foot MARC complex to the University. The financing of the payments under the letter of credit agreement and the loan agreement, as described in Note 7, will be secured by the pledged lease payments from the University. The University has agreed to pay the Foundation, as lessor, rent in the amount equal to all amounts due and payable by the Foundation under the letter of credit agreement, if any, and the loan agreement. The payments also include any costs of operating and maintaining the MARC complex, in addition to amounts necessary to pay any unanticipated and extraordinary costs. The lease commenced during August 2002 when the MARC complex became operational.

The lease expires on May 1, 2022 which is the date of maturity of the loan agreement. The cost of the leased asset is $13,325,539 and the net book value is $7,757,698 at June 30, 2019. Minimum future rentals as of June 30, 2019 are approximately as follows:

For the Year Ending June 30	Amount
2020	1,418,000
2021	1,418,000
2022	1,418,000
Total	$ 4,254,000

(14) **Endowments:**

The Foundation’s endowment consists of funds established for a variety of purposes. Its endowment includes donor-restricted endowment funds and funds designated by the Board of Directors to function as an endowment (“quasi-endowment”). As required by accounting principles generally accepted in the United States of America, net position associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the endowment has interpreted the Florida Uniform Management of Institutional Funds Act as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as restricted net position (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment.

(14) **Endowments:** (Continued)

As of June 30, 2019, restricted net position consisted of the following:

	Restricted Expendable*	Restricted: Nonexpendable Endowments	Total
Restricted net position, beginning of year	$ 34,539,807	$ 174,696,827	$ 209,236,634
Endowment investment earnings:			
Interest, dividends and realized gains	4,962,540	-	4,962,540
Unrealized gains	5,826,980	-	5,826,980
Total endowment investment earnings	10,789,520	-	10,789,520
Contributions and other revenues	1,921,596	5,393,012	7,314,608
Appropriation of endowment assets for expenditure	(7,798,244)	-	(7,798,244)
Appropriation for administrative fee 2%	(2,552,509)	-	(2,552,509)
Donor directed release of restriction	(51,680)	(60,700)	(112,380)
Release of JMOF endowment	(103,638)	(391,733)	(495,371)
Restricted net position, end of year	$ 36,744,852	$ 179,637,406	$ 216,382,258

* The restricted expendable net position shown above only includes the investment earnings on the restricted nonexpendable endowments and term endowments that have not yet been appropriated for expenditure by the Foundation.

Return Objectives and Risk Parameters

The Foundation has adopted investment policies and spending polices for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for donor-specified periods. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce a long-term rate of return on assets while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time to achieve, at a minimum, a real (inflation adjusted) total return, net of investment management fees, that is consistent with spending requirements.

(14) **Endowments:** (Continued)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation's spending policy states that the Finance and Audit Committee will recommend, subject to approval by the Board of Directors, the annual spending distribution to be made to endowed accounts. The spending distribution is computed as a percentage of the endowment's average market value (gift corpus plus undistributed investment earnings since inceptions) over twelve consecutive quarters ending on December 31 and distributed at the close of the Foundation's fiscal year.

Spending distributions are dependent on the Foundation's investment returns and are therefore not guaranteed. If in any given year investment losses reduce the endowment's market value below original corpus, future spending distributions are contingent on first restoring the endowment to its original corpus, before any distribution is made for spending. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. As of June 30, 2019, the amount included in the endowment's temporarily restricted balance and approved for future spending on program support was $7,798,244.

COMPLIANCE REPORT

James Moore
Certified Public Accountants and Consultants

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Members of the Board of Directors and
the Finance Committee and Audit Subcommittee,
Florida International University Foundation, Inc.:

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Florida International University Foundation, Inc. (the Foundation), a direct support organization and component unit of Florida International University, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated October 18, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James Moore & Co., P.L.

Gainesville, Florida
October 18, 2019

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee
December 5, 2019

Subject: Florida International University Research Foundation Inc., Financial Audit, 2018-19

Proposed Committee Action:

Recommend acceptance by the Florida International University Board of Trustees of the Florida International University Research Foundation, Inc. Financial Audit for the 2018-19 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.

Background information:

Pursuant to Regulation FIU-1502 (2)(g), the Florida International University Research Foundation, Inc. must submit an independently conducted financial audit of its accounts and records, which has been recommended by the University President to the Florida International University Board of Trustees for review and acceptance.

The Florida International University Research Foundation, Inc. Financial Audit for 2018-19 was approved by the Florida International University Research Foundation, Inc. Board of Directors on October 7, 2019, and the University President is recommending its acceptance.

Florida Board of Governors Regulation 9.011 (5) University Direct Support Organizations and Health Services Support Organizations, states in relevant part:
Support organizations shall provide for an annual audit conducted pursuant to university regulations or policies. The annual audit report shall be submitted to the university board of trustees for review. The audit report shall be submitted to the Board of Governors, and the Auditor General.

Supporting Documentation:	Florida International University Research Foundation, Inc. Financial Audit, 2018-19
Facilitator/Presenter:	Kenneth A. Jessell

FLORIDA INTERNATIONAL UNIVERSITY
RESEARCH FOUNDATION, INC.
(A DIRECT SUPPORT ORGANIZATION)

FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

FLORIDA INTERNATIONAL UNIVERSITY RESEARCH FOUNDATION, INC.
(A DIRECT SUPPORT ORGANIZATION)
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JUNE 30, 2019 AND 2018

James Moore
Certified Public Accountants and Consultants

INDEPENDENT AUDITORS' REPORT

Board of Directors,
Florida International University Research Foundation, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of the Florida International University Research Foundation, Inc. (the Research Foundation), a direct support organization and component unit of Florida International University, as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Research Foundation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Research Foundation's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Research Foundation as of June 30, 2019 and 2018, and the respective changes in financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 – 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2019, on our consideration of the Research Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Research Foundation's internal control over financial reporting and compliance.

James Moore & Co., P.L.

Gainesville, Florida
October 7, 2019

MANAGEMENT’S DISCUSSION AND ANALYSIS

FLORIDA INTERNATIONAL UNIVERSITY RESEARCH FOUNDATION, INC.
(A DIRECT SUPPORT ORGANIZATION)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019 AND 2018

Management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the Florida International University Research Foundation, Inc. (the "Research Foundation") for the fiscal years ended June 30, 2019 and 2018, and should be read in conjunction with the financial statements and notes thereto. The MD&A, financial statements, and notes thereto are the responsibility of management.

FINANCIAL HIGHLIGHTS

The Research Foundation's assets totaled $135,624 at June 30, 2019. This balance decreased by approximately $16,000 or 11.0% and $182,000 or 54.5%, compared to June 30, 2018 and 2017, respectively, entirely resulting from a decrease in cash. While assets decreased, liabilities also decreased by approximately $20,000 or 71.0% and $175,000 or 86.3%, compared to June 30, 2018 and 2017, respectively. As a result, the Research Foundation's net position increased by approximately $3,700 and $7,300, compared to June 30, 2018 and 2017, respectively, reaching a year-end balance of $127,522.

The Research Foundation had operating revenues of $10,005 and $10,000 for the June 30, 2019 and 2018 fiscal year, respectively. Transfers from Florida International University (FIU) totaled $20,000 for the 2019 fiscal year. There were no transfers for the 2018 fiscal year. Operating expenses totaled approximately $26,000 for the 2019 fiscal year, representing an increase of 52.0% and a decrease of 16.3%, compared to June 30, 2018 and 2017, respectively.

OVERVIEW OF FINANCIAL STATEMENTS

The Research Foundation's financial report includes three basic sets of financial statements: the statements of net position; the statements of revenues, expenses, and changes in net position; and the statements of cash flows.

The Statements of Net Position

The statements of net position reflect the assets and liabilities of the Research Foundation, using the accrual basis of accounting, and present the financial position of the Research Foundation at a specified time. The difference between total assets and total liabilities, which is known as net position, is one indicator of the Research Foundation's current financial condition. The changes in net position that occur over time indicate improvement or deterioration in the Research Foundation's financial condition.

The following summarizes the Research Foundation's total net position for fiscal years ended:

Condensed Statements of Net Position

	June 30, 2019	2018	2017
Assets			
Current assets	$ 135,624	$ 151,986	$ 333,928
Total assets	135,624	151,986	333,928
Liabilities			
Current liabilities	8,102	28,163	192,833
Noncurrent liabilities	-	-	10,000
Total liabilities	8,102	28,163	202,833
Net position			
Unrestricted	127,522	123,823	131,095
Total net position	$ 127,522	$ 123,823	$ 131,095

Current assets are comprised entirely of cash. The University operates the U.S. Agency for International Development (USAID) grant in Burkina Faso, West Africa. The changes in cash are related to this grant in West Africa. The activities are reflected on the statements of net position as Due to Florida International University, which are part of current liabilities.

In summary, total assets decreased by approximately $16,000 or 11.0% and $182,000 or 54.5%, compared to June 30, 2018 and 2017, respectively. Total liabilities decreased by approximately $20,000 or 71.0% and $175,000 or 86.3%, compared to June 30, 2018 and 2017, respectively. As a result, the net position balance at June 30, 2019, had a favorable increase of approximately $3,700 or 3.0% and $7,300 and 5.6%, compared to June 30, 2018 and 2017, respectively.

For more detailed information, see the statements of net position on page 7 of the financial statements.

The Statements of Revenues, Expenses and Changes in Net Position

The statements of revenues, expenses, and changes in net position present the Research Foundation's revenue and expense activity, categorized as operating and non-operating. The Organization uses the accrual basis of accounting.

The following summarizes the Research Foundation's activity for fiscal years ended:

Condensed Statements of Revenues, Expenses and Changes in Net Position

	June 30,		
	2019	2018	2017
Operating revenues	$ 10,005	$ 10,000	$ 10,000
Operating expenses	26,306	17,272	20,645
Operating loss	(16,301)	(7,272)	(10,645)
Transfers from Florida International University	20,000	-	59,485
Changes in net position	3,699	(7,272)	48,840
Net position - beginning of year	123,823	131,095	82,255
Net position - end of year	$ 127,522	$ 123,823	$ 131,095

Operating Revenues

The Research Foundation categorizes revenues as either operating or non-operating. Operating revenues generally result from exchange transactions where each of the parties to the transaction either give up or receive something of equal or similar value. The Research Foundation has operating revenues of approximately $10,000 for the current year, related to the development of a transit stop inventory system. See Note 4 for additional information.

	June 30,		
	2019	2018	2017
Operating revenues	$ 10,005	$ 10,000	$ 10,000
Total operating revenues	$ 10,005	$ 10,000	$ 10,000

Operating Expenses

The Research Foundation categorizes expenses as operating or non-operating. Government Accounting Standards Board (GASB) allows financial reporting entities the choice of reporting operating expenses in the functional or natural classifications. The Research Foundation has chosen to report the expenses in their natural classification on the statements of revenues, expenses, and changes in net position.

The following summarizes the operating expenses by natural classifications for the fiscal years ended:

Operating Expenses

	June 30,		
	2019	2018	2017
Audit and tax fees	$ 18,400	$ 16,000	$ 15,600
Professional services	7,694	1,065	4,306
Other operating expenses	212	207	739
Total operating expenses	$ 26,306	$ 17,272	$ 20,645

Operating expenses totaled approximately $26,000 for the 2019 fiscal year. This represents a 52.0% decrease and 16.3% increase, compared to June 30, 2018 and 2017, respectively.

TRANSFERS

As in prior years, the University transferred funds to the Research Foundation to support its operating expenses. Transfers for the 2019 fiscal year totaled $20,000 as opposed to no transfers for the 2018 fiscal year.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The FIU Research Foundation served as an agent with respect to the USAID Tanzania and Burkina Faso grants awarded to the University. This activity and the entire amount of the grants were recognized by FIU in the Sponsored Research Development Trust Fund. Both international locations have since closed, with the iWash program office in Tanzania being closed in February 2016, and the Wa/Wash program office in Burkina Faso being closed in December 2017. The iWash entity is in the process of being dissolved.

REQUESTS FOR INFORMATION

This financial statement is designed to provide a general overview of the Research Foundation's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Controller, Florida International University Research Foundation, Inc., 11200 S.W. 8th Street, MARC Building 5th Floor, Miami, Florida 33199.

BASIC FINANCIAL STATEMENTS

FLORIDA INTERNATIONAL UNIVERSITY RESEARCH FOUNDATION, INC.
(A DIRECT SUPPORT ORGANIZATION)
STATEMENTS OF NET POSITION
JUNE 30, 2019 AND 2018

	2019	2018
ASSETS		
Current assets		
Cash	$ 135,624	$ 151,986
LIABILITIES		
Current liabilities		
Accounts payable	2,000	2,000
Due to Florida International University	6,102	16,163
Unearned revenue	-	10,000
Total current liabilities	8,102	28,163
NET POSITION		
Net position		
Unrestricted	$ 127,522	$ 123,823

The accompanying notes to financial statements
are an integral part of these statements.

FLORIDA INTERNATIONAL UNIVERSITY RESEARCH FOUNDATION, INC.
(A DIRECT SUPPORT ORGANIZATION)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Operating revenues	$ 10,005	$ 10,000
Operating expenses		
Audit and tax fees	18,400	16,000
Professional services	7,694	1,065
Other operating expenses	212	207
Total operating expenses	26,306	17,272
Operating loss	(16,301)	(7,272)
Transfer from Florida International University	20,000	-
Change in net position	3,699	(7,272)
Net position, beginning of year	123,823	131,095
Net position, end of year	$ 127,522	$ 123,823

The accompanying notes to financial statements
are an integral part of these statements.

FLORIDA INTERNATIONAL UNIVERSITY RESEARCH FOUNDATION, INC.
(A DIRECT SUPPORT ORGANIZATION)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Cash flows from operating activities		
Cash paid to Florida International University	$ (10,061)	$ (164,670)
Cash used in program activities, net	(26,301)	(17,272)
Net cash used in operating activities	(36,362)	(181,942)
Cash flows from non-capital and related financing activities		
Transfers from Florida International University	20,000	-
Net decrease in cash	(16,362)	(181,942)
Cash, beginning of year	151,986	333,928
Cash, end of year	$ 135,624	$ 151,986
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$ (16,301)	$ (7,272)
Change in assets and liabilities:		
Decrease in unearned revenue	(10,000)	(10,000)
Decrease in due to Florida International University	(10,061)	(164,670)
Net cash used in operating activities	$ (36,362)	$ (181,942)

The accompanying notes to financial statements
are an integral part of these statements.

(1) Summary of Significant Accounting Policies:

The following is a summary of the significant accounting policies of the Florida International University Research Foundation, Inc. (the "Research Foundation" or "Organization"), affecting elements of the accompanying basic financial statements:

(a) **Reporting entity**—The Research Foundation, a Florida not-for-profit corporation, is a direct support organization and a component unit of Florida International University ("FIU" or "University") and was organized in the State of Florida on November 25, 1997 for educational and scientific purposes. The Articles of Incorporation were amended and restated on July 29, 2010.

The Research Foundation is a tax-exempt organization as defined by Section 501(c)(3) of the Internal Revenue Code. The Research Foundation provides direct support to FIU in matters pertaining to research, and has been designated by the FIU Board of Trustees as a University Direct Support Organization pursuant to §1004.28, Florida Statutes.

The financial reporting entity covered by this report includes the Organization and its component unit. The financial reporting entity covered by this report has been defined by GASB as the Research Foundation and those component units for which the Research Foundation is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations, and therefore, data for these units are generally combined with the data of the Organization.

(b) **Blended component unit**—The Florida International Research iWASH Initiative Limited (iWASH) was incorporated in Tanzania on February 22, 2010, under the Tanzania Companies Act of 2002. The entity is a not-for-profit company as defined by the laws in Tanzania. This entity was established for the sole purpose of serving as the legal entity to implement the development initiative known as Tanzania iWASH Program. The iWASH program ended in 2017 and the final financial statements of iWASH were completed for the year-ended December 31, 2016. Final steps are being taken in Tanzania to properly dissolve the entity.

(c) **Basis of presentation**—The financial statements of the Research Foundation have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Research Foundation reports under the GASB standards because it meets the criteria regarding the popular election of officers or appointment of a controlling majority of the members of the Organization's governing body by one or more state or local governments and because it is a direct support organization. Therefore, the Research Foundation is reported as a governmental entity.

The Research Foundation met the criteria to use enterprise fund accounting and financial reporting. Accordingly, the financial statements are reported using the economic resources measurement focus and accrual basis of accounting, which recognizes revenue when earned and expenses when a liability is incurred, regardless of timing of the related cash flow.

(1) Summary of Significant Accounting Policies: (Continued)

(d) **Use of estimates**—The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

(e) **Flow assumption for restricted assets**—If both restricted and unrestricted assets are available for use for a certain purpose, it is the Research Foundation's policy to use restricted assets first, then use unrestricted assets as needed.

(f) **Operating revenues and expenses**—The Research Foundation's statements of revenues, expenses, and changes in net position presents operating revenues and expenses. Operating revenue results from exchange transactions associated in matters pertaining to research, which is the Research Foundation's principal activity. Operating expenses include all expenses incurred in matters pertaining to research, other than external financing costs.

(g) **Income taxes**—The Organization is a not-for-profit corporation, as described in Section 501(c)(3) of the Internal Revenue Code and as such are subject to federal income taxes only on unrelated business income. There were no income taxes resulting from unrelated business income during the year ended June 30, 2019 and 2018.

The application of GAAP requires management to evaluate tax positions taken and recognize a tax liability (or asset) if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken and has concluded that as of June 30, 2019, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. If the Organization were to incur an income tax liability in the future, interest and penalties would be reported as income taxes. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Research Foundation's income tax returns for the past three years are subject to examination by tax authorities, and may change upon examination. Management believes the Organization is no longer subject to income tax examinations for years prior to 2016.

(h) **Transfers**—For the year ended June 30, 2019, transfers from the University to support the operating expenses of the Research Foundation totaled $20,000 and there were no transfers in the prior year.

(2) Deposits:

In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits, except for the bank account in Burkina Faso, West Africa are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, Florida Security for Public Deposits Act, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral. In the event of a failure of a qualified public depository the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits, except for the bank account in Burkina Faso, West Africa are insured or collateralized.

(2) **Deposits:** (Continued)

CONCENTRATIONS OF CREDIT RISK FOR CASH

The Organization has a bank account in Burkina Faso, West Africa to support the operations pertaining to the West Africa Water Supply, Sanitation and Hygiene (WA-WASH) Program under a U.S. Agency for International Development (USAID) grant. The balance in this account of $6,186 and $16,163 as of June 30, 2019 and 2018, respectively, is not FDIC insured and is subject to foreign currency exchange risk. The Research Foundation maintains its cash balances with high quality financial institutions, which the Research Foundation believes limits these risks.

(3) **Due to Florida International University:**

The amount Due to Florida International University of $6,102 and $16,163 as of June 30, 2019 and 2018, respectively, represents funds that were sent to Burkina Faso related to grant operations. This liability will be reduced as vendors are paid in Burkina Faso. The funds for grant operations in Burkina Faso are repaid directly to the University from the grantor.

(4) **Unearned Revenues:**

The University entered into an agreement to furnish a bus stop management system to Research Triangle Regional Public Transportation Authority. The system to be used is the Automated Transit Stop Inventory Model (ATSIM), a transit stop inventory system developed by University researchers and being managed by the Research Foundation. The agreement was for a term of 3 years beginning October 15, 2015 through June 30, 2018 with the option to renew the contract for two (2) additional one (1) year periods, unless terminated earlier. The University and the Research Foundation have entered into a Royalty Sharing Agreement beginning November 2016. The total revenue on the agreement is $30,000 over the course of the 3 years. As of June 30, 2019, the Research Foundation has reported all revenue related to this agreement and reported $10,000 as unearned revenue in the prior year.

REPORTING SECTION

James Moore
Certified Public Accountants and Consultants

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors,
Florida International University Research Foundation, Inc.:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Florida International University Research Foundation, Inc. (the Research Foundation), as of and for the years ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Research Foundation's basic financial statements, and have issued our report thereon dated October 7, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Research Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Research Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Research Foundation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Research Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James Moore & Co., P.L.

Gainesville, Florida
October 7, 2019

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THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee

December 5, 2019

Subject: Florida International University Athletics Finance Corporation Financial Audit, 2018-19

Proposed Committee Action:

Recommend acceptance by the Florida International University Board of Trustees of the Florida International University Athletics Finance Corporation Financial Audit for the 2018-19 Fiscal Year and authorize the Executive Director 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.

Background information:

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

The Florida International University Athletics Finance Corp. Financial Audit for 2018-19 was approved by the Florida International University Athletics Finance Corp. Board of Directors on October 17, 2019, and the University President is recommending its acceptance.

Florida Board of Governors Regulation 9.011 (5) University Direct Support Organizations and Health Services Support Organizations, states in relevant part:
Support organizations shall provide for an annual audit conducted pursuant to university regulations or policies. The annual audit report shall be submitted to the university board of trustees for review. The audit report shall be submitted to the Board of Governors, and the Auditor General

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Supporting Documentation:	Florida International University Athletics Finance Corp., Financial Audit, 2018-19
Facilitator/Presenter:	Kenneth A. Jessell

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FIU ATHLETICS FINANCE CORPORATION
(A DIRECT SUPPORT ORGANIZATION)

FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

FIU ATHLETICS FINANCE CORPORATION
(A DIRECT SUPPORT ORGANIZATION)
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JUNE 30, 2019 AND 2018

James Moore
Certified Public Accountants and Consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
FIU Athletics Finance Corporation:

Report on the Financial Statements

We have audited the accompanying financial statements of FIU Athletics Finance Corporation (the Corporation), a direct support organization and component unit of Florida International University, as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Corporation's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of June 30, 2019 and 2018, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standard generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2019, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

James Moore & Co., P.L.

Gainesville, Florida
October 17, 2019

MANAGEMENT’S DISCUSSION AND ANALYSIS

Management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the FIU Athletics Finance Corporation (the "Athletics Finance Corporation") for the fiscal years ended June 30, 2019, 2018 and 2017, and should be read in conjunction with the financial statements and notes thereto. The MD&A, financial statements, and notes thereto are the responsibility of management.

OVERVIEW OF FINANCIAL STATEMENTS

The Athletics Finance Corporation's financial report includes three basic sets of financial statements: the statements of net position; the statements of revenues, expenses, and changes in net position; and the statements of cash flows. The overview presented below highlights the significant financial activities that occurred during the past three years and describes changes in financial activity from the prior year.

THE STATEMENTS OF NET POSITION

The statements of net position reflect the assets, liabilities and deferred outflows of resources of the Athletics Finance Corporation, using the accrual basis of accounting, and present the financial position of the Athletics Finance Corporation at a specified time. The difference between total assets together with deferred outflows of resources and total liabilities, amount to net position which is one indicator of the Athletics Finance Corporation's current financial condition. The changes in net position that occur over time indicate improvement or deterioration in the Athletics Finance Corporation's financial condition.

The following summarizes the Athletics Finance Corporation's total net position for fiscal years ended:

Statements of Net Position

	June 30,		
	2019	2018	2017
Assets			
Current assets	$ 3,105,071	$ 2,606,845	$ 2,873,015
Noncurrent assets	20,164,917	21,284,535	22,237,286
Total assets	23,269,988	23,891,380	25,110,301
Deferred outflow of resources	2,214,053	1,476,330	2,503,057
Liabilities			
Current liabilities	1,859,135	1,763,105	1,802,376
Noncurrent liabilities	30,011,427	30,800,531	33,234,086
Total liabilities	31,870,562	32,563,636	35,036,462
Total net position	$ (6,386,521)	$ (7,195,926)	$ (7,423,104)

The statements of net position reflect a decrease in the net deficit position of the Athletics Finance Corporation. Current assets mainly depict current prepaid rent, investments and receivables. The current asset increase is principally a result of increased investments and receivables. Noncurrent assets consist mainly of restricted investments, noncurrent prepaid rent and noncurrent receivables. The decrease in noncurrent assets is mainly a result of a decrease in prepaid rent offset with an increase in restricted investments and noncurrent receivables. Deferred outflows of resources reflect the accumulated increase in the fair value of its derivatives.

Total assets were $23,269,988 as of June 30, 2019. This balance reflects a decrease of approximately $621,000 or 2.6% and $1,219,000 or 4.9%, compared to June 30, 2018 and 2017, respectively. Total liabilities were $31,870,562 as of June 30, 2019. This balance reflects a decrease of approximately $693,000 or 2.1% and $2,473,000 or 7.1%, compared to June 30, 2018 and 2017, respectively. As a result, the net position increased by approximately $809,000 or 11.2% and $227,000 or 3.1% at June 30, 2018 and 2017, respectively.

For more detailed information, see the statements of net position on page 8 of the financial statements.

THE STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The statements of revenues, expenses, and changes in net position present the Athletics Finance Corporation's revenue and expense activity, categorized as operating and non-operating revenues and expenses. The organization uses the accrual method of accounting.

The following summarizes the Athletics Finance Corporation's changes in net position for the fiscal years ended:

Statements of Revenues, Expenses, and Changes in Net Position

	June 30,		
	2019	2018	2017
Operating revenues	$ 4,132,671	$ 4,040,123	$ 4,030,559
Operating expenses	2,247,819	2,327,867	2,421,095
Operating Income	1,884,852	1,712,256	1,609,464
Net non-operating expenses	(1,075,447)	(1,185,078)	(1,448,942)
Transfers to Florida International University	-	300,000	1,838,955
Change in Net Position	809,405	227,178	(1,678,433)
Net Position - beginning of year	(7,195,926)	(7,423,104)	(5,744,671)
Net Position - end of year	$ (6,386,521)	$ (7,195,926)	$ (7,423,104)

The statements of revenues, expenses, and changes in net position reflect higher operating revenues, lower operating expenses and lower non-operating expenses.

Operating Revenues

The Athletics Finance Corporation categorizes revenues as either operating or non-operating. Operating revenues generally result from exchange transactions associated with managing and operating the stadium.

The following summarizes the operating revenues by source that were used to fund operating activities for the fiscal years ended June 30:

Operating Revenues

	June 30,		
	2019	**2018**	**2017**
Athletic support	$ 1,060,214	$ 1,018,088	$ 1,000,000
Ticket sales	709,618	671,793	723,901
NCAA and conference payments	700,000	700,000	700,000
Contributions	570,010	205,000	95,000
Other operating revenues	384,513	400,384	398,913
Suite revenues	364,587	407,540	303,640
Stadium naming rights	255,000	195,000	261,100
Rental income	88,729	244,187	331,696
Event revenues	-	198,131	216,309
Total Operating Revenues	$ 4,132,671	$ 4,040,123	$ 4,030,559

Operating revenues were $4,132,671 for the fiscal year ended June 30, 2019, representing an increase of approximately $43,000 or 2.3% and $9,600 or 0.2%, compared to June 30, 2018 and 2017, respectively. This was mainly due to an increase of approximately $463,000 in ticket sales, stadium naming rights and contributions, offset with a decrease of approximately $397,000 in suite revenues, rental income and event revenues in the current year.

Operating Expenses

The Athletics Finance Corporation categorizes expenses as operating or non-operating. GASB gives financial reporting entities the choice of reporting operating expenses in the functional or natural classifications.

The following summarizes the operating expenses by natural classifications for the fiscal years ended June 30:

Operating Expenses

	June 30,		
	2019	2018	2017
Amortization of prepaid rent	$ 1,304,083	$ 1,304,083	$ 1,304,083
Gameday/Event day contractors and repairs	662,274	643,879	786,901
Other operating expenses	168,288	197,744	170,501
Utilities	113,174	182,161	159,610
Total operating expenses	$ 2,247,819	$ 2,327,867	$ 2,421,095

Operating expenses were $2,247,819 for the fiscal year ended June 30, 2019, representing a decrease of approximately $80,000 or 3.4% and $93,000 or 3.9%, compared to June 30, 2018 and 2017, respectively. The decrease in operating expenses is mainly attributed to lower utilities expense and costs related to materials and supplies in the current year.

Non-operating revenues and expenses

Non-operating expenses consist of interest income, interest expense and bond modification charges. The following summarizes the Athletics Finance Corporation's non-operating revenues and expenses for the fiscal years ended June 30:

Non-operating Revenues (Expenses)

	June 30,		
	2019	2018	2017
Interest income	$ 78,205	$ 38,966	$ 8,506
Interest expense and fiscal charges	(1,153,652)	(1,224,044)	(1,292,498)
Bond modification charges	-	-	(164,950)
Net non-operating revenues (expenses)	$ (1,075,447)	$ (1,185,078)	$ (1,448,942)

Non-operating expenses were $1,075,447 for the fiscal year ended June 30, 2019, representing a decrease of approximately $110,000 or 9.3% and $264,000 or 18.2, compared to June 30, 2018 and 2017, respectively. The decrease is mainly due to a decrease in interest expense offset with an increase in interest income.

TRANSFERS TO FLORIDA INTERNATIONAL UNIVERSITY

There were no transfers to Florida International University (FIU) for the fiscal year ended June 30, 2019. During the fiscal year ended June 30, 2018 and 2017, transfers to FIU represented $300,000 and $1,838,955, respectively.

DEBT ADMINISTRATION

As of June 30, 2019, the Athletics Finance Corporation had $27,265,000 in outstanding bonds payable, representing a decrease of $1,325,000 or 4.6% when compared to prior year.

On December 21, 2016, the Athletics Finance Corporation entered into four amendments to the trust indenture between Miami-Dade Authority and the Trustee which authorized the reissuance of the Series 2009A Bonds through the issuance of four separate series of bonds.

Additional information about the Athletics Finance Corporation's bond payable is presented in notes 5 and 6 to the financial statements on pages 15-19.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The University has pledged a significant portion of game guarantee revenue and Conference USA distribution revenues to the Athletics Finance Corporation.

The Athletics Department, including the Football Program, joined Conference USA effective July 1, 2013. Since joining Conference USA, the conference's television rights contract ended. In addition, due to conference realignment and the loss of certain television markets from the Conference, the new agreement is less favorable than the previous year's agreement. This will result in lower conference revenues for the Athletics Department and in turn, the Athletics Finance Corporation.

REQUESTS FOR INFORMATION

These financial statements are designed to provide a general overview of the Athletics Finance Corporation's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Controller, FIU Athletics Finance Corporation, 11200 S.W. 8th Street, MARC Building, 5th Floor, Miami, Florida 33199.

BASIC FINANCIAL STATEMENTS

FIU ATHLETICS FINANCE CORPORATION
(A DIRECT SUPPORT ORGANIZATION)
STATEMENTS OF NET POSITION
JUNE 30, 2019 AND 2018

	2019	2018
ASSETS		
Current assets		
Cash	$ 10,640	$ 17,936
Investments	910,442	662,747
Suites and ticket sales receivable	225,000	299,888
Stadium naming rights receivable	-	20,000
Due from Florida International University	609,286	93,105
Due from FIU Foundation, Inc.	40,000	205,000
Prepaid rent and other	1,309,703	1,308,169
Total current assets	3,105,071	2,606,845
Noncurrent assets		
Restricted investments	2,748,059	2,716,694
Stadium naming rights receivable	525,000	350,000
Prepaid rent	16,844,408	18,148,491
Leasehold improvement, net	47,450	69,350
Total noncurrent assets	20,164,917	21,284,535
Total assets	23,269,988	23,891,380
DEFERRED OUTFLOWS OF RESOURCES		
Accumulated decrease in fair value of hedging derivatives	2,007,567	1,254,826
Deferred amount on debt refundings	206,486	221,504
Total deferred outflows of resources	2,214,053	1,476,330
LIABILITIES		
Current liabilities		
Accounts payable	34,971	18,839
Accrued interest payable	99,962	107,741
Due to Florida International University	846	6,239
Bonds payable	1,445,000	1,325,000
Unearned revenue	278,356	305,286
Total current liabilities	1,859,135	1,763,105
Noncurrent liabilities		
Due to Florida International University	852,241	852,241
Derivative liability	3,339,186	2,683,290
Bonds payable	25,820,000	27,265,000
Total noncurrent assets	30,011,427	30,800,531
Total liabilities	31,870,562	32,563,636
NET POSITION		
Net position		
Net investment in capital assets	47,450	69,350
Unrestricted	(6,433,971)	(7,265,276)
Total Net Position	$ (6,386,521)	$ (7,195,926)

The accompanying notes to the financial statements
are an integral part of these statements.

FIU ATHLETICS FINANCE CORPORATION
(A DIRECT SUPPORT ORGANIZATION)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Operating revenues		
Athletic support	$ 1,060,214	$ 1,018,088
Ticket sales	709,618	671,793
NCAA and conference payments	700,000	700,000
Contributions	570,010	205,000
Suite revenues	364,587	407,540
Sponsorship revenues	300,000	300,000
Stadium naming rights	255,000	195,000
Rental income	88,729	244,187
Merchandise royalties	55,843	42,318
General concessions and vending commissions	28,670	58,066
Event revenues	-	198,131
Total operating revenues	4,132,671	4,040,123
Operating expenses		
Amortization of prepaid rent	1,304,083	1,304,083
Gameday contractors	492,804	498,355
Utilities	113,174	182,161
Materials and supplies	104,450	137,153
Event day contractors	129,090	106,904
Repairs and maintenance	40,380	38,620
Audit and tax professional fees	25,800	21,700
Depreciation	21,900	21,900
Banking fees	16,077	16,930
Other operating expenses	61	61
Total operating expenses	2,247,819	2,327,867
Operating income	1,884,852	1,712,256
Nonoperating revenues (expenses)		
Interest income	78,205	38,966
Interest expense and fiscal charges	(1,153,652)	(1,224,044)
Total nonoperating revenues (expenses)	(1,075,447)	(1,185,078)
Transfers to Florida International University	-	300,000
Increase in net position	809,405	227,178
Net position, beginning of year	(7,195,926)	(7,423,104)
Net position, end of year	$ (6,386,521)	$ (7,195,926)

The accompanying notes to the financial statements
are an integral part of these statements.

FIU ATHLETICS FINANCE CORPORATION
(A DIRECT SUPPORT ORGANIZATION)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Cash flows from operating activities		
Operating receipts	$ 3,674,448	$ 3,880,274
Payments to vendors	(911,097)	(1,232,425)
Net cash provided by operating activities	2,763,351	2,647,849
Cash flows from capital and related financing activities		
Payments and transfers to Florida International University	-	(300,000)
Principal payments on bonds	(1,325,000)	(1,150,000)
Interest paid	(1,243,257)	(1,308,748)
Net cash used in capital and related financing activities	(2,568,257)	(2,758,748)
Cash flows from investing activities		
Proceeds from sale and maturity of investments	5,587,405	5,879,094
Purchase of investments	(5,866,465)	(5,822,329)
Interest income received	76,670	36,373
Net cash (used in) provided by investing activities	(202,390)	93,138
Net decrease in cash and cash equivalents	(7,296)	(17,761)
Cash and cash equivalents, beginning of year	17,936	35,697
Cash and cash equivalents, end of year	$ 10,640	$ 17,936
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 1,884,852	$ 1,712,256
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	21,900	21,900
Change in assets and liabilities:		
(Increase) decrease in:		
Suites and ticket sales receivable	74,888	87,756
Naming Rights Receivable	(155,000)	(195,000)
Prepaid rent and other	1,304,083	1,304,083
Due from Florida International University	(516,181)	38,249
Due from FIU Foundation	165,000	(110,000)
Increase (decrease) in:		
Accounts payable	16,132	(160,875)
Unearned revenue	(26,930)	6,186
Due to Florida International University	(5,393)	(56,706)
Total adjustments	878,499	935,593
Net cash provided by operating activities	$ 2,763,351	$ 2,647,849
Non-cash investing and financing activities		
Change in fair value derivative liability	$ (752,741)	$ 1,011,710
Change in deferred amount on debt refunding	$ 15,018	$ 15,017
Amortization of derivative liability	$ 96,845	$ 96,845

The accompanying notes to the financial statements
are an integral part of these statements.

(1) Summary of Significant Accounting Policies:

The following is a summary of the more significant accounting policies and practices of the FIU Athletics Finance Corporation (the "Athletics Finance Corporation" or the "Organization"), which affect significant elements of the accompanying financial statements:

(a) **Reporting entity**—The Athletics Finance Corporation is a Florida not-for-profit corporation and a direct support organization and component unit of Florida International University ("FIU" or the "University") and was organized in the State of Florida on November 20, 2006.

The Athletics Finance Corporation is a tax-exempt organization as defined by Section 501(c)(3) of the Internal Revenue Code. The Athletics Finance Corporation provides direct support to FIU in matters pertaining to the financing of the FIU Football Stadium and subsequently managing and operating the facility and has been designated by the FIU Board of Trustees as a University Direct Support Organization pursuant to §1004.28, Florida Statutes.

(b) **Basis of presentation**—The financial statements of the Athletics Finance Corporation have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Athletics Finance Corporation reports under the GASB standards because it meets the criteria regarding the popular election of officers or appointment of a controlling majority of the members of the Organization's governing body by one or more state or local governments. Therefore, the Athletics Finance Corporation is reported as a governmental entity.

In accordance with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis – For State and Local Governments,* the Athletics Finance Corporation met the criteria to use enterprise fund accounting and financial reporting. Accordingly, the financial statements are reported using the economic resources measurement focus and accrual basis of accounting, which recognizes revenue when earned and expenses are recorded when a liability is incurred, regardless of timing of the related cash flow.

(c) **Net position**—The Athletic Finance Corporation's net position is classified as follows:

(i) **Net investment in capital assets**—Represents the Athletic Finance Corporation's total investment in capital assets, net of accumulated depreciation. There is no debt obligation related to those capital assets.

(ii) **Unrestricted**—Represents assets that are not restricted for any purpose and are available for current operations.

(d) **Use of estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

(1) **Summary of Significant Accounting Policies:** (Continued)

(e) **Cash**—Amounts reported as cash and cash equivalents consist of cash on hand, cash held by a trust institution and invested in money market funds, and investments with original maturities of three months or less.

(f) **Investments**—Amounts reported as investments consist of investments in money market funds. In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, money market funds are recorded at amortized cost, which is generally equivalent to fair value, and are not categorized in the fair value hierarchy. Investments that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other restricted assets, are classified as restricted.

(g) **Derivative financial instruments and fair value measurements**—The Athletics Finance Corporation entered into an interest rate swap agreement to reduce its exposure to market risks from changing interest rates. For interest rate swaps, the differential to be paid or received is accrued and recognized in interest expense and may change as market interest rates change. The fair value of the derivative liability is presented in the statements of net position. The Organization uses the synthetic instrument method to evaluate the effectiveness as of the end of the reporting period. The Organization determined the interest rate swap met the criteria as an effective hedging transaction. Therefore, the change in the fair value in the effective interest rate swap is presented in the statements of net position as a hedging derivative in deferred outflows of resources. The Organization categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. See Note 6 for additional information on the interest rate swap.

(h) **Income taxes**—The Organization is a not-for-profit corporation, as described in Section 501(c)(3) of the Internal Revenue Code and as such is subject to federal income taxes only on unrelated business income. There were no income taxes resulting from unrelated business income during the years ended June 30, 2019 and 2018.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken and recognize a tax liability (or asset) if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken and has concluded that as of June 30, 2019, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. If the Organization were to incur an income tax liability in the future, interest and penalties would be reported as income taxes. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Athletics Finance Corporation's income tax returns for the past three years are subject to examination by tax authorities, and may change upon examination. Management believes the Organization is no longer subject to income tax examinations for years prior to 2016.

(1) Summary of Significant Accounting Policies: (Continued)

(i) **Prepaid rent**—Pursuant to two (2) ground sublease agreements, the Organization prepaid a portion of their rent obligation to the University. The prepaid lease payments will be amortized on a straight line basis over the life of the sublease.

(j) **Operating revenue and expenses**—The Athletics Finance Corporation's statements of revenues, expenses, and changes in net position distinguish between operating and non-operating revenue and expenses. Operating revenue results from exchange transactions associated with managing and operating the FIU Football Stadium, which is the Athletics Finance Corporation's principal activity. Other sources of revenue, including investment earnings, are reported as non-operating revenue. Operating expenses include all expenses incurred to manage and operate the FIU Football Stadium, other than external financing costs.

(k) **Flow assumption for restricted assets**—If both restricted and unrestricted assets are available for use for a certain purpose, it is the Athletics Finance Corporation's policy to use restricted assets first, and then use unrestricted assets as needed.

(l) **Leasehold improvements**—These assets are capitalized and recorded at historical cost at the date of acquisition. Depreciation is computed on the straight-line basis over the estimated useful life (5 years).

(m) **Revenue recognition**—Revenues from sponsorship naming rights are recognized ratably over the term of the sponsorship agreement. Premium seating and commission revenues are recognized as revenue at the time the event takes place.

(n) **Reclassifications**—In order to facilitate the comparison of financial data, certain June 30, 2018 amounts have been reclassified to conform to the current year reporting format. These reclassifications had no effect on net position.

(2) Concentration of Credit Risk:

Financial instruments that potentially subject the Athletics Finance Corporation to concentrations of credit risk consist principally of cash in banks and investments.

(a) **Deposits**—In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, Florida Security for Public Deposits Act, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or another banking institution, eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits (includes cash) are insured or collateralized.

(b) **Investments**—In addition, the Athletics Finance Corporation maintains investment accounts with financial institutions that are not insured by the FDIC. Fund shares are not guaranteed by the U.S. government. Current and future portfolio holdings are subject to risk.

(2) **Concentration of Credit Risk:** (Continued)

At June 30, 2019 and 2018, $3,658,501 and $3,379,441, respectively, were held in these accounts. The Athletics Finance Corporation believes that the number, diversity and financial strength of the issuers mitigate the credit risks associated with all investments.

(3) Investments:

Investments are made in accordance with the trust indenture. The Organization invests in the Fidelity Institutional Money Market Government Portfolio – Class III Fund (Fidelity Money Market Fund). This is a money market fund seeking to provide current income consistent with stability of principal by investing in a portfolio of short-term, U.S. treasury and government securities. These investments include repurchase agreements collateralized fully by U.S Treasury and government securities. The Fund limits its investment to those that would enable it to qualify as a permissible investment for federally chartered credit unions. Investments are made in accordance with the Trust Indenture dated as of December 1, 2009 (the "Trust Indenture") between the Miami-Dade County Industrial Development Authority and Regions Bank, as trustee. This transaction is further described in Note 5. The investments were reported at amortized cost of $3,658,501 and $3,379,441 as of June 30, 2019 and 2018, respectively, which is generally the equivalent of fair value.

(a) **Credit risk**—Credit risk is the risk that an issuer of securities in which the Fund invests may default on the payment of interest or principal on the securities when due, which would cause the Fund to lose money. At June 30, 2019 and 2018, the money market mutual fund investments were rated AAAm by Standard & Poor's.

(b) **Concentration credit risk**—All of the investments at June 30, 2019 and 2018 are held with Regions Morgan Keegan and are invested in money market funds. According to the bond indenture, the Organization can invest the bond proceeds in these investment vehicles; there are no stated limitations on the amount that can be invested in any one issuer. The short term nature of the investments is due to liquidity needs, since those funds are being used for operating expenses and debt service payments.

(c) **Interest rate risk**—A portfolio's weighted average days to maturity (WAM) reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the fund to interest rate changes. A portfolio's weighted average life (WAL) calculation is based on a security's stated final maturity date or, when relevant, the date of the next demand feature when the fund may receive payment of principal and interest. WAL reflects how a portfolio would react to deteriorating credit or tightening liquidity conditions.

The Fidelity Money Market Fund prices of fixed-income securities generally fall when interest rates rise. Interest rate changes have a greater effect on the price of fixed-income securities with longer maturities. The money market mutual fund WAM at June 30, 2019 and 2018 was 26 days, while the weighted average life (WAL) was 98 and 83 days at June 30, 2019 and 2018, respectively.

(4) Leasehold Improvements:

Leasehold improvement activity for the years ended June 30, 2019 and 2018, is as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Leasehold Improvements	$ 109,500	$ -	$ -	$ 109,500
Less: Accumulated Depreciation	(40,150)	(21,900)	-	(62,050)
	$ 69,350	$ (21,900)	$ -	$ 47,450

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Leasehold Improvements	$ 109,500	$ -	$ -	$ 109,500
Less: Accumulated Depreciation	(18,250)	(21,900)	-	(40,150)
	$ 91,250	$ (21,900)	$ -	$ 69,350

(5) Long-term Debt:

Debt activity for the years ended June 30, 2019 and 2018, is as follows:

	Balance July 1, 2018	Additions	Payments	Balance June 30, 2019	Due Within One Year
2009 Tax Exempt Capital Improvement Revenue Bonds (Series A)	$ 28,590,000	$ -	$ 1,325,000	$ 27,265,000	$ 1,445,000

	Balance July 1, 2017	Additions	Payments	Balance June 30, 2018	Due Within One Year
2009 Tax Exempt Capital Improvement Revenue Bonds (Series A)	$ 29,740,000	$ -	$ 1,150,000	$ 28,590,000	$ 1,325,000

(5) <u>Long-term Debt:</u> (Continued)

On December 1, 2009, the Athletics Finance Corporation issued $30,000,000 of Miami-Dade County Industrial Development Authority Revenue Bonds Series 2009A and $5,310,000 of Miami-Dade County Industrial Development Authority Taxable Revenue Bonds Series 2009B.

These bonds were issued and secured under and pursuant to a trust indenture. Repayments of the bonds will be payable from pledged revenues, which are all operating and non-operating revenues. Principal payments for the bonds began March 1, 2010. Interest payments are made on a quarterly basis.

On December 21, 2016, the Athletics Finance Corporation entered into four amendments to the trust indenture between Miami-Dade Authority and the Trustee which authorized the reissuance of the Series 2009A Bonds through the issuance of four separate series of bonds. The first amendment authorized the reissuance of $9,000,000 Series 2009A-1 Bond. The interest rate on the Series 2009A-1 Bonds shall be at a rate equal to 2.8% per annum. The second, third and fourth amendments authorized the reissuance of separate series of the Series 2009A Bonds in a principal amount of $8,400,000 (Series 2009A-2), $8,400,000 (Series 2009A-3) and $4,200,000 (Series 2009A-4), respectively. The interest rates on these Series 2009A bonds shall be at a rate equal to the sum of 63.7% of three-month LIBOR plus 1.40%.

The bonds are secured by operating and non-operating revenues as well as University athletic fees, not to exceed 5% of the total athletic fees collected. Total principal due at June 30, 2019 and 2018, was $27,265,000 and $28,590,000, respectively.

The Athletics Finance Corporation has funded a debt service reserve fund in accordance with the bond indenture requirement of maintaining an amount equal to the maximum allowable debt service on the bond in the current and any future fiscal year. This debt service reserve fund totaled $2,748,059 and $2,716,694 as of June 30, 2019 and 2018, respectively, and is presented in restricted investments.

Prior to the December 2016 reissuance, the Athletics Finance Corporation was required to maintain minimum deposits of $1,000,000 with Regions Bank. As part of the amendment on December 21, 2016, the Athletics Finance Corporation agreed to use approximately $1,000,000 currently on deposit with the Trustee to pay in full the outstanding balance of the Series 2009B Bonds.

The interest rate on these bonds is both fixed and variable and is subject to a hedge agreement (see Note 6) that was entered into to reduce the exposure to market risks from changing interest rates. Interest is computed on the basis of the actual number of days elapsed over a year of 365 or 366 days.

(5) Long-term Debt: (Continued)

The aggregate maturities of these bonds as of June 30, 2019 are as follows:

For the Year Ending June 30,	Principal	Interest	Total Principal and Interest
2020	$ 1,445,000	$ 1,198,426	$ 2,643,426
2021	1,505,000	1,131,936	2,636,936
2022	1,580,000	1,066,013	2,646,013
2023	1,645,000	996,845	2,641,845
2024	1,730,000	927,363	2,657,363
2025-2029	9,950,000	3,417,172	13,367,172
2030-2032	9,410,000	945,112	10,355,112
Total	$ 27,265,000	$ 9,682,867	$ 36,947,867

(6) Derivative Financial Instruments:

(a) **Objectives**—As a means to lower its borrowing costs and increase its savings, the Organization entered into an interest rate swap agreement in connection with its $30,000,000 2009A Miami-Dade County Industrial Development Authority Revenue Bond issuance (Refunding Bonds). The intention of the swap agreement was to effectively change the Organization's variable interest rate on the bonds to a synthetic fixed rate of 5.50%, which is the fixed rate payable by the Organization under the swap agreement of 3.60% plus 1.90%.

(b) **Terms**—On December 22, 2009, Athletics Finance Corporation entered into an interest rate swap agreement to hedge the floating rate on $21,000,000 of the principal amount of the Series 2009A Bonds. This represents the fixed portion of the tax exempt bonds payable mentioned in Note 5 above. Under the swap agreement, the Athletics Finance Corporation agrees to pay a fixed rate of 3.60% and receive a variable rate equal to 63.7% of three-month LIBOR. The swap agreement has a maturity date of March 1, 2033.

(c) **Fair value**—The Athletics Finance Corporation swap had a derivative liability of $3,339,186 and $2,683,290 at June 30, 2019 and 2018, respectively, as reported in the statements of net position. The negative fair value was determined using a mark-to-market value and represents the closing mid-market values. It was classified in Level 2 of the fair value hierarchy at June 30, 2019 and 2018.

As of June 30, 2019 and 2018, the fair value of the Series 2007A ineffective interest rate swap was $1,331,619 and $1,428,464, respectively. This interest rate swap was not terminated when the bonds were refunded in December 2009 nor in December 2016. The interest rate on the refunded Series 2009A bonds reflects a higher rate due to not terminating this interest rate swap.

(6) **Derivative Financial Instruments:** (Continued)

Accordingly, the fair value of $1,331,619 of the ineffective Series 2007A interest rate swap at June 30, 2019, is being amortized over the remaining life of the refunded Series 2009A bond.

The synthetic instrument method evaluates the effectiveness by quantitative approach. The synthetic instrument method evaluates effectiveness by combining the hedgeable item and the potential hedging derivative instrument to simulate a third synthetic instrument. A potential hedging derivative instrument is effective if its total variable cash flows substantially offset the variable cash flows of the hedgeable item. The Organization determined that it met the criteria of the synthetic instrument method. Therefore, the change in the fair value of the effective interest rate swap is presented in the statements of net position as a deferred outflow of resources in the amount of $2,007,567 and $1,254,826 at June 30, 2019 and 2018, respectively.

(d) **Credit risk**—As of June 30, 2019 and 2018, the Athletics Finance Corporation was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the Organization would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty (Regions Bank) was rated A2 by Moody's Investors Service, A- by Standard and Poor's and BBB+ by Fitch Ratings.

(e) **Basis risk**—Basis risk arises when different indexes are used in connection with a derivative. Given that both the bond and the interest rate swap are based on 63.7% of the three-month LIBOR rate, there is limited basis risk.

(f) **Termination risk**—The derivative contract uses the International Swap Dealers Association (ISDA) Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The schedule to the Master Agreement includes an "additional termination event." That is, the swap agreement may be terminated if: (i) the loan or other indebtedness in connection with which a transaction entered into by the Athletics Finance Corporation for the purpose or with the effect of altering the net combined payment from a floating to fixed or a fixed to floating rate basis is repaid, whether upon acceleration of principal, at maturity, or otherwise, or for any other reason ceases to be an obligation of the Athletics Finance Corporation, with or without the consent of the counterparty (Regions Bank); or (ii) any credit support document expires, terminates or ceases to be of full force and effect. Also, the swap agreement may be terminated or assigned by Athletics Finance Corporation if the counterparty's (Regions Bank) long-term, senior, unsecured, unenhanced debt rating is withdrawn, suspended, or falls below at least two of the following: a) "Baa3" as determined by Moody's; or b) "BBB+" as determined by Standard and Poor's; or c) "BBB" as determined by Fitch.

(6) Derivative Financial Instruments: (Continued)

(g) **Swap payments and associated debt**—Using rates as of June 30, 2019, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for their term, are as follows:

For the Year Ending June 30,	Variable-Rate Bond Principal	Variable-Rate Bond Interest	Interest Rate Swap, Net	Total
2020	995,000	637,736	321,997	1,954,733
2021	1,040,000	604,127	302,543	1,946,670
2022	1,090,000	568,997	284,951	1,943,948
2023	1,135,000	532,179	266,512	1,933,691
2024	1,185,000	493,840	249,343	1,928,183
2025-2029	6,800,000	1,829,776	506,028	9,135,804
2030-2033	6,635,000	572,882	609,034	7,816,916
Total	$ 18,880,000	$ 5,239,537	$ 2,540,408	$ 26,659,945

As rates vary, variable-rate bond interest payments and net swap payments will vary.

(7) Unearned Revenues:

The Athletics Finance Corporation and the University have pledged future revenues in order to meet certain minimum bond requirements under the issue of bond-related debt to finance the stadium project. Operating revenues may include athletics fees collected by the University, fund raising revenues, contributions, conference payments and naming rights revenues. Non-operating revenues include capital gifts and investment revenues related to any of the above. Operating revenues related to the sale of football stadium suites and club seats have been deferred. Revenues are unavailable until the year they are earned. Suite sales will be recognized annually based on their corresponding contracts. The pledged future revenues for future unearned revenues are not recorded on the statement of net position as of June 30, 2019.

The following schedule presents those sales commitments under suite agreements and ticket sales that expire on June 30, 2021:

For the Year Ending June 30,	Principal
2020	$ 225,000
2021	160,000
Total	$ 385,000

(8) Related Party Transactions:

(a) **Related party revenues**—In accordance with the Memorandum of Understanding dated March 5, 2010; the University manages stadium-related activities, collects revenues on behalf of the Athletics Finance Corporation, and remits revenues timely as required under the existing trust indenture. For the years ended June 30, 2019 and 2018, the Athletics Finance Corporation received revenue for NCAA and conference payments, athletic support, suite revenue, ticket sales, sponsorship revenues, rental income, contributions and other operating revenues. The total of these revenues was $4,132,671 and $4,053,083 in 2019 and 2018, respectively. As of June 30, 2019 and 2018, the Athletics Finance Corporation had amounts due from FIU related to these revenues of approximately $609,000 and $93,000, respectively.

(b) **Lease commitments**—Florida International University and the FIU Athletics Finance Corporation entered into two 25-year ground sublease agreements dated April 1, 2007 rendering the rights to the FIU Athletics Finance Corporation to issue a series of capital improvement bonds of which a portion of the proceeds, along with contributions from the University, was to finance a stadium improvement project located on University premises. Under this agreement the FIU Athletics Finance Corporation shall prepay to the University for rental of the premises in the sum of $31,937,211.

The following schedule by years represents management's best estimate of future minimum rental expense that will be recognized for these sublease agreements:

For the Year Ending June 30,	Amount
2020	1,304,083
2021	1,304,083
2022	1,304,083
2023	1,304,083
2024	1,304,083
2025-2029	6,520,416
2030-2033	5,107,660
Total	$ 18,148,491

	2019	2018
Reconciliation of the Statement of Net Position to the Lease Commitment		
Current prepaid rent	$ 1,304,083	$ 1,304,083
Noncurrent prepaid rent	16,844,408	18,148,491
Total prepaid rent	18,148,491	19,452,574
Other assets	5,620	4,086
Total prepaid rent and other	$ 18,154,111	$ 19,456,660

As of June 30, 2019 and 2018, construction draws amounting to $31,937,211 have been paid by the University to various contractors. The prepaid rent has been amortized by $1,304,083 in both years.

REPORTING SECTION

James Moore
Certified Public Accountants and Consultants

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of,
FIU Athletics Finance Corporation:

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of FIU Athletics Finance Corporation (the Corporation), a direct support organization and component unit of Florida International University, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated October 17, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James Moore & Co., P.L.

Gainesville, Florida
October 17, 2019

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee

December 5, 2019

Subject: Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. Financial Audit, 2018-19

Proposed Committee Action:

Recommend acceptance by the Florida International University Board of Trustees of the Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. Financial Audit for the 2018-19 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.

Background information:

The Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. Financial Audit for 2018-19 was approved by the Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. Board of Directors on October 24, 2019, and the University President is recommending its acceptance.

Florida Board of Governors Regulation 9.017 (2)(e) Faculty Practice Plans, states in relevant part that each Faculty Practice Plan shall include and/or provide for an annual audit, which shall be forwarded to the Board of Governors for review and oversight.

Florida Board of Governors Regulation 9.011 (5) University Direct Support Organizations and Health Services Support Organizations, states in relevant part:
Support organizations shall provide for an annual audit conducted pursuant to university regulations or policies. The annual audit report shall be submitted to the university board of trustees for review. The audit report shall be submitted to the Board of Governors, and the Auditor General.

Supporting Documentation:	Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. Financial Audit, 2018-19
Facilitator/Presenter:	Kenneth A. Jessell

THE FLORIDA INTERNATIONAL UNIVERSITY ACADEMIC HEALTH CENTER HEALTH CARE NETWORK FACULTY GROUP PRACTICE, INC.

FINANCIAL STATEMENTS

JUNE 30, 2019

THE FLORIDA INTERNATIONAL UNIVERSITY ACADEMIC HEALTH CENTER HEALTH CARE NETWORK FACULTY GROUP PRACTICE, INC.
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JUNE 30, 2019

James Moore
Certified Public Accountants and Consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Audit Committee of,
The Florida International University Academic Health Center
Health Care Network Faculty Group Practice, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of The Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. (the FIU HCN), a component unit of Florida International University, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the FIU HCN's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The FIU HCN's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the FIU HCN as of June 30, 2019, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3 – 10 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2019, on our consideration of the FIU HCN's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the FIU HCN's internal control over financial reporting and compliance.

James Moore & Co., P.L.

Gainesville, Florida
October 24, 2019

THE FLORIDA INTERNATIONAL UNIVERSITY ACADEMIC HEALTH CENTER
HEALTH CARE NETWORK FACULTY GROUP PRACTICE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

The management's discussion and analysis (MD&A) provides an overview of the financial position and activities of The Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. (the FIU HCN or HCN) for the fiscal year ended June 30, 2019 and should be read in conjunction with the financial statements and notes thereto. The MD&A, financial statements and notes thereto, are the responsibility of management.

BACKGROUND

In FY 2015-2016 the FIU HCN transitioned from a full risk clinical model to a Management Services Organization model (MSO) serving different stakeholders across FIU. As a result, the patient revenues and respective AR for clinical services provided since July 2015 are no longer recorded under the books of HCN. Starting in July 2015, the patient revenues and respective AR provided at the Herbert Wertheim College of Medicine (HWCOM) clinics are recorded under the books of the HWCOM. In the MSO model, the revenues are based on management fees which derive from managing the HWCOM clinics, the HWCOM Office of International Affairs (HWCOM OIA), the FIU Student Health Clinics and Pharmacy, Embrace, CCF credentialing and the leases of the Ambulatory Care Center (ACC) to Miami Children's Hospital and Gastro Health.

The revenues and expenses reported include the revenues and expenses of two HCN MSO stakeholders combined with the revenues and expenses of the HCN MSO business. The HCN MSO stakeholders include the HWCOM OIA program and the HWCOM clinics. The revenues and expenses of these stakeholders are passed through the books of HCN as part of the management service.

The payment from HWCOM for the expenses of the clinics is reported as "other revenue". The net patient revenue generated by the clinics is not reported under the FIU HCN entity. The expenses of the clinics do not include the cost of the salary and benefits related to the clinical effort for the physician faculty time; this effort is recorded directly under the books of the HWCOM.

The change in net position of the HWCOM OIA program is transferred out to HWCOM. As a result, the reported change net position of the FIU HCN entity represents exclusively the change in net position of the HCN MSO line of business.

The management fees received from the HWCOM to manage the clinics are reported as part of the Management Fee revenue under the HCN MSO business.

FINANCIAL HIGHLIGHTS – CURRENT YEAR

The FIU HCN assets totaled approximately $8.7 million at June 30, 2019. This balance reflects an approximate increase of $1.8 million from June 30, 2018, resulting primarily from the increase in cash deriving from management fees under the MSO line of business and the educational program revenue related to the HWCOM OIA line of business. Approximately $2.6 million under total assets in fiscal year 2019 belong to the operations of the HWCOM OIA program.

The liabilities represent the accounts payable due to vendors and the Florida International University, accruals for the operating expenses, the unearned revenue related to the pre-paid rotations under the HWCOM OIA program and the debt due to the Florida International University (FIU or FIU proper). Liabilities totaled approximately $10.0 million at June 30, 2019, a decrease of approximately $544 thousand over prior fiscal year resulting from payment towards the debt due to FIU and the reclassification of the common area maintenance (CAM) paid by Miami Children's Hospital as part of their lease. Previously, the CAM had been recorded as liability for future CAM expenses and any CAM expenses were booked against this liability. The CAM balance related to prior fiscal years is accounted as a prior period adjustment to net position amounting to $512 thousand. Please refer to note 8 in the notes to financial statements. Effective June 30, 2019, the current CAM activity has been reclassified to align to revenues and expenses. Liabilities related to the HWCOM OIA program amounted to approximately $2.0 million.

The FIU HCN's operating revenues totaled approximately $10 million for the 2019 fiscal year, an approximate increase of $1.6 million over prior fiscal year. The increase derives mainly from the rate increase in the new agreement with the American University of Antigua effective October 1, 2018 and the increase in enrollment in the HWCOM OIA program. Included in the $10 million are: (a) Management fee service revenue of the MSO totaling approximately $2.9 million. (2) The HWCOM OIA educational program and other HWCOM OIA revenues deriving from registration, change and cancellation fees amounting to approximately $5.0 million. (3) Revenues related to the HWCOM clinics (the payments from HWCOM to cover the cost of operating the HWCOM clinical sites) totaling approximately $1.4 million reported under "other revenues". (4) The rental revenue, CAM revenue and other revenues amounting to approximately $0.65 million. Fiscal year 2019 reflects CAM revenues received along with rental revenue from the Miami Children's Hospital as part of the lease. The rental revenue from the lease is set aside to pay the principal and interest on the loan due to FIU.

Operating expenses totaled approximately $5.8 million for the 2019 fiscal year; an increase of approximately $0.3 million over the 2018 fiscal year. This results from the increase in salary and benefits deriving from two positions previously in medical leave during the prior fiscal year, vacant positions filled in the fiscal year 2019, the across the board FIU merit increases and the increase in contracted services deriving from the increase in the HWCOM OIA preceptor rotations. Non-operating expenses include the interest expense on the debt payments to FIU proper totaling approximately $154 thousand and the transfers to HWCOM related to the net profits of the HWCOM OIA program for the fiscal year totaling approximately $2.3 million.

FINANCIAL HIGHLIGHTS – PRIOR YEAR

Fiscal Year 2018 is presented as originally reported with a restated ending net position as explained under the Condensed Statements Net Position (1). The restated net position derives from a prior period adjustment resulting from the reclassification of the CAM balance originally reported under current liabilities. Please refer to note 8 in the notes to financial statements.

The FIU HCN assets totaled approximately $6.9 million at June 30, 2018 resulting primarily from cash and receivables deriving from management fees, the HWCOM OIA education program receivables and the pass-through of the sales tax receivable from Miami Children's Hospital as part of their rent. Approximately $2.1 million under total assets in fiscal year 2018 were reserved for the operations of the HWCOM OIA program.

The liabilities represent the debt due to the Florida International University (FIU or FIU proper), accounts payable, accruals for the operating expenses and the unearned revenue related to the pre-paid rotations under the HWCOM OIA program. Liabilities totaled approximately $10.5 million at June 30, 2018. As originally reported for the 2018 fiscal year, the liabilities reflect the pass-through of the sales tax liability and common area maintenance (CAM) paid by Miami Children's Hospital as part of their rent. Approximately $1.6 million of total liabilities in fiscal year 2018 relate to the HWCOM OIA program operations.

The FIU HCN's operating revenues totaled approximately $8.4 million for the 2018 fiscal year. This amount was comprised of management fee revenue (approximately $2.5 million), HWCOM OIA revenues (approximately $4.1 million), Clinics expense pass-through reimbursement (approximately 1.3 million) as well as rental income and other revenue (approximately $0.49 million). In fiscal year 2018 the cost for operating the clinical sites is reimbursed by HWCOM and recorded as Other Revenue under the Clinics line of business as a pass through on the books of HCN.

Operating expenses totaled approximately $5.4 million for the 2018 fiscal year comprised mainly of personnel salary and benefits and the contracted professional services related to the HWCOM OIA preceptors.

Non-operating expenses for the 2018 fiscal year include the interest expense on the debt payments to FIU proper totaling approximately $161 thousand and the transfers to HWCOM related to the net profits of the HWCOM OIA program for the fiscal year 2018 totaling approximately $1.4 million.

OVERVIEW OF FINANCIAL STATEMENTS

The FIU HCN's financial report includes three basic financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows.

Statement of Net Position

The statement of net position reflects the assets and liabilities of the FIU HCN, using the accrual basis of accounting, and presents the financial position of the FIU HCN at a specified time. The difference between total assets and total liabilities, net position, is one indicator of the FIU HCN's current financial condition. The changes in net position that occur over time indicate improvement or deterioration in the FIU HCN's financial condition.

The following summarizes the FIU HCN's assets, liabilities, and net position at June 30:

Condensed Statements of Net Position at June 30 (In Thousands)

	2019 (2)	**2018** (1)
Assets		
Current assets	$ 8,511	$ 6,662
Noncurrent assets	151	214
Total Assets	$ 8,662	$ 6,876
Liabilities		
Current liabilities (1)	$ 2,916	$ 3,121
Noncurrent liabilities	7,048	7,388
Total Liabilities	$ 9,964	$ 10,509
Net Position		
Investment in capital assets	$ 151	$ 214
Unrestricted	(1,453)	(3,847)
Total Net Position (2)	$ (1,302)	$ (3,633)
Prior period - adjt to net position (1)		$ 512
Net Position – prior period restated		$ (3,121)

(1) *Fiscal Year 2018 is presented as originally reported with a restated Net Position. This is due to a prior period adjustment related to the reclassification of the net CAM liability balance which resulted in a reduction to current liabilities and increase in net position by approximately $512 thousand for prior fiscal years.*

(2) *As of June 30, 2019 approximately $522 thousand in net position is reserved for the operations of the Office of International Affairs program and $634 thousand is reserved for future common area maintenance (CAM) expenses.*

The Condensed Statements of Net Position reflect the FIU HCN's realignment of operations and change in financial model which began in FY 2015-2016 when the HCN revenue source changed from a full risk clinical revenue model to a management fee service revenue model. In this model the assets and liabilities of the HCN also include the assets and liabilities of the HWCOM OIA line of business. Current assets mainly depict cash and receivables of the MSO and the HWCOM OIA line of business.

The 2019 fiscal year is presented with a restated beginning net position resulting from a prior period adjustment related to the reclassification of the CAM balance.

In fiscal year 2019, total assets increased by approximately $1.8 million. This includes non-current capital assets net of depreciation which decreased in fiscal year 2019 by approximately $63 thousand due to depreciation expense. Total liabilities decreased by approximately $544 thousand driven by a prior fiscal year adjustment in Current Liabilities resulting from the reclassification of the CAM and the decrease in long term liabilities resulting from payments towards the debt due to FIU.

The FIU HCN's total net position went from ($3.1) million re-stated beginning net position to ($1.3) million at June 30, 2019 showing an improvement of approximately $1.8 million deriving mainly from the management fee revenues under the MSO line of business. Approximately $522 thousand of the Total Net Position in the fiscal year 2019 is reserved for the operations of the HWCOM OIA program and $634 thousand is reserved for future CAM expenses.

The 2018 fiscal year is presented as originally reported with a restated ending net position. In summary of the 2018 fiscal year, assets reported totaled approximately $6.9 million. This includes non-current capital assets net of depreciation. Liabilities as originally reported totaled $10.5 million. Taking into account the adjusting entry deriving from the CAM reclassification amounting to an increase of $512 thousand, the restated net position for the 2018 fiscal year totaled ($3.1) million.

Statement of Revenues, Expenses and Changes in Net Position

The statement of revenues, expenses, and changes in net position presents the FIU HCN's revenue and expense activity, categorized as operating and non-operating. Operating revenues are comprised principally of management fee service revenues, HWCOM OIA educational program revenue and rental income. Revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid.

The following summarizes the FIU HCN's activity for the fiscal years ended June 30:

Condensed Statements of Revenues, Expenses, and Changes in Net Position (In Thousands)

	2019 (2)	**2018** (1)
Operating revenues	$ 9,977	$ 8,372
Operating expenses	5,750	5,431
Operating Gain	4,227	2,941
Non-operating expenses	(154)	(161)
Transfers to the University	(2,254)	(1,447)
Change in Net Position	1,819	1,333
Net Position, beginning of year - restated (2)	(3,121)	(4,966)
Net Position, end of year	$ (1,302)	$ (3,633)
Prior period - adjustment to net position		$ 512
Net Position, end of year – restated (1)		$ (3,121)

(1) Fiscal Year 2018 is presented as originally reported with a restated ending net position. This results from the adjustment deriving from the CAM reclassification.

(2) Fiscal year 2019 beginning net position is presented as restated. The reclassification of the CAM resulted in an adjustment of the beginning net position.

Operating Revenues

The FIU HCN categorizes revenues as either operating or non-operating. Operating revenues are derived from management fees, educational programs, and rental income.

The following summarizes the operating revenues by source that were used to fund operating activities during the fiscal years ended June 30. The 2018 fiscal year is presented as originally reported.

Operating Revenues (In Thousands)

	2019	**2018**
Management fees	$ 2,892	$ 2,519
Educational program	4,617	3,713
Rental revenue	496	486
Rental revenue – common area maintenance	163	-
Other revenues	1,809	1,654
Total Operating Revenues	$ 9,977	$ 8,372

The management fees derive from the management of the HWCOM clinics where the faculty physicians of HWCOM provide services to patients of the local community, the HWCOM OIA educational program where FIU HCN provides management services to the American University of Antigua (AUA) by administering its Certificate Program for the Clerkship Rotation to 3rd year medical students and its other programs, the other international programs with global affiliates, the Student Health Clinics and pharmacy and Embrace.

The clinical services provided by the faculty physicians consist of Family Medicine, Internal Medicine, Gynecology, Dermatology, clinical Oncology, Psychiatry and Behavioral Health. These providers operate in various clinical sites: Modesto A. Maidique Campus, Broward and in the three mobile health clinics. Patient revenues are not reported above since they are recorded directly on the books of HWCOM along with respective patient accounts receivable. The revenue related to the clinics reported above under "other revenue" represents the pass through of the clinics' operating expenses paid by HWCOM to the FIU HCN.

The educational program revenue under HWCOM OIA is derived from the fifth semester rotations (FM1/IM1), the graduate certificate program (core program) and the fourth year electives program from the AUA and from fees from clinical electives in the International Visiting Medical Student (IVMS) program administered to international students through collaboration with various institutions around the world. The HWCOM OIA program also generates revenues from other fees related to registration, change and cancellation fees. These are included under Other Revenues.

All other revenues consist primarily of rental revenue from Gastro Health and the CAM and rental revenue from the lease of the Ambulatory Care Center (ACC) to the Miami Children's Hospital on the second floor of the Ambulatory Care Center building (ACC) which opened in April of 2015. In fiscal year 2019, the CAM received with the rent payment from the Miami Children's Hospital gets recognized as revenue where as in prior periods it was recorded as a liability for future CAM expenses. Please refer to note 8 in the notes to financial statements.

Operating Expenses

The FIU HCN categorizes expenses as operating or non-operating. The Governmental Accounting Standards Board (GASB) gives financial reporting entities the choice of reporting operating expenses in the functional or natural classifications. The FIU HCN has chosen to report the expenses in their natural classification on the statement of revenues, expenses, and changes in net position.

The following summarizes the operating expenses by natural classifications for the fiscal years ended June 30. The 2018 fiscal year is presented as originally reported.

Operating Expenses (In Thousands)

	2019	**2018**
Contractual personnel services	$ 2,337	$ 2,207
Contracted professional and consulting services	2,496	2,390
Rentals and leases	119	102
Common area maintenance expenses	42	-
Other operating	420	431
Depreciation	63	69
Supplies - medical	119	103
Utilities	42	39
Repairs and maintenance	9	6
Advertising and promotion	41	32
Insurance	23	23
Supplies - other	39	29
Total Operating Expenses	$ 5,750	$ 5,431

Operating expenses for the fiscal year 2019 totaled approximately $5.8 million. This represents an increase of approximately $319 thousand from the previous fiscal year 2018 mainly due to: (a) The increase in salary and benefits resulting from two positions previously in medical leave during the prior fiscal year, vacant positions filled in the fiscal year 2019 and the across the board FIU merit increases. (b) The increase in the HWCOM OIA contracted services for preceptor rotations brought by the increase in the volume of rotations under the HWCOM OIA line of business. (c) The reclassification of the CAM related to CAM repairs and maintenance expense. Please refer to note 8 in the notes to financial statements.

Operating expenses for the fiscal year 2018 are presented as originally reported and they totaled approximately $5.4 million primarily deriving from personnel salary and benefits and the HWCOM OIA contracted services for preceptor rotations brought by the volume of rotations under the HWCOM OIA line of business.

Non-Operating Expenses

Non-operating expenses include interest expense on the loans owed to the University for previous years of operations as a full risk faculty group practice.

The following summarizes the FIU HCN's non-operating expenses for the fiscal years ended June 30:

Non-Operating Revenues (Expenses) (In Thousands)

	2019	2018
Interest Expense	$ (154)	$ (161)
Non-Operating Expenses	$ (154)	$ (161)

There was no non-operating income for 2019 or 2018.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

FIU HCN will continue to operate as a management services organization for FIU. As we enter the FY 2019-2020, FIU HCN revenues will continue to derive from management fees related to HWCOM clinics, the AUA graduate certificate program, the AUA FM1/IM1 program, the AUA Electives program, the International Visiting Medical Student (IVMS) program, the Student Health clinics and pharmacy, Embrace, and the leases from Miami Children's Hospital and Gastro Health.

In fiscal year 2020 the management service revenue from HWCOM to manage the clinics will continue to be a flat MSO fee reported as management revenue under the MSO line of business. The cost reimbursement from HWCOM for the clinic's operating expenses will continue to be reported as Other Revenue in order to offset the expenses under the Clinics line of business thus bringing it to a change in net position of zero to represent the pass-through on the books of the FIU HCN. The operating expenses of the HWCOM clinics will continue to include the cost of the clinical support staff and associated benefits and all operating cost to operate the clinical sites. All cash collections related to patient services provided since July 1, 2015 will continue to be the revenue and receivables of the HWCOM and it will continue to be reported under the books of the HWCOM; outside of the HCN entity books.

In the new fiscal year 2020 the HCN MSO continues as a self-sustained financial model absorbing the expenses aligned to the MSO operations. The ten-year expanded agreement negotiated with the University of Antigua, continued growth and expansion from both the AUA and International Visiting Medical Student (IVMS) programs will benefit the FIU HCN entity with an increase in management fee revenue.

There are other potential stakeholders that can use FIU HCN for their management services. The goal for FIU HCN FY 2019-2020 is continued increase of HWCOM OIA programmatic growth by increasing global partners, expanding clinical sites and expansion of FIU college partners participating in international programmatic enhancement. We will focus on enhanced services at all clinical sites inclusive of developing a comprehensive telehealth program at Student Health clinics to expand access, and focus on operation process improvement. In addition, we are positioned to implement billing services at the Student Health clinics and decrease dependency on the health fee subsidy of the Student Health pharmacy. We will continue to focus to increase clinical revenue for HWCOM by aligning physician productivity, increase patient service offerings, and focus on operational efficiencies. Finally, as an MSO, FIU HCN is committed to increase management fee revenues by offering services to other potential partners.

We are projecting revenues from international programs to continue to be strong. In addition to existing programs, there continues to be great interest by a new market of international academic institutions to partner with FIU managed by FIU HCN for new programs. We are developing programmatic offerings for faculty development for our partner universities and including potential services accessible online to international markets. These new developments will increase management fee revenues to HCN and programmatic revenues to HWCOM.

REQUESTS FOR INFORMATION

This financial statement is designed to provide a general overview of the FIU HCN's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, The Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc., 11200 SW 8th Street, Miami, Florida 33199.

THE FLORIDA INTERNATIONAL UNIVERSITY
ACADEMIC HEALTH CENTER HEALTH CARE NETWORK
FACULTY GROUP PRACTICE, INC.
STATEMENT OF NET POSITION
JUNE 30, 2019

ASSETS

Current assets	
Cash and cash equivalents	$ 8,339,815
Management fee receivable	151,345
Prepaid expenses	17,203
Total current assets	8,510,620
Noncurrent assets	
Depreciable capital assets, net	151,275
Total assets	$ 8,661,895

LIABILITIES

Current liabilities	
Accounts payable	$ 1,778,667
Due to Florida International University	339,374
Unearned revenue	798,131
Total current liabilities	2,916,172
Noncurrent liabilities	
Due to Florida International University	7,048,249
Total liabilities	$ 9,964,421

NET POSITION

Net position	
Net investment in capital assets	$ 151,275
Unrestricted (see note 7)	(1,453,801)
Total net position	$ (1,302,526)

The accompanying notes are an integral part
of this financial statement.

THE FLORIDA INTERNATIONAL UNIVERSITY
ACADEMIC HEALTH CENTER HEALTH CARE NETWORK
FACULTY GROUP PRACTICE, INC.
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

Operating revenues	
Management fee revenue	$ 2,891,629
Educational program	4,617,318
Rental revenue	496,350
Rental revenue - common area maintenance	163,312
Other revenue	1,808,479
Total operating revenues	9,977,088
Operating expenses	
Contractual personnel services	2,336,697
Contracted professional consulting services	2,496,284
Rentals and leases	118,662
Common area maintenance expenses	41,494
Other operating	420,259
Depreciation	63,275
Supplies - medical	119,191
Utilities	41,714
Repairs and maintenance	9,013
Advertising and promotion	40,892
Insurance	23,289
Supplies - other	39,439
Total operating expenses	5,750,209
Operating gain	4,226,879
Nonoperating expenses	
Interest expense	(154,312)
Gain before transfers	4,072,567
Transfers to Florida International University	(2,254,302)
Change in net position	1,818,265
Net position, beginning of year, as originally stated	(3,632,768)
Prior period adjustment (see Note 8)	511,977
Net position, beginning of year, as restated	(3,120,791)
Net position, end of year	$ (1,302,526)

The accompanying notes are an integral part
of this financial statement.

THE FLORIDA INTERNATIONAL UNIVERSITY
ACADEMIC HEALTH CENTER HEALTH CARE NETWORK
FACULTY GROUP PRACTICE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

Cash flows from operating activities	
Receipts from management fee revenue	$ 2,998,866
Receipts from educational program revenue	4,817,858
Receipts from rent and other revenue	2,610,874
Payments to suppliers for goods and services	(5,371,905)
Net cash and cash equivalents provided by operating activities	5,055,693
Cash flows from noncapital financing activities	
Transfer to Florida International University	(2,582,293)
Interest paid to Florida International University	(154,312)
Net cash and cash equivalents used in noncapital financing activities	(2,736,605)
Net change in cash and cash equivalents	2,319,088
Cash and cash equivalents, beginning of year	6,020,727
Cash and cash equivalents, end of year	$ 8,339,815
Reconciliation of operating gain to net cash and cash equivalents provided by operating activities:	
Operating gain	$ 4,226,879
Depreciation	63,275
Adjustments to reconcile operating gain to net cash and cash equivalents provided by operating activities:	
Increase in rent receivable	(1,121)
Decrease in management fee receivable	107,237
Decrease in education program receivable	229,564
Decrease in sales tax receivable	143,854
Increase in other current assets	(9,512)
Increase in accounts payable	324,541
Decrease in unearned revenue	(29,024)
Net cash and cash equivalents provided by operating activities	$ 5,055,693

The accompanying notes are an integral part
of this financial statement.

(1) Summary of Significant Accounting Policies:

(a) **Reporting entity**—The Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. (the FIU HCN), a Florida not-for-profit corporation, is a component unit of Florida International University (FIU). The FIU HCN exists exclusively to support the mission of FIU to improve and support health education at the FIU in the Herbert Wertheim College of Medicine (HWCOM), the Robert Stempel College of Public Health and Social Work, the College of Nursing and Health Sciences, and departments in the College of Arts and Sciences with clinical activities. The FIU HCN has been granted tax-exempt organization status as defined by Section 501(c)(3) of the Internal Revenue Code. FIU HCN transitioned to a Management Services Organization (MSO) model in fiscal year 2016 where management services are provided to HWCOM, Office of International Affairs (OIA), the FIU Student Health Clinics, CCS, and Embrace. Additionally, FIU HCN also receives sublease revenue.

The FIU HCN was organized in the State of Florida on February 21, 2008 and on August 9, 2012, the FIU HCN changed its name from The Florida International University College of Medicine Health Care Network Faculty Group Practice, Inc. to The Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc.

(b) **Basis of presentation**—The financial statements of the FIU HCN have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The FIU HCN reports under the GASB standards because it meets the criteria regarding the popular election of officers or appointment of a controlling majority of the members of the FIU HCN's governing body by one or more state or local governments.

In accordance with GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments,* the FIU HCN met the criteria to use enterprise fund accounting and financial reporting. Accordingly, the financial statements are reported using the economic resources measurement focus and accrual basis of accounting, which recognizes revenue when earned and expenses when a liability is incurred, regardless of timing of the related cash flow.

(c) **Use of estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

(d) **Cash and cash equivalents**—The FIU HCN considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, Florida Security for Public Deposits Act, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or another banking institution, eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits (includes cash and restricted cash) are insured or collateralized.

(1) **Summary of Significant Accounting Policies:** (Continued)

(e) **Capital assets**—Capital assets are reported at historical cost less accumulated depreciation and amortization. Capital assets consist of fixed and moveable medical equipment and leasehold improvements. Depreciation and amortization are calculated using the straight line method over the following estimated service lives, which consist of 10 years for leasehold improvements, 5-15 years for moveable equipment and 5-7 years for fixed equipment.

(f) **Flow assumption for restricted assets**—If both restricted and unrestricted assets are available for use for a certain purpose, it is the FIU HCN's policy to use restricted assets first, and then use unrestricted assets as needed.

(g) **Operating revenue and expenses**—The FIU HCN's statements of revenues, expenses, and changes in net position distinguishes between operating and nonoperating revenue and expenses. Operating revenue results from exchange transactions associated with providing management services to HWCOM, Student Health Clinics, Embrace, the management of the educational program for the OIA which are earned under the terms of the agreement with the American University in Antigua (AUA), CCS credentialing services, and the subleases to Miami Children's Hospital and Gastro Health. Operating expenses include all expenses incurred to provide management services, other than external financing costs. Additionally, operating expenses also include programmatic services and other expenses that are passed through to stake holders.

(h) **Educational program revenue**—Educational program revenues are earned under the terms of the agreement with the AUA and consist of monthly tuition revenues earned at the start of each program cycle. In addition, FIU HCN receives program revenue under OIA from the International Visiting Medical Student program administered to international students through collaboration with various institutions. As part of the MSO role for OIA, FIU HCN manages the operations and is custodial of programmatic profits until such time the HWCOM requests transfers of the profits.

(i) **Income taxes**—The FIU HCN is a not-for-profit corporation, as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes, except for unrelated business income. There were no income taxes resulting from unrelated business income during the year ended June 30, 2019.

(j) **Pronouncements issued**—GASB issued Statement No. 87, *Leases*, in June 2017. GASB No. 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It established a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions in GASB No. 87 are effective for periods beginning after December 15, 2019.

(k) **Subsequent events**—The FIU HCN has evaluated events and transactions for potential recognition or disclosure in the financial statements through October 24, 2019, the date of the financial statements where available for issue. No subsequent events have been recognized or disclosed.

(2) Educational Program:

Effective October 1, 2013, an agreement was executed by HWCOM on behalf of the FIU HCN with the AUA that allows for the opportunity for qualified AUA students to participate in a HWCOM Clinical Certificate Program that offers clinical rotations in multiple medical specialties under three different AUA programs. A new agreement with the AUA was executed by HWCOM, FIU HCN and the Florida International University effective October 1, 2018 through September 30, 2021, increasing rates and replacing the previous agreement. The agreement shall automatically renew for an additional seven consecutive one year terms until September 30, 2028 and it will generate management fee and education program revenues for the FIU HCN.

For the year ended June 30, 2019, total revenues earned under the terms of the agreements approximated $4,868,000, composed of $1,730,000 in management fee revenue and $3,138,000 in educational program revenue.

(3) Depreciable Capital Assets:

A summary of depreciable capital assets is as follows:

	Balance July 1, 2018	Additions	Disposals	Balance June 30, 2019
Medical equipment	$ 551,669	$ -	$ -	$ 551,669
Accumulated depreciation	(337,119)	(63,275)	-	(400,394)
Depreciable capital assets, net	$ 214,550	$ (63,275)	$ -	$ 151,275

The above balance includes $42,554 of net depreciable capital assets that were idle during the year ended June 30, 2019.

(4) Related Party Transactions:

On August 27, 2010, the FIU HCN entered into a loan agreement totaling $5,321,198 with FIU in order to provide working capital and build out capital to fund the expansion of the faculty practice plan and the establishment of the ambulatory care center and other FIU clinical activities. In June of 2015 FIU HCN renegotiated the loan agreement with FIU and borrowed an additional $3,015,652. The total loaned by FIU to HCN was $8,633,962, interest on the loan accrues at 2.00% simple interest and the loan is scheduled to mature in 2036.

Estimated principal and interest payments for the life of the amounts due to FIU, based on the balance due as of June 30, 2019, are as follows:

For the Year Ending June 30,	Principal	Interest	Total
2020	$ 339,374	$ 147,752	$ 487,126
2021	351,033	140,965	491,998
2022	362,973	133,944	496,917
2023	375,202	126,685	501,887
2024	387,725	119,181	506,906
2025-2029	2,137,223	474,363	2,611,587
2030-2034	2,498,265	246,539	2,744,803
2035-2036	935,828	26,497	962,325
Total	$ 7,387,623	$ 1,415,926	$ 8,803,549

(4) **Related Party Transactions:** (Continued)

In addition, at June 30, 2019 $287,601 was owed to FIU for expenses incurred in the ordinary course of business and is included in accounts payable on the statement of net position. Amounts owed from FIU for revenues incurred in the ordinary course of business are included in management fee receivable on the statements of net position at June 30, 2019 totaled $143,435.

(5) **Leases:**

The University and the FIU HCN are parties to a space leasing agreement for the Ambulatory Care Center with a term of 40 years, expiring in October 2053. For the year ended June 30, 2019, rent expense under this agreement amounted to $1.

Furthermore, certain space within this facility was subleased with rental income of $496,350 and common area maintenance income of $163,312 for the year ended June 30, 2019. This sublease runs through 2035, and has an option to renew for an additional 10 year period. Future minimum rentals will be increased by the Bureau Labor Statistics Consumer Price Index ("CPI") on annual basis. Future minimum rentals to be received on the sublease are as follows:

Fiscal Year Ending June 30	Rent	Common Area Maintenance	Amount
2020	$ 496,350	$ 163,312	$ 659,662
2021	496,350	163,312	659,662
2022	496,350	163,312	659,662
2023	496,350	163,312	659,662
2024	496,350	163,312	659,662
Thereafter	5,335,763	1,755,604	7,091,367
Total future minimum rentals	$ 7,817,513	$ 2,572,164	$ 10,389,677

The FIU HCN leases equipment and building occupancy on a month-to-month basis. Total rental expense for the year ended June 30, 2019 was $118,662.

(6) **Commitments and Contingencies:**

Healthcare industry—The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare participation requirements, reimbursement for patient services, Medicare fraud and abuse and under provisions of the Health Insurance Portability and Accountability Act of 1996, patient records privacy and security. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

Management believes that the FIU HCN is currently in compliance with fraud and abuse statutes as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

(7) Unrestricted Net Position:

Unrestricted net position is classified as follows at June 30, 2019:

Designated	
Common area maintenance	$ 633,795
Office of International Affairs	522,325
Total designated	1,156,120
Undesignated	
This component represents funds that have not been designated for any purpose by the Board of Directors and are readily available for expenditure, in accordance with the purpose and bylaws of the FIU HCN [see Note (1) (a)]	(2,609,921)
Total unrestricted net position	$ (1,453,801)

(8) Prior Period Adjustment:

During 2019, management determined that rental fees collected for common area maintenance (CAM) on the Ambulatory Care Center should be recognized as revenue when collected, and costs incurred associated with CAM should be expensed as incurred (see Note 5). Previously, the rental fees collected had been recorded as a liability for future CAM expenses and costs incurred for CAM items had been recorded as reductions of this liability. This resulted in an increase in beginning net position at July 1, 2018 from ($3,632,768) to ($3,120,791) in the accompanying financial statements.

COMPLIANCE SECTION

James Moore
Certified Public Accountants and Consultants

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors and Audit Committee of:
The Florida International University Academic Health Center
Health Care Network Faculty Group Practice, Inc.:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. (the FIU HCN) as of and for the year ended June 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated October 24, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the FIU HCN's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the FIU HCN's internal control. Accordingly, we do not express an opinion on the effectiveness of the FIU HCN's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the FIU HCN's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James Moore ; Co., P.L.

Gainesville, Florida
October 24, 2019

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee
December 5, 2019

Subject: Signature Authority – Depositories

Proposed Committee Action:

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

Bank of America, N.A.
Charlotte, NC

U.S. Bank, N.A.
Cincinnati, OH

Regions Bank, N.A.
Birmingham, AL

JP Morgan Chase Bank, N.A.
Columbus, OH

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

Background Information:

The BOT is updating its official records with respect to the banking institutions that may serve as depositories of University funds. The official record is being amended to reflect the following changes:

- Removal of Wachovia Bank, N.A. which is no longer designated a qualified public depository; and
- Adding JP Morgan Chase Bank, N.A. which was awarded Banking Services through ITN Solicitation # ITN 2019-00006.

Section 1011.42 (1) of the Florida Statutes provides that the board of trustees of each university shall designate the depositories in which any university funds may be deposited. No bank shall be designated unless it is a qualified depository as provided by Florida Statutes.

Supporting Documentation:	Banking Services Intent to Award List of Qualified Public Depositories as of September 30, 2019
Facilitator/Presenter:	Kenneth A. Jessell

FIU | FLORIDA INTERNATIONAL UNIVERSITY

Procurement Services
Modesto A. Maidique Campus
CSC – 411
Miami, Florida 33199
(305) 348- 2161
(305) 348-3600 Fax
http://finance.fiu.edu/purchasing/

Intent to Award

COMPETITIVE SOLICITATION NO: ITN 2019-00006

TITLE: **BANKING SERVICES**

DATE: **August 22, 2019**

PLACE:
Florida International University
Modesto A. Maidique Campus, CSC 411
Procurement Services
11200 SW 8th Street
Miami, Florida 33199

VENDOR: **J.P. Morgan Chase Bank, N.A.**

Awarded Bank Account Services (Lot 1) & Credit Card Services (Lot 2)
* The Committee recommended not to award Lot 3 to any Bank.

Kelly Loll

Kelly Loll, C.P.M.
Executive Director of Procurement Services

Any vendor/interested person who is disputing the specifications or is adversely affected by a decision or intended decision concerning this competitive soliciation or contract award and who wants to protest such specifications, decision, or intended decision shall file a protest in compliance the Florida Board of Governors' regulations. Failure to file a protest in accordance with Florida Board of Governors' regulation 18.002, or failure to post the bond or other security as required in BOG regulations 18.002 and 18.003 shall constitute a waiver of protest proceedings.

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LIST OF QUALIFIED PUBLIC DEPOSITORIES
AS OF SEPTEMBER 30, 2019

FEIN	INSTITUTION	HOME OFFICE LOCATION
591846933	AMERANT BANK, N.A.	CORAL GABLES,FL
161764661	AMERICAN MOMENTUM BANK	COLLEGE STATION,TX
592430369	AMERICAN NATIONAL BANK	OAKLAND PARK,FL
581111076	AMERIS BANK	MOULTRIE,GA
202502516	ANCHOR BANK	JUNO BEACH,FL
720218544	ANTHEM BANK & TRUST	PLAQUEMINE,LA
651066544	APOLLO BANK	MIAMI,FL
591008568	AXIOM BANK, N.A.	MAITLAND,FL
591485307	BAC FLORIDA BANK	CORAL GABLES,FL
630476286	BBVA USA	BIRMINGHAM,AL
362085229	BMO HARRIS BANK, N.A.	CHICAGO,IL
640117230	BANCORPSOUTH BANK	TUPELO,MS
202768792	BANESCO USA	CORAL GABLES,FL
132614394	BANK LEUMI USA	NEW YORK,NY
941687665	BANK OF AMERICA, N.A.	CHARLOTTE,NC
591024375	BANK OF BELLE GLADE	BELLE GLADE,FL
208376899	BANK OF CENTRAL FLORIDA	LAKELAND,FL
591447189	BANK OF TAMPA, THE	TAMPA,FL
591050700	BANK OF THE SOUTH	PENSACOLA,FL
270217289	BANKUNITED, N.A.	MIAMI LAKES,FL
593672784	BEACH COMMUNITY BANK	FORT WALTON BEACH,FL
561074313	BRANCH BANKING AND TRUST COMPANY	WINSTON-SALEM,NC
590153930	BRANNEN BANK	INVERNESS,FL
370613731	BUSEY BANK	CHAMPAIGN,IL
630258819	CCB COMMUNITY BANK	ANDALUSIA,AL
640156695	CADENCE BANK, N.A.	BIRMINGHAM,AL
593277398	CAPITAL CITY BANK	TALLAHASSEE,FL
710009885	CENTENNIAL BANK	CONWAY,AR
592979916	CENTERSTATE BANK, N.A.	WINTER HAVEN,FL
205909064	CENTRAL BANK	TAMPA,FL
592664950	CHARLOTTE STATE BANK & TRUST	PORT CHARLOTTE,FL
135266470	CITIBANK, N.A.	SIOUX FALLS,SD
590193780	CITIZENS BANK AND TRUST	FROSTPROOF,FL
590557762	CITIZENS BANK OF FLORIDA	OVIEDO,FL
593018034	CITIZENS FIRST BANK	THE VILLAGES,FL
591297458	CITY NATIONAL BANK OF FLORIDA	MIAMI,FL
590201970	COLUMBIA BANK	LAKE CITY,FL
593472696	COMMUNITY BANK & TRUST OF FLORIDA	OCALA,FL
640154830	COMMUNITY BANK OF MISSISSIPPI	FOREST,MS
593611444	COMMUNITY BANK OF THE SOUTH	MERRITT ISLAND,FL
590795359	COMMUNITY STATE BANK	STARKE,FL
591521267	CONTINENTAL NATIONAL BANK	MIAMI,FL
591451065	CREWS BANK & TRUST	ARCADIA,FL
592976493	DRUMMOND COMMUNITY BANK	CHIEFLAND,FL
591259357	EASTERN NATIONAL BANK	MIAMI,FL
650765849	EDISON NATIONAL BANK	FORT MYERS,FL
611433431	ENGLEWOOD BANK & TRUST	ENGLEWOOD,FL
591387466	EXECUTIVE NATIONAL BANK	MIAMI,FL
590788761	FNBT BANK	FORT WALTON BEACH,FL
310676865	FIFTH THIRD BANK	CINCINNATI,OH
208075599	FINEMARK NATIONAL BANK & TRUST	FORT MYERS,FL
590242465	FIRST BANK	CLEWISTON,FL
202945754	FIRST BANK OF THE PALM BEACHES	WEST PALM BEACH,FL
593528089	FIRST CITRUS BANK	TAMPA,FL
590612190	FIRST CITY BANK OF FLORIDA	FORT WALTON BEACH,FL
261462549	FIRST COLONY BANK OF FLORIDA	MAITLAND,FL
590969721	FIRST FEDERAL BANK	LAKE CITY,FL
202951094	FIRST FLORIDA BANK	DESTIN,FL
208397856	FIRST FLORIDA INTEGRITY BANK	NAPLES,FL
593526917	FIRST HOME BANK	SEMINOLE,FL
592312147	FIRST NATIONAL BANK NORTHWEST FLORIDA	PANAMA CITY,FL
590242830	FIRST NATIONAL BANK OF MOUNT DORA, THE	MOUNT DORA,FL

592648115	FIRST NATIONAL BANK OF PASCO	DADE CITY,FL
590675658	FIRST NATIONAL BANK OF SOUTH MIAMI	SOUTH MIAMI,FL
590877517	FIRST NATIONAL BANK OF WAUCHULA	WAUCHULA,FL
580379465	FIRST SOUTHERN BANK	WAYCROSS,GA
650790413	FIRST STATE BANK OF THE FLORIDA KEYS	KEY WEST,FL
620201385	FIRST TENNESSEE BANK N.A.	MEMPHIS,TN
660183103	FIRSTBANK PUERTO RICO	SAN JUAN,PR
650980079	FLAGLER BANK	WEST PALM BEACH,FL
592475686	FLORIDA CAPITAL BANK, N.A.	JACKSONVILLE,FL
590199400	GROVE BANK & TRUST	MIAMI,FL
640169065	HANCOCK WHITNEY BANK	GULFPORT,MS
593584666	HEARTLAND NATIONAL BANK	SEBRING,FL
580659995	HERITAGE SOUTHEAST BANK	JONESBORO,GA
720218470	IBERIABANK	LAFAYETTE,LA
261783674	INTRACOASTAL BANK	PALM COAST,FL
134994650	JPMORGAN CHASE BANK, N.A.	COLUMBUS,OH
590549169	LAFAYETTE STATE BANK	MAYO,FL
204694103	LEGACY BANK OF FLORIDA	BOCA RATON,FL
593559141	MADISON COUNTY COMMUNITY BANK	MADISON,FL
200235207	MAINSTREET COMMUNITY BANK OF FLORIDA	DELAND,FL
650644585	MARINE BANK & TRUST COMPANY	VERO BEACH,FL
420335350	MIDWESTONE BANK	IOWA CITY,IA
361561860	NORTHERN TRUST COMPANY, THE	CHICAGO,IL
592237280	OCEAN BANK	MIAMI,FL
010914314	ONE FLORIDA BANK	ORLANDO,FL
042764211	ONEUNITED BANK	BOSTON,MA
592648364	PNB COMMUNITY BANK	NICEVILLE,FL
221146430	PNC BANK, N.A.	WILMINGTON,DE
592437764	PACIFIC NATIONAL BANK	MIAMI,FL
203037095	PARADISE BANK	BOCA RATON,FL
591510993	PEOPLES BANK OF GRACEVILLE	GRACEVILLE,FL
581171935	PEOPLESSOUTH BANK	COLQUITT,GA
592689717	PILOT BANK	TAMPA,FL
580137310	PINELAND BANK	ALMA,GA
522126008	POPULAR BANK	NEW YORK,NY
260474086	PRIME MERIDIAN BANK	TALLAHASSEE,FL
262155465	PROFESSIONAL BANK	CORAL GABLES,FL
261740755	PROGRESS BANK AND TRUST	HUNTSVILLE,AL
593244348	RAYMOND JAMES BANK, N.A.	ST. PETERSBURG,FL
630371391	REGIONS BANK	BIRMINGHAM,AL
640220550	RENASANT BANK	TUPELO,MS
610197400	REPUBLIC BANK & TRUST COMPANY	LOUISVILLE,KY
590193820	SEACOAST NATIONAL BANK	STUART,FL
203341252	SEASIDE NATIONAL BANK & TRUST	ORLANDO,FL
202451671	SERVISFIRST BANK	BIRMINGHAM,AL
204091629	SMARTBANK	PIGEON FORGE,TN
580214350	SOUTHEASTERN BANK	DARIEN,GA
580466330	SUNTRUST BANK	ATLANTA,GA
650878433	SUNSTATE BANK	MIAMI,FL
590580845	SURETY BANK	DELAND,FL
580201800	SYNOVUS BANK	COLUMBUS,GA
010137770	TD BANK, N.A.	WILMINGTON,DE
593531592	TIAA, FSB DBA EVERBANK	JACKSONVILLE,FL
592532510	TERRABANK, N.A.	MIAMI,FL
640878155	THE FIRST, A NATIONAL BANKING ASSOCIATION	HATTIESBURG,MS
140578631	TRUSTCO BANK	GLENVILLE,NY
640180810	TRUSTMARK NATIONAL BANK	JACKSON,MS
310841368	U.S. BANK N.A.	CINCINNATI,OH
522371258	U.S. CENTURY BANK	DORAL,FL
630838750	UNITED BANK	ATMORE,AL
590489540	UNITED SOUTHERN BANK	UMATILLA,FL
221186387	VALLEY NATIONAL BANK	PASSAIC,NJ
590500870	WAUCHULA STATE BANK	WAUCHULA,FL
941347393	WELLS FARGO BANK, N.A.	SIOUX FALLS,SD
821914784	WINTER PARK NATIONAL BANK	WINTER PARK,FL

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee

December 5, 2019

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

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Proposed Committee Action:

Recommend that The Florida International University Board of Trustees reauthorize a request to the Florida Board of Governors to request the Division of Bond Finance of the State Board of Administration to issue revenue bonds on behalf of Florida International University to finance construction of a Student Residence Facility on the Modesto A. Maidique Campus of the University.

Background Information:

The Department of Housing and Residential Life of the Division of Academic and Student Affairs previously submitted a Proposal (the "Original Proposal") for the financing and construction of a new Student Residence Facility on the Modesto A. Maidique campus of the University (the "Project"). The Original Proposal included 656 beds (640 rentable and 16 for Student Resident Assistants), approximately 300 parking spaces and ancillary space to service the residents. The total Project construction cost based on the Original Proposal was expected to be approximately $66,500,000 with $16,400,000, cash contribution from Housing and Parking reserves.

The Original Proposal was approved by The Florida International University Board of Trustees on March 3, 2017, and subsequently by the Florida Board of Governors on June 22, 2017. Upon approval by the Board of Trustees, FIU advertised for Architectural and Engineering services to design the Project, which resulted in an award to the firm Perkins and Will. Subsequently, FIU advertised for Construction Management Services for the Project, which resulted in an award to the firm Moss and Associates.

Since the Project was approved, there have been significant increases in construction costs. Additionally, there have been changes in Project programming, such as type and number of units. As a result, re-approval of the Project by both the Florida International University Board of Trustees and the Florida Board of Governors is required.

The Project will be constructed as an apartment style residence hall with 697 beds (677 rentable and 20 for Student Resident Assistants) and will include ancillary space to service the residents (the "Updated Proposal"). The Project is contemplated on the University's 2010-20 Campus Master Plan. The total Project construction cost based on the Updated Proposal is expected to be approximately $87,500,231with approximately $23,000,000 cash contribution from Housing reserves.

The Administration recommends that The Florida International University Board of Trustees authorize a request from the Board of Governors to the Division of Bond Finance to issue fixed rate revenue bonds in an amount not exceeding (i) $71,800,000, including Project cost and amount of debt issuance, as deemed necessary by the University to finance the construction of the Project, finance capitalized interest and pay costs of issuing the Bonds. The Bonds will mature not more than thirty (30) years after issuance with fixed annual debt service payments.

This request is consistent with the Florida Board of Governors Debt Management Guidelines dated September 21, 2013; Sections 1010.62 of the Florida Statutes; and Article IX, Section 7, Florida Constitution.

Supporting Documentation:

1. Requesting Resolution in Board of Governors Form
2. Appendix A
3. Funding Certification Form

Facilitator/Presenter: Kenneth A. Jessell

A RESOLUTION AUTHORIZING THE ISSUANCE OF DEBT AND REQUESTING THE FLORIDA BOARD OF GOVERNORS TO APPROVE THE ISSUANCE OF SUCH DEBT TO FINANCE THE CONSTRUCTION OF A 697 BED STUDENT RESIDENCE FACILITY (PARKVIEW HOUSING – PHASE II) ON THE MODESTO A. MAIDIQUE CAMPUS OF FLORIDA INTERNATIONAL UNIVERSITY; PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE BOARD OF TRUSTEES:

Section 1. The Board of Trustees (the "Board of Trustees") of the Florida International University (the "University") hereby requests the Florida Board of Governors to request the Division of Bond Finance of the State Board of Administration of Florida (the "Division") to issue bonds in an amount not exceeding (i) $71,800,000 (the "Bonds"), for the purpose of financing a (i) a Student Residence Facility, (ii) capitalized interest, and (iii) certain costs relating to the Bonds (the "Project") on the MMC campus of the University.

Section 2. The Project will consist of approximately 697 beds (677 rentable and 20 for Student Resident Assistants) and will include ancillary space to service the residents. The Project is reflected on the approved 2010-2020 campus master plan for the University and is consistent with the mission of the University because it will provide additional housing for use by students of the University. Construction of the Project is expected to begin March 2020 and to be completed by May 2022. Proceeds of the Bonds are not anticipated to be sufficient to complete the construction of the Project without the use of additional funds. Additional equity funding in the amount of approximately $23,000,000 will be obtained from cash capital improvement balances of the University's Housing system. Legislative approval of the Project has been obtained pursuant to section 1010.62, Florida Statutes. No proceeds of the Bonds will be used to finance operating expenses of the University. The Board hereby expresses its intention to be reimbursed from proceeds of future tax-exempt financings for capital expenditures to be paid by the Board in connection with the incurrence of debt for the purpose of acquiring, constructing, equipping, and installing the Project. The Board expects to use legally available funds to pay such costs, including, but not limited to, capital expenditures, costs of design, engineering, retrofitting, and other costs associated with the incurrence of debt. It is reasonably expected that the total amount of debt to be incurred, in one or more financings, by the Board with respect to the Project will not exceed $71,800,000. This Resolution is intended to constitute a "declaration of official intent" within the meaning of Section 1.150-2 of the Income Tax Regulations which were promulgated pursuant to the Internal Revenue Code of 1986, as amended, with respect to the debt incurred, in one or more financings, to finance the Project.

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

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

Section 5. The Board of Trustees will comply, and will require the University to comply, with all requirements of federal and state law relating to the Bonds, including but not limited to, laws relating to maintaining the exemption from taxation of interest payments on the Bonds and continuing secondary market disclosure of information regarding the Bonds.

Section 6. The University will comply with the Debt Management Guidelines adopted by the Board of Governors on April 27, 2006, as subsequently amended, and the debt management policy of the University.

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

Section 8. In making the determination to finance the Project, the Board of Trustees has reviewed the information attached to Appendix A and finds that the issuance of the Bonds is in compliance with the Debt Management Guidelines, the University's debt management policy, and applicable law.

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

CERTIFICATE OF THE CORPORATE SECRETARY

The undersigned, Corporate Secretary of the Florida International University Board of Trustees, does hereby certify that the attached resolution relating to the issuance of Bonds by the Division of Bond Finance of the State Board of Administration of Florida is a true and accurate copy as adopted by the Florida International University Board of Trustees on December 5, 2019 and said resolution has not been modified or rescinded and is in full force and effect on the date hereof.

BOARD OF TRUSTEES OF
FLORIDA INTERNATIONAL UNIVERSITY

Dated: _______, 2019

By: ________________________________
Corporate Secretary

Appendix A

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

1. the project summary;
    a. Florida International University Housing Demand Analysis Report May 2019

2. draw schedule for the project;

3. sources and uses of funds for the project;

4. estimated debt service schedule;

5. debt service schedules for any outstanding debt with a lien on the pledged revenues;

6. schedule showing estimated compliance with any additional bond requirement set forth in the documents governing the outstanding debt;

7. description of the security supporting repayment and the lien position the debt will have on that security;

8. five-year history and five-year projections of the pledged revenues and the debt service coverage;

9. projected pledge revenue and debt service coverage; and

10. Student Housing price comparison analysis.

Appendix A: Item 1
Project Summary
Florida International University
University Housing Project

Project Description: The proposed student residence facility project will be constructed on Florida International University's main campus and will provide an additional 697 beds to the existing capacity of 3,303 students in the housing system. The project will consist of one 13 level residence building totaling 300,064 gross square feet. It will be constructed as a residence hall that will include a mix of four bedroom and studio units. All units will feature single bedrooms, common areas, and kitchenettes. The building will include space for study lounges and gathering spaces to accommodate education and social activities.

The project is included in the current 2010-20 Campus Master Plan.

Facility Site Location: The proposed project will be located in the central, southern area of the Modesto A. Maidique campus of the University. It will be conveniently located near academic and student services buildings, food services, and the recreation center.

Projected Start and Opening Date: It is anticipated that construction of the project will commence in March 2020 and completed by May 2022.

Demand Analysis: The University has very limited on-campus housing. The student body for all degree-seeking students at all campuses was 50,574 in fall 2018, with only 3,714 (3,303 MMC and 411 BBC) students or 7.3 percent of the student population living on campus. FIU has the lowest percentage of students living on campus in the entire State University System (SUS). For the SUS, 25 percent of all undergraduate students are housed on campus; for FIU it is 8.5 percent. For fall 2019, 1,595 FIU students were on the on-campus housing interest list of students that were in need of housing. On the first day of classes in fall 2019, there were 712 students remaining on the housing waiting list still wanting housing on the MMC campus. On-campus housing has opened at 100 percent occupancy for the last two years. The University's goal is to house 20 percent of the total full-time student body by the year 2020. In order to achieve this goal, the University would need to construct an additional 2,941 bed spaces.

There are four private student housing complexes located adjacent to MMC across Southwest 8th street in Sweetwater: 109 Tower, 4th Street Commons, Identity Miami, and The One at University City. The four complexes combined have approximately 2,969 beds. Identity Miami opened Fall 2019 and The One at University City has an anticipated opening fall 2020. Most incoming and transfer and graduate students are referred to these facilities since on-campus housing is not able to accommodate these populations. Once The One at University City is completed, there is no additional private student housing currently under construction near MMC although additional student beds may be constructed during Phase II of development at The One at University City and additional units developed by Greystar (109 Tower). Like the four existing off-campus projects, if Phase II of The One at University City materializes, the focus will be on upper division undergraduate and graduate/professional students.

Although off-campus housing exists near MMC and has been an acceptable alternative for some students, the provision of amenities, living features, and student-friendly accommodations and agreement structures are infrequent. Rising costs and limited availability are also two prohibitive factors. Off-campus non-student apartment rental rates have increased consistently over the past several years and this trend is expected to continue in the foreseeable future. Students living off-campus in non-student housing apartments encounter an array of problems for which no immediate assistance is available. There is no in-house support when landlord, roommate, or academic problems arise. Additionally, much student effort goes toward working to pay rent, furnishing living quarters and commuting.

Student affordability continues to be a concern with students. Some students can only attend FIU if they live on campus because of the flexibility of making rental payments. FIU Housing provides students the ability to use financial aid and payment plans to make rental payments. Staff in FIU Housing individually work with students and families to make sure they can find all resources to help afford attending FIU. In fall 2019, 32 percent of all students living on campus used financial aid to pay rent and 21 percent were on payment plans.

Increasing the number of beds on campus will also continue to increase the number of students who are engaged in the campus community. On-campus residents are more likely to attend athletic events and campus programs, join a club, and participate in recreation activities. Students living on campus have access to tutoring and programs designed to help them be successful in and out of the classroom. This engagement and specialized programming results in students living on campus housing having a higher four-year graduation rate.

Furthermore, evidence that the lack of on-campus housing discourages some quality students from attending the University comes when applicants learn they will not be assigned to on-campus housing, on-campus housing is not available for graduate or professional students, and the off-campus student housing apartments are at capacity. In some cases, parents will not allow their children to come to Miami and live off-campus and in other cases parents cannot afford the additional expense of off-campus housing.

In addition to conducting its own analysis, FIU Housing engaged Brailsford & Dunlavey (B&D) in fall 2015 and subsequently summer 2019 to update the FIU Housing Master Plan which included an in-depth on-campus housing demand study. B&D's scope of work included strategic visioning, stakeholder and focus group interviews, a web-based student survey, a demand analysis, and off-campus market analysis which is included as part of the board materials. Key findings of the study stated that the housing system on MMC was providing 1,055 less beds when compared to the current student demand and existing inventory.

FIU Housing is looking to build 677 revenue-generating beds, which is less than the demand study because of rising construction cost and private student housing development around MMC. The University considered a public-private partnership structure during the evaluation process. However, the University does not feel that a multi-system approach to housing on the MMC campus is desirable.

In conclusion, there is a demonstrated need for additional on-campus student housing. The University, with a present total bed capacity of 3,303 students, does not have sufficient housing capacity to meet its growing student demand. FIU offers the least number of beds to undergraduate students in the State University System. Many students who desired on-campus housing on the Modesto A. Maidique Campus this year had to be referred to the Biscayne Bay Campus, off-campus housing apartments or chose not to attend the University. This is further evidenced by the waiting list maintained by the housing operation. The University will increasingly depend upon the availability of on-campus housing in order to attract high quality students with greater diversity. The construction of additional undergraduate and graduate student housing is critical to the achievement of the University's goal to become a top public urban research university.

Project Cost and Financing Structure:

The total project cost, which includes construction and associated design costs, is estimated at $87.5 million, and will be funded through bond proceeds and an approximately $23.0 million contribution from the Housing system capital improvement cash. The project will be financed with fixed rate, tax-exempt revenue bonds issued by the Florida State Board of Administration's Division of Bond Finance, on behalf of Florida International University, in an amount not to exceed $71.8 million. The bond issue will be structured with a not to exceed 30-year final maturity and approximately level debt service. Approximately $7.4 million of the debt will be used to fund capitalized interest during the construction period.

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

Security/Lien Structure:

Net housing system revenues will be pledged for the payment of debt service on parity with the system's outstanding debt. These revenues are derived primarily from rental income and summer special event rentals associated with this project and other miscellaneous collections after deducting operating and maintenance expenses ("Pledged Revenues"). When the facility opens in FY 2022-23, the projected rental rate per semester for the fall and spring will be $4,600 per bed for the four-bedroom unit. These rates are consistent with rental rates for existing facilities at the University and across the State University System.

The debt will be payable solely from the Pledged Revenues and secured as to the payment of principal and interest, on a parity with the State of Florida, Florida Education System, Florida International University Housing Facility Revenue Bonds, Series 2011A, 2012A and 2015A by a lien on the Pledged Revenues. Currently, $81,255,000 in aggregate principal amount is outstanding.

Pledged Revenues and Debt Service Coverage:

According to the forecasts provided by the FIU staff, the system is expected to generate Pledged Revenues of $18,268,202 in FY 2022-23, the first year of operation, and would produce a maximum annual debt service coverage ratio of 1.49X. The system is expected to generate Pledged Revenues of $18,292,839 during the second year of operations which would produce a maximum annual debt service coverage of 1.49X.

For the entire system, during the past five-year period from FY 2014-15 to FY 2018-19, Pledged Revenues ranged from $13,025,424 in FY 2014-15 to $13,826,364 in FY 2018-19. This resulted in maximum annual debt service coverage which ranged from 1.34X to 1.85X. For FY 2019-20 to FY 2024-25, Pledged Revenues for the system are projected to grow from $13,108,459 to $18,314,562 with estimated coverage of 1.75X in FY 2019-20, 1.78X in FY 2020-21, 1.80X in FY 2021-22, 1.49X in FY 2022-23, 1.49X in FY 2023-24, and 1.49X in FY 2024-25. Interest payments on the proposed debt during the 24-month construction period through May 2022 will be provided from proceeds of the debt.

The projected debt service coverages have been calculated using a tax-exempt interest rate of 5 percent (although the actual cost of debt is expected to be 4% or less resulting in a higher Project and System Wide debt service coverage ratio). The projected revenues are based, in part, upon 1 percent annual rental rate increases through FY 2024-25. Annual operating expenses are expected to increase by approximately 2 percent per year.

The Project is expected to achieve a positive return with an internal rate of return (IRR) estimated at 4.15 percent.

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

Type of Sale:

Competitive sale.

Analysis and Recommendation:

University staff has reviewed the information provided by The Department of Housing and Residential Life with respect to the request for Board of Governors approval for the subject financing. University staff feels that demand for the existing and proposed housing is adequate to support construction of the proposed project.

Additionally, the housing system has historically generated positive debt service coverage and is projected to continue to provide adequate debt service coverage in the future based upon projections by the University. Based upon a review of the information, it appears that the financing is in compliance with the Florida Statutes governing the issuance of university debt and the Board of Governors' Debt Management Guidelines. The University administration recommends adoption of the resolution authorizing the proposed financing.

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FIU
FLORIDA
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Housing Demand Analysis

REPORT // MAY 2019

BRAILSFORD & DUNLAVEY

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Preface

In January of 2019, Florida International University ("FIU" or the “University") engaged Brailsford & Dunlavey, Inc. ("B&D") to prepare a study (the “Analysis" or the “Study”) to analyze the demand for a new on-campus residential facility (the “Project").

In 2017, the University received approval from the Florida Board of Governors (“BOG”) for the Project, which was originally informed by a housing master plan update conducted by B&D in 2015. Although approvals were received, the University desired to reconfirm housing needs in order to best position the Project for success once implemented.

B&D conducted research using both primary and secondary sources that are deemed to be reliable, but whose accuracy cannot be guaranteed. The findings contained herein represent B&D's professional opinions based upon assumptions and conditions detailed in this report. However, B&D does not represent or warrant that the estimates and projections contained herein will be realized, as the actual performance will be influenced by market and other external factors beyond B&D’s control.

B&D would like to thank the following individuals who provided insight and comments throughout the process:

- Dr. Kenneth Jessell, Senior Vice President for Finance and Administration, Chief Financial Officer
- Dr. Elizabeth Bejar, Vice President for Academic Affairs
- Aime Martinez, Associate Vice President of Business and Finance
- Joe Paulick, Senior Director, Housing and Residential Life
- David Snider, Assistant Vice President, Auxiliary and Enterprise Development
- Paula Escobar, Assistant Director of Finance, Housing and Residential Life
- Andrew Naylor, Associate Director, Housing and Residential Life

The B&D team that produced the report was comprised of the following individuals:

- Brad Noyes, Executive Vice President
- Eric Bram, Senior Associate
- Edward Norwood, Senior Associate
- Candler Vinson, Project Analyst

A. Executive Summary

PROJECT BACKGROUND AND BOG-APPROVED PROJECT CONCEPT

Florida International University re-engaged Brailsford & Dunlavey in January 2019 to conduct a housing demand analysis to assess current and future demand, and inform program design for the anticipated Project. The Project, which was previously approved by the BOG, was informed by B&D's 2015 housing master plan update, which stated the following regarding future demand over existing capacity at FIU:

- 808 beds of excess demand by fall 2024;
- Excess demand exists primarily from freshman and sophomore students;
- FIU students expressed interest in expanded housing for Honors College students and in living-learning communities; and,
- FIU had a purpose-built, non-affiliated, off-campus student housing facility competing with the University for residents for the first time.

Based on these 2015 findings, FIU submitted the following Project concept to the BOG for approval in March 2017:

- 656 beds (640 rentable and 16 for resident assistants);
- Apartment -style units with common areas, kitchenettes, and private bedrooms; and,
- A robust living-learning focused residential community.

WORK PLAN

To inform the Study's findings and recommendations, B&D utilized several planning tools , including administrator interviews, focus groups, a web-based student survey, a detailed housing demand analysis, off-campus market analysis, and financial analysis. Each step in the planning process is described below.

> **Focus groups and stakeholder interviews** were conducted to engage FIU students and administrators in dynamic conversations regarding their opinions, observations, and recommendations related to existing institutional conditions and potential future housing on FIU's campus.
>
> A **web-based survey** was administered to FIU students to understand their current satisfaction and needs related to on-campus housing better, and to project demand for new or improved residential facilities. In total, 4,919 students completed the survey, which resulted in a statistically valid sample. To understand trends, B&D compared the results from its 2015 survey with the 2019 results. This comparison was helpful in understanding any shifts in students' perceptions of the on-campus housing experience and demand for on-campus housing.

Using the survey results, B&D conducted a **supply and demand analysis** to evaluate the University's need for new or improved housing facilities. To complete this analysis, B&D used its proprietary demand-based programming ("DBP") model to project the amount and diversity of on-campus beds demanded by FIU students. The DBP results were then reconciled with the existing housing inventory to define the ideal quantity and unit type mix needed to satisfy future housing demand.

An **off-campus market analysis** was completed to understand the diversity and availability of rental housing proximate to the University's campus. The analysis included both primary and secondary research to understand current market conditions and how they have changed since the 2015 master plan update.

A **financial analysis** was conducted based on the pro forma developed by FIU to test the impacts that different program designs and in-unit spatial requirements would have on the Project's ability to achieve the optimal debt-service coverage desired by the University, and how those design assumptions would influence student rental rates.

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SUMMARY OF KEY FINDINGS

1. **Sufficient excess demand exists to support the scale of the approved Project.**

   In total, FIU has 4,348 total beds of demand, which exceeds current inventory by 1,055 beds. This demand is driven by increased need from and greater potential capture of junior, senior, and graduate students. (See Figure A.1 below.)

Figure A.1: Current Capture and Projected Housing Demand

		Fall 2018 Actual FIU Housing Population		Fall 2022 B&D Demand Projection		2015 MP Update Fall 2024 B&D Demand Projection	
Enrollment		Current Capture	Capture Rate	Potential Demand	Capture Rate	Potential Demand	Capture Rate
Fresh. / Soph.	8,015	1,760	22%	1,857	23%	1,715	21%
Junior / Senior	27,071	1,484	6%	1,970	7%	1,972	7%
Graduate	7,230	49	1%	521	7%	305	4%
Total	42,316	3,293	8%	4,348	10%	3,992	9%
			Existing Beds	3,293		3,184	
			Delta (Δ)	-1,055		-808	

   As shown in Figure A.1, FIU's 2022 demand estimate exceeds demand previously identified in the 2015 update. This demand growth reflects multiple factors, including diversifying student demographics, growing enrollment, and changes the University made in its housing assignment policies. These changes are further described in Section B herein.

2. **The missed market—comprised of juniors, seniors, and graduate students—requires FIU to develop new strategies on how it should occupy this Project and integrate the community into the overall housing system.**

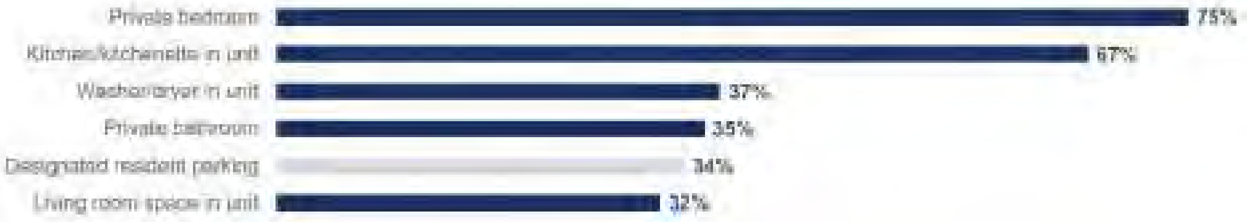
   As shown in Figure A.1, excess demand primarily exists from upper division and graduate students. These students are presently unable to live on campus due to the University's current assignment process. Since the 2015 update, FIU changed its housing assignment policy from giving priority to freshman and senior students to now giving priority to freshman and sophomore students. By doing so, FIU increased housing retention from freshman to sophomore year, which has subsequently increased interest in on-campus housing from juniors and seniors. When combined with the limited amount of existing inventory available to upper division students, this policy shift has increased the amount of unmet demand from juniors and seniors.

Identifying the targeted market population for the Project is critical to ensure that the residential experience aligns with their preferences, which allows FIU to optimize the capture of unmet demand. Currently, FIU employs a development continuum housing model that aims to provide increased levels of privacy as a student matriculates to balance student market preferences with its strategic priorities. This housing delivery strategy is similar to the model shown below (Figure A.2).

Figure A.2: Housing Development Continuum (National Context)

The Study's survey results validated that FIU students are aligned with the development continuum in their residential preferences. Specifically, upper division undergraduates and graduate students prioritize the privacy features shown in Figure A.3 below. To maximize FIU's ability to capture junior, senior, and graduate students, it is critical that the overall housing system, inclusive of the Project, offers sufficient apartment-style units within the inventory.

Figure A.3: Upper Division and Graduate Residential Feature Priorities

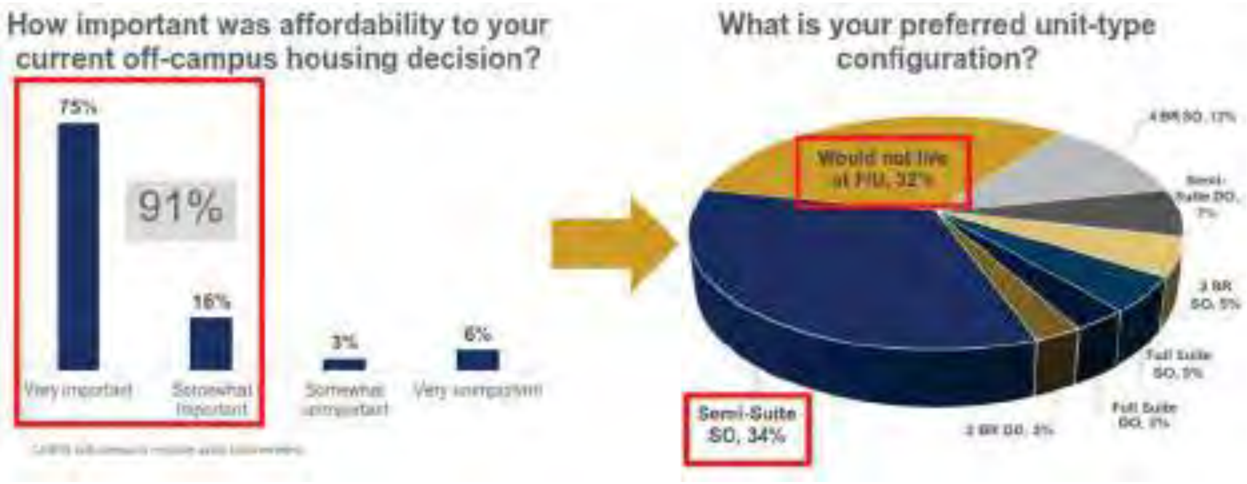


(Designated resident parking is represented in grey because it is the only feature preference that does not pertain to unit design/programming.)

3. **Balancing affordability and desired apartment features is a challenge, but critical to capturing junior, senior, and graduate students. However, pursuing self-financing—meaning FIU issues the debt at par with its existing housing facilities—allows for a system-wide approach to delivering affordability and reduces stress on the Project to meet this objective.**

   While junior, senior, and graduate students indicated that private bedrooms and in-unit kitchens are critical preferences, these amenities contrast with these students' most important priority: affordability. Robust in-unit privacy features will challenge FIU's ability to create an efficient Project program with appropriate square footage, but failure to do so will adversely impact rental rates and affordability. For upper division undergraduates and graduate students already living off campus, 91% indicated that affordability was an important decision-making factor. Furthermore, when offered a range of unit configurations at varying price points in the survey, 66% selected either the most affordable unit that offered a single-occupancy bedroom or indicated that they would remain living off campus (Figure A.4).

Figure A.4: Significance of Affordability in Upper Division Respondents' Housing Decisions



Since affordability is critical to on-campus housing participation, FIU can support this initiative by self-financing the Project as part of the overall housing system, as opposed to a standalone project. By financing the Project through the system, FIU will be able to leverage the financial performance of existing housing in order to achieve lower interest rates. Through this approach, FIU will issue the debt at par relative to its existing facilities, which allows the University to maintain a primary focus on the system-wide financial performance and allows for existing facilities to contribute towards meeting affordability objectives. On the contrary, if FIU were to do project-based financing, the Project would need to would need to achieve targeted debt coverage goals by itself, which would negatively impact affordability.

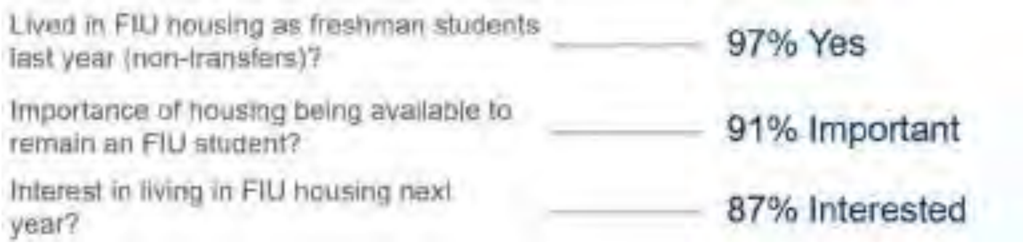
4. **If FIU were to consider changes to the in-unit features in order to reduce rental rates, the targeted residential population for the Project may need to shift to sophomores.**

   For the Project to become more affordable, FIU may consider reducing square footage from the program to enhance efficiency. In doing so, the in-unit program may become more similar to a suite, as opposed to a traditional apartment, which will negatively impact interest from junior, senior, and graduate students. For on-campus sophomores, however, nearly half of whom are residing in suites, their overall residential experience remains highly satisfactory (Figure A.5).

Figure A.5: Sophomore Housing Satisfaction by Unit Typology

This satisfaction reflects sophomores' overall flexibility in their housing needs. Nationally, sophomores are more predisposed than upper division students to live on campus and are not as sensitive to unit typology. This trend holds true for FIU's student population as well. Figure A.6 below illustrates the stability of sophomore housing demand on FIU's campus.

Figure A.6: On-Campus Housing is Very Important to FIU's Sophomores



Lived in FIU housing as freshman students last year (non-transfers)?	97% Yes
Importance of housing being available to remain an FIU student?	91% Important
Interest in living in FIU housing next year?	87% Interested

5. **The off-campus market has become increasingly competitive since the previous master plan update.**

While the area immediately surrounding FIU (within a two-mile radius) has not experienced significant change since the 2015 master plan update, the impacts of the purpose-built 4th Street Commons and 109 TOWER that came to market since 2014 are more apparent today. These properties directly compete with the University for residents, advertising themselves as affordable, less-regulated options with more features and amenities than FIU's on-campus housing. There are two more student-oriented properties currently under construction—Identity Miami and University Bridge—that will add to FIU's housing competition in near-campus market area. Together, these properties represent an additional 1,700 beds.

By the time the Project is delivered in 2022, the off-campus competition will have nearly quadrupled from 659 beds to over 2,300. In addition to the increase in off-campus inventory, the average off-campus rental rate is expected to be comparable to the proposed FIU Project (Figure A.7 below). This market reality requires FIU to pursue proactive planning to ensure maximum competitiveness and marketability of its on-campus inventory when compared to off-campus alternatives.

Figure A.7: FIU's Off-Campus Competitive Properties

Unit Types	109 TOWER	4th Street Commons	Advenir at University Park	Identity Miami	University Bridge
Studio	–	$1,597	$2,007	$1,589	$1,358
1 BR	–	$1,695	$2,242	$1,746	$1,530
2 BR	$1,092	$1,070	$1,309	$1,216	$1,153
4 BR	$993	$979	–	$1,164	$982

FIU Project (blended monthly)	FIU Project Delta (vs. Avg.)
N/A	N/A
N/A	N/A
N/A	N/A
$1,061	+$32

RECOMMENDATIONS

Based on B&D's findings in this Study, FIU is able to move forward with the Project; however, strategic decisions are required regarding the assignment approach and rental rates. The following two key considerations are important for FIU as the program and design advance for the Project:

- In response to affordability, FIU must proactively manage the rental rates vs. accessibility and assignment so the Project is competitive within the existing system and off-campus market.
- If programmatic changes are being considered to reduce development costs and consequently rental rates for the Project, the University must evaluate how any design solutions may impact the current target market population.

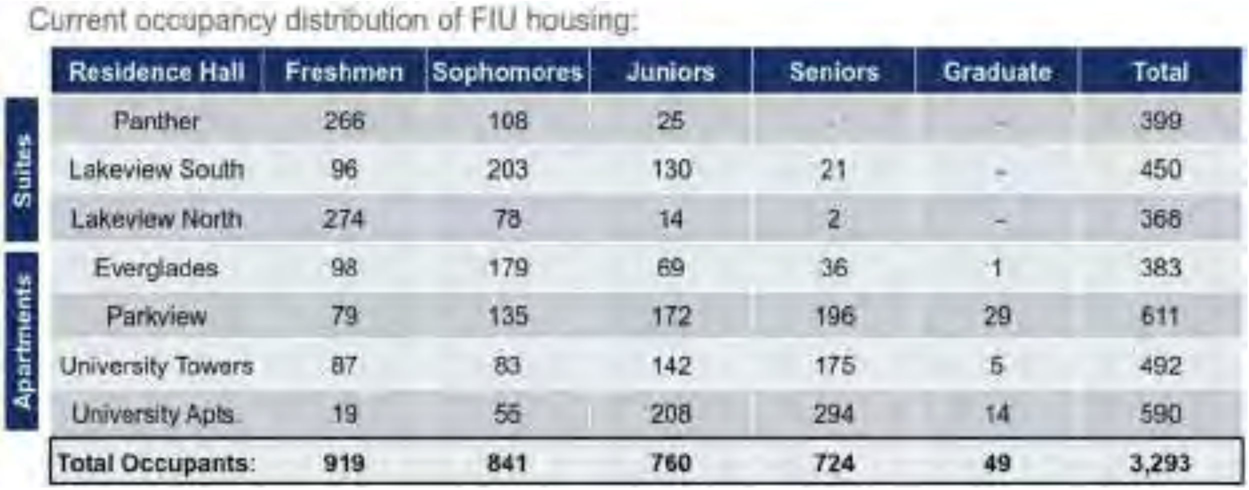
To respond to these recommendations, B&D developed the following two scenarios for FIU leadership.

SCENARIO I

If FIU decides to accommodate junior, senior, and graduate students in the Project, the facility should consist of apartment-style units with four private bedrooms and be outfitted with in-unit amenities similar to that of Parkview. This program aligns with the preferences expressed by these students in the survey, as previously shown in Figure A.3. However, delivering a Project that achieves the desired independence and privacy features at an affordable rate creates a conflict that will require FIU to proactively manage decision-making during the design process. At a minimum, B&D's analysis revealed that delivering a private bedroom is most important, whereas the University has flexibility with programming other in-unit amenities, including living room, kitchen, closet, and other features so long as affordability is maintained.

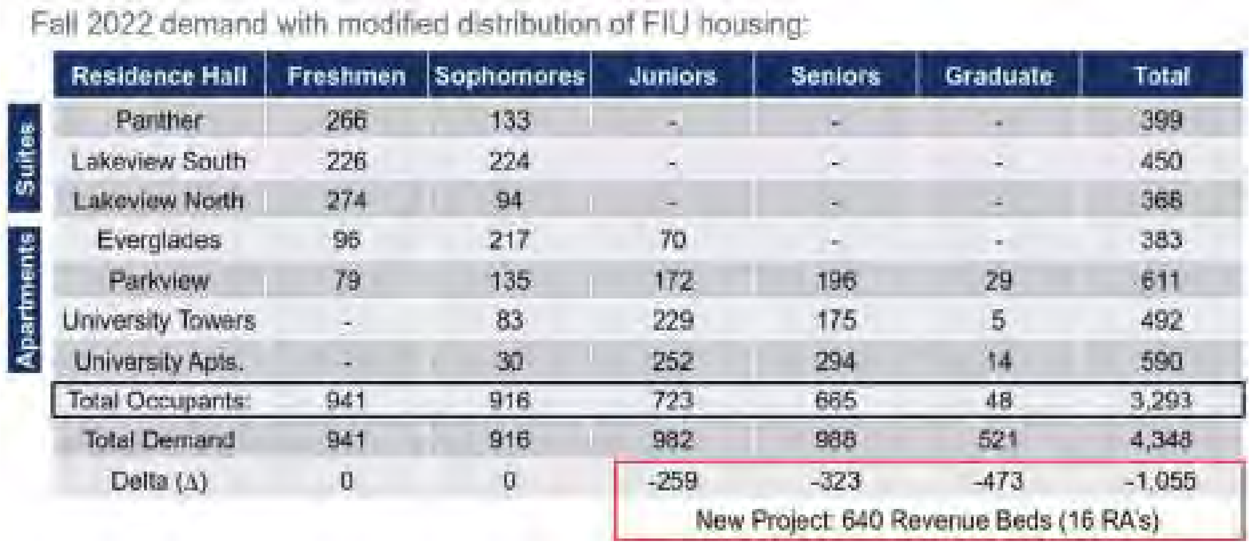
Once the Project is open and available to students, the University should continue its current assignments approach, which prioritizes access for certain students. By focusing on accommodating juniors, seniors, and graduate students in the Project, the University may need to become more stringent in its housing assignment procedure in order to maintain accessibility for these populations. Figure A.8 displays FIU's current housing distribution compared to B&D's recommended approach once the Project opens in fall 2022.

Figure A.8: FIU's Current Occupancy and Scenario I Outcome in Fall 2022



Current occupancy distribution of FIU housing:

	Residence Hall	Freshmen	Sophomores	Juniors	Seniors	Graduate	Total
Suites	Panther	266	108	25	-	-	399
	Lakeview South	96	203	130	21	-	450
	Lakeview North	274	78	14	2	-	368
Apartments	Everglades	98	179	69	36	1	383
	Parkview	79	135	172	196	29	611
	University Towers	87	83	142	175	5	492
	University Apts.	19	55	208	294	14	590
	Total Occupants:	**919**	**841**	**760**	**724**	**49**	**3,293**



Fall 2022 demand with modified distribution of FIU housing:

	Residence Hall	Freshmen	Sophomores	Juniors	Seniors	Graduate	Total
Suites	Panther	266	133	-	-	-	399
	Lakeview South	226	224	-	-	-	450
	Lakeview North	274	94	-	-	-	368
Apartments	Everglades	96	217	70	-	-	383
	Parkview	79	135	172	196	29	611
	University Towers	-	83	229	175	5	492
	University Apts.	-	30	252	294	14	590
	Total Occupants:	941	916	723	665	48	3,293
	Total Demand	941	916	982	988	521	4,348
	Delta (Δ)	0	0	-259	-323	-473	-1,055

New Project: 640 Revenue Beds (16 RA's)

SCENARIO II

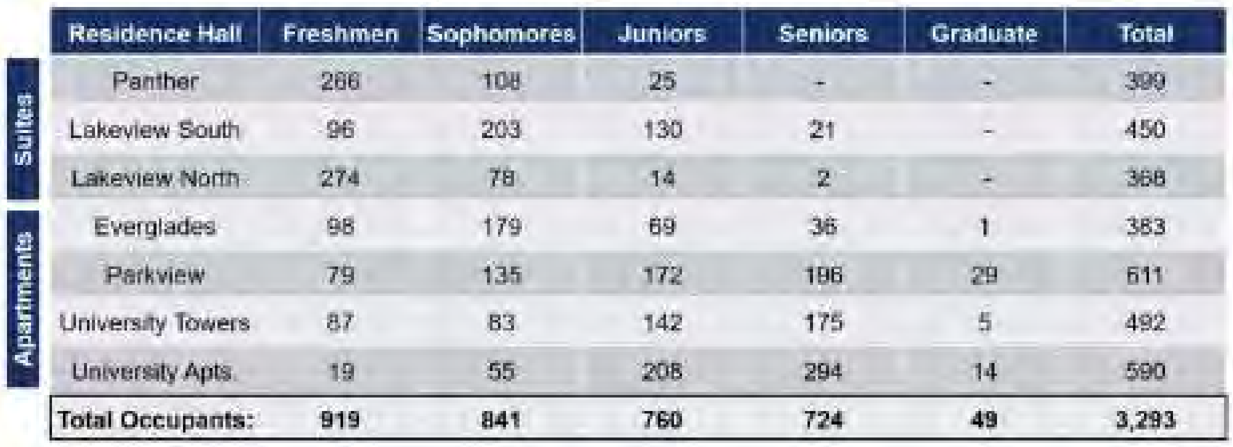
If FIU adjusts the residential program to reduce development costs and the in-unit features shift away from those desired by seniors and graduate students, the University should then target sophomores as the Project's primary market. In alignment with the development continuum for sophomores, the program adjustments will aim to feature less in-unit common space and amenities, but still retain private bedrooms. This unit typology is consistent with the University's current assignment strategy of prioritizing Everglades Hall as primarily sophomore housing. Each Everglades Hall unit has three private bedrooms, one bathroom, and a kitchenette with minimal common area space.

Delivering the Project as a sophomore-targeted community will require the University to redistribute residents within the existing housing system to vacate enough apartment-style inventory for upper division students. By removing sophomores from the University Towers and University Apartments, FIU can increase affordable on-campus apartment options for the most price sensitive student populations, namely juniors, seniors, and graduate students.

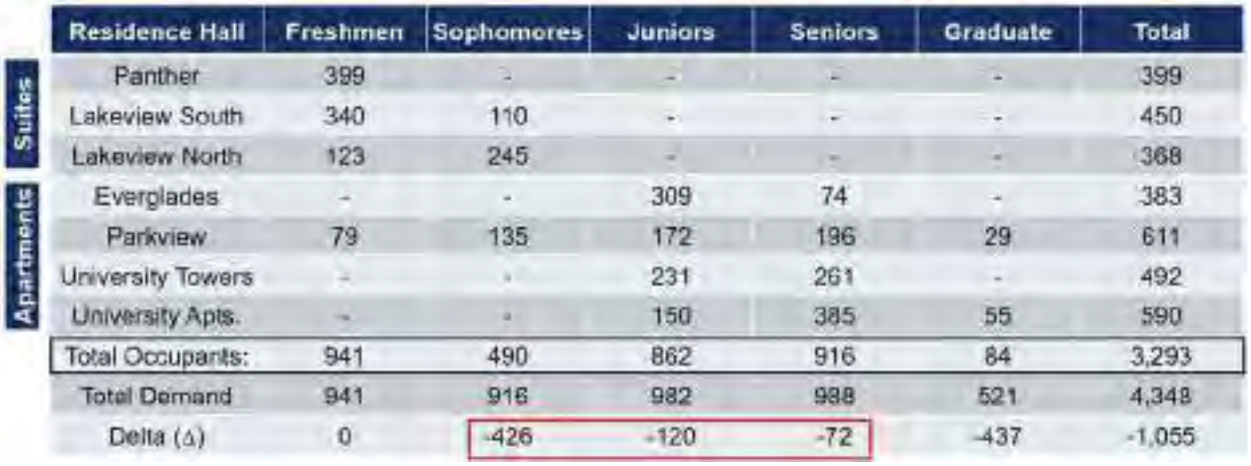
Additionally, by providing a highly satisfactory sophomore housing experience in the Project, the University can positively impact retention when these students become juniors and seniors. Through FIU's recent shift in the assignment approach – prioritizing sophomores as the second-most important population to capture on campus – the University is focused on transforming the role that housing can serve early in students' academic careers. By delivering a new community targeted towards sophomores, this Project can further support this recent change in housing priorities.

To prioritize sophomores, B&D recommends aligning FIU's housing system as follows.

Figure A.9: FIU's Current Occupancy and Scenario II Outcome in Fall 2022



	Residence Hall	Freshmen	Sophomores	Juniors	Seniors	Graduate	Total
Suites	Panther	266	108	25	-	-	399
	Lakeview South	96	203	130	21	-	450
	Lakeview North	274	78	14	2	-	368
Apartments	Everglades	98	179	69	36	1	383
	Parkview	79	135	172	196	29	611
	University Towers	87	83	142	175	5	492
	University Apts.	19	55	208	294	14	590
	Total Occupants:	**919**	**841**	**760**	**724**	**49**	**3,293**



	Residence Hall	Freshmen	Sophomores	Juniors	Seniors	Graduate	Total
Suites	Panther	399	-	-	-	-	399
	Lakeview South	340	110	-	-	-	450
	Lakeview North	123	245	-	-	-	368
Apartments	Everglades	-	-	309	74	-	383
	Parkview	79	135	172	196	29	611
	University Towers	-	-	231	261	-	492
	University Apts.	-	-	150	385	55	590
	Total Occupants:	941	490	862	916	84	3,293
	Total Demand	941	916	982	988	521	4,348
	Delta (Δ)	0	-426	-120	-72	-437	-1,055

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B. Detailed Findings

STRATEGIC OBJECTIVES/VISIONING

FIU's priorities for the Project were originally discussed with key University stakeholders at the beginning of the 2015 master plan update. Prior to advancing this Analysis, these priorities were re-introduced to FIU leadership in order to confirm the direction for the planning effort. For this Analysis, the following criteria were re-established as institutional priorities for the University to be successful:

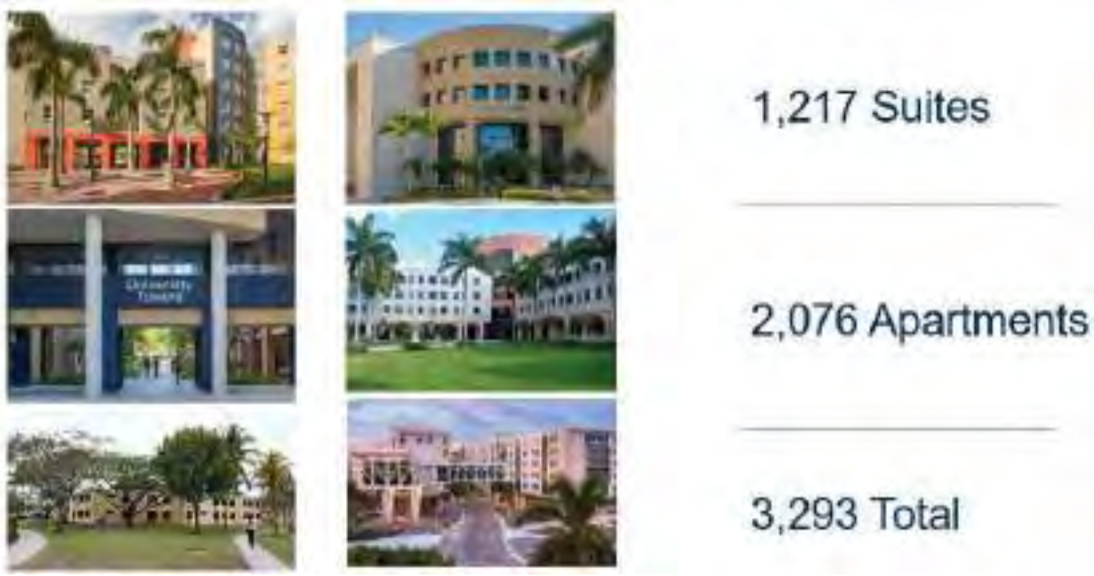
- Increase the capture rate of undergraduate students as significantly as possible;
- Provide a range of housing and meal plan options with varying price points to maximize capture rate;
- Enhance residential programming, with a particular emphasis on living-learning engagement;
- Take greater levels of occupancy risk in order to impact identified strategic goals; and,
- Impact undergraduate students' decisions to enroll at FIU by using on-campus housing as a competitive amenity.

EXISTING CONDITIONS/INVENTORY

UNIT MIX

FIU's existing on-campus housing inventory is comprised of 3,293 total beds in seven residence halls: Everglades Hall, Panther Hall, University Towers, Lakeview North, Lakeview South, University Apartments, and Parkview Hall. There are 1,217 suite-style beds in Panther, Lakeview North, and Lakeview South halls, and the remaining beds are in apartment-style configurations located in Everglades Hall, Parkview Hall, University Apartments, and University Towers. Parkview is the most recent addition to FIU's inventory; it opened in 2013.

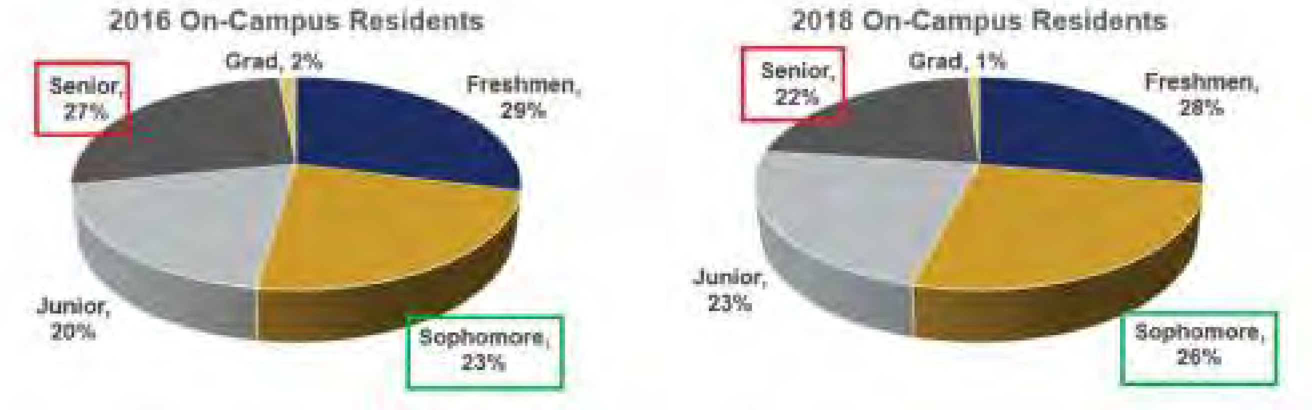
Figure B.1: FIU's Existing On-Campus Housing Inventory



FIU's housing portfolio also includes Bayview at Biscayne Bay, which is a privately owned apartment community located on the University's Biscayne Bay Campus. For the purpose of this Analysis, Bayview was not included since the primary focus was understanding student housing needs on the Modesto A. Maidique campus.

Currently, FIU's housing assignment policy is designed to provide accommodations primarily for freshman and sophomore students. This strategy is a departure from when B&D conducted its demand analysis in 2015. At that time, the University gave priority to freshman and senior students. FIU's current assignment policy is intended to be more supportive of the University's strategic goal of increasing residential retention and recapture from year-to-year. This policy change has shifted the University's residential composition with sophomore occupancy increasing and senior occupancy decreasing.

Figure B.2: FIU Housing Distribution Shift Pre- and Post-Assignment Policy Shift

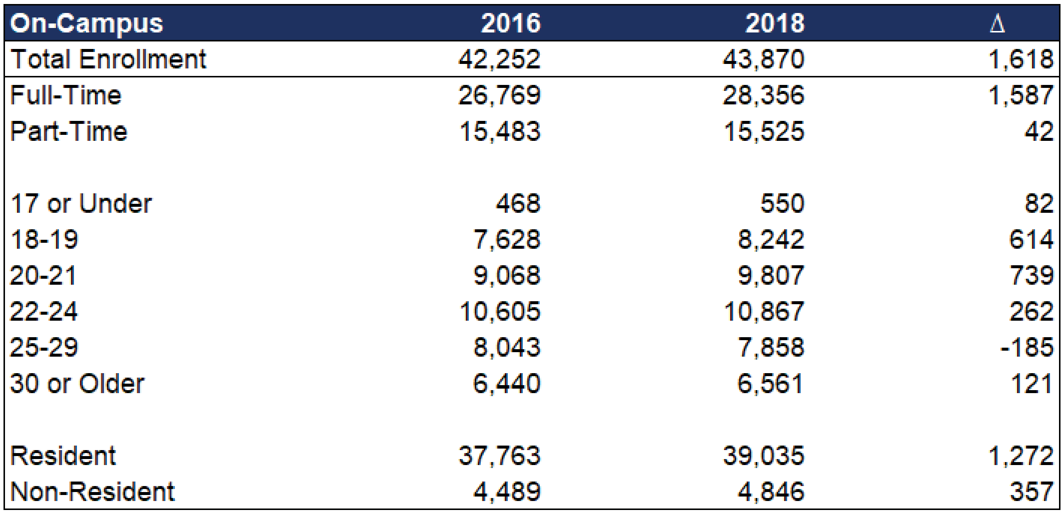


Similar to the 2015 master plan update, the demographic characteristics of those who now live in on-campus housing continue to differ from the general student population. Overwhelmingly, compared to their off-campus counterparts, students who reside on campus are:

- Predominantly full time;
- More traditionally aged; and,
- Less local.

Since the 2015 update, FIU's student population has shifted, with more students now meeting the criteria noted above. (See Figure B.3 below.)

Figure B.3: FIU's Growth in Students Predisposed to Living On Campus

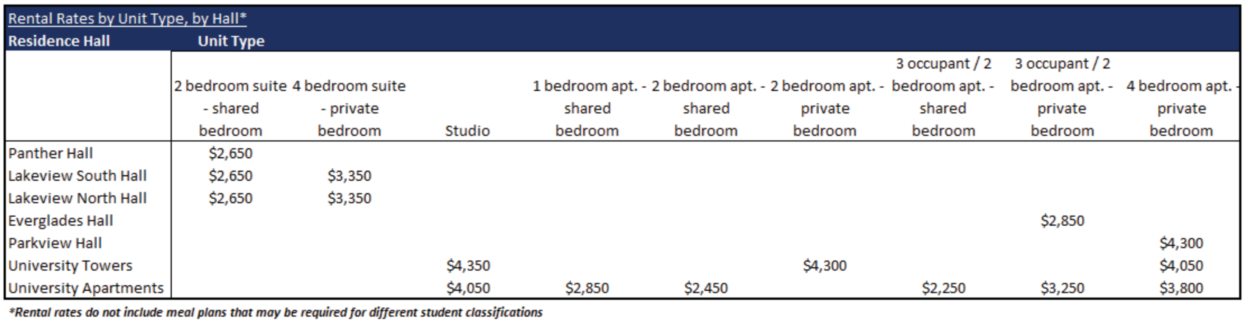


On-Campus	2016	2018	Δ
Total Enrollment	42,252	43,870	1,618
Full-Time	26,769	28,356	1,587
Part-Time	15,483	15,525	42
17 or Under	468	550	82
18-19	7,628	8,242	614
20-21	9,068	9,807	739
22-24	10,605	10,867	262
25-29	8,043	7,858	-185
30 or Older	6,440	6,561	121
Resident	37,763	39,035	1,272
Non-Resident	4,489	4,846	357

RENTAL RATE OVERVIEW

The University currently offers rental rates that are below those available in the off-campus market. The highest rental rates on campus are for studio units in University Towers at $4,350 per semester, or $967 on a monthly basis (assuming 4.5 months per semester). For Parkview Hall, FIU's newest residential community, rental rates are $4,300 per semester. Several on-campus communities offer more affordable rental rates, as shown in Figure B.4 below.

Figure B.4: FIU's On-Campus Rental Rates (2019-2020 Academic Year)



Rental Rates by Unit Type, by Hall*

Residence Hall	Unit Type								
	2 bedroom suite - shared bedroom	4 bedroom suite - private bedroom	Studio	1 bedroom apt. - shared bedroom	2 bedroom apt. - shared bedroom	2 bedroom apt. - private bedroom	3 occupant / 2 bedroom apt. - shared bedroom	3 occupant / 2 bedroom apt. - private bedroom	4 bedroom apt. - private bedroom
Panther Hall	$2,650								
Lakeview South Hall	$2,650	$3,350							
Lakeview North Hall	$2,650	$3,350							
Everglades Hall								$2,850	
Parkview Hall									$4,300
University Towers			$4,350			$4,300			$4,050
University Apartments			$4,050	$2,850	$2,450		$2,250	$3,250	$3,800

**Rental rates do not include meal plans that may be required for different student classifications*

SURVEY ANALYSIS

OBJECTIVES

B&D conducted an Internet-based survey that tested student opinions and interests relating to current and desired housing on FIU's campuses. Survey questions were designed to assess current participation, satisfaction, decision-making factors, and future interest in on-campus housing. Response options were structured to determine desirable characteristics and preferences for any future housing project at FIU. Data collected from the survey also formed a platform from which B&D developed recommendations to inform the demand projections stated herein. A copy of the survey results is included as Exhibit B of this report.

METHODOLOGY

Margin of Error (Confidence Interval) and Confidence Level

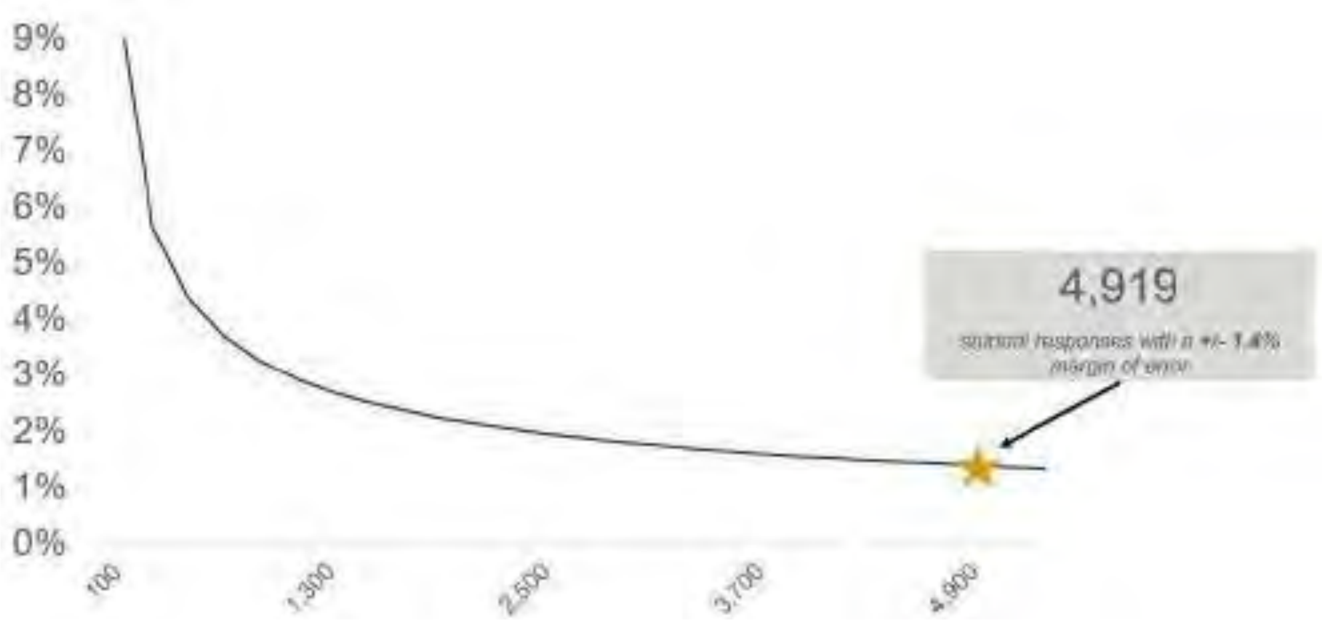
Margin of error, also known as confidence interval, is a standard statistical metric for describing the precision or accuracy of data revealed by the survey; it predicts the variance that would be expected if the same study with the same sample size (but not necessarily with the same respondents) and population was replicated. Margin of error is expressed as a pair of +/- values.

The margin of error is contingent upon the survey's sample size (total number of persons eligible to take the survey), as well the confidence level. Confidence level determines the certainty with which one should view the survey results and margin of error is expressed as a percentage. For statistical analysis of survey results, the confidence level is typically set at 95%, although it may be set at any percentage. The meaning of the 95% confidence level used for analysis of this survey indicates that any replication of the survey should yield results falling within the stated margin of error 95% of the time. A higher confidence level would yield a wider margin of error, while a lower confidence level would yield a smaller margin of error.

Statistical Validity

The FIU Housing Demand Analysis Survey, conducted between February 18th and March 6th, 2019, generated 4,919 total student responses (3,983 completed). As a result, the statistical validity of the survey responses is high, with a margin of error of less than 5% at a 95% confidence level. Figure B.5 shows the margin of error continuum and where FIU's survey participation falls.

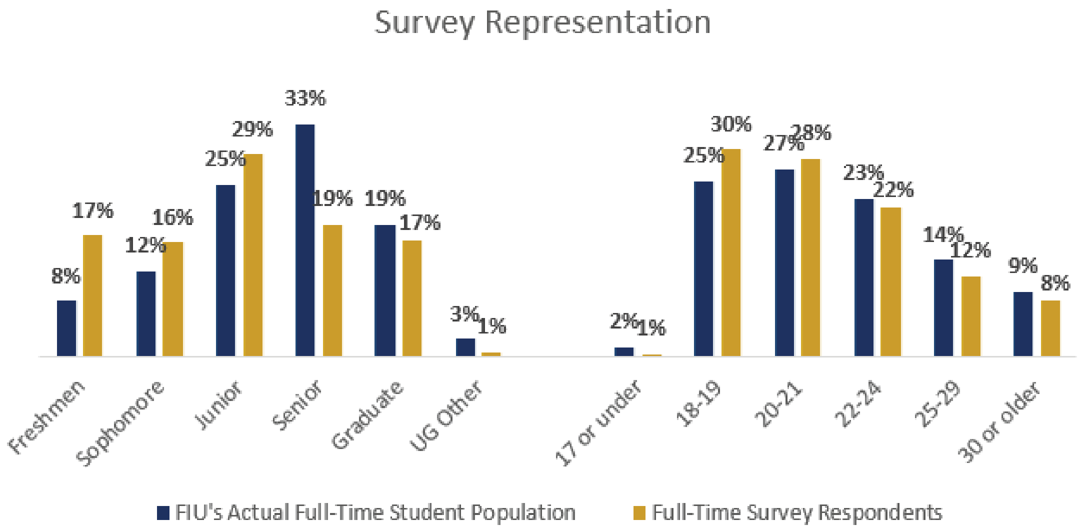
Figure B.5: Housing Demand Survey Level of Confidence



Survey Demographics

The survey results provided significant information regarding FIU's student demographics. Figure B.6 illustrates that participants' breakdown by classification was relatively aligned with that of the overall FIU student population.

Figure B.6: FIU Survey Student Representation by Classification



SURVEY ANALYSIS KEY FINDINGS

On-Campus Residents

Overall, students were very satisfied with FIU's on-campus housing, with satisfaction among freshmen and sophomores slightly higher than juniors, seniors, and graduates. Specifically, students are most satisfied with the easy access to campus recreational resources, housing's safety and security features, and the halls' proximity to classes.

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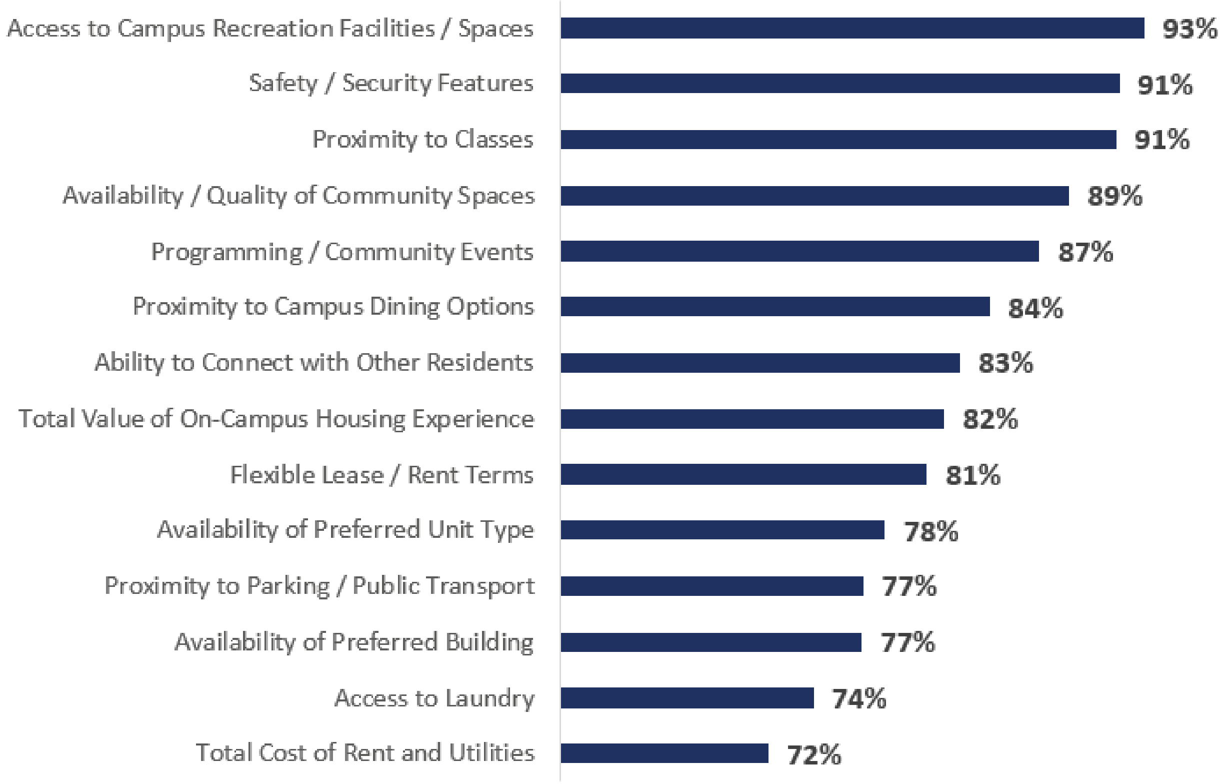
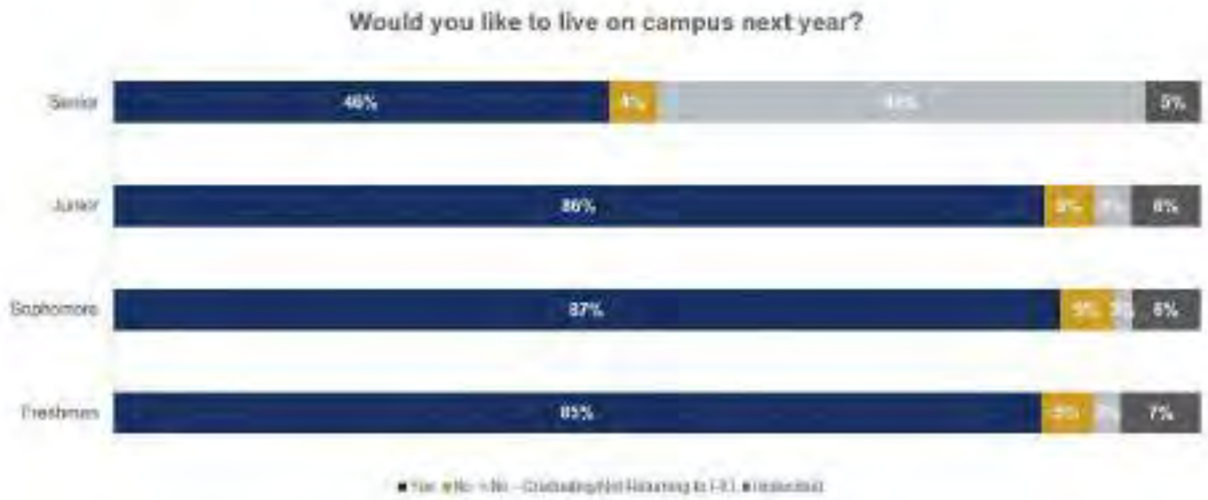
Figure B.7: FIU Resident Satisfaction with Elements of Living on Campus



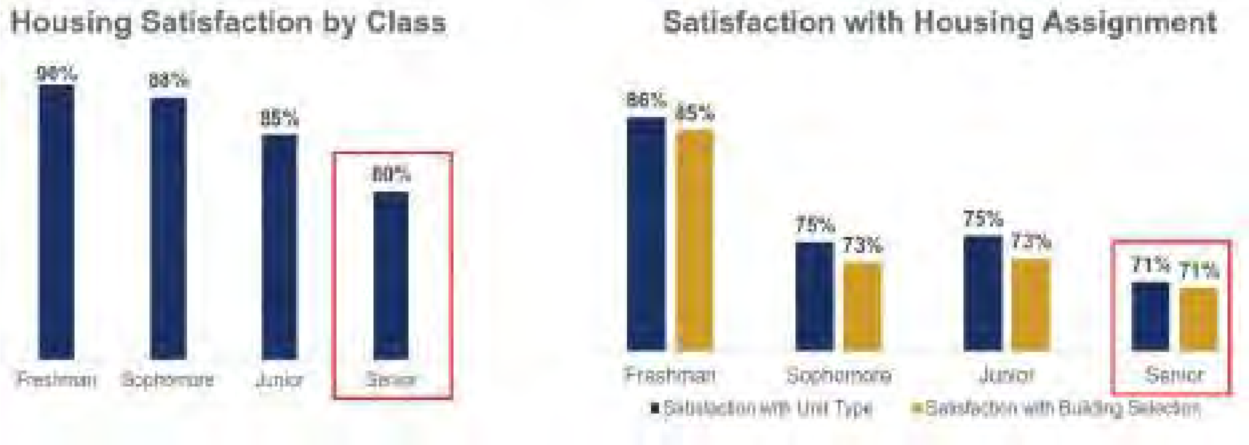
This level of satisfaction supports resident interest in wanting to return to on-campus living next year. As shown in Figure B.8, FIU's current on-campus residents overwhelmingly would prefer to live on campus in the next academic year, with over 85% of freshman, sophomore, and junior respondents preferring FIU's housing options to off-campus alternatives.

Figure B.8: Desire to Live on Campus in the Upcoming Academic Year by Classification



In regards to their current housing assignments, freshman students are the most satisfied with the availability of their preferred unit type and preferred building when compared to other on-campus residents. It is important to note, however, that while satisfaction drops among sophomores and junior, the drop does not appreciably impact their overall satisfaction with housing. With seniors, however, their inability to obtain their preferred on-campus unit type does negatively impact their overall satisfaction with the on-campus experience. (See Figure B.9 below).

Figure B.9: Overall Housing Satisfaction and Impact of Access to Preferred Configuration

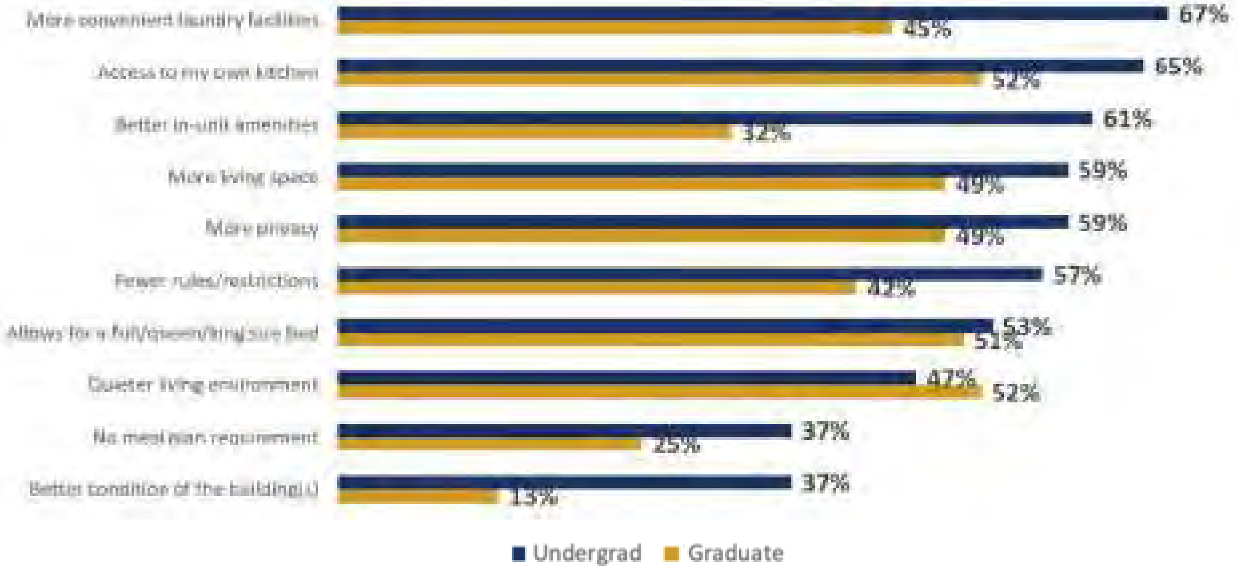


Off-Campus Residents

The survey results demonstrated that 64% of off-campus students reside with their parents or relatives while attending FIU. For the purposes of this Analysis, the number of students residing with parents or relatives is important to note since they are not likely to want on-campus housing under any circumstance.

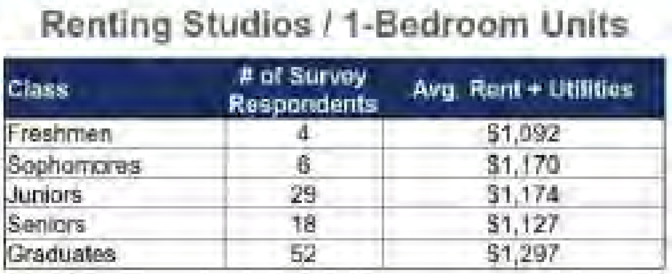
For those respondents who are renting off campus, 79% of undergraduate respondents and 95% of graduate respondents are satisfied with their current housing situations. In comparison, 86% of FIU's current on-campus residents are satisfied with their housing experience. The major reasons off-campus students chose to live in their current accommodations include to have a private bedroom and bathroom at affordable rates. For next year, most current off-campus students prefer to remain in that market (52% of undergrads and 76% of graduate students). Reasons for remaining there include having preferred in-unit amenities (kitchens, in-unit laundry, larger beds), privacy (private bed and bathrooms), and independence (fewer rules and restrictions, larger living space). These respondents also believe off-campus housing will be quieter than on-campus living.

Figure B.10: Factors Influencing Decision to Remain Off Campus Next Year



Among off-campus renters, graduate students are most often choosing to live in a studio or one-bedroom unit, which indicates that these individuals are willing to pay higher rental rates. With FIU's rental rates for the Project equaling $1,000 or more per month, it is important to note that the off-campus population renting at this level is most frequently graduate students (Figure B.11).

Figure B.11: Off-Campus Rental Rate Threshold



Renting Studios / 1-Bedroom Units

Class	# of Survey Respondents	Avg. Rent + Utilities
Freshmen	4	$1,092
Sophomores	6	$1,170
Juniors	29	$1,174
Seniors	18	$1,127
Graduates	52	$1,297

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DEMAND ANALYSIS

OBJECTIVES

As part of the University's effort to understand its current and future needs for on-campus housing better, B&D developed demand projections based on survey responses and analyses conducted as part of this Analysis. B&D used its demand projection methodology to quantify FIU's total on-campus housing needs. The models used in the analysis projected demand under the assumption that changes to FIU's inventory would occur in alignment with the University's strategic objectives and agree with students' preferences as expressed in the electronic survey.

METHODOLOGY

B&D's proprietary demand-based programming ("DBP") model projects demand by separately analyzing the preferences from identified target market populations. Respondent demand was then extrapolated to the actual target market population that exists at FIU to project future demand based on the University's anticipated student enrollment.

Enrollment Projections

FIU provided B&D with enrollment projections through fall 2024. Growth is expected each year, but will not be distributed equally across classifications, as illustrated in Figure B.12. Overall, the University is projecting a 2.6% combined annual growth rate ("CAGR") per year from fall 2018 to fall 2024. Enrollment is projected to stabilize at 68,000 after 2024.

Figure B.12: FIU's Current & Projected Enrollment by Classification

	Current	Projections						
Class Status	Fall 2018	Fall 2019	Fall 2020	Fall 2021	Fall 2022	Fall 2023	Fall 2024	CAGR	Δ
Freshman	3,484	3,481	3,484	3,576	3,472	3,631	3,626	0.7%	142
Sophomore	5,505	5,469	5,473	5,651	5,486	5,737	5,730	0.7%	225
Junior	13,969	13,877	13,889	14,339	13,919	14,558	14,540	0.7%	571
Senior	18,838	18,714	18,730	19,337	18,771	19,632	19,608	0.7%	770
Undergraduate Other	7,489	8,302	9,506	10,845	12,168	12,900	13,400	10.2%	5,911
Graduate	8,778	9,053	9,938	10,108	10,264	10,883	11,004	3.8%	2,226
Total Enrolled	58,063	59,476	61,001	63,854	64,069	67,341	67,908	2.6%	9,845

Target Market Group Approach

B&D applied filters to the raw survey responses to ensure that the resulting projections represented only those students with a high probability of living on campus, which was determined based on their current situation, both demographically and financially. To accomplish this, a series of demographical and situational questions were included in the survey to establish the University's desired target market. Below are the filters that were applied to the responses in order to create the desired target market:

- On-campus residents who are:
    - Full-time students;
    - Single without children; and,
    - Traditionally-aged (18-24 years old, 18-29 for graduate students).
- Off-campus residents who are:
    - Full-time students;
    - Single without children;
    - Traditionally-aged (18-24 years old, 18-29 for graduate students);
    - Not living with parents or relatives; and,
    - Currently paying more than $800 per month in rent (before utilities).

Occupancy Coverage Ratio

To further customize the demand analysis to represent FIU's current and anticipated future conditions, B&D applied an Occupancy Coverage Ratio ("OCR") to the demand projections to reflect the University's financial risk tolerance and the competitiveness of the off-campus market. A higher OCR indicates a more competitive off-campus market and a lower institutional risk tolerance. A lower OCR indicates a higher risk tolerance and / or a less competitive off-campus market. For example, a 1.20 OCR indicates that 120 beds of demand for a particular housing typology are required to justify a recommended supply of 100 beds, and a 1.00 OCR indicates that, for that particular unit type, one bed of supply should be provided for each bed of demand identified.

Based on B&D's experience in projecting student housing demand, and to maintain consistency with the demand analysis conducted as part of the 2015 master plan update, the following OCRs were applied to each academic classification:

- Freshman students – 1.05 OCR
- Sophomore students – 1.10 OCR
- Junior and senior students – 1.20 to 1.25 OCR
- Graduate students – 1.50 OCR

DEMAND PREFERENCES

Using its DBP model, the B&D team extrapolated students' attraction to potential on-campus housing situations shown in the online survey into demand projections. Students selected from seven (7) different hypothetical unit types and rental price points in the survey, including private and shared occupancy bedrooms in both suite and apartment-style unit configurations. The survey provided a description of each unit's amenities, a sample floor plan illustration, and a range of rental rates. Additionally, students could also opt to live off campus if they preferred that over living in the provided options. In a follow-up question, students could provide feedback as to why they selected to live off campus rather than in the proposed unit options.

For the purpose of this Analysis, suites are defined as two bedrooms connected by a bathroom with no additional living space. Apartment units tested in the survey included a bedroom (with the exception of a shared living space within an efficiency / studio apartment), one bathroom, a living room, and a kitchen. Figure B.13 shows samples of the different units tested in the survey (Full-Suite and Two-Bedroom Apartment Single-Occupancy configurations not shown).

Figure B.13: Sample Unit Types Tested in the Survey

Semi-Suite Single-Occupancy

Semi-Suite Double-Occupancy

Full-Suite Double-Occupancy

Two-Bedroom Apartment Double-Occupancy

Four-Bedroom Apartment Single-Occupancy

Rental Rates

Rental rates accompanied each of the unit-type configurations in order to not only understand students' desire for a particular living arrangement, but their willingness to pay the necessary price to live in it. The rates were based upon the revenue required to build a particular configuration as new construction and have it be financially self-supportive. The rates tested in the survey were as follows (Figure B.14):

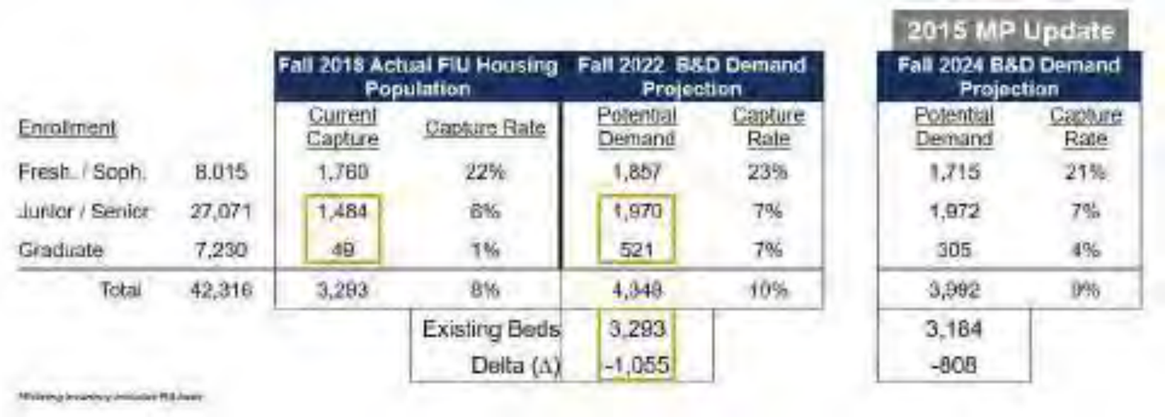
Figure B.14: Rental Rates Ranges Tested in the Survey

	Semester		Monthly	
Unit Type	Minus 5%	Plus 5%	Minus 5%	Plus 5%
Unit Type A: Semi Suite SO	$4,246	$4,693	$943	$1,043
Unit Type B: Semi Suite DO	$3,457	$3,821	$768	$849
Unit Type C: Full Suite (2BR) SO	$4,561	$5,041	$1,014	$1,120
Unit Type C: Full Suite (2BR) DO	$3,615	$3,995	$803	$888
Unit Type D: 2-Bedroom Apt SO	$5,192	$5,738	$1,154	$1,275
Unit Type D: 2-Bedroom Apt DO	$3,930	$4,344	$873	$965
Unit Type E: 4-Bedroom Apt SO	$4,876	$5,390	$1,084	$1,198

OVERALL DEMAND PROJECTIONS

Based on B&D's analysis, demand for on-campus housing is expected to increase to 4,278 total beds by fall 2022, which will exceed FIU's existing inventory by 1,055 beds. (See Figure B.15.) This growth represents a 2.5% increase in capture rate of FIU's total enrollment from 7.8% in fall 2018 to 10.3% in fall 2022. The majority of this growth is generated from projected increases in the capture rates for upper division undergraduates and graduate students, growing from 5.9% to 6.9% and 0.7% to 7.2%, respectively.

Figure B.15: Current and Projected Demand



						2015 MP Update	
		Fall 2018 Actual FIU Housing Population		Fall 2022 B&D Demand Projection		Fall 2024 B&D Demand Projection	
Enrollment		Current Capture	Capture Rate	Potential Demand	Capture Rate	Potential Demand	Capture Rate
Fresh. / Soph.	8,015	1,760	22%	1,857	23%	1,715	21%
Junior / Senior	27,071	1,484	6%	1,970	7%	1,972	7%
Graduate	7,230	49	1%	521	7%	305	4%
Total	42,316	3,293	8%	4,348	10%	3,992	9%
			Existing Beds	3,293		3,184	
			Delta (Δ)	-1,055		-808	

As shown in Figure B.15, projections in this Analysis exceed those estimated in the 2015 master plan update. This excess demand is primarily influenced by recent growth in FIU's student population and changes to the University's demographic composition.

Unit and Amenity Preferences

Among the unit types tested, private (single occupancy) semi-suites were the most demanded. However, students across all levels and demographic groups indicated their desire for units with apartment amenities, including kitchens, common living spaces, and private bathrooms.

Through further analysis, B&D found that these students selected the most affordable unit type that offered a single-occupancy bedroom, which indicates the following: 1) A private bedroom is the most critical amenity and, 2) Students are sensitive to the rents tested for the apartment-style units, but wanted to figure out a solution that would allow them to remain on campus. Both of these factors influenced the recommendations identified herein.

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OFF-CAMPUS MARKET ANALYSIS

METHODOLOGY

B&D examined the nearby off-campus market in order to understand FIU's competitive position in comparison to offerings that are available / targeting the University's student population. The project team analyzed properties within local, West Miami, and greater Miami radii, which were established at two-, five-, and ten-mile distances from the Modesto A. Maidique Campus (Figure B.16).

Figure B.16: Local, West Miami, and Miami Market Areas Evaluated By B&D

GENERAL MARKET TRENDS

Overall, the Miami and West Miami markets have experienced significant growth in recent years. The West Miami market area alone has increased by nearly 2,000 units since 2015. There have been limited deliveries of purpose-built student housing near the University since 109TOWER and 4th Street Commons came to market. However, two additional properties—Identity Miami and University Bridge—will be opening by fall 2021. They will add 1,700 beds that will compete directly for FIU students due to their close proximity to the Modesto A. Maidique campus.

Rents grew steadily over the past decade, but have slowed in the local and West Miami market areas. Properties in the local market area have lower rental rates than those in West Miami. This trend could stem from multiple factors, including the area's geographic separation from downtown Miami and/or the age and unit composition of the properties proximate to FIU.

COMPETITIVE PROPERTIES

There are five off-campus student-oriented properties in the local market: three are existing (109TOWER, 4th Street Commons, and Advenir at University Park) and two are in development (University Bridge and Identity Miami). All of them are (or will be) competing directly with FIU's on-campus housing. When University Bridge and Identity Miami open in 2021, these five properties will comprise nearly 2,400 beds, each with a private bedroom and private bathroom (Figure B.17).

Figure B.17: FIU's Off-Campus Student-Oriented Housing Competition

These properties also offer building amenities that focus on luxury and convenience, such as in-unit laundry, pools, fitness centers and spas, outdoor grilling / entertaining spaces, and clubhouses / game rooms (Figure B.18).

Figure B.18: Amenity Comparison for FIU's Student-Oriented Housing Competition

Name	Address	Status	Year Built	Private Bathroom	Pool	Private Patio/Deck	Fitness Center/Spa	Gated Community	Internet Access	Grills/Outdoor Space	In-Unit Laundry	Clubhouse / Gameroom	Business Center	Storage Space	Utilities Included	Furnished	Dedicated Study Space	Total Amenities
4th Street Commons	10899 SW 4th St	Existing	2013	X	X		X	X	X	X	X	X	X		X	X	X	12
109 Tower	737 SW 109th St	Existing	2014	X	X		X		X		X	X	X		X	X	X	10
Advenir at University Park	10495 SW 14th Ter	Existing	—	X	X	X	X	X	X	X	X	X	X					10
Identity Miami	400 SW 107th Ave	Under Construction	—	X	X		X		X	X	X	X	X	X	X	X	X	12
University Bridge	740 SW 109th Ave	Under Construction	—	X	X		X		X	X		X	X	X		X	X	10

When adjusting rental rates to fall 2021 dollars, these properties are expected to be priced similarly to the proposed FIU Project (Figure B.19). If this occurs, students will be faced with a value proposition question to determine the location and living configuration / environment that makes the most sense for them at that point in their academic careers.

Figure B.19: Rental Rates for FIU's Student-Oriented Housing Competition

Unit Types	109 TOWER	4th Street Commons	Advenir at University Park	Identity Miami	University Bridge	FIU Project (blended monthly)	FIU Project Delta (vs. Avg.)
Studio	–	$1,597	$2,007	$1,559	$1,358	N/A	N/A
1 BR	–	$1,695	$2,242	$1,746	$1,535	N/A	N/A
2 BR	$1,092	$1,070	$1,309	$1,216	$1,153	N/A	N/A
4 BR	$993	$979	–	$1,164	$982	$1,061	+$32

*Off-campus rates have been inflated to Fall 2021 (based on market trends)

**Advenir does not offer apartments on a per bedroom basis, price shown is per bedroom assuming a 2-bedroom unit has 2 occupants

Although the five off-campus communities described above pose the greatest level of competition to FIU housing, the University's unique physical position relative to the off-campus market will continue to present an unparalleled advantage to students. Specifically, FIU is bordered by SW 8th Street and SW 107th Avenue. These roads present major physical barriers to pedestrian traffic due to their six lanes of traffic. Additionally, focus group interviews and student survey data indicated that on-campus parking is a challenge. In combination, these access challenges to campus present a unique advantage for FIU, allowing it to withstand the expanded off-campus competition.

C. Exhibits

Exhibit A: Presentation of Findings

FIU FLORIDA INTERNATIONAL UNIVERSITY

Florida International University

HOUSING DEMAND ANALYSIS PRESENTATION

April 23, 2019

BRAILSFORD & DUNLAVEY

Key Questions

1. **How much excess demand exists for on-campus housing at the Modesto A. Madique Campus?**
   - A. *How will demand shift as FIU's enrollment grows/changes in future years?*
   - B. *How has demand changed since 2015?*
   - C. *To what extent does the off-campus market pose risk to FIU housing demand in future years?*
2. **What is the ideal program to support new demand?**
3. **How does net new demand align with program/development assumptions submitted to the Board of Governors?**

Project Context – BOG-Approved Submission

656
Beds

Single-Occupancy (SO) Apartment-style Units

268K
GSF

$82.9M
($16.4M from FIU reserves)

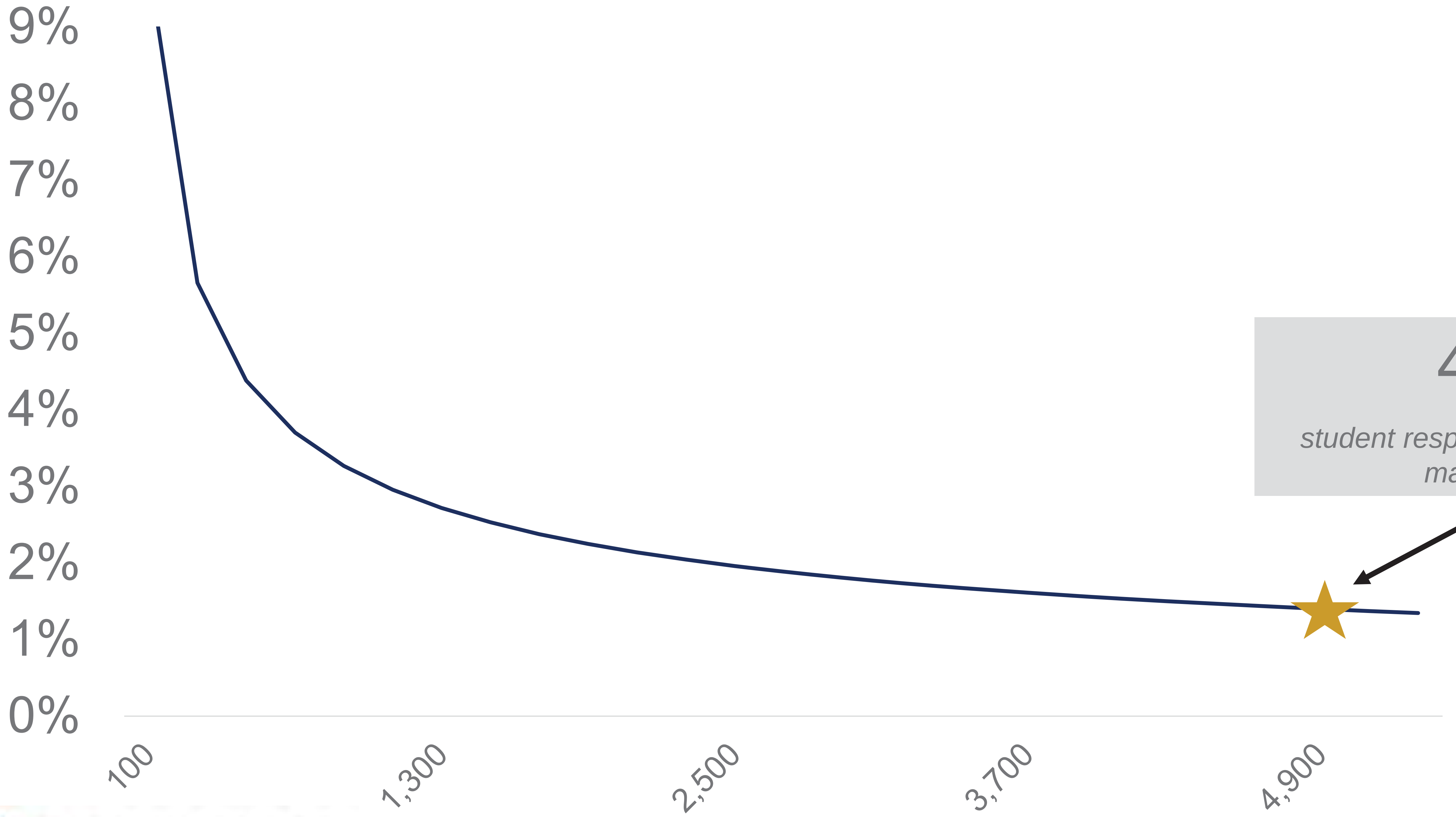
FIU Key Findings

1. **Sufficient excess demand exists to support additional FIU on-campus housing.**

2. **The missed market – comprised of juniors / seniors / graduates – requires strategy for how FIU should occupy this Project and integrate the community into the overall housing system.**

3. **Affordability is critical, but FIU’s ability to meet this objective for the Project differs by sub-population. Also, affordability is a system-wide issue which provides FIU with some flexibility on the Project solution.**

Survey Participation



4,919

student responses with a ***+/- 1.4%*** *margin of error*

Current & Projected Demand

						2015 MP Update	
		Fall 2018 Actual FIU Housing Population		Fall 2022 B&D Demand Projection		Fall 2024 B&D Demand Projection	
Enrollment		Current Capture	Capture Rate	Potential Demand	Capture Rate	Potential Demand	Capture Rate
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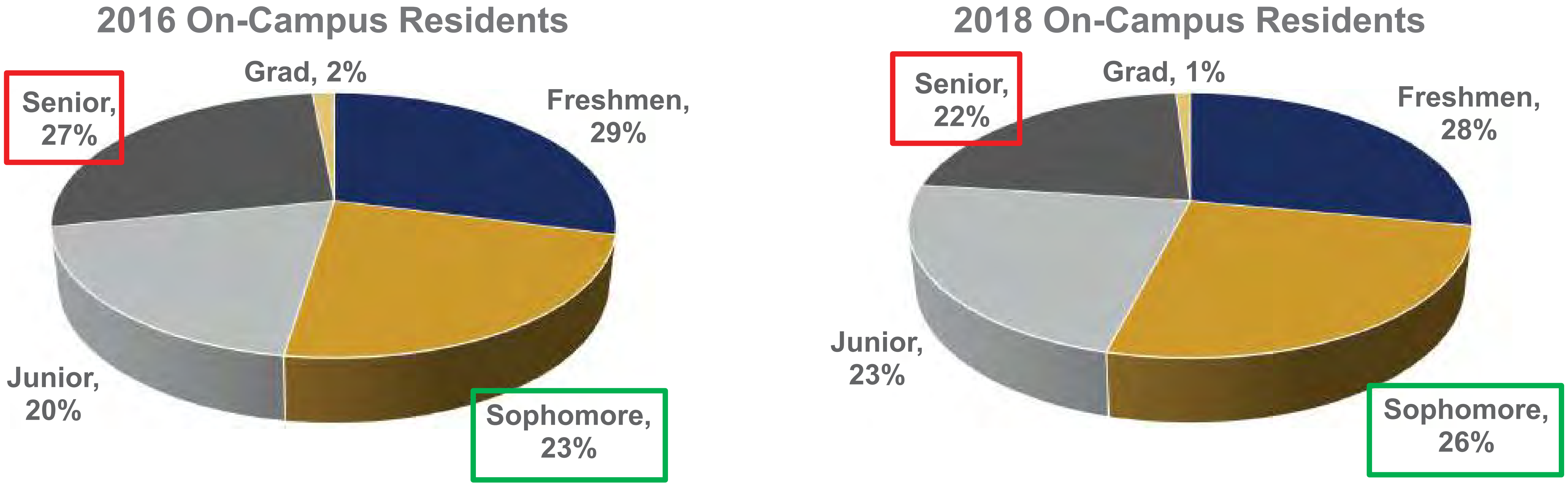
Graduate	7,230	49	1%	521	7%	305	4%
Total	42,316	3,293	8%	4,348	10%	3,992	9%
			Existing Beds	3,293		3,184	
			Delta (Δ)	-1,055		-808	

**Existing inventory includes RA beds*

Sufficient excess demand exists to pursue housing project, but the missed market opportunity is driven by Upper-level and Graduate students.

Assignment Policy Shift

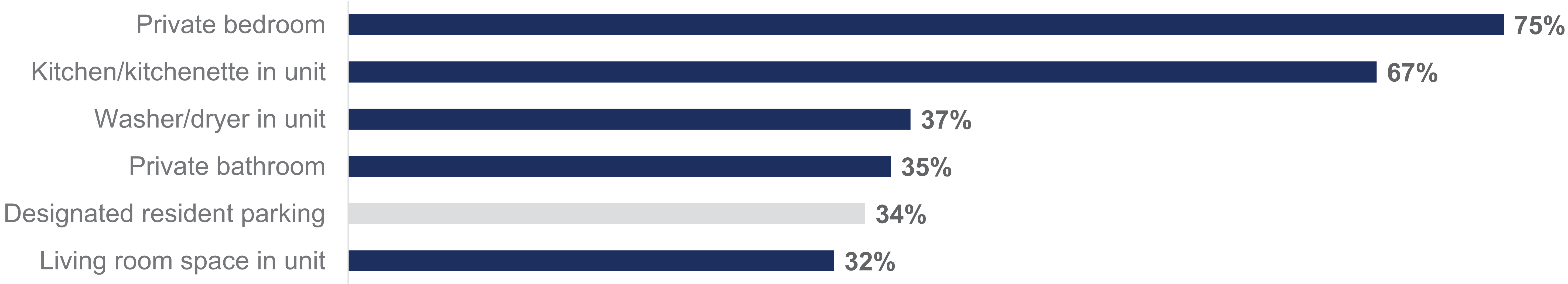
FIU's assignment policy change intentionally shifts the residential composition:

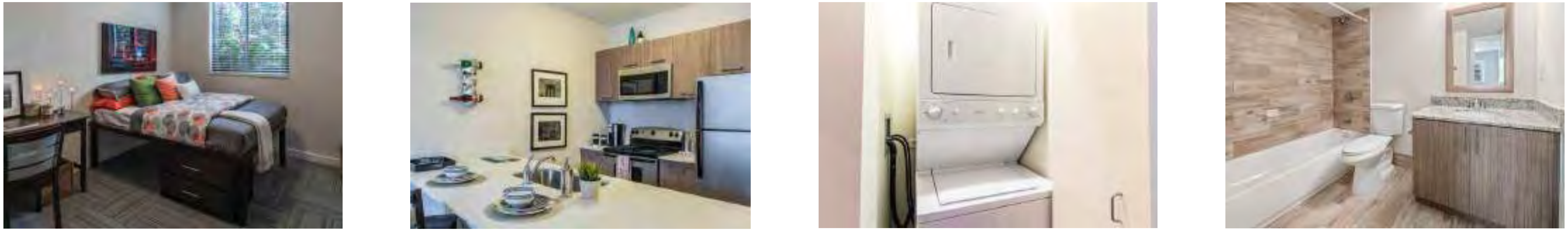


Underlying Questions: How important is it for the Project to target the missed market? Or, does FIU desire to re-distribute housing occupancy to support demand differently?

Independent Living Features

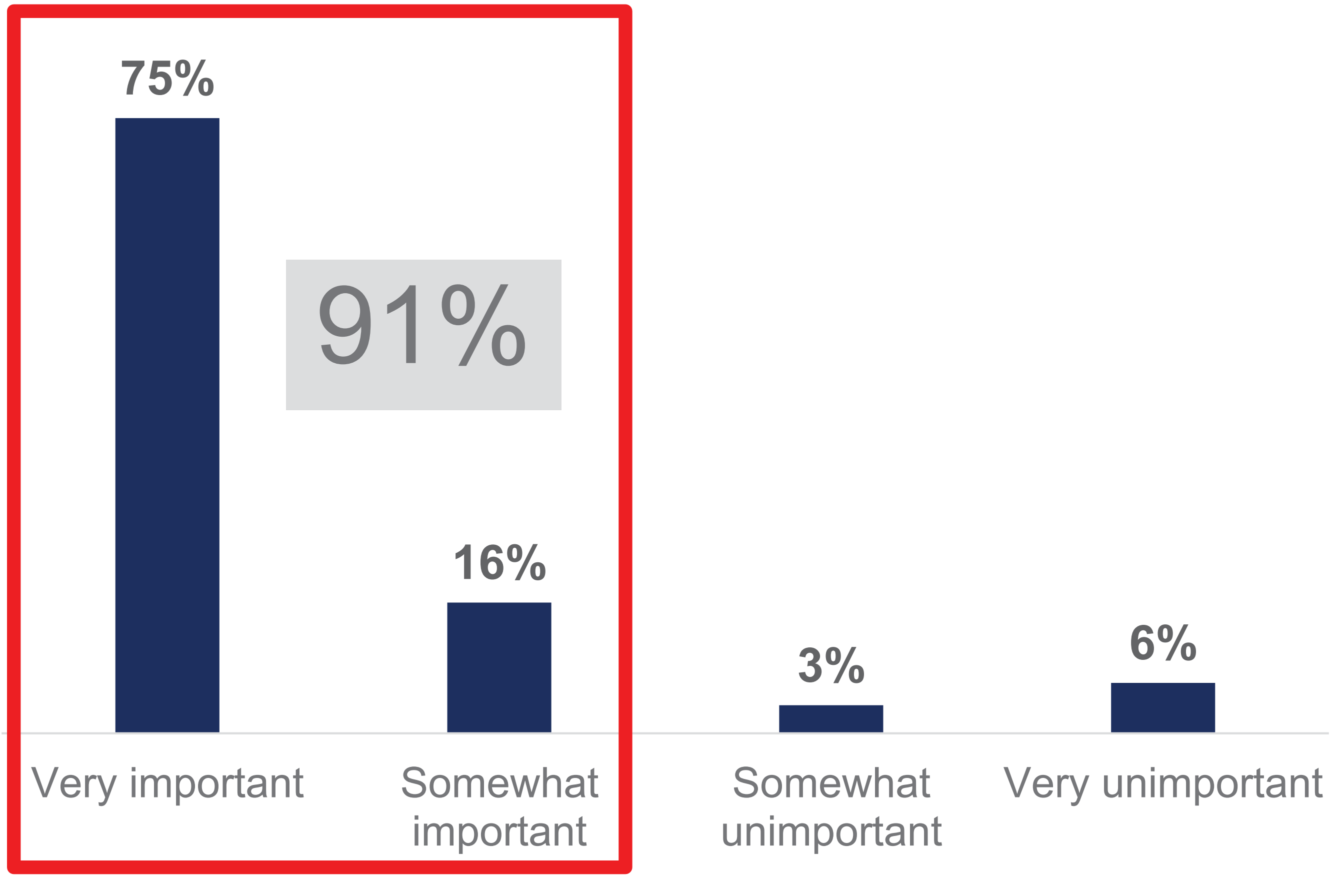
Upper-level and Graduate students prioritize:





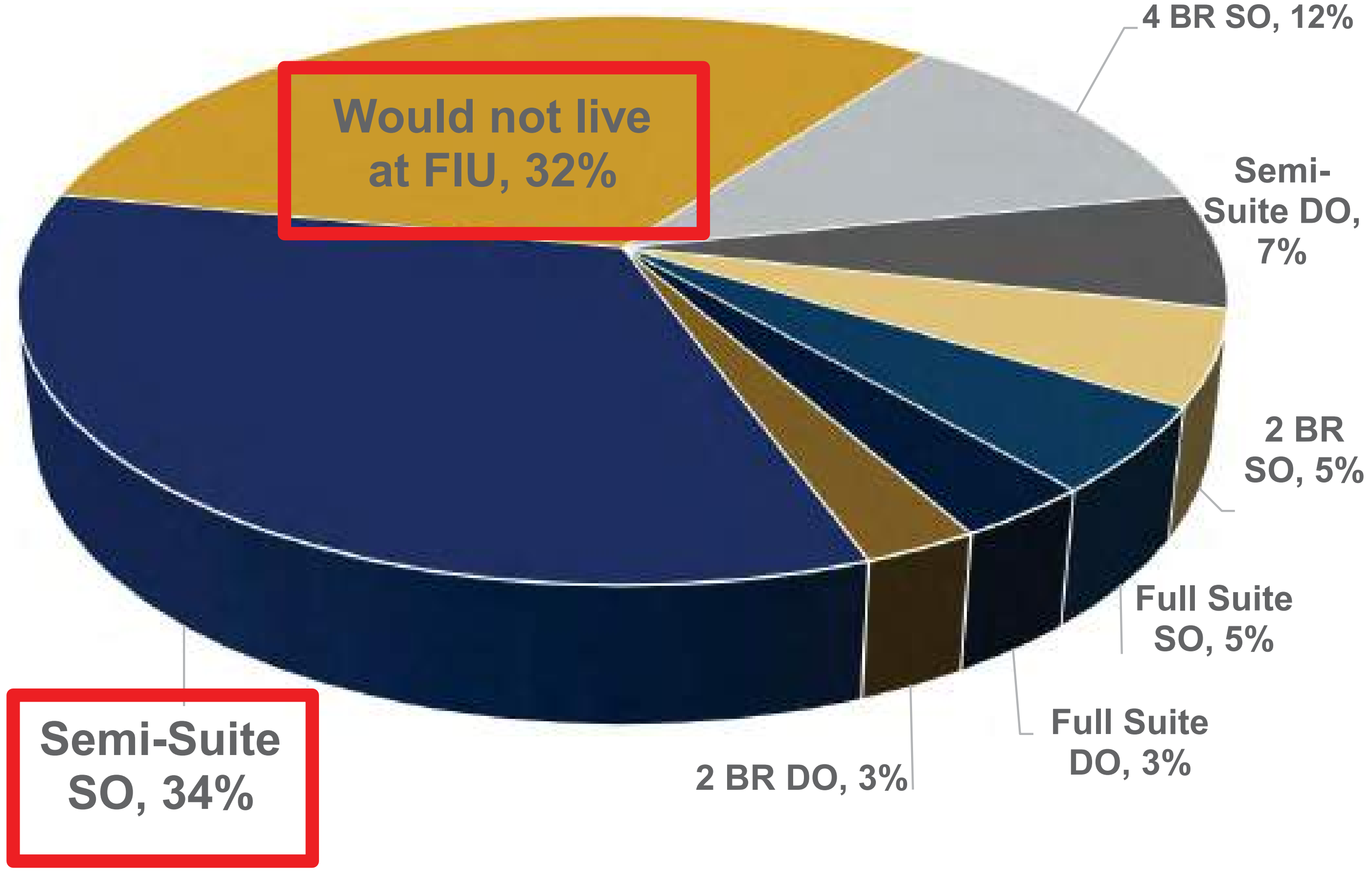
Cost Sensitivity

How important was affordability to your current off-campus housing decision?



J/S/G off-campus renters with roommates

What is your preferred unit-type configuration?

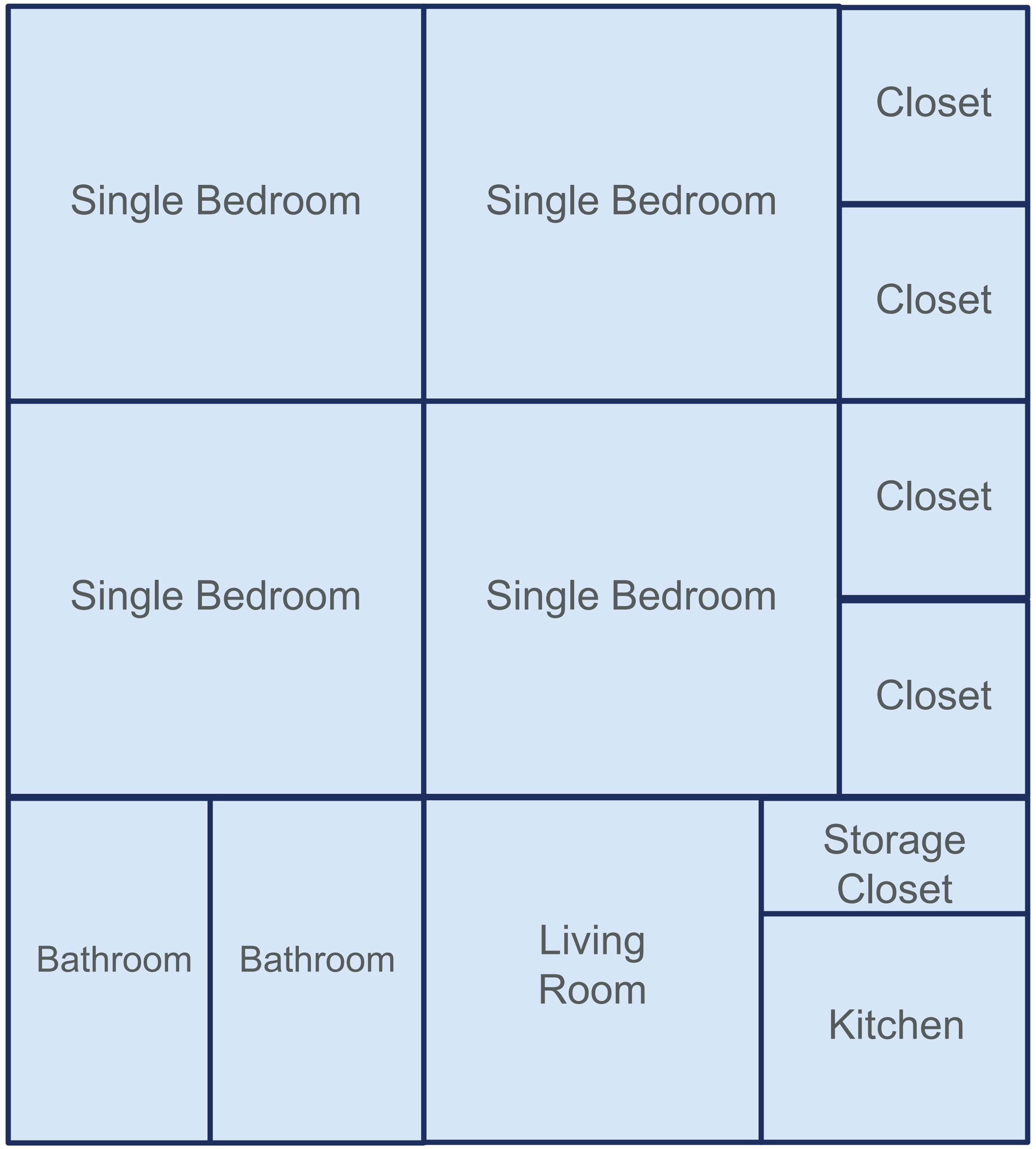


Program Delivery Structure

Independent living features elevate program scale and rental rates – creates conflict in maximizing potential capture

Current “Parkview II” Pro Forma	
Gross SF	252,560
Gross SF/Bed (656 Beds)	385
Project Cost	$83,000,000
FIU Housing Cash Contribution	$20,000,000
Project Cost Financed	$63,000,000
Project Cost/SF	$329
Semester Rental Rate (Fall/Spring only) to achieve 1.19x DSR	**$4,775 (Blended)**

4-Bedroom Unit Example



Off-Campus Market Position

Current assumed rental rates for 4-bedroom units would be more expensive than the average of those nearby competitive off-campus communities:

Unit Types	109 TOWER	4th Street Commons	Advenir at University Park	Identity Miami	University Bridge	FIU Project (blended monthly)	FIU Project Delta (vs. Avg.)
Studio	--	$1,597	$2,007	$1,559	$1,358	N/A	N/A
1 BR	--	$1,695	$2,242	$1,746	$1,535	N/A	N/A
2 BR	$1,092	$1,070	$1,309	$1,216	$1,153	N/A	N/A
4 BR	$993	$979	--	$1,164	$982	$1,061	+$32

**Off-campus rates have been inflated to Fall 2021 (based on recent trends)*

***Advenir does not offer apartments on a per bedroom basis, price above is per bedroom assuming a 2-bedroom unit has 2 occupants*

109 TOWER

4TH Street Commons

Advenir at University Park

Identity Miami

University Bridge

Program Delivery Structure

Off-Campus Apartment	Reduced Floor Plan Apartment
Private Bedroom	Shared Bedroom
Full Size Mattress	Twin Size Mattress
Private Bathroom	Shared Bathroom
Full Kitchen	Kitchenette
Full Living Room	Small Living Room
Storage	No Storage

Design team may already be assuming the blended approach to inform square footages

4-Bedroom Unit Example

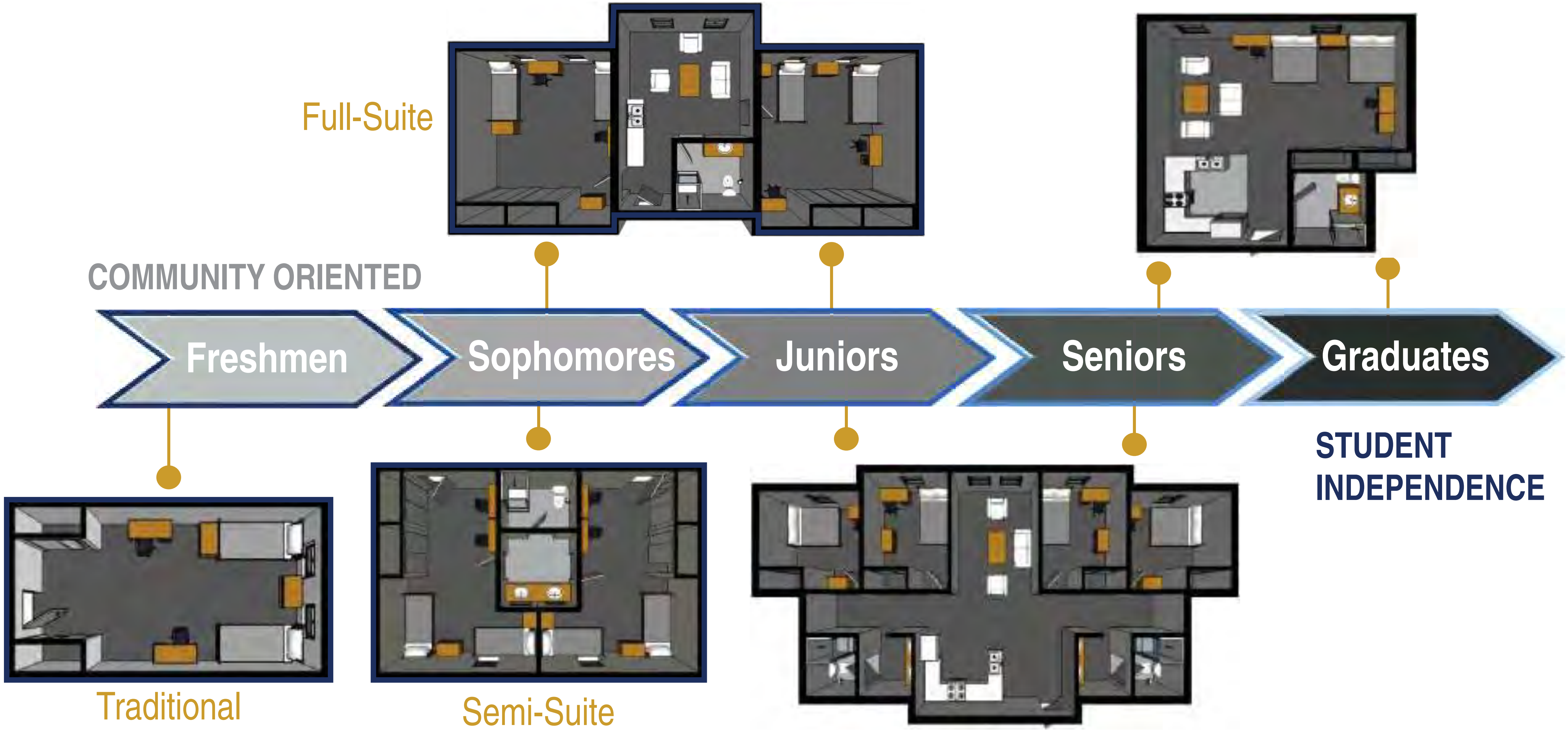
FIU Housing System

1,217 Suites

2,076 Apartments

3,293 Total

Development Continuum



1-Bedroom Apartment

Full-Suite

COMMUNITY ORIENTED

Freshmen

Sophomores

Juniors

Seniors

Graduates

STUDENT INDEPENDENCE

Traditional

Semi-Suite

4-Bedroom Apartment

Current Occupancy

Current occupancy distribution of FIU housing:

	Residence Hall	Freshmen	Sophomores	Juniors	Seniors	Graduate	Total
Suites	Panther	266	108	25	-	-	399
	Lakeview South	96	203	130	21	-	450
	Lakeview North	274	78	14	2	-	368
Apartments	Everglades	98	179	69	36	1	383
	Parkview	79	135	172	196	29	611
	University Towers	87	83	142	175	5	492
	University Apts.	19	55	208	294	14	590
	Total Occupants:	**919**	**841**	**760**	**724**	**49**	**3,293**

Modified Occupancy Strategy

Fall 2022 demand with modified distribution of FIU housing:

	Residence Hall	Freshmen	Sophomores	Juniors	Seniors	Graduate	Total
Suites	Panther	266	133	-	-	-	399
	Lakeview South	226	224	-	-	-	450
	Lakeview North	274	94	-	-	-	368
Apartments	Everglades	96	217	70	-	-	383
	Parkview	79	135	172	196	29	611
	University Towers	-	83	229	175	5	492
	University Apts.	-	30	252	294	14	590
	Total Occupants:	941	916	723	665	48	3,293
	Total Demand	941	916	982	988	521	4,348
	Delta (Δ)	0	0	-259	-323	-473	-1,055

New Project: 640 Revenue Beds (16 RA's)

Modified Occupancy Strategy

4-Bedroom Units

~85-90%

2-Bedroom Units

~10-15%

Studio Units

Graduate Demand Preferences

Renting Studios / 1-Bedroom Units

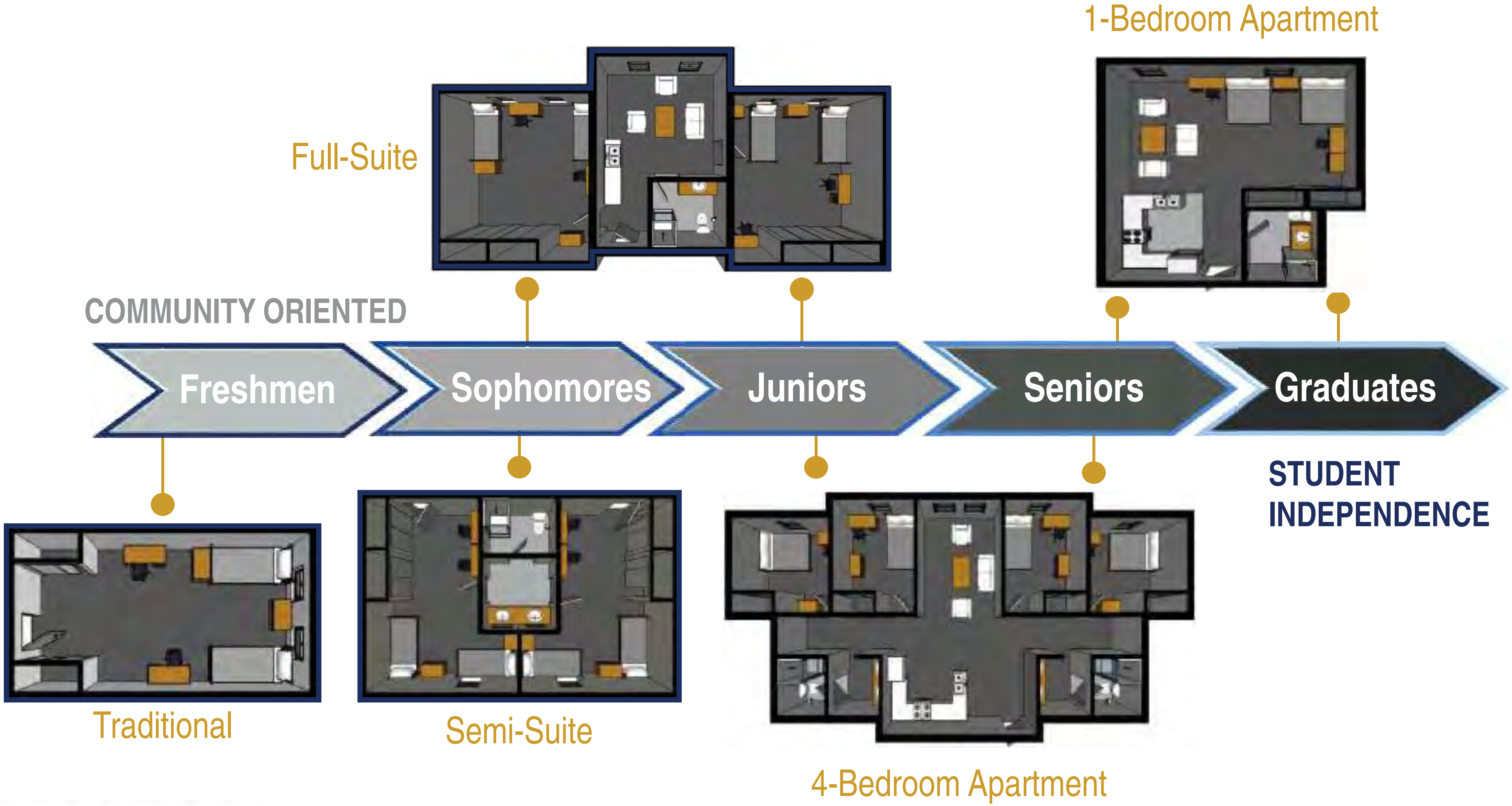
Class	# of Survey Respondents	Avg. Rent + Utilities
Freshmen	4	$1,092
Sophomores	6	$1,170
Juniors	29	$1,174
Seniors	18	$1,127
Graduates	52	$1,297

- Graduates are the most inclined to studio / 1-bedroom units and pay the most
- ***BUT***, FIU should be careful to not oversupply due to impending University Bridge construction / relationship →

University Bridge (Opening 2020)

Unit Distribution	Unit Count	Percent of Total
Studio Apartments	278	22%
1 BR Apartments	342	27%
2 BR Apartments	396	32%
3 BR Apartments	132	11%
4 BR Apartments	96	8%

Development Continuum



1-Bedroom Apartment

Full-Suite

COMMUNITY ORIENTED

Freshmen

Sophomores

Juniors

Seniors

Graduates

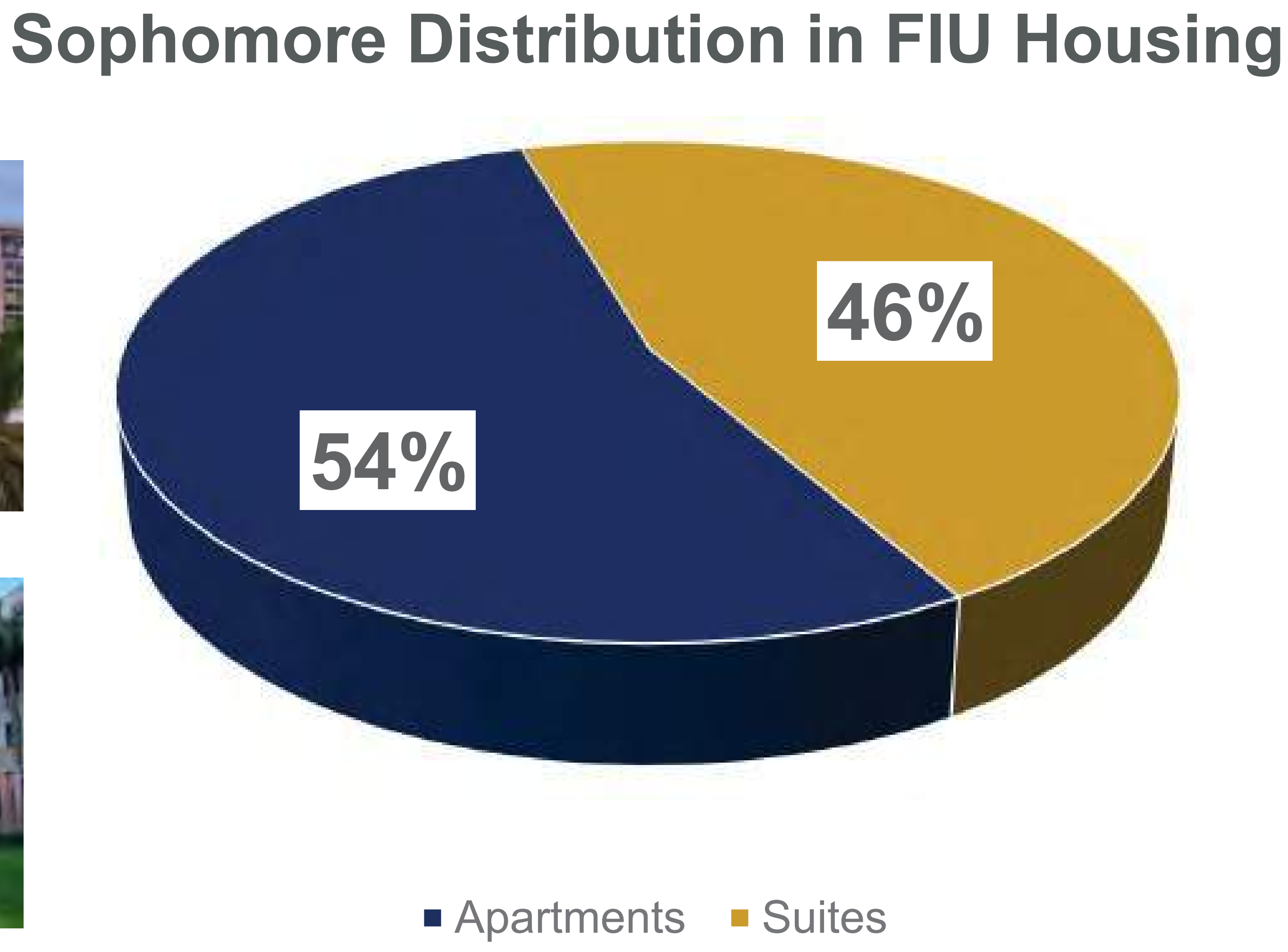
STUDENT INDEPENDENCE

Traditional

Semi-Suite

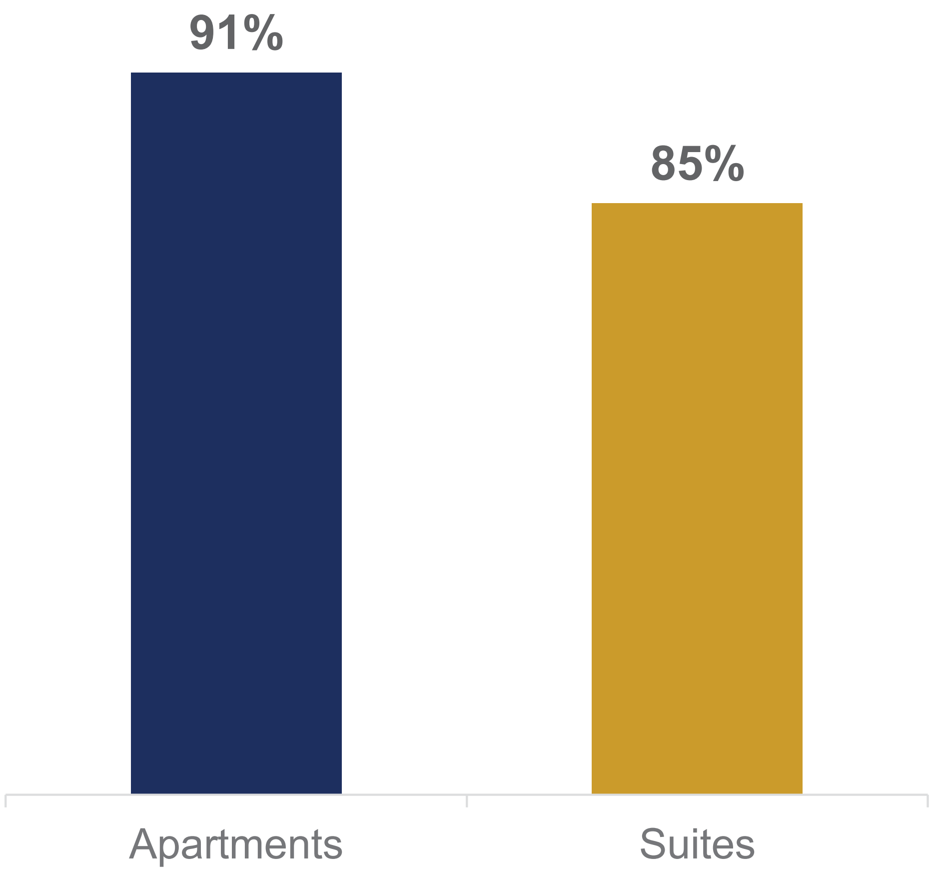
4-Bedroom Apartment

Sophomore Housing Inventory Distribution

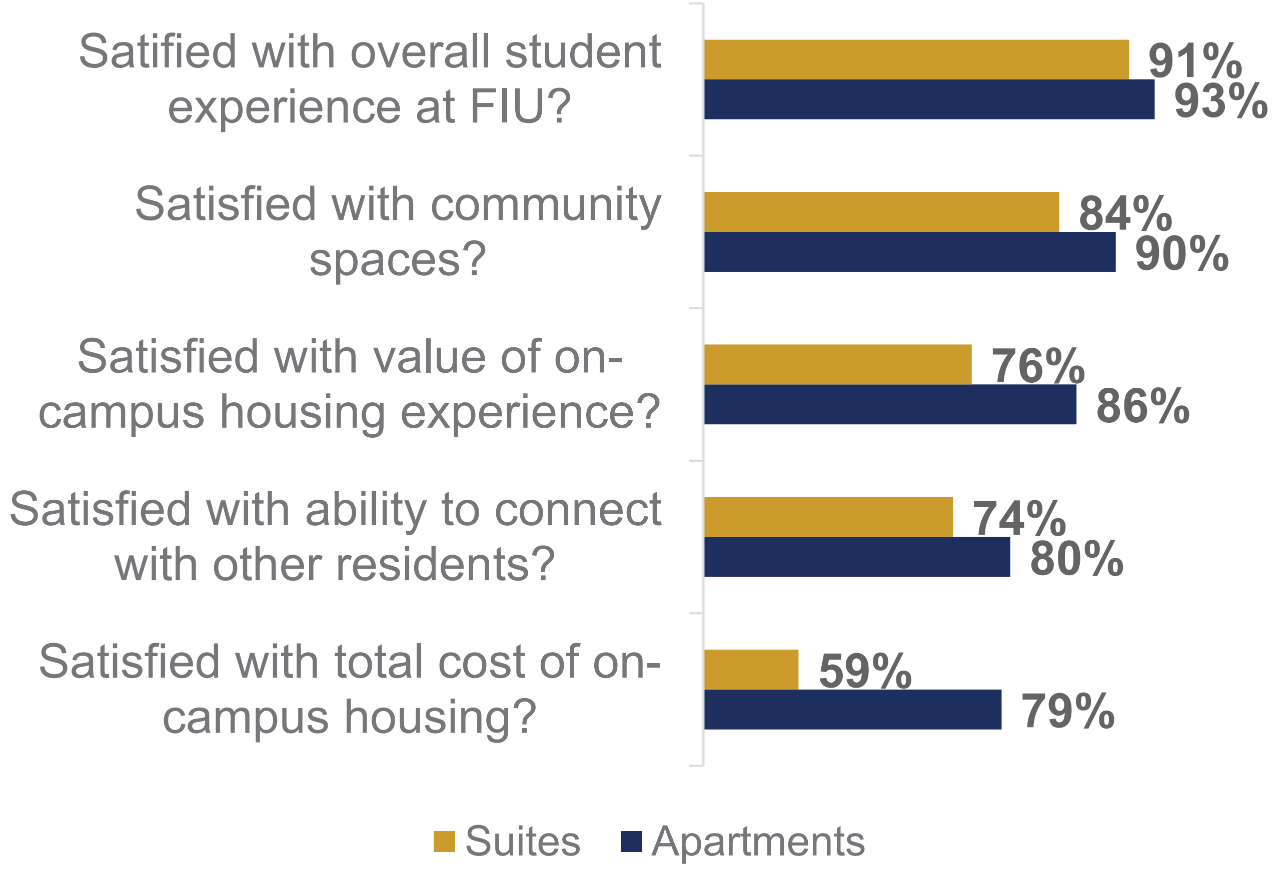


Sophomore Housing Experience

Overall Housing Satisfaction



Satisfaction with Housing Variables

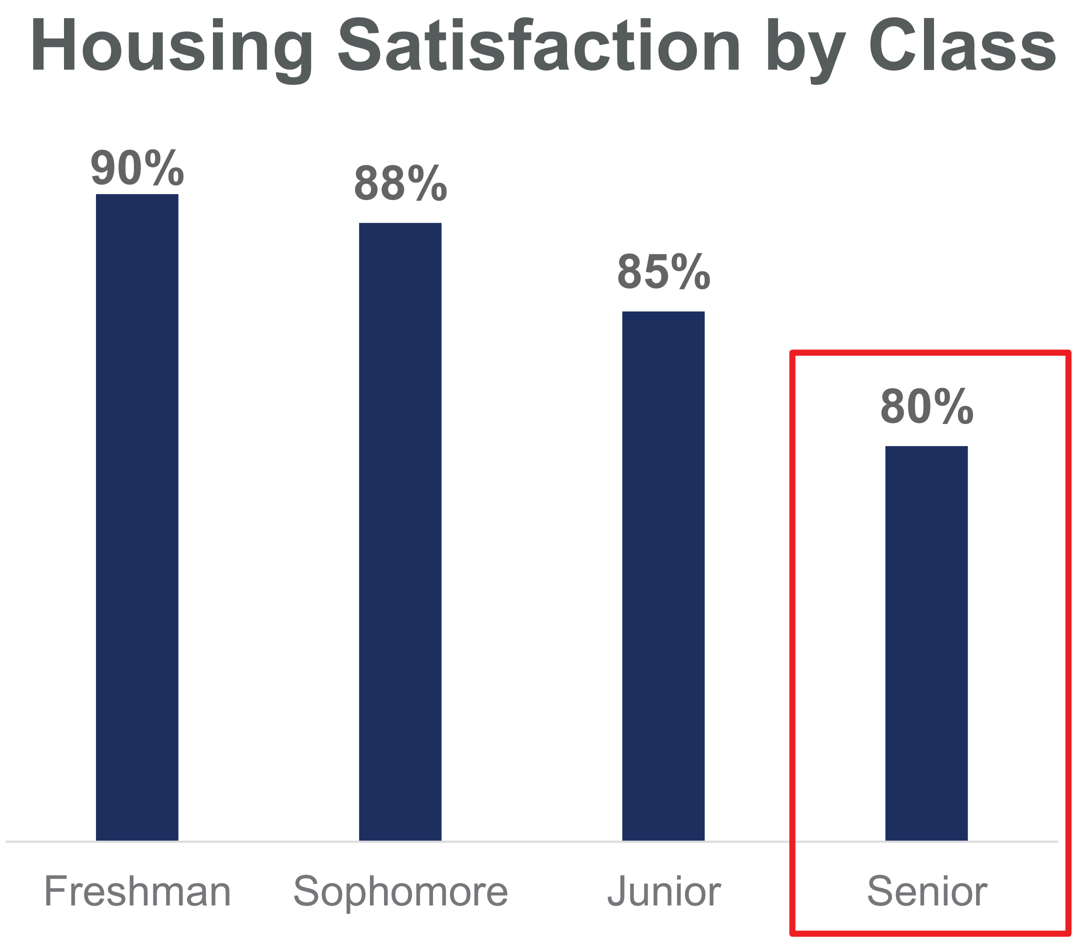


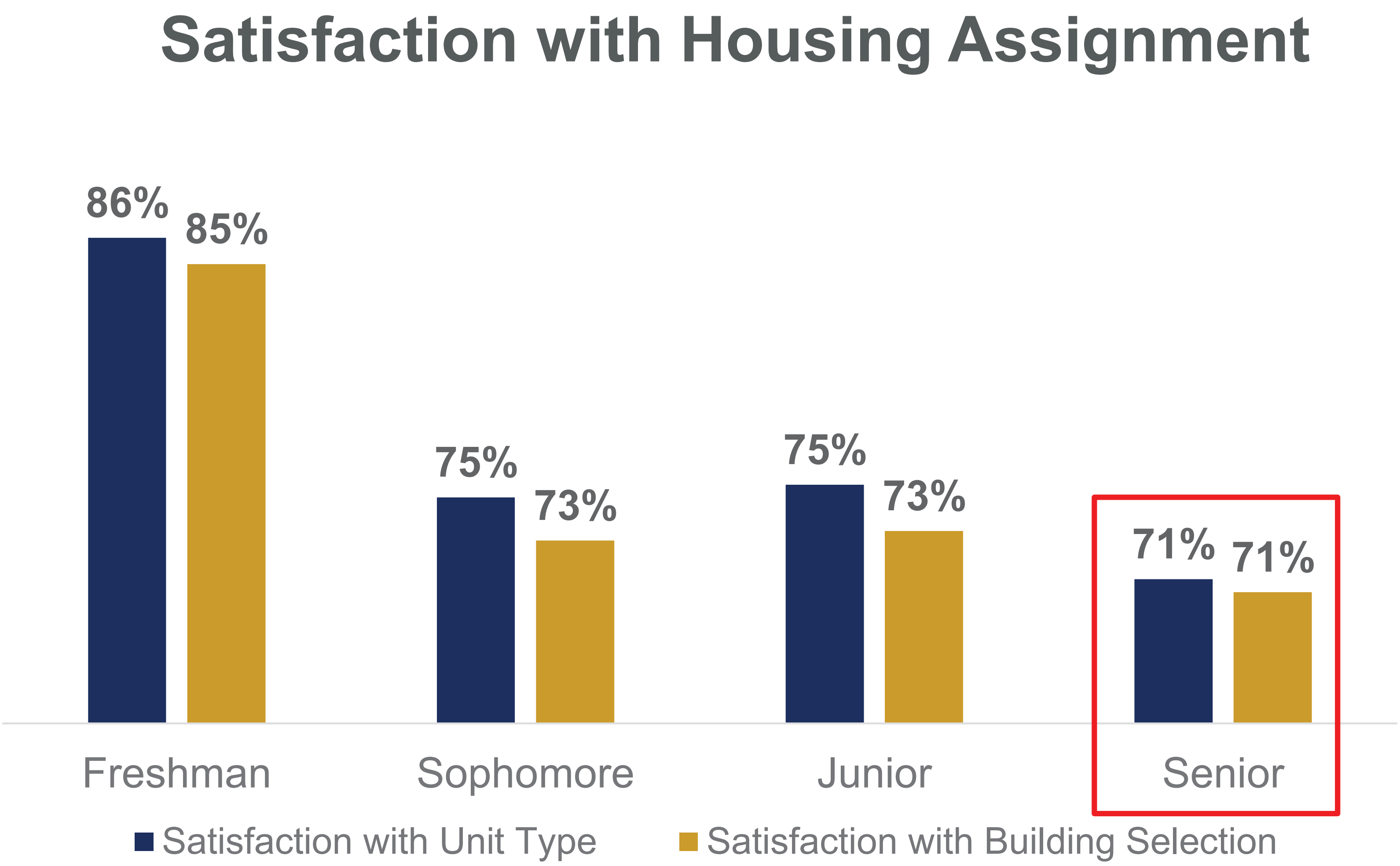
FIU provides a satisfactory on-campus experience for sophomore students

Sophomore Demand Stability

Lived in FIU housing as freshman students last year (non-transfers)?	97% Yes
Importance of housing being available to remain an FIU student?	91% Important
Interest in living in FIU housing next year?	87% Interested
Why did you want to live in FIU housing this year?	87% Convenience
Do you have access to a personal automobile?	48% No

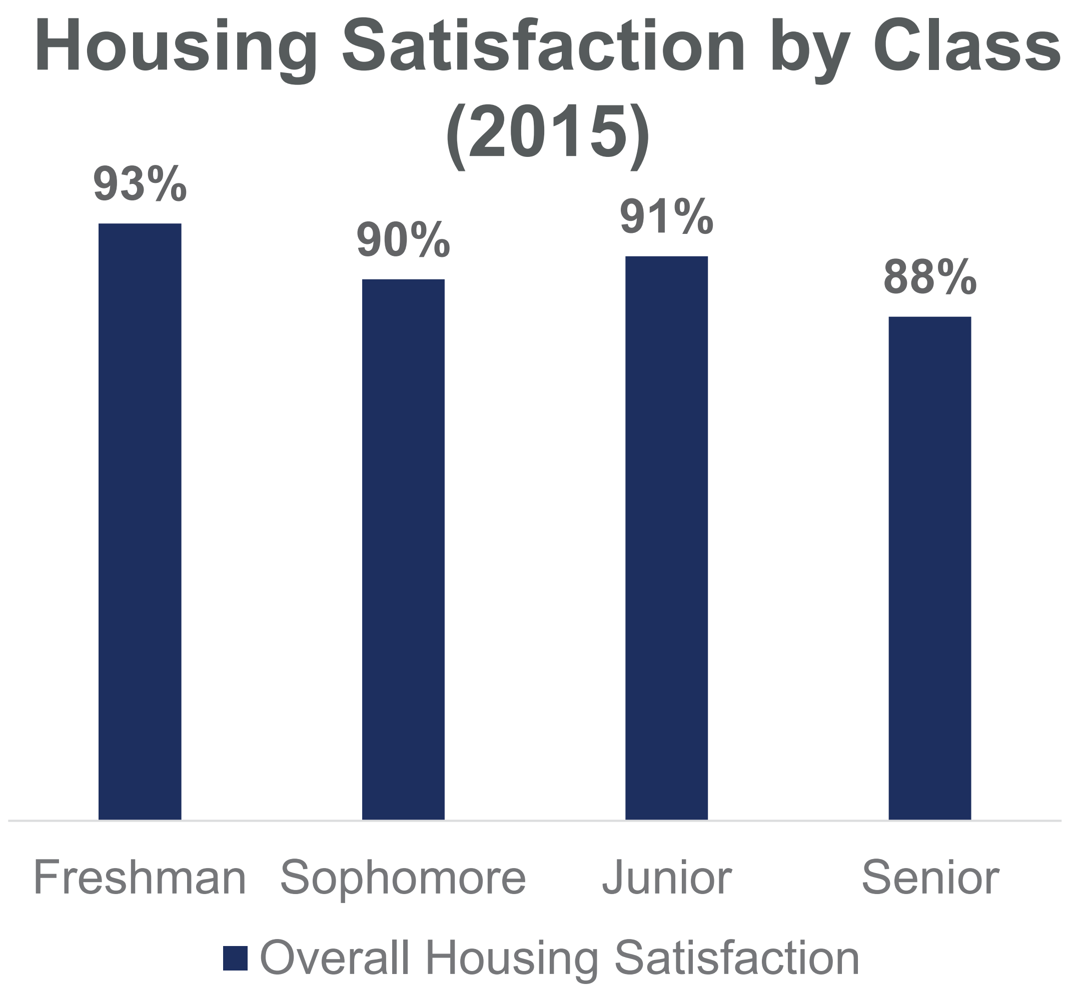
Sophomore Demand Stability

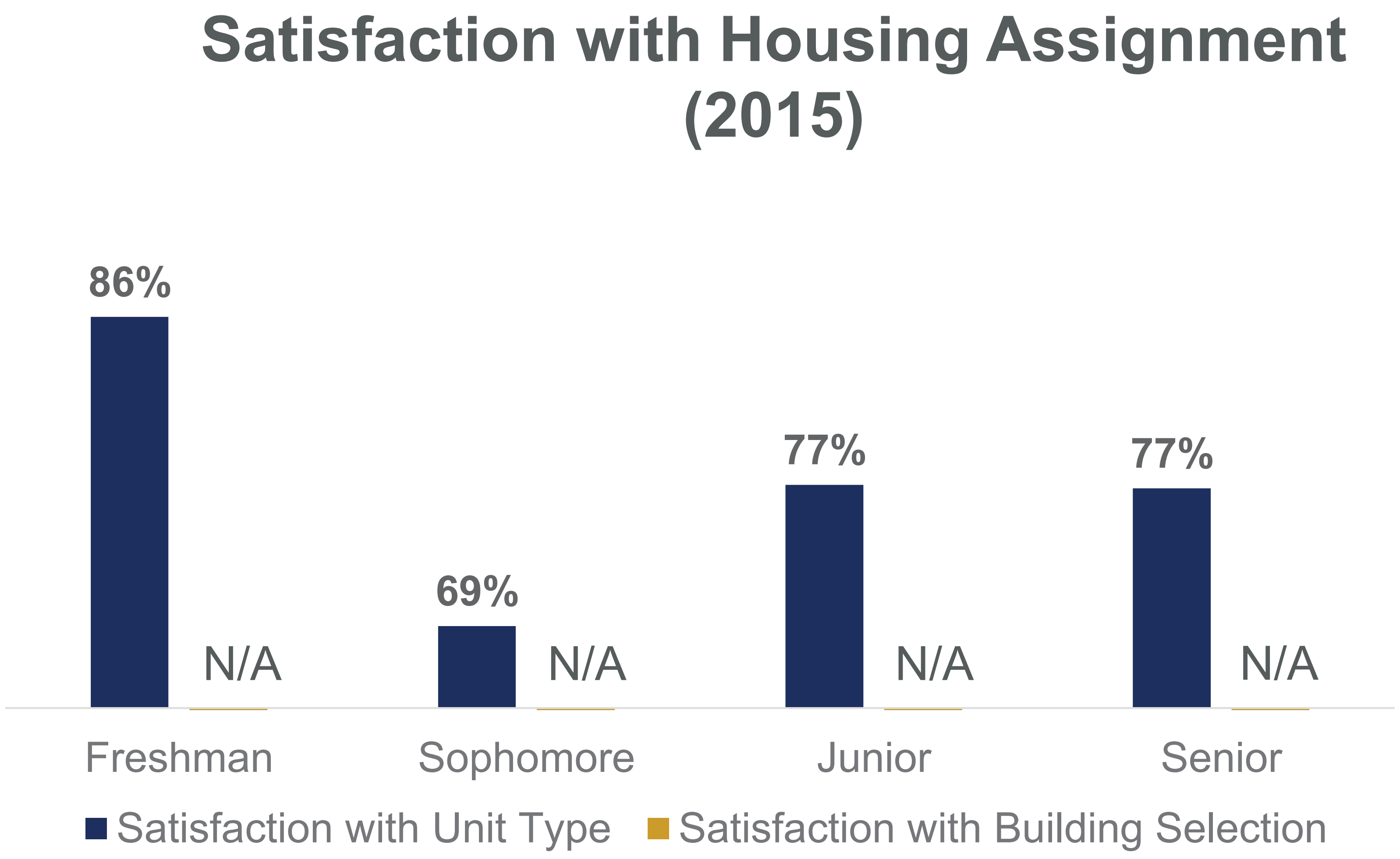




It is not until senior year that a non-ideal housing assignment negatively impacts overall satisfaction

Sophomore Demand Stability



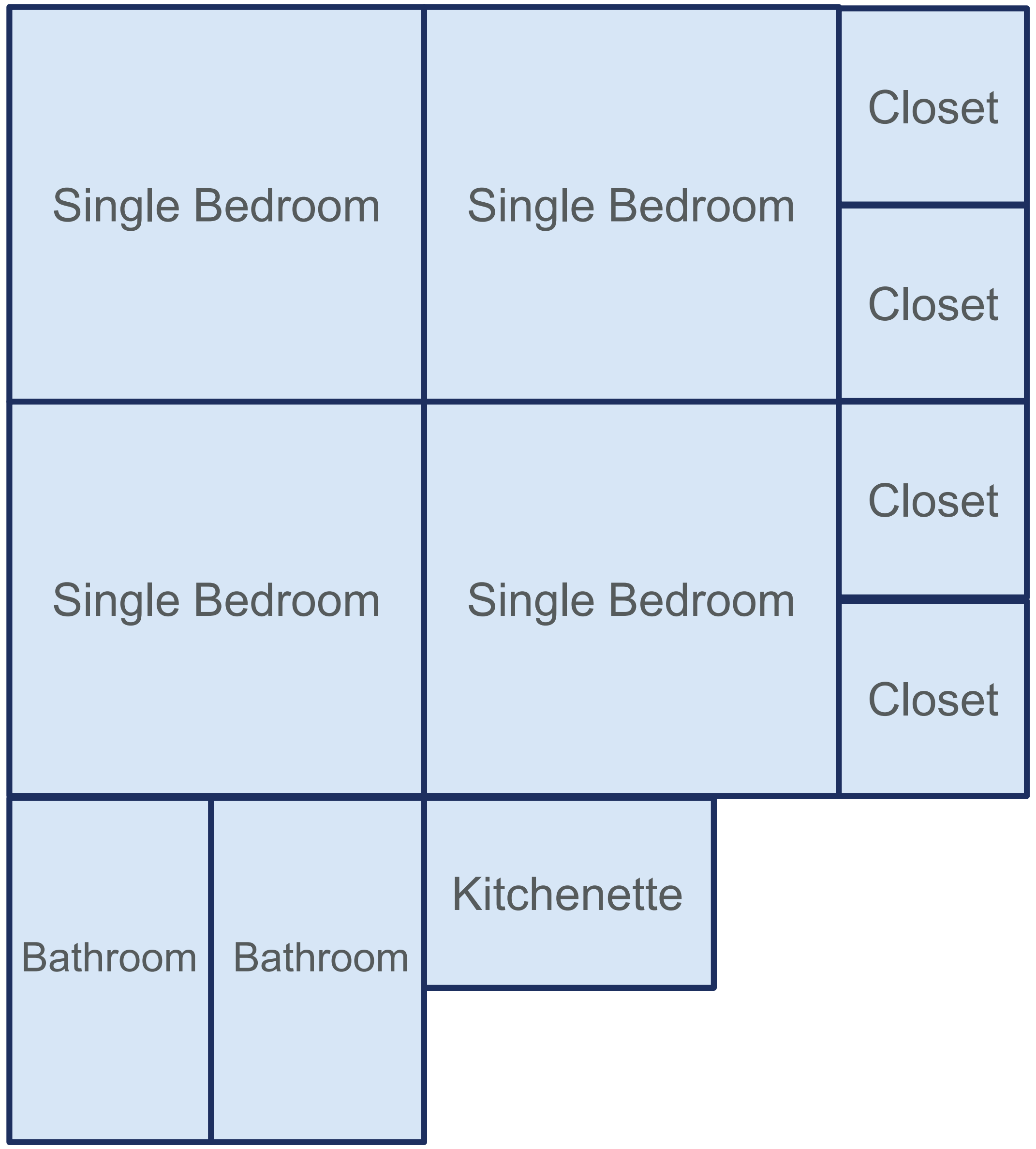


Sophomore satisfaction overall and with their unit type has not changed since Fall 2015, and their housing participation has actually grown

Program Delivery Strategy

4-Bedroom Unit Example

4-Bedroom Suite Example



Rental Rate Sensitivity

GSF / Bed	Average Rental Rate / Semester						
	$4,775	$4,050	$4,275	$4,500	$4,725	$4,950	$5,175
350	1.33	1.09	1.16	1.24	1.31	1.39	1.46
355	1.31	1.07	1.14	1.22	1.29	1.36	1.44
360	1.28	1.05	1.12	1.20	1.27	1.34	1.41
365	1.26	1.03	1.10	1.18	1.25	1.32	1.39
370	1.24	1.02	1.09	1.16	1.23	1.30	1.37
375	1.22	1.00	1.07	1.14	1.21	1.28	1.35
380	1.20	0.98	1.05	1.12	1.19	1.26	1.33
385	1.19	0.97	1.04	1.10	1.17	1.24	1.30
390	1.17	0.95	1.02	1.09	1.15	1.22	1.29
395	1.15	0.94	1.00	1.07	1.14	1.20	1.27
400	1.13	0.93	0.99	1.05	1.12	1.18	1.25
405	1.12	0.91	0.98	1.04	1.10	1.17	1.23

Reducing rental rates for 4-bedroom units is critical, and the best way to accomplish this is through shrinking the GSF / bed

Current Occupancy

Current occupancy distribution of FIU housing:

	Residence Hall	Freshmen	Sophomores	Juniors	Seniors	Graduate	Total
Suites	Panther	266	108	25	-	-	399
	Lakeview South	96	203	130	21	-	450
	Lakeview North	274	78	14	2	-	368
Apartments	Everglades	98	179	69	36	1	383
	Parkview	79	135	172	196	29	611
	University Towers	87	83	142	175	5	492
	University Apts.	19	55	208	294	14	590
	Total Occupants:	**919**	**841**	**760**	**724**	**49**	**3,293**

Modified Occupancy Strategy

Fall 2022 demand with modified distribution of FIU housing:

	Residence Hall	Freshmen	Sophomores	Juniors	Seniors	Graduate	Total
Suites	Panther	399	-	-	-	-	399
	Lakeview South	340	110	-	-	-	450
	Lakeview North	123	245	-	-	-	368
Apartments	Everglades	-	-	309	74	-	383
	Parkview	79	135	172	196	29	611
	University Towers	-	-	231	261	-	492
	University Apts.	-	-	150	385	55	590
	Total Occupants:	941	490	862	916	84	3,293
	Total Demand	941	916	982	988	521	4,348
	Delta (Δ)	0	-426	-120	-72	-437	-1,055

New Project: 640 Revenue Beds (16 RA’s)

FIU Housing Demand Waterfall

919	Freshmen
841	Sophomores
760	Juniors
718	Seniors
49	Graduates

Continuing to deliver a positive freshman / sophomore residential experience enhances opportunity for re-capture later – provides the most stable demand outlook

So… What?

FIU needs to be intentional with the target market group for the new project, especially when evaluating design concepts / receiving cost estimates

- If pursuing Juniors / Seniors / Graduates:
  - Will want more typical in-unit features
  - Must be at, or below market, with the 4-bedroom units
  - Smaller unit-configurations should be considered to optimize senior / graduate capture, even if at a higher price point
- If prioritizing Sophomores:
  - More flexibility exists on in-unit features, as this is a more predisposed housing population
  - Enhances focus on development continuum
  - May help facilitate re-capture within housing

Discussion

Questions?

Comments?

Concerns?

Thank you.

VISIT **PROGRAMMANAGERS.COM**
FOR MORE INFORMATION.

Exhibit B: Survey Results

Florida International University - Spring 2019 - Housing Demand Analysis

Description:
Date Created: 2/4/2019 9:06:37 AM
Date Range: 2/18/2019 12:00:00 AM - 3/6/2019 11:59:00 PM
Total Respondents: 4919

Q1. Do you currently live in FIU on-campus housing?

Count	Percent	
1323	26.90%	Yes
3596	73.10%	No
4919	Respondents	

Q2. Have you ever lived in on-campus housing at FIU?

Count	Percent	
362	10.08%	Yes
3228	89.92%	No
3590	Respondents	

Q3. Did you try to live on campus this year and housing was not available?

Count	Percent	
429	12.05%	Yes
3130	87.95%	No
3559	Respondents	

Q4. If housing is available, would you like to live on campus next year?

Count	Percent	
1856	38.04%	Yes
1157	23.71%	No
888	18.20%	No - I will be graduating / not returning to FIU next year
978	20.05%	Undecided
4879	Respondents	

Q5. If considering living on campus next year, why would you prefer to do so? (Select all that apply)

Count	Respondent %	Response %		
2006	74.08%	18.38%		On-campus housing provides the most convenience for my daily needs.
720	26.59%	6.60%		On-campus housing offers a lease term for the fall / spring semesters, as opposed to a 12-month term.
752	27.77%	6.89%		On-campus housing better understands / is more receptive to my financial aid / scholarship limitations.
984	36.34%	9.02%		On-campus housing bundles utilities and furnishings as part of the rental rate.
843	31.13%	7.73%		On-campus housing is safer / more secure than living off campus.
1077	39.77%	9.87%		On-campus housing allows me to not need a car.
1080	39.88%	9.90%		On-campus housing allows me to live near / with my FIU friends.
111	4.10%	1.02%		I do not want to live in the same community as non-FIU residents.
530	19.57%	4.86%		On-campus housing is more affordable.
1338	49.41%	12.26%		On-campus housing provides more opportunities to meet other students and become involved on campus.
1040	38.40%	9.53%		On-campus housing is more supportive of my academic success.
356	13.15%	3.26%		On-campus housing is more in line with my parent's/family's wishes
75	2.77%	0.69%		Other (please specify)
2708	Respondents			
10912	Responses			

Q6. If considering living off campus next year, why would you prefer to do so? (Select all that apply)

Count	Respondent %	Response %	
690	34.45%	5.74%	Off-campus housing options can provide a quieter living environment
474	23.66%	3.94%	Living off campus will satisfy my parent's/family's wishes
467	23.32%	3.88%	Off-campus housing options have more convenient parking
877	43.78%	7.29%	Off-campus housing options are more affordable
160	7.99%	1.33%	My preferred on-campus living accommodation will likely not be available
388	19.37%	3.23%	Off-campus housing has better in-unit amenities
154	7.69%	1.28%	Off-campus housing is safer / more secure than living on campus
394	19.67%	3.28%	Off campus housing options allow me to live in a different part of Miami
268	13.38%	2.23%	Off campus housing options allow me to be closer to restaurants / nightlife
273	13.63%	2.27%	Off campus housing options provide me with more / different evening and weekend activities that what is offered on campus
331	16.53%	2.75%	Off campus housing options allow me to live with or near friends
732	36.55%	6.09%	Off campus housing options allow me to live with or near family or partner
669	33.40%	5.56%	Off campus housing options allow me to have a full/queen/king size bed
317	15.83%	2.64%	Off campus housing options allow me to live with someone of an different gender
853	42.59%	7.10%	Off campus housing options provide me with more privacy
804	40.14%	6.69%	Off campus housing options provide me with more living space
755	37.69%	6.28%	Off campus housing options provide me with access to my own kitchen
606	30.25%	5.04%	Off campus housing options provide me with more convenient laundry facilities
673	33.60%	5.60%	Off campus housing options have fewer rules/restrictions
248	12.38%	2.06%	Off campus housing options have better physical condition of the building(s)
205	10.23%	1.71%	Off campus housing options have better maintenance and housekeeping services
44	2.20%	0.37%	Off campus housing options have better accessibility for persons with disabilities
282	14.08%	2.35%	Off campus housing options allow me to establish residency or credit history in my own name
251	12.53%	2.09%	Off campus housing options allow me to live away from other students
592	29.56%	4.92%	Off campus housing options allow me to have a pet
359	17.92%	2.99%	Living off-campus allowed me to not have a meal plan
156	7.79%	1.30%	Other (please specify)
2003	Respondents		
12022	Responses		

Q7. How satisfied are you with the overall student experience at FIU?

Count	Percent	
2548	54.95%	Very satisfied
1826	39.38%	Somewhat satisfied
201	4.33%	Somewhat unsatisfied
62	1.34%	Not satisfied
4637	Respondents	

Q8. How satisfied are you with your current housing experience?

Count	Percent	
1939	41.82%	Very satisfied
1913	41.26%	Somewhat satisfied
476	10.27%	Somewhat unsatisfied
309	6.66%	Not satisfied
4637	Respondents	

Q9. In which years have you lived in on-campus housing at FIU? (Select all that apply)

Count	Respondent %	Response %	
1108	68.86%	42.26%	Freshman year
655	40.71%	24.98%	Sophomore year
559	34.74%	21.32%	Junior year
212	13.18%	8.09%	Senior year (including fifth year and beyond)
56	3.48%	2.14%	Graduate
32	1.99%	1.22%	None
1609	Respondents		
2622	Responses		

Q10. What is your current class standing?

Count	Percent	
54	1.17%	Dual High School/FIU Enrollment
737	15.97%	Freshman (0-30 Credit Hours)
715	15.49%	Sophomore (31-60 Credit Hours)
1349	29.22%	Junior (61-90 Credit Hours)
927	20.08%	Senior (91-120 Credit Hours)
784	16.98%	Graduate
50	1.08%	Other
4616	Respondents	

Q11. What year did you graduate high school?

Count	Percent	
899	24.15%	2018
626	16.82%	2017
678	18.22%	2016
563	15.13%	2015
956	25.69%	Other
3722	Respondents	

Q12. Is this your first year enrolled at FIU?

Count	Percent	
1944	42.20%	Yes
2663	57.80%	No
4607	Respondents	

Q13. Did you transfer to FIU from another college or university?

Count	Percent	
484	10.51%	Yes, from a 4-year institution
703	15.26%	Yes, from a 2-year institution
712	15.45%	Yes, after receiving a degree from a 2-year institution
2708	58.78%	No
4607	Respondents	

Q14. What year did you transfer to FIU?

Count	Percent	
117	6.20%	Freshman (0-30 Credit Hours)
633	33.56%	Sophomore (31-60 Credit Hours)
958	50.80%	Junior (61-90 Credit Hours)
34	1.80%	Senior (91-120 Credit Hours)
126	6.68%	As a graduate student
18	0.95%	Other
1886	Respondents	

Q15. How connected do you feel to FIU as a University?

Count	Percent	
722	38.28%	Very connected
928	49.20%	Somewhat connected
236	12.51%	Not connected
1886	Respondents	

Q16. How connected do you feel to your FIU peers and classmates?

Count	Percent	
579	30.70%	Very connected
938	49.73%	Somewhat connected
369	19.57%	Not connected
1886	Respondents	

Q17. What is your current enrollment status?

Count	Percent	
3940	86.57%	Full time
611	13.43%	Part time
4551	Respondents	

Q18. Did either of your parents/guardians attend college or university?

Count	Percent	
2243	49.29%	Yes
2130	46.80%	No
178	3.91%	I prefer not to answer
4551	Respondents	

Q19. What is your marital/family status?

Count	Percent	
3875	85.15%	Single without children
139	3.05%	Single with children
271	5.95%	Married/partnered without children
266	5.84%	Married/partnered with children
4551	Respondents	

Q20. Where is your permanent residence/home?

Count	Percent	
672	14.77%	Miami Proper
1069	23.49%	West Miami (includes Coral Terrace, Westchester, Doral, Olympia Heights, Glenvar Heights, University Park, Kendall, Tamiami)
674	14.81%	Elsewhere in the Miami Metropolitan Area (includes Hialeah, Coral Gables, South Miami)
1010	22.19%	Elsewhere in Southern Florida (Fort Lauderdale, Boca Raton, Coral Springs, Hollywood, West Palm Beach)
558	12.26%	Elsewhere in Florida
179	3.93%	Elsewhere in the USA
389	8.55%	Outside of the USA
4551	Respondents	

Q21. On which campus are you attending more than 75% of your classes this semester?

Count	Percent	
3813	84.12%	Modesto A. Maidique Campus
404	8.91%	Biscayne Bay Campus
53	1.17%	FIU at I-75 (Broward College Miramar West Center)
229	5.05%	Engineering Center
34	0.75%	FIU Downtown on Brickell
4533	Respondents	

Q22. How important was the availability of on-campus housing in your decision to attend FIU?

Count	Percent	
1336	29.89%	Very important
781	17.48%	Somewhat important
755	16.89%	Somewhat unimportant
1597	35.74%	Very unimportant
4469	Respondents	

Q23. How important was the availability of on-campus housing in your decision to remain at FIU?

Count	Percent	
669	25.90%	Very important
354	13.70%	Somewhat important
410	15.87%	Somewhat unimportant
1150	44.52%	Very unimportant
2583	Respondents	

Q24. Prior to enrolling at FIU, how aware were you of FIU's on-campus housing offerings?

Count	Percent	
1553	34.75%	I was aware that FIU has on-campus housing, had an idea what types of units are offered, and had been inside at least one of the facilities.
1013	22.67%	I was aware that FIU has on-campus housing, had an idea as to what unit types are offered, but had never been inside any of the facilities.
982	21.97%	I was aware that FIU had on-campus facilities, had no idea what types of housing were available, and had never been inside any of the facilities.
709	15.86%	I assumed that FIU had on-campus housing, but was not concerned with this on-campus amenity.
212	4.74%	I was unaware that FIU had on-campus housing.
4469	Respondents	

Q25. Why did you choose to live on campus this year? (Select all that apply)

Count	Respondent %	Response %	
1030	83.33%	22.10%	On-campus housing provides the most convenience to my daily needs.
342	27.67%	7.34%	On-campus housing offers a lease term for the fall / spring semesters, as opposed to 12 months.
351	28.40%	7.53%	On-campus housing better understands / is more receptive to my financial aid / scholarship limitations.
213	17.23%	4.57%	My financial aid / scholarship package only allows me to live on campus.
424	34.30%	9.10%	On-campus housing bundles utilities and furnishings as part of the rental rate.
401	32.44%	8.60%	On-campus housing is safer / more secure than living off campus.
449	36.33%	9.63%	On-campus housing allows me to not need a car.
153	12.38%	3.28%	My parents made me live on campus.
175	14.16%	3.75%	I only wanted to live with / near FIU students.
168	13.59%	3.60%	On-campus housing allows me to rent by the bedroom, as opposed to a commitment for the whole unit.
76	6.15%	1.63%	I needed roommates, and most trust FIU's roommate matching services.
458	37.06%	9.83%	On-campus housing provides more opportunities to meet other students and become involved on campus.
363	29.37%	7.79%	On-campus housing is more supportive of my academic success.
58	4.69%	1.24%	Other (please specify)
1236	Respondents		
4661	Responses		

Q26. Where are you currently living on campus?

Count	Percent	
148	11.97%	Everglades Hall
146	11.81%	Lakeview South
161	13.03%	Lakeview North
175	14.16%	Panther Hall
211	17.07%	Parkview Hall
196	15.86%	University Apartments
111	8.98%	University Towers
0	0.00%	FIU-sponsored Fraternity Housing
88	7.12%	Bayview - Biscayne Bay Campus
1236	Respondents	

Q27. In previous years, where have you lived while attending FIU? (Select all that apply)

Count	Respondent %	Response %	
57	17.70%	11.52%	Everglades Hall
84	26.09%	16.97%	Lakeview South
56	17.39%	11.31%	Lakeview North
85	26.40%	17.17%	Panther Hall
80	24.84%	16.16%	Parkview Hall
52	16.15%	10.51%	University Apartments
57	17.70%	11.52%	University Towers
5	1.55%	1.01%	FIU-sponsored Fraternity Housing
19	5.90%	3.84%	Bayview - Biscayne Bay Campus
322	Respondents		
495	Responses		

Q28. Please indicate your level of satisfaction with your current on-campus living situation: - Total cost of rent and utilities

Count	Percent	
289	24.47%	Very satisfied
559	47.33%	Somewhat satisfied
214	18.12%	Somewhat unsatisfied
119	10.08%	Not satisfied
1181	Respondents	

Q29. Please indicate your level of satisfaction with your current on-campus living situation: - Total value of on-campus housing experience

Count	Percent	
443	37.51%	Very satisfied
520	44.03%	Somewhat satisfied
165	13.97%	Somewhat unsatisfied
53	4.49%	Not satisfied
1181	Respondents	

Q30. Please indicate your level of satisfaction with your current on-campus living situation: - Availability of my preferred housing unit type (double room, private room, apartment, suite, etc.)

Count	Percent	
539	45.64%	Very satisfied
383	32.43%	Somewhat satisfied
146	12.36%	Somewhat unsatisfied
113	9.57%	Not satisfied
1181	Respondents	

Q31. Please indicate your level of satisfaction with your current on-campus living situation: - Availability of my preferred building (Everglades, Parkview, etc.)

Count	Percent	
535	45.30%	Very satisfied
373	31.58%	Somewhat satisfied
134	11.35%	Somewhat unsatisfied
139	11.77%	Not satisfied
1181	Respondents	

Q32. Please indicate your level of satisfaction with your current on-campus living situation: - Proximity to classes

Count	Percent	
757	64.10%	Very satisfied
320	27.10%	Somewhat satisfied
70	5.93%	Somewhat unsatisfied
34	2.88%	Not satisfied
1181	Respondents	

Q33. Please indicate your level of satisfaction with your current on-campus living situation: - Proximity to, or availability of, convenient parking or campus/public transportation

Count	Percent	
552	46.74%	Very satisfied
365	30.91%	Somewhat satisfied
150	12.70%	Somewhat unsatisfied
114	9.65%	Not satisfied
1181	Respondents	

Q34. Please indicate your level of satisfaction with your current on-campus living situation: - Proximity to campus dining options

Count	Percent	
560	47.42%	Very satisfied
434	36.75%	Somewhat satisfied
117	9.91%	Somewhat unsatisfied
70	5.93%	Not satisfied
1181	Respondents	

Q35. Please indicate your level of satisfaction with your current on-campus living situation: - Flexible lease/rental terms

Count	Percent	
449	38.02%	Very satisfied
502	42.51%	Somewhat satisfied
142	12.02%	Somewhat unsatisfied
88	7.45%	Not satisfied
1181	Respondents	

Q36. Please indicate your level of satisfaction with your current on-campus living situation: - Availability / quality of community spaces (lounges, study areas, etc.) with my residence hall

Count	Percent	
685	58.00%	Very satisfied
359	30.40%	Somewhat satisfied
87	7.37%	Somewhat unsatisfied
50	4.23%	Not satisfied
1181	Respondents	

Q37. Please indicate your level of satisfaction with your current on-campus living situation: - Safety and security features

Count	Percent	
715	60.54%	Very satisfied
361	30.57%	Somewhat satisfied
74	6.27%	Somewhat unsatisfied
31	2.62%	Not satisfied
1181	Respondents	

Q38. Please indicate your level of satisfaction with your current on-campus living situation: - Programming/community events

Count	Percent	
599	50.72%	Very satisfied
428	36.24%	Somewhat satisfied
99	8.38%	Somewhat unsatisfied
55	4.66%	Not satisfied
1181	Respondents	

Q39. Please indicate your level of satisfaction with your current on-campus living situation: - Ability to connect with other residents

Count	Percent	
567	48.01%	Very satisfied
406	34.38%	Somewhat satisfied
129	10.92%	Somewhat unsatisfied
79	6.69%	Not satisfied
1181	Respondents	

Q40. Please indicate your level of satisfaction with your current on-campus living situation: - Access to laundry

Count	Percent	
523	44.28%	Very satisfied
354	29.97%	Somewhat satisfied
189	16.00%	Somewhat unsatisfied
115	9.74%	Not satisfied
1181	Respondents	

Q41. Please indicate your level of satisfaction with your current on-campus living situation: - Access to campus recreation facilities / spaces

Count	Percent	
790	66.89%	Very satisfied
307	25.99%	Somewhat satisfied
52	4.40%	Somewhat unsatisfied
32	2.71%	Not satisfied
1181	Respondents	

Q42. Which of the following statements do you most agree with in regards to your experience in on-campus housing at FIU? (Select up to three)Living in FIU housing has had a positive influence on:

Count	Respondent %	Response %	
883	59.95%	24.98%	Helping me acclimate to student life at the University
229	15.55%	6.48%	Connecting me to leadership opportunities at the University
702	47.66%	19.86%	Connecting me to new friends
478	32.45%	13.52%	Supporting my academic success
198	13.44%	5.60%	Connecting me to student organization opportunities at the University
160	10.86%	4.53%	Providing learning opportunities beyond the classroom
671	45.55%	18.98%	My utilization of campus resources (library, labs, faculty/staff, etc.)
182	12.36%	5.15%	Connecting me to employment opportunities at the University
32	2.17%	0.91%	Other (please specify)
1473	Respondents		
3535	Responses		

Q43. With whom do you currently live?

Count	Percent	
266	8.26%	I live alone
295	9.16%	With other FIU student(s)
162	5.03%	With roommate(s) who are not students at FIU
2051	63.72%	With my parent(s) or other relative(s)
445	13.82%	With my spouse/partner and/or children
3219	Respondents	

Q44. Please indicate, from the list below, the reason(s) you have chosen to live with your parents or other relatives: (Select all that apply)

Count	Respondent %	Response %	
1832	89.50%	38.95%	Affordability
427	20.86%	9.08%	Convenient access to my job
514	25.11%	10.93%	Convenient access to FIU
937	45.77%	19.92%	My parents preferred that I live with them rather than rent/buy
162	7.91%	3.44%	Lack of on-campus housing
130	6.35%	2.76%	Lack of housing near FIU
621	30.34%	13.20%	Did not consider any living arrangement other than living with parents/relatives
80	3.91%	1.70%	Other (please specify)
2047	Respondents		
4703	Responses		

Q45. What type of living arrangement do you currently have?

Count	Percent	
611	52.58%	Rent an apartment
172	14.80%	Rent a house / townhouse / condo
153	13.17%	Rent a room within a house / townhouse / condo
191	16.44%	Own a house / townhouse / condo
35	3.01%	Other (please specify)
1162	Respondents	

Q46. In which of the following off-campus properties do you currently reside?

Count	Percent	
24	7.89%	109 Tower
19	6.25%	4th Street Commons
1	0.33%	University Bridge
2	0.66%	District West Gables
19	6.25%	Vista Verde Apartments
0	0.00%	Blue Riviera
8	2.63%	Fountainbleu Milton
3	0.99%	Birchwood Apartments
1	0.33%	Royal Palms
0	0.00%	Four Quarters Habitat Apartments
1	0.33%	Camden Doral
4	1.32%	Waterford Point
0	0.00%	The Stratford
2	0.66%	Ludlam Point
3	0.99%	Bridges at Kendall Place
217	71.38%	Other (please specify)
304	Respondents	

Q47. What neighborhood is your current residence?

Count	Percent	
340	10.63%	Sweetwater
609	19.03%	Kendall
243	7.59%	West Miami
209	6.53%	Doral
842	26.31%	Elsewhere in Miami metro area (please specify)
770	24.06%	Elsewhere in South Florida (please specify)
187	5.84%	Other (please specify)
3200	Respondents	

Q48. What is your current lease term?

Count	Percent	
647	68.03%	Twelve months
51	5.36%	Academic year (9-10 months)
185	19.45%	Month-to-month
68	7.15%	Other (please specify)
951	Respondents	

Q49. How many other people do you share your residence with?

Count	Percent	
172	18.09%	None
310	32.60%	One
192	20.19%	Two
183	19.24%	Three
51	5.36%	Four
24	2.52%	Five
19	2.00%	Six or more
951	Respondents	

Q50. How many bedrooms are there in the unit where you currently live?

Count	Percent	
258	27.13%	1 bedroom
318	33.44%	2 bedrooms
204	21.45%	3 bedrooms
171	17.98%	4 or more bedrooms
951	Respondents	

Q51. Do you have a single bedroom?

Count	Percent	
659	69.30%	Yes
70	7.36%	No - I share it with a roommate
222	23.34%	No - I share it with a spouse/partner and/or relative
951	Respondents	

Q52. What is your personal share of monthly rent/housing costs, excluding utilities?

Count	Percent	
89	9.36%	Less than $500
123	12.93%	$500 - $599
110	11.57%	$600 - $699
102	10.73%	$700 - $799
88	9.25%	$800 - $899
119	12.51%	$900 - $999
67	7.05%	$1,000 - $1,099
29	3.05%	$1,100 - $1,199
35	3.68%	$1,200 - $1,299
142	14.93%	$1,300 or more
47	4.94%	I don't know
951	Respondents	

Q53. Which of the following utilities do you currently pay for, in addition to your rent? (Select all that apply)

Count	Respondent %	Response %	
295	31.02%	10.37%	Cable/satellite television
192	20.19%	6.75%	Gas
596	62.67%	20.96%	Internet
287	30.18%	10.09%	Telephone
571	60.04%	20.08%	Electric
358	37.64%	12.59%	Water
149	15.67%	5.24%	Sewer
160	16.82%	5.63%	Trash
236	24.82%	8.30%	None, utilities are included in the rent
951	Respondents		
2844	Responses		

Q54. How much is your individual monthly cost for all the utilities selected in the previous question?

Count	Percent	
18	2.49%	Less than $25
93	12.88%	$25 - $49
190	26.32%	$50 - $99
139	19.25%	$100 - $149
94	13.02%	$150 - $199
145	20.08%	$200 or more
43	5.96%	Don't know
722	Respondents	

Q55. Does your current rental unit include furniture?

Count	Percent	
310	32.67%	Yes
639	67.33%	No - I had to supply furniture for my rental unit
949	Respondents	

Q56. Please indicate how important each of the following factors were in your decision to live off-campus this year (non-university housing): - Lack of quality on-campus facilities

Count	Percent	
791	26.49%	Very important
612	20.50%	Somewhat important
418	14.00%	Somewhat unimportant
1165	39.02%	Very unimportant
2986	Respondents	

Q57. Please indicate how important each of the following factors were in your decision to live off-campus this year (non-university housing): - Range of available room types on-campus

Count	Percent	
895	29.97%	Very important
617	20.66%	Somewhat important
370	12.39%	Somewhat unimportant
1104	36.97%	Very unimportant
2986	Respondents	

Q58. Please indicate how important each of the following factors were in your decision to live off-campus this year (non-university housing): - Limited inventory available to non-freshman students

Count	Percent	
703	23.54%	Very important
597	19.99%	Somewhat important
435	14.57%	Somewhat unimportant
1251	41.90%	Very unimportant
2986	Respondents	

Q59. Please indicate how important each of the following factors were in your decision to live off-campus this year (non-university housing): - In-unit amenities offered off campus (in-unit laundry, in-unit kitchen, high-end finishes, etc.)

Count	Percent	
1126	37.71%	Very important
561	18.79%	Somewhat important
316	10.58%	Somewhat unimportant
983	32.92%	Very unimportant
2986	Respondents	

Q60. Please indicate how important each of the following factors were in your decision to live off-campus this year (non-university housing): - Community features / amenities offered off campus (BBQ area, rooftop pool, etc.)

Count	Percent	
712	23.84%	Very important
640	21.43%	Somewhat important
505	16.91%	Somewhat unimportant
1129	37.81%	Very unimportant
2986	Respondents	

Q61. Please indicate how important each of the following factors were in your decision to live off-campus this year (non-university housing): - Requirement of meal plan purchase if living on campus

Count	Percent	
892	29.87%	Very important
622	20.83%	Somewhat important
417	13.97%	Somewhat unimportant
1055	35.33%	Very unimportant
2986	Respondents	

Q62. Please indicate how important each of the following factors were in your decision to live off-campus this year (non-university housing): - Existing FIU visitation policy / University rules and restrictions

Count	Percent	
865	28.97%	Very important
655	21.94%	Somewhat important
402	13.46%	Somewhat unimportant
1064	35.63%	Very unimportant
2986	Respondents	

Q63. Please indicate how important each of the following factors were in your decision to live off-campus this year (non-university housing): - Proximity to family

Count	Percent	
1172	39.25%	Very important
628	21.03%	Somewhat important
341	11.42%	Somewhat unimportant
845	28.30%	Very unimportant
2986	Respondents	

Q64. Please indicate how important each of the following factors were in your decision to live off-campus this year (non-university housing): - Proximity to public transportation

Count	Percent	
759	25.42%	Very important
478	16.01%	Somewhat important
405	13.56%	Somewhat unimportant
1344	45.01%	Very unimportant
2986	Respondents	

Q65. Please indicate how important each of the following factors were in your decision to live off-campus this year (non-university housing): - Proximity to childcare

Count	Percent	
303	10.15%	Very important
149	4.99%	Somewhat important
202	6.76%	Somewhat unimportant
2332	78.10%	Very unimportant
2986	Respondents	

Q66. Please indicate how important each of the following factors were in your decision to live off-campus this year (non-university housing): - Proximity to work

Count	Percent	
1124	37.64%	Very important
602	20.16%	Somewhat important
224	7.50%	Somewhat unimportant
1036	34.70%	Very unimportant
2986	Respondents	

Q67. Please indicate how important each of the following factors were in your decision to live off-campus this year (non-university housing): - Private bedroom

Count	Percent	
1990	66.64%	Very important
432	14.47%	Somewhat important
148	4.96%	Somewhat unimportant
416	13.93%	Very unimportant
2986	Respondents	

Q68. Please indicate how important each of the following factors were in your decision to live off-campus this year (non-university housing): - Private bathroom

Count	Percent	
1822	61.02%	Very important
535	17.92%	Somewhat important
203	6.80%	Somewhat unimportant
426	14.27%	Very unimportant
2986	Respondents	

Q69. Please indicate how important each of the following factors were in your decision to live off-campus this year (non-university housing): - Proximity to restaurants and bars

Count	Percent	
622	20.83%	Very important
808	27.06%	Somewhat important
521	17.45%	Somewhat unimportant
1035	34.66%	Very unimportant
2986	Respondents	

Q70. Please indicate how important each of the following factors were in your decision to live off-campus this year (non-university housing): - Proximity to entertainment and nightlife

Count	Percent	
526	17.62%	Very important
672	22.51%	Somewhat important
625	20.93%	Somewhat unimportant
1163	38.95%	Very unimportant
2986	Respondents	

Q71. Please indicate how important each of the following factors were in your decision to live off-campus this year (non-university housing): - Proximity to, or availability of, on-site parking

Count	Percent	
1317	44.11%	Very important
629	21.06%	Somewhat important
289	9.68%	Somewhat unimportant
751	25.15%	Very unimportant
2986	Respondents	

Q72. Please indicate how important each of the following factors were in your decision to live off-campus this year (non-university housing): - Full-control of roommate selection

Count	Percent	
1416	47.42%	Very important
639	21.40%	Somewhat important
272	9.11%	Somewhat unimportant
659	22.07%	Very unimportant
2986	Respondents	

Q73. Please indicate how important each of the following factors were in your decision to live off-campus this year (non-university housing): - Affordability

Count	Percent	
2383	79.81%	Very important
299	10.01%	Somewhat important
74	2.48%	Somewhat unimportant
230	7.70%	Very unimportant
2986	Respondents	

Q74. If all of the unit types described above were available at FIU, what would have been your preferred housing configuration for this academic year (2018 - 2019)?

Count	Percent	
1333	32.83%	Unit Type A - Semi-Suite: Private Bedroom with Adjoining Bathroom ($4,246- $4,693/semester or $943 - $1,043/month)
322	7.93%	Unit Type B - Semi-Suite: Shared Bedroom with Adjoining Bathroom (2 students per bedroom) ($3,457 - $ 3,821/semester or $768 - $849/month)
224	5.52%	Unit Type C - Full Suite: Two Private Bedrooms with Adjoining Bathroom ($4,561 - $5,041/semester or $1,014 - $1,120/month)
152	3.74%	Unit Type C - Full Suite: Two Shared Bedrooms (2 students per bedroom) with Adjoining Bathroom ($3,615 - $3,995/semester or $803 - $888/month)
178	4.38%	Unit Type D - Two Bedroom/One Bathroom Apartment: Private Bedroom ($5,192 - $5,738/semester or $1,154 - $1,275/month)
167	4.11%	Unit Type D - Two Bedroom/One Bathroom Apartment: Shared Bedroom (2 students per bedroom) ($3,930 - $4,344/semester or $873 - $965 month)
789	19.43%	Unit Type E - Four Bedroom/Two Bathroom Apartment: Private Bedroom ($4,876 - $5,390/semester, or $1,084 - $1,198/month)
895	22.04%	I would not choose to live in FIU-sponsored housing
4060	Respondents	

Q75. Of all of FIU's current housing options and a hypothetical new construction option, what would have been your preferred housing configuration for this academic year (2018 - 2019)?

Count	Percent	
447	11.01%	Panther Hall - Two Bedroom Suite/Shared Bedroom ($2,650/semester)
258	6.35%	Lakeview Hall - Two Bedroom Suite/Shared Bedroom ($2,650/semester)
408	10.05%	Lakeview Hall - Four Bedroom Apartment/Private Bedroom (3,350/semester)
356	8.77%	Everglades Hall -Three Bedroom Apartment/Private Bedroom ($3,850/semester)
438	10.79%	Parkview/The Honors Hall - Four Bedroom Apartment/Private Bedroom ($4,300/semester)
264	6.50%	University Towers - Four Bedroom Apartment/Private Bedroom (4,050/semester)
337	8.30%	University Apartments - Four Bedroom Apartment/Private Bedroom ($3,800/semester)
416	10.25%	New FIU-sponsored housing - Four Bedroom Apartment/Private Bedroom ($4,876 - $5,390/semester)
1136	27.98%	I would not choose to live in FIU-sponsored housing
4060	Respondents	

Q76. If you are not interested in the proposed units, please indicate why: (Select all that apply)

Count	Respondent %	Response %	
673	52.95%	23.61%	Rental rates not affordable
278	21.87%	9.75%	Not interested in proposed unit types
327	25.73%	11.47%	I am not interested in living in a student community
99	7.79%	3.47%	I own a home/apartment
495	38.95%	17.37%	I live with parents/relatives
171	13.45%	6.00%	I live in a parent-owned apartment/house
313	24.63%	10.98%	I am satisfied with my current rental situation
134	10.54%	4.70%	Too far from my job
106	8.34%	3.72%	Too far from my parents/relatives
63	4.96%	2.21%	Too far from off-campus activities (nightlife, beach, etc.)
49	3.86%	1.72%	Lack of on-campus security at FIU
142	11.17%	4.98%	Other (please specify)
1271	Respondents		
2850	Responses		

Q77. Which five living features would you consider most important for future housing provided at FIU? (Select up to FIVE responses)

Count	Respondent %	Response %	
1410	34.92%	7.56%	Washer/dryer in building
1831	45.34%	9.82%	Washer/dryer in unit
2964	73.40%	15.89%	Private bedroom (not shared with anyone)
1908	47.25%	10.23%	Private bathroom (not shared with anyone)
1092	27.04%	5.85%	Living room space in unit
2607	64.56%	13.98%	Kitchen/kitchenette in unit
233	5.77%	1.25%	Kitchen/kitchenette on my floor
336	8.32%	1.80%	Additional storage space near or in my residence hall/apartment
737	18.25%	3.95%	Computer/printer labs
199	4.93%	1.07%	One large, centrally located, community room
233	5.77%	1.25%	One large, centrally located, study room
357	8.84%	1.91%	Smaller study rooms on each hall/floor
190	4.71%	1.02%	One centrally located game/billiards room
145	3.59%	0.78%	Smaller community lounges/rooms on each hall/floor
1065	26.37%	5.71%	Individually-controlled thermostats
454	11.24%	2.43%	Sustainable design practices (energy-efficient windows, recycled materials, alternative energy sources, etc.)
1348	33.38%	7.23%	Designated parking for housing residents
333	8.25%	1.79%	A flat screen television provided in the common area of my unit
761	18.85%	4.08%	A microwave provided in my unit
348	8.62%	1.87%	A sound-proof music room in my residence hall
102	2.53%	0.55%	Other (please specify)
4038	Respondents		
18653	Responses		

Q78. Do you have access to a car?

Count	Percent	
3107	76.96%	Yes
930	23.04%	No
4037	Respondents	

Q79. Do you believe that having a car is a necessity when living in on-campus housing?

Count	Percent	
595	42.17%	Yes
816	57.83%	No
1411	Respondents	

Q80. How do you typically get to campus?

Count	Percent	
129	4.45%	Walk
307	10.58%	Drive with someone else
2025	69.78%	Drive alone
37	1.27%	Bicycle
97	3.34%	Bus
211	7.27%	Combination of two or more of the above
96	3.31%	Other (please specify)
2902	Respondents	

Q81. How long does it typically take you to get from where you live to campus?

Count	Percent	
151	5.20%	5 minutes or less
264	9.10%	6 - 10 minutes
547	18.85%	11 - 20 minutes
654	22.54%	21 - 30 minutes
614	21.16%	31 - 45 minutes
420	14.47%	46 - 60 minutes
252	8.68%	More than 60 minutes
2902	Respondents	

Q82. How do you typically get to your classes and other on-campus activities?

Count	Percent	
2177	54.02%	Walk
167	4.14%	Drive with someone else
1093	27.12%	Drive alone
59	1.46%	Bicycle
73	1.81%	Bus
32	0.79%	Panther Mover
324	8.04%	Combination of two or more of the above
105	2.61%	Other (please specify)
4030	Respondents	

Q83. Which of the following best describes what you do most often on weekends during the academic year?

Count	Percent	
926	23.01%	Go home to see family or friends
1252	31.11%	Stay at my off-campus apartment/residence
154	3.83%	Visit friends/family who are enrolled at another institution or live in a different city
896	22.27%	Explore Miami area/community
796	19.78%	Stay on campus (study, socialize, attend activities, etc.)
4024	Respondents	

Q84. How often do you stay on FIU's campus for the entire weekend (not go home or stay at friend's house, etc.)?

Count	Percent	
164	14.55%	0-25% of weekends
188	16.68%	25-50% of weekends
272	24.13%	50-75% of weekends
503	44.63%	75-100% of weekends
1127	Respondents	

Q85. How often do you stay on FIU's campus for at least part of the weekend (not go home or stay at friend's house, etc.)?

Count	Percent	
153	13.58%	0-25% of weekends
190	16.86%	25-50% of weekends
251	22.27%	50-75% of weekends
533	47.29%	75-100% of weekends
1127	Respondents	

Q86. What is your gender / how do you self-identify?

Count	Percent	
1202	29.88%	Male
2740	68.11%	Female
6	0.15%	Transgender
36	0.89%	Non-binary/non-conforming
5	0.12%	Other
34	0.85%	I prefer not to indicate my gender
4023	Respondents	

Q87. What is your ethnic background?

Count	Percent	
2350	58.41%	Hispanic or Latino
1673	41.59%	Not Hispanic or Latino
4023	Respondents	

Q88. Which one of the following best describes your race?

Count	Percent	
680	40.67%	Black/African American
289	17.28%	Asian
5	0.30%	Native Hawaiian or Other Pacific Islander
5	0.30%	American Indian or Alaskan Native
511	30.56%	White
118	7.06%	Two or more races
64	3.83%	Other/unknown
1672	Respondents	

Q89. What is your age?

Count	Percent	
39	0.97%	17 or under
1089	27.08%	18 - 19
1097	27.28%	20 - 21
897	22.31%	22 - 24
513	12.76%	25 - 29
386	9.60%	30 or over
4021	Respondents	

Q90. Are you currently employed?

Count	Percent	
2254	56.06%	Yes
1767	43.94%	No
4021	Respondents	

Q91. How many days per week do you typically work?

Count	Percent	
45	2.00%	Less than once per week
66	2.93%	One time per week
251	11.14%	Two times per week
532	23.60%	Three times per week
453	20.10%	Four times per week
907	40.24%	Five times or more per week
2254	Respondents	

Q92. Are you a member of the Honors College?

Count	Percent	
512	12.76%	Yes
3502	87.24%	No
4014	Respondents	

Q93. In what College are you currently enrolled or affiliated?

Count	Percent	
1221	30.42%	College of Arts, Sciences & Education
607	15.12%	College of Business
113	2.82%	Chaplin School of Hospitality and Tourism
296	7.37%	College of Communication, Architecture + The Arts
504	12.56%	College of Engineering & Computing
78	1.94%	Herbert Wertheim College of Medicine
55	1.37%	Honors College
55	1.37%	College of Law
198	4.93%	Nicole Wertheim College of Nursing & Health Sciences
136	3.39%	Robert Stempel College of Public Health & Social Work
386	9.62%	Steven J. Green School of International and Public Affairs
93	2.32%	FIU Online
95	2.37%	Undecided / Undeclared
111	2.77%	I am not sure
66	1.64%	Other
4014	Respondents	

Q94. Do you currently receive financial aid?

Count	Percent	
2739	68.24%	Yes
1275	31.76%	No
4014	Respondents	

Q95. What are the primary sources of funding for your academic expenses (tuition, fees, books, etc.)? (Select all that apply)

Count	Respondent %	Response %	
1788	44.54%	22.13%	Family support
1236	30.79%	15.30%	Personal support
1330	33.13%	16.46%	Student loan(s)
1484	36.97%	18.37%	Academic scholarship(s)
37	0.92%	0.46%	Athletic scholarship(s)
1818	45.29%	22.50%	Grant(s)
228	5.68%	2.82%	Employer reimbursement or tuition program
159	3.96%	1.97%	Other (please specify)
4014	Respondents		
8080	Responses		

Q96. What are the primary sources of funding for your living expenses (housing, food, travel, entertainment, etc.)? (Select all that apply)

Count	Respondent %	Response %	
2513	62.61%	37.13%	Family support
1910	47.58%	28.22%	Personal support
706	17.59%	10.43%	Student loan(s)
616	15.35%	9.10%	Academic scholarship(s)
37	0.92%	0.55%	Athletic scholarship(s)
734	18.29%	10.84%	Grant(s)
106	2.64%	1.57%	Employer reimbursement or tuition program
147	3.66%	2.17%	Other (please specify)
4014	Respondents		
6769	Responses		

Q97. Please feel free to provide any additional comments or suggestions regarding this survey. All comments will be shared with FIU's administration but none will be personally attributable to any individual student.

Count	Percent
827	100.00%
827	Respondents

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Estimated project cost, with schedules drawn by month and including start and completion dates, estimated useful life, and the date bond proceeds are required

Estimated Project Cost	**$ 87,500,231**
Design Start Date	**5/10/2018**
Construction Start Date	**3/1/2020**
Construction Completion Date	**5/1/2022**
Estimated Useful Life	**50 years**
Bond Issuance Date	**3/1/2020**

	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20
a. Construction Cost	-	$ 2,839,581	$ 2,839,581	$ 2,839,581	$ 2,839,581	$ 2,839,581	$ 2,839,581	$ 2,839,581	$ 2,839,581
b. Professional Fees									
Base Agreement - A/E (as per contract)	3,209,779								
Construction Manager (1%) - Pre-Construction fees		29,874	29,874	29,874	29,874	29,874	29,874	29,874	29,874
Builders Risk		75,000							
c. Fire Marshal									
d. Inspection Services									
Project Representative		11,538	11,538	11,538	11,538	11,538	11,538	11,538	11,538
Threshold Inspector		14,308	14,308	14,308	14,308	14,308	14,308	14,308	14,308
f. Surveys/Tests	233,000								
g. Permit/Impact/Environmental Fees									
Environmental	136,333	28,333	28,333	28,333	28,333	28,333	28,333	28,333	28,333
i. Movable Furnishings & Equipment									
j. Contingencies		95,698	95,698	95,698	95,698	95,698	95,698	95,698	95,698
Construction Services Reimbursement (3%)		79,749	79,749	79,749	79,749	79,749	79,749	79,749	79,749
Total	**$ 3,579,112**	**$ 3,174,082**	**$ 3,099,082**	**$ 3,099,082**	**$ 3,099,082**	**$ 3,099,082**	**$ 3,099,082**	**$ 3,099,082**	**$ 3,099,082**
Percent completed	*4.1%*	*3.6%*	*7.2%*	*10.7%*	*14.3%*	*17.8%*	*21.3%*	*24.9%*	*28.4%*

Estimated project cost, with schedules drawn by month and including start and completion dates, estimated useful life, and the date bond proceeds are required

	DRAW SCHEDULE									
	Dec-20	**Jan-21**	**Feb-21**	**Mar-21**	**Apr-21**	**May-21**	**Jun-21**	**Jul-21**	**Aug-21**	**Sep-21**
a. Construction Cost	$ 2,839,581	$ 2,839,581	$ 2,839,581	$ 2,839,581	$ 2,839,581	$ 2,839,581	$ 2,839,581	$ 2,839,581	$ 2,839,581	$ 2,839,581
b. Professional Fees										
Base Agreement - A/E (as per contract)										
Construction Manager (1%) - Pre-Construction fees	29,874	29,874	29,874	29,874	29,874	29,874	29,874	29,874	29,874	29,874
Builders Risk										
c. Fire Marshal										
d. Inspection Services										
Project Representative	11,538	11,538	11,538	11,538	11,538	11,538	11,538	11,538	11,538	11,538
Threshold Inspector	14,308	14,308	14,308	14,308	14,308	14,308	14,308	14,308	14,308	14,308
f. Surveys/Tests										
g. Permit/Impact/Environmental Fees										
Environmental										
i. Movable Furnishings & Equipment										
j. Contingencies	95,698	95,698	95,698	95,698	95,698	95,698	95,698	95,698	95,698	95,698
Construction Services Reimbursement (3%)	79,749	79,749	79,749	79,749	79,749	79,749	79,749	79,749	79,749	79,749
Total	**$ 3,070,748**	**$ 3,070,748**	**$ 3,070,748**	**$ 3,070,748**	**$ 3,070,748**	**$ 3,070,748**	**$ 3,070,748**	**$ 3,070,748**	**$ 3,070,748**	**$ 3,070,748**
Percent completed	*31.9%*	*35.4%*	*38.9%*	*42.5%*	*46.0%*	*49.5%*	*53.0%*	*56.5%*	*60.0%*	*63.5%*

Estimated project cost, with schedules drawn by month and including start and completion dates, estimated useful life, and the date bond proceeds are required

	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Total
a. Construction Cost	$ 2,839,581	$ 2,839,581	$ 2,839,581	$ 2,839,581	$ 2,839,581	$ 2,839,581	$ 2,839,581	$ 2,839,581	**$ 73,829,116**
b. Professional Fees									**$ -**
Base Agreement - A/E (as per contract)									**$ 3,209,779**
Construction Manager (1%) - Pre-Construction fees	29,874	29,874	29,874	29,874	29,874	29,874	29,874	29,874	**$ 776,713**
Builders Risk									**$ 75,000**
c. Fire Marshal							180,000		**$ 180,000**
d. Inspection Services									**$ -**
Project Representative	11,538	11,538	11,538	11,538	11,538	11,538	11,538	11,538	**$ 300,000**
Threshold Inspector	14,308	14,308	14,308	14,308	14,308	14,308	14,308	14,308	**$ 372,000**
f. Surveys/Tests									**$ 233,000**
g. Permit/Impact/Environmental Fees									**$ -**
Environmental									**$ 363,000**
i. Movable Furnishings & Equipment	3,600,000								**$ 3,600,000**
j. Contingencies	95,698	95,698	95,698	95,698	95,698	95,698	95,698	95,698	**$ 2,488,158**
Construction Services Reimbursement (3%)	79,749	79,749	79,749	79,749	79,749	79,749	79,749	79,749	**$ 2,073,465**
Total	**$ 6,670,748**	**$ 3,070,748**	**$ 3,070,748**	**$ 3,070,748**	**$ 3,070,748**	**$ 3,070,748**	**$ 3,250,748**	**$ 3,070,748**	**$ 87,500,231**
Percent completed	*71.1%*	*74.6%*	*78.2%*	*81.7%*	*85.2%*	*88.7%*	*92.4%*	*95.9%*	

STATE OF FLORIDA, BOARD OF GOVERNORS
FLORIDA INTERNATIONAL UNIVERSITY HOUSING FACILITY REVENUE BONDS, SERIES 2020
Estimated Sources and Uses of Funds
University Housing Project
for Fiscal Year 2019 - 2020

Sources of Funds			**Basis for Amounts**
Bond Par Amount	$	71,746,369	Series 2019 Bonds par amount based on a fixed, tax-exempt interest rate of 5% for 30 years.
Less: Costs of Issuance **Total Costs of Issuance**	$	(174,908)	Based on estimates
Less: Underwriter Discount	$	(691,000)	
Plus: Cash Contribution	$	23,000,000	
Plus: Interest Earnings (Construction Trust Fund)	$	1,036,510	Based on net bond proceeds deposited in the construction fund, invested for 26 months at an estimated interest rate of 1.5%.
Total Sources of Funds	$	94,916,971	
Uses of Funds			
Project Cost (Planning, Design, Construction & Equipment)	$	87,500,231	Cost of planning, design, construction, and equipment.
Debt Service Reserve Account	$	-	Fully funded at maximum annual debt service on the bonds.
Estimated Interest to be paid during Construction (Capitalized Interest)	$	7,416,739	This represents 24 months of capitalized interest to be paid from bond proceeds at an interest rate of 5%.
Total Uses of Funds	$	94,916,971	

Estimated Debt Service

Year	Principal	Interest	Debt Service	Coupon*
1	-	3,645,519	3,645,519	5.000%
2	-	3,771,220	3,771,220	5.000%
3	1,228,479	3,587,318	4,815,798	5.000%
4	1,289,903	3,525,894	4,815,798	5.000%
5	1,354,399	3,461,399	4,815,798	5.000%
6	1,422,118	3,393,679	4,815,798	5.000%
7	1,493,224	3,322,573	4,815,798	5.000%
8	1,567,886	3,247,912	4,815,798	5.000%
9	1,646,280	3,169,518	4,815,798	5.000%
10	1,728,594	3,087,204	4,815,798	5.000%
11	1,815,024	3,000,774	4,815,798	5.000%
12	1,905,775	2,910,023	4,815,798	5.000%
13	2,001,063	2,814,734	4,815,798	5.000%
14	2,101,117	2,714,681	4,815,798	5.000%
15	2,206,172	2,609,625	4,815,798	5.000%
16	2,316,481	2,499,317	4,815,798	5.000%
17	2,432,305	2,383,493	4,815,798	5.000%
18	2,553,920	2,261,877	4,815,798	5.000%
19	2,681,616	2,134,181	4,815,798	5.000%
20	2,815,697	2,000,101	4,815,798	5.000%
21	2,956,482	1,859,316	4,815,798	5.000%
22	3,104,306	1,711,492	4,815,798	5.000%
23	3,259,522	1,556,276	4,815,798	5.000%
24	3,422,498	1,393,300	4,815,798	5.000%
25	3,593,622	1,222,175	4,815,798	5.000%
26	3,773,304	1,042,494	4,815,798	5.000%
27	3,961,969	853,829	4,815,798	5.000%
28	4,160,067	655,731	4,815,798	5.000%
29	4,368,071	447,727	4,815,798	5.000%
30	4,586,474	229,324	4,815,798	5.000%
	71,746,369	70,512,709	142,259,078	

	Outstanding Debt Service				Projected Debt Service	
	Year	**Series 2011A**	**Series 2012A**	**Series 2015A**	**Series 2020**	**Total**
1	**FY 2020**	2,271,269	3,123,569	2,018,125	-	**7,412,963**
2	**FY 2021**	2,272,019	3,126,519	2,020,375	3,645,519	**11,064,432**
3	**FY 2022**	2,272,619	3,130,519	2,021,775	3,771,220	**11,196,133**
4	**FY 2023**	2,271,419	3,125,619	2,013,525	4,815,798	**12,226,360**
5	**FY 2024**	2,270,794	3,126,019	2,018,925	4,815,798	**12,231,535**
6	**FY 2025**	967,725	4,494,219	2,020,675	4,815,798	**12,298,417**
7	**FY 2026**		4,495,419	2,018,925	4,815,798	**11,330,142**
8	**FY 2027**		4,492,019	2,018,775	4,815,798	**11,326,592**
9	**FY 2028**		4,489,019	2,017,275	4,815,798	**11,322,092**
10	**FY 2029**		2,861,219	2,017,431	4,815,798	**9,694,448**
11	**FY 2030**		2,863,419	2,018,969	4,815,798	**9,698,186**
12	**FY 2031**		2,862,819	2,016,594	4,815,798	**9,695,211**
13	**FY 2032**		2,864,419	2,017,363	4,815,798	**9,697,579**
14	**FY 2033**		2,863,019	2,018,838	4,815,798	**9,697,654**
15	**FY 2034**		2,863,619	2,020,688	4,815,798	**9,700,104**
16	**FY 2035**		2,866,019		4,815,798	**7,681,817**
17	**FY 2036**		2,862,331		4,815,798	**7,678,129**
18	**FY 2037**		2,865,138		4,815,798	**7,680,935**
19	**FY 2038**		2,864,025		4,815,798	**7,679,823**
20	**FY 2039**		2,860,963		4,815,798	**7,676,760**
21	**FY 2040**		2,863,650		4,815,798	**7,679,448**
22	**FY 2041**		2,861,663		4,815,798	**7,677,460**
23	**FY 2042**				4,815,798	**4,815,798**
24	**FY 2043**				4,815,798	**4,815,798**
25	**FY 2044**				4,815,798	**4,815,798**
26	**FY 2045**				4,815,798	**4,815,798**
27	**FY 2046**				4,815,798	**4,815,798**
28	**FY 2047**				4,815,798	**4,815,798**
29	**FY 2048**				4,815,798	**4,815,798**
30	**FY 2049**				4,815,798	**4,815,798**
31	**FY 2050**				4,815,798	**4,815,798**
32	**FY 2051**					
	FY 2052					
	FY 2053					
	Total	**12,325,844**	**70,825,218**	**30,278,258**	**142,259,078**	**255,688,397**

Note: Outstanding Debt Services includes both Principal and Interest and excludes net premiums and losses on bond refunding.

Parity / Incurrence Test

	FY 2017-18	FY 2018-19	Average
Rental Income	$ 31,053,449	$ 31,056,234	$ 31,054,842
Less Housing System Expenses[1]	(17,720,293)	(17,901,916)	(17,811,104)
Interest Income	(226,642)	(672,046)	(449,344)
Pledged Revenues (Unadjusted)	**13,106,514**	**12,482,272**	**$ 12,794,393**
Adjustments			
FY 2019-20[2]	-	-	-
FY 2020-21[3]	310,562	310,562	310,562
Facility Year 1 Operations[4]	5,013,597	5,013,597	5,013,597
Adjusted Pledged Revenues	**$ 18,430,673**	**$ 17,806,431**	**$ 18,118,552**

Average Adjusted Pledged Revenues

Average Annual Adjusted Pledge Revenue	$ 18,118,552
Maximum Annual Debt Service	$ 12,298,417
Coverage on Maximum Annual Debt Service	**1.4732**

[1] Excludes one-time transactions included in Total Current Expenses, if applicable

[2] No rate increase for FY 2019-20.

[3] Represents the projected increase in Rental Income of about 1.0% per year from FY 2019-20 to FY 2020-21 due to anticipated fee increases.

[4] Represents the projected additional Pledged Revenues in the 12 months of operation after completion of the construction of the new residence hall.

Security/Lien Structure:	Net housing system revenues will be pledged for the payment of debt services on parity with the system's outstanding debt. These revenues are derived primarily from rental income, summer special event rentals, and other miscellaneous collections (such as the net revenues from the parking spaces associated with this project) after deducting operating and maintenance expenses ("Pledged Revenues"). When the facility opens in FY 2022-23, the projected rental rate for the fall and spring semester is $4,600 per bed for the four-bedroom suites. These rates are consistent with rental rates for similar existing facilities at FIU and across the State University System. The debt will be payable solely from net housing system revenues and secured as to the payment of principal and interest, on a parity with the State of Florida, Florida Board of Governonrs, Florida International University Housing Facility Revenue Bonds, Series 2011A, 2012A, and 2015A, by a lien on the Pledged Revenues. Currently, $81,255,000 in aggregate principal amount is outstanding.

STATE OF FLORIDA, BOARD OF GOVERNORS
FLORIDA INTERNATIONAL UNIVERSITY

5-YEAR HISTORICAL AND PROJECTED DEBT SERVICE COVERAGE[1]

						Budget	Projected				
	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20[2]	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Operating Revenues											
Rental Income	$ 29,104,905	$ 30,567,829	$ 29,791,737	$ 31,053,449	$ 31,056,234	$ 25,850,134	$ 26,250,392	$ 26,667,423	$ 34,072,687	$ 34,413,414	$ 34,757,548
Total Housing System Revenues	**$ 29,104,905**	**$ 30,567,829**	**$ 29,791,737**	**$ 31,053,449**	**$ 31,056,234**	**$ 25,850,134**	**$ 26,250,392**	**$ 26,667,423**	**$ 34,072,687**	**$ 34,413,414**	**$ 34,757,548**
Current Expenses[3]											
Personnel Services	$ 4,677,447	$ 4,644,617	$ 5,289,723	$ 5,466,015	$ 5,557,848	$ 6,324,734	$ 6,514,476	$ 6,644,766	$ 7,248,468	$ 7,393,437	$ 7,541,306
Contractual Services	8,725,346	9,497,411	10,225,619	10,678,545	10,113,800	3,581,844	3,591,888	$ 3,663,726	$ 4,568,165	$ 4,659,529	$ 4,752,719
Other Operating Expenses	2,682,192	2,367,229	2,176,844	2,429,938	2,230,268	3,426,234	3,435,842	$ 3,504,559	$ 4,040,637	$ 4,121,450	$ 4,203,879
Total Current Expenses	**$ 16,084,985**	**$ 16,509,257**	**$ 17,692,186**	**$ 18,574,498**	**$ 17,901,916**	**$ 13,332,812**	**$ 13,542,207**	**$ 13,813,051**	**$ 15,857,270**	**$ 16,174,416**	**$ 16,497,904**
Net Housing System Revenues	**$ 13,019,920**	**$ 14,058,572**	**$ 12,099,551**	**$ 12,478,951**	**$ 13,154,318**	**$ 12,517,322**	**$ 12,708,186**	**$ 12,854,372**	**$ 18,215,417**	**$ 18,238,998**	**$ 18,259,644**
Interest Income	**$ 5,504**	**$ 42,842**	**$ 146,843**	**$ 226,642**	**$ 672,046**	**$ 591,137**	**$ 634,192**	**$ 646,875**	**$ 52,785**	**$ 53,841**	**$ 54,918**
Pledged Revenues	**$ 13,025,424**	**$ 14,101,414**	**$ 12,246,394**	**$ 12,705,593**	**$ 13,826,364**	**$ 13,108,459**	**$ 13,342,377**	**$ 13,501,247**	**$ 18,268,202**	**$ 18,292,839**	**$ 18,314,562**
Annual Debt Service:											
1998 Bonds	-	-	-	-	-	-	-	-	-	-	-
2000 Bonds	-	-	-	-	-	-	-	-	-	-	-
2004 Bonds	4,296,850	-	-	-	-	-	-	-	-	-	-
2011 Refunding Bonds	2,276,519	2,271,119	2,278,519	2,271,769	2,276,269	2,271,269	2,272,019	2,272,619	2,271,419	2,270,794	967,725
2012 Bonds	3,128,869	3,127,069	3,124,369	3,125,769	3,124,569	3,123,569	3,126,519	3,130,519	3,125,619	3,126,019	4,494,219
2015 Bonds		3,906,388	2,015,375	2,020,625	2,018,125	2,018,125	2,020,375	2,021,775	2,013,525	2,018,925	2,020,675
New Bond[4]									4,815,798	4,815,798	4,815,798
Total Annual Debt Service	**$ 9,702,238**	**$ 9,304,576**	**$ 7,418,263**	**$ 7,418,163**	**$ 7,418,963**	**$ 7,412,963**	**$ 7,418,913**	**$ 7,424,913**	**$ 12,226,361**	**$ 12,231,536**	**$ 12,298,417**
Maximum Annual Debt Service	**$ 9,702,238**	**$ 9,304,576**	**$ 9,304,576**	**$ 7,482,619**	**$ 7,482,619**	**$ 7,482,619**	**$ 7,482,619**	**$ 7,482,619**	**$ 12,298,417**	**$ 12,298,417**	**$ 12,298,417**
Coverage Ratios											
Annual Debt Service	**1.34x**	**1.52x**	**1.65x**	**1.71x**	**1.86x**	**1.77x**	**1.80x**	**1.82x**	**1.49x**	**1.50x**	**1.49x**
Maximum Annual Debt Service	**1.34x**	**1.52x**	**1.32x**	**1.70x**	**1.85x**	**1.75x**	**1.78x**	**1.80x**	**1.49x**	**1.49x**	**1.49x**
Adjusted Debt Service[5]	**1.50x**	**1.88x**	**1.41x**	**1.81x**	**1.94x**	**1.77x**	**1.80x**	**1.82x**	**1.49x**	**1.50x**	**1.49x**

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

2 In FY 2019-20, the treatment of meal plan revenue changed, as the third party is responsible for collections, resulting in less revenue and corresponding expense (meal plans are a pass-through).

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

4 Estimated debt service was calculated based on the par amount of $71,746,369. $7.4 million capitalized interest, no debt service reserve fund, and a 5 percent interest rate.

5 Adjusted for one-time transactions including in Total Current Expenses.

STATE OF FLORIDA, BOARD OF GOVERNORS
FLORIDA INTERNATIONAL UNIVERSITY

PROJECTED PLEDGED REVENUES AND DEBT SERVICE COVERAGE

		FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Operating Revenue and Expenses									
Revenue									
Room Rental		-	-	7,210,697	7,282,804	7,355,632	7,429,188	7,503,480	7,578,515
Parking		-	-	-	-	-	-	-	-
Bad Debt		-	-	(72,107)	(72,828)	(73,556)	(74,292)	(75,035)	(75,785)
Net Revenue		**$ -**	**$ -**	**$ 7,138,590**	**$ 7,209,976**	**$ 7,282,076**	**$ 7,354,896**	**$ 7,428,445**	**$ 7,502,730**
Operating Expenses									
Administration Cost		-	-	53,468	54,538	55,628	56,741	57,876	59,033
Marketing / Residential Life		-	-	263,507	268,777	274,152	279,635	285,228	290,933
Utilities		-	-	444,442	453,331	462,397	471,645	481,078	490,700
Salaries and Fringe		-	-	470,807	480,223	489,827	499,624	509,616	519,809
Contractual Services		-	-	153,750	156,825	159,961	163,160	166,424	169,752
Cleaning		-	-	149,012	151,992	155,032	158,133	161,295	164,521
Repairs and Maintenance		-	-	42,414	43,262	44,127	45,010	45,910	46,828
Other Fees and Insurance		-	-	190,559	194,371	198,258	202,223	206,268	210,393
Net Operating Expenses		**$ -**	**$ -**	**$ 1,767,958**	**$ 1,803,318**	**$ 1,839,384**	**$ 1,876,172**	**$ 1,913,695**	**$ 1,951,969**
Replacement Reserves & Fees									
Reserve Account		-	-	357,035	360,605	364,211	367,854	371,532	375,247
Total Operating Expenses		**$ -**	**$ -**	**$ 2,124,993**	**$ 2,163,923**	**$ 2,203,595**	**$ 2,244,025**	**$ 2,285,227**	**$ 2,327,216**
Net Income		**-**	**-**	**5,013,597**	**5,046,053**	**5,078,480**	**5,110,871**	**5,143,218**	**5,175,514**
Debt Service									
Principal		-	-	1,228,479	1,289,903	1,354,399	1,422,118	1,493,224	1,567,886
Interest		3,645,519	3,771,220	3,587,318	3,525,894	3,461,399	3,393,679	3,322,573	3,247,912
Capitalized Interest		3,645,519	3,771,220	-	-	-	-	-	-
Net Debt Service		-	-	4,815,798	4,815,798	4,815,798	4,815,798	4,815,798	4,815,798
Debt Service Ratio[1]		**-**	**-**	**1.04x**	**1.05x**	**1.05x**	**1.06x**	**1.07x**	**1.07x**
NPV Surplus / Deficit	**$ 8,452,776**	**$ -**	**$ -**	**$ 197,799**	**$ 230,255**	**$ 262,683**	**$ 295,074**	**$ 327,421**	**$ 359,716**
IRR	**4.15%**	**$ (49,942,002)**	**$ (37,558,230)**	**$ 5,013,597**	**$ 5,046,053**	**$ 5,078,480**	**$ 5,110,871**	**$ 5,143,218**	**$ 5,175,514**

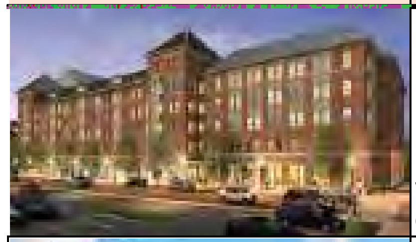
[1] It is expected, based on current market rates, that the actual cost of debt will be 4% or lower resulting in approximately a 1.2X Debt Service Ratio.

Appendix A: Item 10

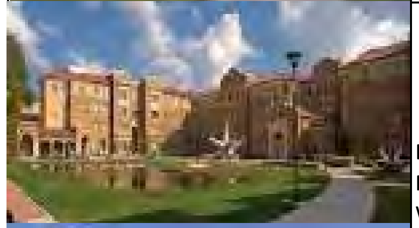
VERSION 6 11/7/2019 11:08

Project Image	Project name	Location	Description	Approx. Year Built (Bid Date)	Residence Hall Type	Bed count	GSF	Construction Cost in Year Built	Construction Cost Per Bed in Year Built	Construction Cost Per Bed in 2019	Construction Cost Per Bed Escalated 5.5% 2019 to 2020	Construction Cost per GSF in Year Built	GSF Construction Cost Escalated to 1-1-2019	GSF Construction Cost Escalated 5.5% 2019 to 2020
	HKS Parkview 1	FIU, Miami, FL	mid-rise CM	2012	Apartments	620	252,042	$45,873,528	$73,990	$86,436	$91,190	$182	$213	$224
	Perkins+Will Parkview 2	FIU, Miami, FL	high-rise CM	2020	Apartments	697	293,692	$72,000,000	$103,300	$103,300	$103,300	$245	$245	$245
	Arquitectonica Lakeside Village	UM, Miami, FL	mid-rise	2017	116 Suites with 307 Beds 334 Apartments with 808 Beds	1115	569,441	$138,006,875	$123,773	$131,673.39	$138,915	$242	$258	$272
	Niles Bolton, Assoc. Mako Hall	Nova Southeastern University, Davie, FL	mid-rise P3	2018	Studio, 1-Bed., 2-Bed, 4-Bed. Apartments	609	310,000	$54,870,000	$90,178	$91,924.57	$ 96,980	$177	$180	$190
	Behnisch Architekten + EHDD Maximino Martinez Commons	UC Berkley, Berkeley, CA	4 story	2012	Apartments	416	148,000	$61,000,000	$146,635	$ 171,302	$ 180,724	$412	$481	$508
	Jacoby Architects Donna Garff Marriott Honors Residential Scholars Community	University of Utah, Salt Lake City, UT	mid-rise DB	2012	Apartments	309	161,602	$28,000,000	$90,615	$ 105,859	$ 111,681	$173	$202	$213

VERSION 6 11/7/2019 11:08

Project Image	Project name	Location	Description	Approx. Year Built (Bid Date)	Residence Hall Type	Bed count	GSF	Construction Cost in Year Built	Construction Cost Per Bed in Year Built	Construction Cost Per Bed in 2019	Construction Cost Per Bed Escalated 5.5% 2019 to 2020	Construction Cost per GSF in Year Built	GSF Construction Cost Escalated to 1-1-2019	GSF Construction Cost Escalated 5.5% 2019 to 2020
	NBJ Architecture West Grace South Residential Complex	Virginia Commonwealth University, Richmond, VA	mid-rise	2012	Apartments	459	164,500	$22,890,000	$49,869	$ 58,259	$ 61,463	$139	$162	$171
	Niles Bolton Assosciates West Grace North Complex	Virginia Commonwealth University, Richmond, VA	mid-rise	2012	Apartments	398	160,000	$21,825,000	$54,837	$ 64,062	$ 67,585	$136	$159	$168
	Berners-Schober Assoc. Horizon Village	University of Wisconsin, Oshkosh, WI	mid-rise	2012	Apartments	344	164,352	$27,000,000	$78,488	$ 91,692	$ 96,735	$164	$192	$202
	Clark Nexsen Miltimore Phase IX Residence Hall	University of North Carolina, Charlotte, NC	mid-rise	2010	Apartments	252	172,000	$32,100,000	$127,381	$157,845	$ 166,527	$187	$232	$244
	Oz Architects Lincoln St. Townhomes	Boise State University, Boise, ID	4-story	2010	Apartments	148	63,196	$11,634,745	$78,613	$97,414	$ 102,772	$184	$228	$241
	RATIO Architects Union Street Center	Indiana University, Bloomington, IN	4- story	2010	Apartments	827	411,000	$60,726,571	$73,430	$90,991	$ 95,996	$148	$183	$193
	Ashley McGraw Architects Village Townhouses	State University of New York, Oswego County, NY	3- story	2010	Apartments	348	150,000	$38,000,000	$109,195	$135,310	$ 142,752	$253	$314	$331

VERSION 6 11/7/2019 11:08

Project Image	Project name	Location	Description	Approx. Year Built (Bid Date)	Residence Hall Type	Bed count	GSF	Construction Cost in Year Built	Construction Cost Per Bed in Year Built	Construction Cost Per Bed in 2019	Construction Cost Per Bed Escalated 5.5% 2019 to 2020	Construction Cost per GSF in Year Built	GSF Construction Cost Escalated to 1-1-2019	GSF Construction Cost Escalated 5.5% 2019 to 2020
	Mahlum Architects Cedar Apartments	University of Washington, Seattle, WA	mid-rise P3	2010	Apartments	340	196,343	$28,000,000	$82,353	$102,048	$ 107,661	$143	$177	$187
	Engberg Anderson, Inc. Suites@201	University of Wisconsin, Steven Points, WI	mid-rise	2010	Apartments	328	140,000	$18,600,000	$56,707	$70,269	$ 74,134	$175	$217	$229
	INVISION Architecture Frederiksen Court Expansion	Iowa Stae University, Ames, IA	3 -story	2014	Apartments	720	211,680	$23,419,179	$32,527	$36,101	$ 38,086	$111	$123	$130
	Barnes, Gromatzky Kosarek and Mackey Mitchell Architects West Village A & B	Texas Tech University, Lubbock, TX	4-story CM	2013	Apartments	455	234,501	$46,336,838	$101,839	$115,073	$ 121,402	$198	$224	$236
	MBH Architects 8th and Wake Graduate Student Housing	University of California-Davis, Davis, CA	4-story	2014	Apartments	236	145,000	$14,000,000	$59,322	$65,840	$ 69,461	$97	$108	$114
	Murray Duncan Architects Sierra Madre Villages	University of California, Santa Barbara, CA	3-story	2014	3-Bed and 2-Bed Apts. Each bedroom double-occupancy.	515	220,325	$60,192,000	$116,878	$129,720	$ 136,855	$273	$303	$320

VERSION 6 11/7/2019 11:08

Project Image	Project name	Location	Description	Approx. Year Built (Bid Date)	Residence Hall Type	Bed count	GSF	Construction Cost in Year Built	Construction Cost Per Bed in Year Built	Construction Cost Per Bed in 2019	Construction Cost Per Bed Escalated 5.5% 2019 to 2020	Construction Cost per GSF in Year Built	GSF Construction Cost Escalated to 1-1-2019	GSF Construction Cost Escalated 5.5% 2019 to 2020
	Gould-Evans The Crossing	University of Central Missouri, Warrenburg, MO	4-story	2014	Includes Retail 2-Bed. & 4-Bed. Apts.	325	125,000	$38,422,000	$118,222	$131,211	$ 138,428	$307	$341	$359
	Lord Aeck Sargent Spartan Village Phase I	University of North Carolina, Greensboro, NC	4-story	2014	Apartments	800	365,000	$45,000,000	$56,250	$62,431	$ 65,864	$123	$137	$144
	Clark Nexsen Grace & Broad	Virginia Commonwealth University, Richmond, VA	mid-rise	2014	Apartments	397	180,000	$31,566,427	$79,512	$88,249.07	$ 93,103	$175	$194	$205
	Kevin Daly, Kieran Timberlake, LOHA, SOM San Joaquin Apartments and Portola Dining Commons	University of California, Santa Barbara, CA	mid-rise	2016	Apartments	1003	261,000	$137,000,000	$136,590	$149,770	$ 158,007	$525	$576	$607
	Perkins+Will Academic Village (College of Law)	University of California Hastings, San Francisco, CA	high-rise P3	2019	Graduate Apartments	658	292,751	$200,756,312	$305,101	$305,101	$321,881	$686	$686	$723
	Perkins+Will Daphne Cockwell Complex	Ryerson University, Toronto, ON	high-rise P3	2018	Suites	332	145,000	$40,538,368	$122,104	$128,819	$135,904	$280	$295	$311

VERSION 6 11/7/2019 11:08

Project Image	Project name	Location	Description	Approx. Year Built (Bid Date)	Residence Hall Type	Bed count	GSF	Construction Cost in Year Built	Construction Cost Per Bed in Year Built	Construction Cost Per Bed in 2019	Construction Cost Per Bed Escalated 5.5% 2019 to 2020	Construction Cost per GSF in Year Built	GSF Construction Cost Escalated to 1-1-2019	GSF Construction Cost Escalated 5.5% 2019 to 2020
	Perkins+Will Merrill Place	Plymouth State University, Plymouth, NH	high-rise	2016	**Semi-Suites, Doubles**	348	95,000	$27,400,000	$78,736	$86,333	$91,081	$288	$316	$334
	Perkins+Will Mixed-Use Graduate Apartment Tower	Massachusetts Institute of Technology, Cambridge, MA	high-rise	2017	Graduate Apartments	450	344,814	$220,808,780	$490,686	$522,006.57	$550,717	$640	$681	$719

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FIU | FLORIDA INTERNATIONAL UNIVERSITY

Funding Certification Form

This form is required by the FIU Board of Trustees ("BOT") and/or a committee of the BOT as a condition for approval of items, containing a funding component, that come for approval before the Board and/or a BOT committee pursuant to the Delegations of Authority from the BOT to the University President or otherwise.

Item name/description: *Re-authorization for the Issuance of Debt to Finance the Construction of a Student Residence Facility at the University's Modesto A. Maidique Campus*

Funding Source(s): *Housing System Auxiliary Fund*

This is to certify that the above item has been reviewed and approved, and to the best of our professional judgment and knowledge, the type of funding for the item is authorized by state law and Board of Governors Regulations, and the Trustees may reasonably and in good faith rely on this certification.

Elizabeth Bejar, Student Affairs Vice President — 11/19/19 Date

Kenneth A. Jessell, Sr. Vice President and Chief Financial Officer — 11-19-2019 Date

Carlos B. Castillo, General Counsel — 11-19-2019 Date

Mark B. Rosenberg, President — 11-21-2019 Date

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee
December 5, 2019

Subject: Approval of Capital Improvement Budget and Expenditure for Road Relocation Project for Parkview II Project

---

Proposed Committee Action:

Recommend to The Florida International University Board of Trustees (the BOT) approval of a capital improvement budget and expenditure for the relocation of S.W. 17th Street to accommodate the construction of Parkview II Housing Project; and authorize the University President to amend the budget up to five percent as needed.

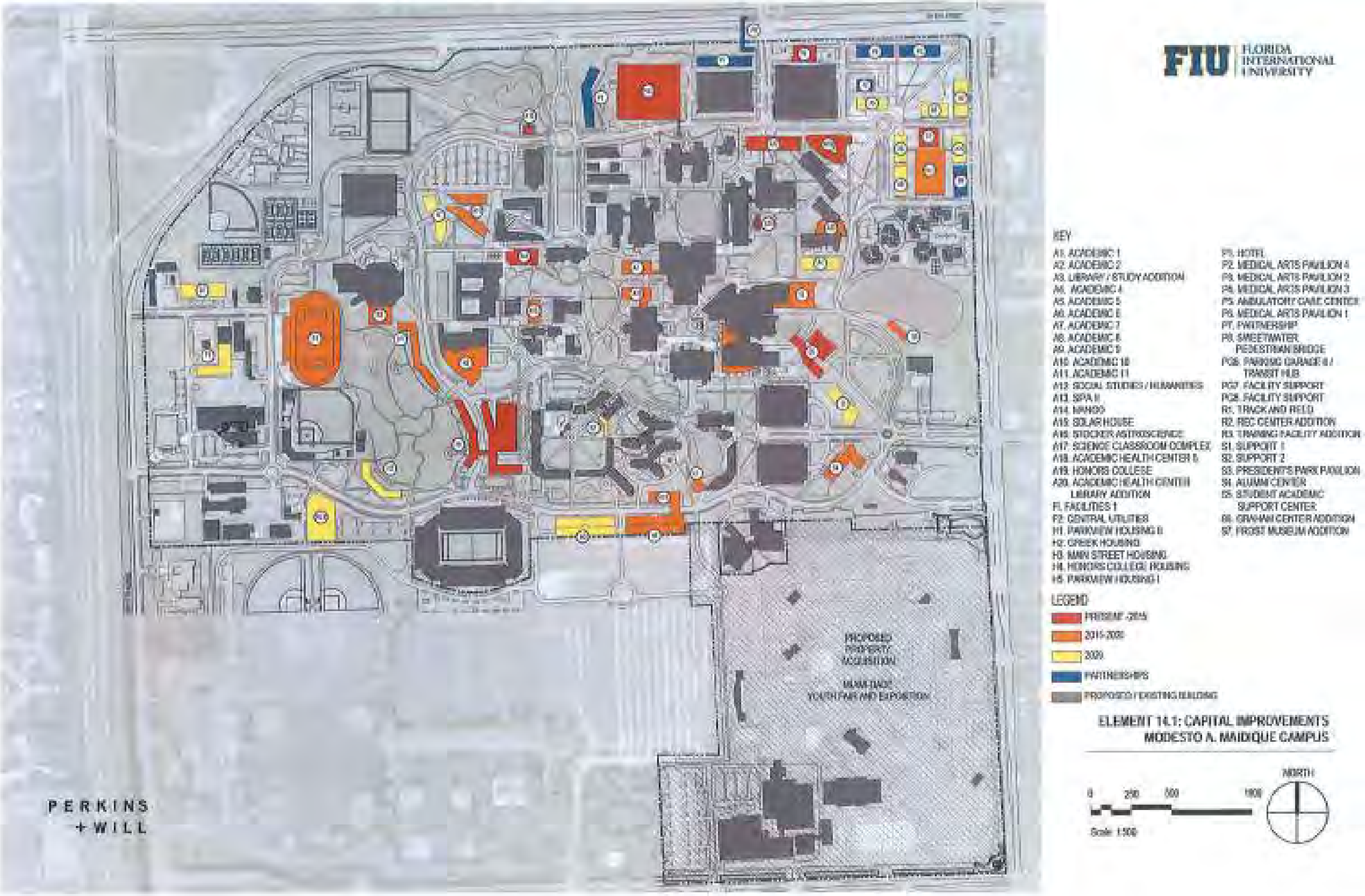
Background Information:

Parkview II housing is currently proposed to be located on the parking lot just east of the FIU Stadium and south of S.W. 17th Street as reflected in the 2010-20 Campus Master Plan. To improve student safety and to integrate Parkview II housing with existing housing located north of S. W. 17th Street, the relocation of S.W. 17th Street to the southern property line adjacent to Miami-Dade County Tamiami Park is requested.

The cost of relocating S.W. 17th Street is $3,685,204, including a temporary road, new utilities and relocated utilities, earthwork, and hardscaping, and soft costs. There is also a construction contingency of $95,160. Additional budget authority of five percent, or $184,260; is also requested.

The funding for the relocation will come from the Auxiliary Shared Services fund, which is the fund used to support auxiliary operations. Over the past 10 years, the Housing and Residential Life auxiliary has contributed approximately $7.5 million to the fund.

Supporting Documentation:	2010-2020 Campus Master Plan, Modesto A. Maidique Campus Project Budget Project Graphics Funding Certification Form
Facilitator/Presenter:	Kenneth A. Jessell



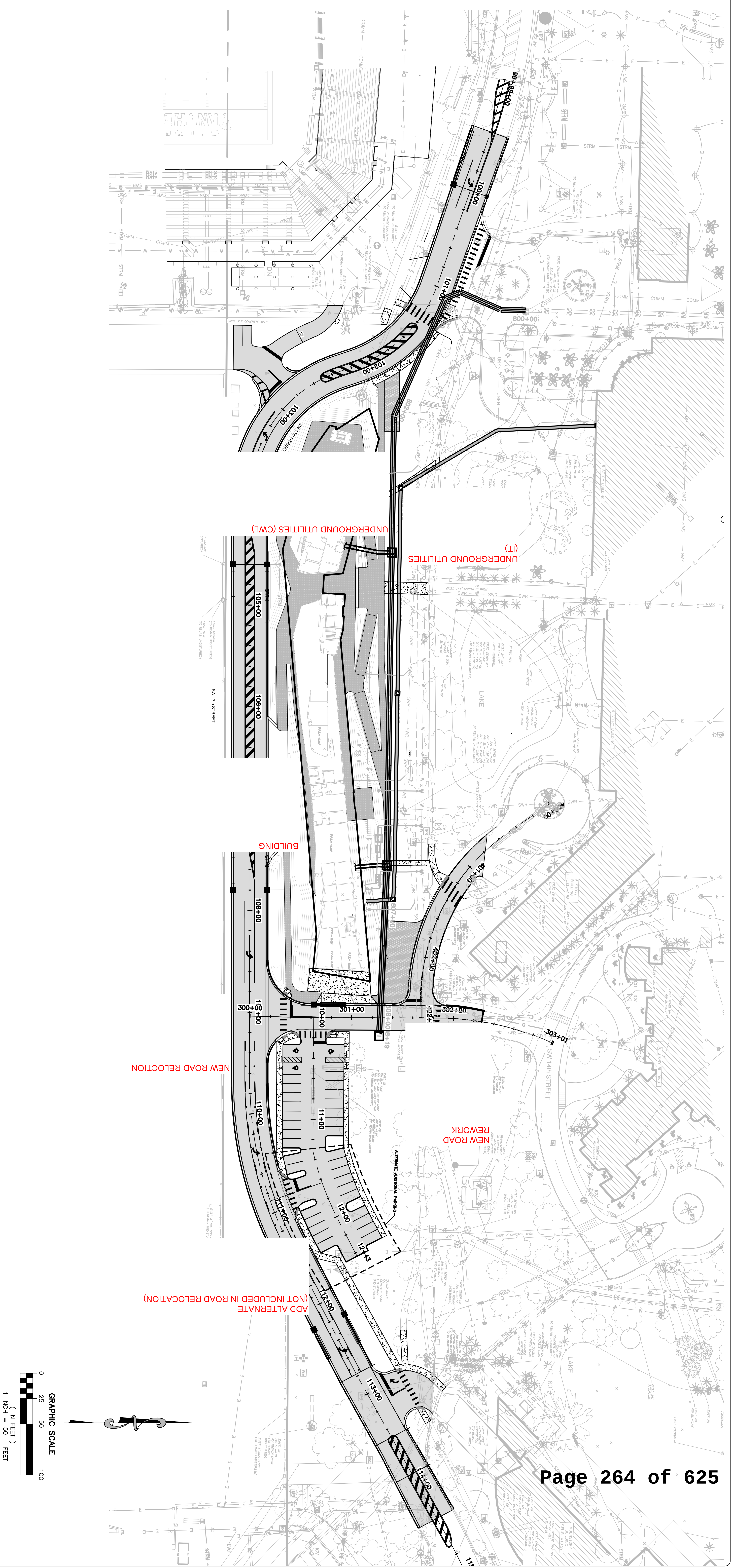
ELEMENT 14.1: CAPITAL IMPROVEMENTS
MODESTO A. MAIDIQUE CAMPUS

MMC Parkview II Housing 2021 - Road Relocation and Sitework		
697 Private Student Bedrooms, 13 Stories, 300,064 GSF		
Description		Construction Cost
SCHEDULE OF PROJECT COMPONENTS		ESTIMATED COSTS
1. Temporary Road		$ 250,000
2. Chilled Water Line		$ 715,000
3. Site Lighting		$ 100,000
4. Electrical Conduit & Wire from vault to FPL Transformer		$ 550,000
5. Earthwork, Utilities, Site Concrete & Asphalt Paving		$ 1,273,601
6. Landscape & Irrigation		$ 151,400
7. Tree Grates		$ 52,000
8. Hardscape Allowance		$ 80,000
Subtotal Direct Cost		$ 3,172,001
OTHER PROJECT COSTS		
9. Construction Contingency	3%	$ 95,160
10. Sub-Guard/Sub Contractor Bonds	1.25%	$ 40,840
TOTAL DIRECT WORK		$ 3,308,001
11. GL Insurance	1.00%	$ 36,852
12. CM Payment and Performance Bond	0.90%	$ 33,167
13. General Conditions		$ 84,230
SUBTOTAL CONSTRUCTION COST		$ 3,462,249
14. GC Overhead	2.75%	$ 101,343
15. GC Profit	1.25%	$ 46,065
16. Contract Fee	2.05%	$ 75,547
TOTAL CONSTRUCTION COST		**$ 3,685,204**

LEGEND

- ▭ PROPOSED ASPHALT PAVEMENT
- ▨ PROPOSED CONCRETE SIDEWALK
- ▦ PROPOSED PAVER WALKWAY
- ▩ GRASS PAVERS
- EXISTING CONCRETE SIDEWALK TO BE REMAIN
- EXISTING ASPHALT PAVEMENT TO BE REMAIN
- EXISTING TREES TO REMAIN

- EXISTING METAL LIGHT POST TO REMAIN
- TPB EXISTING WIRE PULL BOX TO REMAIN
- CB EXISTING CATCH BASIN TO REMAIN
- WV EXISTING WATER VALVE TO REMAIN
- EXISTING STORM MANHOLE TO REMAIN
- EXISTING TRAFFIC SIGN TO REMAIN
- EXISTING FIRE HYDRANT TO REMAIN
- SV EXISTING SEWER VALVE TO REMAIN
- EXISTING WATER VALVE TO REMAIN
- ICV EXISTING IRRIGATION CONTROL VALVE TO REMAIN
- GT EXISTING GREASE TRAP TO REMAIN
- S EXISTING SEWER MANHOLE TO REMAIN
- EXISTING YARD DRAIN TO REMAIN
- WM EXISTING WATER METER TO REMAIN
- EXISTING BOLLARD TO REMAIN
- EXISTING FLOOD LIGHT TO REMAIN
- EXISTING TRANSFORMER TO REMAIN
- EXISTING BACKFLOW PREVENTER TO REMAIN
- EXISTING VALVE BOX TO REMAIN
- EXISTING MANHOLE TO REMAIN
- EXISTING COLUMN TO REMAIN
- EXISTING MULTICOLUMN SIGN TO REMAIN
- EXISTING PEDESTRIAN SIGNAL TO REMAIN
- DDCV EXISTING DOUBLE DETECTOR CHECK VALVE TO REMAIN
- EXISTING STANDPIPE TO REMAIN
- EXISTING ELECTRIC SERVICE BOX TO REMAIN
- EXISTING CAMERA TO REMAIN
- EXISTING ELECTRIC OUTLET TO REMAIN



50% CONSTRUCTION DOCUMENT
10/28/2019

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APPROVED : ENRIQUE GOMEZ, P.E.
FLA. REGISTRATION NO. 84670 DATE : 10/28/2019

OVERALL ENGINEERING PLAN

CERTIFICATES OF AUTHORIZATION:	EB7318 LB6680 LC0337
DES.	LP
DWN.	
CHK.	MR
PROJECT / FILE NO.	18–00036
DRAWING NO.	OEP–1
DATE DRAWN:	5/1/19
SH.	1
OF	

MILLER LEGG
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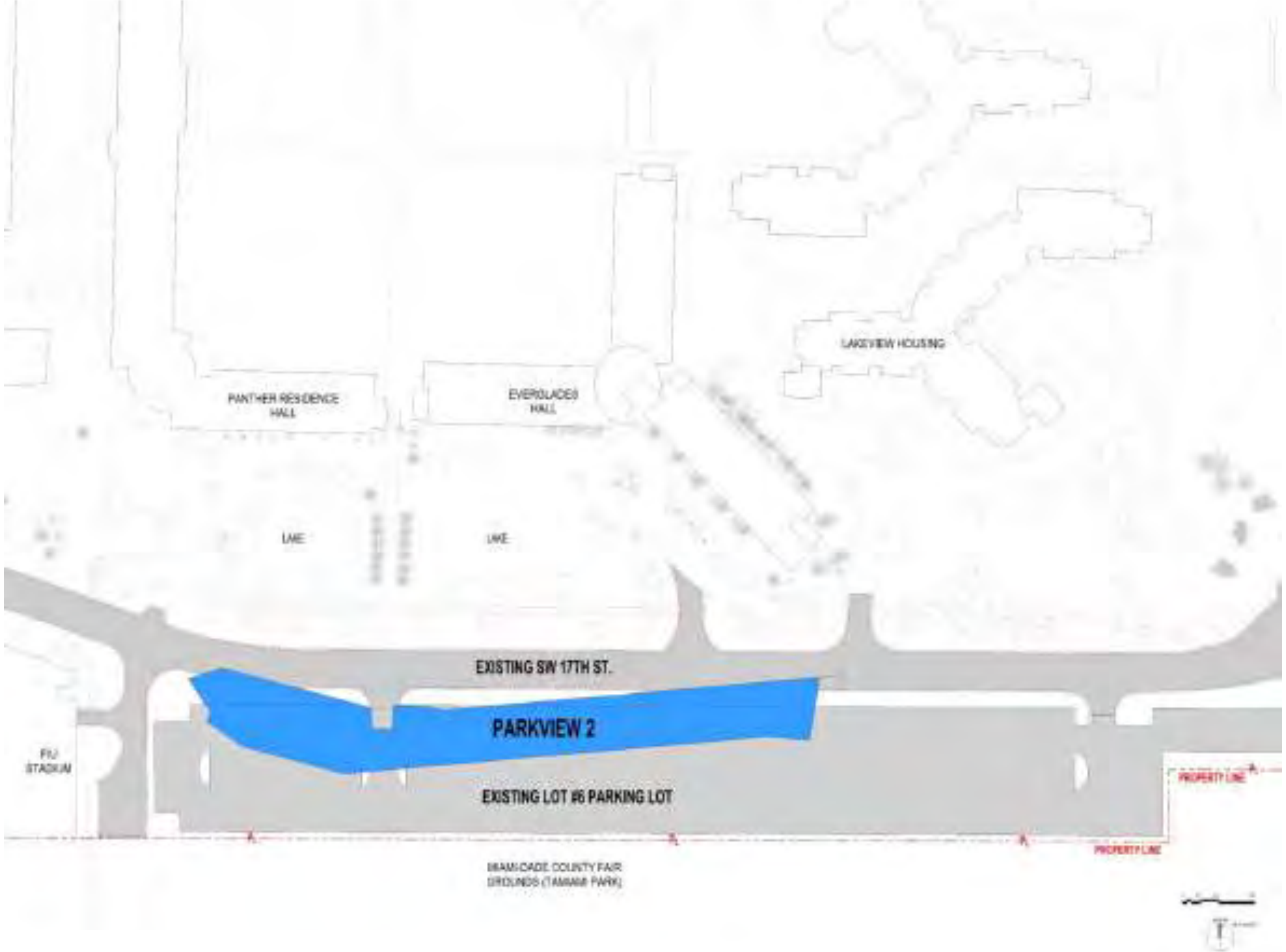
Ft. Lauderdale, Florida · 33309-2364
954-436-7000 · Fax: 954-436-8664
www.millerlegg.com

FIU PARKVIEW HOUSING PHASE 2
11200 SW 8th STREET
FOR: FLORIDA INTERNATIONAL UNIVERSITY

NO.	DATE	REVISIONS	DES.

EXISTING SW 17TH ST. – FIU PARKVIEW II



PERKINS & WILL

RELOCATED SW 17TH ST. – FIU PARKVIEW II

FIU | FLORIDA INTERNATIONAL UNIVERSITY

Funding Certification Form

This form is required by the FIU Board of Trustees ("BOT") and/or a committee of the BOT as a condition for approval of items, containing a funding component, that come for approval before the Board and/or a BOT committee pursuant to the Delegations of Authority from the BOT to the University President or otherwise.

Item name/description: *Capital Improvement Budget and Expenditure for Road Relocation Project for Parkview II Project*

Funding Source(s): *Auxiliary Shared Services fund*

This is to certify that the above item has been reviewed and approved, and to the best of our professional judgment and knowledge, the type of funding for the item is authorized by state law and Board of Governors Regulations, and the Trustees may reasonably and in good faith rely on this certification.

Kenneth A. Jessell, Vice President

11-19-2019
Date

Kenneth A. Jessell, Sr. Vice President and
Chief Financial Officer

11-19-2019
Date

Carlos B. Castillo, General Counsel

11-19-2019
Date

Mark B. Rosenberg, President

11-21-2019
Date

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee
December 5, 2019

Subject: Approval of Contract #PUR-02644, vendor: Toshiba America Business Solutions, Inc. and Contract #PUR-02645, vendor: CDW Government, LLC.

Proposed Committee Action:

Pursuant to the Delegations of Authority from the Florida International University Board of Trustees (the BOT) to the University President, as reflected in the Resolution on the President's Powers and Duties approved by the BOT on March 4, 2019, (i) recommend that the BOT approve the University entering into contracts No. 1 and No. 2 as listed and described below and (ii) authorize the University President or his designee to execute, on behalf of the University, the aforementioned contracts.

Background information:

1. Contract #PUR-02644 (vendor: Toshiba America Business Solutions, Inc.) The piggyback agreement is being requested by FIU Procurement for University-wide print managed services. Toshiba copiers and printing services are utilized by all University departments. The agreement was awarded as a result of a Request for Proposal RFP-NP-18-001 solicited by the State of Colorado in conjunction with the NASPO ValuePoint Cooperative Purchasing Program.

- **Term**: Commences on date executed through December 31, 2021. The agreement may be extended for up to three (3) consecutive one (1) year additional terms by written amendment. Total duration of this agreement, including any extensions, shall not exceed five (5) years.
- **Cost**: $2,080,000.00 for initial term ending December 31, 2021. Additional yearly cost of $960,000.00 if agreement is extended for three (3) consecutive one (1) year terms. Anticipated total cost of $4,960,000 for the term of the contract, calculated based on historical spend data.
- **Funding source:** Various

2. Contract #PUR-02645 (vendor: CDW Government, LLC.) The piggyback agreement is being requested by FIU Procurement for computer equipment and related hardware, software, services and support. The master agreement (E&I CNR01439) was awarded as a result of a Request for Proposal RFP Number 683385 solicited by Educational and Institutional Cooperative Services (E&I).

- **Term**: Commences on date executed through July 31, 2022. The agreement may be renewed for one (1) five (5) year term by written amendment.
- **Cost**: $17,000,000.00 for the initial term ending July 31, 2022. Additional yearly cost of $8,000,000 if agreement is renewed for one (1) five (5) year renewal. Anticipated total cost of $60,000,000.00 for the term of the contract, calculated based on historical spend data.
- **Funding source**: Various

Supporting Documentation: Contract #PUR-02644, vendor: Toshiba America Business Solutions, Inc.

- *NASPO Value Point Participating Addendum*
- *Toshiba Maintenance Agreement*

Contract #PUR-02645, vendor: CDW Government LLC

Funding Certification Form

Facilitator/Presenter: Kenneth A. Jessell

ATTACHMENT A
TO
ADDENDUM

NASPO-ValuePoint
CONTRACT # 140604

AGREEMENT FOR LEASE OF EQUIPMENT

a Contract Between
The Florida International University Board of Trustees
11200 S.W. 8th St. CSC 414
Miami, FL 33199
"Lessee"
(NAME, ADDRESS, PHONE OF LESSEE)

and
Toshiba America Business Solutions, Inc. ("Supplier" and/or "Lessor")

WHEREAS, this Agreement is entered into between The Florida International University Board of Trustees ("FIU") and Toshiba America Business Solutions, Inc. pursuant to that certain Master Agreement Number 140604 made on behalf of the NASPO acting by and through the State of Colorado ("Lead State") and the Contractor (the "Master Agreement" and/or "NASPO ValuePoint Master Agreement Terms & Conditions") entered into as a result of award to Toshiba America Business Solutions, Inc. under the Request for Proposal #RFP-NP-18-001 NASPO ValuePoint Master Agreement for Copiers and Managed Print Services led by the State of Colorado;

WHEREAS, Lessee is authorized to lease under the NASPO ValuePoint Master Agreement and FIU Participating Addendum thereto; and

WHEREAS, it is deemed that the lease of this equipment is both necessary and for the good of Lessee;

NOW, THEREFORE, in consideration of the aforesaid premises, the parties mutually agree as follows:

1. LEASE TERM. This Agreement shall be effective from the date of delivery and acceptance of Leased Equipment for the term set forth on the (i) NASPO ValuePoint Lease and Maintenance Order Form and if applicable its attached Schedule A or (ii) the Lessee's Purchase Order ("PO", such PO and NASPO ValuePoint Lease for Equipment and Maintenance Order Form, hereinafter referred collectively to as an "Order Form") to which this Agreement is attached, unless sooner terminated by either party as set forth in Section 6 of this Agreement.

2. DEFINITIONS. "**Lease Term**" means the term of this Agreement as set forth in Section 1. "**Leased Equipment**" means the (i) equipment described in the Order Form, attached to this Agreement, and which is incorporated herein; (ii) any replacement equipment provided by Lessor; and (iii) any additional equipment described under subsequent Order Forms agreed to during the term of this Agreement. "**Lessor**" means Toshiba America Business Solutions, Inc. or, if applicable, its permitted assignee.

3. CONSIDERATION (RENT). The parties agree that for the Lease Term, Lessor leases to Lessee the equipment described in, and for the lease payments set forth in, the Order Form, excluding meter charges, late fees and applicable taxes. Except as provided in section 6(c), lessee's payment obligations are absolute and unconditional and are not subject to cancellation, reduction or setoff for any reason whatsoever. Lessee does not agree to reimburse Lessor for expenses, unless otherwise specified in the incorporated documents. Any intervening end to a fiscal period shall not effect an existing Lease Term, which shall continue without changing the overall Agreement term.

4. POSSESSION, TITLE AND RETURN.

(a) Lessee shall have possession of the Leased Equipment for the Lease Term, unless this Agreement is earlier terminated in accordance with Section 6 below and shall keep such Leased Equipment at the location specified in the Order Form or such other location as Lessor may agree in writing.

(b) Lessor covenants that it has good title to the Leased Equipment, except any intangible property or associated services such as periodic software licenses and prepaid database subscription rights included in the Leased Equipment, if any. If the Order Form indicates that this lease is a $1 Buyout Lease and if this Agreement is deemed to be a secured transaction, Lessee grants Lessor a first priority security interest in the Leased Equipment to secure all of Lessee's obligations under this Agreement, agrees not to permit any other liens on the Leased Equipment, and shall own such Leased Equipment as of the acceptance date and Lessee authorizes Lessor to record a UCC-1 to reflect such interest. At the end of the Lease Term, if Lessee is not in default, Lessor will release any security interest it may have in the Leased Equipment subject to such $1 Buyout Lease, which will be retained by Lessee.

(c) At the expiration of the term of this Agreement and provided that the Order Form does not indicate this lease is a $1 Buyout Lease, upon Lessee's written request, Lessor shall remove the hard drive from the applicable Device and provide the Lessee with custody of the hard drive before the Device is removed from the Lessor's location. Lessor may charge the Purchasing Entity a reasonable fee if the Purchasing Entity elects to keep the hard drive in their possession. The Lessee shall then be responsible for securely erasing or destroying the hard drive. All costs of removing and transporting the Leased Equipment at the expiration of the Lease Term shall be the responsibility of Lessor.

(d) Risk of loss of the Leased Equipment rests with Lessor until the Leased Equipment is delivered to Lessee's designated location and delivery is accepted by Lessee, at which time risk of loss passes to Lessee.

(e) If the Order Form indicates this lease is a Fair Market Value Lease, at the end of the Lease Term and upon 30 days' prior written notice to Lessor, Lessee may purchase all, but not less than all, of the Leased Equipment AS-IS and WHERE-IS, WITHOUT ANY WARRANTY AS TO CONDITION, TITLE OR VALUE, for the Lessor's Fair Market Value, plus applicable sales and other taxes, if any, or Lessee may return the Equipment pursuant to the terms and conditions of the NASPO ValuePoint Master Agreement.

5. TAXES. Lessee agrees to pay all fees, assessments, taxes and charges governmentally imposed upon Lessor's purchase, ownership, possession, leasing, renting, operation, control or use of the Leased Equipment.

6. TERMINATION.

(a) Termination by Mutual Consent. Any discretionary or vested right of renewal notwithstanding, this Agreement may be terminated upon written notice by mutual consent of both parties.

(b) Termination by Lessee without Cause. FMV, $1 Buyout and Straight leases may be bought out and except for $1 Buyout leases, all Leased Equipment returned to Lessor (in good working condition, ordinary wear and tear excepted), although fair market value leases, straight leases, and $1 buyout leases are subject to a termination charge. The termination charge is equal to the balance of unpaid lease payments and other amounts due hereunder (including any current or past due amounts) for leases and with regard to service or maintenance obligations, may not exceed more than four (4) month service and supply base or 25% of the remaining term, whichever is less.

(c) Termination for Nonappropriation. The continuation of this Agreement beyond the current fiscal period is subject to and contingent upon sufficient funds being appropriated, budgeted, and otherwise made available by Lessee's legislature, governing body and/or federal sources. If for any reason Lessee's funding is not appropriated Lessee may terminate this Agreement, and Lessor waives any and all claim(s) for damages, effective as of the end of the fiscal period in which written notice of such non-appropriation is provided by Lessee to Lessor.

(d) Termination for Default or Breach. A default or breach may be declared with or without termination. This Agreement may be terminated by either party upon written notice to the other party for any material breach or default by the other party of any terms, conditions, covenants, or obligations of this Agreement. Notice of termination for breach or default is effective 30 days following service of notice, or upon any subsequent date specified in the notice of termination. Termination by Lessor due to Lessee's material breach or default will be subject to a termination charge, which is equal to the balance of lease payments discounted at a rate equal to three percent (3%) per year to the date of default, and other amounts due hereunder (including any current or past due amounts) for leases and may not exceed more than four (4) month service and supply base or 25% of the remaining term, whichever is less, for service and maintenance charges. Defaulting Lessee shall be responsible for returning Equipment to the Lessor.

7. INSURANCE. At Lessor's request, Lessee shall provide to Lessor proof that the Leased Equipment is covered for the value thereof against property loss or damage while in Lessee's possession by Lessee's program of self-insurance (if approved by Lessor and Lessor's assignee, if any) or a policy of property insurance from a qualified insurer.

8. LOSS OR DAMAGE. If any item of Leased Equipment is lost, stolen or damaged, Lessee will, at Lessor's option and cost, either: (a) repair the item or replace the item with a comparable item reasonably acceptable to Lessor; or (b) pay Lessor the sum of: (i) all past due and current lease payments and other amounts due under this Agreement; (ii) the present value of all remaining lease payments for the effected item(s) of Leased Equipment, discounted at the rate of 3% per annum; and (iii) if this lease is not a $1 Buyout Lease, the Fair Market Value of the effected item(s) of Leased Equipment. Upon Lessee's payment to Lessor under clause (b) above, Lessor will then transfer to Lessee all

of Lessor's right, title and interest in the effected item(s) of Leased Product AS-IS AND WHERE-IS, WITHOUT ANY WARRANTY AS TO CONDITION, TITLE OR VALUE. "Fair Market Value" means the item's fair market value at the end of the Lease Term, assuming good order and condition (except for ordinary wear and tear from normal use), as estimated by Lessor. No such loss or damage shall relieve Lessee of payment obligations hereunder.

9. WARRANTY AND MAINTENANCE OF EQUIPMENT; WARRANTY DISCLAIMER. All services performed under this Agreement shall be of workmanlike quality, consistent with the standards of the trade, profession or industry. Supplier shall assign to Lessee all manufacturer's warranties on the Leased Equipment, which shall be not less than a full six months' warranty. Supplier (and not its assignee) shall be responsible for ongoing service and maintenance of the Leased Equipment for the duration of the Lease Term. EXCEPT AS OTHERWISE STATED HEREIN, LESSOR MAKES NO WARRANTY EXPRESS OR IMPLIED, INCLUDING THAT THE LEASED EQUIPMENT IS FIT FOR A PARTICULAR PURPOSE OR THAT THE LEASED EQUIPMENT IS MERCHANTABLE. Lessee acknowledges that none of Lessor or their representatives are agents of any assignee and none of them are authorized to modify the terms of this lease or on any Schedule. No representation or warranty of Supplier or Lessor with respect to the Leased Equipment will bind any assignee, nor will any breach thereof relieve Supplier or Lessee of any of its obligations hereunder. THIS LEASE AGREEMENT AND EACH SCHEDULE CONSTITUTES A "FINANCE LEASE" AS DEFINED IN ARTICLE 2A OF THE UNIFORM COMMERCIAL CODE (the "UCC"). Lessee agree that any manufacturer warranty or service agreement is a separate and independent obligation of Supplier to Lessee, that no assignee of the Lessor shall have any obligation to Lessee with respect to such warranty or service agreement and that Lessee's obligations under this Agreement are not subject to setoff, withholding, reduction, counterclaim or defense for any reason whatsoever including, without limitation, any claim Lessee may have against Supplier.

10. LESSOR REMEDIES. If Lessee defaults, Lessor may do one or more of the following: (a) recover from Lessee, the sum of: (i) all past due and current lease payments and other amounts due under this Agreement; (ii) the present value of all remaining lease payments, discounted at the rate of 3% per annum; and (iii) if this lease is not a $1 Buyout Lease, the Fair Market Value of the effected item(s) of Leased Equipment; (b) require Lessee to make the Leased Equipment available to Lessor for pickup at Lessee's premises (and Lessee shall be responsible for removing all data as provided in Section 4(c), charge Lessee for expenses incurred in connection with the enforcement of Lessor's remedies. If Lessor picks up the Leased Equipment, Lessor may sell, release or otherwise dispose of the Leased Equipment and apply the proceeds, less reasonable selling and administrative expenses, to the amounts due by Lessee and Lessee shall be responsible for any balance deficiency after such application. These remedies are cumulative, in addition to any other remedies provided by law, and may be exercised concurrently or separately. Any failure or delay by Lessor to exercise any right shall not operate as a waiver of any right. LESSOR SHALL NOT BE LIABLE FOR CONSEQUENTIAL, INDIRECT, INCIDENTAL OR SPECIAL DAMAGES.

11. PROPER AUTHORITY. The parties hereto represent and warrant that the person executing this Agreement on behalf of each party has full power and authority to enter into this Agreement. Any services performed by Lessor before this Agreement is effective or after it ceases to be effective are performed at the sole risk of Lessor.

12. LESSEE REPRESENTATIONS. Lessee represents that: (a) this Agreement and any documents required to be delivered in connection with this Agreement (collectively, the "Documents") have been duly authorized by Lessee in accordance with all applicable laws, rules, ordinances and regulations; (b) the Documents are valid, legal, binding agreements, enforceable in accordance with their terms and the person(s) signing the Documents, if applicable, have the authority to do so, are acting with the full authorization of Lessee's governing body, and hold the offices indicated below their signatures; (c) the Leased Equipment is essential to the immediate performance of a governmental or proprietary function by Lessee within the scope of Lessee's authority and shall be used during the Lease Term only by Lessee to perform such function; (d) Lessee intends to use the Leased Equipment for the entire Lease Term and shall take all necessary action to include in Lessee's annual budget any funds required to fulfill Lessee's obligations each fiscal period during the Lease Term; (e) Lessee has complied fully with all applicable law governing open meetings, public bidding and appropriations, required in connection with this lease and the debt under applicable state law; (f) unless this lease is a $1 Buyout Lease, Lessee's obligations to remit Lease Payments constitutes a current expense and not a debt under applicable state law; (g) this Agreement is binding on Lessee and Lessee's successors and assigns; and (h) all financial information Lessee has provided is true and a reasonable representation of Lessee's financial condition.

13. ASSIGNMENT. Lessee may not assign or dispose of any rights or obligations under this Agreement or sublease the Leased Equipment without Lessor's prior written consent. Notwithstanding anything in the NASPO ValuePoint Master

Agreement and/or the Participating Addendum to the contrary, Lessor may assign all or any portion of this Agreement or its interest in the Leased Equipment; provided that service obligations on the Leased Equipment shall remain with Toshiba America Business Solutions, Inc. and expressly not with Lessor's assignee and must conform to the terms of the NASPO ValuePoint Master Agreement and the FIU Participating Addendum. Lessor's assignee shall have Lessor's rights under this Agreement, but none of Lessor's obligations. Lessee agrees not to assert any claims, defenses or offsets it may have against Lessor against such assignee.

14. AGREEMENT AND MODIFICATION. This Agreement is made pursuant to the NASPO ValuePoint Master Agreement identified above, and the FIU Participating Addendum to that Master Agreement, the terms of which are incorporated herein by reference. In the event of conflict between the Master Agreement or the FIU Participating Addendum and this Agreement, the Master Agreement and/or Participating Addendum shall govern and control. Unless otherwise expressly authorized by the terms of this Agreement, no modification or amendment to this Agreement shall be binding upon the parties, unless the same is in writing and signed by the respective parties hereto.

15. TIME PRICE. If the NASPO ValuePoint Lease Order Form and Schedule indicates the lease is a $1 Buyout Lease, Lessee understands that the Leased Equipment may be purchased for cash (the "Product Cost") or purchased pursuant to this Agreement for a Time Price equal to the amount of each Lease Payment times the number of Lease Payments, all as set forth on the NASPO ValuePoint Lease Order Form and Schedule and this Agreement, plus the Purchase Option amount stated on the NASPO ValuePoint Lease Order Form and Schedule, and by signing this Agreement, Lessee has chosen to purchase the Leased Equipment for that Time Price. The Product Cost may be determined by dividing the Lease Payment by the lease rate factor set forth on the NASPO ValuePoint Lease Order Form and Schedule. Each Lease Payment under a $1 Buyout Lease includes a part of Lessor's investment in the Product Cost and a return on Lessor's investment in the $1 Buyout Lease. The total return on Lessor's investment (the total finance charge) is determined by deducting the Product Cost (as determined above) from the Time Price. The difference so determined is the return to Lessor on its investment (the total finance charge). The rate of return (finance rate) may be determined by applying to the Product Cost, the rate that will amortize the Product Cost down to the Purchase Option amount by applying as payments, the Lease Payments. For purposes of that amortization, each Lease Payment will be considered received on the date it is required to be paid under this Agreement.

16. GOVERNING LAW, JURY TRIAL WAIVER. This Agreement and the rights and obligations of the parties hereto shall be governed by, and construed according to, the laws of the State of Florida, without giving effect to any principle of conflict of laws that would require the application of the law of any other jurisdiction.

17. NOTICE. All notices or other communications required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given if (a) delivered personally in hand, (b) delivered by telephone, facsimile or email with simultaneous regular mail, or (c) mailed certified mail, return receipt requested, postage prepaid on the date posted, and addressed to the other party at the address specified above or such other address as the other party may have provided written notice of in accordance with this Section 17. For purposes of computing times from service of notice, service of notice by delivery in hand shall be effective on the date of delivery; notices that are mailed shall be effective on the third calendar day following the date of mailing.

18. INDEMNITY: Intentionally omitted.

19. ELECTRONIC DOCUMENTATION. This Agreement (including the Order Form) may be executed in counterparts and signed by the parties manually or electronically. The executed counterpart that has Lessor's original signature and/or is in Lessor's possession shall constitute chattel paper as that term is defined in the UCC and shall constitute the original agreement for all purposes. If Lessee signs and transmits this Agreement and Order Form to Lessor by facsimile or other electronic transmission, the transmitted copies shall be binding upon the parties. Lessee agrees that the facsimile or other similar electronic transmission of this Agreement and such Order Form manually or electronically signed by Lessor, when attached to the facsimile or other electronic copy signed by Lessee, shall constitute the original agreement for all purposes. Neither party may raise as a defense to the enforcement of this Agreement that it was signed or transmitted electronically.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed and intend to be legally bound thereby.

LESSOR:
Toshiba America Business Solutions, Inc.

Name:
Title:
Date:

LESSEE:
The Florida International University Board of Trustees

By: ______________________________________
Name:
Title:
Date:

NASPO ValuePoint

PARTICIPATING ADDENDUM
(“Addendum”)

COPIERS AND MANAGED PRINT SERVICES
Led by the State of **Colorado**

Master Agreement #: **140604**

Contractor: **Toshiba America Business Solutions, Inc. (known as “Contractor” and/or “Toshiba”)**

Participating Entity: **The Florida International University Board of Trustees (“FIU”)**

The following products and services are included in this contract portfolio:

- Group A – MFD, A3
- Group C – Production Equipment
- Group D – Single-function Printers
- Group E – Large/Wide Format Equipment
- Group F – Scanners
- Managed Print Services (MPS)
- Supplies
- Software

1. **Scope:** This Addendum covers the Request for Proposal #RFP-NP-18-001 for Copiers and Managed Print Services led by the State of Colorado, for use by state agencies and other entities authorized by that state’s statutes to utilize contracts with the prior approval of the state’s Chief Procurement Officer. This Addendum is entered into between FIU and Contractor pursuant to that certain Master Agreement Number 140604 made on behalf of NASPO acting by and through the State of Colorado (“Lead State”) and the Contractor (the “Master Agreement” and/or “NASPO ValuePoint Master Agreement Terms & Conditions”). This Addendum, along with all of its Exhibits, attachments and schedules, and Master Agreement with all of its Exhibits, collectively called herein as the “Contract.”

2. **Participation:** The Florida Board of Governors’ Regulation 18.001(1)(c) and FIU Regulation 2201 allow FIU to utilize contracts that are entered into after a public and open competitive solicitation by any State of Florida agency or department, the Federal Government, other states, political subdivisions, cooperatives or consortia, or any independent college or university for the procurement of commodities and contractual services, when it is determined to be cost-effective and in the best interest of FIU, to make purchases under contracts let by such other entities. The Master Agreement was procured by NASPO in accordance with the same competitive selection requirements applicable to FIU’s procurement of the services. Further, FIU is authorized to enter into this contract based on _____________.

3. **Order of Precedence:**

   a) Participating Entity’s Participating Addendum, including Attachment A “Agreement for the Lease of Equipment”;

b) NASPO ValuePoint Master Agreement Terms & Conditions, including all Exhibits;

c) An Order issued against the Master Agreement;

d) The Solicitation, RFP-NP-18-001, Copiers and Managed Print Services;

e) The Contractor's response to the Solicitation, as revised (if permitted) and accepted by the Lead State; and

f) The Contractor's Supplemental Documents.

4. **Term of the Addendum:** This Participating Addendum shall commence on the Effective Date (defined below) and shall terminate on December 31, 2021 (the "Initial Term"), unless otherwise renewed, extended or terminated. FIU will have the option to renew for up to three (3) additional one (1) year periods (each, a "Renewal Term") upon the mutual agreement of the Participating Entity and Contractor, via written Amendment no later than sixty (60) days prior to the end of the Initial (Renewal) Term. The Initial Term and the Renewal Term(s) shall collectively be known as the "Term." Renewals are not automatic.

5. **Participating Entity Modifications or Additions to the Master Agreement:**

a) FIU specific terms and conditions:

1. **Payment Terms**. Contractor shall submit invoices for fees or other compensation for services or expenses in detail sufficient for a proper pre-audit and post-audit. FIU will make payment in accordance with FIU Regulation FIU-2202, which states the Contractor's rights as a vendor and FIU's responsibilities concerning interest penalties and time limits for payment of invoices. Upon receipt, FIU has five (5) business days to inspect and approve the goods or services. If a payment is not issued within forty (40) days of receipt of a proper invoice and receipt and inspection and approval of the goods and services, FIU will pay to the Contractor, in addition to the amount of the invoice, an interest penalty at the rate established pursuant to Florida Statues §55.03(1), provided the interest penalty is in excess of one dollar ($1.00). Notwithstanding the foregoing, for leased equipment, acceptance shall be upon delivery and installation and verified by FIU's signature on a delivery & acceptance document. Lease payments shall be due net thirty (30) days upon receipt of a valid invoice. A Vendor Ombudsman has been established within the Office of Business and Finance. The duties of this individual include acting as an advocate for vendors who may be experiencing problems in obtaining timely payment from FIU. The Vendor Ombudsman may be contacted at (305) 348-2101. The Contractor shall cooperate with FIU and provide specific records and/or access to all of the Contractor's records related to this Contract for purposes of conducting an audit or investigation. FIU will provide Contractor with reasonable written notice of the need for such records or access.

2. **Taxes**: FIU is a tax immune sovereign and exempt from the payment of sales, use or excise taxes. Contractor shall pay all personal property taxes on leased equipment and all taxes based upon net income.

3. **Annual Appropriations**. FIU's performance and obligation to pay under this Contract is subject to and contingent upon the availability of funds annually appropriated by the Florida Legislature or otherwise lawfully expendable for the purposes of such Contract for the current and future fiscal periods. FIU will give notice to the Contractor of the non-availability of funds for future fiscal periods when FIU has knowledge thereof. Upon receipt of such notice by Contractor, Contractor is entitled to payment only for those services performed and accepted by FIU up through the end of the then current fiscal term for which funds were appropriated.

4. **Travel Expenses**. Contractor shall not charge FIU for any travel expenses, meals, and lodging unless otherwise provided in this Contract and FIU's prior written approval of the expenses has been obtained. Under such circumstances, Contractor is authorized to incur the agreed to travel expenses which will be payable by FIU, but only to the extent permitted in Florida Statutes § 112.061 and the FIU Policy 1110.060 Travel: University Travel Expense Policy, which is available at https://policies.fiu.edu/files/548.pdf. Contractor is responsible for any expenses in excess of these prescribed amounts.

5. **Sovereign Immunity**. Nothing in this Contract shall be construed as an indemnification of Contractor by FIU or as a waiver of sovereign immunity beyond that provided in Florida Statutes §768.28.

6. **Compliance with Public Records Law**. FIU is subject to applicable public records laws as provided by provisions of Florida Statutes Chapter 119, and FIU will respond to such public records request without any duty to give the Contractor prior notice. If Contractor is a "contractor" as defined under Section 119.0701, Florida Statutes, Contractor shall comply with all applicable public records laws. Specifically, Contractor shall: (1) keep and maintain public records required by FIU to perform the service; (2) upon request from FIU's custodian of public records, provide FIU with a copy of the requested records or allow the records to be inspected or copied within a reasonable time at a cost that does not exceed the cost provided under that section, or as otherwise provide by law; (3) ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law for the duration of the contract term and following completion of the contract if Contractor does not transfer the records to FIU; and (4) upon completion of the contract, transfer, at no cost, to FIU all public records in possession of Contractor related to this Contract or keep and maintain public records required by FIU to perform the Service. If Contractor transfers all public records related to this Contract to FIU upon completion of the contract, Contractor shall destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements, except as otherwise required by law or Contractor's document retention policies. If Contractor keeps and maintains public records upon completion of the contract, Contractor shall meet all applicable requirements for retaining public records. All records stored electronically and related to this contract must be provided to FIU, upon request by FIU's public records custodian, in a format that is compatible with FIU's information technology systems. If FIU receives a request for public records, and FIU does not possess such records, FIU shall immediately notify Contractor of such request, and if Contractor

possesses such records Contractor must provide them to FIU or allow the records to be inspected or copied within a reasonable time. If Contractor does not comply with the request for records, FIU shall enforce the terms of the contract, and Contractor may be subject to civil action under Section 119.0701, Florida Statutes, and the penalties outlined under Section 119.10, Florida Statutes. FIU may unilaterally cancel the Contract for Contractor's refusal to allow public access to all public records that were made or received in conjunction with the Contract. This provision shall survive the expiration or earlier termination of the Contract. **IF THE CONTRACTOR HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO THE CONTRACTOR'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS CONTRACT, CONTACT THE CUSTODIAN OF PUBLIC RECORDS AT (305) 348-1377, BY E-MAIL AT recordsmanagement@fiu.edu, OR BY MAIL at 11200 SW 8 ST., GL 460, MIAMI, FLORIDA 33199.**

7. **Relationship of the Parties**. Contractor is an independent contractor, and neither the Contractor nor the Contractor's employees, agents, or other representatives shall be considered FIU's employees or agents. Contractor represents that Contractor and Contractor's spouse or child are not employees of the University, and Contractor does not have an employment or contractual relationship with an employee of the University pursuant to FIU Policy 140.105. The Contractor shall not use FIU's name, trademarks, logos, or marks without FIU's prior written approval nor shall FIU use Contractor's name, trademarks, logos or marks without Contractor's prior written approval. The Contractor represents and warrants that it is not on the Convicted Vendor List (see Fla. Stat. § 287.133(2)(a)). Each party hereby assumes any and all risk of personal injury and property damage attributable to the willful or negligent acts or omissions of that party and the officers, employees, and agents thereof. The Contractor also assumes such risk with respect to the willful or negligent acts or omissions of the Contractor's subcontractors or persons otherwise acting or engaged to act at the instance of the Contractor in furtherance of the Contractor fulfilling the Contractor's obligations under this Contract.

8. **Confidentiality of Information**. The Contractor acknowledges and agrees that (a) all documents, studies, materials and information furnished to the Contractor by FIU or FIU's affiliates in connection with this Contract and (b) all reports, studies, plans, deliverables, strategies, materials and other documents and information developed or prepared solely for FIU in connection with this Contract or which reflect any of the documents, studies, materials or information furnished to the Contractor by FIU (the materials described in (a) and (b) are collectively referred to as the "Information") are and shall remain at all times confidential, proprietary, and the sole property of FIU. The Contractor agrees that it shall not use the Information and will not share the Information with its employees, agent, affiliates, or independent contractors, except as necessary to the Contractor's performance under this Contract, and the Contractor shall at all times comply with all applicable state and federal laws governing the use and/or safe-keeping of confidential and/or personally identifiable information. The Contractor shall not disclose Information to third parties unless it obtains FIU's written consent to such disclosure.

In the event the Contractor required by subpoena or other judicial or administrative process or by law to disclose such records, the Contractor shall (i) provide FIU with prompt notice thereof; (ii) consult with FIU on the advisability of taking steps to resist or narrow such disclosure; (iii) furnish only that portion of the information that is responsive to the request; (iv) comply with the requirements of all state and federal privacy laws applicable to the Information, which may include but is not be limited, to Florida Public Records laws, FERPA, the Gramm-Leach Bliley Act, the Federal Trade Commission's Red Flags Rule (which implements Section 114 of the Fair and Accurate Credit Transactions Act of 2003); and (v) reasonably cooperate with FIU in any attempt that FIU may make to obtain an order or other reliable assurance that confidential treatment will be accorded the records. Upon termination of this Contract or upon request by FIU, the Contractor shall promptly return the Information to FIU.

9. **Information Technology**. If Contractor has access to FIU's information technology infrastructure, or will be providing such infrastructure to FIU, Contractor agrees at all times to maintain network security that, at a minimum, includes: network firewall provisioning, intrusion detection, and regular third party penetration testing. Contractor further agrees to:

   a. Network Standards: to use at least those standards that FIU applies to its own network, pursuant to FIU Policy 1910.010 - University Wireless Network Infrastructure;
   b. Data Security: to protect and maintain the security of FIU data with protection that is at least as good as or better than that maintained by FIU. These security measures include maintaining secure environments that are patched and up-to-date with all appropriate security updates pursuant to FIU Policy 1930.020 - Information Technology Security;
   c. Data Transmission: that any and all transmission or exchange of system application data with FIU and/or any other parties expressly designated by FIU, shall take place via secure means, e.g., HTTPS or FTPS;
   d. Data Storage: that any and all FIU data will be stored, processed, and maintained solely on designated target servers and that no FIU data at any time will be processed on or transferred to any portable or laptop computing device or any portable storage medium, unless medium is in part of the Contractor's designated backup and recovery process;
   e. Domain Encryption: that any websites hosted by Contractor on behalf of FIU shall be on an encrypted domain in compliance with the minimum security standards pursuant to FIU Policy 175.150 - Digital Communications Standards Policy;
   f. Data Encryption: to store any FIU backup data as part of its designated backup and recovery process in encrypted form, using no less than 128 bit key;
   g. Password Protection: that any portable or laptop computer that resides at any FIU facility, has access to a FIU network, or stores any non-public FIU data is equipped with strong and secure password protection;

h. <u>Data Re-Use</u>: that all data exchanged shall be used expressly and solely for the purpose enumerated in the Agreement. Data shall not be distributed, repurposed or shaped across other applications, environments, or business units of Contractor. Contractor further agrees that no FIU data of any kind shall be transmitted, exchanged or otherwise passed to other vendors or interested parties except on a case-by-case basis as specifically agreed to in writing by FIU;

i. <u>Data Destruction</u>: that, upon termination of the Agreement, it shall erase, destroy, and render unreadable all FIU data from all computer systems and backups, and certify in writing that these actions have been completed within thirty (30) days of the termination of the Agreement or within seven (7) days of the request of an agent of FIU, whichever shall come first; and

j. <u>Notification and Data Breaches</u>: to comply with all applicable laws that require the notification of individuals in the event of unauthorized release of personally identifiable information or other event requiring notification in accordance therewith. In the event of a data breach of any Contractor's security obligations or other event requiring notification under applicable law (a "<u>Notification Event</u>"), Contractor agrees to assume responsibility for informing all such individuals in accordance with applicable laws and to indemnify, hold harmless and defend FIU against any claims, damages, or other harm related to such Notification Event to the extent caused by or arising out of Contractor's gross negligence or willful misconduct.

10. **<u>Governing Law; Venue</u>.** This Addendum is governed by the laws of the State of Florida and exclusive venue of any actions arising out of this Addendum shall be in the courts in Miami-Dade County, Florida.

b) Administrative Fees / Revenue Sharing – Contractor agrees to the Revenue Sharing terms as set forth in Exhibit 3 to this Addendum.

c) Supplemental Documents:

a. The Contractor's Supplemental Documents attached to the Master Agreement which are applicable to this Addendum are:
   i. Attachment A - Agreement for the Lease of Equipment
   ii. Attachment B – Toshiba Lease Order Form Schedule
   iii. Attachment C – Toshiba Lease and Maintenance Order Form
   iv. Attachment D – Toshiba Maintenance Agreement Terms and Conditions.
   v. Attachment F – Toshiba MPS Statement of Work

b. FIU Supplemental Documents attached to this Addendum and incorporated by reference:
   i. Exhibit 1 – FIU Service Level Agreements
   ii. Exhibit 2 – FIU Pricing Addendum
   iii. Exhibit 3 – FIU Revenue Sharing Terms

The foregoing Attachments are incorporated by reference to the Addendum and attached hereto.

d) **Authorized Dealers:** The Contractor Dealer's participation will be in accordance with the terms and conditions set forth in the Master Agreement.

e) **Product Offerings:** The Contractor is authorized to provide Products as referenced on the first page of this Addendum, and as detailed in **Section 4.3, Product Offerings**, of the Master Agreement.

f) **Service Offerings:** The Contractor is authorized to provide Services as referenced on the first page of this template, and as detailed in **Section 4.4, Service Offerings**, of the Master Agreement. **Maintenance Agreements:**

  - Automatic renewals are not permitted under the Master Agreement
  - **Manual Meter Reads** - As part of its Services, Contractor may, at its discretion and dependent upon device capabilities, provide electronic remote meter reading and equipment monitoring. This may allow for automated meter reading and submission, automatic placement of low toner alerts, automatic placement of service calls in the event of a critical Product failure and may enable firmware upgrades
  - **Customer-Owned Equipment** (TBD)
  - **Lease or Rental Equipment** (TBD)
  - **Legacy Equipment** (TBD)

- **Service Requirements** –Contractor requirements are outlined in **Section 4.4.3(b)** of the Master Agreement.

g) **Purchase and Lease Programs:** Per **Section 4.5** of the Master Agreement the Contractor is authorized to provide the following:

- **Acquisition Methods**: (FIU to select from below)
  - Purchase
  - Fair Market Value (FMV) Lease
  - $1 Buyout Lease
  - Straight Lease
- **Leasing Terms and Conditions –** Equipment leases are subject to the Terms and Conditions as set forth in Attachment A to this Addendum the "Agreement for Lease of Equipment".

h) **Security Requirements:**

- Per **Section 4.6.2, Sensitive Information,** of the Master Agreement, the Participating Entity's definition of "sensitive information" is as follows: Sensitive Information includes, but is not limited to, the following categories of information, regardless of the format or medium in which the information is made, kept, or received (i.e., paper, electronic, video, verbal, etc.): any personally-identifiable student information, financial information (including social security and credit card numbers), or health information; certain contracts; research information; alumni and donor information; certain personnel information; university financial information; computer passwords; university proprietary information; and any other information for which access, use, or disclosure is not authorized by university regulation, policy, or procedure.

- Per **Section 4.6.5, Hard Drive Removal and Surrender**, of the Master Agreement, the Participating Entity shall determine which hard drive disposal they will require:
    - Master Agreement Section 4.6.5.b) At the Participating State or Entity's discretion, Contractor shall remove the hard drive from the applicable Device and provide the Purchasing Entity with custody of the hard drive before the Device is removed from the Purchasing Entity's location, moved to another location, or any other disposition of the Device. The Purchasing Entity shall then be responsible for securely erasing or destroying the hard drive.

i) **Shipping and Delivery Requirements –** will be in accordance with the terms and conditions set forth in the Master Agreement Section 4.8.

j)

k) **Inspection and Acceptance:** Per **Section 4.10.3** of the Master Agreement, confirmation of Product Acceptance occurs upon signature of **Exhibit B (Toshiba D&A Certificate)**, or within five (5) Business Days after Product install, whichever occurs first, unless otherwise stated in a Participating Addendum.

l) **Warranty Requirements –** The Contractor shall adhere to the warranty requirements as outlined in **Section 4.11** of the Master Agreement.

Participating State or Entity must check one of the boxes below. These modifications or additions apply only to actions and relationships within the Participating State or Entity. A Participating Addendum shall not diminish, change, or impact the rights of the Lead State with regard to their contractual relationship with the Contractor under the Terms and Conditions of the State of Colorado NASPO ValuePoint Master Agreement.

[____] No changes to the terms and conditions of the Master Agreement are required.

[X] The following changes are modifying or supplementing the Master Agreement terms and conditions:

The following is added as Section 6.13.5 to the Master Agreement:

6.13.5 IN NO EVENT SHALL CONTRACTOR BE LIABLE TO THE INDEMNIFIED PARTY FOR CONSEQUENTIAL, INDIRECT, INCIDENTAL, EXPECTANCY, PUNITIVE, RELIANCE OR SPECIAL DAMAGES. CONTRACTOR'S LIABILITY FOR DAMAGES OF ANY KIND SHALL BE LIMITED TO

PROVEN DIRECT DAMAGES NOT TO EXCEED THE LESSER OF $100,000.00 OR THE AMOUNT PAID TO THE CONTRACTOR DURING THE TWELVE MONTHS IMMEDIATELY PRECEEDING THE ACCRUAL OF THE CLAIM OR CAUSE OF ACTION.

6. **Master Price Agreement Number:** All purchase orders issued by Purchasing Entities within the jurisdiction of this Participating Addendum shall include the NASPO ValuePoint Master Agreement number: **140604**

7. **Orders:** Any Order placed by a Purchasing Entity for a Product and/or Service available under the Master Agreement shall be deemed to be a sale under (and governed by the prices and other terms and conditions) of the Master Agreement unless the parties to the Order expressly agree in writing that another contract or agreement applies to such Order.

   Orders can be made out to (a) Contractor or (b) Authorized Dealers as approved by Contractor and the Participating State or Entity. To the extent the Purchasing Entity and the Contractor agree on additional terms, the terms will be documented on the Purchasing Entity Order, and signed by both parties; provided, however, all pre-printed terms and conditions on the Purchasing Entity Order shall be of no force and effect unless expressly agreed to by both parties.

   All orders should contain the following (1) "PO is subject to NASPO ValuePoint Master Agreement, Contract # **140604**, and the Participating Addendum, Contract # __If Applicable________" (2) Purchasing Entity Name, Address, Contact, & Phone-Number (3) Order amount (4) Type of Order (Purchase, FMV Lease, $1 Buyout Lease or Straight Lease) and purchase amount, or monthly payment amount (5) Itemized list of accessories (6) Type of Service program and rates (7) Any Supplemental Documents, including the MPS SOW Template (if applicable).

8. **Primary Contacts:** The primary contact individuals for this Participating Addendum are as follows (or their named successors):

   Contractor

Name	Rick Jackson
Address	25530 Commercentre Drive, Lake Forest, CA 92630
Telephone	(949) 462-6089
E-mail	Rick.jackson@tabs.toshiba.com

   Participating Entity

Name	Kelly Loll, The Florida International University Board of Trustees
Address	
Telephone	
E-mail	

9. **Terms**: The Participating State or Entity is agreeing to the terms of the Master Agreement only to the extent the terms are not in conflict with applicable law.

10. **No counterparts; facsimile signatures allowed:** This Addendum may not be executed in counterparts. The Addendum, along with any and all Exhibits, may be executed and delivered by facsimile signature by any of the parties to the other parties; to the extent permissible under Florida law, a facsimile signature shall have the same legal force and effect as an original signature and the receiving party may rely on the receipt of such document so executed and delivered by facsimile signature as if the original had been received.

11. **Entire Agreement:** This Contract, along with the Exhibits and any other appendices, addenda, schedules, and amendments hereto, encompasses the entire agreement of the parties, and supersedes all previous understandings and agreements between the parties, whether oral or written. The parties hereby acknowledge and represent that said parties have not relied on any representation, assertion, guarantee, warranty, collateral contract or other assurance, except those set out in this Contract, made by or on behalf of any other party or any other person or entity whatsoever, prior to the execution of this Contract.

IN WITNESS WHEREOF, the duly authorized representatives of each of the parties have executed this Addendum as of the last date of execution below (the “Effective Date”).

Participating Entity: The Florida International University Board of Trustees	Contractor: Toshiba America Business Solutions, Inc.
By:	By:
Name:	Name:
Title:	Title:
Date:	Date:

For questions on executing a Participating Addendum, please contact:

NASPO ValuePoint

COPIERS AND MANAGED PRINT SERVICES

Led by the State of **Colorado**

Cooperative Development Coordinator:	Ted Fosket
Telephone:	(907) 723-3360
Email:	tfosket@naspovaluepoint.org

[**Please email fully executed PDF copy of this document to PA@naspovaluepoint.org, to support documentation of participation, and to post in appropriate data bases**]

TOSHIBA

MAINTENANCE AGREEMENT

NASPO ValuePoint PARTICIPATING ADDENDUM

Administered by the State of Colorado #RFP-NP-18-01

These maintenance terms are pursuant to a Participating Addendum under NASPO ValuePoint Cooperative Purchasing Organization Master Agreement administered by the State of Colorado #RFP-NP-18-01 (the "Contract"). By accepting this Exhibit, Customer agrees to purchase the services as set forth in the Contract Maintenance Order Form. Contractor agrees to provide parts, labor, ink, toner, and toner collection containers (the "Maintenance Services") for the equipment listed in the Maintenance Order Form in accordance with the terms and conditions of the Contract and the Maintenance Agreement Terms below.

MAINTENANCE AGREEMENT TERMS

1. **TERM:** Each asset shall be annually renewable on each yearly anniversary date for an additional one (1) year period. Contractor shall notify Customer in writing of any such pending anniversary date no later than ninety (90) days prior to such date, and Customer shall have until thirty (30) days prior to such date to notify Contractor in writing that it wishes to renew the term for an additional year in order for such renewal to take effect.
2. For each piece of equipment under this Maintenance Agreement there will be a Start Date & Start Meter. Service for each piece of equipment will be provided from the Start Date & Start Meter until this Maintenance Agreement is terminated or the equipment is withdrawn from service.
3. **REMOVAL FROM SERVICE.** Customer may withdraw individual equipment by providing thirty (30) day written notice prior to the Renewal Date. Customer is responsible for all remaining Minimum Payments if Customer is in default or if equipment is withdrawn prior to Renewal Date.
4. **INVOICING CHARGES.** Customer will pay the charges set forth in the Contract. The first Minimum Payment is due upon receipt of an invoice. Thereafter, Minimum Payments will be due on the same date each month during the Term of this Maintenance Agreement. Customer's obligation to pay the Minimum Payment is unconditional and is not subject to any reduction, set-off, defense, or counterclaim for any reason whatsoever. Excess click charges or Overage Charges, as applicable; will be invoiced monthly for the period selected on the Maintenance Order Form.
5. If any part of a payment is not made by the Customer when due, Customer agrees to pay Contractor a Late Charge pursuant to the terms of the Contract.
6. Contractor may estimate the number of clicks used if requested Meter Readings are not received before a new billing period begins. Contractor will adjust the estimated charge for overage clicks upon receipt of actual Meter Readings. Notwithstanding any adjustment, the Customer will never pay less than the Minimum Payment. Customer will provide meter readings via an automated website. Contractor may charge a fee to recover the cost of meter collections if meters are not received.
7. **CONSUMABLE SUPPLIES**. All supplies delivered as part of this Maintenance Agreement remain the property of Contractor until and unless they are consumed by the equipment in the performance of this Agreement. Any supplies not consumed as specified and not surrendered to Contractor upon expiration or termination of the Maintenance Services for an asset will be invoiced to the Customer at Contractor's then Contract prices. Customer agrees to provide insurance coverage for supplies in case of loss under any circumstances. Notwithstanding the foregoing, the risk of loss of the consumable supplies shall be transferred from Contractor to Customer if such consumable supplies are stored at Customer's facility.
8. **TAXES**. Unless Tax Exempt (as evidenced by certificate or in the case of exempt sales to federal, state, and local government entities a seller may also document the exemption by retaining a copy of a government issued purchase order, government check or voucher in place of the exemption certificate). In addition to the charges due under this Maintenance Agreement, the Customer agrees to pay amounts equal to any taxes resulting from this Maintenance Agreement, or any activities hereunder, exclusive of taxes based upon net income.
9. **INSTALLATION AND ACCESS TO EQUIPMENT.** Customer agrees to provide adequate space, environment and appropriated electrical requirements including, if required, a dedicated 120 volt or 220 volt electrical line, as published in the Operator and Service Manuals for the operation and maintenance of the equipment. If Contractor has installed a power filter/surge protector on the equipment, it must at all times remain continuously installed. If it is removed Customer agrees to purchase a replacement from Contractor immediately. Contractor shall have full and free access to the equipment to provide service thereon.
10. If persons other than Contractor representatives install conversions, feature additions, accessories or perform service on equipment and as a result further repair by Contractor is required, such repairs shall be made at Contractor's applicable Time and Material rates and terms, per the Contract. If such additional repair is required, Contractor may immediately withdraw the equipment from this Maintenance Agreement.
11. **KEY OPERATOR - END-USER TRAINING.** Customer agrees to designate a Key Operator for training on the use, supplications and features of the equipment. The Key Operator will be responsible for normal Key Operator activities as detailed in the Operations Manual and for training additional end-user. If the Key Operator assignment changes, Customer agrees to designate a new Key Operator immediately. Contractor agrees to provide training for the designated Key Operator and to provide initial training for end-users on the use, applications and features of the equipment. Additional training requested by Customer after thirty (30) days from installation will be at Contract rates.
12. **EXCLUSIONS.** Service under this Maintenance Agreement does not include:
    a. Furnishing paper, staples (unless purchased by the Customer), replacement print heads, batteries, ribbons, media, periodic maintenance on thermal printers or any of the following:
    b. Service of equipment if moved outside of Contractor's designated service area;
    c. Repair of damage or increase in service time caused by accident, misuse, negligence, abuse or disaster that are not attributable to Contractor;
    d. Service of accessories, attachments or click control devices other than those of the same manufacturer as the equipment;
    e. Painting or refinishing of the equipment;
    f. Making specification changes;
    g. Performing key operator functions as described in the operator manual;
    h. Moving equipment, repair of damage or increase in service time caused by the use of the equipment for other than the ordinary use for which designed;
    i. Repair of damage caused by electrical surges or lightning strikes, if equipment is connected to a Contractor supplied power filter/surge protector repairs will be included;
    j. Repair of damage or increase in service time caused by failure to continually provide a suitable installation environment as defined by the manufacturer, with all the facilities prescribed by Contractor including, but not limited to, adequate space, electrical power, air conditioning or humidity control
    k. Repair of equipment that has been designated as obsolete by the manufacturer and genuine OEM parts are no longer available.
    l. Repair of damage or increase of service time caused by Customer's use of media outside the specifications as described in the operator manual.
13. This Maintenance Agreement is not assignable, its right, duties and obligations may not be assigned or transferred by the Customer without the prior written consent of Contractor. Any attempt to assign or transfer any of the rights, duties or obligations of this Maintenance Agreement without such consent is void. Contractor is not responsible for failure to render service due to causes beyond its reasonable control.

E&I Specific Member Agreement

E&I Enhanced Member Program (E&I Master Agreement CNR01439)
between CDW Government LLC and the Florida International University Board of Trustees on behalf of PantherTECH

This Specific Member Agreement (SMA) is entered into on ___________ (Effective Date) by and between CDW Government LLC located at 230 N. Milwaukee Ave, Vernon Hills, IL 60061 ("Supplier") and The Florida International University Board of Trustees on behalf of PantherTECH , with an office at 11200 SW 8th Street, Miami, FL 33199-2516 ("FIU").

WHEREAS, FIU is a member of the Educational and Institutional Cooperative Services, Inc.'s ("E&I") group purchasing organization; and

WHEREAS, Supplier is an authorized seller of IT goods and services to members pursuant to the terms of the Master Agreement Number CNR01439 by and between Supplier and E&I, as amended (the "Master Agreement") awarded to Supplier pursuant to that Request for Proposal ("RFP") #683385 for Computer Equipment and Related Hardware, Software, Services and Support; and

WHEREAS, the Florida Board of Governors' Regulation 18.001(1)(c) and FIU Regulation 2201 allow FIU to utilize contracts that are entered into after a public and open competitive solicitation by any State of Florida agency or department, the Federal Government, other states, political subdivisions, cooperatives or consortia, or any independent college or university for the procurement of commodities and contractual services, when it is determined to be cost-effective and in the best interest of FIU, to make purchases under contracts let by such other entities;

WHEREAS, FIU desires to enter into additional terms under this Specific Member Agreement ("SMA") with Supplier that are supplemental to the terms of the Master Agreement and to which FIU is otherwise entitled.

NOW THEREFORE, for good and valuable consideration, the sufficiency of which is hereby acknowledged the parties agree is as follows:

1. Contract and Order of Precedence: The following exhibits are attached to this SMA and are herein incorporated by this reference (this SMA and all Exhibits are collectively called herein as the "**Contract**"):

(i) E&I RFP#683385 for Computer Equipment and Related Hardware, Software, Services and Support – as **Exhibit I**;
(ii) Supplier's Response to RFP#683385 - **Exhibit II**;
(iii) Master Agreement Number CNR01439, as amended, - **Exhibit III**;
(iv) Price Sheet, as **Exhibit VI**.

In the event of any conflicts between the terms thereof, the documents govern in the following order of precedence: (1) this SMA; (2) the Price Sheet (Exhibit IV); (3) the Master Agreement (Exhibit III); (4) Supplier's Response (Exhibit II) ; and (5) the RFP#683385(Exhibit I) . Those terms that are not otherwise in conflict shall continue in full force and effect.

2. Term. The term of this SMA shall begin as of the Effective Date and its term shall end on July 30, 2027. Termination rights are as set forth in the Master Agreement.

3. Intentionally omitted.

4. Pricing Program: Pricing for products and services sold to FIU shall be as set forth in Exhibit IV, attached hereto.

5. **Payment Terms**. Supplier shall submit invoices for fees or other compensation for services or expenses in detail sufficient for a proper pre-audit and post-audit. FIU will make payment in accordance with the Master Agreement and FIU Regulation FIU-2202, which states the Supplier's rights as a vendor and FIU's responsibilities concerning interest penalties and time limits for payment of invoices. If a payment is not issued within thirty (30) days of receipt of a proper invoice, FIU will pay to the Supplier, in addition to the amount of the invoice, an interest penalty at the rate established pursuant to Florida Statues §55.03(1), provided the interest penalty is in excess of one dollar ($1.00). A Vendor Ombudsman has been established within the Office of Business and Finance. The duties of this individual include acting as an advocate for vendors who may be experiencing problems in obtaining timely payment from FIU. The Vendor Ombudsman may be contacted at (305) 348-2101. The Supplier shall cooperate with FIU and provide specific records and/or access to all of the Supplier's records related to this Contract for purposes of conducting an audit or investigation. FIU will provide Supplier with reasonable notice of the need for such records or access.

6. **Annual Appropriations**. FIU's performance and obligation to pay under this SMA is subject to and contingent upon the availability of funds appropriated by the Florida Legislature or otherwise lawfully expendable for the purposes of such SMA for the current and future periods. FIU will give notice to the Supplier of the non-availability of funds when FIU has knowledge thereof. Upon receipt of such notice by Supplier, Supplier is entitled to payment only for those services performed prior to the date such notice is received.

7. **Taxes**. FIU is a tax immune sovereign and exempt from the payment of sales, use or excise taxes. The Supplier shall pay all personal property taxes on leased equipment and all taxes based upon net income.

8. **Sovereign Immunity**. Nothing in this SMA shall be construed as an indemnification of the Supplier by FIU or as a waiver of sovereign immunity beyond that provided in Florida Statutes §768.28.

9. **College Development Fund ("CDF")**: Program is outlined in Exhibit V.

10. **Confidential Information:** For the purposes of this SMA, confidential information ("Confidential Information") shall mean all proprietary, secret or financial, competitively sensitive and/or market sensitive information, trade secrets and/or information relating to Supplier or FIU operations, employees, services or customers, including pricing information. Supplier and FIU acknowledge that Supplier or FIU may disclose Confidential Information to each other in connection with this SMA. If Supplier or FIU receives Confidential Information, it shall: (a) maintain the Confidential Information in strict confidence; (b) use at least the same degree of care in maintaining the secrecy of the Confidential Information as it uses in maintaining the secrecy of its own Confidential Information, but in no event, less than a reasonable degree of care; and (c) use Confidential Information only to fulfill its obligations under this SMA and for internal business purposes. Supplier and FIU shall have no obligation concerning any portion of the Confidential Information which (a) was known to it before receipt; (b) is lawfully obtained by it from a non-party which was under no obligation of confidentiality; (c) is or becomes publicly available other than as result of an act or failure to act by the receiving party; (d) is required to be disclosed by the receiving party by applicable law or legal process; or (e) is developed by the receiving party independently.

11. **Compliance with Public Records Law**. FIU is subject to applicable public records laws as provided by provisions of Florida Statutes Chapter 119. If Supplier is a "contractor" as defined under Section 119.0701, Florida Statutes, Supplier shall comply with all applicable public records laws. Specifically, Supplier shall: (1) keep and maintain public records required by FIU to perform the service; (2) upon request from FIU's custodian of public records, provide FIU with a copy of the requested records or allow the records to be inspected or copied within a reasonable time at a cost that does not exceed the cost provided under that section, or as otherwise provide by law; (3) ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law for the duration of the contract term and following completion of the contract if Supplier does not transfer the records to FIU; and (4) upon completion of the contract, transfer, at no cost, to FIU all public records in possession of Supplier or keep and maintain public records required by FIU to perform the Service. If Supplier transfers all public records to FIU upon completion of the contract, Supplier shall destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. If Supplier keeps and maintains public records upon completion of the contract, Supplier shall meet all applicable requirements for retaining public records. All records stored electronically must be provided to FIU, upon request by FIU's public records custodian, in a format that is compatible with FIU's information technology systems. If FIU receives a request for public records, and FIU does not possess such records, FIU shall immediately notify Supplier of such request, and Supplier must provide them to FIU or allow the records to be inspected or copied within a reasonable time. If Supplier does not comply with the request for records, FIU shall enforce the terms of the contract, and Supplier may be subject to civil action under Section 119.0701, Florida Statutes, and the penalties outlined under Section 119.10, Florida Statutes. FIU may unilaterally cancel the SMA for Supplier's refusal to allow public access to all non-exempted public records that were made or received in conjunction with the SMA. This provision shall survive the expiration or earlier termination of the SMA. **IF THE SUPPLIER HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO THE SUPPLIER'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS CONTRACT, CONTACT THE CUSTODIAN OF PUBLIC RECORDS AT (305) 348-1377, BY E-MAIL AT recordsmanagement@fiu.edu, OR BY MAIL at 11200 SW 8 ST., GL 460, MIAMI, FLORIDA 33199.**

12. **Governing Law; Venue.** This SMA is governed by the laws of the State of Florida and exclusive venue of any actions arising out of this SMA shall be in the courts in Miami-Dade County, Florida.

13. **Assignment/Modification of Contract**. This SMA may not be assigned or modified by either party except as agreed to in writing and signed by both parties. This SMA shall be binding upon the parties' successors and assigns.

14. **No counterparts; facsimile signatures allowed**. This SMA may not be executed in counterparts. The SMA, along with any and all Exhibits, may be executed and delivered by facsimile signature by any of the parties to the other parties; to the extent permissible under Florida law, a facsimiles signature shall have the same legal force and effect as an original signature and the receiving party may rely on the receipt of such document so executed and delivered by facsimile signature as if the original had been received.

15. **Notices**. Any notices required under this SMA shall be sent via U.S. Mail, return receipt requested, to the parties at the following addresses:

To Supplier:
CDW Government LLC
230 N. Milwaukee Avenue
Vernon Hills, IL 60061
Attn: General Counsel

With a copy to:

CDW Government LLC
2 Corporate Drive, Suite 800
Shelton, CT 06484
Attn: Director, Program Sales

To FIU:
Florida International University
Procurement Services
11200 S.W. 8th Street, CSC 411
Miami, Florida 33199

Attn: Purchasing Director

With a copy to:
Florida International University
Office of the General Counsel
11200 S.W. 8th Street, PC 511
Miami, Florida 33199

16. **Entire Agreement**. This SMA, along with the Exhibits and any other appendices, addenda, schedules, and amendments hereto, encompasses the entire agreement of the parties, and supersedes all previous understandings and agreements between the parties, whether oral or written. The parties hereby acknowledge and represent that said parties have not relied on any representation, assertion, guarantee, warranty, collateral contract or other assurance, except those set out in this SMA, made by or on behalf of any other party or any other person or entity whatsoever, prior to the execution of this SMA.

In WITNESS WHEREOF, the parties have executed and delivered this SMA as a document under seal as of the Effective Date.

CDW Government LLC	**The Florida International University Board of Trustees on behalf of PantherTECH**
By: ______________________________	By: ______________________________
(Authorized signature)	(Authorized Signature)
______________________________	______________________________
Printed Name	Printed Name
Title: ____________________________	Title: ______________________________
Date: _____________________________	Date: ______________________________

Exhibit IV - Pricing

Supplier shall offer to E&I Member Institution, the pricing below, which is based upon a discount from Supplier advertised price, publicly verifiable at www.cdwg.com.

Price Match Policy: Upon written notice to Supplier, Supplier shall make commercially reasonable efforts to match any documented competitive price, quoted to FIU by similarly sized resellers, for Products listed in the Contract, for the entire term of the Contract, provided that such Products are not custom orders, have the same manufacturer product number (SKU), and are quoted to FIU in the same or higher quantity. Examples of satisfactory evidence of competitive price from FIU would be: competitive price quotes no older than thirty (30) calendar days or other documentation relative to the pricing received to ensure Supplier is able to quote the same product, quantity, etc.

Supplier Catalog			
Category Code	**Manufacturer**	**Product Category Description**	**Discount off Supplier Advertised Price**
A	All	Accessories	18.00%
B	All	Power, Cooling, & Racks	7.50%
B	APC	Power, Cooling & Racks	9.00%
B	Tripp Lite (TRI)	Power, Cooling & Racks	9.00%
B/BA	All	UPS/Battery Backup	10.00%
B/BA	APC	UPS/Battery Backup	12.00%
B/BA	Tripp Lite (TRI)	UPS/Battery Backup	12.00%
B/PO	All	Surge Suppressors	15.00%
C	All Other	Desktop Computers	4.25%
C CE	All	Computer Cases	13.00%
C/PC	All	Desktop Memory Upgrades	13.00%
C/TC	All	Thin Clients	6.00%
C/WO	All	Workstations/ PC Compatible Workstations	5.00%
C/WO	HPI (CPQ)	Workstations/ PC Compatible Workstations	7.00%
C/WO	Lenovo (LVP)	Workstations/ PC Compatible Workstations	9.00%
D	All	Data Storage/Drives	9.00%
D/ FL	All	Flash Memory	13.00%
D/TN	All	Consumer SSD	13.00%

Exhibit IV – Pricing (Continued)

Category Code	Manufacturer	Product Category Description	Discount off Supplier Advertised Price
E	All	Enterprise Storage	7.50%
E	HPE	Enterprise Storage	9.50%
E/DY/CME	All	Drive Arrays/ Cache Memory	13.00%
E/ES	All	Enterprise SSD	9.00%
F	All	Point of Sale/Data Capture	7.00%
F/PR	All	Wireless Communication Devices	8.50%
H	All	Servers & Server Management	7.50%
H	HPE	Servers & Server Management	7.00%
H/ EC/MOB	All	Server Accessories\Motherboards	13.00%
H/MC	All	Server Accessories\CPUs/Fans	13.00%
H/SQ	All	Server Memory Upgrades	13.00%
L	All Other	Notebook/Mobile Devices	4.50%
L	Lenovo (LVP)	Notebook/Mobile Devices	6.00%
L/LM	All	Notebook Memory Upgrades	13.00%
L/NB	All	Notebook Computers	4.25%
L/NB	HPI (CPQ)	Notebook Computers	4.00%
L/RD	All	Convertible PCs/Slate PCs/iPAD	4.25%
L/RD	HPI (CPQ)	Convertible PCs/Slate PCs/iPAD	5.50%
L/RD	Lenovo (LVP)	Convertible PCs/Slate PCs/iPAD	7.50%
L/RD	Microsoft	Convertible PCs/Slate PCs/iPAD	5.50%
J	All	Services (CDW Delivered)	4.50%
N	All	NetComm Products	9.00%
N	HPE	NetComm Products	11.00%
N/NT	All	Network Memory Device	13.00%

Category Code	Manufacturer	Product Category Description	Discount off Supplier Advertised Price
O	All	Carts & Office Equipment	9.00%
P	All	Printing & Document Scanning	6.00%
P/LP	All	Single Function	6.00%
P/LP	HPI	Single Function	7.00%
P/PA	All	Printer Accessories	14.00%
P/PM	All	Printer Memory Upgrades	13.00%
P/PU	All	Printer Supplies	10.00%
P/PU	HPI	Printer Supplies	10.00%
Q	All	Services (Partner Delivered)	4.50%
Q	HPE	Services (Partner Delivered)	7.00%
Q	HPI (CPQ)	Services (Partner Delivered)	5.00%
Q	Lenovo (LVO)	Services (Partner Delivered)	7.00%
Q/WA	All	Warranties	9.00%
S	All	Software	7.50%
S	VMWare (VMM)	Software	5.00%
T	All	Collaboration Hardware	18.50%
U*	All	Memory/System Components	13.00%
V	All Other	Video-Projection-Pro Audio	9.50%
V/PZ	All	Digital Signage Displays	8.50%
V/VL	All	Computer Displays	3.00%
V/VL	HPI (CPQ)	Computer Displays	3.50%
W	All	Cables	27.00%
W	All	Books/DVD Movies	9.00%
All	Apple	All	0.50%

* Category U dissolved; Items moved to Blue lines throughout product categories
Categories in Purple additional discounts for Florida International University

Supplier will provide FIU with a discount as a percentage off of Supplier's advertised price for the Supplier-defined Product Categories listed above, provided that FIU references this agreement when placing an order with Supplier. Supplier's advertised price is available on Supplier's web site at CDWG.com.

Free Lowest ground freight shipping option on all orders when referencing this Agreement. Prices include free lowest ground freight within the 48 contiguous United States. Any expedited shipping will be paid for by the member.

Exhibit V – College Development Fund (CDF) Program for Sales Growth

Supplier will provide FIU with a CDF program for the products FIU places referencing the E&I Specific Member Agreement. Supplier is willing to offer The Florida International University Board of Trustees a CDF program based on annual contract volume through Supplier. The CDF program will be contingent upon the institution utilizing eProcurement integration with Supplier, as well as e-Invoicing with Single Use Authorization payment terms

Each Quarter on the anniversary of the CDF program Effective Date, Supplier will calculate the CDF program owed to FIU, if any, in accordance with the table below. The CDF program contained in this Exhibit shall conclude on the CDF program End Date, unless otherwise terminated pursuant to the Agreement.

I. Sales of Dell-Branded Products and Services

Supplier shall pay on a quarterly basis in arrears a financial CDF of 4.00% on all the sales of Dell Branded products and services sold through this Agreement during each Quarter.

II. Sales of Non-Dell Branded Product and Services

Supplier shall pay on a quarterly basis in arrears a financial CDF on the sales of all non-Dell Branded products and services in accordance with the table below.

CDF program (% of Sales)

Trailing Twelve Month (TTM) Sales (Calculated Inclusive of Dell Branded Products and Services)	CDF (% of TTM Sales excluding Dell-Branded Products and Services) Assumes continuous implementation of eProcurement
$2,500,000	.25%
$3,000,000	.50%
$3,500,000	.75%
$4,000,000	1.00%
$4,500,000	1.25%
$5,000,000	1.50%
$10,000,000	2.00%
$12,000,000	2.25%
$15,000,000	2.50%

The following examples illustrate the calculation of the Quarterly CDF Program.

(1) Assume that FIU has Trailing Twelve Month (TTM) Sales of $2,750,000. $500,000 of these sales were Dell. A CDF of $20,000 is paid on the Dell sales. ($500,000 x 4.0%). A CDF of $5,562.50 is paid on the non-Dell sales. (TTM Total Sales were $2.75M for purposes of calculating the tier level. The CDF is calculated based on total sales excluding Dell, e.g., $2.25 Million x .25%). The total CDF for the quarter is $25,562.50 ($20,000 for Dell sales, plus $5,562.50 for Non-Dell Sales).

(2) Assume that FIU has Trailing Twelve Month (TTM) Sales of $2,250,000. $500,000 of these sales were Dell. A CDF of $20,000 is paid on the Dell sales. ($500,000 x 4.0%). A CDF of $0 is paid on the non-Dell sales. (The TTM sales including Dell were below $2.5 Million, therefore the first tier was not met). Total CDF for the quarter is $20,000.

Any unpaid invoices that are due and owing to Supplier will not be included in the calculation of Quarterly Sales, and Supplier shall be entitled to set-off any unpaid invoices against amounts that Supplier owes FIU under the CDF program. Supplier will pay any amounts owed to FIU under this Exhibit within forty-five (45) following the end of each eligible Quarter.

For the purposes of this Exhibit, the following definitions will apply:

“Quarter” means the period commencing on the Rebate Effective date and ending on the day preceding the next calendar quarter.

“Quarterly Sales" means the aggregate Net Revenue from all Sales invoiced to FIU during a Quarter, reduced by (i) all returns from FIU accepted by Supplier, and (ii) all allowances granted by Supplier to FIU during such Quarter.

"Net Revenue" means the invoiced amount of the sale price, license fee or service fee for each Sale, excluding freight, handling and tax.

“CDF program” means any monies due from Supplier to FIU under this Exhibit.

“CDF program Effective Date” means the effective date of this agreement.

“CDF program End Date” means the end date of this agreement.

“Sale" means the sale of Product(s) specified in this Exhibit which when ordered references this Agreement.

FIU | FLORIDA INTERNATIONAL UNIVERSITY

Funding Certification Form

This form is required by the FIU Board of Trustees ("BOT") and/or a committee of the BOT as a condition for approval of items, containing a funding component, that come for approval before the Board and/or a BOT committee pursuant to the Delegations of Authority from the BOT to the University President or otherwise.

Item name/description: *Approval of Contracts over $3 million # PUR-02644, vendor: Toshiba America Business Solutions, Inc. and #PUR-02645, vendor: CDW Government, LLC*

Funding Source(s): *Toshiba America Business Solutions, Inc.: Fund 331 (Auxiliary Enterprises)*

CDW Government, LLC:

Fund Code	Fund Code Description
331	Auxiliary Enterprises
211	Carry Forward
210	General Revenue
661	Federal Level 4
641	CstShr/Internal/Interest Lvl4
335	Continuing Education
660	Federal Level 3
653	DoR Research Level 1 Rev 0
632	Sponsored Research Overhead
241	COM - Carry Forward
602	Other Restricted Fund
333	Housing Fund
663	State Level 4
654	DoR Research Rev 0 Unrestricted
411	Athletics
350	Research Service Centers
604	Transfers from Component Units
655	DoR Research Bud Unrestricted

This is to certify that the above item has been reviewed and approved, and to the best of our professional judgment and knowledge, the type of funding for the item is authorized by state law and Board of Governors Regulations, and the Trustees may reasonably and in good faith rely on this certification.

KA Jessell
Kenneth A. Jessell, Sr. Vice President

11-19-2019
Date

KA Jessell
Kenneth A. Jessell, Sr. Vice President and
Chief Financial Officer

11-19-2019
Date

Carlos B. Castillo, General Counsel

11-19-2019
Date

Mark B. Rosenberg, President

11-21-2019
Date

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee
December 5, 2019

Subject: Renewal of Naming of the "Ocean Bank Convocation Center"

Proposed Committee Action:

Recommend that The Florida International University Board of Trustees (the "BOT") approve the renewal of the naming of the "Ocean Bank Convocation Center" in accordance with the gift agreement related thereto and the University's and the FIU Foundation, Inc.'s Donative Naming Policy.

Background Information:

Since November 2016, Ocean Bank has held the naming rights to the FIU Arena, currently known as the "Ocean Bank Convocation Center," pursuant to a Gift Agreement executed by the Foundation and Ocean Bank. These naming rights expired in accordance with the terms of the Gift Agreement, on July 31, 2019.

Ocean Bank has agreed to continue to name the Ocean Bank Convocation Center, and accordingly has pledged a new gift totaling $1,250,000 ($250,000 per year for five (5) years), of which $12,160 will be annually allocated for the purchase of football suite #207. These funds will help support FIU Athletics' core efforts, including, but not limited to, the enhancement of athletic facilities and the student athlete experience at the University.

In light of this significant gift, the University proposes to renew the name of the Ocean Bank Convocation Center.

In accordance with the University's and the FIU Foundation Inc.'s Donative Naming Policy, Policy No. 710.015 (the "Naming Policy"), the Senior Vice President for University Advancement, the Executive Vice President and Provost, the Senior Vice President and Chief Financial Officer, and the Executive Committee of the FIU Foundation, Inc. (under authority delegated to it by the Board of Directors of the FIU Foundation, Inc.), have recommended and approved the naming rights granted herein.

This request is pursuant to and in accordance with the Florida Board of Governors Regulation 9.005, and the Naming Policy, which delegates to the BOT the authority to grant permanent naming recognition in connection with a University building, subject to the conditions contained therein.

Supporting Documentation:	Requesting Resolution in Board of Governors Form
Facilitator/Presenter:	Pete Garcia

A RESOLUTION AUTHORIZING THE RENEWAL OF NAMING OF THE "OCEAN BANK CONVOCATION CENTER."

NOW, THEREFORE, BE IT RESOLVED:

1. That the Florida International University Board of Trustees (the "BOT") approves the renewal naming of the "Ocean Bank Convocation Center," with such naming to be made pursuant to and in accordance with the gift agreement related thereto, and the University's and the FIU Foundation, Inc.'s Donative Naming Policy, Policy No. 710.015;

2. That the Senior Vice President for University Advancement, the Athletics Director of the University, the Chief Financial Officer and other authorized representatives of the University and the BOT are hereby authorized to take all actions and steps, to execute all instruments, documents, and contracts, and to take all other actions as they may deem necessary or desirable, in connection with the execution and delivery of the Gift Agreements and the granting of the naming rights as set forth herein; and

3. This Resolution shall take effect immediately upon its adoption.

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee

December 5, 2019

Subject: Award of Contract and Approval of Expenditure Budget for Soil Remediation on Foundation Enterprise Holdings V, LLC (FEH V) Doral Property

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Proposed Committee Action:

Recommend that the Florida International University Board of Trustees approve the project budget and proceed to award a contract to the lowest responsive, responsible bidder, The BG Group, LLC, to perform soil remediation in accordance with the Corrective Action Plan (CAP) approved by the Miami-Dade County Department of Environmental Resources Management's (DERM) for 62.5 acres of vacant land west of the Florida Turnpike and south of N.W. 41st Street in Doral (Doral Property) owned by Foundation Enterprise Holdings V, LLC (FEH V), a single member LLC wholly owned by the Florida International University Foundation, Inc. (FIU Foundation).

Background Information

DERM approved a CAP on October 5, 2015 to address soil contamination on the Doral Property.

On December 29, 2016, Langan Engineering & Environmental Services (Langan), an environmental engineering firm, prepared a Phase II Environmental Site Assessment (ESA) for the Doral Property at the request of the prior owner, Turnberry/Doral Development, Limited Partnership. The Phase II ESA references quantities included in the CAP, stating approximately 65,000 cubic yards of soil will be excavated and the solid waste removed through screening. The CAP assumes that 10,000 tons (6,667 cubic yards) of material will be disposed at a licensed landfill. In addition, "the total Rough-Order-of-Magnitude (ROM) cost to address potential environmental concerns at the site to achieve site closure through a No Further Action (NFA) approach is from $1,400,000 to $1,800,000."

On June 9, 2017, the FIU Foundation Board of Directors (FIUF BOD) approved an investment in the Doral Property. FIUF BOD accepted the investment in the Doral Property based on the CAP description of the total 62.5 acres of the property, of which 4.7 acres contain buried solid waste requiring remediation and 49.9 acres contain wetlands. Remediation on the wetlands is not required as per the CAP.

On October 27, 2017, FEH V acquired the Doral Property for a bargain purchase price of $1,008,153. On July 27, 2018, DERM approved the transfer of the CAP to FEH V as the new owner. The CAP remains in effect and must be satisfied.

The FIU Foundation has been working with FIU Facilities Construction and Procurement Services on securing a vendor to perform the environmental remediation required per the CAP.

FIU Procurement Services issued an Invitation-to-Bid (ITB) # ITB-2019-00019 "FIU Foundation (FEH#5) Doral Property Soil Remediation – FM 170616" for the environmental remediation work on June 7, 2019. Bids were opened on August 7, 2019, and 6 bids were evaluated. The lowest responsive, responsible bid based on the ITB's total cost was provided by The BG Group, LLC.

The unit of measure cost for The BG Group, LLC's bid includes a base estimate of 10% cubic yards solid waste disposal, as noted in the CAP. In addition, a 30% cubic yards solid waste disposal contingency has been included. This brings the total assumption of solid waste disposal to 40%, for a cost of $1,911,827 based on the unit costs submitted in the ITB. The total cost of the project is $2,242,254.

On November 21, 2019, the Executive Committee and Real Estate Sub-Committee of the FIU Foundation approved that the University Board of Trustees issue the award and subsequent Notice-to-Proceed to The BG Group, LLC.

University Board of Trustees approval is required for FIU Procurement Services to issue the award and subsequent Notice-to-Proceed to The BG Group, LLC and for the expenditure of funds to complete the remediation. With this approval, the remediation work can begin in late February 2020 and is expected to be completed by August 2020.

Supporting Documentation:	FIU Foundation Board Resolution
	Bid Tabulation Details
	Price Sheet (Bid Form)
	Funding Certification Form
Facilitator/Presenter:	Howard R. Lipman

FIU FLORIDA INTERNATIONAL UNIVERSITY
Foundation, Inc.

JOINT EXECUTIVE COMMITTEE AND REAL ESTATE SUB-COMMITTEE MEETING

THURSDAY, NOVEMBER 21, 2019 4:00 P.M. (EST)
CONFERENCE CALL
CALL IN LINE: 1-888-585-9008
PARTICIPANT CODE: 739524642

REAL ESTATE SUB-COMMITTEE
Elliot N. Stone, *Chairperson*
Howard R. Lipman, *CEO*
Agustin R. Arellano, Sr.
Steven M. Berwick, CPA '74
Richard Brilliant '93, *Board Chairperson*
Cristina di Mauro '01
Ira D. Giller, A.I.A.
Noel J. Guillama-Alvarez '99
Robert M. Namoff '74
Marcel L. Navarro '93
Jonathan E. Perlman
Andre L. Teixeira '92, MAcc '93

EXECUTIVE COMMITTEE
Richard Brilliant '93, *Chairperson*
Humberto "Burt" Cabañas '76, *Vice Chairperson*
Andre L. Teixeira '92, MAcc '93, *Treasurer*
Jill M. Granat, Esq. '87, *Secretary*
Howard R. Lipman, *CEO*
Steven M. Berwick, CPA '74
Francisco Gonzalez, CPA '90
Gerald C. Grant, Jr. '78, MBA '89
Noel J. Guillama-Alvarez '99
Michael A. Kappitt '92
Juan J. Martinez '90, MAcc '93
Esther L. Moreno, Esq. '95
Chad Moss '94
T. Gene Prescott
Mark B. Rosenberg
Adalio T. Sanchez '87
Wasim J. Shomar
Elliot N. Stone

AGENDA

I.	**CALL TO ORDER AND CHAIR'S REMARKS**	RICHARD BRILLIANT AND ELLIOT N. STONE
II.	**APPROVAL OF DORAL PROPERTY ENVIRONMENTAL REMEDIATION** *(PLEASE SEE PAGE 2, EXHIBIT "A")*	HOWARD R. LIPMAN
III.	**OTHER BUSINESS (*IF ANY*)**	RICHARD BRILLIANT AND ELLIOT N. STONE
IV.	**CLOSING REMARKS AND ADJOURNMENT**	RICHARD BRILLIANT AND ELLIOT N. STONE

FLORIDA INTERNATIONAL UNIVERSITY
Foundation, Inc.

JOINT EXECUTIVE COMMITTEE AND REAL ESTATE SUB-COMMITTEE

THURSDAY, NOVEMBER 21, 2019

SUBJECT: **DORAL PROPERTY ENVIRONMENTAL REMEDIATION**

PROPOSED COMMITTEE ACTION:

Adopt the following resolution:

> **WHEREAS**, the Miami-Dade County Department of Environmental Resources Management (DERM) approved a Corrective Action Plan (CAP) on October 5, 2015 to address soil contamination on the Doral Property (as defined below);
>
> **WHEREAS**, on December 29, 2016, an environmental engineering firm, Langan Engineering & Environmental Services (Langan), prepared a Phase II Environmental Site Assessment for the Doral Property. As part of the CAP, approximately 65,000 cubic yards of soil will be excavated and the solid waste removed through screening. The CAP assumes that 10,000 tons (6,667 cubic yards) of material will be disposed at a licensed landfill. In addition, "the total Rough-Order-of-Magnitude (ROM) cost to address potential environmental concerns at the site to achieve site closure through a No Further Action (NFA) approach is from $1.4M - $1.8M."
>
> **WHEREAS**, the Florida International University Foundation, Inc. ("FIU Foundation") Board of Directors approved an investment in 62.5 acres of vacant real property located at 11800 NW 41st Street, in Unincorporated Miami-Dade County, Florida ("Doral Property") on June 9, 2017;

SUPPORTING DOCUMENTS:
- NONE

FACILITATOR/PRESENTER:
- HOWARD R. LIPMAN

WHEREAS, the FIU Foundation Board of Directors accepted the investment in the Doral Property based on the CAP description of the total 62.5 acres of the property, of which 4.7 acres contain buried solid waste requiring remediation and 49.9 acres contain wetlands. Remediation on the wetlands is not required as per the CAP;

WHEREAS, Foundation Enterprise Holdings V, LLC (“FEH V”), a single member LLC of the FIU Foundation, acquired the Doral Property for a bargain purchase price of $1,008,153 on October 27, 2017;

WHEREAS, DERM approved the transfer of the CAP to FEH V as the new owner on July 27, 2018;

WHEREAS, the CAP remains in effect and must be satisfied;

WHEREAS, the Foundation has been working with FIU Facilities Construction and Procurement Services on securing a vendor to perform the environmental remediation required as per the CAP. FIU Procurement Services issued an Invitation-to-Bid (ITB) #ITB-2019-00019 “FIU Foundation (FEH#5) Doral Property Soil Remediation – FM 170616” for the environmental remediation work on June 7, 2019. Bids were opened on August 7, 2019, and 6 bids were evaluated. The lowest responsive, responsible bid based on the ITB’s total cost was The BG Group, LLC.

WHEREAS, the unit of measure cost for The BG Group, LLC’s bid includes a base estimate of 10% cubic yards solid waste disposal, as noted in the CAP. In addition, a 30% cubic yards solid waste disposal contingency has been included. This brings the total assumption of solid waste disposal to 40%, for a cost of $1,911,827 based on the unit costs submitted in the ITB. The total cost of the project is $2,242,254.

THEREFORE, BE IT RESOLVED, that the Executive Committee and Real Estate Sub-Committee approve for the University Board of Trustees to issue the award and subsequent Notice-to-Proceed to The BG Group, LLC. University Board of Trustees (BOT) approval is required for FIU Procurement Services to issue the award and subsequent Notice-to-Proceed to The BG Group, LLC and for the expenditure of funds to complete the remediation. With BOT approval in December 2019, the remediation work can begin in late February 2020 and is expected to be completed by August 2020.

SUPPORTING DOCUMENTS:	• NONE
FACILITATOR/PRESENTER:	• HOWARD R. LIPMAN

ITB-2019-00019 - FIU FOUNDATION (FEH#5) DORAL PROPERTY SOIL REMEDIATION

BID TABULATION

	The BG Group LLC	**Maytin Engineering Corp.**	**G7 Holdings Inc**	**Aptim Environmental & Infrastructure, LLC**	**Clean Harbors Environmental Services**	**Zahlene Enterprises, Inc**
ORIGINAL SOIL QUANTITY TOTAL BID	$2,975,733.35	$3,522,397.50	$3,807,522.75	$4,123,954.00	$4,473,651.32	$4,477,785.00
REVISED SOIL QUANTITY TOTALS	**$1,911,827.21**	**$2,582,081.63**	**$2,294,081.43**	**$3,162,306.74**	**$3,711,422.23**	**$2,799,833.00**
RANK ORDER	**1**	**3**	**2**	**5**	**6**	**4**
GROUP S1: BASE BID - Itemized Pricing						
ITEM #1 / S1.1 *: Project Work Plans, Health and Safety Plan, Permits and Mobilization / Demobilization (Equipment, Labor & Material)*						
LUMP SUM	**$50,000.00**	$125,000.00	$50,000.00	$317,530.00	$148,027.91	$70,000.00
ITEM #2 / S1.2 *Payment and Performance Bond / Insurance*						
LUMP SUM	**$57,786.00**	$75,000.00	$80,000.00	$96,800.00	$44,293.36	$45,000.00
ITEM #3 / S1.3 *Site Clearing (Removal of all Vegetation and Mulching) **206,400 SF approx.*						
LUMP SUM	**$21,132.00**	$35,000.00	$23,961.00	$84,050.00	$56,733.10	$45,000.00
QUANTITY ADJUSTMENT NOTED:						
ITEM #4 / S1.4 *AREA 4 - Soil Excavation & Processing - ** 3,500 CY > will remain the same*						
UNIT COST PER CUBIC YARD	$7.15	$9.50	$5.00	$15.11	$40.10	$8.50
TOTAL AMOUNT	**$25,025.00**	**$33,250.00**	**$17,500.00**	**$52,885.00**	**$140,350.00**	**$29,750.00**
ITEM #5 / S1.5 *AREA 4 - Disposal of Solid Waste - (*1,500 Tons Original)*						
2,256 > Ton Quantity Revised						
UNIT COST PER TON	$39.20	$42.25	$54.45	$42.87	$40.09	$62.00
PREVIOUS TOTAL	$58,800.00	$63,375.00	$81,675.00	$64,305.00	$60,135.00	$93,000.00
REVISED TOTAL FOR NEW TON QUANTITY	**$88,435.20**	**$95,316.00**	**$122,839.20**	**$96,714.72**	**$90,443.04**	**$139,872.00**
ITEM #6 / S1.6 *AREA 4 - Backfill of Suitable Material - *2,500 CY*						
1,996 > Cubic Yard Quantity Revised						
UNIT COST PER CUBIC YARD	$2.37	$13.50	$1.40	$13.30	$19.28	$4.00
REVISED TOTAL FOR NEW CY QUANTITY	**$4,730.52**	**$26,946.00**	**$2,794.40**	**$26,546.80**	**$38,482.88**	**$7,984.00**
ITEM #7 / S1.7 *AREA 5 - Soil Excavation and Processing - *34,000 CY > will remain the same*						
UNIT COST PER CUBIC YARD	$7.15	$9.50	$5.00	$15.11	$27.77	$8.50
TOTAL AMOUNT	**$243,100.00**	**$323,000.00**	**$170,000.00**	**$513,740.00**	**$944,180.00**	**$289,000.00**
ITEM #8 / S1.8 *AREA 5 - Disposal of Solid Waste - *42,000 Tons*						
21,945 > Ton Quantity Revised						
UNIT COST PER TON	$39.20	$42.25	$54.45	$42.87	$40.05	$62.00
PREVIOUS TOTAL	$1,646,400.00	$1,774,500.00	$2,286,900.00	$1,800,540.00	$1,682,100.00	$2,604,000.00
REVISED TOTAL FOR NEW TON QUANTITY	**$860,244.00**	**$927,176.25**	**$1,194,905.25**	**$940,782.15**	**$878,897.25**	**$1,360,590.00**
ITEM #9 / S1.9 *AREA 5 - Backfill of Suitable Material - *6,000 CY*						
19,370 > Cubic Yard Quantity Revised						
UNIT COST PER CUBIC YARD	$2.37	$13.50	$1.40	$13.30	$19.57	$4.00
PREVIOUS TOTAL	$14,220.00	$81,000.00	$8,400.00	$79,800.00	$117,420.00	$24,000.00
REVISED TOTAL FOR NEW CY QUANTITY	**$45,906.90**	**$261,495.00**	**$27,118.00**	**$257,621.00**	**$379,070.90**	**$77,480.00**
ITEM #10 / S1.10 *AREA 6 - Soil Excavation and Processing - *14,000 CY > will remain the same*						
UNIT COST PER CUBIC YARD	$7.15	$9.50	$5.00	$15.11	$31.12	$8.50
TOTAL AMOUNT	**$100,100.00**	**$133,000.00**	**$70,000.00**	**$211,540.00**	**$435,680.00**	**$119,000.00**
ITEM #11 / S1.11 *AREA 6 - Disposal of Solid Waste - *18,000 Tons*						
9,020 > Ton Quantity Revised						
UNIT COST PER TON	$39.20	$42.25	$54.45	$42.87	$40.05	$62.00
PREVIOUS TOTAL	$705,600.00	$760,500.00	$980,100.00	$771,660.00	$720,900.00	$1,116,000.00
REVISED TOTAL FOR NEW TON QUANTITY	**$353,564.40**	**$381,073.88**	**$491,111.78**	**$386,665.97**	**$361,230.98**	**$559,209.00**
ITEM #12 / S1.12 *AREA 6 - Backfill of Suitable Material - *2000 CY*						
7,987 > Cubic Yard Quantity Revised						
UNIT COST PER CUBIC YARD	$2.37	$13.50	$1.40	$13.30	$19.78	$4.00
PREVIOUS TOTAL	$4,740.00	$27,000.00	$2,800.00	$26,600.00	$39,560.00	$8,000.00
REVISED TOTAL FOR NEW CY QUANTITY	**$18,929.19**	**$107,824.50**	**$11,181.80**	**$106,227.10**	**$157,982.86**	**$31,948.00**
ITEM # 13 / S1.13 *Disposal of Surface Debris - *600 CY > will remain the same*						
LUMP SUM	**$42,874.00**	$58,000.00	$32,670.00	$71,204.00	$36,049.95	$25,000.00
Group S2: ALTERNATE #1 (ADD)						
S2.1 **Unit Cost** per Cubic Yard to Import Backfill / Spread (limerock) material	**$31.35**	$22.50	$16.75	$50.00	$22.00	$35.00

FIU | FLORIDA INTERNATIONAL UNIVERSITY

Facilities Construction Services

PRICE SHEET (BID FORM)

(Revised 11/15/19)

PROJECT NAME: FIU FOUNDATION (FEHAS) DORAL PROPERTY SOIL REMEDIATION
PROJECT NUMBER: FM-170516

COMPANY NAME: The BG GROUP LLC
15560 LYONS RD DeRay Beach FL 33446

1. Base Bid

Item No. 1 - Project Work Plans, Health and Safety Plan, Permits and Mobilization/Demobilization (Equipment, Labor and Material)
$ 50,000.00 ✓
LUMP SUM

Item No. 2 - Payment and Performance Bonds / Insurance
$ 57,786.00 ✓
LUMP SUM

Item No. 3 - Site Clearing (removal of all vegetation and mulching) approx. **206,400 SF.
$ 71,132.00 ✓
LUMP SUM

Item No. 4 - AREA 4 Soil Excavation and Processing (*3,500 CY)
$ 7.15 (UNIT COST PER CY) x * 3,500.00 CY = $ 25,025.00 (TOTAL AMOUNT) ✓

Item No. 5 - AREA 4 Disposal of Solid Waste (*1,504 CY x 1.5 = 2,256 Tons)
$ 39.20 (UNIT COST PER TON) x * 2,256.00 T = $ 88,435.20 (TOTAL AMOUNT)

Item No. 6 - AREA 4 Backfill of Suitable Material (* 1,996 CY)
$ 2.37 (UNIT COST PER CY) x * 1,996.00 CY = $ 4,730.52 (TOTAL AMOUNT)

Item No. 7 - AREA 5 Soil Excavation and Processing (*34,000 CY)
$ 7.15 (UNIT COST PER CY) x * 34,000.00 CY = $ 243,100.00 (TOTAL AMOUNT) ✓

Item No. 8 - AREA 5 Disposal of Solid Waste (*14,630 CY x 1.5 = 21,945 Tons)
$ 39.20 (UNIT COST PER TON) x * 21,945.00 T = $ 860,244.00 (TOTAL AMOUNT)

Item No. 9 - AREA 5 Backfill of Suitable Material (19,370 CY)
$ 2.37 (UNIT COST PER CY) x * 19,370.00 CY = $ 45,906.90 (TOTAL AMOUNT)

Item No. 10 - AREA 6 Soil Excavation and Processing (*14,000 CY)
$ 7.15 (UNIT COST PER CY) x * 14,000.00 CY = $ 100,100.00 (TOTAL AMOUNT) ✓

Item No. 11 - AREA 6 Disposal of Solid Waste (*6,013 CY x 1.5 = 9,019.5 Tons)
$ 39.20 (UNIT COST PER TON) x * 9,019.50 T = $ 353,564.40 (TOTAL AMOUNT)

Item No. 12 - AREA 6 Backfill of Suitable Material. (*7,987 CY) $ 2.37 (UNIT COST PER CY) X * 7,987.00 CY = $ 18,929.19 (TOTAL AMOUNT)

Item No. 13 - Disposal of Surface Debris (Approx. ** 600 CY) $ 42,874.00 (LUMP SUM) ✓

TOTAL BASE BID (ITEMS 1-13) $ 1,911,827.21

* These estimated soil quantities are provided for reference purposes only and do not constitute a guarantee of final quantities, which may be greater or less than the estimated amount.

** The prospective bidders shall verify these quantities before submitting a bid

2. Alternates

Alternate No. 1 [ADD] - Unit Cost per Cubic Yard to import backfill/spread (limerock) material. $ 31.35 (UNIT COST PER CY) ✓

(Revised 11/15/19)

11/19/19

FIU | FLORIDA
INTERNATIONAL
UNIVERSITY

Funding Certification Form

This form is required by the FIU Board of Trustees ("BOT") and/or a committee of the BOT as a condition for approval of items, containing a funding component, that come for approval before the Board and/or a BOT committee pursuant to the Delegations of Authority from the BOT to the University President or otherwise.

Item name/description: Foundation Enterprise Holdings V, LLC (FEH V) – Doral Property Environmental Remediation

Funding Source(s): FIU Foundation

This is to certify that the above item has been reviewed and approved, and to the best of our professional judgment and knowledge, the type of funding for the item is authorized by state law and Board of Governors Regulations, and the Trustees may reasonably and in good faith rely on this certification.

Vice President, Howard Lipman
Date 11/18/19

Kenneth A. Jessell, Sr. Vice President and Chief Financial Officer
Date 11-19-2019

Carlos B. Castillo, General Counsel
Date 11-19-2019

Mark B. Rosenberg, President
Date 11-21-2019

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THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee

December 5, 2019

Subject: Request for Ratification of Agreement to Provide Health Services entered into between The Florida International University Board of Trustees and Citrus Health Network, Inc. and for Delegation of Authority to the University President or designee to Execute an Amendment to the Agreement

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Proposed Committee Action:

Request that the Florida International University Board of Trustees (the BOT) to (1) ratify the Agreement to Provide Health Services entered into March 20, 2019 between the BOT on behalf of its initiative FIU Embrace ("FIU Embrace"), a part of the Office of Research and Economic Development and Citrus Health Network, Inc. (the "Agreement"); and (2) delegate authority to the University President or designee to execute an amendment to the Agreement to revise section I.E of the Agreement.

Background Information:

The number of young adults with developmental disabilities in the U.S. is growing and there is limited knowledge of how to provide comprehensive health care for this underserved population, as well as how to address the needs to make them productive citizens. FIU Embrace is a state-funded (and privately funded) University-wide initiative that promotes health, wellness, and overall functioning for adults with developmental disabilities, such as autism spectrum disorder (ASD), intellectual disabilities (ID), and other neurodevelopmental disorders (OND). The program seeks to develop empirically tested and replicable programs that help these populations lead healthy lives and maximize their individual potential across their lifespan. FIU Embrace's core programs are education, legal services, and medical services, and research to test and demonstrate best practices.

In response to the growing needs of the developmentally disabled population, FIU Embrace has developed various models of care that are innovative, sustainable and reproducible of which the medical practice is one model. The practice is aligned with the goals established in accordance with the line item funding provided by the State of Florida. To best deliver the comprehensive medical services, FIU has partnered with Citrus Health Network, Inc. ("Citrus"), a Federally Qualified Health Center (FQHC), as reflected in the Agreement. The Agreement with Citrus provides for the enhancement and expansion of medical services in an integrated care model (physical and behavior health) in an outpatient setting located near the FIU Modesto A. Maidique campus. Not only will this practice be a training hub for students entering the healthcare profession, it also serves as a psychiatric residency site for medical students along with service as a site for sponsored research projects. The Agreement will allow FIU Embrace to obtain revenue to support its operation and to augment the revenues collected by insurance to provide the additional delivery of care needed for the population that FIU Embrace serves. Essentially, FIU pays Citrus to operate the medical services, and as volumes increase, any operational surplus (evaluated annually after the first period) will be returned to FIU Embrace for reinvestment into FIU Embrace initiatives.

The Agreement, which became effective on March 20, 2019, provides for an initial outlay of $600,000 from FIU to Citrus within thirty days of the execution of the Agreement, with FIU providing Citrus with monthly payments thereafter of $42,294.50. The total amount due to Citrus is $1,107,534 for the first year of the Agreement. The initial $600,000 payment to Citrus has been made. The Funding Certification Form included in the supporting documentation to this Agenda item identifies the funding source used to make that payment and the future payments due pursuant to the Agreement. If at any time program revenue exceeds Citrus's program costs for the initial period ending June 30, 2020 and annually at June 30th of each fiscal year thereafter, any such surplus will be reimbursed to FIU up to the annual payment amount and FIU and Citrus will renegotiate future payments. Thus, any revenues generated by Citrus will offset future payments from FIU to Citrus. Payments will be reduced to zero if/when the program becomes self-sustaining.

The term of the Agreement runs through June 30, 2023 and may be extended on an annual basis for up to ten years or modified upon the mutual written agreement of both parties, unless the Agreement is terminated early for cause upon notice with a thirty day cure period or without cause upon ninety days prior written notice.

The Agreement was executed by the University President because it requires payment in excess of $1M. The Agreement was executed shortly after the BOT issued its updated delegation requirements on March 4, 2019 which required that this Agreement be approved by the BOT. Such BOT approval was erroneously not obtained prior to the Agreement's execution. Request is hereby made for the BOT to ratify the execution of the Agreement. Additionally, an amendment to the Agreement is needed to revised section I.E of the Agreement. Request is also made for the BOT to delegate authority to the University President or his designee to execute that amendment.

The Agreement sought to be ratified obligates Citrus to:

A. Provide to 300 persons enrolled yearly in the FIU Embrace Initiative primary care and behavioral health services by licensed physicians, including without limitation, health screenings, primary care, gynecology, psychiatric evaluations, counseling, preventive services including some prenatal and perinatal services, cancer and other disease screening, cardio-vascular risk assessments, eye and ear screening for adults and their family members, family planning services; episodic care for acute illness, chronic disease management for identified chronic illness, specialty and surgical referrals when needed, health education and care management services and other services as agreed upon the University and Citrus Health (the "Services"). Citrus is also obligated to determine patient eligibility for services.

B. Rent and build out premises for the provision of the Services, including the application to local and Federal government for licensure to operate the premises, with such premises having the specifications, furniture and equipment as set forth in the Agreement. Citrus is solely responsible for the complete oversight and renovation of the leased premises, including directly engaging the contractor, subcontractors and vendors. Citrus is obligated to provide FIU progress reports regarding the status of construction of the buildout, and FIU has the right to have a representative present at the periodic progress meetings.

C. Maintain and operate the leased premises including all the operating costs reflected in Attachment 2 of the Agreement and to purchase, maintain and replace at the premises, all medical and lab equipment and supplies and furniture, provide the cleaning and janitorial services and provide all utilities, including air conditioning, electric, water and telephone service.

D. Provide FIU with monthly and quarterly reports as set forth in section 1.G of the Agreement, including number of appointments made, patients seen, patient visits, new patients, etc.

E. Provide reference materials to patients of FIU Embrace services/programs.

The Agreement provides that FIU and Citrus shall work together to develop marketing strategy and marketing strategy materials; that FIU and Citrus shall partner in the selection and training of physicians, clinical support staff and volunteers, and in the development of clinic hours and training plans.

Pursuant to the Agreement, FIU will refer Embrace enrollees to Citrus for the services, will provide volunteers cleared to work in the healthcare setting and approved by Citrus, will provide support for clinical salaries and rent and will provide training to clinicians and support staff.

Pursuant to section 9 of the Agreement, Citrus is required to provide the Services to all clients, whether they are referred by FIU Embrace or are walk-ins who clinically qualify for the Services regardless of ability to pay. Citrus will bill third party payors directly for eligible services. Patients who are uninsured will be billed utilizing a sliding fee discount schedule based on income and ability to pay.

If the Agreement is terminated early, Citrus is obligated to provide notice to its landlord that the Citrus lease will be assigned to FIU and FIU and Citrus will execute documentation to evidence said assignment. Upon FIU's assumption of the lease, Citrus, at no cost to FIU, shall convey to FIU title to the furniture and equipment at the premises.

Supporting Documentation:	BOT Resolution
	Citrus Agreement
	Citrus Amendment to Agreement
	Funding Certification Form
Facilitator/Presenter:	Andres G. Gil

RESOLUTION

WHEREAS, to best deliver the comprehensive medical services required by FIU Embrace, which is a state-funded (and privately funded) University-wide initiative that promotes health, wellness, and overall functioning for adults with developmental disabilities, FIU entered into an Agreement to Provide Health Services with Citrus Health Network, Inc. on March 20, 2019 (the "Agreement"); and

WHEREAS, the Agreement required Florida International University Board of Trustees approval pursuant to the updated Presidential delegation requirements adopted by the Board on March 4, 2019, shortly before the Agreement was executed by the University President; and

WHEREAS, the University erroneously did not obtain the Board's approval for the Agreement prior to its execution; and

WHEREAS, an amendment is required to revise section I.E of the Agreement; and

WHEREAS, the University requests that this Board ratify the Agreement that was executed on March 20, 2019; and

WHEREAS, the University requests that this Board delegate to the University President, or his designee, the authority to execute an amendment to the Agreement to revise section I.E.

NOW THEREFORE, BE IT RESOLVED, that the Agreement to Provide Health Services executed by the University with Citrus Health Network, Inc. on March 20, 2019 is hereby ratified.

BE IT FURTHER RESOLVED that the University President, or designee, is hereby granted the delegation of authority to execute the amendment to the Agreement to Provide Health Services to revise section I.E of the Agreement.

This action is in the form of a resolution to take effect immediately upon adoption.

Adopted this _____ day of _____________, 2019 by the Board of Trustees of Florida International University.

____________________________	____________________________
Claudia Puig	Mark B. Rosenberg
Chair	Corporate Secretary
FIU Board of Trustees	FIU Board of Trustees

AGREEMENT TO PROVIDE HEALTH SERVICES

This Agreement, is entered into this 20th day of March, 2019, between The Florida International University Board of Trustees ("FIU") on behalf of its initiative, FIU Embrace ("FIU Embrace"), a part of the Office of Research and Economic Development ("ORED"), and Citrus Health Network, Inc. ("Citrus"); (both collectively referred to as "Parties").

WHEREAS, Citrus has medical and behavioral health practitioners licensed in the State of Florida, operates a Federally Qualified Health Center, and provides services medically needed by persons served.

WHEREAS, FIU Embrace is a university-wide initiative that promotes health, wellness, and overall functioning for adults with developmental disabilities, such as autism spectrum disorder (ASD), intellectual disabilities (ID), and other neurodevelopmental disorders (OND). FIU Embrace seeks to help these persons lead healthy lives and maximize their individual potential across their lifespan.

WHEREAS, the parties have a mutual commitment for establishing and maintaining formal linkages to ensure the provision of confidential, timely, comprehensive and coordinated medical services to eligible individuals and families and to maintain, increase or enhance the quality of services provided to a medically underserved population, i.e. individuals affected with developmental disabilities and other neurodevelopmental conditions.

NOW THEREFORE, in consideration of the mutual covenants and promises set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. Duties of Citrus. Citrus will provide:

   A. Primary care and behavioral health services by licensed physicians for an estimated minimum 300 yearly enrollees who participate in the FIU Embrace initiative.

   B. On-site primary care and behavioral health services to be provided by Citrus shall include, but shall not be limited to: health screenings, primary care, gynecology, psychiatric evaluations, counseling, preventive services including some prenatal and perinatal services, cancer and other disease screening, cardio-vascular risk assessments, eye and ear screening for adults and their family members, family planning services; episodic care for acute illness, chronic disease management for identified chronic illness, specialty and surgical referrals when need, health education and care management services, and other services as agreed upon by both parties (collectively, the "Services").

   C. Application for license and coverage: Contractor will apply to local government entity for licensure to operate the medical offices and to U.S. Dept. of HHS/HRSA for inclusion of the site under the Federal Tort Claims Act protection for deemed sites.

APPROVED BY

D. Determination of patient eligibility for services.

E. Rental and buildout of premises for the provision of the Services, which premises shall include the specifications, furniture and equipment set forth in **Attachment 1**. FIU makes no representations or warranties about the premises, and Citrus shall conduct its own due diligence of the premises. Citrus shall be responsible for:

- i. maintenance of the premises including Citrus' payment of all operating costs reflected in **Attachment 2** and replacement and maintenance of all medical and lab equipment and supplies;
- ii. cleaning and janitorial services;
- iii. all utilities including air conditioning, electric, water, and telephone service.

The parties acknowledge and agree that Citrus shall be solely responsible for the complete oversight of the renovation of the premises, and Citrus shall directly engage the contractor, subcontractors and vendors to perform the work required. Citrus shall provide to FIU progress reports regarding the status of construction of the buildout, and FIU shall have the right to have a representative present at the periodic progress meetings.

F. Purchase and maintain all furniture and equipment (including medical equipment) in good working order, condition and repair and replace as needed with furniture and equipment at least equal in cost and function to the original, as applicable.

G. Provide FIU with monthly and quarterly reports. The reports will be provided with monthly and rolling year to date totals. The report will include the following de-identified information:

- i. Monthly Reports:
  - a. Number of appointments made
  - b. Number of patients seen
  - c. Number of patient visits
  - d. Number of new patients
  - e. Number of existing patients
  - f. Type of service delivered by provider
  - g. Number of adverse incidents reported

- ii. Quarterly Reports:
  - a. Encounter report by provider including year to date totals.
    - 1. Aggregate data that delineate new and follow-up encounters
    - 2. Number If encounters by encounter type
  - b. Access report by provider and location, including number of days to next available follow-up and new appointment wait times

    c. Revenue cycle report for all encounters, including patient identifier, date of services, CPT code billed, projected reimbursement, actual reimbursement, or reason for denial. Also include insurance company billed, codes percent reimbursed
    d. Include zip codes for patients served
    e. Include age, race, ethnicity and primary language spoken of patients served

H. Provide reference materials to patients of FIU Embrace services/programs.

2. Duties of FIU. FIU will:

A. Refer Embrace participants to Citrus for health services.
B. Provide volunteers cleared to work in healthcare setting and approved by Citrus.
C. Provide support for clinician salaries and rent.
D. Provide training to clinicians and support staff.

3. Program Materials. Both parties agree to work together to develop marketing strategy and develop marketing materials which must be approved by both parties prior to distribution; partner in selection and training of physicians, clinic support staff and volunteers; develop clinic hours and training plans.

4. Method of Payment. Within thirty (30) days of the execution of this Agreement, FIU shall make payment of $600,000 to Citrus. Thereafter, FIU shall make payments to Citrus based on a monthly rate of $42,294.50 a month. If at any time program revenue exceeds Citrus program costs for the initial period ending June 30, 2020 and annually at June 30th of each fiscal year thereafter, both parties agree any surplus will be reimbursed to FIU up to the annual payment amount and the parties will renegotiate future payment terms. The total amount due to Citrus is $1,107,534 for the first year. The budget of estimated revenue and expenses for the program's first year is found in **Attachment 2.**

5. Term. This Agreement shall be effective as of the date first written above and shall continue through June 30, 2023. This Agreement can be extended on an annual basis for up to ten years or modified upon mutual written agreement by both parties, unless terminated in writing as described in section 6 below.

6. Termination.

A. With Cause. This Agreement may be terminated and canceled by either party for cause at any time by giving written notice to the other and a period of 30 days to cure. Such notice shall state that the termination is for cause and the nature of such cause. Termination shall be effective the 31st day after the date the notice is given if the cause has not been cured.

$720,863.50
'til June
30th.

APPROVED

B. Without Cause. Either party may terminate this Agreement without cause upon thirty (90) days prior written notice.

7. Effect of Termination. Upon termination of this Agreement, as here and above provided, the parties shall not have any further obligation hereunder to the other, except for:

A. Obligations accrued prior to the date of termination; and

B. Obligations, promises or covenants contained herein which are expressly made to extend beyond the term of this Agreement, excluding, without limitation, any indemnities. This provision shall not operate to exclude any right the parties hereto may have to seek indemnification, damages or any other remedy under the provisions of this Agreement.

C. Within two (2) business days of delivery of a termination notice from one party to the other, as applicable, Citrus shall provide notice to its landlord that Citrus will be assigning its lease to FIU, and FIU and Citrus shall execute any documentation reasonably requested by the landlord and/or Citrus to evidence said assignment. Citrus acknowledges and agrees that Citrus may not amend or supplement the lease at any time without the prior written consent of FIU, which consent FIU may withhold in its reasonable discretion. Further, upon FIU's assumption of the lease, Citrus, at no cost to FIU, shall convey to FIU title to the furniture and equipment (including medical equipment), all of which Citrus shall leave in the premises. Citrus shall defend and indemnify FIU against and hold it harmless from and against any and all loss, claims, actions, damages, liability, and expense of any kind whatsoever (including reasonable actual out of pocket attorneys' and consultant's fees and court costs and expenses at all tribunal levels) arising from any breach of the lease by Citrus or its employees, invitees, agents contractors and/or anyone permitted to be on the premises occurring prior to the date of the assumption of the lease by FIU. This Indemnification provision shall survive the termination of this Agreement and the lease.

8. Quality and Coordination of Care. Citrus agrees to furnish the Services to FIU clients referred on an as-needed basis, consistent with, at a minimum, the prevailing standard of care and in the same professional manner and pursuant to the same professional standards as are generally furnished to patients of Citrus. The parties acknowledge and agree that Citrus shall, to the best of its ability, ensure that FIU Embrace patients receive the highest care, although any walk-ins encountered on the premises shall be treated by Citrus pursuant to any laws and/or professional medical standards.

9. Disregard for Payor Status. Citrus agrees to provide the Services to all clients, whether they be referred by FIU Embrace or walk-ins who clinically qualify for them regardless of ability to pay. Citrus will bill third party payors directly for eligible

services. Patients who are uninsured will be billed utilizing a sliding fee discount schedule based on income and ability to pay.

10. Non-Exclusivity. Nothing in this Agreement shall prohibit either party from affiliating or contracting with any other contractor for any purpose whatsoever except that for purposes of maintaining the continuity of care for each patient. Neither party is required to refer patients to a particular contractor or supplier under this agreement and is free to refer patients to any contractor or supplier. Patients are also free to choose any willing contractor or supplier.

11. Client Confidentiality and Compliance with HIPAA. The parties understand that information concerning the patients and their treatment, including patients' identities is confidential and privileged pursuant to Florida Statutes and the Federal Health Information Portability and Accountability Act (HIPAA). Accordingly, during the duration of this Agreement and thereafter, the parties will not disclose any information regarding the Client and their treatments, including their identity and diagnosis, except as it may be required to provide services or treatment in accordance with the terms of this Agreement, or disclose, publish, or disseminate any confidential information concerning the Client to any third party without the express prior written consent of the individual Client, except as may be required by State or Federal law. If applicable, the parties have further entered into a Business Associate Agreement attached hereto and made a part hereof in accordance with the Health and Insurance Portability Act (HIPAA) of 1996.

12. Notices. All notices under this Agreement shall be in writing and shall be deemed given five (5) days after deposit of same in the United States certified mail, return receipt requested, proper first class postage and registration fees prepaid. Notices will be deemed given upon receipt if transmitted by hand-delivery, courier, telegraph, or fax. All notices must be addressed to the party for whom it is intended at the following addresses or such other address as is most recently noticed for such party:

A. If to Citrus:
Citrus Health Network, Inc.
4175 West 20th Avenue
Hialeah, FL 33012
Attn: Mario E. Jardon, President & C.E.O.

B. If to FIU:

Florida International University
Nicole Attong
MARC 150
11200 SW 8th ST Miami, FL 33199

13. Autonomy of Each Institution: Each party shall remain in exclusive control of its policies, management, assets and affairs. Neither party shall exercise any control or direction over the manner in which the other party provides services. Nothing in

this Agreement shall create any association, partnership or joint venture between the parties hereto or any employer-employee relationship. This Agreement does not change the governance or corporate structure of either party. Each party shall be individually responsible for billing and collecting for services it has rendered.

14. Liability insurance: Each party agrees to have the appropriate and necessary licenses required by law to perform the services under this Agreement. Both parties also agree to maintain at its sole cost, professional and general liability insurance coverage with limits of liability necessary for any risks incurred related to this Agreement.

15. Indemnification: Each party agrees to be (i) fully responsible for its acts of negligence or its employees' acts of negligence when acting within the course and scope of their employment; and (ii) liable for any damages resulting from said negligence. The foregoing shall only be to the extent and within the limitations of the Federal Torts Claims Act, as it pertains to Citrus, and to Section 768.28, Florida Statutes, as it pertains to FIU. Nothing herein shall be construed as making either party responsible for any liability or claim arising out of the negligent performance or failure of performance of the other party or as a result of the negligence or failure of performance of any third party. Further, nothing contained herein shall be construed or interpreted as: i) denying either party or other state or public entity any remedy or defense available under the laws of the State of Florida; ii) the consent of either party to be sued; or iii) waiver of sovereign immunity of either party beyond the waiver described herein and provided in Section 768.28, Florida Statutes or the Federal Torts Claims Act.

16. Third Parties. This Agreement is for the benefit of the two parties and is not entered into for the benefit of any other person or entity whatsoever, including, without limitation, employees or patients of the parties, or their representatives. Without limiting the generality of the foregoing, this Agreement shall not be construed as establishing any obligation, duty or standard of care or practice different from or in addition to whatever obligations, duties or practices may exist separate and apart from this Agreement with respect to any person not a party to this Agreement.

17. Governing Law-Venue. This Agreement shall be governed and interpreted under the laws of the State of Florida. Proper venue shall lie in Miami-Dade County, Florida.

18. Entire Agreement; Amendments. This Agreement represents the entire Agreement between the parties and supersedes any prior Agreement or representations between the parties with regard to the subject. This Agreement may not be modified orally, by supplement, modification, waiver, change, extension, discharge or amendment, unless by a written document signed by a duly authorized representative of each party.

19. Severability of Provisions. In the event any part of this Agreement is held to be invalid or unenforceable by a court of competent jurisdiction or as the result of the adoption of an ordinance, statute or regulation, that holding or adoption will not affect the

validity and enforceability of the remainder of this Agreement, which will remain in full force and effect in accordance with its terms.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

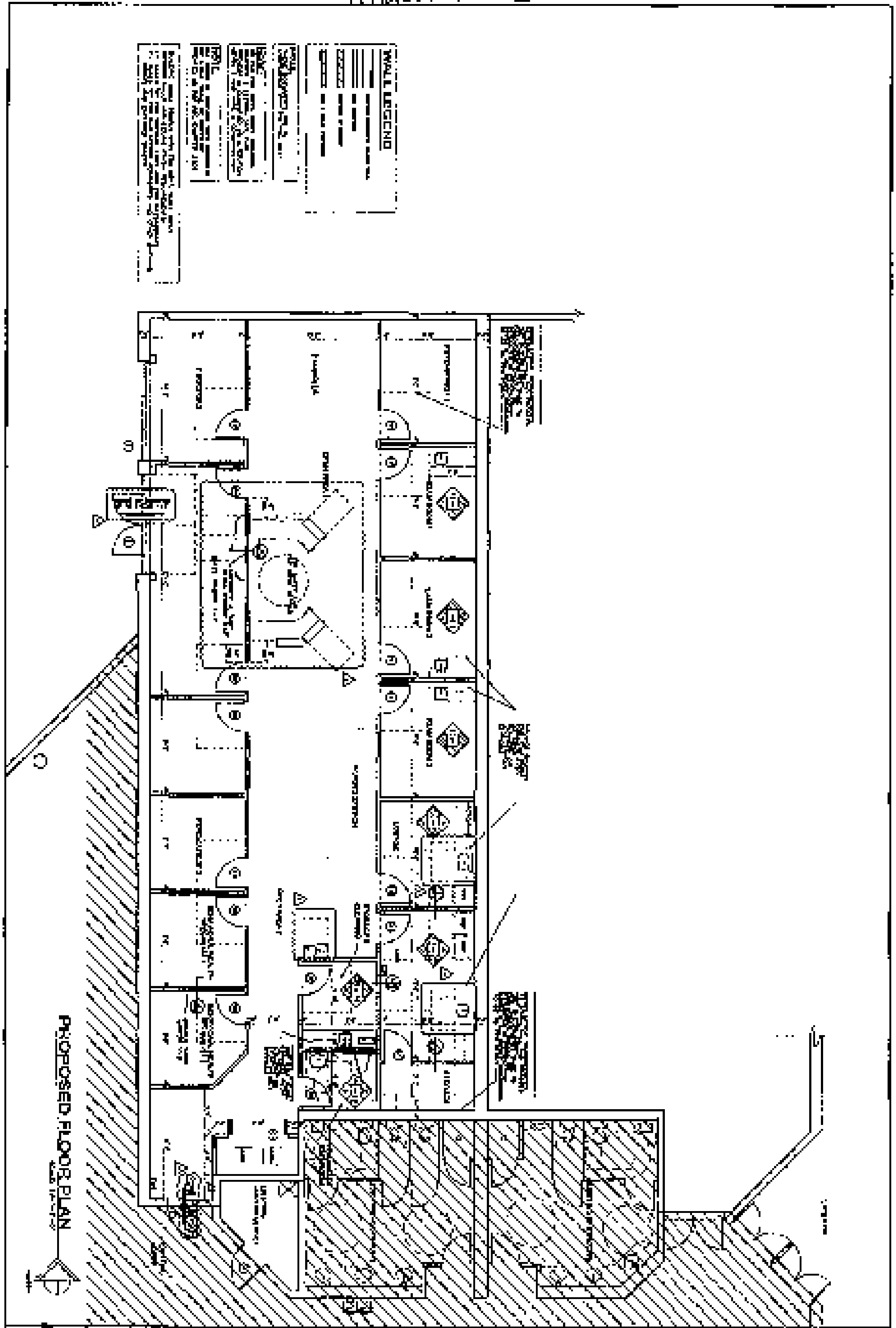
THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES

By:____________________________

CITRUS HEALTH NETWORK, INC.

By: Mario Jardon
MARIO E. JARDON, L.C.S.W.
President & C.E.O.

Attachment 1



JSA GROUP INC.

CITRUS

MIAMI, FL

A-4

APPROVED

ATTACHMENT 2
BUDGET NARRATIVE EMBRACE
2018-2019

						YEAR ONE
REVENUE:						
PATIENT SERVICE INCOME	9,000 encounters (pt visits)				$	1,377,000
GRANT REVENUE					$	1,107,534
TOTAL REVENUE					$	2,484,534
RECURRING EXPENSES:						
PERSONNEL: See Personnel by Position (Personnel detail)					$	1,225,800
FRINGE BENEFITS: (Broken out by Components)	21.65%					
FICA	7.65%				$	93,770
HEALTH INSURANCE	9.00%				$	110,320
STATE UNEMPLOYMENT, DISABILITY, LIFE INSURANCE & WORKMENS COMP	5.00%				$	61,292
TOTAL: PERSONNEL & FRINGES					$	1,491,182
EQUIPMENT:						
Furniture and Equipment					$	100,000
TOTAL: EQUIPMENT					$	100,000
SUPPLIES:	Encounters/ Procedures			Cost per Encounter		
MEDICAL SUPPLIES	9,000	X	$	2.30	$	20,700
PLANT & FACILITY SUPPLIES	9,000	X	$	0.45	$	4,050
OFFICE SUPPLIES	9,000	X	$	0.38	$	3,420
PRINTING	9,000	X	$	0.60	$	5,400
TOTAL: SUPPLIES					$	33,570
CONTRACTUALS:						
ON CALL AND AFTER HOURS SERVICE					$	54,750
UTILITIES ($ 1000/MONTH)					$	12,000
INSURANCE ($3,000/MONTH)					$	36,000
BUILDING OCCUPANCY (2715 sq ft)					$	476,020
TOTAL: CONTRACTUAL					$	578,770
OTHER PATIENT CARE						
TRANSPORTATION ASSISTANCE		X	$	100.00	$	-
MEDICATIONS FOR UNINSURED	60	X	$	300.00	$	18,000
LABS	300	X	$	80.00	$	24,000
DENTAL HEALTH CARE		X	$	200.00	$	-
OPTHALMOLOGIST		X	$	75.00	$	-
TOTAL: OTHER PATIENT CARE					$	42,000
OTHER:						
COST OF ADMINISTRATION, MEDICAL RECORDS MIS, ACCOUNTING @ 14.34% OF DIRECT COSTS					$	239,012
TOTAL: OTHER					$	239,012
TOTAL: DIRECT COSTS					$	2,484,534
TOTAL: ALL BUDGET					$	2,484,534
Income/Loss					$	(0)

APPROVED BY ☑

ATTACHMENT 2 CONT
EMBRACE PROGRAM
PERSONNEL COSTS YEAR 1

Name of Employee	Administrative Staffing Positions	Total FTEs	Base Salary	FTE Paid by Embrace Grant	Maximum Allowable Federal Salary	Grant Support Requested
TBD	Site Manager	1.00	$ 48,000	1.00		$ 48,000
TBD	Receptionist	1.00	$ 20,800	1.00		$ 20,800
TBD	Claim Registration	1.00		-		$ -
	Medical Staffing Positions					
TBD	Physician	1.00	$ 300,000	0.60	$ 189,600	$ 113,760
TBD	Gynecologists	0.20	$ 250,000	0.10	$ 189,600	$ 18,960
TBD	Nurses (RNs, LVNs, LPNs)	1.00		-		$ -
TBD	Clinical Support Staff (Medical Assistant/Phlebotomist)	1.00	$ 50,000	1.00		$ 50,000
	Behavioral Staffing Positions					
TBD	Behavioral Health - Licensed	1.00	$ 72,000	1.00		$ 72,000
TBD	Psychiatrist	1.00	$ 275,000	0.20	$ 189,600	$ 55,000
TBD	Psychiatrist	0.60	$ 165,000	0.20	$ 189,600	$ 33,000
	Enabling Staffing Positions					
TBD	Patient Education/Health Education	0.5		-		$ -
TBD	Case Manager/Care Coordinator	1.00	$ 45,000	1.00		$ 45,000
	TOTAL					
	TOTAL PERSONNEL COSTS	10.30	$ 1,225,800			$ 456,520

Budget narrative
1) The personnel detailed above are those needed to operate a clinic site.
2) The physicians have an administrative allocation to ensure they can participate in administrative functions, research, trainings, etc. as needed by the program.
3) All other staff are allocated full time.

APPROVED BY

AMENDMENT TO AGREEMENT TO PROVIDE HEALTH SERVICES

This Amendment ("Amendment") is effective as of the date of the last signatory to this Amendment by and between The Florida International University Board of Trustees, on behalf of its initiative, FIU Embrace (hereinafter "FIU") and Citrus Health Network, Inc., ("Citrus"); (both collectively referred to as "Parties").

WHEREAS, FIU and Citrus are parties to a certain Agreement to Provide Health Services (the "Agreement") entered into on March 20, 2019; and

WHEREAS, the Parties now wish to execute this Amendment to effect the following changes to the Agreement described below.

NOW THEREFORE, for and in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereby agree to addend the Agreement as follows:

I. The following will replace in its entirety, Section 1.E. of the Agreement:

Rental and buildout of premises for the provision of the Services, which shall include specifications set forth in **Attachment 1.** FIU makes no representations or warranties about the premises, and Citrus shall conduct its own due diligence of the premises. Citrus shall be responsible for:

i. maintenance of the premises including Citrus' payment of all operating costs reflected in **Attachment 2** and replacement and maintenance of all medical and lab equipment and supplies;

ii. cleaning and janitorial services;

iii. all utilities including air condition, electric, water, and telephone service.

The parties acknowledge and agree that Citrus shall be solely responsible for the complete oversight of the renovation of the premises, and Citrus shall directly engage the contractor, subcontractors and vendors to perform the work required. Citrus shall provide to FIU progress reports regarding the status of the construction of the buildout, and FIU shall have the right to have a representative present at the periodic progress meetings.

II. TERMS

All other terms of the Affiliation Agreement shall remain in full force.

This Amendment may be executed in one or more counterparts, each of which shall constitute an original and all of which shall constitute one and the same document. All terms, provisions, and conditions of the Agreement not expressly and specifically modified by this Amendment remain unchanged and continues in full force. If this Amendment conflicts with any term, condition, or provision of the Agreement, then this Amendment shall control. This Amendment is, in any case, part of, and it may be attached to, the Agreement.

IN WITNESS WHEREOF, by signing below, the parties agree and acknowledge their understanding and agreement to this Amendment.

Florida International University Board of Trustees	Citrus Health Network, Inc.
By: ______________________	______________________
Mark B. Rosenberg President	Mario E. Jardon, L.C.S.W President & C.E.O
Date: ________________	Date: ________________

FIU | FLORIDA INTERNATIONAL UNIVERSITY

Funding Certification Form

This form is required by the FIU Board of Trustees ("BOT") and/or a committee of the BOT as a condition for approval of items, containing a funding component, that come for approval before the Board and/or a BOT committee pursuant to the Delegations of Authority from the BOT to the University President or otherwise.

Item name/description: Approval of Agreement to Provide Health Services with Citrus Health Network, Inc

Funding Source(s): E&G Line item funding for FIU Embrace

This is to certify that the above item has been reviewed and approved, and to the best of our professional judgment and knowledge, the type of funding for the item is authorized by state law and Board of Governors Regulations, and the Trustees may reasonably and in good faith rely on this certification.

Vice President — Date 11/22/2019

Kenneth A. Jessell, Sr. Vice President and Chief Financial Officer — Date 11-25-2019

Carlos B. Castillo, General Counsel — Date 11-25-2019

Mark B. Rosenberg, President — Date 11-26-2019

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee
December 5, 2019

Subject: Approval of Asset Acquisition and Related Matters Pertaining to Torrey Pines Initiative

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Proposed Committee Action:

Recommend that the Florida International University Board of Trustees approve (1) The Florida International University Board of Trustees ("University") entering into an Acquisition Agreement and Plan of Merger (the "Agreement") with Torrey Pines Institute For Molecular Studies, Inc. ("Torrey Pines"), TPIMS Land Company, LLC ("TPIMS") and certain defined California Supporting Organizations, pursuant to which (a) the University would acquire and assume certain Torrey Pines and TPIMS assets and contractual obligations (including a leasehold interest in an existing Ground Lease between TPIMS and the City of Port St. Lucie and title to a Building currently owned by TPIMS), and (b) the University would have the option, in its sole discretion, to merge one or more of the California Supporting Organizations into newly created Florida not for profit corporations (which would then become supporting organizations of an FIU direct support organization); (2) the transfer of the Ground Lease to the University, the assumption by the University of all the obligations of the tenant under such Ground Lease, and the transfer of the Building to the University at no cost; (3) the establishment of a Special Purpose Center and the University's submission of a request to the Board of Governors for approval of the operation of the facility in Port St. Lucie as a Special Purpose Center; and (4) the delegation of authority to the University President, or designee, to execute the Agreement on behalf of the University and all other documents that may be necessary to effectuate the transactions contemplated in the Agreement.

RESOLUTION

WHEREAS, Torrey Pines is a nonprofit public benefit corporation, and a tax-exempt public charity under Section 501(c)(3) of the Internal Revenue Code, whose mission is to conduct basic research to advance the understanding of human disease and the improvement of human health; and

WHEREAS, the California Supporting Organizations, which term is defined to be comprise of the Diabetes National Research Group, Alzheimer's and Aging Research Center, Osteoporosis and Breast Cancer Research Center and Arthritis & Chronic Pain Research Institute, are supporting organizations of their supported organization, Torrey Pines, pursuant to Section 501(c)(3) of the Internal Revenue Code, as reflected in the Tax Exempt Organizations Search of the Internal Revenue Service ("IRS") and all of the filed returns, IRS Forms 990, of Torrey Pines and the California Supporting Organizations; and

WHEREAS, Torrey Pines is a party to certain Sponsored Research Agreements (as defined in the Agreement) and Assigned Agreements (as defined in the Agreement) that serve to support Torrey Pines' pursuit and fulfillment of its mission; and

WHEREAS, TPIMS has a leasehold interest in the real property located at 11350 SW Village Parkway, Port St. Lucie, Florida 34987 (the "Premises") under that certain Ground Lease Agreement, dated November 26, 2013 (the "Ground Lease") between TPIMS and the City of Port St. Lucie. Further TPIMS owns a building located on the Premises (the "Building") and owns certain personal property located in the Building, as set forth in the Agreement. There are capital improvements, estimated to be in excess of $4,500,000 (the "Capital Improvements"), anticipated to be made to the Building; and

WHEREAS, the University desires to acquire certain assets (including the Sponsored Research Agreements, Assigned Agreements, the Ground Lease, the Building and personal property on the Premises) of Torrey Pines, TPIMS and/or the California Supporting Organizations (the "Torrey Pines Entities"), and the Torrey Pines Entities are willing to transfer such assets, subject to the terms and conditions of the Agreement and in consideration of the University's assumption of the obligation to make Capital Improvements; and

WHEREAS, the University believes that the acquisition of such assets from the Torrey Pines Entities will further the University's research and academic mission and provide greater capabilities for the University to perform specialized research and training in the fields currently focused on by the Torrey Pines Entities; and

WHEREAS, the University's assumption of the Assigned Agreements is believed to be essential to the University's performance of the Sponsored Research Agreements and will also support the University's efforts to pursue additional sponsored research and training projects in the fields currently focused on by Torrey Pines; and

WHEREAS, the University seeks to have the Ground Lease assigned to the University; and

WHEREAS, in the University's sole discretion, the University may also elect to require the California Supporting Organizations to merge with and into newly created Florida not for profit corporations which would then become supporting organizations of an FIU direct support organization, as set forth in the Agreement; and

WHEREAS, the University wishes to establish a Special Purpose Center and to submit a request to the Florida Board of Governors for approval to operate the Building as a Special Purpose Center.

NOW THEREFORE, BE IT RESOLVED, that the University is authorized to enter into the Acquisition Agreement and Plan or Merger, with the University President, or his designee, hereby granted the delegation of authority to execute said Agreement on behalf of the University, as well as all other documents that may be necessary to effectuate the transactions contemplated in the Agreement.

BE IT FURTHER RESOLVED that the University is authorized to assume all of the obligations of the tenant under the Ground Lease and to accept title to the Building, with the University President, or his designee, hereby granted the delegation of authority to execute all documents on behalf of the University that may be necessary to effectuate said assumption and title transfer.

BE IT FURTHER RESOLVED that the University is authorized to establish a Special Purpose Center and to submit to the Florida Board of Governors the Proposal to Establish a New Type I, II or III Campus, or Special Purpose Center for approval of operating the facility in Port St. Lucie to be acquired by the University, pursuant to the Agreement, as a Special Purpose Center.

This action is in the form of a resolution to take effect immediately upon adoption.

Adopted this _____ day of _____________, 2019 by the Board of Trustees of Florida International University.

Claudia Puig Chair FIU Board of Trustees	Mark B. Rosenberg Corporate Secretary FIU Board of Trustees

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Supporting Documentation:	Background and Executive Summary Summary of Agreement and Plan of Merger Acquisition Agreement and Plan of Merger Exhibits to Acquisition Agreement Ground Lease Agreement Ground Lease Amendment Torrey Pines @ FIU Pro Forma Survey Appraisal Assessment Report Special Purpose Center Appendix A New Educational Site Funding Certification Form
Facilitator/Presenter:	Kenneth G. Furton

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Approval of Asset Acquisition and Related Matters Pertaining to Torrey Pines Initiative

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Background and Executive Summary

At the October 8, 2018 meeting of the Florida International University Board of Trustees ("University"), the Trustees were advised that the University was exploring the possible acquisition of Torrey Pines Institute For Molecular Studies, Inc. ("Torrey Pines") in order to address the University's need for additional research space. At its June 6, 2018 meeting, the Board of Trustees was provided with an update regarding the University's ongoing and extensive discussions with Torrey Pines and was advised that if the University were to pursue an affiliation with Torrey Pines, the agreement would be presented to the Board of Trustees and ultimately, the Board of Governors for approval. At the December 5, 2018, meeting of the Academic Policy and Student Affairs Committee ("APSA Committee"), a presentation was made regarding Torrey Pines, including a discussion of the alignment of the Torrey Pines research initiatives with those of the University and the proposed structure for the University's acquisition of Torrey Pines, as well as for the University to lease, and potentially acquire, the research facilities of Torrey Pines in Port St. Lucie, Florida. At its March 4, 2019 meeting, the APSA Committee was updated on the developments regarding Torrey Pines and was advised that the lease agreement with Torrey Pines had been executed, noting that the lease runs through December 31, 2019 with an option to renew for an additional year on the same terms and conditions. (The lease allows the University to renew the term for seven additional one-year terms.) The lease also provides that the University has the option to terminate the lease at any time with 30 days prior notice.

If approved by the Board of Trustees, the closing of the acquisition of the Torrey Pines assets is anticipated to occur on or about March 1, 2020. Because the current term of the lease agreement with Torrey Pines ends on December 31, 2019, and said lease requires that the University provide 30 days prior written renewal notice, the University has provided a one-year renewal notice to Torrey Pines. If the Board of Trustees approves the acquisition of the Torrey Pines assets sought to be acquired by the University and the Board of Governors approves the operation of the facility as a Special Purpose Center, the lease agreement with Torrey Pines will be terminated by the University prior to or simultaneously with the closing of the acquisition of the assets.

At the March 4, 2019 meeting, the APSA Committee also was advised: (i) about the status of the search and screen process for the faculty members who will work at the Torrey Pines facility; (ii) about the completion of the Torrey Pines building assessment; and (iii) that, at a future Board meeting, the Board of Trustees would be presented, for its consideration, the acquisition and use of the Torrey Pines facility as a Special Purpose Center.

The President's October 28, 2019 Memorandum to the Members of the Board of Trustees provided further updates on the status of the Torrey Pines initiative, including (i) the University's current and future hiring of new research faculty; (ii) Cleveland Clinic's approach to the University to partner at the Torrey Pines site; (iii) the City of Port St. Lucie's approval of the transfer of the Torrey Pines building to the University; and (iv) the anticipated presentation of several action items to the Board in its December meeting for review and possible approval. This summary addresses those action items for the Board's consideration.

On May 14, 2019, the City of Port St. Lucie approved Resolution 19-R32, formally supporting FIU's potential acquisition of Torrey Pines. FIU's acquisition of certain of Torrey Pines' assets as described in the corresponding Agenda Item is scheduled to be presented to the City of Port St. Lucie Council on December 2, 2019.

As the University progressed in its due diligence efforts, the structure of the transaction changed from a merger to an acquisition of certain assets, with the option, in the University's absolute discretion, to indirectly merge into an FIU direct support organization the following defined "California Supporting Organizations": Diabetes National Research Group, Alzheimer's and Aging Research Center, Osteoporosis and Breast Cancer Research Center and Arthritis & Chronic Pain Research Institute. This structure is more efficient and better aligned with the University's research and academic mission.

Included among the supporting documentation to this Agenda item is the proposed Agreement and Plan of Merger (the "Agreement") with Torrey Pines, TPIMS Land Company, LLC ("TPIMS") and the California Supporting Organizations, together with a Summary of Acquisition Agreement and Plan of Merger that details the material terms of the Agreement.

Ground Lease and Building

TPIMS has a leasehold interest in the real property located at 11350 SW Village Parkway, Port St. Lucie, Florida 34987 (the "Premises") under that certain Ground Lease Agreement, dated November 26, 2013 (the "Ground Lease") between TPIMS and the City of Port St. Lucie. Further, TPIMS owns a building located on the Premises (the "Building") and owns certain personal property located in the Building, as set forth in the Agreement. There are capital improvements, estimated to be in excess of $4,500,000 (the "Capital Improvements"), anticipated to be made to the Building. TPIMS will be assigning its interest in the Ground Lease to the University, and the University will be assuming the obligations as tenant thereunder. Previously, the City of Port. St. Lucie transferred the title of the Building located on the Premises to TPIMS. TPIMS will be transferring title of the Building to the University at no cost. The Building has been recently appraised and has a current market value of $16,000,000. Upon expiration of the Ground Lease in November 15, 2026, the City of Port St. Lucie will transfer title of the land to the University at no cost as specified in the Ground Lease.

Special Purpose Center

Included also among the supporting documentation to this Agenda Item is a document entitled ”Proposal to Establish a New Type I, II or III Campus, or Special Purpose Center”, which is the University’s proposed written request to the Florida Board of Governors for a determination that the Torrey Pines facility be classified as a Special Purpose Center.

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SUMMARY OF ACQUISITION AGREEMENT AND PLAN OF MERGER

December 5, 2019

The following summarizes the material terms of the Acquisition Agreement and Plan of Merger (this "**Agreement**").

1. **Parties to the Agreement**.

   A. THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES (the "University")

   B. TORREY PINES INSTITUTE FOR MOLECULAR STUDIES, INC., a California nonprofit public benefit corporation tax exempt under sections 501(c)(3) and 509(a)(1) of the IRS Code ("Torrey Pines"). Torrey Pines's mission is to conduct basic research to advance the understanding of human disease and the improvement of human health.

   C. TPIMS LAND COMPANY, LLC, a Florida limited liability company ("TPIMS"). TPIMS is a wholly owned subsidiary of Torrey Pines. TPIMS has a leasehold interest in the real property located at 11350 SW Village Parkway, Port St. Lucie, Florida 34987 (the "Premises") pursuant to a Ground Lease between the City of Port St. Lucie and TPIMS, owns the building located on the Premises (the "Building") and owns certain personal property located in the Building which is described in Exhibit A in the Agreement.

   D. The following entities, each of which is a California nonprofit public corporation, and which are supporting organizations of Torrey Pines pursuant to the IRS Code: DIABETES NATIONAL RESEARCH GROUP, ALZHEIMER'S AND AGING RESEARCH CENTER, OSTEOPOROSIS AND BREAST CANCER RESEARCH CENTER and ARTHRITIS & CHRONIC PAIN RESEARCH INSTITUTE (the "CA Supporting Organizations").

2. **Assets and Contractual Obligations the University will Acquire/Assume**.

   The assets and contractual obligations that the University will acquire/assume are the following, which the University believes will further the University's research and academic mission, will provide greater capabilities for the University to perform specialized research and training and will support the University's efforts to pursue additional sponsored research and training project in the fields currently focused on by Torrey Pines:

   A. All the assets ("Assets") listed on Exhibit A;

B. The Assigned Agreements listed on Exhibit B, which list is preliminary and may be updated by the University no later than 30 days prior to the closing date. Any service/maintenance agreement that is not listed on Exhibit B shall be terminated prior to the Closing Date by the applicable Torrey Pines entity, which entity shall pay all termination fees or penalties related thereto. The University, as of the Closing Date, assumes all liabilities and obligations for the Assigned Agreements;

C. Torrey Pines's Sponsored Research Agreements listed in Exhibit E;

D. The intellectual property rights listed in section 7 below;

E. TPIMS's leasehold interest in the Premises under the Ground Lease with the City of Port St. Lucie for the Premises, and the three existing subleases, all on an "As Is" "Where Is" basis and without representation or warranty other than any representations or warranties set forth in the Agreement;

F. The Building and the personal property in the Building as detailed in Exhibit A, on an "As Is" "Where Is" basis and without representation or warranty other than any representations or warranties set forth in the Agreement;

G. The obligation to make the capital improvements to the Building, estimated to be in excess of $4,500,000.

3. **Option to merge with the CA Supporting Organizations**.

A. At any time on or after the Closing Date, the University may elect, in its sole and absolute discretion, to require the CA Supporting Organizations to merge with and into newly created Florida not for profit corporations, and for those surviving, newly created Florida not for profit corporations to become supporting organizations of a public charity or foundation affiliated with the University (such public charity to be subsequently identified by the University; the "FIU Public Charity") (the "Mergers").

B. The Mergers shall only occur if: (i) the University provides written notice to Torrey Pines confirming the University's desire to proceed with theMergers and undertake the other actions set forth in the Agreement and (ii) the Mergers are completed on before June 30, 2020. Torrey Pines shall continue to give access to the University to thebooks, records and consultants of the CA Supporting Organizations so that the University may perform its due diligence review.

C. Exhibic C is the organizational chart depicting the proposed organizational structure of the CA Supporting Organizations before and after the Mergers, if the University elects to proceed with such Mergers.

4. **Ground Lease; Building & Personal Property Transfer.**

TPIMS will assign its interest in the Ground Lease[1] to the University, and the University will assume the obligations as the tenant under such Ground Lease. The transfer of the Ground Lease from TPIMS to the University shall include the execution of an amendment to the Ground Lease between the University and the City of Port St. Lucie, and the necessary approvals of the City of Port St. Lucie to the Ground Lease assignment.

In addition, TPIMS will deliver to the University a Special Warranty Deed and Bill of Sale conveying TPIM's fee interest in the Building and TPIMS' personal property located in the Building, on an "As Is", "Where Is" basis and without representation or warranty of any kind, whether express or implied, other than any representations or warranties set forth in this Agreement and in the Special Warranty Deed.

Furthermore, on or prior to the Closing Date, Torrey Pines and the City of Port St. Lucie shall execute a letter evidencing the termination of the Grant Agreement dated as of February 9, 2007.

5. **Employment of Certain Torrey Pines Personnel; Benefit Plans.**

On or before January 15, 2020, the University shall make offers of employment to the ten existing Torrey Pines employees set forth on Exhibit D of the Agreement (the "Transitioning Employees") with a start date effective the day after the Closing Date and for the same base salary being earned by such Transitioning Employees immediately prior to the Closing Date; provided, however, that all offers, terms, conditions, and benefits of employment of such Transitioning Employees by the University shall be subject to the University's standard personnel policies, terms, and other requirements. and, even though the University shall have presented an offer letter to a proposedTransitioning Employee, the employment of such Transitioning Employee shall be subject to the approval of the Board of Governors of the State University System of Florida (including, but not limited to, the approval of the use of the Building as a special purpose center), the completion of a customary background check, and the satisfaction of all other customary hiring processes and requirements of the University.

6. **Transfer of Sponsored Research Agreements.**

On the Closing Date, Torrey Pines and the University shall coordinate with each other and with the sponsors of the research and service contracts and grants listed on **Exhibit E** of the Agreement (collectively, the "**Sponsored Research Agreements**") to effectuate

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[1] The Ground Lease is for the land underlying the Building. Currently the land is owned by the City of Port St. Lucie. The Ground Lease provides that upon its expiration on November 15, 2026, the City of Port St. Lucie will convey the land in fee simple title to the tenant by special warranty deed.

the orderly and prompt transfer of the Sponsored Research Agreements to the University; and execute any documentation necessary to effectuate such transfers. The terms of the Sponsored Research Agreements shall be negotiated by the University with the sponsors of the Sponsored Research Agreements as part of the transfer process, and the University is not obligated to accept the transfer of any Sponsored Research Agreement or any agreements or documents related thereto (including, but not limited to, any subawards or lease agreements) unless the University agrees to the terms of such agreements or documents related thereto in the University's sole and absolute discretion.

7. **Transfer or License of Intellectual Property**.

On the Closing Date, Torrey Pines (and any other applicable Torrey Pines Entity) shall execute one or more agreements that shall transfer the Torrey Pines entities' rights in the following intellectual property to the University:

A. The chemical compound and positional scanning libraries (including, but not limited to, any and all compounds derived from such libraries and associated know how, trade secrets, and methods for using and analyzing such libraries);
B. U.S. Patent No. 9,988,341 (Bacterial Topoisomerase Inhibitors and Use Thereof) and all patent applications associated therewith;
C. All know how and trade secrets, if any, developed by Torrey Pines that may be needed by the University due to the assignment or transfer of Assets of Torrey Pines (or any other applicable Torrey Pines Entity) to, or as directed by, the University; and
D. All copyrights owned by the Torrey Pines Entities related to any software or documentation developed or prepared by the Torrey Pines Entities that will be transferred or assigned to, or as directed by, the University.

In addition, Torrey Pines will grant an exclusive, perpetual, royalty-free, transferable (only to affiliates of the University), and sub-licensable (only to affiliates of the University) license to use U.S. Trademark Reg. No. 4266472 ("Torrey Pines Institute for Molecular Studies" work mark only) and U.S. Trademark Reg. No. ("Torrey Pines Institute for Molecular Studies" word mark with design) (the "Registered Torrey Pines Trademarks") to, or as directed by, the University, which shall, among other terms and conditions, (i) include the Torrey Pines Entities' consent to the University's (or an affiliate thereof) registration of "Torrey Pines @ FIU" with the United States Patent and Trademark Office (the "New Registered Trademark"), (ii) include the Torrey Pines Entities' consent to the University's (or its affiliate's) incorporation of the Registered Torrey Pines Trademarks into the New Registered Trademark, (iii) allow for the submission of such Intellectual Property Agreement(s) to the United States Patent and Trademark Office in connection with the registration of the New Registered Trademark, and (iv) require Torrey Pines (or the applicable Torrey Pines Entity) to timely renew the Registered Torrey Pines Trademarks when such renewal(s) are permitted under federal law.

8. **Anticipated Closing Date**.

March 1, 2020, for all matters related to the Agreement except for the Mergers as decribed in Section 3 above. Torrey Pines and the University shall each have the right to unilaterally extend the Closing Date beyond March 1, 2020, through no less than thirty (30) days prior written notice to the other, provided that the Closing Date shall not be unilaterally extended beyond June 30, 2020 without the mutual agreement of both parties. The closing of the Mergers shall only occur if the University elects to proceed with the Mergers.

9. **Exhibits to the Agreement**.

Exhibit A – Assets
Exhibit B – Assigned Agreements
Exhibit C – Pre- and Post-Closing Organizational Chart
Exhibit D – Transitioning Employees
Exhibit E - Sponsored Research Agreements
Exhibit F – Torrey Pines Benefit Plans

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ACQUISITION AGREEMENT AND PLAN OF MERGER

This Acquisition Agreement and Plan of Merger (this "**Agreement**") is entered into as of [November ●], 2019 (the "**Effective Date**"), by and among **THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES** (the "**University**"), **TORREY PINES INSTITUTE FOR MOLECULAR STUDIES, INC.**, a California nonprofit public benefit corporation ("**Torrey Pines**"), **TPIMS LAND COMPANY, LLC**, a Florida limited liability company ("**TPIMS**"), **DIABETES NATIONAL RESEARCH GROUP**, a California nonprofit public benefit corporation ("**DNRG**"), **ALZHEIMER'S AND AGING RESEARCH CENTER**, a California nonprofit public benefit corporation ("**AARC**"), **OSTEOPOROSIS AND BREAST CANCER RESEARCH CENTER**, a California nonprofit public benefit corporation ("**OBCRC**"), and **ARTHRITIS & CHRONIC PAIN RESEARCH INSTITUTE**, a California nonprofit public benefit corporation ("**ACPRI**" and, collectively with DNRG, AARC, and OBCRC, the "**CA Supporting Organizations**," and, collectively with TPIMS and Torrey Pines, the "**Torrey Pines Entities**").

RECITALS

A. Torrey Pines is a nonprofit public benefit corporation based in California and is a tax-exempt public charity under Section 501(c)(3) of the Internal Revenue Code whose mission is to conduct basic research to advance the understanding of human disease and the improvement of human health.

B. The CA Supporting Organizations are supporting organizations of their supported organization, Torrey Pines, pursuant to Section 501(c)(3) of the Internal Revenue Code, as reflected in the Tax Exempt Organizations Search ("**TEOS**") of the Internal Revenue Service ("**IRS**") and all of the filed returns, IRS Forms 990, of Torrey Pines and the CA Supporting Organizations.

C. Torrey Pines is a party to certain Sponsored Research Agreements (as defined below) and Assigned Agreements (as defined below) that serve to support Torrey Pines' pursuit and fulfillment of its mission.

D. TPIMS has a leasehold interest in the real property located at 11350 SW Village Parkway, Port St. Lucie, Florida 34987 (the "**Premises**") under that certain Ground Lease Agreement, dated November 26, 2013 (the "**Ground Lease**"), owns a building located on the Premises (the "**Building**") by virtue of the Special Warranty Deed recorded November 26, 2013, in Official Records Book 3582, Page 2118, of the Public Records of St. Lucie County, Florida (the "**Building Deed**"), and owns certain personal property located in the Building, as set forth on **Exhibit A**. There are capital improvements, estimated to be in excess of $4,500,000 (the "**Capital Improvements**"), anticipated to be made to the Building. The parties agree that the combined value of the Ground Lease and the Building is $6,000,000.

E. The University desires to acquire certain assets (including the Sponsored Research Agreements, Assigned Agreements, the Ground Lease, and the Building and personal property on the Premises) of the Torrey Pines Entities, and the Torrey Pines Entities are willing to transfer such assets, subject to the terms and conditions of this Agreement and in consideration of the University's assumption of the obligation to make Capital Improvements.

F. The University believes that the acquisition of such assets from the Torrey Pines Entities will further the University's research and academic mission and provide greater capabilities for the University to perform specialized research and training in the fields currently focused on by the Torrey Pines Entities.

G. The University's assumption of the Assigned Agreements is believed to be essential to the University's performance of the Sponsored Research Agreements and will also support the University's efforts to pursue additional sponsored research and training projects in the fields currently focused on by Torrey Pines.

H. In connection with the transfer of certain assets set forth in this Agreement, the University may also elect to require the CA Supporting Organizations to merge with and into newly created Florida not for profit corporations in accordance with applicable California and Florida laws and applicable federal tax laws, including, without limitation, IRS Revenue Procedure 2018-15 ("**Rev. Proc. 2018-15**"), and for those surviving, newly created Florida not for profit corporations to become supporting organizations of a public charity affiliated with the University (such public charity or foundation to be subsequently identified by the University, the "**FIU Public Charity**").

NOW, THEREFORE, in consideration of the University's proposed assumption of the Assumed Liabilities (as defined below) on the Closing Date (as defined below), which include the assumption of the obligation to make Capital Improvements, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the University and the Torrey Pines Entities hereby agree as follows:

1. **Closing Date.** Subject to the satisfaction or waiver of all of the conditions to closing set forth in this Agreement (except those conditions related to the Mergers (as defined below) and other matters set forth in Section 4), the closing of the transactions contemplated by this Agreement (except the Mergers and other related matters set forth in Section 4) (the "**Closing Date**") shall take place at a location agreed to by the parties and on a date no later than March 1, 2020, unless otherwise extended as hereinafter provided. Torrey Pines and the University shall each have the right to unilaterally extend the Closing Date beyond March 1, 2020, through no less than thirty (30) days prior written notice to the other, provided that the Closing Date shall not be unilaterally extended beyond June 30, 2020 without the mutual agreement of both parties. The closing of the Mergers and the completion of the other related matters set forth in Section 4 shall only occur if the University elects to proceed with the Mergers and such other related matters set forth in Section 4 in accordance with the terms and conditions of Section 4, it being understood that the closing of the Mergers may occur after the Closing Date but within the time limitation set forth in Section 4.

2. **Transfer of Assets and Assigned Agreements**. On the Closing Date, in consideration of the University's assumption of the Assumed Liabilities pursuant to Section 3, the applicable Torrey Pines Entities shall assign or transfer to the University (or an affiliated entity to be identified by the University before the Closing Date in its sole discretion): (a) all of the Torrey Pines Entities' rights, title, and interest in and to the assets set forth on **Exhibit A** (collectively, the "**Assets**"), free and clear of all liens, charges, encumbrances, debts, obligations, and liabilities whatsoever; and (b) the contracts set forth on **Exhibit B** (the "**Assigned Agreements**") (which list of Assigned Agreements is preliminary as of the date hereof, and which list of Assigned Agreements shall be updated by the University and delivered to the applicable Torrey Pines Entity no later than thirty (30) days prior to the Closing Date). If any of the Torrey Pines Entities have any service/maintenance agreements that are not listed in the updated **Exhibit B**, the applicable Torrey Pines Entity shall cause such agreements to be terminated prior to the Closing Date and shall pay any termination fees or penalties related thereto.

3. **Assumed Liabilities.** On the Closing Date, and as consideration for the transfer of the Assets and assignment of the Assigned Agreements pursuant to Section 2, the University shall assume and thereafter satisfy and perform: (a) all liabilities and obligations of the Torrey Pines Entities under the Assigned Agreements which are incurred after the Closing Date, and (b) all obligations to make the Capital Improvements (collectively, the "**Assumed Liabilities**"). Other than the Assumed Liabilities, the

University does not assume, will not assume, and shall not be deemed to assume any other liability of any Torrey Pines Entity, and all such other liabilities are and shall remain the sole obligation of the applicable Torrey Pines Entity.

4. **Mergers of CA Supporting Organizations.**

4.1 At any time on or after the Closing Date, the University may elect, in its sole and absolute discretion, to require the CA Supporting Organizations to (a) first, obtain IRS approval to change the tax-exempt public charity supported by the CA Supporting Organizations from Torrey Pines to the FIU Public Charity; (b) second, after receipt of the IRS approval described in subsection (a), provide notice of such change in the supported organization of the CA Supporting Organizations to the Attorney General of the State of California; and (c) third, after providing the notice to the Attorney General of the State of California described in subsection (b), merge the CA Supporting Organizations with and into respective similarly named, newly created Florida not for profit corporations in accordance with applicable California and Florida laws and applicable federal tax laws, including, without limitation, IRS Rev. Proc. 2018-15, as follows (collectively, the "**Mergers**"):

(i) DNRG shall merge with and into Diabetes National Research Group, Inc., a new Florida not for profit corporation ("**FL DNRG**"), with FL DNRG being the surviving entity, if the University so elects;

(ii) AARC shall merge with and into Alzheimer's and Aging Research Center, Inc., a new Florida not for profit corporation ("**FL AARC**"), with FL AARC being the surviving entity, if the University so elects;

(iii) OBCRC shall merge with and into Osteoporosis and Breast Cancer Research Center, Inc., a new Florida not for profit corporation ("**FL OBCRC**"), with FL OBCRC being the surviving entity, if the University so elects; and

(iv) ACPRI shall merge with and into Arthritis & Chronic Pain Research Institute, Inc., a new Florida not for profit corporation ("**FL ACPRI**" and, collectively with FL DNRG, FL AARC, and FL OBCRC, the "**FL Supporting Organizations**"), with FL ACPRI being the surviving entity, if the University so elects.

4.2 The FL Supporting Organizations shall not obtain new federal employer identification numbers (an "**EIN**") from the IRS or file a Form 1023 with the IRS to obtain a new 501(c)(3) tax exempt determination letter (a "**Determination Letter**") prior to the Mergers. Immediately after completing the Mergers, the FL Supporting Organizations shall begin using the EINs and Determination Letters assigned to and associated with the CA Supporting Organizations prior to the Mergers.

4.3 The FL Supporting Organizations shall be supporting organizations of the FIU Public Charity pursuant to Section 501(c)(3) of the Internal Revenue Code prior to and after completing the Mergers. After completing the Mergers, the parties shall take any other action necessary to ensure that the FL Supporting Organizations continue to be classified as supporting organizations of the FIU Public Charity after completing the Mergers.

4.4 An organizational chart depicting the proposed organizational structure of the CA Supporting Organizations before and after the Mergers is attached to this Agreement as **Exhibit C**.

4.5 Notwithstanding anything to the contrary in this Section 4 or any other section of this Agreement, the Mergers of the CA Supporting Organizations with and into the FL Supporting

Organizations and the other related actions described in this Section 4 shall only occur if: (i) the University provides written notice to Torrey Pines confirming the University's desire to proceed with the Mergers and undertake the other actions set forth in this Section 4; and (ii) the Mergers are completed on or before June 30, 2020. No action taken by the University or any FIU Public Charity in pursuit of the Mergers or other matters described in this Section 4 shall obligate the University or any FIU Public Charity to continue to undertake or to complete the Mergers or any other related action described in this Section 4.

4.6 At all times from and after the Effective Date through the closing date for the Mergers, the Torrey Pines Entities shall continue to give the University full access to the books and records and accountants of the CA Supporting Organizations for the University's due diligence review, including, but not limited to, reviewing: (i) the financial, legal, and tax records and agreements of the Torrey Pines Entities; (ii) the compliance of the Torrey Pines Entities with all applicable laws, rules, and regulations; and (iii) any other matters that the University's accountants, tax, and legal counsel and other advisors deem relevant in connection with the Mergers.

4.7 At all times from and after the Effective Date and for two (2) years after the last closing date of the last Merger, the University shall continue to give the Torrey Pines Entities full access to the books and records of the CA Supporting Organizations for: (i) the financial, legal, and tax records and agreements of the Torrey Pines Entities; (ii) the compliance of the Torrey Pines Entities with all applicable laws, rules, and regulations; and (iii) any other matters that the Torrey Pines Entities accountants, tax, legal counsel or other advisors deem relevant.

5. **Real Property Ground Lease; Building & Personal Property Transfer; Termination of Grant Agreement.**

5.1 TPIMS shall transfer its leasehold interest in the Premises under the Ground Lease to the University (the "**Ground Lease Transfer**") on an "As Is", "Where Is" basis and without representation or warranty of any kind, whether express or implied, other than any representations or warranties set forth in this Agreement, and, in connection therewith, TPIMS shall also transfer (or cause the transfer of) any subleases on the Premises to the University, as contemplated by Section 2 and set forth on **Exhibit B**, on an "As Is", "Where Is" basis and without representation or warranty of any kind, whether express or implied, including, without limitation, any representation or warranty of any kind as to assignability, other than any express representations or express warranties set forth in this Agreement.

5.2 TPIMS shall execute and deliver to the University a Special Warranty Deed and Bill of Sale conveying (i) subject to the Permitted Encumbrances (as defined herein), TPIMS' fee interest and all other rights, title, and interest in and to the Building that TPIMS has by virtue of the Building Deed; and (ii) TPIMS' personal property located in the Building, as contemplated by Section 2 and set forth on **Exhibit A**, on an "As Is", "Where Is" basis and without representation or warranty of any kind, whether express or implied, other than any express representations or express warranties set forth in this Agreement and in the Special Warranty Deed (collectively, the "**Building & Personal Property Transfer**"). This provision shall not merge into either the Special Warranty Deed or Bill of Sale.

5.3 TPIMS shall satisfy all applicable title requirements related to the Ground Lease Transfer and the Building & Personal Property Transfer, which TPIMS has expressly agreed to satisfy in accordance with the terms of this Agreement.

5.4 Completion of the Ground Lease Transfer shall include (i) the execution to an amendment to the Ground Lease between the University and the City of Port St. Lucie, in form and substance reasonably acceptable to both parties, to become effective immediately following the Ground Lease Transfer (the "**Ground Lease Amendment**"), (ii) the necessary approvals by the City of Port St.

Lucie to the Ground Lease Transfer, and (iii) the execution of estoppels or any other documents reasonably requested by the University in connection with the completion of the Ground Lease Transfer.

5.5 On or prior to the Closing Date, Torrey Pines and the City of Port St. Lucie shall execute a letter evidencing the termination of that certain Grant Agreement dated as of February 9, 2007 (the "**Grant Agreement Termination**").

5.6 The University agrees to assume the Ground Lease, the subleases, the Building and the Personal Property, in their "AS IS", "WHERE IS" and "WITH ALL FAULTS" condition, including with any and all latent or patent defects, without representation or warranty of any kind by the Torrey Pines Entities and without any recourse or liability to Torrey Pines Entities, including without limitation, any representation or warranty as to the assignability of any agreement, except for any representations, warranties or recourse set forth in this Agreement or in the Special Warranty Deed conveying fee simple title of the Building to the University. The Torrey Pines Entities hereby disclaim any implied representations or warranties of any kind concerning the Ground Lease, the subleases, the Building and the personal property, including, without limitation, any implied warranty or merchantability or fitness for a particular purpose, except as may be set forth in this Agreement. University, at its sole risk, is relying upon its independent evaluation of the Ground Lease, the subleases, the Building and the personal property in making its decision to assume the Ground Lease, the subleases, the Building and the personal property. Any documentation, surveys, agreements or other materials provided by the Torrey Pines Entities, to the extent available, are being provided merely as an accommodation to the University, and the Torrey Pines Entities make no representation or warranty of the accuracy, fitness or completeness of such materials. The University will rely solely on its own inspections and investigations of the Ground Lease, the subleases, the Building and the personal property and will not rely on any representation or warranty of the Torrey Pines Entities. This Section shall survive the Closing.

6. Title and Survey Provisions.

6.1 Title. Prior to the Effective Date, the University, at its expense, obtained a title commitment (the "**Commitment**") for an ALTA leasehold title insurance policy from a title company of the University's choice in favor of the University. The Commitment shows TPIMS to be vested with a leasehold interest in the Premises and with title to the Building (collectively, the "**Leasehold Property**"). Prior to the Effective Date, the University notified TPIMS in writing ("**University Objection Notice**") of the title matters the University finds to be defective (i.e., matters which, in the University's sole and absolute discretion, render title unmarketable). The parties hereby agree that the following matters shall not be considered defects (**Permitted Encumbrances**"): (i) taxes and assessments for the year of closing (unless closed in November or December, in which event such exception shall be for the next calendar year) and subsequent years, endorsed "not yet due and payable;" (ii) comprehensive land use plans, zoning, and other land use restrictions, prohibitions, or requirements imposed by a governmental authority; (iii) restrictions and matters appearing on the plat or otherwise common to the subdivision as disclosed in any public records; and (iv) unplatted utility easements of record. Within ten (10) days following the Effective Date, TPIMS shall notify the University ("**TPIMS Response Letter**") whether or not TPIMS shall cause all or any such defects raised in the University Objection Notice to be cured by the Closing Date. A failure to timely deliver a TPIMS Response Letter shall mean that TPIMS does not agree to cause all or any such defects to be cured by the Closing Date. Within ten (10) days of the University's receipt of a TPIMS Response Letter, the University shall have the right to either: (a) terminate this Agreement by delivering written notice to TPIMS within ten (10) days after receipt of such TPIMS Response Notice, in which event, this Agreement shall be terminated and the parties shall be released from all further obligations under this Agreement, except those obligations which expressly survive the consummation of the transaction contemplated by, or the termination of this Agreement; or (b) the University shall consummate the transaction contemplated by this Agreement in accordance with the terms hereof, in which event, all those objections raised in the University Objection Notice that TPIMS has so elected not to cure shall be waived by the University. In the event that TPIMS does not or cannot eliminate all timely raised title defects (which TPIMS agreed to cure) on or before the Closing Date, the University shall have the option of either: (i) closing and accepting the title to the Leasehold Property "as is", or (ii) terminating this Agreement, whereupon both parties shall be released from all further obligations under this Agreement, except those obligations which expressly survive the consummation of the transaction contemplated by, or the termination of this Agreement. Notwithstanding the foregoing, (i) TPIMS agrees to remove by payment, bonding, or otherwise any lien in a liquidated amount against the Leasehold Property, or any other encumbrances against the Leasehold Property which are capable of removal by the payment of funds on the Closing Date, which are $2,000 or less in the aggregate, (ii) if there are any such liens or encumbrances in a total aggregate amount between $2001 and $5,000, then any such liens will be considered Permitted Encumbrances and will be discharged by the University, and (iii) if there are any such liens or encumbrances in a total aggregate amount in excess of $5,000, then they shall be considered timely raised title defects to be handled by the parties in accordance with the other provisions of this Section. Prior to the Closing Date, the University may cause the Commitment to be updated and if such update reveals any new matters of record which, in the University's sole and absolute discretion, renders title to the Leasehold Property unmarketable, or subjects the Leasehold Property to liens, encumbrances or covenants not previously of record, the University shall immediately notify TPIMS of same and such defect(s) shall be treated in the same manner as title defects are treated under the preceding paragraph. Neither TPIMS nor any Torrey Pines Entity shall have any obligation to remove any matter created by or on behalf of the University. To the extent any liens or other encumbrances are or have been created by or on behalf of the University, the University shall cause such lien other encumbrances to be paid or transferred to bond and released of record within ten (10) days after filing.

6.2 Survey. Prior to the Effective Date, the University obtained a survey of the Leasehold Property (the "**Survey**") and notified TPIMS of any encroachments on the Leasehold Property or any other state of facts which would render TPIMS's title to the Leasehold Property unmarketable, as determined by the University, in the University's sole and absolute discretion (the "**University's Survey Objection Notice**"). Within ten (10) days following the Effective Date, TPIMS shall notify the University ("**TPIMS Survey Response Letter**") whether or not TPIMS shall use its reasonable efforts to cause all or any such survey defects to be cured by the Closing Date. A failure to timely deliver a TPIMS Survey Response Letter shall mean that TPIMS does not agree to cause all or any such defects to be cured by the Closing Date. With respect to any items that TPIMS is not willing to cure, the University shall have the option of either: (i) closing and accepting the Leasehold Property "as is", or (ii) terminating this Agreement, whereupon both parties shall be released from all further obligations under this Agreement, except those obligations which expressly survive the consummation of the transaction contemplated by, or the termination of this Agreement. In the event that TPIMS does not eliminate all timely raised survey defects (which TPIMS agreed to cure) on or before the Closing Date, the University shall have the option of either: (i) closing and accepting the Leasehold Property "as is", or (ii) terminating this Agreement, whereupon both parties shall be released from all further obligations under this Agreement except those obligations which expressly survive the consummation of the transaction contemplated by, or the termination of this Agreement. Neither TPIMS nor any Torrey Pines Entity shall have any obligation to remove any matter created by or on behalf of the University.

7. Employment of Certain Torrey Pines Personnel; Benefit Plans.

7.1 On or before January 15, 2020, the University shall make offers of employment to the existing Torrey Pines employees set forth on **Exhibit D** (the "**Transitioning Employees**") with a start date effective the day after the Closing Date and for the same base salary being earned by such Transitioning Employees immediately prior to the Closing Date; provided, however, that all offers, terms, conditions, and benefits of employment of such Transitioning Employees by the University shall be subject to the

University's standard personnel policies, terms, and other requirements and, even though the University shall have presented an offer letter to a proposed Transitioning Employee, the employment of such Transitioning Employee shall be subject to the approval of the Board of Governors of the State University System of Florida (including, but not limited to, the approval of the use of the Building as a special purpose center), the completion of a customary background check, and the satisfaction of all other customary hiring processes and requirements of the University. Torrey Pines shall not increase the salary, benefits, or any other compensation of the Transitioning Employees prior to the Closing Date without the University's prior written consent.

7.2 The University shall have no obligation to hire any employees of Torrey Pines or any affiliate thereof other than the Transitioning Employees set forth on **Exhibit D** subject to the terms and conditions of Section 7.1 (such employees not set forth on **Exhibit D**, the "**Non-Transitioning Employees**") and shall have no liability to Torrey Pines, any affiliate thereof, or any other person or entity as a result of the University's election not to hire the Non-Transitioning Employees. For the avoidance of doubt, neither the University nor any affiliate thereof shall have any liability for: (a) any employment discrimination claims, workers' compensation claims, employment-related litigation, breach of contract claims, or any other claims or losses in respect of the employment of the Non-Transitioning Employees regardless of whether such matters occurred before or after the Closing Date; or (b) any severance that any Torrey Pines Entity is or was required to pay, or voluntarily agreed to pay, any Non-Transitioning Employee. The liabilities of the Torrey Pines Entities described in this Section 7.2 for which the University and its affiliates shall have no liability whatsoever are collectively referred to in this Agreement as the "**Excluded Employment Liabilities**."

7.3 On or before the Closing Date, Torrey Pines and the Transitioning Employees shall cause all offer letters, employment agreements, consulting agreements, independent contractor agreements, or other similar agreements between Torrey Pines (or any affiliate thereof) and the Transitioning Employees (the "**Existing Employment Agreements**") to be terminated, and Torrey Pines shall have paid each such Transitioning Employee all accrued and unpaid employment-related wages and fringe benefits (e.g., wages, commissions, accrued vacation pay, etc.) earned up to the time of termination of employment with Torrey Pines. Dr. Richard Houghten shall be named Director of Torrey Pines @ FIU until December 31, 2021 upon terms and conditions to be mutually agreed upon between the University and Dr. Houghton (with three year renewals as mutually agreed upon by the University and Dr. Houghton, and subject to the standard terms and conditions of Dr. Richard Houghton's offer letter entered into with the University). Further, Dr. Robin Offord shall be named as Chairman of a newly-formed Torrey Pines @ FIU Advisory Board for one year, or until his earlier death, retirement, or dismissal for cause, also upon terms and conditions to be mutually agreed upon between the University and Dr. Offord. Notwithstanding the foregoing, the University shall have no obligation to make offers of employment to the Transitioning Employees, or make the above appointments, if this Agreement is terminated prior to the Closing Date or if the transactions contemplated by this Agreement are not consummated.

7.4 Notwithstanding anything herein to the contrary, the University shall not assume responsibility or sponsorship for any Torrey Pines Benefit Plan (as defined below) regardless of whether such plans are subject to ERISA (as defined below). This provision shall survive the closing.

8. **Transfer of Sponsored Research Agreements.** On the Closing Date, Torrey Pines and the University shall: (a) use their respective best efforts to coordinate with each other and with the sponsors of the research and service contracts and grants listed on **Exhibit E** (collectively, the "**Sponsored Research Agreements**") to effectuate the orderly and prompt transfer of the Sponsored Research Agreements to the University; and (b) execute any documentation necessary to effectuate such transfers. The terms of the Sponsored Research Agreements shall be negotiated by the University with the sponsors of the Sponsored Research Agreements as part of the transfer process, and the University is not obligated to accept the

transfer of any Sponsored Research Agreement or any agreements or documents related thereto (including, but not limited to, any subawards or lease agreements) unless the University agrees to the terms of such agreements or documents related thereto in the University's sole and absolute discretion. The following persons shall be the primary points of contact for the coordination of the transfer of the Sponsored Research Agreements described above: Pam Keen for Torrey Pines, and Mr. Robert Gutierrez, Vice President for Research for the University.

9. **Transfer or License of Intellectual Property**.

9.1 On the Closing Date, Torrey Pines (and any other applicable Torrey Pines Entity) shall execute one or more agreements (the "**Intellectual Property Agreement(s)**") that shall:

(a) assign and transfer all of the rights, title, and interest of Torrey Pines (and any other applicable Torrey Pines Entity) in and to the chemical compound and positional scanning libraries (including, but not limited to, any and all compounds derived from such libraries and associated know how, trade secrets, and methods for using and analyzing such libraries) (the "**Chemical Compound Library**") to, or as directed by, the University;

(b) assign and transfer all of the rights, title, and interest of Torrey Pines (and any other applicable Torrey Pines Entity) in and to U.S. Patent No. 9,988,341 (Bacterial Topoisomerase Inhibitors and Use Thereof) and all patent applications associated therewith to, or as directed by, the University;

(c) assign and transfer all of the rights, title, and interest of Torrey Pines (and any other applicable Torrey Pines Entity) in and to all know how and trade secrets, if any, developed by Torrey Pines that may be needed by the University due to the assignment or transfer of Assets of Torrey Pines (or any other applicable Torrey Pines Entity) to, or as directed by, the University;

(d) grant an exclusive, perpetual, royalty-free, transferable (only to affiliates of the University), and sub-licensable (only to affiliates of the University) license to use any common law names or marks as the same may have been used by the Torrey Pines Entities and grant an exclusive, perpetual, royalty-free, transferable (only to affiliates of the University), and sub-licensable (only to affiliates of the University) license to use any U.S. Trademark Reg. No. 4266472 ("Torrey Pines Institute for Molecular Studies" work mark only) and U.S. Trademark Reg. No. ("Torrey Pines Institute for Molecular Studies" word mark with design) (such trademarks, collectively, the "**Registered Torrey Pines Trademarks**") to, or as directed by, the University, which shall, among other terms and conditions, (i) include the Torrey Pines Entities' consent to the University's (or an affiliate thereof) registration of "Torrey Pines @ FIU" with the United States Patent and Trademark Office (the "**New Registered Trademark**"), (ii) include the Torrey Pines Entities' consent to the University's (or its affiliate's) incorporation of the Registered Torrey Pines Trademarks into the New Registered Trademark, (iii) allow for the submission of such Intellectual Property Agreement(s) to the United States Patent and Trademark Office in connection with the registration of the New Registered Trademark, and (iv) require Torrey Pines (or the applicable Torrey Pines Entity) to timely renew the Registered Torrey Pines Trademarks when such renewal(s) are permitted under federal law; and

(e) assign and transfer all of the rights, title, and interest of Torrey Pines (and any other applicable Torrey Pines Entity) in and to all copyrights owned by the Torrey Pines Entities related to any software or documentation developed or prepared by the Torrey Pines Entities that will be transferred or assigned to, or as directed by, the University.

9.2 Given that U.S. Patent No. 9,988,341 will be fully owned by University in view of Section 9.1(b) above, the Inter-Institutional Agreement between Torrey Pines and the University dealing with U.S. Patent Application No. 15/491,679 that became U.S. Patent No. 9,988,341 executed on January 24, 2018 by Torrey Pines and on February 8, 2018 by University shall be deemed to be terminated as of the Closing Date. If requested by the University in its sole discretion, Torrey Pines shall execute a related Termination Agreement in form and substance acceptable to the University to confirm the termination of the Inter-Institutional Agreement.

9.3 The patents, trademarks, copyrights, and other intellectual property described in Section 9.1 and Section 9.2 are collectively referred to in this Agreement as the "**Intellectual Property**," and the assignments and transfers, and license, of such Intellectual Property to, or as directed by, the University pursuant to this Section 9 are collectively referred to in this Agreement as the "**IP Transfer**."

10. Documents and Other Instruments to be Delivered.

10.1 Obligations of the Torrey Pines Entities – Closing Date. Torrey Pines shall duly execute and deliver (or cause the applicable Torrey Pines Entity to duly execute and deliver) the following to the University on or before the Closing Date:

(a) An "As Is", "Where Is" Bill of Sale conveying the Assets as directed by, the University;

(b) an Affidavit of Title that the Assets that are being conveyed "As Is", "Where Is" but free and clear of known liens, charges, encumbrances, debts, obligations, and liabilities;

(c) an Assignment and Assumption of Contracts pursuant to which the Assigned Agreement(s) (on "As Is", "Where Is" but free and clear of known liens, charges, encumbrances, debts, obligations, and liabilities basis) shall be assigned to the University;

(d) any other certificates and other instruments of transfer, or other assignments, estoppels, or agreements as may be determined to be necessary or desirable by the parties to effectively transfer all of the rights, title, and interest of the Torrey Pines Entities in or to the Assets or the Assigned Agreements to the University;

(e) all documentation reasonably necessary to effectuate the Ground Lease Transfer, the Building & Personal Property Transfer, the Ground Lease Amendment, and the Grant Agreement Termination in accordance with this Agreement;

(f) all documentation reasonably required to be delivered by TPIMS as set forth in the Commitment or documentation that TPIMS agrees to deliver to cure and title and/or survey defects as set forth in Section 6 herein;

(g) written confirmation of the termination of the Existing Employment Agreements (or that there are no such Existing Employment Agreements), which shall be acceptable to the University in its reasonable discretion;

(h) all documentation necessary to transfer the Sponsored Research Agreements to the University, subject to Section 8 and as determined by the University in its reasonable discretion, including, but not limited to, the facilitation of the execution of any required novation agreements for the Sponsored Research Agreements with the appropriate parties;

(i) all documentation necessary to effectuate the IP Transfer, including the Intellectual Property Agreement(s) on "As Is","Where Is" but free and clear of known liens, charges, encumbrances, debts, obligations, and liabilities basis;

(j) a certificate (or other documentation) in form and substance reasonably acceptable to the University that (i) all severance obligations to Non-Transitioning Employees that any Torrey Pines Entity is or was required to pay, or voluntarily agreed to pay, has been paid; (ii) that no other severance obligations are due to any Non-Transitioning Employees as of the Closing Date; and (iii) that any Non-Transitioning Employee who received a severance payment from a Torrey Pines Entity executed a General Release for the benefit of the Torrey Pines Entities, the University, and its affiliates in form and substance acceptable to the University (or that a Non-Transitioning Employee who is expected to receive severance after the Closing Date will be required to execute such a General Release as a condition to receiving such severance);

(k) certificates in form and content evidencing each Torrey Pines Entity's existence, power, and authority to enter into and execute this Agreement and to consummate the transaction herein contemplated, including copies of resolutions adopted by the Board of Directors of Torrey Pines; and

(l) any other documents that the University requests that any Torrey Pines Entity deliver to effectuate the transactions contemplated herein, as determined by the University in its sole and absolute discretion.

10.2 Obligations of the Torrey Pines Entities – Mergers. If the University elects to proceed with a Merger in accordance with Section 4, Torrey Pines shall duly execute and deliver (or cause the applicable Torrey Pines Entity to duly execute and deliver) the following to the University (or the FIU Public Charity) on or before the closing of a Merger:

(a) for each Merger, an Agreement and Plan of Merger, Articles of Merger, a Plan of Merger, and all other notices, consents, approvals, or other documentation necessary, as determined by the parties, to effectuate the Merger in accordance with California and Florida laws and IRS Rev. Proc. 2018-15;

(b) certificates in form and content acceptable to the the parties evidencing each CA Supporting Organization's existence, power, and authority to consummate the Mergers; and

(c) any other documents that the University requests that any CA Supporting Organization deliver to effectuate the Mergers, as determined by the University in its reasonable discretion.

10.3 University's Obligations – Closing Date. The University shall duly execute and deliver (or cause an affiliate thereof to duly execute and deliver) the following to the Torrey Pines Entities on or before each such Closing Date:

(a) any documents set forth in Section 10.1 that require the University's signature to effectuate the transactions contemplated therein;

(b) subject to the terms and conditions of Section 7.1, an offer letter from the University to each Transitioning Employee; and

(c) any other documents that Torrey Pines reasonably requests to effectuate the transactions contemplated herein (except the Mergers, unless the University has elected to proceed with the Mergers in accordance with Section 4).

10.4 University's Obligations – Mergers. If the University elects to proceed with the

Mergers in accordance with Section 4, the University shall duly execute and deliver (or cause an affiliate thereof to duly execute and deliver) the following to Torrey Pines on or before the closing of the Mergers:

(a) for each FL Supporting Organization, Articles of Incorporation, Bylaws, a Written Consent in Lieu of an Organizational Meeting, and other formation documents for the FL Supporting Organizations; and

(b) any other documents that Torrey Pines reasonably requests to effectuate the Mergers.

11. **Representations and Warranties of the Torrey Pines Entities**. Subject to any disclosures elsewhere in this Agreement. the Torrey Pines Entities hereby represent and warrant to the University as follows as of the date of this Agreement and as of the Closing Date, which representations and warranties shall survive until six (6) months after the Closing Date; provided, however, that if the University elects to proceed with a Mergers and closes a Merger, the representations and warranties of the Torrey Pines Entities relevant to a CA Supporting Organization(s), Torrey Pines (but only to the extent relevant to that Merger) shall survive until six (6) months after the closing date of the applicable Merger (such date six (6) months after the Closing Date or the closing date of the Mergers, as applicable, the "**Survival Period Expiration Date**"). All of the representations and warranties in Section 11.1 through Section 11.17 are made to the best of the knowledge of Mrs. Pamela Houghton after due inquiry of the person(s) reasonably likely to have knowledge of the relevant matter.

11.1 Organization and Good Standing. Each of Torrey Pines and the CA Supporting Organizations is a nonprofit public benefit corporation duly organized, validly existing, and in good standing under the laws of the State of California, and Torrey Pines is qualified to transact business in the State of Florida. TPIMS is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of Florida.

11.2 Authority Relative to this Agreement. Each of the Torrey Pines Entities has the full power and authority to execute and deliver this Agreement and to consummate the transactions contemplated in this Agreement.

11.3 Binding Obligation. Assuming the execution of this Agreement by the University, this Agreement shall be a legal, valid, and binding obligation of the Torrey Pines Entities enforceable against the Torrey Pines Entities in accordance with its terms.

11.4 No Conflict. The signing and delivery of this Agreement by the Torrey Pines Entities and the performance by the Torrey Pines Entities of all of their respective obligations under this Agreement will not: (a) conflict with the organizational documents of any Torrey Pines Entity; (b) breach any agreement to which any Torrey Pines Entity is a party or give any person or entity the right to accelerate any obligation of any Torrey Pines Entity; (c) violate any law, judgment, or order to which any Torrey Pines Entity is subject; or (d) except for the Sponsored Research Agreements, require the consent, authorization, or approval of any person or entity, including, but not limited to, any governmental body.

11.5 Title. The Torrey Pines Entities have good and marketable title to all of the Assets, free and clear of any liens, mortgages, pledges, security interests, and other encumbrances of any kind.

11.6 Compliance with Laws. The Torrey Pines Entities have complied with all applicable city, state, and federal laws, ordinances, regulations, and rules with respect to the conduct of their respective operations and their employees and have not received any notice or notices (whether written or oral) of violations of any such statutes or regulations that have not been cured.

11.7 Litigation. There are no actions, suits, proceedings, or investigations pending or threatened against or affecting any Torrey Pines Entity, their employees, the Assets, the Assigned Agreements, the Premises, the Leasehold Property, the Ground Lease, the Building, the Sponsored Research Agreements, or the Intellectual Property.

11.8 Financial Matters. The financial statements of Torrey Pines actually provided to the University fairly present the results of operations and the financial condition of the Torrey Pines Entities through the calendar year 2018 and have been prepared in accordance with generally accepted accounting principles consistently applied. Said financial statements properly reflect all assets and liabilities as then in existence. From and after the date of the 2018 audited financial statements provided by Torrey Pines to the University, Torrey Pines is not aware of any act, event or omission that has had a materially adverse effect on the operations or the financial condition of the Torrey Pines Entities.

11.9 Contracts. There are no existing disputes or grounds for dispute under any of the Assigned Agreements or the Sponsored Research Agreements and no act, event, or omission has occurred that, whether with or without notice, lapse of time, or both, would constitute a material default under the Assigned Agreements, the Ground Lease, the Existing Employment Agreements, or the Sponsored Research Agreements.

11.10 Conduct of Business. The Torrey Pines Entities have operated their respective businesses in the ordinary course consistent with past practices and there has been no material adverse change in their respective businesses. The Torrey Pines Entities have not accrued debts or disposed of any assets other than those debts accrued and those assets disposed of in the ordinary course of

11.11 Taxes. All tax returns (including, but not limited to, returns of real and personal property taxes, intangible taxes, withholding taxes, and unemployment compensation taxes) that the Torrey Pines Entities were required to file in accordance with any applicable law have been duly filed, and all taxes shown to be due on such returns have been paid in full, through the calendar year 2017. The Torrey Pines Entities have duly filed, and been granted, extensions by the appropriate governmental authorities for any unfiled tax returns, which extensions all remain in effect. None of the Torrey Pines Entities is currently being audited by the Internal Revenue Service or any state department of revenue or like agency.

11.12 Tax Exempt Status. The CA Supporting Organizations are supporting organizations of their supported organization, Torrey Pines, pursuant to Section 501(c)(3) of the Internal Revenue Code, as reflected in the TEOS of the IRS and all of the filed returns, IRS Forms 990, of Torrey Pines and the CA Supporting Organizations. The Torrey Pines Entities acknowledge and confirm that the University has not obtained more detailed information regarding the foundation classification status of Torrey Pines or the CA Supporting Organizations, such as through the use of the IRS' Exempt Organizations Business Master File Extract ("**EO BMF**"), and therefore are materially relying on the foregoing search results and filed IRS Forms 990 as currently accurate representations of the foundation classification status of each of Torrey Pines and the CA Supporting Organizations.

11.13 Employment Matters. None of the Torrey Pines Entities are delinquent in payments to any of their respective employees, consultants, or independent contractors for any wages, salaries, commissions, bonuses, or other direct compensation for any service performed or for amounts required to be reimbursed to such employees, consultants, or independent contractors. The Torrey Pines Entities have complied in all material respects with all applicable local, state, and federal equal employment opportunity laws and with other laws related to employment, including those related to wages, hours, worker classification, and collective bargaining. The Torrey Pines Entities have withheld and paid to the appropriate governmental entity or are holding for payment not yet due to such governmental entity all amounts required to be withheld from employees and are not liable for any arrears of wages, taxes, penalties, or other sums for failure to comply with any of the foregoing. None of the Transitioning Employees are obligated under any contract (including licenses, covenants, or commitments of any nature) or other agreement, or subject to any judgment, decree, or order of any court or administrative agency, that would materially interfere with such employee's ability to promote the interest of the University or that would conflict with the University's business.

11.14 Employee Benefit Plans. **Exhibit F** sets forth each employee benefit plan (collectively, the "**Torrey Pines Benefit Plans**") maintained, established, operated or sponsored by any Torrey Pines Entity, or which any Torrey Pines Entity participates in or contributes to, which is subject to the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"). The Torrey Pines Entities have made all required contributions to such Torrey Pines Benefit Plans in a timely manner. No facts or circumstances exist with respect to any Torrey Pines Benefits Plan that could give rise to or subject the Torrey Pines Entities or the University to any fine, penalty, tax or other liability. Any Torrey Pines Benefit Plan that is intended to be governed by Section 403(b) of the Internal Revenue Code is the subject of a pre-approved plan. The Torrey Pines Entities have no liability to any such Torrey Pines Benefit Plan, other than liability for health plan continuation coverage described in Part 6 of Title I(B) of ERISA, and have complied in all material respects with all applicable laws with respect to establishing, maintaining and operating such Torrey Pines Benefit Plans. There are no claims (other than routine claims for benefits) pending or threatened with respect to such Torrey Pines Benefit Plans, and no facts or circumstances exist that could give rise to such claims.

11.15 Disclosure. No representation, warranty, or statement made by any Torrey Pines Entity in this Agreement or in any Exhibit to this Agreement contains or will contain any untrue statement or omits or will omit any fact necessary to make the statements contained herein or therein not misleading. The Torrey Pines Entities have disclosed to the University all facts that are material to the financial condition, operations, or prospects of the Torrey Pines Entities, the Assets, the Assigned Agreements, the Premises, the Leasehold Property, the Ground Lease, the Building, the Sponsored Research Agreements, or the Intellectual Property.

11.16 TPIMS Representations.

(a) TPIMS has not assigned, transferred, conveyed, hypothecated or contracted with any party other than the University to assign, transfer or convey the Leasehold Property and from the date hereof, TPIMS shall not do or take any action which would affect or alter TPIMS's ownership of the Leasehold Property.

(b) After the Closing Date, TPIMS agrees that it shall have no further rights, title or interest in or to any income, profits or distributions from the Leasehold Property or the Premises

(c) TPIMS has not received any written notices stating that the Leasehold Property or the Premises, or the current or intended use or occupation thereof, is in violation of any applicable governmental statutes, laws, ordinances, rules, regulations or orders of governmental agencies or authorities binding on the Leasehold Property or the Premises.

(d) TPIMS has provided to the University a full list of the active subleases in the Building, which list is true, correct, and complete in all material respects, and there are no other subleases, and the subleases listed are in full force and effect. Except as otherwise disclosed to the University, TPIMS has not received written notice of uncured default from any of such subtenants. No subtenant is in default of their sublease (other than a partial rent payment by the SAS Group, and the SAS Group and TPIMS have entered into a payment plan, as disclosed to the University on November 20, 2019), no written notices or amendments or modifications have been made thereto, no legal action is pending with respect to any of the subleases, and TPIMS has not received written notice that any legal action is threatened by a subtenant with respect to any of the subleases. There are no commission agreements in effect with brokers which will be binding on the University or its successors and assigns with respect to any future expansions and renewals of the subleases presently in effect.

11.17 Settlement Agreement. All of the conditions set forth in that certain undated Settlement Agreement between the Torrey Pines Institute for Molecular Studies, inclusive of its affiliates, and Gregory Welmaker (the "**Settlement Agreement**") have been met by the parties thereto in full, none of the parties to the Settlement Agreement has defaulted thereunder, and no act, event, or omission has occurred that, whether with or without notice, lapse of time, or both, would constitute a default under the Settlement Agreement.

11.18 No Other Representations or Warranties. Except for the representations and warranties contained in Section 11.1 through Section 11.17, and for the warranties set forth in the Special Warranty Deed transferring fee simple title of the Building to the University, none of the Torrey Pines Entities has made or makes any other express or implied representation or warranty, either written or oral, on behalf of the Torrey Pines Entities, including any representation or warranty as to the accuracy or completeness of any information regarding the Torrey Pines Entities furnished or made available to the University and its representatives or as to the future revenue, profitability, or success of the Torrey Pines Entities, or any representation or warranty arising from statute or otherwise in law.

12. **Representations and Warranties of the University.** The University hereby represents and warrants as follows to the Torrey Pines Entities as of the date of this Agreement and as of the Closing Date, which representations and warranties shall survive until the applicable Survival Period Expiration Date:

12.1 Organization and Good Standing. The University is a public body corporate of the State of Florida and an organization described in §§ 170(b)(l)(A)(ii) and 2522(a) of the Internal Revenue Code of 1986, is qualified to transact business in the State of Florida, and is in good standing under the laws of the State of Florida.

12.2 Binding Obligation. Assuming the execution of this Agreement by the Torrey Pines Entities, and subject to the terms of Section 14 and Section 15 hereof, this Agreement is the legal, valid, and binding obligation of the University, enforceable against the University in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, or other similar laws of general application.

13. **Covenants of the Torrey Pines Entities Prior to the Closing Date**. Prior to the Closing Date, the Torrey Pines Entities shall:

13.1 continue to give the University full access to the properties, facilities, books and records, and employees, consultants, and contractors of the Torrey Pines Entities for the University's due diligence review, including, but not limited to, reviewing: (a) the financial, legal, tax, environmental, intellectual property, and labor and employment records and agreements of the Torrey Pines Entities; (b) the condition of any Asset; (c) surveys, environmental studies, and other customary real estate due diligence matters; (d) the compliance of the Torrey Pines Entities with all applicable laws, rules, and regulations; and (e) any other matters that the University's accountants, tax, and legal counsel and other advisors deem relevant;

13.2 (a) conduct business in the ordinary course in a manner consistent with past practice; (b) maintain all assets in good working condition, free and clear of all liens and encumbrances, except in the ordinary course of business; (c) use best efforts to maintain the business, employees, assets, and operations as an ongoing concern in accordance with past practice; and (d) use their respective best efforts to assist the University with preparing to obtain any necessary approvals or consents anticipated to be required to be obtained in connection with the transactions described in this Agreement;

13.3 not assign, sell, lease, or otherwise transfer or dispose of any of their respective assets used in the performance of their respective businesses, whether now owned or hereafter acquired, except in the ordinary course of business consistent with their past practice;

13.4 perform all of their respective liabilities and obligations under all contracts to which any Torrey Pines Entity is a party;

13.5 refrain, and cause its officers, members, managers, employees, and other agents to refrain, from initiating negotiations with third parties relating to the transactions contemplated in this Agreement;

13.6 take such corporate action as may be necessary to terminate all Torrey Pines Benefit Plans effective as of the Closing Date; and

13.7 not (a) perform any grading, excavation, demolition, alteration, construction, or make any other change or improvement upon or about the Premises or the Building except as required for maintenance and repair or under this Agreement; (b) create or incur, or suffer to exist, any mortgage, lien, pledge, easement or other encumbrances in any way affecting the Premises or the Building or otherwise modify any of the foregoing; (c) commit or allow to exist any waste or nuisance upon the Premises or the Building; (d) fail to comply with any landlord obligations under the subleases; (e) to the extent the Torrey Pines Entities are in possession and control of the Premises, not properly protect the Premises and the Building and provide security thereto; (f) change or attempt to change, director or indirectly, the current zoning of the Premises; (g) cancel, amend or modify any license or permit held by any Torrey Pines Entity with respect to the Premises or the Building or any part thereof; or (h) enter into new subleases or any other agreements pertaining to the Premises or the Building without the University's prior written consent.

The Torrey Pines Entities acknowledge and agree that the covenants set forth in this Section 13, as applicable, shall continue in full force and effect past the Closing Date with respect to a CA Supporting Organization until the later of March 1, 2020 or the date of the closing of a Merger(s).

14. **Conditions to the University's Obligation to Close on the Closing Date**. The University's obligation to close the transactions contemplated by this Agreement on the Closing Date is subject to satisfaction, in the University's sole discretion, of the following conditions:

14.1 all of the representations and warranties of the Torrey Pines Entities set forth in this Agreement shall be true and correct on the Closing Date;

14.2 the business of the Torrey Pines Entities shall not have suffered any material adverse change, in the University's sole and absolute discretion, in the business prospects, financial condition, assets, liabilities, or operations between the signing of this Agreement and the Closing Date (including, without limitation, a casualty event affecting the Premises or the Building or a condemnation of all or a portion thereof);

14.3 the University's due diligence investigation of the Torrey Pines Entities (including, but not limited to, all accounting and financial due diligence) shall be completed and acceptable to the University in the University's sole and absolute discretion;

14.4 approval of the Board of Trustees of Florida International University;

14.5 approval of the Board of Governors of the State University System of Florida;

14.6 approval by the City of Port St. Lucie of the Ground Lease Transfer;

14.7 satisfactory prior written notice to the Attorney General of the State of California concerning the transactions involving Torrey Pines contemplated by this Agreement (which, for the avoidance of doubt, shall exclude the Mergers and the other matters described in Section 4);

14.8 completion of the Ground Lease Transfer;

14.9 completion of the Building & Personal Property Transfer;

14.10 completion of the Ground Lease Amendment;

14.11 completion of the Grant Agreement Termination;

14.12 completion of the IP Transfer;

14.13 the University obtaining all licenses, approvals, permits, and waivers from the public authorities necessary to authorize the ownership and operation of the Assets and the Assigned Agreements, including, without limitation, the approval of the Board of Trustees of Florida International University;

14.14 the execution and delivery by the Torrey Pines Entities of all other documentation set forth in Section 10.1; and

14.15 there shall not have occurred at any time on or before the Closing Date the making by any Torrey Pines Entity of any general assignment for the benefit of creditors, or the filing against any Torrey Pines Entity of a petition to have any Torrey Pines Entity adjudged a bankrupt or a petition for reorganization or arrangement under any law relating to bankruptcy, or the appointment of a trustee or receiver to take possession of substantially all of the interest of any Torrey Pines Entity in the Premises, or the attachment, execution or judicial seizure of substantially all the assets of any Torrey Pines Entity or the interests of any Torrey Pines Entity in the Premises or any legal proceeding in which any Torrey Pines Entity is adjudicated as being, or stipulates to being, insolvent or unable to pay its debts as they come due.

15. **Conditions to the University's Obligation to Close the Mergers**. If the University has elected to proceed with the Mergers pursuant to the terms of this Agreement, the University's (or an affiliated entity to be identified by the University before the Closing Date in its sole discretion) obligation to close the Mergers is subject to the satisfaction, in the University's sole discretion, of the following conditions:

15.1 all of the representations and warranties of the CA Supporting Organizations set forth in this Agreement shall be true and correct on the Closing Date and the closing date of the Mergers;

15.2 the business of the CA Supporting Organizations shall not have suffered any material adverse change, in the University's sole and absolute discretion, in the business prospects, financial condition, assets, liabilities, or operations between the signing of this Agreement and the closing date of the Mergers;

15.3 the University's due diligence investigation of the CA Supporting Organizations (including, but not limited to, all accounting and financial due diligence) shall be completed and acceptable to the University in its sole and absolute discretion;

15.4 completion of all steps set forth in Section 4 of this Agreement;

15.5 approval of the Mergers by the Board of Directors of the FIU Public Charity;

15.6 the execution and delivery by the Torrey Pines Entities of all other documentation set forth in Section 10.2; and

15.7 there shall not have occurred at any time on or before the closing date of the Mergers the making by any CA Supporting Organization of any general assignment for the benefit of creditors, or the filing against any CA Supporting Organization of a petition to have any CA Supporting Organization adjudged a bankrupt or a petition for reorganization or arrangement under any law relating to bankruptcy, or the appointment of a trustee or receiver to take possession of substantially all of the interests of any CA Supporting Organization, or the attachment, execution or judicial seizure of substantially all the assets of any CA Supporting Organization or any legal proceeding in which any CA Supporting Organization is adjudicated as being, or stipulates to being, insolvent or unable to pay its debts as they come due.

16. **Best Efforts**. Each party shall use its reasonable best efforts to take all action and to do all things necessary, proper, and advisable, including, but not limited to, (a) obtaining all necessary approvals required to authorize the execution and delivery of this Agreement and consummate and make effective the transactions contemplated by this Agreement; and (b) cooperating with the University to transfer the Sponsored Research Agreements to the University.

17. **Taxes**. Torrey Pines shall be responsible for and pay any and all sales, use or corporate taxes for any taxable period (or portion thereof) ending on or prior to the Closing Date, or arising in connection with the transfer by Torrey Pines of the Assets on the Closing Date, and the acquisition thereof by the University, including, without limitation, taxes imposed on any Torrey Pines Entity, even if the obligation to pay such taxes attributable to a taxable period ending on or prior to the Closing Date arises after the Closing Date. Torrey Pines shall remit and file such taxes, including any and all necessary returns and reports, to the appropriate governmental agency in a timely manner.

18. **Termination**.

18.1 This Agreement may be terminated by written notice at any time prior to or on the Closing Date:

(a) by mutual written agreement of the parties to this Agreement;

(b) by the University, if there has been a material misrepresentation in this Agreement by any Torrey Pines Entity, a material breach of any representation, warranty, covenant, or condition set forth in this Agreement, or if the University determines, based on its due diligence investigation of the Torrey Pines Entities, that the transactions contemplated by this Agreement are not in the best interests of the University; or

(c) by Torrey Pines, if there has been a material misrepresentation in this Agreement by the University or a material breach of any of the University's representations, warranties, covenants, or conditions set forth in this Agreement.

Notwithstanding anything to the contrary in this Agreement, for the purposes of this Section 18.1, any delay in closing the transactions contemplated by this Agreement caused by a delay in receiving any consent, notice, response, or waiver from any governmental authority or other third party shall not be deemed to be a material breach of any representation, warranty, covenant or condition set forth in this Agreement, provided, however, that this provision is not intended to, and does not, extend any closing dated set forth elsewhere in this Agreement, and any such closing date(s) may only be extended as provided in Section 1 of this Agreement or by agreement of the parties.

18.2 Effect of Termination. In the event of the termination of this Agreement as provided in Section 18.1, this Agreement shall become void and of no further force and effect, without any liability or obligations on the part of any party hereto.

19. **Press Release**. The parties shall draft a joint press release regarding the transactions contemplated in this Agreement for distribution to customers, suppliers, and the general public that introduces and endorses the University and will be signed on the Closing Date by the parties. Any news release pertaining to the transactions contemplated in this Agreement shall be reviewed and approved by the parties prior to its release.

20. **Indemnification**.

20.1 The Torrey Pines Entities hereby jointly and severally agree to indemnify, defend, and hold the University, its affiliates, and the University's and its affiliates' respective assigns, directors, trustees, members, managers, partners, officers, and authorized representatives (collectively, the "**FIU Indemnified Parties**") harmless from and against, and shall pay and reimburse each of them for, any and all claims, liabilities, obligations, costs, taxes, fees, wages, financial obligations, and expenses of every kind (collectively, "**Losses**"), including reasonable attorneys' fees and costs, whether known or unknown, arising out of or related to (a) any material breach by any Torrey Pines Entity of its representations, warranties, covenants, or other obligations in this Agreements or in the Special Warranty Deed; (b) all Excluded Employment Liabilities in respect of the Non-Transitioning Employees; (c) all employment discrimination claims, workers' compensation claims, employment-related litigation, breach of contract claims, severance claims, or any other Losses in respect of the employment of the Transitioning Employees prior to the Closing Date; and (d) any Torrey Pines Benefit Plan.

20.2 Notwithstanding Section 20.1, the Torrey Pines Entities shall not be required to indemnify, defend, or hold the FIU Indemnified Parties harmless from and against: (a) any Losses in respect of the Premises or the Building; or (b) any Losses caused by the acts or omissions of an FIU Indemnified Party; or (c) that arise as a result of the business operation of a merged Torrey Pines Entity(ies) post merger.

20.3 Any indemnification claims asserted by the University in good faith with reasonable specificity (to the extent known at such time) and in writing by notice to a Torrey Pines Entity on or before the applicable Survival Period Expiration Date shall not thereafter be barred by the expiration of the relevant representation or warranty and such indemnification claims asserted by the University shall survive until finally resolved. Any indemnification claims that are not asserted by the University in good faith with reasonable specificity (to the extent known at such time) and in writing by notice to a Torrey Pines Entity on or before the applicable Survival Period Expiration Date shall be barred and cannot be asserted after the applicable Survival Period Expiration Date.

20.4 The aggregate amount of all Losses for which the Torrey Pines Entities shall be liable pursuant to this Section 20 shall not exceed a total of $250,000. The University agrees that it shall first look to any available policy(ies) of insurance maintained by an applicable Torrey Pines Entities for payment before seeking payment from any person or entity associated or affiliated with any the Torrey

Pines Entities, provided that the following conditions have been satisfied: (i) any such policy(ies) shall be then in effect; (ii) the Torrey Pines Entities shall be responsible for all costs and premiums associated with any such policy(ies); (iii) if so elected by the University, and requested in writing by the University, the University shall be properly named as additional insured/loss payee, as applicable, in any such policy(ies); and (iv) that the University is not, and shall not be, obligated to obtain or pay for any such insurance policy(ies).

21. **General Provisions**.

21.1 Notices. All notices required under this Agreement shall be in writing and shall be sent to the applicable address below and be deemed duly given (a) when delivered, if delivered personally; (b) at the end of the day after deposit if sent by overnight express courier service; (c) at the end of the third business day after deposit if sent by registered or certified mail, return receipt requested and postage prepaid, to the parties as set forth below, or at such other address as may be supplied by similar written notice; or (d) when sent, if by email, with confirmation of receipt.

Torrey Pines Entities:

TORREY PINES INSTITUTE FOR MOLECULAR STUDIES, INC.
11350 SW Village Parkway
Port St. Lucie, Florida 34987
Attention: Mrs. Pamela Houghton
E-mail: pamhoughten@tpims.org

With a copy to:

McDonald Hopkins
Flagler Center Tower
505 South Flagler Drive
Suite 300
West Palm Beach, Florida 33401
Attention: Alan M. Burger, Esq.
Email: aburger@mcdonaldhopkins.com

The University:

Florida International University
Office of Research & Economic Development
11200 S.W. 8th Street, MARC 430
Miami, Florida 33199
Attention: Andrés Gil, Vice President for Research
E-mail: gila@fiu.edu

With a copy to:

Florida International University
Office of the General Counsel
11200 S.W. 8th Street, PC 511
Miami, Florida 33199
Attention: General Counsel
E-mail: generalc@fiu.edu

21.2 Amendment; Waiver. This Agreement may not be amended, nor may any rights under it be waived, except by an instrument in writing signed by the parties hereto.

21.3 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida (except to the extent California law governs aspects of the Mergers). Venue for any litigation arising hereunder shall lie exclusively in the appropriate court located in St. Lucie County, Florida.

21.4 Binding Effect. Except as provided otherwise herein, this Agreement shall be binding upon and shall inure to the benefit of the parties and their respective legal representatives, successors, and permitted assigns.

21.5 Severability. If a provision of this Agreement is determined to be unenforceable in any respect, the enforceability of the provision in any other respect and of the remaining provisions of this Agreement will not be impaired.

21.6 Headings. The section and other headings contained in this Agreement are for reference purposes only and shall not affect the meaning of this Agreement.

21.7 Expenses. The Torrey Pines Entities, on the one hand, and the University, on the other hand, shall pay their own expenses incurred in connection with the transactions contemplated by this Agreement, including all fees and expenses of legal counsel, accountants, and other advisors.

21.8 Attachments. All Exhibits and other attachments referenced in this Agreement are part of this Agreement and are incorporated herein.

21.9 Entire Agreement. This Agreement constitutes the entire agreement among the parties and supersedes any prior agreement or understanding among the parties concerning its subject matter.

21.10 Assignment. This Agreement may not be transferred, assigned, pledged, or hypothecated by any Torrey Pines Entity without the prior written consent of the University. The University may assign any or all of its rights under this Agreement to any of its affiliates.

21.11 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original but all of which shall constitute one agreement. Furthermore, this Agreement may be executed by a party's signature transmitted by facsimile or by electronic mail, and copies of this Agreement executed and delivered by means of faxed or electronic mail shall have the same force and effect as copies hereof executed and delivered with original signatures. All parties hereto may rely upon faxed or electronic mail as if such signatures were originals.

21.12 Third Party Beneficiaries. Notwithstanding anything to the contrary set forth in this Agreement, the parties to this Agreement hereby acknowledge and agree that the FIU Public Charity, once identified in the University's sole discretion if the University elects to proceed with the Mergers, shall be a third party beneficiary of every provision of this Agreement that relates to or affects the Mergers and shall be entitled to all of the legal and equitable rights, benefits, and remedies of this Agreement that relate to or affect the Mergers. Except for the FIU Public Charity, nothing in this Agreement, express or implied, is intended to or shall confer upon any other person or entity any legal or equitable right, benefit, or remedy of any nature whatsoever under or by reason of this Agreement.

21.13 Costs. TPIMS shall pay all real estate taxes payable with respect to any year or portion thereof prior to the date of the Special Warranty Deed for the Building. Real estate taxes for the year of closing shall be prorated on the following basis, after giving due allowance for the maximum amount of any discounts or exemptions which are available: (i) if a tax bill for the year of closing is available, then proration shall be based upon the current bill; (ii) if the assessment for the year is available, but not the actual tax bill, then proration shall be based upon the assessment, and (iii) if neither the assessment for the year nor the tax bill is available, then proration shall be based upon the prior year's tax bill. The Torrey Pines Entities shall transfer to the University on the Closing Date any security deposits due to subtenants. The Torrey Pines Entities shall also transfer to the University all rents, including any estimated payments for operating expenses and real estate taxes and other amounts payable by subtenants, collected by the Torrey Pines Entities prior to the Closing Date and allocable to the period after the Closing Date. After the Closing Date, the Torrey Pines Entities and University shall reasonably cooperate to collect any accrued and unpaid rent or other non-current sums due until said sums are paid. Any portion of any rents collected subsequent to the Closing Date and properly allocable to periods prior to the Closing Date shall be paid, promptly after receipt, to the Torrey Pines Entities; and any portion thereof properly allocable to periods on or subsequent to the Closing Date shall be paid to University. All payments collected from subtenants after the Closing Date shall first be applied to any rent due to the Torrey Pines Entities for the period before the Closing Date and then to any rent due to University for the period after the Closing Date. Water, sewer, electric and other utility and fuel charges prorations (to the extent possible) will be handled by meter readings on (or as near as possible to) the Closing Date, subject to adjustment after the Closing Date ,on a per diem basis, when the next reading is available. All prorations shall be determined as of 12:01 A.M. on the Closing Date. Torrey Pines shall pay for the following items: the cost of recording any curative instruments or affidavits; any transfer tax or documentary stamp tax due upon the recording of the Special Warranty Deed contemplated herein; the Torrey Pines Entities attorneys' fees and costs; and those fees, costs and expenses customarily charged at closing to a seller in accordance with the custom of Miami-Dade County, Florida and not otherwise allocated in this Agreement. The University shall pay for the following items: the University's attorneys' fees; the cost of recording of the deed; the costs associated with issuance of the Title Commitment and premiums charged for issuance of the title policy; the cost of the survey and all costs associated with inspections of the Building.

21.14 Waiver of Jury Trial. NEITHER THE UNIVERSITY NOR ANY OF THE TORREY PINES ENTITIES SHALL SEEK A JURY TRIAL IN ANY LAWSUIT, PROCEEDING, COUNTER-CLAIM, OR ANY OTHER LITIGATION BASED UPON, OR ARISING OUT OF THIS AGREEMENT, ANY RELATED INSTRUMENT, ANY COLLATERAL OR THE DEALINGS OR THE RELATIONSHIP BETWEEN OR AMONG THE PARTIES, OR ANY OF THEM. NO PARTY WILL SEEK TO CONSOLIDATE ANY SUCH ACTION, IN WHICH A JURY HAS BEEN WAIVED, WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT OR HAS NOT BEEN WAIVED. THE PROVISIONS OF THIS SECTION HAVE BEEN FULLY DISCUSSED BY THE PARTIES HERETO. NO PARTY HAS IN ANY WAY AGREED WITH OR REPRESENTED TO ANY OTHER PARTY THAT THE PROVISIONS OF THIS SECTION WILL NOT BE FULLY ENFORCED IN ALL INSTANCES. THIS WAIVER SURVIVES THE TERMINATION OF THIS AGREEMENT.

21.15 Brokerage Commissions. Each party represents and warrants to the other that, no person or entity acting as real estate broker, finder or real estate agent brought about this Agreement.

21.16 Casualty and Condemnation. Prior to the Closing Date, in the event of (a) material damage or casualty to the Premises or the Building, or (b) a condemnation or other taking of the Premises or the Building, or any part of the Premises or the Building, or any rights of access or other material rights benefiting the Premises or the Building as a result of the exercise of the power of eminent domain, or in the event that any type of proceeding for such a condemnation or taking is commenced prior to the Closing Date by any governmental body, then, in any such case, the Torrey Pines Entities shall promptly notify University in writing of such event, and University shall have the option to either: (i) terminate this

Agreement and neither party shall have any further obligations or liabilities hereunder, except for obligations that specifically survive the termination of the Agreement; or (ii) proceed with the closing. If University elects to proceed with the closing, the Torrey Pines Entities shall pay and/or assign to University all right, title and interest in and to the condemnation awards, in the event of eminent domain, or insurance proceeds (including casualty and rent loss proceeds), in the event of damage or casualty, and shall pay to University the amount of all deductibles or other uninsured damages as to the affected Premises or Building, as applicable. University shall exercise its option under clause (i) or (ii) of this Section by providing the Torrey Pines Entities with a written notice of its decision within ten (10) business days after University receives written notice of the condemnation or damage or casualty to the affected Premises or Building, as applicable, and of the cost of repair as determined by the insurance adjuster, as provided below, but without extension of the Closing Date. For purposes hereof, "material" damage or casualty shall mean damage or casualty as to the Premises or the Building, as applicable, (x) costing more than $100,000.00 to repair, as determined by an insurance adjuster mutually selected by parties, or (y) in such amount or scope which results in any subtenant having the right to terminate under its lease as to the Premises. If the damage or casualty to the Premises or Building is not material, the University shall proceed with the closing, provided that the Torrey Pines Entities shall pay and/or assign to University all right, title and interest in and to the insurance proceeds (including casualty and rent loss proceeds) and shall pay to University the amount of all deductibles or other uninsured damages as to the affected Premises or Building, as applicable.

21.16 Time of Essence/Business Day. Time is of the essence of this Agreement; provided however, should the date for any notice or performance under this Agreement fall on a date which is a Saturday, Sunday or a legal holiday in the jurisdiction where the Premises is located or under federal law, then the time for such notice or performance shall be automatically extended until the next business day which is not such a Saturday, Sunday or legal holiday.

21. 17 Waiver of All Warranties and Acceptance on an "As-Is" basis. Except as expressly contained in this Agreement or in the Special Warranty Deed conveying fee simple title of the Building to the University, the University agrees to assume the Ground Lease, the subleases, the Building, tangible and intangible property and intellectual property and the Personal Property, in their "AS IS", "WHERE IS" and "WITH ALL FAULTS" condition, including with any and all latent or patent defects, without representation or warranty of any kind by the Torrey Pines Entities and without any recourse or liability to Torrey Pines Entities, including without limitation, any representation or warranty as to the assignability of any agreement. This Section shall: (a) survive each and every closing; (b) not merge into any conveyance document. In the event of any conflict between this Section and the terms of other Sections of this Agreement, the terms of the other Sections of this Agreement will prevail.

[Remainder of Page Left Blank – Signatures Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Acquisition Agreement and Plan of Merger effective as of the day and year first written above.

UNIVERSITY:

THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES

By:_________________________________
Name:_______________________________
Title:_______________________________

TORREY PINES:

TORREY PINES INSTITUTE FOR MOLECULAR STUDIES, INC., a California nonprofit public benefit corporation

By:_________________________________
Name:_______________________________
Title:_______________________________

TPIMS:

TPIMS LAND COMPANY, LLC, a Florida limited liability company

By:_________________________________
Name:_______________________________
Title:_______________________________

DNRG:

DIABETES NATIONAL RESEARCH GROUP, a California nonprofit public benefit corporation

By:_________________________________
Name:_______________________________
Title:_______________________________

AARC:

ALZHEIMER'S AND AGING RESEARCH CENTER, a California nonprofit public benefit corporation

By:_________________________________
Name:_______________________________
Title:_______________________________

OBCRC:

OSTEOPOROSIS AND BREAST CANCER RESEARCH CENTER, a California nonprofit public benefit corporation

By:_________________________________
Name:_______________________________
Title:_______________________________

ACPRI:

ARTHRITIS & CHRONIC PAIN RESEARCH INSTITUTE, a California nonprofit public benefit corporation

By:_________________________________
Name:_______________________________
Title:_______________________________

EXHIBIT A - DRAFT

ASSETS

All physical assets owned by Torrey Pines, including but not limited to the physical assets that are located in the Building including but not limited to:

A. All furniture of any kind (i.e. desks, chairs, tables, credenzas, file cabinets, office/cubicle partitions)

B. All appliances of any kind (i.e. microwaves, refrigerators, water coolers, etc.)

C. All office supplies (paper products, staplers, staples, paper clips, file folders, pens, pencils, etc.)

D. All office equipment of any kind (desktop computers, laptop computers, tablet computers, fax machines, computer servers, etc.)

E. Cash on hand as of the Closing Date, less a reasonable reserve mutually determined to be necessary for Torrey Pines' operations and contingent liabilities, which initial reserve shall be in the total aggregate amount of $250,000 for the Torrey Pines Entities as a whole, and if said amount needs to be increased, the parties shall endeavor, in good faith, to agree on an increased amount. Further, if Torrey Pines elects to dissolve and wind-down after the Closing Date, Torrey Pines shall transfer any remaining assets to the Florida International University Foundation, Inc., an affiliate of FIU which is a "nonprofit fund, foundation, or corporation which is organized and operated exclusively for scientific purposes and which has established its tax exempt status under Section 501(c)(e) of the Internal Revenue Code of 1986 . . . ," all in accordance with the Articles of Incorporation of Torrey Pines.

F. Security deposits, other deposits and advance rent related to any of the items in the Exhibits contained in the Agreement, including any security deposits held by a Torrey Pines Entity in connection with any sublease. If Torrey Pines paid any deposits in connection with any utility accounts, and the applicable utility company is unable to refund such deposit to Torrey Pines on or prior to the Closing Date, then the University shall reimburse Torrey Pines for any such deposit.

G. Accounts receivable related to any of the items in the Exhibits contained in the Agreement

H. The following list of assets

The list of assets is not final. Pending audited financial statements and related supporting workpapers including the net book value of the assets.

MISCELLANEOUS

Asset Account	Asset ID	Description	Acquisition Date	Cost	Status
1550	F145	Club Car	4/23/2009	6,733.65	Active
1520	F185	Tri-Sonic Scanner Ultraprobe 9000	11/4/2009	5,527.00	Active
1520	F219	Baldor Motor	9/28/2010	6,057.78	Active
1530	F302	2012 John Deere Lawn Tractor	12/16/2013	9,500.00	Active
TOTAL MISCELLANEOUS				**27,818.43**	

COMPUTERS, SOFTWARE & NETWORK HARDWARE

Asset Account	Asset ID	Description	Acquisition Date	Cost	Status
1500	F001	HP Computer	2/1/2007	2,183.80	Active
1500	F002	OptiPlex 745	4/19/2007	1,733.13	Active
1500	F003	OptiPlex 745	5/3/2007	1,484.19	Active
1500	F005	Sony VAIO Notebook S2 Series VGN-SZ360 P/C	5/25/2007	2,472.39	Active
1500	F006	OptiPlex 745	6/15/2007	1,223.42	Active
1500	F007	OptiPlex 745	6/18/2007	906.74	Active
1500	F010	OptiPlex 745 small form	6/28/2007	1,311.91	Active
1500	F011	OptiPlex 745 small form	6/28/2007	1,311.91	Active
1500	F012	OptiPlex 745 small form	6/28/2007	1,311.91	Active
1500	F013	OptiPlex 745 small form	6/28/2007	1,311.91	Active
1500	F015	OptiPlex 745 small form	6/28/2007	1,311.92	Active
1500	F016	OptiPlex 745 small form	6/28/2007	1,311.92	Active
1500	F025	Sony VAIO Notebook SZ Series	8/7/2007	2,321.28	Active
1500	F026	Dell Precision 390	8/9/2007	1,661.03	Active
1500	F027	Spotfire Analytical Scientific Software	7/1/2007	5,250.00	Active
1500	F033	HP Prolient Server M350	9/20/2007	3,592.20	Active
1500	F045	OptiPlex 755 Desktop, Core 2 Duo E4400	1/9/2008	1,288.41	Active
1500	F046	OptiPlex 755 Desktop, Core 2 Duo E4400	1/9/2008	1,288.41	Active
1500	F047	OptiPlex 755 Desktop, Core 2 Duo E4400	1/9/2008	1,288.41	Active
1500	F048	OptiPlex 755 Desktop, Core 2 Duo E4400	1/9/2008	1,288.41	Active
1500	F049	OptiPlex 755 Desktop, Core 2 Duo E4400	1/9/2008	1,288.41	Active
1500	F050	OptiPlex 755 Desktop, Core 2 Duo E4400	1/9/2008	1,288.41	Active
1500	F051	OptiPlex 755 Desktop, Core 2 Duo E4400	1/9/2008	1,288.41	Active
1500	F052	OptiPlex 755 Desktop, Core 2 Duo E4400	1/9/2008	1,288.41	Active
1500	F053	OptiPlex 755 Desktop, Core 2 Duo E4400	1/9/2008	1,288.42	Active
1500	F054	OptiPlex 755 Desktop, Core 2 Duo E4400	1/9/2008	1,288.42	Active
1500	F076	Dell Precision 690 Mini tower dual core	10/8/2007	3,865.39	Active
1500	F077	Dell Precision 690 Mini tower dual core	10/8/2007	3,865.39	Active
1500	F088	OptiPlex 755 Desktop, Core 2 Duo E4400	6/12/2008	1,230.00	Active
1500	F089	OptiPlex 755 Desktop, Core 2 Duo E4400	6/12/2008	1,230.00	Active
1500	F090	Latitude D630 laptop	4/21/2008	1,387.33	Active
1500	F091	Epson PowerLite LCD projector & thinkpad 1810p	4/22/2008	2,619.09	Active
Asset Account	Asset ID	Description	Acquisition Date	Cost	Status
1500	F092	Sony VIAO micro PC	5/16/2008	2,334.58	Active
1500	F098	3000 VA XL UPS (uniterruptible power supply)	5/21/2008	1,196.26	Active
1500	F099	3000 VA XL UPS (uniterruptible power supply)	5/21/2008	1,196.26	Active
1500	F100	3000 VA XL UPS (uniterruptible power supply)	5/21/2008	1,196.26	Active
1500	F101	3000 VA XL UPS (uniterruptible power supply)	5/21/2008	1,399.70	Active

1500	F102	3000 VA XL UPS (uniterruptible power supply)	5/21/2008	1,399.70	Active
1500	F103	Thinkpad Talet PC	6/23/2008	1,413.10	Active
1500	F113	Audio Visual Equipment -Auditorium	12/22/2008	138,595.97	Active
1500	F125	HPLP 3065 - Flat Panel Display	5/29/2008	1,372.95	Active
1500	F128	OptiPlex 745 Small Form	6/1/2008	1,298.66	Active
1500	F154	PIP422 - Picture In Picture	6/4/2009	5,243.34	Active
1500	F155	Dell Optiplex GX520	7/1/2007	1,385.06	Active
1500	F217	Image Pro Plus 3D	8/6/2010	8,710.00	Active
1500	F537	HP Proliant DL380 G6 2x Xeon 2.53 Server	12/11/2009	5,064.18	Active
1500	F538	HP Proliant DL380 G6 2x Xeon 2.53 Server	12/11/2009	5,064.19	Active
1510	F130	Network Components	1/22/2009	12,262.42	Active
1510	F140	Poly Com Video System	3/12/2009	9,356.34	Active
1510	F162	Summit X450E - 48P Switch	6/10/2009	6,132.56	Active
1510	F221	Summit X450E - 48P Switch	9/10/2010	5,839.75	Active
1510	F222	Summit X450E - 48P Switch	9/10/2010	5,839.75	Active
TOTAL COMPUTERS, SOFTWARE & NETWORK HARDWARE				**274,082.01**	

LEASEHOLD IMPROVEMENTS

Asset Account	Asset ID	Description	Acquisition Date	Cost	Status
1560	F0316	AO Smith BTH-150 Water Heater 100 Gallon	8/30/2016	5,468.00	Active
1560	F119	IP CCRV Security Surveillance System	1/31/2008	35,725.00	Active
1560	F120	Entrance Security Pedestal	2/20/2008	1,797.00	Active
1560	F121	Cabling System for internal building wiring	4/9/2008	179,192.00	Active
1560	F122	Voice Data System Installation	5/8/2008	409,824.17	Active
1560	F124	2 York Chillers	8/14/2008	178,888.00	Active
1560	F135	Construction of Maintenance Building	10/12/2009	91,887.59	Active
1560	F138	2nd & 3rd Floor Renovations	1/29/2009	11,947.00	Active
1560	F141	Water Detection Devices and Software	3/19/2009	23,700.00	Active
1560	F142	Stainless Steel 12' Fume Hoods (2)	2/12/2009	6,500.00	Active
1560	F147	Hood & Duct for Waste Chemical Hood	3/23/2009	12,327.00	Active
1560	F148	4-Ton Trane A/C System	10/28/2009	4,500.00	Active
1560	F191	Chiller & UFD Controls	3/11/2010	8,409.00	Active
1560	F239	Fields Lab Build Out	12/8/2010	31,440.00	Active
1560	F252	Water Softener System	6/28/2011	38,072.00	Active
1560	F312	Security System Upgrade	11/12/2015	19,227.77	Active
1560	F313	Buildout on 3rd Floor	10/26/2015	6,390.00	Active
1560	F314	Third Floor Buildout (Doors and Hardare)	12/15/2015	12,880.00	Active
TOTAL LEASEHOLD IMPROVEMENTS				**1,078,174.53**	
		SUM TOTAL ASSETS			*1,380,074.97*

EXHIBIT B - DRAFT

ASSIGNED AND ASSUMED AGREEMENTS

1. The following leases and subleases:

    a. Ground Lease

    b. Sublease dated June 1, 2019 between Synergy Ancillary Services, LLS and Torrey Pines Institute for Molecular Studies, Inc.

    c. Sublease dated April 30, 2015 and Second Agreement to Amend and Extend Lease dated January 8, 2019 between Martin Memorial Medical Center, Inc. and Torrey Pines Institute for Molecular Studies, Inc.

    d. Sublease dated August 1, 2018 and Agreement to Amend and Extend Lease dated November 5, 2019 between Res Tech Solutions, LLC and Torrey Pines Institute for Molecular Studies, Inc.

2. The following service/maintenance agreements: (which list will be updated prior to Closing in accordance with the terms of the Agreement)

    a. Adams Pest Control pest control, dated August 10, 2018

    b. Affordable Ice, week to week

    c. Chem-Aqua, chemical water treatment program, dated X (*needs renewed current ended June 2019)*

    d. Crowther Roofing roof preventative maintenance, dated April 29, 2016 *(needs renewed current ended October 31, 2019)*

    e. Culligan-Treasure Coast preventive maintenance, dated July 1, 2019 *(needs renewed current ends Dec 31, 2019)*

    f. Gator Security alarm monitoring, month to month

    g. Hill York A/C Services boilers, dated X

    h. Infinite Energy natural gas, dated X

    i. Johnson Controls planned service agreement for chillers, dated June 21, 2017

    j. Johnson Fire Protection fire alarm, elevator, sprinkler, extinguisher systems, dated May 24, 2013 and amendment dated July 23, 2019

    k. Seimens Industry service plan, dated X *(needs renewed current ends Dec 31, 2019)*

    l. Southern Water Services salt service, dated August 1, 2018

    m. TAW Power Systems generator periodic maintenance, dated June 8, 2018

    n. Thyssen Krupp elevator maintenance, dated X *(need contract current ended Aug 2019)*

    o. Treasure Coast Backflow backflow certification, annual

    p. Victory Services security, week to week

    q. Mitel, phone service, dated March 22, 2017

    r. Blue Stream Fiber, internet, month to month

    s. Dex Imaging, 2 Konica Minolta Copiers, dated October 14, 2103

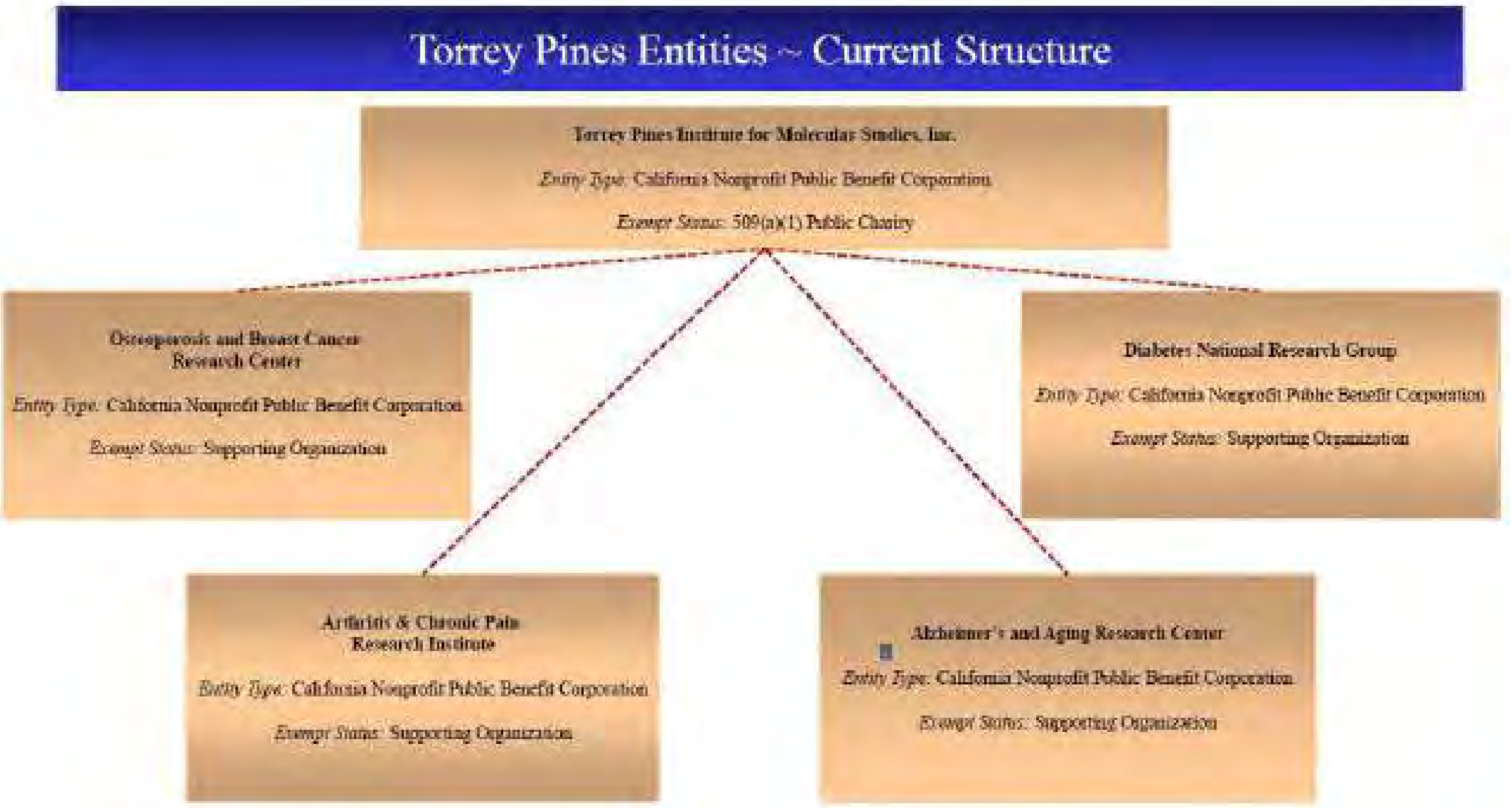
t. Wells Fargo Finance copier lease, dated October 29, 2013 as GE affiliate

u. Waste Pro, waste disposal, month to month

v. Trilogy Medwaste, month to month

EXHIBIT C - DRAFT

PRE- AND POST-CLOSING ORGANIZATIONAL CHART



Torrey Pines Entities ~ Current Structure

Torrey Pines Institute for Molecular Studies, Inc.

Entity Type: California Nonprofit Public Benefit Corporation

Exempt Status: 509(a)(1) Public Charity

Osteoporosis and Breast Cancer Research Center

Entity Type: California Nonprofit Public Benefit Corporation

Exempt Status: Supporting Organization

Diabetes National Research Group

Entity Type: California Nonprofit Public Benefit Corporation

Exempt Status: Supporting Organization

Arthritis & Chronic Pain Research Institute

Entity Type: California Nonprofit Public Benefit Corporation

Exempt Status: Supporting Organization

Alzheimer's and Aging Research Center

Entity Type: California Nonprofit Public Benefit Corporation

Exempt Status: Supporting Organization

EXHIBIT D - DRAFT

TRANSITIONING EMPLOYEES

Name	Torrey Pines Title	Annual Salary	Current FTE
Bunnell, Ashley	Research Technician, I, Synthetic and Analytical Chemistry	$35,006.40	1.0
Dooley, Colette	Associate Member and Head of Vivarium Services, RSO, IACUC	$106,100.00	0.6
Fischer, David	Facilities Maintenance Technician	$39,520.00	1.0
Flint, Jeffery	Information Technology Manager	$72,092.80	0.625
Giulianotti, Marc	Full Member and overall Director of Chemistry Operations	$157,248.00	0.3
Holmgren, Mary	Executive Administrative Assistant/Supporting Organization Coordinator	$58,531.20	0.8
Houghten, Pamela	Vice President of Administration and Outreach	$110,000.00	1.0
Houghten, Richard	Founder & CEO, Full Member and overall Scientific Director	$220,000.00	1.0
Lavoi, Travis	Senior Chemistry and overall chemistry Laboratory Manager	$67,600.00	1.0
Pinilla, Clemencia	Associate Member, Immunology and Methods Development	$129,000.00	0.8
Total			**8.1**

EXHIBIT E - DRAFT

SPONSORED RESEARCH AGREEMENTS

Project ID	Project Name	Customer Name	Project Start Date	Project End Date	Total Funded	PI	Comments
5797	Indentification, Assessment & Delivery of Antimicrobial Compounds for Mgmt of Citrus HLB	USDA ARS	1/1/2017	12/31/2019	264,514	Giulianotti, M	Or NCE after 12/31/2019
5804	NPQ/Spexin The Endogogenous Ligand for the Galanin Receptor 3	NIH-FAU	5/26/2018	4/30/2020	82,237	Giulianotti, M	
5806	A High-throughput Chemical Screen to Identify Inhibitors of the Fungal Azole Transporter Cdrtp	NIH UNM	2/21/2019	1/31/2020	43,159	Houghten, R	Or NCE after 1/31/2020
5803	NA	Pain Therapy	1/15/2019	6/30/2020	103,466	Pinilla, C	

EXHIBIT F

TORREY PINES BENEFIT PLANS

1. Florida Blue (Health insurance plan)

2. Travelers (Worker's compensation)

3. United Concordia (Dental insurance)

4. Eye Med (Vision insurance)

5. Reliance Standard (Life, ADD, STD, LTD and Voluntary Life & ADD)

6. Health Equity (Health Savings Account-employee only contributions)

7. Basic Pacific (Flex Spending, Child Care Reimbursements-employee only contributions)

8. Basic Pacific (COBRA Admin)

9. Aflac (Voluntary Benefits-employee only)

10. USAble (Voluntary Benefits-employee only)

11. Nationwide (Retirement Plan)

12. TIAA (Retirement Plan-inactive but with assets)

13. Lincoln (Retirement Plan-inactive but with assets)

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EXHIBIT
A

GROUND LEASE AGREEMENT

THIS GROUND LEASE AGREEMENT (hereinafter the "Lease") is made and entered into as of the 26th day of November, 2013, by and between the CITY OF PORT ST. LUCIE, a Florida municipal corporation (hereinafter "Landlord"), and TPIMS LAND COMPANY, LLC, a Florida limited liability company (herein after "Tenant"), a wholly-owned subsidiary of TORREY PINES INSTITUTE FOR MOLECULAR STUDIES, INC., a California nonprofit public benefit corporation ("Torrey Pines").

WITNESSETH:

In consideration of the Premises, the rents reserved hereby, and the promises and mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. Lease of Premises. Landlord owns that certain real property (hereinafter the "Property") situated in St. Lucie County, Florida, and described in **Exhibit "A"**, attached hereto and made a part hereof. The building located on the Property and known as 11350 SW Village Parkway (hereinafter the "Building"), consisting of approximately 100,000 square feet of laboratory and office space, including without limitation all plumbing, walls, glass, ceilings, floors, floor coverings, windows, window dressings, electrical systems, HVAC units, signs and doors is owned by Tenant. The Property, along with the improvements thereto, including without limitation the parking lot, landscaping, irrigation systems, drainage improvements and outdoor lighting (hereinafter referred to as the "Improvements"), but excluding the Building, shall be collectively referred to herein as the "Premises". Landlord does hereby lease, demise and let unto Tenant, and Tenant does hereby rent, lease and hire from Landlord, the Premises, in accordance with the terms and covenants set forth in this Lease.

2. Term of Lease. The term (hereinafter the "Term") of this Lease shall begin on October 27, 2013 (hereinafter the "Commencement Date") and shall expire on November 15, 2026 (hereinafter the "Expiration Date"), unless sooner terminated pursuant to the terms of this Lease. This Lease shall immediately terminate in the event that, prior to the end of the Term of this Lease, either (a) ownership of the Building reverts to Landlord in accordance with the terms of that certain Grant Agreement by and between Landlord and Torrey Pines dated February 9, 2007 (the "City Grant Agreement"), or (b) the City Grant Agreement terminates for any reason, in accordance with terms thereof.

3. Rent. Tenant shall pay Landlord rent in the amount of Ten Dollars ($10.00) per year during the Term of this Lease (the "Annual Rent"). Payment of the Annual Rent shall commence on the Commencement Date and shall be payable annually thereafter in advance, without demand and without any deduction, hold back or set off whatsoever.

4. **[Intentionally Deleted]**

5. Assignments. Neither this Lease nor any right, interest or obligation hereunder may be assigned by any party hereto without the prior written consent of the other party hereto and any attempt to do so will be void, except for, (a) as set forth and permitted under Paragraph 4 above, (b) subject to Section 2.01 of the City Grant Agreement, assignment by Tenant to a wholly-owned subsidiary of Torrey Pines incorporated and organized by Torrey Pines to hold assets of Torrey Pines and (c) Tenant may assign this Lease to any successor-in-interest to all or substantially all of the assets of Tenant provided, however, that any such successor-in-interest must (i) assume in writing all of the rights and obligations of Tenant under this Lease and (ii) be a not-for-profit entity. Any merger, consolidation or reorganization of Tenant that results in a change of control shall be deemed an assignment for purposes of this Paragraph 5. Subject to this Paragraph 5, this Lease is binding upon, inures to the benefit of and is enforceable by the parties and their respective successors and permitted assigns.

6. Use of Premises. Tenant may use the Premises to (a) operate and maintain a biomedical research facility for the purposes of (i) conducting medical, life science and clinical research, including without limitation, research involving (A) small animals such as rodents (rats and mice) and rabbits, (B) carcinogens, (C) bacteria, (D) viruses, (E) BLA-3 level pathogens, (F) NIH and non-NIH stem cells, (G) radioisotopes in amounts typical of biological and molecular biological research activities, and (H) medical, life science and clinical research approved in the future by Torrey Pines' Board of Trustees; (ii) conducting training and outreach programs; (iii) performing ancillary services and related healthcare and life sciences uses; (iv) operating Torrey Pines' corporate headquarters; and (b) lease or sublease portions of the Premises to for-profit and not-for-profit entities for the uses set forth in section (a) of this Paragraph 6 (the "Authorized Uses").

7. Quiet Enjoyment. Landlord covenants that subject to the terms and provisions hereof, Tenant shall and may peaceably and quietly have, hold and enjoy the Premises and all parts thereof for the Term hereby granted without hindrance or interruption by Landlord or any other person lawfully or equitably claiming by, through or under Landlord.

8. Taxes and Assessments. Tenant shall pay all ad valorem real property taxes, personal property taxes and general and special assessments, including any CDD assessments, that during the Term of this Lease may be levied or assessed by any governmental authority, property owners association or community development district against the Premises. Tenant shall have the right to contest the amount or validity of any tax or assessment payable by it by appropriate legal proceedings; provided however, that no such right shall be deemed or construed to relieve, modify or extend Tenant's covenant to pay any such tax or assessment (unless such legal proceedings operate to prevent the collection of the tax or assessment).

9. Utilities. Any applications and connections for necessary utility services on and to the Premises shall be made in the name of Tenant. Tenant shall pay all charges and expenses for utility services to the Premises during the Term of this Lease, including without limitation water, sewer, electricity, telephone and internet.

10. Repairs and Maintenance. Landlord shall not be required or obligated to make any changes, alterations, additions, improvements or repairs in, on or about the Premises, or any part thereof, during the term of this Lease. At all times during the term of this Lease, Tenant, at its sole cost and expense, shall keep and maintain, or require its subtenants to keep and maintain, the Premises, in good order and repair and safe condition. Tenant shall make, or require its subtenants to make, any and all additions to or alterations or repairs in and about the Premises that may be required by, and shall otherwise observe and comply with and require its subtenants to observe and comply with, all public laws, ordinances and regulations from time to time applicable to the Premises.

11. Insurance.

11.01 Casualty Insurance. During the term of this Lease, Tenant shall, at its sole cost and expense, keep the Building insured against loss or damage by fire or other casualty, with an insurance company or companies licensed to do business in the State of Florida, as Tenant shall select, in amounts not less than the full insurable value of the Building with loss payable thereunder to Tenant, to Landlord, and, if required, to the holder of any leasehold mortgage permitted under Paragraph 4 above, as their respective interests may appear. Tenant shall pay all premiums and other charges in connection with such insurance and shall deliver to Landlord a certificate of insurance and a copy of the insurance policy.

11.02 Liability Insurance. During the term of this Lease, Tenant shall, at its sole cost and expense, maintain in force for the joint benefit of Landlord, Tenant and the holders of the mortgages referred to in Paragraph 4 above, commercial general liability insurance under which Landlord, Tenant and said mortgagees are named as co-insureds and under the terms of which each shall be insured against liability for damage to property or bodily injury or death occurring on, in or about the Premises, any Improvement thereon, or any part thereof. Such insurance policy shall be maintained in an amount not less than $2,000,000.00 combined single-limit for bodily injury and property damage per occurrence, and Tenant shall deliver to Landlord a certificate of insurance and a copy of the insurance policy.

11.03 Cancellation of Policies. All of the policies referred to above shall provide that the cancellation thereof shall require not less than thirty (30) days prior written notice to Landlord.

12. Damage or Destruction. If, during the term of this Lease, the Premises or Improvements, or any part thereof, shall be damaged or destroyed by fire or other casualty, Tenant shall, at its sole cost and expense, repair or restore the same according to the original plans and specifications therefor, or according to such modified plans as shall be approved in writing by Landlord, which approval shall not be unreasonably withheld or delayed. Such repair or restoration shall be completed with due diligence, and the insurance proceeds collected for such damage or destruction shall be applied to the cost of such repairs or restoration. If such insurance proceeds shall be insufficient for such purposes, Tenant shall make up the deficiency out its own funds.

13. Mechanics' Liens. Nothing contained in this Lease shall be deemed or construed in any way as constituting the consent or request of Landlord, express or implied, to any contractor, subcontractor, laborer or materialman for the performance of any labor or the furnishing of any materials for any specific improvement, alteration to, or repair of the Premises, or any part thereof. All persons are hereby charged with and put on notice of the fact that Tenant shall never have, under any circumstances, the power to subject the interest of Landlord in the Premises to any mechanic's, laborer's or materialman's lien or liens of any kind or nature whatsoever, and that the interest of Landlord in the Premises shall not be subject to liens for improvements made by Tenant.

14. Defaults and Remedies.

14.01 Landlord Events of Default. The occurrence of the following event shall constitute a "Landlord Default" hereunder:

> a material failure to observe or perform any of the terms, covenants, conditions, obligations or provisions of this Lease to be observed or performed by Landlord where such failure continues for a period of thirty (30) days after written notice thereof from Tenant to Landlord; provided, however, that if the nature of such failure is such that more than thirty (30) days are reasonably required for Landlord to complete its cure, then Landlord shall not be deemed to be in Default if Landlord has commenced such cure within the thirty (30) day period and thereafter diligently pursues such cure to completion.

14.02 Tenant Events of Default. The occurrence of any one or more of the following events shall constitute a "Tenant Default" hereunder (capitalized terms not defined in this Lease shall have the meanings assigned to such terms in the City Grant Agreement):

(a) vacating, abandoning or closing Torrey Pines Florida's operations in Port St. Lucie or, after occupancy of the Permanent Facilities, relocating Torrey Pines Florida's Primary Operations outside of Port St. Lucie;

(b) failure to continuously operate the Permanent Facilities as a biomedical research institute, consistent with the Authorized Uses, on and after occupancy of the Permanent Facilities;

(c) a material failure to observe or perform any of the terms, covenants, conditions, obligations or provisions of this Lease to be observed or performed by Tenant that could reasonably be expected to result in a Material Adverse Effect, where such failure continues for a period of thirty (30) days after written notice thereof from Landlord to Tenant provided, however, that if the nature of such failure is such that more than thirty (30) days are reasonably required for Tenant to complete its cure, then Tenant shall not be deemed to be in Default if Tenant has commenced such cure within the thirty (30) day period and thereafter diligently pursues such cure to completion;

(d) the material breach of any representation or warranty by Torrey Pines contained in the City Grant Agreement that could reasonably be expected to result in a

Material Adverse Effect, if such material breach is not cured after written notice from Landlord to Torrey Pines and a reasonable opportunity to cure such material breach;

(e) the declaration by OTTED of a material default by Torrey Pines in the State Funding Agreement that results in a withdrawal of funding under the State Funding Agreement; or

(f) the making by Torrey Pines of any general assignment or general arrangement for the benefit of creditors; the filing by or against Torrey Pines of a petition to have Torrey Pines adjudged bankrupt or a petition for reorganization under any law relating to bankruptcy (unless, in the case of any petition filed against Torrey Pines, such petition is dismissed within sixty (60) days after Torrey Pines receives notice of such petition); or the appointment of a trustee or receiver to take possession of all or substantially all of Torrey Pines' assets, where such possession is not restored to Torrey Pines within thirty (30) days of such appointment.

(g) "Material Adverse Effect" means a material adverse change in or effect on the business, condition (financial or otherwise), or a change in unrestricted net assets, affairs or prospects, whether or not in the ordinary course of operations, of Torrey Pines considered as one enterprise, which change would reasonably be expected to jeopardize the ability of Torrey Pines to continue to conduct its core operations in the future.

14.03 Remedies for Default. Following the occurrence and continuance of a Default (defined as a Landlord Default or a Tenant Default) during the Term of this Lease, the non-defaulting party may, upon prior written notice to the defaulting party, terminate this Lease and the City Grant Agreement. Additionally, the non-defaulting party shall have the right to have the provisions of this Lease enforced by any court having equity jurisdiction, it being acknowledged that any such Default will cause irreparable injury to the non-defaulting party and that money damages will not provide an adequate remedy. The remedies set forth in this Section 14.03, the City Grant Agreement and in that certain Special Warranty Deed dated March 2, 2007 and recorded in Official Records Book 2776, Page 1552, of the Public Records of St. Lucie County, Florida (the "2007 Deed") shall be the sole and exclusive remedies following the occurrence and continuance of a Default under this Lease. The parties hereto acknowledge and agree that (i) the provisions of the City Grant Agreement requiring property to be transferred back to the City in the event of default encumber the Premises, but shall not encumber the adjacent vacant land owned by Tenant, described as Lot 2 of Southern Grove Plat No. 10, according to the Plat thereof recorded in Plat Book 68, Page 20 and re-recorded in Plat Book 68, Page 22 of the Public Records of St. Lucie County, Florida ("Lot 2"), and (ii) Lot 2 continues to be encumbered by the 2007 Deed.

14.04 Limitations on Liability. It is specifically understood and agreed that there shall be absolutely no personal liability or recourse for the amounts funded hereunder, or the performance of any obligations hereunder against any employee, shareholder, partner, director, trustee, or officer (whether past, present or future) of Tenant or Torrey Pines, and

Landlord shall look solely to the interest of Tenant in the Premises and Building for the satisfaction of each and every remedy to Landlord in the event of any Tenant Default.

15. Indemnification.

15.01 Indemnification of City.

(a) General Indemnification. Subject to Section 14.04 above, Tenant shall indemnify and hold Landlord, its agents, employees, officers and City Council (individually, a "Covered Person," and collectively, "Covered Persons") harmless from and against any and all claims, liabilities, expenses, losses, costs, damages, fines, penalties and causes of action of every kind and character (including the costs of defenses for any such claims) incurred or suffered by a Covered Person (collectively, "Damages"), which is due to any act or omission of Tenant or Torrey Pines, or their agents, employees, contractors, invitees, licensees or subtenants to or of the Premises (collectively, "Tenant Parties") arising out of the use, operation or occupancy by the Tenant Parties of the Premises or any other improvements, now existing or hereinafter constructed or placed on or within the Premises.

(b) Environmental Indemnification. Tenant shall indemnify and hold the Covered Persons harmless from and against all Damages resulting from any environmental claims arising with respect to the Premises after the date of Tenant's occupancy of the Premises, including (i) the presence on or under the Premises, or any portion thereof, of any Hazardous Substances (as defined hereinbelow); (ii) any releases or discharges of Hazardous Substance on, under or from the Premises; (iii) any activity in connection with the handling, treatment, removal, storage, decontamination, cleanup or disposal of Hazardous Substances; (iv) the lack of compliance with or violation of any Environmental Laws (as defined hereinbelow), as now existing or hereinafter amended; or (v) failure of Tenant to maintain any engineering controls placed above, on or under the Premises, to the extent that the environmental condition or environmental noncompliance giving rise to such environmental claims arises out of facts or circumstances caused by the Tenant Parties. "Hazardous Substances" is defined to mean any hazardous or toxic substances, materials or wastes, pollutants or contaminants regulated by Environmental Laws, as amended, including petroleum products, biomedical waste, radioactive materials, flammable or corrosive substances, explosives, polychlorinated biphenyls and asbestos. "Environmental Laws" is defined to mean all applicable laws, statutes, ordinances, rules, regulations, orders, judgments, decisions, decrees, standards and requirements relating to pollution or protection of human health and safety from pollution; management, disposal or release of any chemical substance, product or waste; and protection, cleanup, remediation or corrective action relating to the environment or natural resources (collectively, "Environmental Laws").

15.02 Procedure for Indemnification Claims. If any proceeding referred to in Section 15.01 above is brought against a Covered Person, the Covered Person shall give prompt notice to Tenant of the commencement of such proceeding and Tenant will be entitled to participate in such proceeding and to assume the defense of such proceeding with counsel reasonably satisfactory to the Covered Person (if Tenant is also a party to such proceeding and the Covered Person determines in good faith that joint representation would be inappropriate, the Covered Person shall be entitled to retain independent counsel). If Tenant assumes the defense of a proceeding: (i) the indemnifying party shall have the exclusive right to defend, compromise or settle such proceeding; and (ii) the indemnifying party shall pay all costs and expenses associated therewith, including attorney's fees and costs. Landlord shall reasonably cooperate with Tenant, in the assertion of all available defenses (including, without limitation, the defense of sovereign immunity) in connection with any action or proceeding in respect of which Tenant is indemnifying Landlord pursuant to this Lease.

15.03 Survival of Indemnification Obligations. The obligations arising under Sections 15.01 and 15.02 above shall survive the expiration or termination of this Lease.

16. Turnover. Provided that Tenant is not then in default under the terms and conditions of this Lease, then upon the expiration of the Term of this Lease on November 15, 2026, Landlord shall convey the Premises to Tenant in fee simple title by Special Warranty Deed, free and clear of any lien or encumbrance created by Landlord in violation of Paragraph 18 hereinbelow.

17. **[Intentionally Deleted]**

18. Landlord Representations. Landlord represents, warrants and agrees that: (a) Landlord shall not hereafter create, enter into, cause or consent to any lien or encumbrance against the Premises superior to the interest of Tenant under this Lease except as set forth in the 2007 Deed and/or except at Tenant's request; (b) Landlord is the sole owner of good and marketable title to the Premises, and (c) Landlord has not entered into any other lease or sublease of the Premises or any part thereof. Landlord acknowledges and agrees that (i) the provisions of the City Grant Agreement requiring property to be transferred back to the City in the event of default encumber the Premises, but shall not encumber Lot 2, and (ii) Lot 2 continues to be encumbered by the 2007 Deed.

19. Notices. Any notice required or permitted under this Lease shall be in writing and shall be deemed to have been given either (i) when delivered in person to the agents designated hereinbelow for that purpose, (ii) on the first business day after delivery to an overnight courier (e.g. Federal Express, Airborne) as evidenced by the sender's copy, addressed as set forth hereinbelow, or (iii) three (3) days after deposited in the United States Mail, by certified mail, postage prepaid, return receipt requested, addressed to the other party. The addresses of the parties are as follows:

Landlord:

City of Port St. Lucie
121 SW Port St. Lucie Boulevard
Port St. Lucie, Florida 34984
Attn: City Manager

With a copy to:

City of Port St. Lucie
121 SW Port St. Lucie Boulevard
Port St. Lucie, Florida 34984
Attn: City Attorney

Tenant:

TPIMS LAND COMPANY, LLC
11350 SW Village Parkway
Port St. Lucie, Florida 34987
Attn: ______________________

With a copy to:

Dean, Mead, Minton & Zwemer
1903 S. 25th Street, Suite 200
Fort Pierce, Florida 34947
Attention: W. Lee Dobbins, Esq.

Provided, however, that any party hereto may, from time to time, give to the other party written notice, in the manner provided for herein, of some other address to which communications to such party shall be sent, in which event, notices to such party shall be personally delivered or sent in the manner set forth hereinabove to such address.

20. **[Intentionally Deleted]**

21. Time of the Essence. Time is of the essence of this Lease and each and every provision hereof.

22. Construction of Agreement. This Lease has been prepared by Tenant and its professional advisors and reviewed by Landlord and its professional advisors. Landlord, Tenant and their separate advisors believe that this Lease is the product of all their efforts, that it expresses their agreement, and that it should not be interpreted in favor of either Landlord or Tenant or against either Landlord or Tenant merely because of their efforts in preparing it.

23. Entire Agreement. This Lease contains the entire agreement between Landlord and Tenant with respect to the subject matter hereof, and may be amended only by a subsequent written instrument executed by both Landlord and Tenant. Except for those which are set forth in this Lease, no representations, warranties or agreements have been made by Landlord or Tenant to one another with respect to this Lease.

24. Severability. If any provision of this Lease is found by a court of competent jurisdiction to be illegal, invalid or unenforceable, the remainder shall not be affected,

and in lieu of such provision which is found to be illegal, invalid or unenforceable, there will be added as a part of this Lease a provision as similar to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.

25. Captions. The captions at the beginning of the various paragraphs of this Lease have been inserted in this Lease for convenience of reference only. Such captions do not, and shall not be construed to, define, limit or amplify the scope or intent of any provisions of this Lease.

26. Binding Effect. This Lease will inure to the benefit of, and will be binding upon, Landlord and Landlord's successors and assigns. This Lease will inure to the benefit of, and will be binding upon, Tenant and Tenant's successors and assigns, so long as such succession or assignment is permitted by the terms of this Lease.

27. Governing Law. This Lease shall be governed by, and construed and interpreted under and in accordance with, the laws of the State of Florida without regard to concepts of choice of law.

IN WITNESS WHEREOF, Landlord and Tenant have caused this instrument to be executed in their names by their respective corporate officers thereunto duly authorized and have intended this instrument to be and become effective as of the 26th day of November, 2013.

Signed, sealed and delivered
in the presence of:

WITNESSES:

Karen A Phillips
Print Name: Karen A Phillips

April Storcius
Print Name: April Storcius

LANDLORD:

CITY OF PORT ST. LUCIE, a Florida municipal corporation

By: Jeff Bremer
Print Name: JEFF BREMER
Its: ________________

(CORPORATE SEAL)

____
Print Name: ________________

____
Print Name: ________________

TENANT:

TPIMS LAND COMPANY, LLC, a Florida limited liability company

By: ________________
Print Name: ________________
Its: ________________

(CORPORATE SEAL)

IN WITNESS WHEREOF, Landlord and Tenant have caused this instrument to be executed in their names by their respective corporate officers thereunto duly authorized and have intended this instrument to be and become effective as of the 26th day of November, 2013.

Signed, sealed and delivered
in the presence of:

WITNESSES:

____
Print Name: __________________

____
Print Name: __________________

LANDLORD:

CITY OF PORT ST. LUCIE, a Florida municipal corporation

By: ______________________________
Print Name: ______________________
Its: ______________________________

(CORPORATE SEAL)

Donald B Cooper

Print Name: W. Lee Dobbins

Print Name: Donald B. Cooper

TENANT:

TPIMS LAND COMPANY, LLC, a Florida limited liability company

By: TORREY PINES INSTITUTE FOR MOLECULAR STUDIES, INC., a California non-profit public benefit corporation, sole Member

By: ______________________________
Richard Houghton, President

[CORPORATE SEAL]

Exhibit "A"

Lot 1 of Southern Grove Plat No. 10 according to the Plat thereof recorded in Plat Book 68, Page 20 and re-recorded in Plat Book 68, Page 22 of the Public Records of St. Lucie County, Florida.

COUNCIL ITEM 8d
DATE 11/25/13

ORDINANCE 13-66

AN ORDINANCE AUTHORIZING THE CITY MANAGER OF THE CITY OF PORT ST. LUCIE TO ENTER INTO A GROUND LEASE AGREEMENT BETWEEN THE CITY OF PORT ST. LUCIE AND TPIMS LAND COMPANY, LLC; AUTHORISING CONVEYANCE OF THE BUILDING LOCATED AT 11350 SW VILLAGE PARKWAY, PORT ST. LUCIE, FLORIDA; PROVIDING AN EFFECTIVE DATE.

THE CITY OF PORT ST. LUCIE HEREBY ORDAINS:

Section 1. That the City Manager of the City of Port St. Lucie is hereby authorized and directed to enter into a Ground Lease Agreement between the City of Port St. Lucie, a Florida municipal corporation ("Landlord") and TPIMS Land Company, LLC a Florida limited liability company ("Tenant"), a wholly-owned subsidiary of Torrey Pines Institute for Molecular Studies, Inc., a California nonprofit public benefit corporation ("Torrey Pines") located at 11350 SW Village Parkway, Port St. Lucie, Florida 34987, said Ground Lease is attached hereto as Exhibit "A" and by reference incorporated herein.

Section 2. That the Mayor of the City of Port St. Lucie is hereby authorized to execute the Special Warranty Deed for the conveyance of the building which is approved in substantially the form attached hereto as Exhibit "B" and by reference incorporated herein. The Special Warranty Deed is subject to the terms and conditions contained in the Ground Lease Agreement.

Section 3. This Ordinance shall become effective immediately upon its adoption.

PASSED AND APPROVED by the City Council of the City of Port St. Lucie, Florida, this 25th day of November, 2013.

CITY COUNCIL
CITY OF PORT ST. LUCIE

BY: JoAnn M. Faiella
JoAnn M. Faiella, Mayor

ATTEST:
Karen A. Phillips
Karen A. Phillips, City Clerk

APPROVED AS TO FORM:
Roger G. Orr
Roger G. Orr, City Attorney

[illegible]

JOSEPH E. SMITH, CLERK OF THE CIRCUIT COURT - SAINT LUCIE COUNTY
FILE # 3901847 OR BOOK 3582 PAGE 2118, Recorded 11/26/2013 at 04:27 PM
Doc Tax: $0.70

EXHIBIT
B

This Instrument Prepared By:
W. LEE DOBBINS, ESQ.
Dean, Mead, Minton & Zwemer
1903 South 25th Street, Suite 200
Fort Pierce, Florida 34947
(772) 464-7700

For Official Use Only
Tax Parcel Identification No.: 4315-500-0014-000-5 (Portion)

SPECIAL WARRANTY DEED

THIS SPECIAL WARRANTY DEED is made as of the 26th day of November 2013, by THE CITY OF PORT ST. LUCIE, a Florida municipal corporation, whose address is 121 SW Port St. Lucie Boulevard, Port St. Lucie, FL 34984 ("Grantor"), to TPIMS LAND COMPANY, LLC, a Florida limited liability company, whose address is 11350 SW Village Parkway, Port St Lucie, Florida 34987 ("Grantee").

> (Whenever used herein, the terms "Grantor" and "Grantee" include all the parties to this instrument and the heirs, personal representatives and assigns of individuals and the successors and assigns of corporations, limited liability companies, partnerships, governmental and quasi-governmental entities.)

WITNESSETH:

THAT GRANTOR, for and in consideration of the sum of Ten Dollars ($10.00) and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, by these presents does grant, bargain, sell, alien, remise, release, convey and confirm unto Grantee the following:

> **That certain building and all equipment and fixtures attached thereto (collectively, the "Building") located on the parcel of real property situate in St. Lucie County, Florida and more particularly described as Lot 1 of Southern Grove Plat No. 10 according to the Plat thereof recorded in Plat Book 68, Page 20 and re-recorded in Plat Book 68, Page 22 of the Public Records of St. Lucie County, Florida.**

TOGETHER WITH all the tenements, hereditaments and appurtenances thereto belonging or in anywise appertaining.

TO HAVE AND TO HOLD the same in fee simple forever.

THIS IS A CONVEYANCE OF AN UNENCUMBERED BUILDING FOR NO CONSIDERATION. THIS CONVEYANCE IS EXEMPT FROM DOCUMENTARY STAMP TAXES PURSUANT TO §12B-4.014(2), F.A.C.

SUBJECT TO the covenants and restrictions set forth in that certain Special Warranty Deed recorded in Official Records Book 2776, Page 1552 of the Public Records of St. Lucie County, Florida.

AND GRANTOR hereby covenants with Grantee that Grantor is lawfully seized of the Building in fee simple; that Grantor has good right and lawful authority to sell and convey Grantor's interest in and to the Building and hereby warrants the title to the Building and will defend the same against the lawful claims of all persons claiming by, through or under Grantor, but not otherwise. This conveyance is subject to taxes accruing subsequent to December 31, 2012, and to easements, restrictions, agreements, conditions, limitations, reservations and other matters of record, if any, but this reference to the foregoing shall not operate to reimpose the same.

IN WITNESS WHEREOF, the party referred to above as Grantor has caused this instrument to be executed and delivered in its name and has intended the same to be and become effective as of the day and year first above written.

Signed, sealed and delivered
in the presence of:

April Stoncius
Print Name: April Stoncius

Kimberly Koch
Print Name: Kimberly Koch

THE CITY OF PORT ST. LUCIE, a Florida municipal corporation

By: ____________________
JoAnn M. Faiella, Mayor

Approved as to Form and Correctness:

By: ____________________
Roger Orr, City Attorney

STATE OF FLORIDA
COUNTY OF ST. LUCIE

THE FOREGOING INSTRUMENT was acknowledged before me this 25 day of November, 2013, by JoAnn M. Faiella as Mayor of the City of Port St. Lucie, a Florida municipal corporation. Said person (check one) ☑ is personally known to me, ☐ produced a driver's license (issued by a state of the United States within the last five (5) years) as identification, or ☐ produced other identification, to wit: ____________________

Karen A. Phillips
Print Name: Karen A. Phillips
Notary Public, State of Florida
Commission No.: FF059927
My Commission Expires: 10-7-17

{Notary Stamp}

KAREN A. PHILLIPS
MY COMMISSION # [illegible]
EXPIRES: October 07, 2017

[illegible]

COUNCIL ITEM 8d
DATE 11/25/13

ORDINANCE 13-66

AN ORDINANCE AUTHORIZING THE CITY MANAGER OF THE CITY OF PORT ST. LUCIE TO ENTER INTO A GROUND LEASE AGREEMENT BETWEEN THE CITY OF PORT ST. LUCIE AND TPIMS LAND COMPANY, LLC; AUTHORISING CONVEYANCE OF THE BUILDING LOCATED AT 11350 SW VILLAGE PARKWAY, PORT ST. LUCIE, FLORIDA; PROVIDING AN EFFECTIVE DATE.

THE CITY OF PORT ST. LUCIE HEREBY ORDAINS:

Section 1. That the City Manager of the City of Port St. Lucie is hereby authorized and directed to enter into a Ground Lease Agreement between the City of Port St. Lucie, a Florida municipal corporation ("Landlord") and TPIMS Land Company, LLC a Florida limited liability company ("Tenant"), a wholly-owned subsidiary of Torrey Pines Institute for Molecular Studies, Inc., a California nonprofit public benefit corporation ("Torrey Pines") located at 11350 SW Village Parkway, Port St. Lucie, Florida 34987, said Ground Lease is attached hereto as Exhibit "A" and by reference incorporated herein.

Section 2. That the Mayor of the City of Port St. Lucie is hereby authorized to execute the Special Warranty Deed for the conveyance of the building which is approved in substantially the form attached hereto as Exhibit "B" and by reference incorporated herein. The Special Warranty Deed is subject to the terms and conditions contained in the Ground Lease Agreement.

Section 3. This Ordinance shall become effective immediately upon its adoption.

PASSED AND APPROVED by the City Council of the City of Port St. Lucie, Florida, this 25th day of November, 2013.

CITY COUNCIL
CITY OF PORT ST. LUCIE

BY:
JoAnn M. Faiella, Mayor

ATTEST:

Karen A. Phillips
Karen A. Phillips, City Clerk

APPROVED AS TO FORM:

Roger G. Orr, City Attorney

FIRST AMENDMENT TO GROUND LEASE AGREEMENT

THIS FIRST AMENDMENT TO GROUND LEASE AGREEMENT (the "Amendment") is made and entered into as of the Effective Date (as defined herein) by and between the CITY OF PORT ST. LUCIE, a Florida municipal corporation (hereinafter referred to as "Landlord") and THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES, a public body corporate (hereinafter referred to as "Tenant").

WITNESSETH:

WHEREAS, Landlord and TPIMS LAND COMPANY, LLC, a Florida limited liability company (the "Original Tenant") entered into that certain Ground Lease Agreement dated as of November 26, 2013 (the "Original Lease") for the leasing of certain Premises located at 11350 SW Village Parkway, Port St. Lucie, Florida; and

WHEREAS, the Original Tenant has assigned the Original Lease to Tenant and Tenant has assumed the Original Lease in accordance with that certain Assignment and Assumption of Ground Lease Agreement and Landlord's Consent to Assignment of even date hereof; and

WHEREAS, the Torrey Pines Institute for Molecular Studies, Inc. ("TPIMS") and Landlord had entered into a Grant Agreement dated as of February 9, 2007 (the "Grant Agreement"), which Grant Agreement was terminated on __________________ upon the mutual agreement of TPIMS and Landlord; and

WHEREAS, the parties desire to further modify the Original Lease upon and subject to the terms of this Amendment.

NOW THEREFORE, for and in consideration of the premises hereof, the sum of TEN DOLLARS ($10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant do hereby agree as follows:

1. Recitals; Defined Terms. The recitals above are true and correct and are incorporated into this Amendment by this reference. Any capitalized but undefined terms used herein shall have the meaning assigned to them in the Original Lease.

2. Amendment to Original Lease. This Amendment shall amend the Original Lease as set forth herein. Except as otherwise expressly modified by this Amendment, the provisions of the Original Lease are hereby expressly confirmed and ratified. Any inconsistency or conflict between the Original Lease and this Amendment shall be governed by the terms of this Amendment. All references to the "Lease," as of the Effective Date, shall mean the Original Lease, as amended by this Amendment.

3. Effective Date. The "Effective Date" of this Amendment shall be the date upon which the last party to execute this Amendment has done so, as evidenced by the date noted below its signature.

4. Grant Agreement. Any and all references in the Original Lease to the Grant Agreement, and any and all provisions relating to the Grant Agreement, are hereby deleted in their entirety.

5. Torrey Pines. Any and all references to "Torrey Pines" in Sections 5 and 14.02(g) of the Original Lease are hereby deleted in their entirety and replaced with "Tenant." The definition of Torrey Pines is hereby deleted from the Preamble of the Original Lease.

6. Term of Lease. The second sentence of Section 2 of the Original Lease is hereby deleted in its entirety and replaced with the following:

> This Lease shall immediately terminate in the event that, prior to the end of the Term of this Lease, ownership of the Building reverts to Landlord in accordance with the terms of Section 14.03 of the Original Lease as modified by this Amendment.

7. Use of Premises. Landlord acknowledges and agrees that the Premises are no longer the corporate headquarters of TPIMS. Furthermore, Section 6 of the Original Lease is hereby deleted in its entirety and replaced with the following:

> Tenant may use the Premises to (a) operate and maintain a biomedical research facility for the purposes of (i) conducting medical, life science and clinical research, including without limitation, research involving, (A) small animals such as rodents (rats and mice) and rabbits, (B) carcinogens, (C) bacteria, (D) viruses, (E) BLA-3 level pathogens, (F) NIH and non-NIH stem cells, (G) radioisotopes in amounts typical of biological and molecular biological research activities, and (H) medical, life science and clinical research approved in the future by Tenant; (ii) conducting training and outreach programs; (iii) performing ancillary services and related healthcare and life science uses; (iv) conducting undergraduate, graduate and post graduate education; and (b) lease or sublease portions of the Premises to for-profit and not-for-profit entities for the uses set forth in section (a) of this Paragraph (collectively, the "Authorized Uses").

8. Taxes. The following sentence is added as the last sentence of Section 8 of the Original Lease:

> Notwithstanding anything to the contrary set forth in this Lease or in this Section 8, (i) Tenant is a tax immune sovereign pursuant to Florida law, and (ii) as a tax immune sovereign, Tenant is not subject to the payment of any ad valorem real property taxes, general or special assessments of any kind, and/or use fees in the absence of a specific legislative mandate waiving sovereign immunity and authorizing any such tax, assessment and/or use fee to be made against Tenant. Should the Florida Legislature waive sovereign immunity with respect to the collection of any ad valorem real property tax, general or special assessment of any kind or use fees, and authorize the imposition of any such ad valorem real property tax, general or special assessment of any kind or use fee against Tenant, then Tenant shall be responsible for the payment of any such ad valorem real property taxes, assessments or use fees relating to the Premises and the Building. In no instance shall the Landlord be responsible for the payment of any ad valorem real property taxes, general or special assessments of any kind, and/or use fees imposed on the Property.

9. Insurance. Section 11 of the Original Lease is hereby deleted in its entirety and replaced with the following:

> Tenant is a self-insured entity with a general liability risk management program, including the administration of general liability claims, settlement of claims, a claims prevention program, and trust fund pursuant to Chapter 284, Part II, Section 768.28, Florida Statutes. Tenant agrees to secure and keep in full force and effect and throughout the term of this Lease, at Tenant's sole cost and expense, the insurance program pursuant to Chapter 284, Part II, Section 768.28, Florida Statutes. Furthermore, Landlord acknowledges and agrees that Landlord and its designees will not be added as insureds or additional insureds on Tenant's insurance and the same shall not constitute a default under this Lease.
>
> Furthermore, Tenant is a State agency that participates in a self-insured property program that includes property coverage for reported locations, and the payment of claims for property losses due to covered perils via the State Risk Management Trust Fund pursuant to Florida Statute Chapter 284, Part I. Tenant agrees to secure and keep in full force and effect and throughout the term of this Lease, at Tenant's sole cost and expense, the insurance program pursuant to Chapter 284, Part I, Florida Statutes. Furthermore, Landlord acknowledges and agrees that Landlord and its designees will not be added as insureds or additional insureds or loss payees on Tenant's insurance and the same shall not constitute a default under this Lease.

10. Tenant Events of Default. Subparagraphs (d), (e) and (f) of Section 14.02 of the Original Lease are hereby deleted in their entirety. Furthermore, subparagraphs (a) and (b) of Section 14.02 of the Original Lease are hereby deleted in their entirety and replaced with the following:

> (a) vacating, abandoning or closing Tenant's operations at the Building, except for any periods of time that Tenant may be required to do so in connection with a casualty, condemnation, Tenant's repair and maintenance obligations and/or force majeure;
>
> (b) failure to continuously operate the Building as a biomedical research institute, consistent with the Authorized Uses;

11. Remedies for Default. Section 14.03 of the Original Lease is hereby deleted in its entirety, and replaced with the following:

> Following the occurrence and continuance of a Default (defined as a Landlord Default or a Tenant Default) during the Term of this Lease, the non-defaulting party may, upon prior written notice to the defaulting party, (a) terminate this Lease, and (b) if the Default is a Tenant Default, then title to the Building shall revert to Landlord. Additionally, the non-defaulting party shall have the right to have the provisions of this Lease enforced by any court having equity jurisdiction, it being acknowledged that any such Default will cause irreparable injury to the non-defaulting party and that money damages will not provide an adequate remedy. The

> remedies set forth in this Section and in that certain Special Warranty Deed (the "2007 Deed") dated March 2, 2007 and recorded in Official Records Book 2776, Page 1552, of the Public Records of St. Lucie County, Florida (but if and only to the extent that any such remedies or conditions in the 2007 Deed have not been waived and/or deemed satisfied by the grantor of the 2007 Deed in that certain [Acknowledgment] recorded in Official Records Book ____, Page ____, of the Public Records of St. Lucie County, Florida) shall be the sole and exclusive remedies of each of Landlord and Tenant following the occurrence and continuance of a Default under this Lease.

12. Indemnification. Section 15.01(a) of the Original Lease is hereby deleted in its entirety and replaced with the following:

> Tenant shall indemnify and hold Landlord, its agents, employees, officers and City Council (individually, a "Covered Person" and collectively, "Covered Persons") harmless from and against any and all personal injury or property damage claims, liabilities, losses, expenses, costs, damages, fines, penalties or causes of action which may arise out of or which is a result of the negligence of Tenant or Tenant's employees when acting within the course and scope of their employment; provided, however, this indemnification shall only be to the extent and within the limitations of Section 768.28 Florida Statutes. Nothing herein shall be deemed to indemnify a Covered Person from any liability or claim arising out of the negligent performance or failure of performance of a Covered Person or as a result of the negligence or failure of performance of any third party. Further, nothing contained herein shall be construed or interpreted as (i) denying Tenant or other state or public entity any remedy or defense available under the laws of the State of Florida; (ii) the consent of Tenant to be sued; or (iii) a waiver of sovereign immunity of Tenant beyond the waiver described herein and provided in §768.28, Florida Statutes.

13. Landlord Representations. The second sentence of Section 18 of the Original Lease is hereby deleted in its entirety.

14. Notices. Tenant's notice address under Section 19 of the Original Lease is hereby deleted in its entirety and replaced with the following:

Florida International University
Office of Research & Economic Development
11200 S.W. 8th Street, MARC 430
Miami, Florida 33199
Attention: Andrés Gil, Vice President for Research

with a copy to:

Florida International University
Office of the General Counsel
11200 S.W. 8th Street, PC 511
Miami, Florida 33199

Attention: General Counsel

15. Landlord's Lien. Landlord waives any statutory or common law landlord's lien and any and all rights granted under present or future laws to levy or distrain for rent against any equipment, inventory, trade fixtures and other property owned by Tenant and located in the Premises.

16. Miscellaneous.

(a) Tenant is subject to Chapter 119 of Florida Statutes, commonly known as the Florida Public Records Law. The Lease and any related documents and/or correspondences Landlord submits to Tenant shall also become a public record subject to the Public Records Law. Tenant will respond to public records requests without providing Landlord any notice. This provision shall survive termination or expiration of the Lease. **IF LANDLORD HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO LANDLORD'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THE LEASE, CONTACT THE CUSTODIAN OF PUBLIC RECORDS AT (305) 348-1377, BY EMAIL AT recordsmanagement@fiu.edu, OR BY MAIL at 11200 SW 8 ST., GL 460, MIAMI, FLORIDA 33199.**

(b) The Lease does not confer upon Landlord any rights to use the name, logos, marks and/or likeness of Tenant. Landlord must obtain the written permission of Tenant prior to using its name, logos, marks and/or likeness.

(c) **NEITHER LANDLORD NOR TENANT SHALL SEEK A JURY TRIAL IN ANY LAWSUIT, PROCEEDING, COUNTER-CLAIM, OR ANY OTHER LITIGATION BASED UPON, OR ARISING OUT OF THE LEASE, ANY RELATED INSTRUMENT, ANY COLLATERAL OR THE DEALINGS OR THE RELATIONSHIP BETWEEN OR AMONG THE PARTIES, OR ANY OF THEM. NO PARTY WILL SEEK TO CONSOLIDATE ANY SUCH ACTION, IN WHICH A JURY HAS BEEN WAIVED, WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT OR HAS NOT BEEN WAIVED. THE PROVISIONS OF THIS SECTION HAVE BEEN FULLY DISCUSSED BY THE PARTIES HERETO. NO PARTY HAS IN ANY WAY AGREED WITH OR REPRESENTED TO ANY OTHER PARTY THAT THE PROVISIONS OF THIS SECTION WILL NOT BE FULLY ENFORCED IN ALL INSTANCES. THIS WAIVER SURVIVES THE EXPIRATION OR TERMINATION OF THE LEASE.**

17. No Broker. Landlord and Tenant warrant and represent to the other that no real estate broker and/or consultant have been involved in connection with the transactions contemplated by this Amendment.

18. Radon Gas. Section 404.056, Florida Statutes, requires the following notice to be provided with respect to the contract for sale and purchase of any building, or a rental agreement for any building: "Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from your county health department."

19. Time. Time is of the essence with respect to all provisions of this Amendment.

20. Counterparts. This Amendment may be executed in multiple counterparts, each of which shall be deemed an original, but all of which, together, shall constitute but one and the same instrument. A facsimile or electronically transmitted signature shall be deemed to constitute an original signature for the purposes of this Amendment.

21. Negotiations of Amendment. The drafting and negotiation of this Amendment has been participated in by each of the parties, and for all purposes, therefore, this Amendment shall be deemed to have been drafted jointly by each of the parties.

22. Severability. If any clause or provision of this Amendment is illegal, invalid or unenforceable under present or future laws, it is the intention of the parties that the remainder of this Amendment shall not be affected thereby.

23. Approved Vendor. Landlord acknowledges and agrees that if necessary, Landlord shall take all actions necessary to register as an approved vendor with Tenant’s Office of Finance and Administration.

[SIGNATURE PAGES FOLLOWS]

IN WITNESS WHEREOF, the parties have hereunto set their hands and seal the day and year first above written.

Signed, sealed and
delivered in the presence of:

LANDLORD:

CITY OF PORT ST. LUCIE, a Florida municipal corporation

____
Print Name: ____________________

By:______________________________________
Name: Gregory J. Oravec
Title: Mayor
Date: ____________________________

____
Print Name:____________________

[Additional signature on the following page]

Signed, sealed and
delivered in the presence of:

TENANT:

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES

____
Print Name:____________________

By:_______________________________________
Name: _________________________________
Title: ________________________________
Date: ____________________________

____
Print Name: ____________________

Approved By:

____
Kenneth G. Furton
Provost and Executive Vice
President
Date:__________________

____
Mark B. Rosenberg
President
Date:________________________

Torrey Pines @ FIU
Pro Forma

	March - June FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Number of Faculty Researchers	4	10	15	18	18	18	18	18	18	18	18
Revenues											
Grants and Contracts (Direct and Indirect)	908,427	7,175,011	10,267,905	12,272,655	12,456,745	12,728,738	12,919,669	13,113,464	13,443,713	13,645,368	13,850,049
Direct	*615,883*	*4,864,414*	*6,914,414*	*8,264,414*	*8,388,380*	*8,514,206*	*8,641,919*	*8,771,548*	*8,903,121*	*9,036,668*	*9,172,218*
Indirect	*292,544*	*2,310,597*	*3,353,491*	*4,008,241*	*4,068,364*	*4,214,532*	*4,277,750*	*4,341,916*	*4,540,592*	*4,608,701*	*4,677,831*
Donations[1]	0	0	0	0	0	0	0	0	0	0	0
FIU E&G Support (Faculty Startup and Salaries)[2]	1,102,086	2,846,997	4,070,131	4,837,332	3,573,213	2,851,311	2,879,831	2,908,778	2,938,160	2,967,982	2,998,252
Rental Income--third floor subleases [3]	283,374	850,121	875,624	901,893	928,950	956,818	985,523	1,015,089	1,045,541	1,076,908	1,109,215
Total Revenues	$2,293,887	$10,872,128	$15,213,660	$18,011,880	$16,958,907	$16,536,867	$16,785,023	$17,037,331	$17,427,414	$17,690,258	$17,957,516
Expenses											
Direct Research Expenses[4]	$615,883	$4,864,414	$6,914,414	$8,264,414	$8,388,380	$8,514,206	$8,641,919	$8,771,548	$8,903,121	$9,036,668	$9,172,218
Salaries and Benefits	*388,006*	*3,064,581*	*4,356,081*	*5,206,581*	*5,284,680*	*5,363,950*	*5,444,409*	*5,526,075*	*5,608,966*	*5,693,101*	*5,778,497*
Materials and Supplies	*61,588*	*486,441*	*691,441*	*826,441*	*838,838*	*851,421*	*864,192*	*877,155*	*890,312*	*903,667*	*917,222*
Subcontracts, Equipment & Grants	*49,271*	*389,153*	*553,153*	*661,153*	*671,070*	*681,136*	*691,354*	*701,724*	*712,250*	*722,933*	*733,777*
Facility Operations & Maintenance	*73,906*	*583,730*	*829,730*	*991,730*	*1,006,606*	*1,021,705*	*1,037,030*	*1,052,586*	*1,068,375*	*1,084,400*	*1,100,666*
Professional Services and Travel	*43,112*	*340,509*	*484,009*	*578,509*	*587,187*	*595,994*	*604,934*	*614,008*	*623,218*	*632,567*	*642,055*
FIU Indirect Operating Costs[5]	51,098	518,645	722,167	1,005,922	1,021,011	1,036,326	1,051,871	1,067,649	1,083,663	1,099,918	1,116,417
FIU Administrative Staff[6]	373,841	972,025	1,153,271	1,170,570	1,242,400	1,338,418	1,463,484	1,624,240	1,829,695	2,092,055	2,427,915
Torrey Pines Facilities Operations[7]	451,320	1,353,959	1,952,005	1,981,286	2,011,005	2,041,170	2,071,787	2,102,864	2,134,407	2,166,423	2,198,920
E&G Salary Support[8]	210,284	1,055,195	1,528,329	1,845,530	1,873,213	1,901,311	1,929,831	1,958,778	1,988,160	2,017,982	2,048,252
E&G Startup Support[9]	891,802	1,791,802	2,541,802	2,991,802	1,700,000	950,000	950,000	950,000	950,000	950,000	950,000
Total Expenses	2,594,227	10,556,040	14,811,989	17,259,523	16,236,009	15,781,431	16,108,892	16,475,079	16,889,046	17,363,046	17,913,722
Required Capital Improvements[10]	$95,846	$1,809,050	$1,941,500	$315,000	$72,000	$39,000	$168,800	$270,000	$265,000	$65,000	$37,500
Terminal Value of Facility (theoretical sale)[11]											$16,000,000
Net Cash Flow[11]	($396,187)	($1,492,962)	($1,539,828)	$437,357	$650,899	$716,437	$507,331	$292,251	$273,368	$262,212	$16,006,294
Net Present Value[12]		$13,129,282									

---

[1] The University is evaluating and completing due diligence for the possible merger of the four Torrey Pines Institute for Molecular Studies direct support organizations (DSO's). As a result, no donations are included in this pro forma.

[2] E&G Support for Faculty Startup and Salary Support from BOT approved carry forward funds and Operational Support funding

[3] FIU will assume three existing subleases from Torrey Pines Institute; 17,851 rentable square feet at average $46.24 psf

[4] Based on average University researcher productivity; average total direct research expense for full time researchers of $461,912

[5] Includes travel, materials and supplies, laundry, equipment repairs and maintenance, capital reserve contributions, meeting/training/dues, and FIU integration costs based on historical Torrey Pines operating cost

[6] Includes administrative and scientific staffing commensurate with the number of faculty researchers

[7] Estimated based on state formula; includes utilities, repairs, maintenance, staffing, maintenance contracts, and routine/expecting capital improvement needs outside those identified prior to acquisition

[8] E&G Salary Support customary for new faculty research hires with an average 54%/46% split of funding on E&G and sponsored research projects, respectively

[9] New Faculty Researcher startup support assumed to be $150,000 per researcher per year. Total Startup Support includes packages for new hires currently located at TPIMS.

[10] Please see Torrey Pines Facilities Assessment Report prepared by independent and licensed professional · FY 2019-20 Capital Improvements includes a one-time lump sum payment in the amount of $95,846.36 to retire the facility's proportionate share of the Southern Grove Community Development District Bond Assessments (a non-ad valorem assessment). If not retired at this time, the bond assessment would continue to be levied until 2043. The proposed assessment for 2019 is $46,925.41 (the same amount that was assessed in 2017 and 2018). All Capital Improvements including the facility's retirement of proportionate share of the Southern Grove Community Development District Bond Assessments will be funded by F&A reserves.

[11] Terminal Value of Facility conservatively assumes that value appreciation is offset by the depreciation of the facility and therefore equals current market value. Although the City of Port St. Lucie will transfer to FIU fee simple title to the land of approximately 8.69 acres currently under a ground lease to Torrey Pines upon the expiration of the Lease in 2026, land value is not included in the Terminal Value estimate. See Appraisal Report completed by licensed and independent appraiser.

[12] Prior to acquisition of the Facility, FIU entered into a one year lease with TPIMS for $1,347,666 with option to renew; it is not included in this analysis as this is a sunk cost and does not impact the projected incremental future cash flows

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7210 SW 126th Court, Miami, Florida 33183
Aniano J. Garcia, PLSM
Land Surveyor & Planner
Ph (305) 856-4566
agarcia297@aol.com

ALTA/ACSM LAND TITLE SURVEY

Property Address:
11350 SW Village Parkway, Port St. Lucie, Florida 34987

Legal Description:
Lot 1, SOUTHERN GROVE PLAT NO. 10, according to the map or plat thereof, as recorded in Plat Book 68, Page(s) 20 through 21, as re-recorded in Plat Book 68, Page(s) 22 through 23, of the Public Records of St. Lucie County, Florida.

SCHEDULE B, SECTION II of the Title Commitment

Items 1, 2, 4 through 7, 9 through 30, 33, 34 and 41, 42, 44, 46 and 47 are not plottable nor a survey matter

3. Standard Exceptions:

A. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land.
If there is any, It is plotted on the survey

B. Rights or claims of parties in possession not shown by the public records.
Not a survey or a plottable matter

C. Any lien, or right to a lien, for services, labor, or materials heretofore or hereafter furnished, imposed by law and not shown by the public records.
Not a survey or a plottable matter

D. Taxes or assessments which are not shown as existing liens in the public records.
Not a survey or a plottable matter

8. Easements and Dedications as set forth on the Plat of SOUTHERN GROVE PLAT NO. 4, as recorded in Plat Book 56, at Pages 18 through 23, in the public records of St. Lucie County, Florida.
Any matter on this Plat affecting the property is disclosed on this survey

31. Easement granted Florida Power & Light Company as recorded in Official Records Book 3055, Page 2079 and Official Records Book 3211, Page 2289.
It is plotted on the survey

32. Easement(s) granted City of Port St. Lucie Utility Department as recorded in Official Records Book 3055, Page 2082; Official Records Book 3055, Page 2087 and Official Records Book 3055, Page 2092.
It is plotted on the survey

35. Easement - 60" Drainage Outfall Pipe at Torrey Pines granted City of Port St. Lucie Engineering Department as recorded in Official Records Book 3100, Page 1809.
It is plotted on the survey

36. Easement for Irrigation Pump and Well Village Parkway at Torrey Pines granted City of Port St. Lucie Engineering Department recorded in Official Records Book 3100, Page 1813.
It is plotted on the survey

37. Reservation of Utility Easement(s) as recorded in Official Records Book 3354, Page 2285.
It is plotted on the survey

38. Drainage Easement Agreement as recorded in Official Records Book 3460, Page 1172; being amended and restated in Official Records Book 3490, Page 507.
It is plotted on the survey

39. Intentionally deleted

40. Restrictions, covenants, conditions, easements and other matters as contained on the Plat of SOUTHERN GROVE PLAT NO. 10, recorded in Plat Book 68, Page 20 through 21; re-recorded in Plat Book 68, Pages 22 through 23, of the Public Records of St. Lucie County, Florida.
Any matter on this Plat affecting the property is disclosed on this survey

43. Intentionally deleted

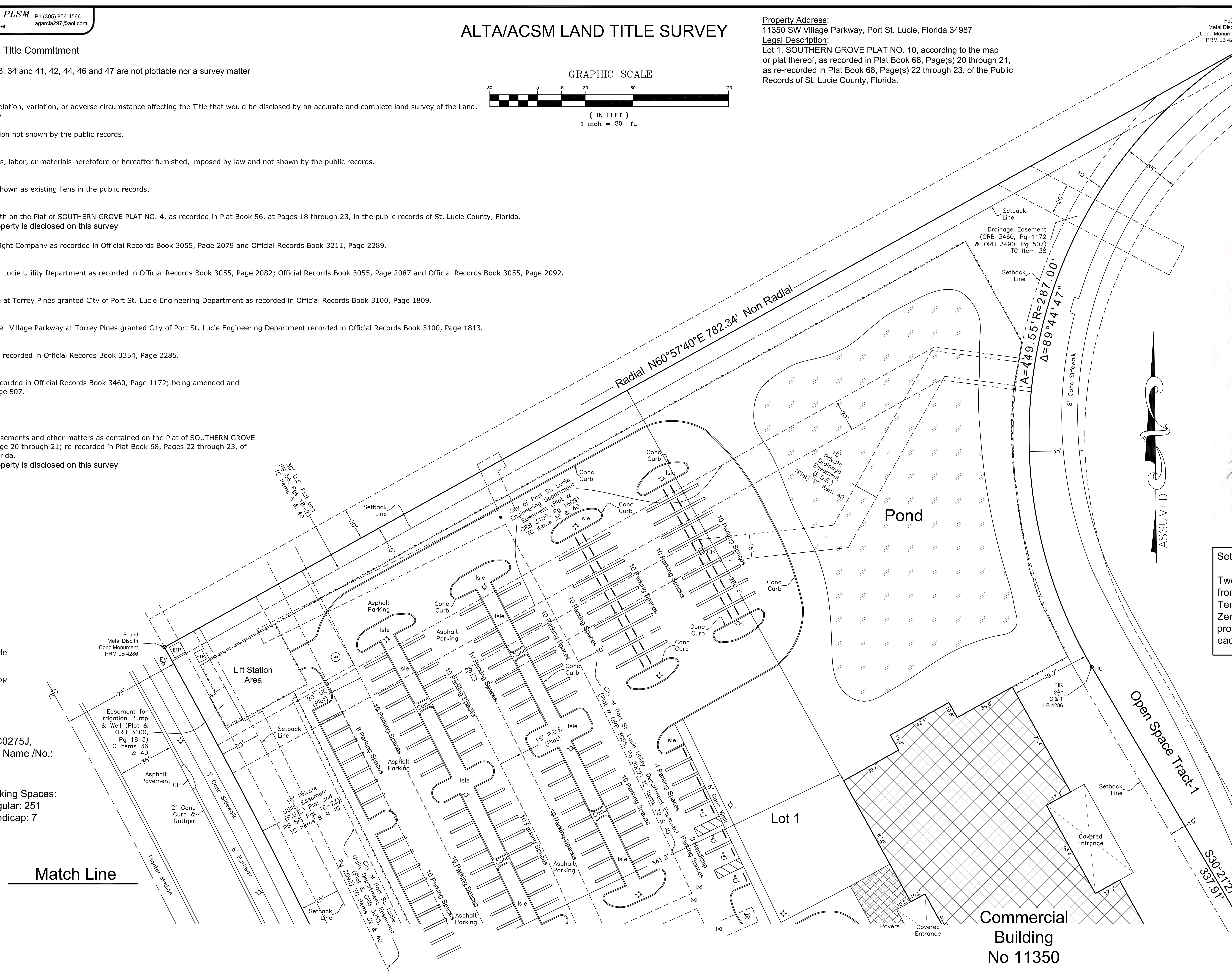
45. Refers to this survey

Title Commitment by Fidelity National Title Insurance Company
Order No.: 7332104
Commitment Date: 09/19/2019 at: 11:00 PM

Flood Plain Information:
Flood Zone: X; Panel No: 12111C0275J, effective 02-16-2012; Community Name /No.: City of Port St. Lucie/120287

Land Gross Area
=378,572 Sq Ft
=8.69 Acres

Parking Spaces:
Regular: 251
Handicap: 7




CITY OF PORT ST. LUCIE
Planning and Zoning Department
121 S.W. Port St. Lucie Blvd., Building B
Port St. Lucie, FL 34984-5099
(772) 871-5213
(772) 871-5124 Fax
(772) 873-6339 TDD
www.cityofpsl.com

May 21, 2019
Gladys Milian
Skyline Lien Search
8785 SW 165th Avenue, Suite 301
Miami, Florida 33193

RE: Zoning Verification, Land use Research and Miscellaneous Research Letter
11350 SW Village Parkway
Port St. Lucie, Florida 34987 (431560000010008)

Dear Ms. Milian,

In response to your zoning verification, land use research and miscellaneous research request, received May 15, 2019, I have researched the parcels listed above and have compiled the following data:

Information requested:

1. The current zoning district for the property is Master Planned Unit Development (MPUD) Zoning District. It is the Southern Grove MPUD.
2. The property is located within the limits of the City of Port St. Lucie.
3. Currently there are no outstanding code issues for this property.
4. I have attached the MPUD document as requested.
5. No variances have been granted for this property.

If you have any questions, please do not hesitate to contact me at 772-344-4218 or email drobinson@cityofpsl.com

Sincerely,

Daniel Ro son, Planner
Planning & Zoning Department

Attachments:
- Property Identifications
- Southern Grove MPUD
- Receipt of payment

Set Back Requirements Provided by Client:

Twenty five (25) feet for front yard and from public rights of way.
Ten (10) feet from side and rear property lines.
Zero (0) foot setback shall be allowed for shared property lines between developments, provided each property owner acknowledges in writing.

To The Florida International University Board of Trustees; Holland & Knight LLP; Fidelity National Title Insurance Company: This is to certify that this map or plat and the survey on which it is based were made in accordance with the 2016 Minimum Standard Detail Requirements for ALTA/NSPS Land Title Surveys, jointly established and adopted by ALTA and NSPS, and includes Items 1, 2, 3, 4, 7 (a), 8, 11 (by observed evidence only) and 19 of Table A thereof. The fieldwork was completed on 12-22-2018

Aniano J. Garcia
State of Florida PLSM # 5105

LEGEND AND ABBREVIATIONS

A = Arc Length; AC = Air Conditioner; AE = Anchor Easement; BC = Block Corner; BM = Bench Mark; BOB = Basis Of Bearings; (C) = Calculated Dimension; CB = Catch Basin; CBS = Concrete Block Structure; CFW = Concrete Fence Wall; CH = Chord Length; CHB = Chord Bearing; Cl = Clear; CML = City Monument Line; CME = Canal Maintenance Easement; Conc = Concrete; DE = Drainage Easement; DME = Drainage & Maintenance Easement; Dr = Drive; E = East; Elev = Elevation; ENCR = Encroached; ETP = Electric Transformer; FDH = Found Drill Hole; FIR = Found Iron Rod; FFE = Finished Floor Elevation; FH = Fire Hydrant; FIP = Found Iron Pipe; FN = Found Nail; FT = Feet; LME = Lake Maintenance Easement; LB = Licensed Business; LFE = Lowest Floor Elevation; LP = Light Pole; (M) = Measured Dimension; ME = Maintenance Easement; MON = Monument; N = North; NGVD 1929 = National Geodetic Vertical Datum of 1929; NTS = Not To Scale; OE = Overhead Cables; OH = Over Hang; ORB = Official Record Book; O/S = Off Set; Pb = Plat Book; PC = Point of Curvature; PCC = Point Of Compound Curvature; PCOR = Property Corner; PCP = Permanent Control Point; Pg = Page; PL = Planter or Property Line; PLS = Professional Land Surveyor; PLSM = Professional Land Surveyor and Mapper; POB = Point Of Beginning; POC = Point Of Commencement; PRC = Point Of Reverse Curve; PRM = Permanent Reference Monument; PT = Point Of Tangency; R = Radius; (R) = Recorded Dimension; RLS = Registered Land Surveyor and Mapper; R/R = Rail Road; R/W = Right Of Way; Sec = Section; T = Tangent; S = South; SIP = Set Iron Pipe With Cap Stamped PLS 5105; UE = Utility Easement; UP = Utility Pole; UTY = Utility; W = West; WF = Wood Fence; WM = Water Meter; WV = Water Valve; ℄ = Centerline; —x—x— = Chain Link Fence; ▨ = Concrete Wall; ° = Degrees; Δ = Central Angle; ø = Diameter; 0.00 = Existing Elevation; ' = Minutes; " = Seconds; —//—//— = Wood Fence; Unless otherwise noted, found markers had no identification

LEGAL NOTES

This Survey does not reflect or determine ownership; Legal Description from the Title Commitment; Underground Encroachments, if any, are not shown; This firm has not attempted to locate footing and/or foundations and/or underground improvements of any nature; If shown, Bearings are referred to an Assumed Meridian; If shown, Elevations are referred to National Geodetic Vertical Datum of 1929 (NGVD 1929)

Revisions:

Aniano J. Garcia PLSM 5105

Not valid without the signature and the original raised seal of a Florida licensed surveyor and mapper

Ordered By:
Yandra Hernandez | Holland & Knight
Paralegal
Holland & Knight LLP
701 Brickell Avenue, Suite 3300 | Miami, FL 33131 Phone 305.349.2177
Fax 305.789.7799

Order No 18-0395

Sheet 1 of 2
(Not Valid Without Sheet 2)

7210 SW 126th Court,
Miami, Florida 33183
Aniano J. Garcia, PLSM
Land Surveyor & Planner
Ph (305) 856-4566
agarcia297@aol.com

ALTA/ACSM LAND TITLE SURVEY

Set Back Requirements Provided by Client:

Twenty five (25) feet for front yard and from public rights of way.
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Order No 18-0395

Sheet 2 of 2
(Not Valid Without Sheet 1)

AN APPRAISAL OF

TORREY PINES INSTITUTE OF MOLECULAR STUDIES

AN EXISTING 102,887 SF GLA
RESEARCH LAB FACILITY
LOCATED AT
11350 SW VILLAGE PARKWAY
PORT ST. LUCIE, FL 34987

PREPARED FOR

MR. DAVID H. SNIDER
FLORIDA INTERNATIONAL UNIVERSITY
ASSISTANT VICE PRESIDENT, DIVISION OF FINANCE
11200 SW 8TH STREET, PC 522
MIAMI, FL 33199

Date of Valuation: **October 25, 2019**
Date of Report: **November 19, 2019**

By:

CRE VALUATION SERVICES
2055 S. KANNER HIGHWAY
STUART, FL 34994

GALLAHER VALUATION
9225 SW 158 LANE, SUITE C
MIAMI, FL 33157

CRE Job#3745772066

Gallaher Valuation
COMMERCIAL APPRAISAL CONSULTANTS

November 18, 2019

David H. Snider, Esq.
Adjunct, FIU College of Business
Assistant Vice President, Division of Finance
Office of Auxiliary and Enterprise Development
11200 SW 8th Street, PC 522
Miami, Florida 33199

Ref: Torrey Pines Institute of Molecular Studies

Dear Mr. Snider,

As you requested, I have arranged for the completion of an appraisal of the Torrey Pines Institute of Molecular Studies property located in Port St. Lucie.

As we discussed, I am personally not qualified to do this analysis on my own, not being familiar with the real estate markets in the Port St. Lucie area. I have therefore collaborated with colleagues at CRE Valuation Services, located in Stuart, who have extensive experience in appraising property in that portion of south Florida and who have completed the research and analysis leading to an estimate of the current market value of the subject facility.

I have personally inspected the property and have carefully reviewed the attached valuation analysis. I agree with the appraisal as prepared and concur with its conclusions.

Thank you for this opportunity to be of service. If you have any questions about the appraisal report, do not hesitate to call me.

Sincerely,

Robert E Gallaher, MAI CRE
State Certified General Real
Estate Appraiser RZ98

November 19, 2019

Mr. David H. Snider
Florida International University

Re: Torrey Pines Institute of Molecular Studies
An Existing 102,887 SF GLA Research Lab Facility
Located at
11350 SW Village Parkway
Port St. Lucie, FL 34987

We have performed an appraisal on the above referenced property, the conclusions of which are set forth in the attached Appraisal Report. The type of value sought in our appraisal of the subject was an "As Is" market value opinion of the subject property **(real estate only)** as of October 25, 2019 subject to the general assumptions and limiting conditions cited herein.

The subject property is improved with a four-story, Type 1B, research lab facility containing 102,887 square feet of Gross Leasable Area (GLA). Situated on a 8.69 acre or 378,572 square foot site, the subject is located on the east side of SW Village Parkway, between SW Discovery Way and SW Innovation Way in Port St. Lucie, Florida. The underlying land is owned by the City of Port St. Lucie with a ground lease in place between the City of Port St. Lucie and TPIMS Land Company, LLC (Torrey Pines Institute of Molecular Studies). The ground lease commenced on October 27, 2013 with an expiration of November 15, 2026 with an annual rent of $10. The lease contains a reverter clause whereby the land is conveyed to the owner of the improvements in 2026. The subject property is currently in the process of being acquired by Florida International University (FIU) through an agreement with Torrey Pines Institute of Molecular Studies (TPIMS).

FIU has agreed to acquire certain assets from TPIMS, among which is the real estate that is the subject of this appraisal. That agreement gives FIU a period of time to complete their due diligence, which, in turn, has precipitated this valuation analysis. According to both parties, Torrey Pines will continue to conduct scientific research but will also align with FIU's overall mission to provide high-quality teaching, state of the art research and creative activity, and collaborative engagement with local and global communities. Currently, Torrey Pines is leasing space on the third floor to various tenants who utilize the space for research. We were not provided with written documentation regarding these leases. According to the property contact, the leases were short term in nature and the tenants would vacate the property after the acquisition of the subject. It is noted that the estimate of value found herein is for the real estate only.

We have been provided with an Assessment Report prepared by MEP Structural Engineering and Inspections, Inc of Sunrise, Florida. The assessment report denotes items of site, building exterior, mechanical, electrical, plumbing, interior and roof system deferred maintenance viewed by representatives of MEP Structural Engineering and Inspectors, Inc on January 13, 2017. Within the appraisal report herein, we have outlined the items noted within the MEP report. The report includes the cost to cure one item of deferred maintenance but does not provide cost estimates for the remainder of the items of deferred maintenance noted. Without a detailed construction budget to cure the deferred maintenance, we recommend that the appropriate contractors be engaged to provide estimates for each of the deferred maintenance items listed as we are not considered experts in this field and are not qualified to estimate the costs to cure any of the items of deferred maintenance mentioned. It is noted that engineering reports of this type are extremely comprehensive and detailed and not all items noted would actually require immediate attention. By nature of the analysis herein some items of deferred maintenance are considered in the value conclusion. If we are provided with an accurate estimate of the actual costs of all deferred maintenance items, as a broad and general statement, 50% of those costs would likely be deducted from our market value estimate.

The subject property is a research lab facility considered a specialty owner/user property and is not encumbered by any long-term arms-length lease. The land, which is ground leased from the city, will revert to FIU in 2026, as long as certain conditions are met, which include, but are not limited to the building's continued operation as a research facility. The estate appraised herein is the Leasehold Estate, being the position owned by TPIMS Land Company. The Leasehold Estate and Fee Simple Estate are concluded to be the same value as there is no payment obligation under the terms of the land lease.

This report is intended for use only by Florida International University and use by others is not intended by CRE Valuation Services. This report's intended use is to establish value for potential acquisition only and is not intended for any other use. The report is intended to conform to Ethical Standards of the Appraisal Institute as well as with the standards of USPAP.

In view of the following facts and data in conjunction with this appraisal, it is the opinion of CRE Valuation Services that the "As Is" **(real estate only)** market value of the Leasehold and Fee Simple interest in the property as of October 25, 2019, and subject to the general assumptions and limiting conditions, was:

$16,000,000

Hypothetical Conditions and Extraordinary Assumptions – 1. There is space leased to sub-tenants of Torrey Pines, we have been told the lease obligations are short term and do not create an encumbrance of the Fee Simple value and therefore we have relied on this as an extraordinary assumption. 2. We have made the assumption that TPIMS Land Company is not in default of any of the terms of the ground lease with the City of Port St. Lucie and that the proposed transaction with FIU would not create a default of the terms of the land lease. This represents an extraordinary assumption as determining the status of a lease as complex as the subject ground lease and what actions might constitute default are beyond the scope of appraisal services. 3. The appraisers were provided an Assessment Report prepared by MEP Structural Engineering and Inspections, Inc. of Sunrise, Florida, dated January 13, 2017. That report described and provided photographic evidence of a number of deferred maintenance items that they recommend be addressed. These deferred maintenance items have been considered in this valuation. With the exception of one maintenance item, the report does not provide estimates of the costs of the recommended repairs and the appraisers are not qualified to estimate these costs with any accuracy. We have also considered the following as offsetting some of the deferred maintenance cost issues: 1) Some of the items are typical of a building of this age and would be expected by an owner/user buyer in the market. 2) Items of this type were undoubtedly included in the VGTI Building, which is our most comparable market comparison 3) Engineering reports of this type are, by their nature, extremely thorough and not all items noted actually require immediate attention. If we had an accurate estimate of the actual costs of all deferred maintenance items, we would deduct approximately 50% of those costs from our market value estimate. We recommend appropriate contractors be engaged to provide estimates of the costs of the maintenance items. We have relied upon an Assessment Report conducted by MEP Structural Engineering & Inspections, Inc. for the building size of 102,887 square feet.

The estimated reasonable marketing period for the subject at the indicated value is twelve (12) months.

Our firm appreciates the opportunity to have performed this appraisal assignment on your behalf. If we may be of further service, please contact us.

Respectfully submitted,

CRE Valuation Services
Nikolaus M. Schroth, CCIM
State Certified General Real Estate Appraiser RZ3704
Managing Partner

CRE Valuation Services
Thomas J. Johnson MAI, SRA
State Certified General Real Estate Appraiser RZ798
Senior Appraiser

Erik Odegard
Registered Trainee Appraiser RI24196

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Front of Subject

Rear of Subject

South Side of Subject

View of Gated Ingress/Egress

Property	102,887 SF (GLA) Research Lab
	Torrey Pines Institute of Molecular Studies 11350 SW Village Parkway Port St. Lucie, FL 34987
Date of Valuation	October 25, 2019
Date of Report	November 19, 2019
Interest Appraised/Type of Value	Leasehold As Is
Owner of Record	City of Port St. Lucie (Lessor) TPIMS Land Company, LLC (Lessee)

Physical Data

Land Area	8.69 Acres (378,572 SF)
Year of Construction	2008
Gross Building Area (GBA)	102,887
Gross Leasable Area (GLA)	102,887
Land to Building Ratio	3.68:1
Floor Area Ratio	0.27:1
Type of Construction	Improvements consist of a 4-story research lab with tilt up concrete wall panels construction with a steel & concrete roof with Single Ply TPO Membrane (60 Mil) covering.
Zoning/Land Use Classification	MPUD/NCD by the City of Port St. Lucie
Highest and Best Use	
"As if Vacant"	Development of a medical office building
"As Improved"	Continued Use of the Improvements As Is

Income Data

Potential Gross Income	$1,234,644; $12.00/SF
Stabilized Vacancy	5.00%
Net Operating Income	$1,120,131; $10.89/SF
Overall Rate	7.00%

Market Value Indications

"As Is" (Real Estate Only)

Sales Comparison Approach	$16,000,000
Cost Approach	N/A
Income Capitalization Approach	$16,000,000
Market Value "As Is"	**$16,000,000**
Value/(Square Foot)	$155.51
Market Time	6 months

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been made with the following general assumptions:

1. Any legal description or plats reported herein are assumed to be accurate. Any sketches, surveys, plats, photographs, drawings or other exhibits are included only to assist the intended user to better understand and visualize the subject property, the environs, and the competitive data. We have made no survey of the property and assume no responsibility in connection with such matters.
2. The appraiser has not conducted any engineering or architectural surveys in connection with this appraisal assignment. Information reported pertaining to dimensions, sizes, and areas is either based on measurements taken by the appraiser or the appraiser's staff or was obtained or taken from referenced sources and is considered reliable. No responsibility is assumed for the costs of preparation or for arranging geotechnical engineering, architectural, or other types of studies, surveys, or inspections that require the expertise of a qualified professional.
3. No responsibility is assumed for matters legal in nature. Title is assumed to be good and marketable and in leased fee unless otherwise stated in the report. The property is considered to be free and clear of existing liens, easements, restrictions, and encumbrances, except as stated.
4. Unless otherwise stated herein, it is assumed there are no encroachments or violations of any zoning or other regulations affecting the subject property and the utilization of the land and improvements is within the boundaries or property lines of the property described and that there are no trespasses or encroachments.
5. CRE Valuation Services assumes there are no private deed restrictions affecting the property which would limit the use of the subject property in any way.
6. It is assumed the subject property is not adversely affected by the potential of floods; unless otherwise stated herein.
7. It is assumed all water and sewer facilities (existing and proposed) are or will be in good working order and are or will be of sufficient size to adequately serve any proposed buildings.
8. Unless otherwise stated within the report, the depiction of the physical condition of the improvements described herein is based on visual inspection. No liability is assumed for the soundness of structural members since no engineering tests were conducted. No liability is assumed for the condition of mechanical equipment, plumbing, or electrical components, as complete tests were not made. No responsibility is assumed for hidden, unapparent or masked property conditions or characteristics that were not clearly apparent during our inspection.
9. If building improvements are present on the site, no significant evidence of termite damage or infestation was observed during our physical inspection, unless so stated in the report. No termite inspection report was available, unless so stated in the report. No responsibility is assumed for hidden damages or infestation.
10. Any proposed or incomplete improvements included in this report are assumed to be satisfactorily completed in a workmanlike manner or will be thus completed within a reasonable length of time according to plans and specifications submitted.

11. No responsibility is assumed for hidden defects or for conformity to specific governmental requirements, such as fire, building, safety, earthquake, or occupancy codes, except where specific professional or governmental inspections have been completed and reported in the appraisal report.
12. Responsible ownership and competent property management are assumed.
13. The appraisers assume no responsibility for any changes in economic or physical conditions which occur following the effective date of value within this report that would influence or potentially affect the analyses, opinions, or conclusions in the report. Any subsequent changes are beyond the scope of the report.
14. The value estimates reported herein apply to the entire property. Any proration or division of the total into fractional interests will invalidate the value estimates, unless such proration or division of interests is set forth in the report.
15. Any division of the land and improvement values estimated herein is applicable only under the program of utilization shown. These separate valuations are invalidated by any other application.
16. Unless otherwise stated in the report, only the real property is considered, so no consideration is given to the value of personal property or equipment located on the premises or the costs of moving or relocating such personal property or equipment.
17. Unless otherwise stated, it is assumed that there are no subsurface oil, gas or other mineral deposits or subsurface rights of value involved in this appraisal, whether they are gas, liquid, or solid. Nor are the rights associated with extraction or exploration of such elements considered; unless otherwise stated. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
18. Any projections of income and expenses, including the reversion at time of resale, are not predictions of the future. Rather, they are our best estimate of current market thinking of what future trends will be. No warranty or representation is made that these projections will materialize. The real estate market is constantly fluctuating and changing. It is not the task of an appraiser to estimate the conditions of a future real estate market, but rather to reflect what the investment community envisions for the future in terms of expectations of growth in rental rates, expenses, and supply and demand. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.
19. Unless subsoil opinions based upon engineering core borings were furnished, it is assumed there are no subsoil defects present, which would impair development of the land to its maximum permitted use or would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover them.
20. CRE Valuation Services representatives are not experts in determining the presence or absence of hazardous substances, defined as all hazardous or toxic materials, wastes, pollutants or contaminants (including, but not limited to, asbestos, PCB, UFFI, or other raw materials or chemicals) used in construction or otherwise present on the property. We assume no responsibility for the studies or analyses which would be required to determine the presence or absence of such substances or for loss

as a result of the presence of such substances. Appraisers are not qualified to detect such substances. The client is urged to retain an expert in this field.

21. We are not experts in determining the habitat for protected or endangered species, including, but not limited to, animal or plant life that may be present on the property. We assume no responsibility for the studies or analyses which would be required to determine the presence or absence of such species or for loss as a result of the presence of such species. The appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions based upon any subsequent endangered species impact studies, research, and investigation that may be provided.
22. No environmental impact studies were either requested or made in conjunction with this analysis. The appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions based upon any subsequent environmental impact studies, research, and investigation that may be provided.
23. The appraisal is based on the premise that there is full compliance with all applicable environmental regulations and laws unless otherwise stated in the report; further, that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the report; further, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value estimate.
24. Neither all nor any part of the contents of this report or copy thereof, shall be conveyed to the public through advertising, public relations, news, sales, or any other media, without the prior written consent and approval of the appraisers. This limitation pertains to any valuation conclusions, the identity of the analyst or the firm and any reference to the professional organization of which the appraiser is affiliated or to the designations thereof.
25. Although the appraiser has made, insofar as is practical, every effort to verify as factual and true all information and data set forth in this report, no responsibility is assumed for the accuracy of any information furnished the appraiser either by the client or others. If for any reason, future investigations should prove any data to be in substantial variance with that presented in this report, the appraiser reserves the right to alter or change any or all analyses, opinions, or conclusions and/or estimates of value.
26. Often real estate sales prices and other data, such as rents, prices, and financing, are not a matter of public record. If this is such, although extensive effort has been expended to verify pertinent data with buyers, sellers, brokers, lenders, lessors, lessees, and other sources considered reliable, it has not always been possible to independently verify all significant facts. In these instances, the appraiser may have relied on verification obtained and reported by appraisers outside of our office. Also, as necessary, assumptions and adjustments have been made based on comparisons and analyses using data in the report and on interviews with market participants. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
27. The appraiser has not made a specific compliance survey or analysis of the property to determine whether or not it is in conformity with various disability requirements. Since the appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements was not considered in estimating the value of the property.

28. This appraisal report has been prepared for the exclusive benefit of the client. It may not be used or relied upon by any other party. Any other party who is not the identified client within this report who uses or relies upon any information in this report does so at their own risk and may be subject to legal action. Written consent must be obtained prior to any third party use.
29. The dollar amount of any value opinion herein rendered is based upon the purchasing power and price of the US Dollar as of the effective date of value. This appraisal is based on market conditions existing as of the date of this appraisal.
30. The right is reserved by the appraiser to make adjustments to the analyses, opinions, and conclusions set forth in this report as may be required by consideration of additional or more reliable data that may become available. No change of this report shall be made by anyone other than the appraiser or appraisers. The appraiser(s) shall have no responsibility for any unauthorized change(s) to the report.
31. If the client instructions to the appraiser were to inspect only the exterior of the improvements in the appraisal process, the physical attributes of the property were observed from the street(s) as of the inspection date of the appraisal. Physical characteristics of the property were obtained from tax assessment records, available plans, if any, descriptive information, and interviewing the client and other knowledgeable persons. It is assumed the interior of the subject property is consistent with the exterior conditions as observed and that other information relied upon is accurate.
32. The submission of this report constitutes completion of the services authorized. It is submitted on the condition the client will provide reasonable notice and customary compensation, including expert witness fees, relating to any subsequent required attendance at conferences, depositions, and judicial or administrative proceedings. In the event the appraiser is subpoenaed for either an appearance or a request to produce documents, a best effort will be made to notify the client immediately. The client has the sole responsibility for obtaining a protective order, providing legal instruction not to appear with the appraisal report and related work files and will answer all questions pertaining to the assignment, the preparation of the report, and the reasoning used to formulate the estimate of value. Unless paid in whole or in part by the party issuing the subpoena or by another party of interest in the matter, the client is responsible for all unpaid fees resulting from the appearance or production of documents regardless of who orders the work.
33. Use of this appraisal report constitutes acknowledgement and acceptance of the general assumptions and limiting conditions, special assumptions (if any), on which this estimate of market value is based.

Hypothetical Conditions and Extraordinary Assumptions – 1. There is space leased to sub-tenants of Torrey Pines, we have been told the lease obligations are short term and do not create an encumbrance of the Fee Simple value and therefore we have relied on this as an extraordinary assumption. 2. We have made the assumption that TPIMS Land Company is not in default of any of the terms of the ground lease with the City of Port St. Lucie and that the proposed transaction with FIU would not create a default of the terms of the land lease. This represents an extraordinary assumption as determining the status of a lease as complex as the subject ground lease and what actions might constitute default are beyond the scope of appraisal services. 3. The appraisers were provided an Assessment Report prepared by MEP Structural Engineering and Inspections, Inc. of Sunrise, Florida, dated January 13, 2017. That report described and provided photographic evidence of a number of deferred maintenance items that they recommend be addressed. These deferred maintenance items have been considered in this valuation. With the exception of one maintenance item, the report does not provide estimates of the costs of the recommended repairs and the appraisers are not qualified to estimate these costs with any accuracy. We have also considered the following as offsetting some of the deferred maintenance cost issues: 1) Some of the items are typical of a building of this age and would be expected by an owner/user buyer in the market. 2) Items of this type were undoubtedly included in the VGTI Building, which is our most comparable market comparison 3) Engineering reports of this type are, by their nature, extremely thorough and not all items noted actually require immediate attention. If we had an accurate estimate of the actual costs of all deferred maintenance items, we would deduct approximately 50% of those costs from our market value estimate. We recommend appropriate contractors be engaged to provide estimates of the costs of the maintenance items. We have relied upon an Assessment Report conducted by MEP Structural Engineering & Inspections, Inc. for the building size of 102,887 square feet.

CERTIFICATION

We certify that, to the best of our knowledge and belief:

- A viewing of the subject site, the improvements and the market area was conducted on October 25, 2019 by Bob Gallaher, Nikolaus Schroth, and Erik Odegard.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this evaluation.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Appraisal Institute and USPAP.
- Erik Odegard provided real property appraisal assistance to the persons signing this certification.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report the undersigned has completed the requirements of the continuing education program of the Appraisal Institute for members.
- Erik Odegard currently holds the appropriate Trainee License allowing the performance of real estate appraisals in connection with federally related transactions in the state in which the subject property is located, under the supervision of Thomas J. Johnson.
- It is acknowledged that Erik Odegard, Registered Trainee Appraiser RI24196, under the direct supervision of Thomas J. Johnson, MAI, SRA, State Certified General Real Estate Appraiser RZ798, made a significant professional contribution to this evaluation, consisting of participating in the property inspection, conducting research on the subject, competitive markets and comparable data, performing appraisal analyses, and assisting in the report writing, all under the appropriate supervision.
- I, Thomas J. Johnson, MAI, SRA, the supervisory appraiser of a registered trainee who contributed to the development or communication of this appraisal, hereby accepts full and complete responsibility for any work performed by the registered appraiser trainee named in this report for any work performed by the registered appraiser trainee named in this report as if it were my own work.

- I/We have not performed services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

Gallaher Valuation
Robert E. Gallaher, MAI CRE
State Certified General Real Estate Appraiser RZ98

CRE Valuation Services
Nikolaus M. Schroth, CCIM
State Certified General Real Estate Appraiser RZ3704
Managing Partner

CRE Valuation Services
Thomas J. Johnson MAI, SRA
State Certified General Real Estate Appraiser RZ798
Senior Appraiser

Erik Odegard
Registered Trainee Appraiser RI24196

Property Appraised

Torrey Pines Institute of Molecular Studies
An Existing 102,887 GLA SF Research Lab Facility
11350 SW Village Parkway
Port St. Lucie, FL 34987

Property Identification

The subject property is a 102,887 SF (GLA) research lab situated on a 8.69 acre or 378,536 square foot site located on the east side of SW Village Parkway, between SW Discovery Way and SW Innovation Way in Port St. Lucie, St. Lucie County, Florida-FL. According to the information provided by the client, the improvements are owner/user occupied.

The subject improvements are overall ranked as being of good physical appeal compared to other properties in the local area. The location of the subject is ranked as average compared to other properties in the area. Overall, the subject is a well-finished research lab facility located within Tradition, an area which has seen continual growth in the past few years.

ADVANTAGES:

- Tilt up construction
- Good quality buildout
- Ample parking
- Close proximity to Cleveland Clinic
- Increased demand in Tradition for medical office space as seen with an increase in development of owner/user facilities in the immediate submarket

CHALLENGES:

- Large specialty research lab facility which would only be marketable to a select institutional buyers
- Region lacks other life science/bio tech research companies
- Ground lease in place until 2026
- Specialty buildout may have to be altered for future tenant/owner to suit needs
- Large common area spaces impact the efficiency of the building
- Some deferred maintenance items typical of buildings of this age

Type of Value, Intended Use & User of Appraisal

The type of value sought in our appraisal of the subject was a market value opinion "As Is" for the Leasehold interest in the subject property **(real estate only)** of October 25, 2019, subject to the extraordinary assumptions and limiting conditions cited herein.

It is our understanding that this appraisal will be used by our client, Florida International University , to establish value for a potential acquisition and is not intended for any other use.

Property Rights Appraised

The subject property is a research laboratory facility considered a specialty owner/user property and is not encumbered by any long-term arms-length leases. The interest appraised is the Leasehold interest as the subject improvements are on a ground lease to the city and the interest appraised is that of the owner of the improvements. The land will revert to the Leasehold owner in 2026 as long as certain conditions are met, which include, but are not limited to the building's continued operation as a research facility. Therefore, the Fee Simple Estate and Leasehold Estate are concluded to have the same value.

Scope of Appraisal/ Extent of the Data Collection Process

This appraisal considered all three approaches to value, (1) Sales Comparison Approach, (2) Income Capitalization Approach and the (3) Cost Approach. The procedures and methodologies employed in these approaches are outlined in the Appraisal Process section of this report. Following is a summary of steps completed by the appraisers in this assignment.

1. The subject was viewed on October 25, 2019. The surrounding area and influences were also viewed at this time. Specific information relative to the subject property was provided by representatives of the owners.
2. Gathered information from various secondary data sources regarding regional and local economic and demographic data specifically relating to the regional, city and neighborhood analyses.
3. Analyzed trends in the market through confirmation of comparable sales and comparable rents. Market participants active in this market were also interviewed.
4. Reviewed a plat involving the subject property.
5. Analyzed the highest and best use of the site "as if vacant" and "as improved". Supply, demand and absorption potential, as well as construction costs and required yields, were analyzed relative to the subject market and specifically the subject property. Alternative uses were also analyzed relative to their financial feasibility.
6. Confirmed recent sales of comparable improved buildings throughout the region, if applicable.
7. Analyzed comparable rentals, if applicable. This data was utilized to form a market rent opinion in the Income Capitalization Approach.
8. Analyzed the data to arrive at conclusions of value via all applicable approaches to value.
9. Reconciled the results of these analyses into a probable range of value, and finally, a market value conclusion as of October 25, 2019 on an "As Is" basis.
10. Opined to the exposure time and marketing period inherent in the value opinions.
11. Reviewed the subject land lease.
12. Prepared an Appraisal Report

History of the Subject Property

The subject property is currently in the process of being acquired by Florida International University (FIU) in an acquisition of Torrey Pines which includes the interest of TPIM Land Company, LLC.

On February 9, 2007, Port St. Lucie entered into a Grant Agreement with Torrey Pines for the construction of a biomedical research facility in Tradition. The City agreed to fund the construction of the facility in the City's jobs corridor by using an impact fee that would be assessed against new development. Originally, Torrey Pines was recruited by the State, County, and City to Port St. Lucie in 2007 as part of an effort to bring life sciences-related industries to Florida and to create a more diversified job base in Port St. Lucie. The City borrowed $45.6 million to pay for the construction of the facility. In order to repay the debt, the City agreed in 2006 to use revenue generated from its public building/economic development impact fee, which has been utilized to repay the debt on the Torrey Pines facility.

The building was designed by AEI in 2007 with construction in 2008 by Suffolk Corporation and occupied in 2008/2009 by Torrey Pines. The economy was booming when the city council approved the construction of the facility. As the pending economic recession became a reality, the City impact fee revenue for new development decreased dramatically from 3,623 single and 559 multi-family homes in 2006 to 465 single and 144 multi-family homes in 2008 which generated only $1.1 million in impact fees for Torrey Pines, according to City documents. In November of 2014, Torrey Pines approached the City Council for financial help but rescinded its plea and never publicly addressed the issue again. Torrey Pines has created spin-off companies and reconfigured its business model over the past several years because of the decrease in grant funds from the state due to the insufficient high wage job creation in this industry.

Torrey Pines first contacted FIU in December of 2015. At the time, Torrey Pines had $14 million in grant and three spin-off companies. In February of 2016, a proposal was submitted from Torrey Pines to merge with FIU. From May to July of 2016, a potential merger was drafted, and the Board of Governors and Governor Rick Scott were consulted. In January of 2017, FIU conducted an assessment of Torrey Pines building and assets. In February of 2019, FIU leased space from Torrey Pines while the acquisition is evaluated.

The underlying land is owned by the City of Port St. Lucie, with a ground lease in place between the City of Port St. Lucie and TPIMS Land Company, LLC (Torrey Pines Institute of Molecular Studies). The ground lease commenced on October 27, 2013, with an expiration of November 15, 2026, with an annual rent of $10. The building improvements are owned by TPIMS Land Company, LLC as a Leasehold Estate.

On March 6, 2019, Torrey Pines entered into a "Letter Agreement" with FIU, wherein the parties agreed that FIU would lease certain space at the Torrey Pines facility and during the term of the lease, FIU would conduct due diligence of the subject property by reviewing Torrey Pine's rights in real property, its library of intellectual property and other assets including its employees. The ultimate objective of such due diligence is for FIU to acquire Torrey Pines. According to both parties, Torrey Pines will conduct scientific research but will also align with FIU's overall mission to provide high-quality teaching, state of the art research and creative activity, and collaborative engagement with local and global communities. The Letter Agreement states that the transaction will include, among other things, conveyance of the Torrey Pines building and interest in and to the Ground Lease Agreement to FIU and that the building will remain the primary research location for research activities until at least November 15, 2026. We have made the Extraordinary Assumption that the TPIMS Land Company, LLC is not in default of their obligations under the ground lease and that the assignment to FIU and propose use by FIU would not create a default to the ground lease.

CRE has requested from the property contact copies of all pertinent information related to the property. A copy of the information request is contained in the addendum of this report. CRE reserves the right to amend this report, the scope of work and the engagement letter terms should additional information be provided after the date of Report Date herein.

Competency

The appraisers involved in this assignment have, collectively, considerable experience in appraising commercial properties. The appraisers at CRE Valuation have historically been engaged in appraisal work in the geographical area of the subject property. The company maintains a database on this area for similar properties. Further, all of the appraisers are versed in the analytical methods typically employed in appraising this property type. In summary, we believe we, collectively, have adequate knowledge of the property type, geographical location and analytical methods necessary to comply with the competency requirements of USPAP.

Introduction

The subject site is an irregularly shaped single tax parcel located at the east side of SW Village Parkway, between SW Discovery Way and SW Innovation Way in Port St. Lucie, Florida. Zoned MPUD with a future land use of NCD by Port St. Lucie, the site is located within the Southern Grove CRA containing 8.69 acres or 378,572 square feet with approximately 715 feet of frontage along SW Village Parkway, which is a north/south collector within the Tradition neighborhood. Access to the site is provided by a single ingress and egress access point which is gated. The parcels bordering the subject are as follows:

North: Tradition Health Park and Cleveland Clinic
South: Healthcare Center at Tradition
East: Retention Lake
West: SW Village Parkway and Vacant Commercial Land (Proposed Multi-Family)

Tradition and West Port St. Lucie Neighborhood Analysis

Port Saint Lucie is a city in Saint Lucie County, Florida. Port Saint Lucie is part of a larger metropolitan area called the Port St Lucie Florida Metropolitan Statistical Area. According to the United States Census Bureau, the city has a total area of 76.7 square miles (198.6 km²), of which, 75.5 square miles (195.6 km²) is land and 1.2 square miles (3.0 km²) is water.

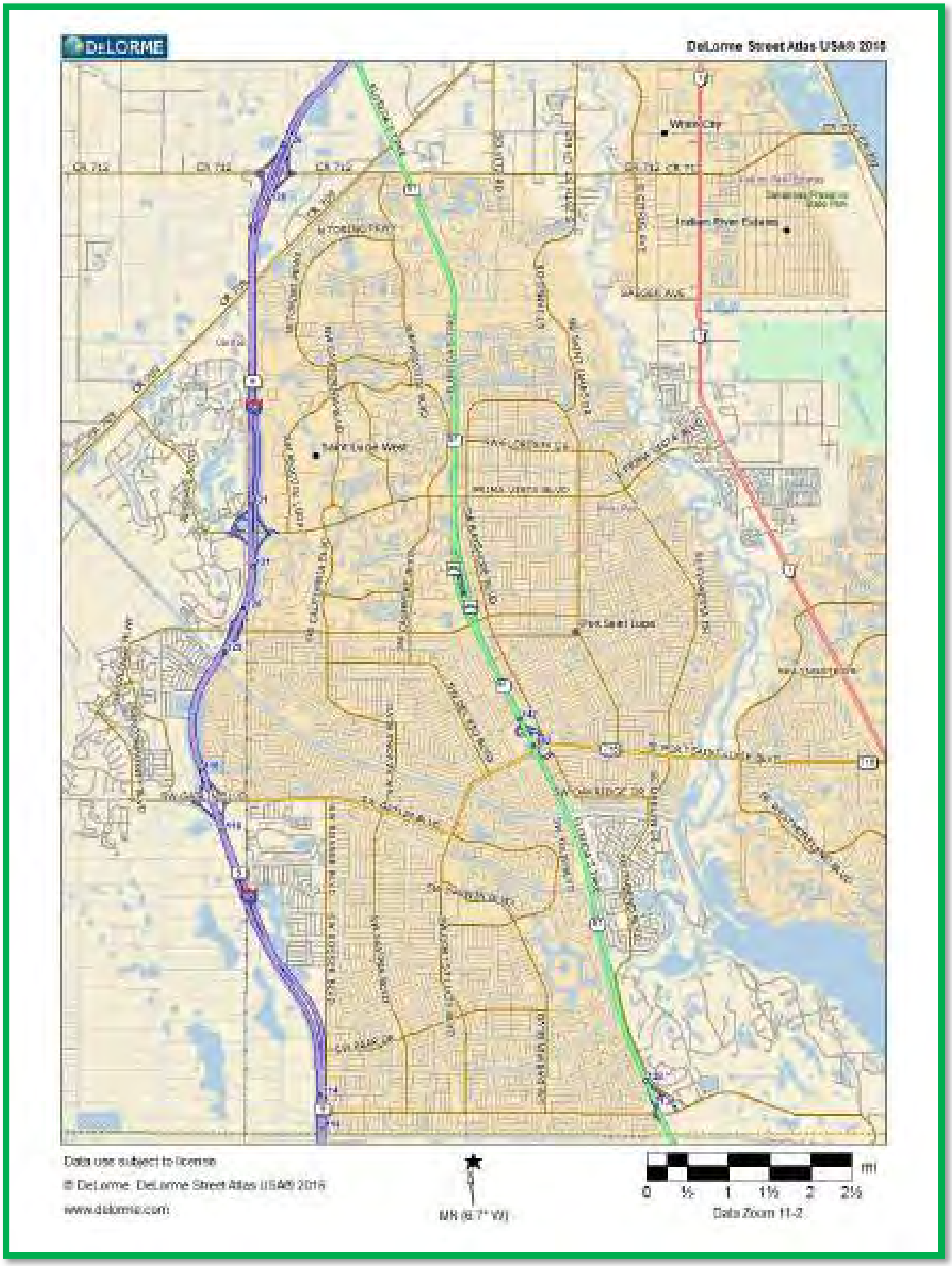
Port Saint Lucie has many residential areas, with national and local businesses supporting these areas such as stores, restaurants, etc. With its warm climate, it hosts a large number of retirees and other Northerners during the winter months. It is known for its peaceful atmosphere and proximity to St Lucie and Martin Counties' beaches.

The area was largely uninhabited in the 1950s, comprising a fishing camp, farms, and businesses near US 1. The General Development Corporation purchased an area of northeast Port Saint Lucie in 1958 for $50 million, and the area saw modest growth. In 1961, Port Saint Lucie was incorporated as a city, but remained relatively small. In the early 1990s, Core Communities started development of Saint Lucie West, a planned community containing residential development, as well as plazas for businesses such as stores and restaurants. In 2006, Core Communities continued its development in the area with Tradition, which lies to the south of Saint Lucie West, and west of Interstate 95. Tradition is modeled after a midcentury small town, with a "town square", a building resembling a church, and stores, all surrounded by residential areas.

Port Saint Lucie saw a dramatic increase in population during the early and mid-2000's housing market boom. Core Communities acquired Saint. Lucie West in the early 1990's and began planning what would become Saint Lucie West. After realizing the community's strategic position, they began developing it into more than just a residential area. Core Communities began building business sectors which resulted in 7,000 jobs being brought to the area. In 2006, Core Communities started Tradition. Tradition is a large-scale master planned community encompassing three Developments of Regional Impacts (DRI) which include Tradition DRI, Western Grove DRI, and Southern Grove DRI (together "Tradition"). The community opened in 2003 and has undergone substantial growth and development with over 4,000 residential units, two major retail centers including a 600,000 square foot power center anchored by Target and a neighborhood mixed use center anchored by Publix, a hotel, Palm Pointe Educational Research School at Tradition, a 60,000 student innovative K-8 lab/charter school operated in conjunction with Florida Atlantic University and the School Board of St. Lucie County known as Renaissance Charter School, and a 300-bed hospital and medical park. In total, there are (17,400) approved units on 8,200 acres for a gross density of 2.12 DU/AC

The chart below depicts demographic statistics regarding the market area.

Neighborhood Access



Access within the market area is average to good. The primary north/south artery is Interstate 95, a large interstate traveling from Florida to Maine, along the western side of the city. Bayshore Boulevard is a two-lane collector roadway, immediately east of the Florida's Turnpike, that also provides a means for north/south travel. Access to the Florida's Turnpike is available at the intersection of SW Port Saint Lucie Boulevard and Bayshore Boulevard. SE Floresta Drive and SW Airoso Boulevard are small north/south collector roads, east of Bayshore Boulevard and west of U. S. Highway No. 1, that provide access between NW Prima Vista Boulevard and Port Saint Lucie Boulevard.

The main east/west roads serving the area include NW Prima Vista Boulevard and Port Saint Lucie Boulevard. Both NW Prima Vista Boulevard Port Saint Lucie Boulevard serve as the primary east/west arteries through the city of Port Saint Lucie and also have interchanges connecting to Interstate 95. In addition to these primary roads, many secondary roads and neighborhood streets also provide access within the market area. The Crosstown Parkway provides east/west connectivity through the western areas of the city with only a few intersections at the main north/south arterials. The eastern section of this road, east of Floresta Avenue, has been constructed with the interchange at U. S. Highway, No. 1 and Village Green Drive. Access within the neighborhood is considered good.

Employment & Growth Management

Port Saint Lucie experienced hardship during the recession starting in 2007. Unemployment increased, resulting in foreclosures and a slow housing market. However, now the city is experiencing growth and development with a healthier outlook for employment, business, and real estate.

Port Saint Lucie was developed by General Development Corporation, now Atlantic Gulf Communities, with most of the land area dedicated to residential use. Nearly all of the residential use is planned for single-family detached residences. Most of the city of Port Saint Lucie is platted for single-family sites of similar size, approximately 80' x 125'. Developments were originally aimed at the low end of the housing market, with over 83,000 original platted lots. Saint Lucie West was the first Master Planner Community in the Port Saint Lucie neighborhood. In the mid-1980s, the developer, Thomas J. White, Sr., created plans for a four-year university with a campus serving 2,000 full time students, a spring training facility for the New York Mets, a 440-acre industrial park, 375 acres of commercial development, a 78-acre medical complex, a public golf course and 15,000 homes to house 35,000 people. The Mets Stadium, Indian River State College and Florida Atlantic University (FAU) are all in operation. The two universities underwent a $21 million expansion program. Considering this density, there was a good amount of speculation regarding the overall feasibility of developing additional single-family lots in Saint Lucie West prior to a substantial build out of the originally platted areas. However, the overall success of Saint Lucie West has provided for the development of a higher standard of amenities and broader commercial developments in other areas of the city including the Gatlin Boulevard area, which had developed substantially over the past few years.

In 1994, the PGA selected The Reserve as the site for development of its "Winter Home" and built three golf courses and a training center there. The PGA has an opportunity to build one additional course in the Reserve on land owned by Kolter Development. The PGA also purchased Saint Lucie West Golf Club. This has changed the orientation of The Reserve from a permanent residence orientation to more of a golf resort. The resort theme has been enhanced with the initial construction of the Vistana time-share resort and completion of the Main-Stay Hotel.

QVC, the home shopping network, had been one of the anchors of the Industrial Park at Saint Lucie West; however, in 2016 it was announced that the firm planned to vacate the property and leave the area. There were approximately 6,650 people employed full-time throughout the development. There were 2,706 homes and 6,179 people living in the new development. Several hotels and a post office facility have been completed and a large RV park opened in early 2000. Levitt Homes developed a new 2,200 residential project and Kennedy Homes developed another 540-unit development. A 14-screen multiplex was completed in early 2001. Cashmere Boulevard and California Boulevard are tied in with roadways to the north, opening the pathway to the former Charrette area. This is a large amount of growth, but the pace has been slower than the original expectations of the developer. The original developer is gone and the property has changed hands twice. Saint Lucie West is nearing the point of being completely developed and resales have become the dominant sales activity in the area.

As Saint Lucie West began to be absorbed and reach build out under management by Core Communities, Core began planning the Tradition DRI and selling off remaining holdings in Saint Lucie West in the early 2000s. The Town of Tradition is located along the westerly side of I-95, with a main entrance at Village Parkway and Tradition Parkway/Gatlin Boulevard. This is a development of Regional Impact that includes 2,515 acres of land. The DRI is reported to permit up to 7,000 residences, over 650,000 square feet of retail space, 1,300,000 square feet of office space, approximately 500 hotel rooms and a hospital.

The Landing at Tradition is an area of approximately 498,332 square feet with retail companies including Target, TJ Maxx, Bed Bath and Beyond, Old Navy, PetSmart, LA Fitness, Michaels and others. Longhorn Steakhouse and Olive Garden restaurants are located in this center as well.

Tradition Square is located on the western side of Village Parkway, just north of Tradition Boulevard. It is west of the Landings at Tradition. This is an 112,421 square foot retail and office center with a 45,600 square foot Publix. Other tenants include Sake Japanese and Thai Restaurant, The Sanctuary Spa at Tradition, Johnny V’s Pizza Trattoria, Bagel Brothers of New York, The Cornerstone Neighborhood Bar and Grille, Hurricane Grill and other retailers.

In the beginning of 2018, the council on Tradition agreed to accept the transfer of 1,247 acres of commercial/industrial zoned land in the Southern Groves section of Tradition that fronts Interstate 95 and pay the $5 million per year in property taxes and assessments associated with the property. According to reports, Tradition has been trying for two years to market the land with no success. Tradition closed on a deal in 2018 to sell its remaining vacant residential property to Mattamy Homes, a Canadian Home Builder. The deal was contingent on the city accepting the 1,247 acres of commercial/industrial land because the builder is concerned the property could be acquired by a rival home builder and converted to residential uses.

Also, in 2018 Martin Health and Cleveland Clinic signed a definitive agreement resulting in Martin Health becoming a full member of the Cleveland Clinic health system. The agreement comes six months after the two organizations executed a Letter of Intent to explore opportunities for Martin Health to become part of Cleveland Clinic. Martin Health joins a health system that is consistently ranked among the nation’s best. Martin Health features three hospitals with 521 beds with locations in Stuart, Vero Beach and Port St. Lucie.

Several setbacks such as the bankruptcy of Digital Domain and vacating of VGTI have occurred in Tradition over the last few years. As was the trend with VGTI and Torrey Pines, Digital Domain was attracted to Tradition with a large incentive package put together by the state and local governments. The City of Port Saint Lucie pledged to build and furnish a facility for Digital Domain with a price tag in excess of $40,000,000. The company lasted 9 months before declaring bankruptcy and defaulting on its lease with the City of Port Saint Lucie. The Digital Domain building was purchased by Christ Fellowship for $13 million in cash with plans to spend $6 to $8 million in renovations. VGTI has moved out of its $60 million-dollar taxpayer funded facility.

In late 2019, Cleveland Clinic agreed to lease the VGTI facility for $1 for 15-years and at the end of the term be granted ownership of the facility. To fully understand the economics of this, the costs that have been incurred by the city and the conditions of the lease must be understood. The cost to operate the building incurred by the city has been approximately $1,500,000 per year, and that cost will be placed on Cleveland Clinic. The conditions of the lease require that Cleveland Clinic employ 100 full time positions at a wage of over $48,000 per year in the first five years of the lease, which is over 125 percent above the average wage in St. Lucie County. The Port St. Lucie City Manager, Russ Blackburn, stated that the economic impact of Cleveland Clinic creating 100 jobs would be a payroll of more than $17.5 million exceeding the property's appraised value by approximately $3 million. In discussions with Russ Blackburn the City Manager, the basis for the negotiations on the city’s behalf was the appraisal from 2017 valuing the property at $14,500,000.

Torrey Pines is in the process of finalizing an agreement with Florida International University (FIU), wherein FIU will acquire the real estate that is the subject of this appraisal. Torrey Pines reportedly first contacted FIU in December of 2015. At the time, Torrey Pines had $14 million in grant and three spin-off companies. In February of 2016, a proposal was submitted from Torrey Pines to merge with FIU. From May to July of 2016, a potential merger was drafted, and the Board of Governors and Governor Rick Scott were consulted. In January of 2017, FIU conducted an assessment of Torrey Pines building and assets. In February of 2019, FIU leased space from Torrey Pines while the acquisition is evaluated.

On March 6, 2019, Torrey Pines entered into a "Letter Agreement" with FIU wherein the parties agreed that FIU would lease certain space at the Torrey Pines facility and during the term of the lease, FIU would conduct due diligence of the subject property by reviewing Torrey Pine's rights in real property, its library of intellectual property and other assets including its employees. The ultimate objective of such due diligence is for FIU to acquire certain assets of Torrey Pines. According to both parties, Torrey Pines will continue to conduct scientific research but will also align with FIU’s overall mission to provide high-quality teaching, state of the art research and creative activity, and collaborative engagement with local and global communities. The agreement includes, among other things, conveyance of the Torrey Pines building and interest in and to the Ground Lease Agreement to FIU and that the building will remain the primary research location for research activities until at least November 15, 2026.

Development in the eastern area of Port Saint Lucie has been relatively minimal. The City Center project was proposed, a Civic Center and one of three parking garages were constructed and the project slipped into foreclosure. There have been some smaller owner user and multi-tenant development in the eastern parts of the city, but development toward the east is stifled by the lack of available land, and more recently by the development in the western portions of the city, a trend drawing population growth west. There are some areas of development east of US Highway No. 1 in the areas south of Kitterman Road and north of Walton Road and with the partial construction of the Lenard Road extension these parcels are now accessible. However, the Lenard Road extension was intended to connect the existing Lenard Road to US. Highway No. 1 north of Kitterman and the completed portion connects to Prima Vista Boulevard and Tilton Road, but does not connect to the southerly Lenard Road due to concerns and hurdles brought up by existing neighboring communities. With the exception of a few projects, development in the eastern areas of Port Saint Lucie appears stifled for the time being.

At the southeast corner of the intersection of Walton Road and South US Highway No. 1 is the City Center Project. The concept for the development was a joint venture between DeGuardiola Development and the City of Port Saint Lucie to construct a mixed-use project with a Civic Center. The concept included an 110,000 square Foot Civic Center, three parking garages and a mix of office, retail and residential uses. As the market slowed the project was developed and the Civic Center along with one parking garage was built but the developer never built any of the retail, office or residential product. The developer went into foreclosure with PNC Bank and the private portion of the project remains un-developed. PNC has avoided the public sale of the property and taking title, as that would obligate them to a $1,500,000 annual tax payment for the infrastructure bond that was utilized to develop the underground infrastructure for the project. In the meantime, the City of Port Saint Lucie has been paying the bond. In August 2013 the project was purchased by US Investments, LLC a China based investment firm utilizing the EB-5 program to make investments in the United States. Most recently, the principal of US Investments, LLC Lilly Zong has been put under investigation by the SEC for misappropriation of funds related to the EB-5 program, further clouding the future of the City Center project.

Commercial & Industrial Market

Benderson Town Center located at the northeastern side of Saint Lucie West and Peacock Boulevards is a 300,000+/-SF shopping center that features big-box tenants such as Petco, Stein Mart, Bealls and Staples. Lucky's market is set to open in the Town Center at St. Lucie West shopping center. The 30,888 square foot store will take the spaces currently occupied by Jetson TV & Appliance and Dollar General. A new Dollar General 12,000 square foot Dollar General will be constructed next to the Petco in the same building and Jetson's plans to move to another space within the plaza. Smaller tenants include Sally Beauty Supply, Tropical Smoothie, Starbucks and Panera Bread. Pollo Tropical recently and Homegoods recently opened in the Shoppes at Saint Lucie West. Burlington Coat Factory and LA Fitness split the old Sear's space in the Shoppes at Saint Lucie West. Walmart purchased the old Albertsons, at the corner of Cashmere and Saint Lucie West. Currently, there is limited space for any new big box retail space in Saint Lucie West. Saint Lucie West Services District purchased two large parcels of vacant land totaling 15.90 acres at the northwest corner of Cashmere Boulevard and Saint Lucie West Boulevard for a storm water project. The only remaining piece of vacant land suitable for a large retailer is located to the west of the Shoppes at Saint Lucie West. The site drew originally drew interest from Costco but the city reportedly denied the sale. The site is Phase III of the Shoppes at St. Lucie West with plans for 140,000 square feet of retail completed in September of 2018. Another project, a retail strip center, from Ross Development was constructed on the south side of Saint Lucie West Boulevard in 2010 and is home to Chipotle and other national retail brands.

Center Star Properties, a New Jersey development firm, is building a 16-acre mixed-use village on the east side of Fountainview Boulevard, just east of Interstate 95, known as Town Place at St. Lucie West. The $100 million project will consist of 200 rental apartment units, daycare, 15,000 square feet of retail, 10,000 square feet of restaurants, and 100,000 square feet of office space with a possible black box theater in the works. The project was scheduled for completion in late 2019 however has not yet broken ground. Other new development includes the 3,606 acres on the southside of Tradition Parkway, known as Southern Grove. The site has plans for 900 new apartment units, a 426-acre 55 and over community, and a dental office. A 10,200 square foot shopping plaza is planned for the southeast corner of Innovation Way and Village Parkway in Tradition with completion scheduled soon. Gatlin Plaza, on the south side of Gatlin Boulevard just east of Interstate 95, has plans for a 69,900 square foot Floor and Décor store and a 6,345 square foot Miller's Ale House.

Recently, the St. Lucie School Board moved into a 12,000 square foot building on the Indian river State Campus in St. Lucie West. The school board was displaced due to flooding by Hurricane Irma to the district's main office in Orange Blossom Center in Fort Pierce. The 12,000 square foot building on the IRSC campus was recently vacated by a charter school. The school district does not plan to make the building its permanent headquarters but plans to renovate the space for approximately $200,000.

Within the last few years, there have been a significant amount of nationally recognized restaurants that have been built along Peacock Boulevard, Saint Lucie West Boulevard and the surrounding area, such as Friendly's, Morelli's, Ruby Tuesday, Outback Steakhouse, Chili's Grill & Bar and Bob Evans Restaurant. Recent additions to the area include Pollo Tropical and Tijuana Flats.

Other entertainment type businesses in close proximity are the AMC Port St. Lucie 14, which consists of a 50,000+/- square foot facility, with over twelve movie theatres and the Superplay Saint Lucie West, a 48-lane bowling facility with batting cages, laser tag and an integrated Duffy's bar and grill. There is also a "State of the Art" Gold's Gym, a 25,000 square foot facility offering a multitude of exercise programs and equipment and an LA Fitness.

The professional office market in the Saint Lucie West market area had been saturated with space; however, absorption significantly increased in 2014, bringing inventory to stable levels. There are a number of office projects that account for over 878,000 SF of office space. The majority of these projects were built between 2003 and 2007. Most recently the Lake Whitney Business Park has finished a phase of medical and office space along NW Peacock Boulevard.

During the recession lease rates dropped from $24.00 per square foot on a NNN basis to an average of $9.00 to $15.00 per square foot. This indicates a decline of 38% to 63%. Sale prices of office condo units dropped from $270.00 per square foot to asking prices of less than $100 per square foot in some cases. This indicates a decline of 44% to 54%. It is estimated that this slowdown began around mid-2006. A lengthy absorption period has been realized for this space, with properties just now beginning to stabilize. New construction has started, and rental rates are starting to reach levels of feasibility. Development of residential (both single and multi-family) as well as commercial development has increased within the past several years, especially in St. Lucie West and Tradition.

Kalamazoo based Innovo Development Group, LLC purchased a 2.635-acre waterfront tract from Tradition Florida LLC for a sum of $1,100,000 or $417,457 per acre in December of 2016. The parcel is located within the Village Center and was purchased for the development of a 250-seat HopCat restaurant. The restaurant was completed in 2018. In December of 2016, Visiting Nurse Association of Florida purchased a 4.8-acre tract at the southwest corner of Village Pointe and Tradition Parkway from Tradition Florida LLC for a sum of $1,045,500 or $217,813 per acre, the property has been re-listed for sale and is under contract.

In July of 2017, CES Port St. Lucie FL Landlord LLC purchased a 37.873-acre tract from 100 Tradition Acquisition LLC for a sum of $2,207,200 or $58,279 per acre. The site is located just south of Discovery Way in the Southern Grove DRI. The planned City Electric Supply facility will be 420,000 square feet with over 50% of the space dedicated to warehousing and order fulfillment.

Continental Properties purchased a 26.34-acre parcel located on the west side of Village Parkway and south of Tradition Parkway within Tradition. The parcel was originally owned by Tradition Florida LLC. Continental 409 Fund LLC (a subsidiary of Continental Properties) purchased the 26.24-acre tract in November of 2017 for $4,826,500 or $183,937 per acre. Continental 409 Fund LLC then secured a $33,862,500 construction loan from BMO Harris Bank in December of 2017. Plans for the property are a (304) unit apartment complex containing (13) buildings with a clubhouse, garage buildings, swimming pool, and outdoor recreation area.

In January of 2018, PSL Hospitality LLLP purchased a 3.647-acre from Tradition Florida LLC, located to the south of the Christ Fellowship Church, for a sum of $975,000 or $267,343 per acre with plans to construct TownePlace Suites by Marriott hotel. The five-story building at 10460 SW Village Parkway will include 128 guest rooms totaling 83,000 square feet. Verdex Construction is building the project with estimated construction costs of $13,500,000 or $162.65 per square foot with amenities such as a pool, spa, and an outdoor firepit and barbeque.

TPIMS Land Company sold a 5.655-acre tract to Amber Hills Properties LLC in July of 2018 for $1,025,000 or $181,256 per acre. In August of 2018, Christ Fellowship Church Inc purchased two parcels the two adjoining parcels to the south of their Tradition location totaling 9.72-acres from Land Owner CF, LLC for a sum of $2,000,000 or $205,761 per acre with plans to expand.

On February 20, 2019, A-N-D Family Real Estate LLC purchased a 2.299-acre tract from Tradition Florida LLC for a sum of $350,000 or $152,240 per acre with plans to construct a dental office.

Within Tradition, there has been an increase in medical office development due to the introduction of Cleveland Clinic to the area. Within the medical office sector, absorption has increased, and development of new space has begun with multiple recently completed projects as well as multiple projects in the pipeline. Tradition HealthPark is leasing out the remaining space in the Tradition HealthPark II building with proposed plans for two more additional medical office buildings. In addition, the 32,000 square foot Tradition Medical Building was completed in 2018.

Residential Market

The previously rapidly expanding residential market conditions created significant demand for warehouse/industrial use properties in the city of Port Saint Lucie and greater Saint Lucie County area. Some of the industrial zoned areas are located in Saint Lucie West, north and west of Saint Lucie West and Peacock Boulevards by Enterprise Drive and Mercantile Place; the Port Saint Lucie Industrial Park, located just north of Walton Road along Village Green Drive and Neimeyer Circle, east of U. S. Highway 1; light industrial uses along Bayshore/Biltmore/Macedo Boulevards, just east of Florida's Turnpike and another along the south side of Gatlin Boulevard, just east of Interstate 95 along Hayworth Avenue.

During the housing boom, rental rates for this property type increased from $6.00 per square foot in 2002 to upwards of $12.00 to $15.00 per square foot in 2006. The strengthening market conditions prompted new construction of a number of condominium office/warehouse properties. However, around early 2006 the residential market began to slow, which lead in turn to a downward trend in demand for warehouse/industrial space.

The industrial areas within Saint Lucie West suffered the worst out of all the industrial areas mentioned, in terms of drastically reduced rents and high vacancies, with many newly constructed buildings having been left completely empty. Rents had dropped to between $5.00 and $7.00, gross per square foot. The average CAM expenses are $2.50 per square, leaving $4.00 or less for actual net rent. As home building has once again begun, the tradesmen have absorbed much of the vacant space, although price increases are still negligible.

As the area's industrial product has shown absorption by tenants, investors have once again entered the market, attracted by prices well below replacement cost. The absorption shown over the past 12 months has given investors more confidence that the market can absorb the vacancies in these building and that there may be potential for increasing rents over the next few years.

The slowdown in the overall economy has not spared Tradition. The neighborhood had many home builders discontinue projects, such as Minto and Toll Brothers. Other home builders, such as Hannover and Engle were met with financial issues that caused them to declare bankruptcy or have their projects foreclosed on. In 2012 some of these projects began to see new life as DR Horton, GHO Homes and Minto have begun building once again. AV Homes purchased the Vitalia at Tradition project out of foreclosure and has built out of the homes sites that had been developed pre-recession and has begun putting in new infrastructure and roadways for new home sites. More recent activity has indicated that more national companies such as WCI, Pulte and K-Hovnanian are pursuing projects in Tradition. The focus of most development is for active adult and retirement communities, with some family-oriented homes to cater to the demand driven by the new Martin Memorial Hospital as well as soaring home prices in Martin and Palm Beach Counties, promoting a "drive till you can buy" trend that has been the driver of housing in Port Saint Lucie for decades.

Kolter has experienced success in its Verano project, proposing a new bridge over the C-24 canal and a 1,000+/- unit Crestwind project, Kolters active adult product. The success of Verano has prompted

Kolter to resume development in its Vizcaya Falls project in the Torino area just north of Saint Lucie West.

Other national home builders such as Maronda Homes, Holiday Builders and Adams Homes have resumed their development of General Development Lots throughout Port Saint Lucie, alongside a group of local builders such as Grozza Homes and others. Some of these nationals developed projects in the boom years of the 2000's and are now reaching build out of these projects. There is minimal land available for new development projects of significant scale. Tradition will likely take the lion's share of the demand but will require significant infrastructure expenditures to accommodate new lots for new builders. The project also carries with it a large expense for bonds built into the tax bills. As builders of economy homes, Maronda, Holiday and Adams may not see this as a fit for their product and development may push north, where more land exists with primary arterial roads and utilities in place, making development more economical.

Vacant Land Market

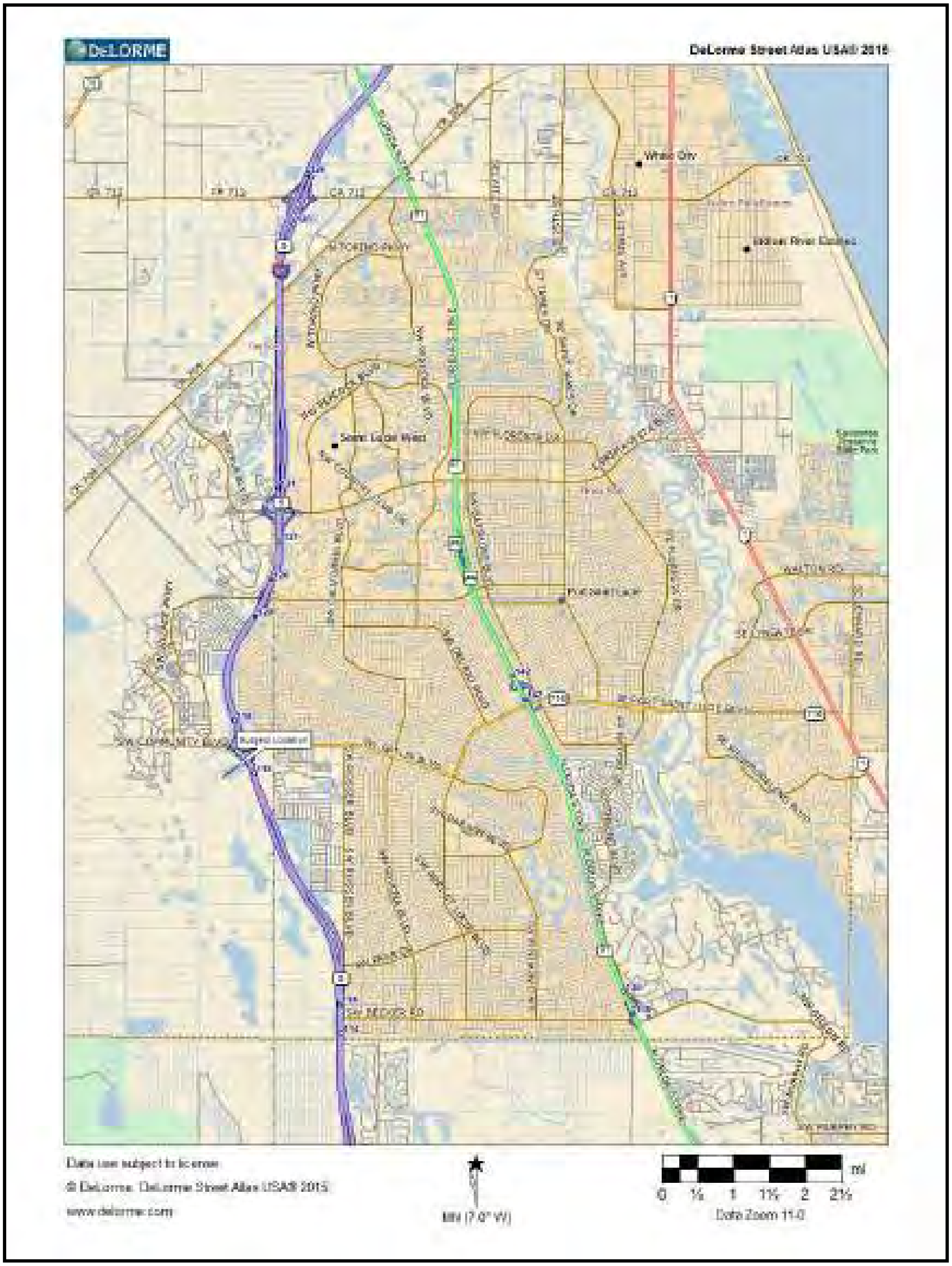
Vacant commercial land is still available in both the eastern and western sections of Port Saint Lucie. Much of U.S. highway No. 1 and some of the major east/west corridors, such as East Prima Vista Boulevard and SW Port Saint Lucie Boulevard still contain tracts suitable for future development. Development has occurred more in the western portions of Saint Lucie during the run up in the economy. Areas such as Gatlin Boulevard and Saint Lucie West Boulevard saw the most development. As the economy continues to rise, these available large tracts of land will once again be primed for development opportunities once rental rates have reached the point for new development.

Large residential land tracts are fewer and farther between within the City limits. To the north, the western areas of Fort Pierce and unincorporated areas of Saint Lucie County such as White City have ample land suitable for mid-sized residential projects that would not require significant master infrastructure projects.

Conclusion

In summary, St. Lucie County experienced dynamic growth during the run-up in the market but the recession hit the area particularly hard due to the reliance on new home construction to keep trades working. Markets to the south have recovered with Palm Beach County, Broward and Miami Dade back to strong demand and limited supply, which has driven up prices. Martin and St. Lucie Counties have been slower to recover, but Martin County and the Port St. Lucie area of St. Lucie County have begun to recover. The majority of new development has occurred in the western areas of Port St. Lucie, such as Tradition and St. Lucie West. Absorption has been the strongest indicator of the improvements to the subject market. Appropriately priced properties have shown strong absorption and shorter marketing periods than in years past. Office and retail properties have seen an increase in sales prices and sales activity as well as an increase in rental rates. Within the immediate submarket of Tradition, there has been an increase in medical office development in the past year due to the introduction of Cleveland Clinic to the area. Cleveland Clinic's global brand name has brought an increase to owner/user, as well as multi-tenant commercial development. Within the medical office sector, absorption has increased, and development of new space is now feasible as seen with sites to the north and south of the subject. Tradition HealthPark is leasing out the remaining space in the Tradition HealthPark II building with proposed plans for two more additional medical office buildings. The subject is a well finished specialty research lab facility that is well located within Tradition. Overall, investor confidence seems to be good and it is expected that the market will continue to show moderate growth.

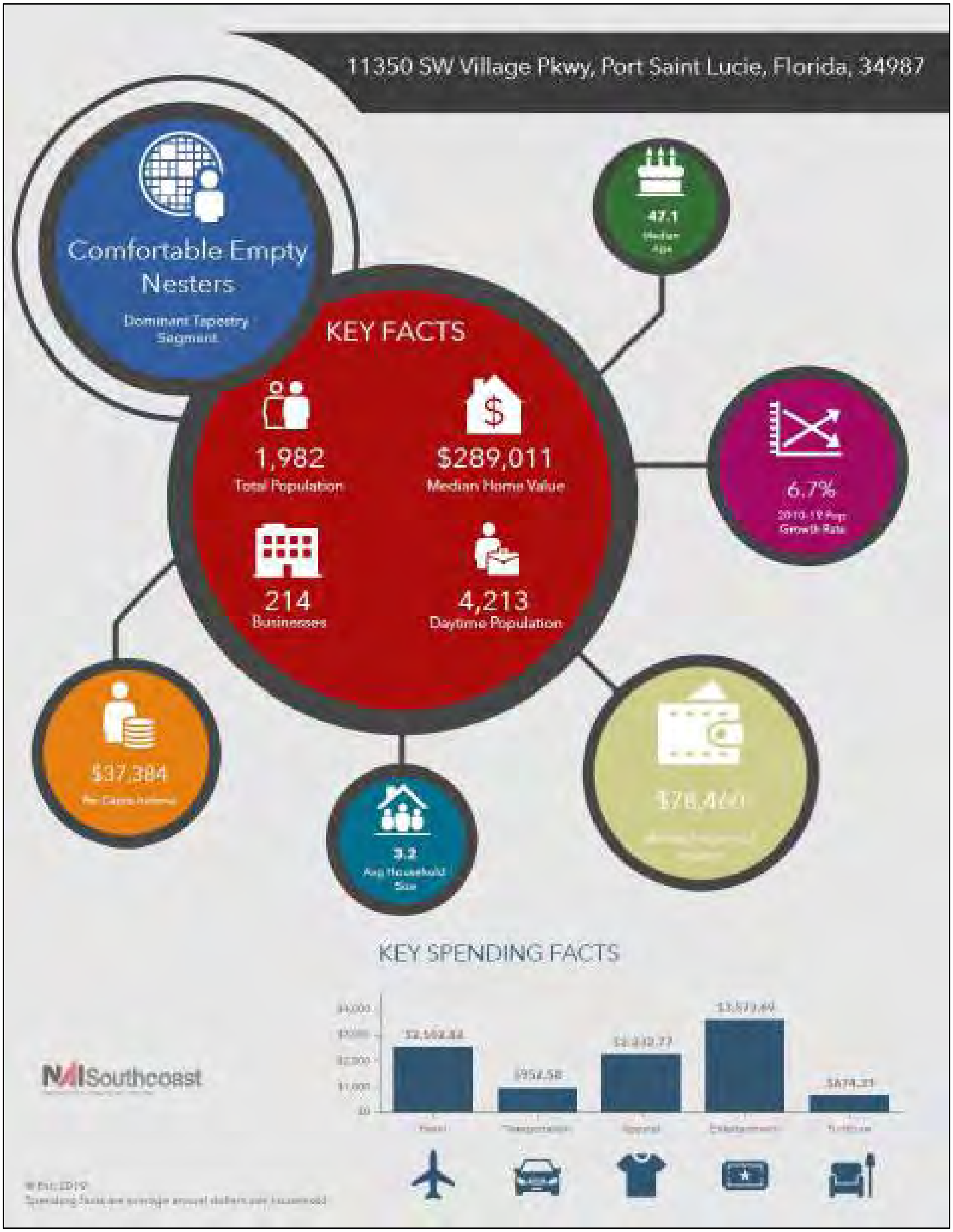
PRIMARY MARKET ANALYSIS



Market Area Map

General Description:	The subject market is considered to be Tradition. This area has shown strong absorption in recent years with an increase in sales activity, rent prices, as well as new commercial and residential development. Tradition has been a primary driver of growth due to the strength of the residential market, which, in turn, has increased commercial and industrial development in the area. The introduction of Cleveland Clinic to the area has also been a key factor to new development, especially within the medical office sector.
Access:	The subject is located along the east side of SW Village Parkway, a collector road within the neighborhood, which provides north/south access throughout Tradition and SW Tradition Parkway, the major east/west commercial corridor in Tradition which is within close proximity to Interstate 95 providing convenient access.
Land Use Patterns:	Port St. Lucie is considered to be pro-growth as seen with the recent residential and commercial development within the market.
Life Stages and Trends:	Growth. The subject market has seen a steady supply of new product in recent years.
Public Facilities/Services:	The subject is adequately served by public utilities.
Opportunity Zone:	The subject is not located within an opportunity zone.
Conclusion:	The subject is located within an area that has seen increased activity in recent years. New development within the immediate submarket has begun as rental rates have reached feasibility and absorption has increased. Cleveland

COMMERCIAL MARKET ANALYSIS



Land Description and Analysis

Land Description

Land Area	8.69 Acres; 378,572 SF
Primary Road Frontage	SW Village Parkway
Type of Road	Collector
AADT	10,100
Front Feet (Primary)	715
Front Feet (Secondary)	N/A
Number of Parcels	1
Shape	Irregular
Corner	No
Topography	Grade and typically level
Functional Obsolescence	None Noted

Zoning & Land Use

Zoning	MPUD
Future Land Use	NCD
Zoning Jurisdiction	Port St. Lucie
Is the Property in a CRA	Yes – Southern Grove

Site Ranking

General Site Ranking	Average
Appeal Ranking	Average
Frontage to Depth Ranking	Average
Size/Shape/Dimension Ranking	Average
Access Ranking	Average
Exposure Ranking	Average

Utilities

Water	Port St. Lucie
Sewer	Port St. Lucie
Electricity	FP&L (Backup Koehler 1275 KVA Generator)

General Description/ Conclusions

The subject site is located on the east side of SW Village Parkway, between SW Discovery Way and SW Innovation Way in Port St. Lucie, FL. Overall, the subject is considered average when compared to similar sites within the competitive market area. Furthermore, given the nature of the surrounding uses, the location, and all physical characteristics, the subject would be considered to have a(n) average of appeal if exposed to the market. Generally irregular in shape, the subject's shape does not present a detriment to the site and is generally conducive to development.

The building site is fully enclosed by a vinyl coated chain link fences with access provided by a single ingress and egress, which is gated. The drive sliding gates were operation at the time of inspection. On the west side of the improvements, there is a hydraulic loading ramp. Mostly impervious, the site contains an asphalt parking lot with (186) lined parking spaces. The parking lot has multiple pole mounted parking lights. During the inspection, some degradation and cracking was noted in the parking lot. Landscaping was considered in average condition for the market.

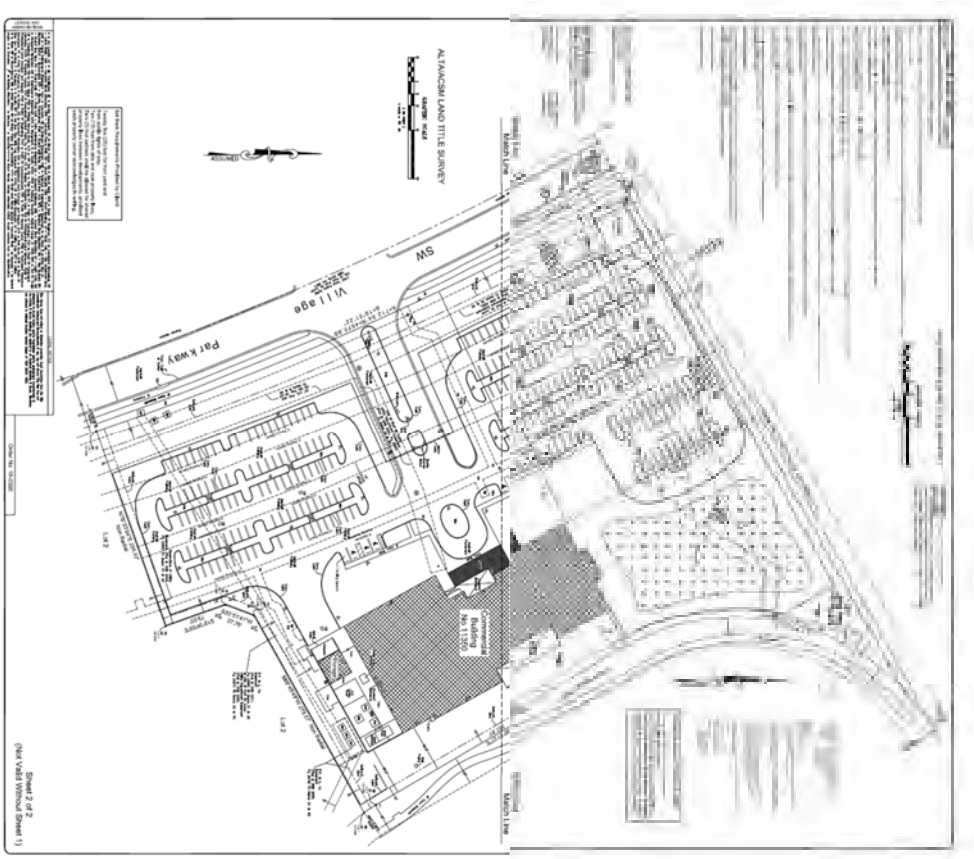
According to an Assessment Report completed by MEP Structural Engineering and Inspections, Inc on January 13, 2017, the subject's existing irrigation system was not operational, and several zones were removed. The site is fed by a 4" reclaimed water main line system for irrigation. Originally, the building contained an irrigation pump fed from the east lake adjacent to the property but was abandoned when the reclaimed city line was installed to the property. There is a 3" domestic and 6" fire line building service feed as well as a 4"/2" natural gas line servicing the building.

Located within the Southern Grove DRI, the subject site is zoned Mixed Planned Unit Development (MPUD) with a future land use of New Community Development (NCD). This zoning and land use allow for a wide variety of commercial, industrial and residential uses.

Deferred Site Maintenance Items Noted in MEP Structural Report

- Parking and entry areas are in generally good to fair condition with minor areas of surface degradation and random cracking.
- The original paint striping requires replacement.
- The existing irrigation system was not operational, and several zones were removed, and the related irrigation piping and heads were stockpiled on the parking areas.
- The southern radius sidewalk entry area was elevated adjacent to the F-curb along the accessible route to the building. This presents a trip hazard and requires correction.
- The drive sliding security gates were operable but require replacement of the wheel assembly, gate adjustment and maintenance to restore proper closing.
- The pedestrian man gate was damaged and unable to close in a secure position.
- Two of the 2 parking lights were missing lens covers but all lighting was functional. The lights are MH lamps and are recommended to be changed out to LED heads for the related energy savings.
- The fire line AMES series backflow did not have a current certification of operation.
- The domestic OS&Y valve assemblies require removal of corrosion and service to restore proper valve operation.
- Additional guidance signage is recommended to be installed to allow quicker response and easier identification.

Birds Eye View



Survey

Soil/Subsoil Conditions

A current geotechnical analysis describing the soil and subsoil conditions at the subject was not provided. Soil conditions appear to be conducive to development of the subject to its highest and best use. The appraisers assume there are no hidden or unapparent conditions of the property, soil, subsoil, or structures that would render the subject more or less valuable. Proper design and careful installation are needed to overcome any limitations of this soil. The appraisers assume no responsibility for such conditions, or for engineering which might be required to discover such conditions.

Hazards/Nuisances

CRE Valuation Services was not provided a current Environmental Site Assessment (ESA) concerning the subject. No apparent hazards or nuisances, such as smoke and hazardous materials, were noted on or near the subject upon inspection. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraisers. We have no knowledge of the existence of such materials on or in the property. The appraisers, however, are not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, radon, mold and other potentially hazardous materials may affect the value of the property. The value opined is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them.

Legal-Government Factors

Legal Description

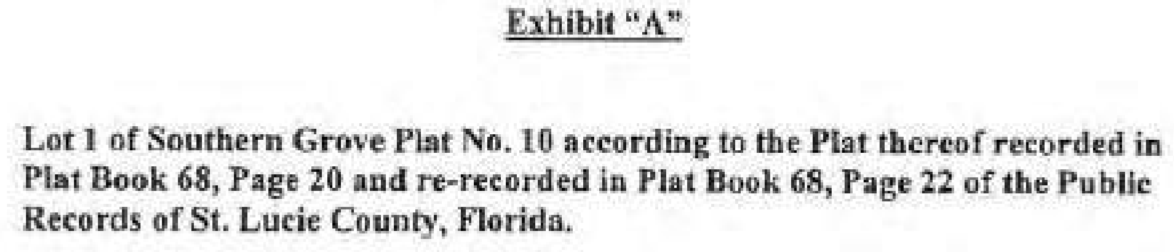


Exhibit "A"

Lot 1 of Southern Grove Plat No. 10 according to the Plat thereof recorded in Plat Book 68, Page 20 and re-recorded in Plat Book 68, Page 22 of the Public Records of St. Lucie County, Florida.

Development Restrictions/Easements

We assume there are no easements or encumbrances detrimental to development of the site.

Restrictions

We are unaware of any restrictions that would preclude development and/or mitigate achievable density of the subject; however, updated title work and a survey are recommended to confirm such.

Land Planning and Land Use Law is beyond the scope of this assignment. Any assumptions herein related to the development potential of a particular site, and the implications of such assumptions on value, are subject to amendment should CRE be provided with alternate information from a Land Planner and/or Land Use Attorney.

Zoning/ Land Use

We have not been provided with a zoning determination letter specific to the subject property. As such, we have relied upon observations noted during our site visit and Municode. Should a zoning determination letter provide an opinion which contradicts any of the assumptions herein, we retain the right to amend this report and the value estimated herein.

Flood Zone and Census Tract

Census Tract: 3821.09

The above data was taken from publicly available information on FEMA's website and GEO CODE website. We do not warranty this information to be accurate. A surveyor should be consulted before relying upon this information.

Improvements Description and Analysis

Improvement Description

Name of Property	Torrey Pines Institute of Molecular Studies
General Property Type	Research Lab
Occupancy Type	Owner/User
Number of Buildings	Two
Stories	4
Gross Building Area (GBA)	102,887 SF
Net Leasable Area (GLA)	102,887 SF
Year of Construction	2008
Parking Spaces	186
Parking Ratio	1 Space/553 SF
Land to Building Ratio	3.68
FAR Ratio	0.27

Functional Obsolescence

The subject building was designed as a research/lab facility for a life sciences industry that never took root in the subject's marketplace. The configuration of the building has larger common areas and as such is less efficient than other types of space within the subject's competitive local market, which is primarily medical space. The larger common areas are a characteristic of life science/laboratory space and if the subject were to be put to use for its intended and current use as a life science building, the functional obsolescence is not realized. However, the subject's location in an area where there is not an established life sciences economy would create external obsolescence. Therefore, the subject is considered to suffer from Functional Obsolescence as an office building typical of the subject market, and External Obsolescence as a life science building within the Port St. Lucie Market.

Exterior

Construction Type	Tilt Up Concrete Wall Panels
Roof Type	Steel & Concrete with Single Ply TPO Membrane
Exterior Finish	EIFS Steel Framed Eyebrow and Vertical Elements
Windows	Impact Resistant
Doors	Mix of Impact Resistant Glass and Metal
Overall Condition	Good
Functional Utility	Good
Visibility Ranking	Average
Exterior Ranking	Good
Maintenance Ranking	Good

Interior

Extent of Access	Full
Walls	Painted Gypsum
Ceilings	2' x 4' Acoustic Ceiling Tile
Ceiling Height	Varies
Lighting	Recessed and Hanging Florescent, Canned Lighting, Track Lighting
Flooring	Mix of Linoleum, Tile, Carpet and Wood
Trim Package	4
Number of Restrooms	12
Condition of Restrooms	Good
Number of Units	Single
Sprinklered	Yes
Tenant Electrical Metering	House
Tenant Water Metering	House
HVAC	Adequate
Power Supply	Adequate
Quality Ranking	Good
Condition Ranking	Good
Age Ranking	Good

General Description

The improvements are owner/user occupied and utilized as a research lab. Originally constructed in 2008, the building exterior is composed of tilt up concrete wall panels, EIFS steel framed eyebrow and vertical elements, with a steel and concrete roof, with single ply TPO membrane covering with a 60 millimeter thickness. To the south of the main building is a small maintenance building utilized for miscellaneous storage. Bio-tech buildings, such as the subject, are highly specialized and contain a range of laboratory space where chemicals, drugs, or other material or biological matter are tested and analyzed. The building has extensive plumbing and water distribution, direct ventilation and specialized pipe utilities. The building was constructed for bio-medical and other scientific research development. Approximately 50% of the facility is research lab space consisting of a vivarium, chemical and biology laboratories. The building is serviced by two elevators as well as two interior concrete stairwells located on the north and south ends of the building. Also, the first and second floors have a stairwell connecting the first-floor lobby to the second floor.

The first floor contains the office support spaces, vivarium (which contains approximately 9,500 square feet and a men and women's restroom), main electrical and chiller areas, lecture auditorium, gym with a men and women's locker room as well as a break room, men and women's common area restrooms, and building engineering support areas. The first-floor lobby as well as waiting area have multiple seating areas designed to increase collaboration between scientist and employees within the building. This space contains over 5,000 square feet of space. The first-floor auditorium has dimensions of approximately 30' x 37' containing 114 seats. Also, the common area hallways are large, approximately 9' feet wide, in comparison to traditional medical office buildings. All of these features greatly reduce the efficiency of building. The first floor contains most of the administrative office space with multiple executive offices, bullpen office space, and conference rooms.

The second level contains an open two-level atrium space shared with the first level. This shared space allows for increased collaboration between floors but decreases the building efficiency as well. In general, this space is approximately 85' x 40'. The second and third floors contain research laboratory areas divided into nine fire rated control areas. In addition to research laboratory space, the second floor contains two executive administrative offices, break room, two conference rooms, two executive offices including one with a restroom, shower, and wet bar, cold room, dark room, two tissue cultures rooms, lounge, a Board of Directors conference room, IT room, janitorial room, and a shared equipment room. The third floor contains primarily laboratory space along with a shared work area, break room, conference room, two tissue culture rooms, cold room, dark room, IT room, janitorial room, and multiple shared equipment rooms as well as a common area men and women's restroom. The fourth floor is exclusively a mechanical floor/penthouse serving the various laboratory and office areas.

In comparison to professional office and medical buildings within the market, the subject is considered to have an inferior efficiency ratio due to the large common areas. Most medical office buildings have efficiency ratios in the 80% to 90% range which is considered superior to the subject. The subject has approximately 50% research laboratory space as well as a large amount of common areas which would require substantial renovations to convert to medical space in order to compete with the medical office space entering the market. As noted in the appraisal of the VGTI building, it would not be feasible to convert the research lab space as well as some of the large common areas to medical office due to the costs for conversion. In order to convert the laboratory areas, the entire HVAC system would most likely have to be redone and much of the space would have to be torn down to the studs and renovated. As such, the subject has functional and external obsolescence.

Deferred Building Exterior Maintenance Items Noted in MEP Structural Report

- Minor areas of paint delamination and spalling on the tilt panel walls at the windowsill unit areas, east 1st level canopy exterior ceiling, and west window eyebrow areas.
- The exterior EIFS system over metal framing has several areas of repetitive cracking at reentrant corners and joint locations. Proper crack repair of these areas are recommended to prevent any water intrusion into the non-primed concrete substrate beyond the EIFS framing.
- The exposed panel edge reinforcement is required to be repaired to restore the required reinforcement edge distance coverage per the original design specifications and ACI specifications.

Deferred Building Mechanical, Electrical, & Plumbing Maintenance Items Noted in MEP Structural Report

- The water heater units were operational and in generally good condition. The units are out of warranty on the cyclone coils and are at the end of their usable service life. Water heater unit replacement of the units should be anticipated.
- The stem packing gland is the O-ring type. A small amount of oil was noticed around the operator base, indicating that valve repairs are required.
- Door gaskets are recommended to be replaced at the burner door opening at the front of the boiler
- The fan enclosures exhibit signs of corrosion and require refinishing.
- Fan supports on the building curbs are extensively corroded and in several areas collapsing through the curb structure and require full replacement.
- The fan hoisting beam requires refinishing.
- Full fan curb replacement and extensive fan maintenance or replacement should be anticipated and budgeted. The estimated budget for the repair / replacement of the exhaust fan system is approximately $1.73 million dollars.
- The two exterior BAC cooling towers are exhibiting signs of frame and support corrosion and require extensive frame and support repairs.
- There were no major visible plumbing items identified during our inspection with the exception of the backflow certifications on the building fire service and the OS&Y valve repairs.

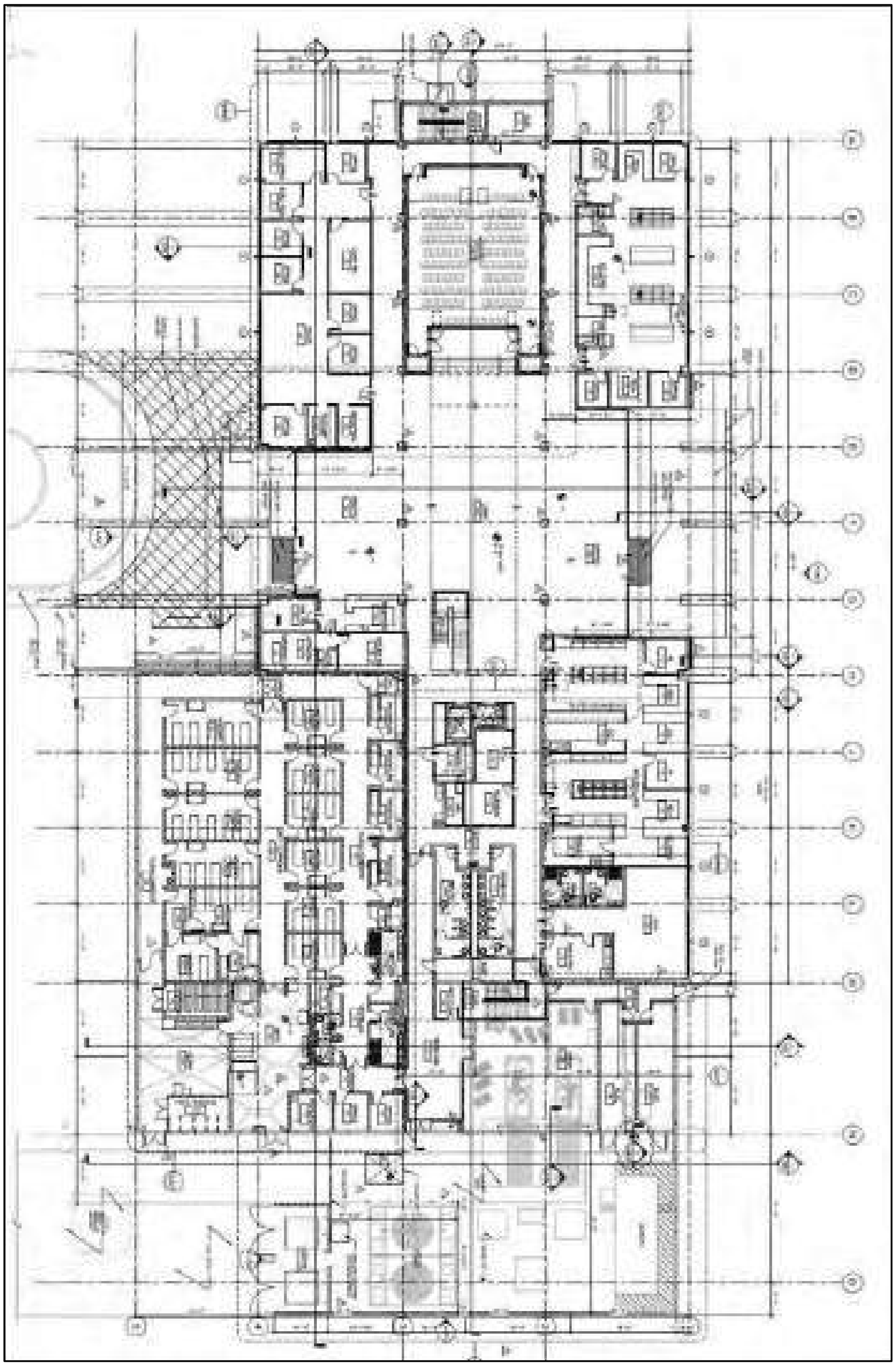
Deferred Building Roofing System Maintenance Items Noted in MEP Structural Report

- The east elevation extended column detail require additional flashing or a cap flashing system to alleviate future possible water intrusion problems that is currently relying solely on an exposed horizontal caulk joint that is exhibiting signs of premature failure.
- The cast roof drain grates are exhibiting signs of extensive corrosion and require replacement. Replacement with a nonmetal grate option is recommended.

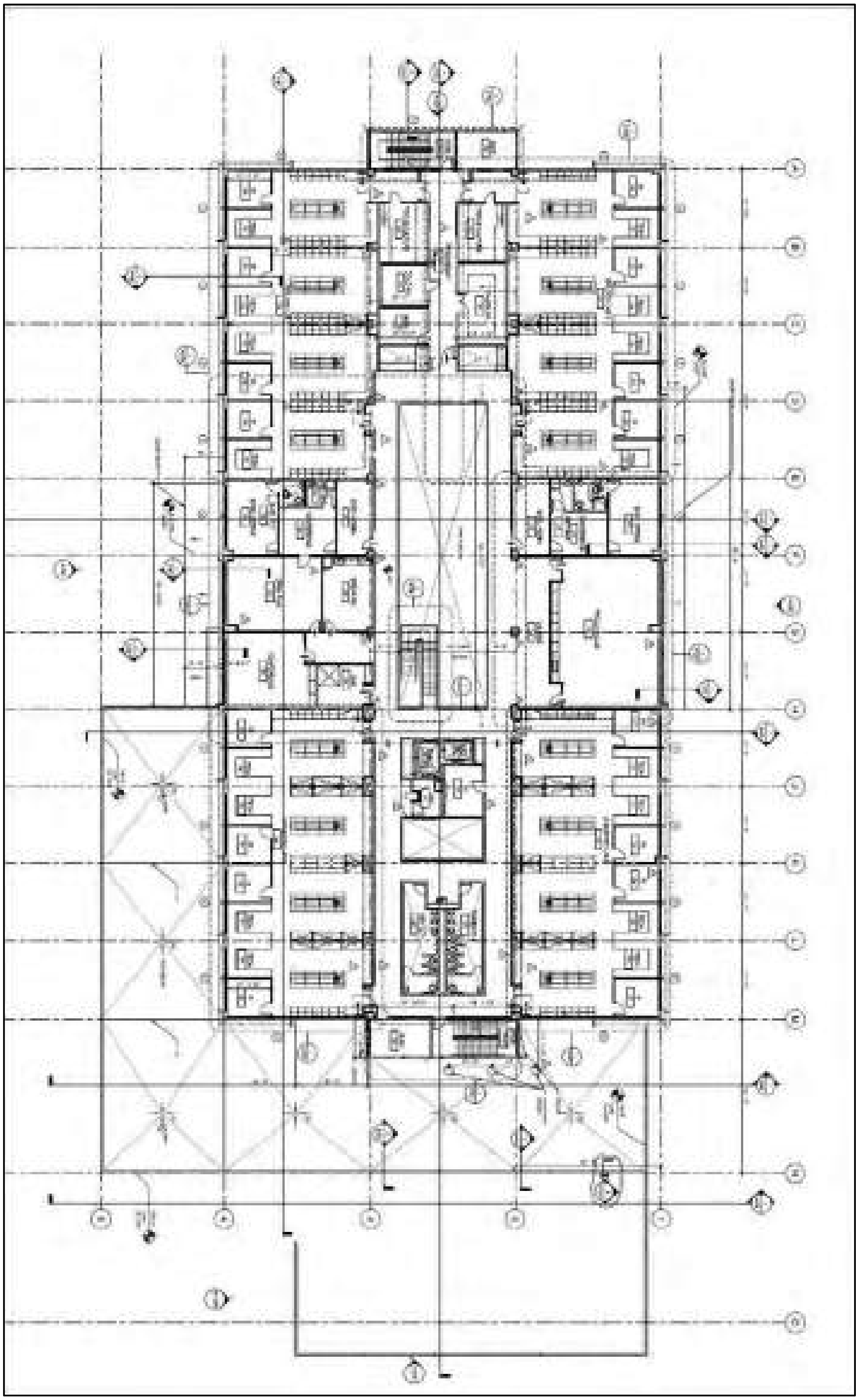
Deferred Building Interior Maintenance Items Noted in MEP Structural Report

- The installed benches that are in front of the ADA shower are blocking the clear path access and required floor space to the showers and require removal and relocation to correct the violation.

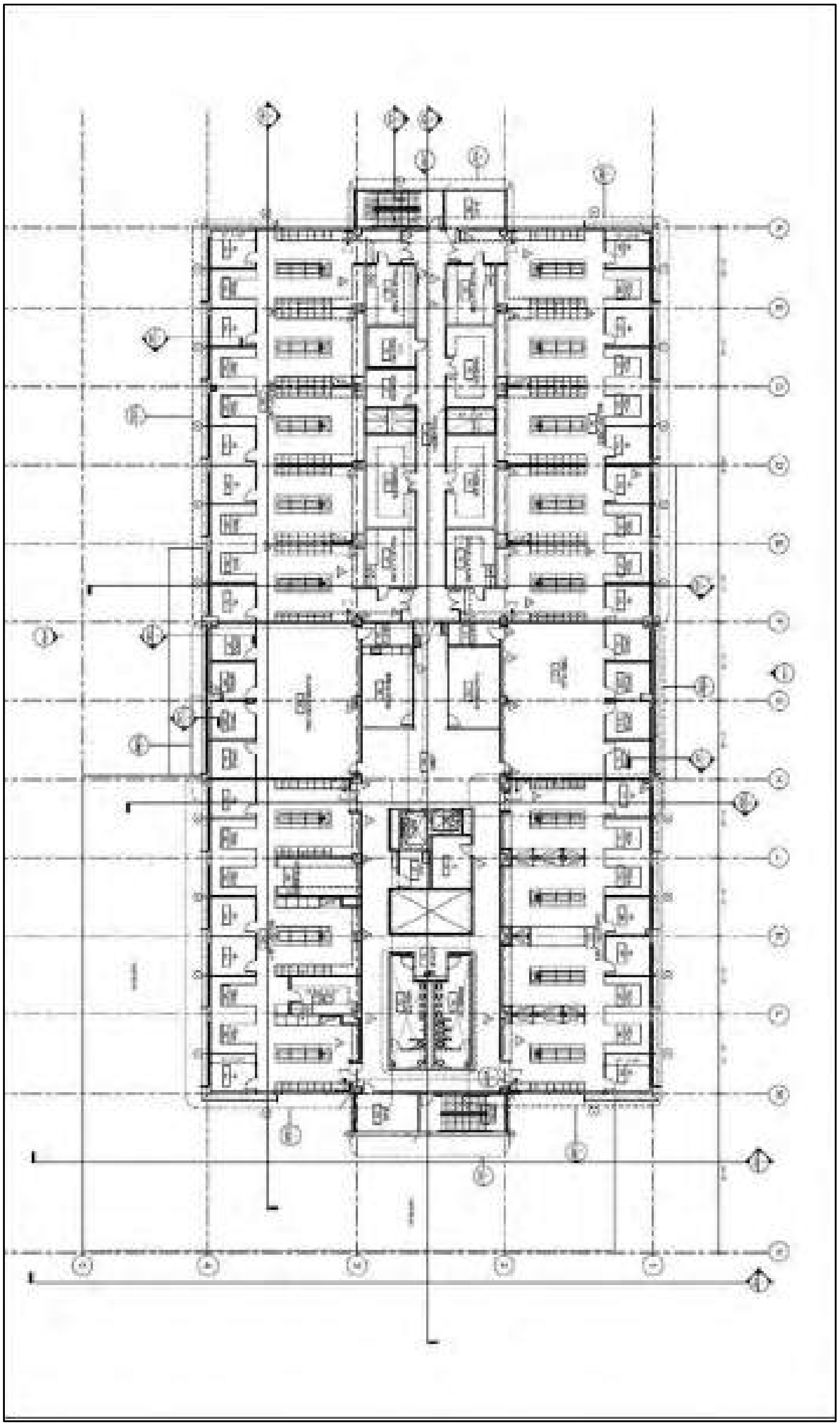
The floorplan for each floor is presented below.



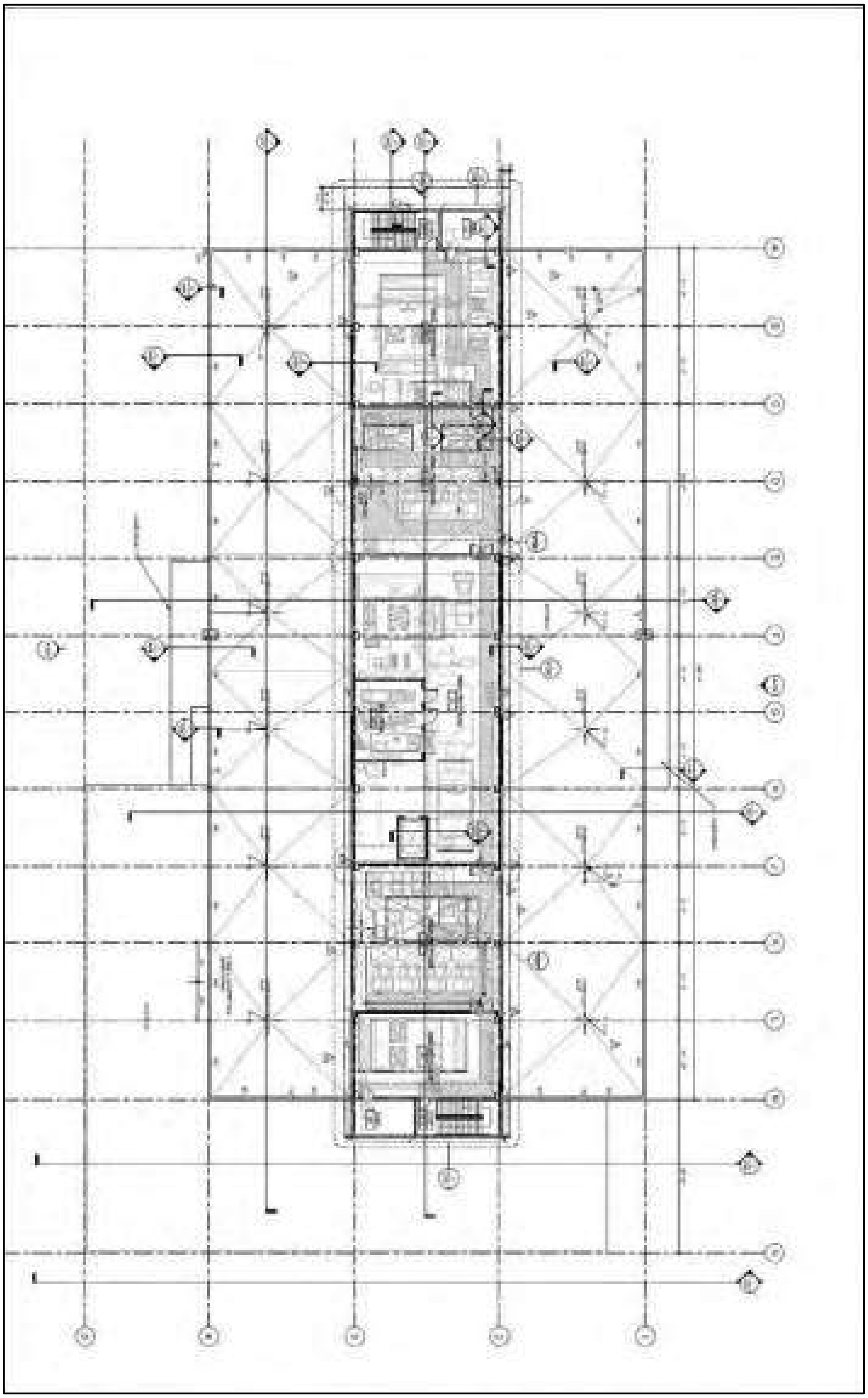
Ground Floor



Second Floor



Third Floor



Fourth Floor

Construction Components

CRE Valuation Services was not provided detailed building plans regarding the improvements. Therefore, the following summary of the building's basic structural components was based on the property observation report provided this office and documents provided by the owner's representative. Said inspection of the property and our description of any improvements thereon is actually more of an observation. It should not be regarded as a full property inspection of the type intended to reveal defects in mechanical systems, structural integrity, roofing, exterior or any other structural component. The appraiser claims no special expertise in these areas, nor is the appraiser an expert in issues related to foundation settlement, insect infestation, radon gas, or lead based paint. Unless otherwise stated, the appraiser assumes that the various elements that constitute the subject improvements are fundamentally sound and in working order.

Mechanical Systems

HVAC was present and operable and assumed to be in accordance with industry and government standards. The electrical wiring in the building is assumed to conform to building codes in accordance with industry and government standards. Plumbing is assumed to conform to building codes in accordance with industry and government standards.

Miscellaneous

Landscaping is consistent with the immediate market area. Other improvements include an asphalt surfaced parking area, poured concrete walkways, a pole and wall mounted lighting.

Conclusion

The subject is well maintained with some areas of noted deferred maintenance such as the irrigation system. Overall the subject is considered to be in good condition, well located and a well-appointed office building. As an office building typical of the subject market, the subject suffers from Functional Obsolescence in that the efficiency of the building is poor for office/medical use. As a research/lab facility, the subject suffers from External Obsolescence due to the fact that there is not an active life sciences economic base within Port St. Lucie.

Depreciation Estimate

There are five basic components of accrued depreciation. They are Curable Physical Depreciation, Incurable Physical Depreciation, Curable Functional Obsolescence, Incurable Functional Obsolescence, and External Obsolescence.

The building was estimated to be constructed in 2008, having an effective age of 8 years and an estimated remaining economic life of 52 years. The building appears to be structurally sound, is in relatively average condition and property management is considered to be good. The subject suffers from Functional/External obsolescence as previously discussed. The obsolescence is considered incurable due to the cost to reconfigure the subject building to cure the functional obsolescence and the nature of external obsolescence.

There are some items of deferred maintenance as discussed in the improvements section of this report. Deferred maintenance is typically considered to be physical depreciation and curable. The items mentioned in the report are believed to be curable; however, a detailed cost to cure was not provided and is beyond the scope of this assignment. Some physical and curable depreciation is inherent in the value conclusion here as there is physical depreciation realized in the comparable sales used in the analysis. The depreciation recognized in the report is not considered to be excessive or to have a significant detriment to value. If a cost to cure were provided, a percentage of the cost, say approximately 50%, would likely be the impact on value.

Analysis as if Vacant

In formulating an opinion of optimum use of a tract of land, it is important that a careful analysis be made of the property, its size, shape and physical characteristics, topography, zoning, market conditions, and demand for the various legally permitted uses, and other economic factors and conditions.

Legally Permissible

Except for a legally nonconforming property, the first step in determining what is legally permissible is to analyze private restrictions, zoning, building codes, historic district controls and environmental regulations. The subject site is zoned MPUD with a future land use of NCD by the local zoning authority. This zoning district allows for a wide variety of commercial, industrial, and residential uses.

Physically Possible

The physical characteristics of a site can affect the uses. These characteristics include: (1) size; (2) shape; (3) terrain or topography; (4) soil condition; (5) utilities; (6) access characteristics; and (7) surrounding land uses. Each of these site characteristics was described and discussed in the Site Analysis section of this report. A number of uses are physically possible on the subject site. The subject site is an irregularly shaped single tax parcel containing 378,572 square feet with approximately 715 feet of frontage along SW Village Parkway. The subject could accommodate a variety of uses.

Financially Feasible

In determining which uses are legally permissible and physically possible, an appraiser eliminates some uses from consideration. Then the uses that meet the first two criteria are analyzed further. If the uses are income-producing, the analysis will study which are likely to produce an income or return equal to or greater than the amount needed to satisfy operating expenses, financial obligations, and capital amortization. All uses that are expected to produce a positive return are regarded as financially feasible.

Within the immediate submarket of Tradition, there has been an increase in medical office development in the past year due to the introduction of Cleveland Clinic to the area. Cleveland Clinic's global brand name has brought an increase to owner/user, as well as multi-tenant commercial development. Within the medical office sector, absorption has increased, and development of new space is now feasible as seen with sites to the north and south of the subject. Tradition HealthPark is leasing out the remaining space in the Tradition HealthPark II building with proposed plans for two more additional medical office buildings.

The recent lease between the City of Port St. Lucie (Lessor) and Cleveland Clinic (Lessee) of the VGTI property, indicates a lack of feasibility for life sciences/lab space. Like VGTI, the new Cleveland Clinic venture will focus on vaccines and immunotherapy. The City would still be responsible for the $53.7 million still owed on the property. In 2010, Port St. Lucie borrowed $64 million to build and outfit the facility to attract VGTI in hopes of starting a biotechnology corridor. VGTI occupied the building from 2013 to 2015 and stopped making payments on the loan and vacated the building in 2015. The City took over the debt still owed as well as the costs to carry the property.

The terms of the recent lease, the value basis for the deal and the general history of the VGTI deal all indicate a lack of economic base for such development. As such, the financially feasible uses of the subject are limited to professional and medical offices, as these markets have re-established themselves in the Tradition market area.

Maximally Productive

Among financially feasible uses, the use that provides the highest rate of return or value (given a constant rate of return) is the highest and best use. Given the legally permissible and physically possible discussions set forth above, the maximally productive use of the site is development of a medical office or specialty research facility.

Conclusion

In our opinion the highest and best use “as if vacant” would be to develop a medical/professional office building.

Analysis as Improved

Physically Possible

The site is improved with a 102,887 SF GLA research lab, which was estimated to be completed in 2008. We believe the improvements, based on our viewing, are in good overall physical condition. The improvements are owner/user occupied. As a life sciences/lab facility the subject is functional; however, located in a market where this industry never took root. As a professional/medical office building, the site improvements and shell of the building have contributing value; however, some of the interior build out and MEP systems would not be functional for this use. To retrofit the subject for medical or professional office would be a major undertaking. Some discussion with brokers in the market has indicated that it is the only feasible use of the space and others have indicated that with time there will emerge a market for the space as configured.

Legally Permissible

The subject improvements are assumed to conform to all zoning requirements under the local zoning authority. The planning department site plan approves any development and the subject is assumed to be legally conforming with regard to the legal development requirements. We have not been provided with a title search or other similar documentation to confirm the permitting of any of the subject improvements. We have assumed all subject improvements were constructed with a permit. As such, the improvements are considered to represent a legally permissible use, unless noted herein.

Financially Feasible/Maximally Productive

As mentioned earlier, the subject improvements are owner/user occupied and suffer from functional/external obsolescence. We have valued the subject on a fee simple basis. As a life sciences/lab facility, the subject suffers from external obsolescence due to the lack of a market for such space. The indicator for this is the history of the VGTI building, located just south of the subject. The facility was built at the same time as the subject, having an investment similar to the subject and a proposed use similar to the subject. The facility was closed down in 2017 and in October 2019 was leased to Cleveland Clinic at favorable lease terms, based on a market value of $14.5 million, approximately 20% of the initial investment made by the City of Port St. Lucie.

The proposed use by Cleveland Clinic is in keeping with the original use of the building, a life sciences/lab facility. This lease agreement between the city and Cleveland Clinic shows signs of some activity and viability in this market sector; however, due to the economics of the deal, does not cure the external obsolescence and does not make the development of the subject site as a life sciences/lab facility a Financially Feasible/Maximumly Productive use of the site, as vacant. However, as improved, the costs of retrofitting the subject to be professional/medical office space exceeds the detriment to value created by the external obsolescence and, therefore, the most financially feasible and maximumly productive use of the subject "As Is" is to continue use of the improvements as a life sciences/lab facility.

The subject "As Is" is concluded to have a potential market rental rate of $1,234,644 or $12.00/SF on a NNN Rent Basis. Given this occupancy and rental rate, the subject improvements' use as a research lab is considered to represent a financially feasible use of the improvements. As such, the maximally productive use of the subject improvements is continued occupancy and operation of the improvements as a continued use of the improvements as is.

Conclusion

The present use of the subject building as a research facility is the highest and best use until its economic life is realized. It is noted, that with the lease of the former VGTI building to Cleveland Clinic, there is a forecast increase of economic activity related to life sciences and lab uses. However, until such a time that this industry has established itself within the Tradition Market, forecast of curing the external obsolesce would be speculative.

Introduction

The following table illustrates the current estimated assessed value and associated taxable value to the improvements for the subject. The value was estimated using the county website and comparing that with the actual tax liability paid by the owner. Utilizing the most recent tax rate of and calculating that on 100% of the assessed value, an estimate for property taxes is illustrated as follows. Where applicable, non-ad valorem taxes are shown.

Assessment & Taxes	
Account Owner	City of Port St. Lucie
Year	2019
Tax ID Number	4315-600-0001-000-8
Assessed Value	$11,567,900
Exemptions	$8,097,530
Taxable Value	$3,470,370
Milage Rate	25.2126
Ad-Valorm Taxes	$87,497
Non Ad-Valorm Taxes	$67,708
Total Tax Liability	$155,205

The 2019 taxes were believed to be unpaid as of the effective date.

The subject property is assessed below the concluded value and it is noted that the subject taxes will likely increase should the subject property be sold at a market-oriented price. The subject is part of the Southern Grove Special Assessment District and as such as subject to special assessments not realized by other areas of Tradition and Port St. Lucie. Generally, the assessment has a negative impact on properties within the district due to the financial burden of the assessment. The impact of the assessments in a good economy is offset by the greater desirability of the area created by the infrastructure tied to the assessment, and the impact is amplified during downturns when cost cutting becomes a priority.

Overview

The three traditional approaches to valuing improved properties are:

1. Sales Comparison Approach - a comparison of the property appraised with reasonable similar, recently conveyed properties for which the price, terms and conditions of sale are known.

2. Income Capitalization Approach - the processing of a projected net income into a valuation estimate via one or more capitalization techniques.

3. Cost Approach - an estimate of the replacement cost of all structural improvements as if new, less loss in value attributable to depreciation from all causes plus the value of the land as if vacant.

The Sales Comparison Approach is founded upon the principle of substitution that holds that the cost to acquire an equally desirable substitute property without undue delay ordinarily sets the upper limit of value. At any given time, prices paid for comparable properties are construed by many to reflect the value of the property appraised. The validity of a value indication derived by this approach is heavily dependent upon the availability of data on recent sales of properties similar in location, size, and utility to the appraised property.

The Income Capitalization Approach is based on the principle of anticipation that recognizes the present value of the future income benefits to be derived from ownership in a particular property. The Income Approach is most applicable to properties that are bought and sold for investment purposes and is considered very reliable when adequate income and expense data are available. Since income producing real estate is most often purchased by investors, this approach is valid and is generally considered the most applicable when the property being appraised was designed for, or is easily capable of producing a rental income.

The Cost Approach is based on the premise that the value of a property can be indicated by the current cost to construct a reproduction or replacement for the improvements minus the amount of depreciation evident in the structures from all causes plus the value of the land and entrepreneurial profit. This approach to value is particularly useful for appraising new or nearly new improvements.

The Appraisal Process is concluded by a review and re-examination of each of the approaches to value that was employed. Consideration is given to the type and reliability of data used, the applicability of each approach to the type of property being appraised and the definition of value being sought.

Subject Specific

The Cost Approach was not utilized due to the age of the improvements and the difficulty in estimating accrued depreciation. Additionally, the Functional/External obsolescence makes the approach un-applicable.

The Sales Comparison Approach is fully developed herein. The Sales Comparison Approach is considered a reliable indicator for the valuation of owner/user building and is developed as the primary/only approach to value.

The Income Approach is developed herein as a secondary indicator of value due to the owner/user nature of the subject.

Introduction

The Sales Comparison Approach is premised upon the Principle of Substitution - a valuation principle that states that a prudent purchaser would pay no more for real property than the cost of acquiring an equally desirable substitute on the open market. The Principle of Substitution presumes that the purchaser will consider the alternatives available to him, that he will act rationally or prudently on the basis of his information about those alternatives, and that time is not a significant factor. Substitution may assume the form of the purchase of an existing property with the same utility, or of acquiring an investment which will produce an income stream of the same size with the same risk as that involved in the property in question.

The applicability of this approach is based upon the assemblage of similar market sales and offerings for comparison to the subject. Considerations for such factors as market conditions, location, size, quality, and age-condition, as well as the terms of the transaction, are all significant to the subject property. In the case of the subject an extensive search for similar research facilities within a reasonable market geography failed to result in any transactions available for comparison other than the VGTI facility used as comparable 1. The other comparables utilized are sales of medical office buildings which share similar location, age and some design characteristics. These comparables represent the Highest and Best Use of the subject site as though it were vacant and make them the most applicable comparable sales available. An adjustment is applied to these comparable sales for the difference is highest and best use as improved within the quality/appeal section of the adjustment analysis. Any adjustments to the sales price of market sales to provide indications of market value for the subject must be market-derived; therefore, the actions of typical buyers and sellers are reflected in the comparison process.

There are various units of comparison available in the evaluation of sales data in this approach. The price Per Square Foot unit of comparison is derived by dividing the sale price by the total number of Square Feet . This physical unit of comparison can be adjusted to account for dissimilarities between market sales and the subject property. This unit of comparison is then applied to the subject's net Square Feet to indicate a value for the subject.

The sales utilized within this analysis were taken from the subject market area and are considered to be most similar. A map and summary chart of comparable sales is included in the following pages.

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Summary of Improved Sales							
Sale No.	Name/Location	Date of Sale	Bldg Size (SF)	Land Size (SF)	Est. YOC	SP/SF ($)	Sales Price
1	9801 SW Discovery Way, Port St. Lucie	16-Feb-2017	101,000	348,480	2012	$143.56	$14,500,000
2	1265 36th Street, Vero Beach	5-Jan-2018	20,002	94,961	1997	$324.97	$6,500,000
3	801 Wellness Way, Sebastian	19-Jan-2018	36,160	199,505	2008	$293.83	$10,625,000
4	1050 SE Monterey Road, Stuart	7-Mar-2017	54,961	232,941	2003	$345.32	$18,978,900
Subject	11350 SW Village Parkway -Port St. Lucie, FL		102,887	378,572	2008		
Minimum		16-Feb-2017	20,002	94,961	1997	$143.56	$6,500,000
Maximum		19-Jan-2018	101,000	348,480	2012	$345.32	$18,978,900
Mean		4-Aug-2017	53,031	218,972	2005	$276.92	$12,650,975
Median		6-Aug-2017	45,561	216,223	2006	$309.40	$12,562,500

Sales Price Per Square Foot Analysis

The Sales Price per Square Foot comparison is a common physical unit of comparison for properties similar to the subject. The sales were analyzed and adjusted for differences in physical characteristics.

Property Rights Conveyed

No data supports a substantive difference between a leased fee or fee simple estates. We are appraising the subject property on a fee simple basis; thus, no adjustments were necessary for property rights conveyed.

Cash Equivalency/ Financing

In an analysis of sales, any advantageous financing should be extracted from the sales prices due to the fact that favorable financing agreements can result in inflated value indications. In this particular instance, no adjustments were required to the sales for financing terms.

Conditions Of Sale

Comparable 1 is the recent lease/transfer of the VGTI building that had been owned by the City of Port St. Lucie to Cleveland Clinic. The transaction is of particular importance in this analysis due to the fact that it is the same type of building to that of the subject, located nearly adjacent to the subject and suffers from the same functional/external obsolescence. The history of the transaction is a good indicator of the market for a property such as the subject and the demand indicators, values etc. However, the terms of the agreement between the City of Port St. Lucie and Cleveland Clinic are not typical and must be analyzed and any necessary adjustments considered.

The terms of the agreement are that Cleveland Clinic will lease the facility for $1 for 15-years and at the end of the term be granted ownership of the facility. To fully understand the economics of this, the costs that have been incurred by the city and the conditions of the lease must be understood. The cost to operate the building incurred by the city has been approximately $1,500,000 per year, and that cost will be placed on Cleveland Clinic. The conditions of the lease require that Cleveland Clinic employ 100 full time positions in the first five years of the lease at a wage of over $48,000 per year.

The Economic Development Council of St. Lucie estimates that the minimum economic impact of Cleveland Clinic creating 100 jobs would generate $9.09 million in direct and indirect wages; with 150 jobs generating $13.8 million in direct and indirect wages annually; and 200 jobs generating $18.1 million in direct and indirect wages annually. In discussions with Russ Blackburn the City Manager, the basis for the negotiations on the city's behalf was the appraisal from 2017 valuing the property at $14,500,000. This was also the basis for the ongoing marketing efforts made by the city's broker who had extensively marketed the VGTI property for approximately 27-months prior to discussions with

Cleveland Clinic began to take meaningful hold and was the price offered by a competing company who sought to use the facility to conduct research related to medical marijuana. As such we have relied upon the $14,500,000 appraised value of the property as the consideration in the transaction as the seller (city of Port St. Lucie) relied upon this as their value basis, and this was the basis for pricing guidance in the marketing of the property. No adjustment for Conditions of Sale is merited and none is applied.

Market Conditions

Next, an adjustment for changing market conditions was considered. The sales comparable transactions occurred from January 2017 to March 2018. We researched the economic data during this time period and concluded market conditions have improved. As such, we have applied an upward adjustment of 0.25% per month to all the comparable sales.

Location

As noted, Sale 1 is located within Tradition just east of the subject property, so no adjustment for location is merited. Sale 2 is located within Vero Beach near another Cleveland Clinic facility, which is considered a similar location, so no adjustment for location is merited. Sale 3 is located within Sebastian, which is considered an inferior market, so an upward adjustment for location is merited. Sale 4 is located along PGA Boulevard in Palm Beach Gardens, considered a superior market, so a downward adjustment for location is merited.

Size

Often, smaller buildings in the local market sell for higher per square foot prices due to the larger investor pool and, therefore, greater demand, for the same and therefore the opposite is also true. The subject is a large facility containing over 100,000 square feet of net leasable area. Sale 2, 3, and 4 are all smaller and adjusted downward for size accordingly.

Age/Condition

As noted, the subject was constructed in 2008. The comparables were constructed from 1997 to 2012. All of the comparables are considered similar in age/condition except Sale 2, constructed in 1997, so an upward adjustment for age/condition is merited.

As noted herein the subject contains some items of deferred maintenance. As the comparable sales are of similar age to that of the subject, some physical depreciation in the form of deferred maintenance would be realized in the transactions being used as the basis for the value estimate. Therefore, the conclusion herein inherently has some physical depreciation and/or deferred maintenance built in.

Land to Building Ratio

All of the comparables have adequate parking similar to the subject so we have not applied any adjustments for land to building ratio.

Quality/Appeal

The most comparable property in location and quality/apperal (function) to that of the subject is the VGTI building used as Comparable 1. The conditions of sale are discussed and considered in the condtions of sale narrative and the comparable is used here as the basis for the qualtiy/appeal adjustemnt.

Comparable 1 was constructed for the same use as the subject and is similar life sciences/reseach lab space to that of the subject. When the building was put into receivership and ultimately offered to the market for sale, there were several discussions and attempts to convert the space to traditional office and medical space; however, the cost to convert the space seemed to exceed the economic return. Alternatively, a discount would incentivise a company who might otherwise not be interested in locating an operation that could use the building in its current configuration as a life science/reseach lab facility.

Given the lack of other life science/reseach lab facilities available for comparison, an adjustment to the most comparable alternatives, medical office buildings, was applied. This adjsutment is based on a pairing of Comparables 2, 3 and 4 with Comparable 1. When paired, the indicated adjustment ranges from 47% to 52%. A more moderate adjustment of 45% is felt to be appropriate for the adjustment and is applied.

The adjustment is recognized as an adjsutment to reflect the functional and/or external obsolesnece. Functional obsolesnence in that the subject improvements do not conform to the highest and best use of the site as vacant, external obsolesence in recognizing that the cost of retrofitting the improvemnts exceeds the econimic benefit and therefore the prcing must be discounted to attract a user for the subject facility in it is current use.

Adjustment Summary

When considering the comparables as a whole, we believe that they represent the most similar comparison to the subject in the immediate market area, however they still are not truly comparable. The following tables summarize the aforementioned adjustments applied to the sales.

Comparable Sales Adjustment Grid

Comparable Sale Number	**Subject Data**	**1**	**2**	**3**	**4**
Address	11350 SW Village Parkway	9801 SW Discovery Way, Port St. Lucie	1265 36th Street, Vero Beach	801 Wellness Way, Sebastian	1050 SE Monterey Road, Stuart
Date of Sale	0-Jan-00	16-Feb-2017	5-Jan-2018	19-Jan-2018	7-Mar-2017
Location	Suburban	Similar	Similar	Inferior	Superior
Net Leasable Area (SF)	102,887	101,000	20,002	36,160	54,961
Occupancy at Sale	Owner-User	Owner-User	100%	100%	95%
Average Rental Rate at Sale	N/A	N/A	$22.80	$29.50	$21.00
Overall Rate	N/A	N/A	7.00%	6.50%	6.40%
Quality/Appeal	Average	Similar	Superior	Superior	Superior
Age and Condition	Average	Similar	Inferior	Similar	Similar
Land to Building Ratio	3.68	3.45	4.75	5.52	4.24
Sales Price		$14,500,000	$6,500,000	$10,625,000	$18,978,900
UnAdjusted Price Per Square Foot		$143.56	$324.97	$293.83	$345.32
Transactional Adjustments					
Price / SF		$143.56	$324.97	$293.83	$345.32
Property Rights Conveyed		0.0%	0.0%	0.0%	0.0%
Adjusted Price		$143.56	$324.97	$293.83	$345.32
Financing Terms	Conventional	0.0%	0.0%	0.0%	0.0%
Adjusted Price		$143.56	$324.97	$293.83	$345.32
Conditions of Sale	None	0.0%	0.0%	0.0%	0.0%
Adjusted Price		$143.56	$324.97	$293.83	$345.32
Expenditures Imm. After Sale		0.0%	0.0%	0.0%	0.0%
Adjusted Price		$143.56	$324.97	$293.83	$345.32
Market Conditions	25-Oct-2019	8.0%	5.0%	5.0%	8.0%
Adjusted $/SF - With Transactional Adjustments		$155.05	$341.22	$308.52	$372.94
Physical Adjustments					
Location	Suburban	0.0%	0.0%	5.0%	-10.0%
Net Leasable Area (SF)	102,887	0.0%	-10.0%	-10.0%	-5.0%
Age and Condition		0.0%	5.0%	0.0%	0.0%
Land to Building Ratio	3.68	0.0%	0.0%	0.0%	0.0%
Quality/Appeal		0.0%	-45.0%	-45.0%	-45.0%
Total Physical Adjustments		0.0%	-50.0%	-50.0%	-60.0%
Value Indication Per Square Foot		**$155.05**	**$170.61**	**$154.26**	**$149.18**

Value Ranges	**Before Adjustment**	**After Adjustment**
Minimum Price	**$143.56**	**$149.18**
Maximum Price	**$345.32**	**$170.61**
Mean Price	**$276.92**	**$157.27**
Median Price	**$309.40**	**$154.66**
Standard Deviation	**$91.39**	**$9.26**

Conclusion

Many of our adjustments have been based on typical market considerations and we believe this provides support for our overall value indication.

An additional sale that was considered is the sale of the former Digital Domain building that was sold by the City of Port St. Lucie to Christ Fellowship Church in July of 2015 for $13,000,000 or $109.77 per square foot. The building was previously utilized by the media group for visual effect and digital production. The property was primarily office space containing 118,425 square feet. Due to the date of the sale and the fact that the property did not contain medical space, we have not utilized the sale within our conclusion herein.

After adjustments, the comparable sales ranged from $149.18/Square Foot to $170.61/Square Foot with a mean of $157.27/Square Foot and a median of $154.66/Square Foot. Within the market, there has been an increase in demand for medical space as seen with multiple new projects surrounding the subject as well as an increase in rental rates. The lease of the VGTI building to Cleveland Clinic and the demand by other institutional buyers such as SinnCal Labs, LLC (a cannabis testing laboratory) who submitted a proposal for the VGTI building seems to indicate a diminishing of the external obsolescence; however, until these businesses are actively established, the influx of an economic base for life sciences and research labs is still speculative. A value conclusion of $155.00/Square Foot is considered reasonable. As such, the subject's Leasehold Market Value via the Sales Price per Square Foot Analysis was concluded to be as follows:

Market Value		
102,887 SF @	$155.00 /SF =	$15,947,485
Rounded: $16,000,000		

Introduction

The Income Capitalization Approach to Value considers the relationship between income and value. This approach analyzes the anticipated future benefits that the property is expected to generate and what a prudent purchaser would pay to receive these benefits. The Income Approach is most pertinent to a purchaser who would seek to derive income from the property as an investor.

The Income Capitalization Approach is a procedure in appraisal analysis whereby anticipated future economic benefits to be derived from a property are converted into a present value estimate through a capitalization process. This approach is based on the principle of anticipation and value is created by investor's expectations of benefits to be derived in the future. The process of estimating anticipated economic benefits from a particular property therefore requires estimates of potential income and expenses as well as debt costs (if applicable), and the selection of the most appropriate capitalization method.

The two most commonly utilized methods of processing net income into value are direct capitalization, where an overall rate is extracted directly from market sales in which the net income is known or can be closely estimated, and the Discounted Cash Flow (DCF) Analysis, whereby anticipated future income streams and a reversionary value are discounted to a net present value. Utilizing either method requires analysis of the subject property's income and expense flows relative to income and expenses found in similar properties in the marketplace.

Discussion of Contract Rent

The subject is primarily owner/user occupied. According to the property contact, a portion of the third floor is leased to multiple tenants, on a short-term basis. We were not provided with leases regarding this space. The leases are short term in nature and have not been included in the analysis herein. Due to the fact that there are no contract rents in place, we have focused solely on market rental rates. No loss to lease or discount for lease-up is applied due to the owner/user nature of the property.

Within the subject market, medical and office space is leased on both modified gross terms as well as a NNN basis. Typically, newer medical construction within the market is leased on a NNN basis as a base rent plus CAM billed on a pro-rata basis. The subject is a single tenant building and would likely be leased as such; therefore, the subject would likely be leased on an NNN basis whereby there are no landlord obligations and the tenant is responsible for the direct maintenance and payment of all obligations. Under these terms the typical buyer of the subject is not concerned with the operating expenses, as these are the obligation of the tenant and do not impact the landlord. It is noted and should be considered, that an increase in operating expenses as a result of an increase in Real Estate Taxes associated with the sale of a property, an increase in insurance costs as a result of additional coverage being required and/or the increase in operating expenses passed through to the tenant due to changes in property maintenance could strain tenants' ability to meet lease obligations. In the rent roll, the NNN lease rate is reported.

Discussion of Economic Rent - Comparable Rentals

Economic rent or the preference term, market rent, is defined as: "The rental income that a property would most probably command in the open market; indicated by the current rents that are either paid or asked for comparable space as of the date of the appraisal."

The subject is a research lab facility and as discussed herein contains some functional/economic obsolescence. To form a market rent opinion for the property on a Per Square Foot basis, we used rental data taken from the market within which the subject is located. Although an expanded search was made to find life science/lab lease space to use as a comparison, the lack of an economic base in this industry within the subject market, coupled with lack of quality data available made this approach difficult and not reliable. We surveyed competing medical office space within the subject's immediate market area and used the adjustment derived from pairing of sales within the Sales Comparison Approach to establish an adjustment basis for the differences between life sciences/lab space and medical space within the subject market.

Within Tradition, multiple medical office buildings have recently been constructed with a few projects remaining in the pipeline. These projects are all located within the jobs corridor in Tradition and serve as the most comparable space to the subject within the market. It is noted that we reached out to Optimal Outcomes, the developer of some of the medical office buildings within Tradition HealthPark. According to Optimal Outcomes, there has not been any recent space leased in the 100,000 square foot size range within the subject's market. As such, we have utilized the most comparables space within the market which is medical office space ranging from 10,000 to 40,000 square feet. All of the space was quoted on a NNN basis. A map and summary of comparable space are presented as follows.

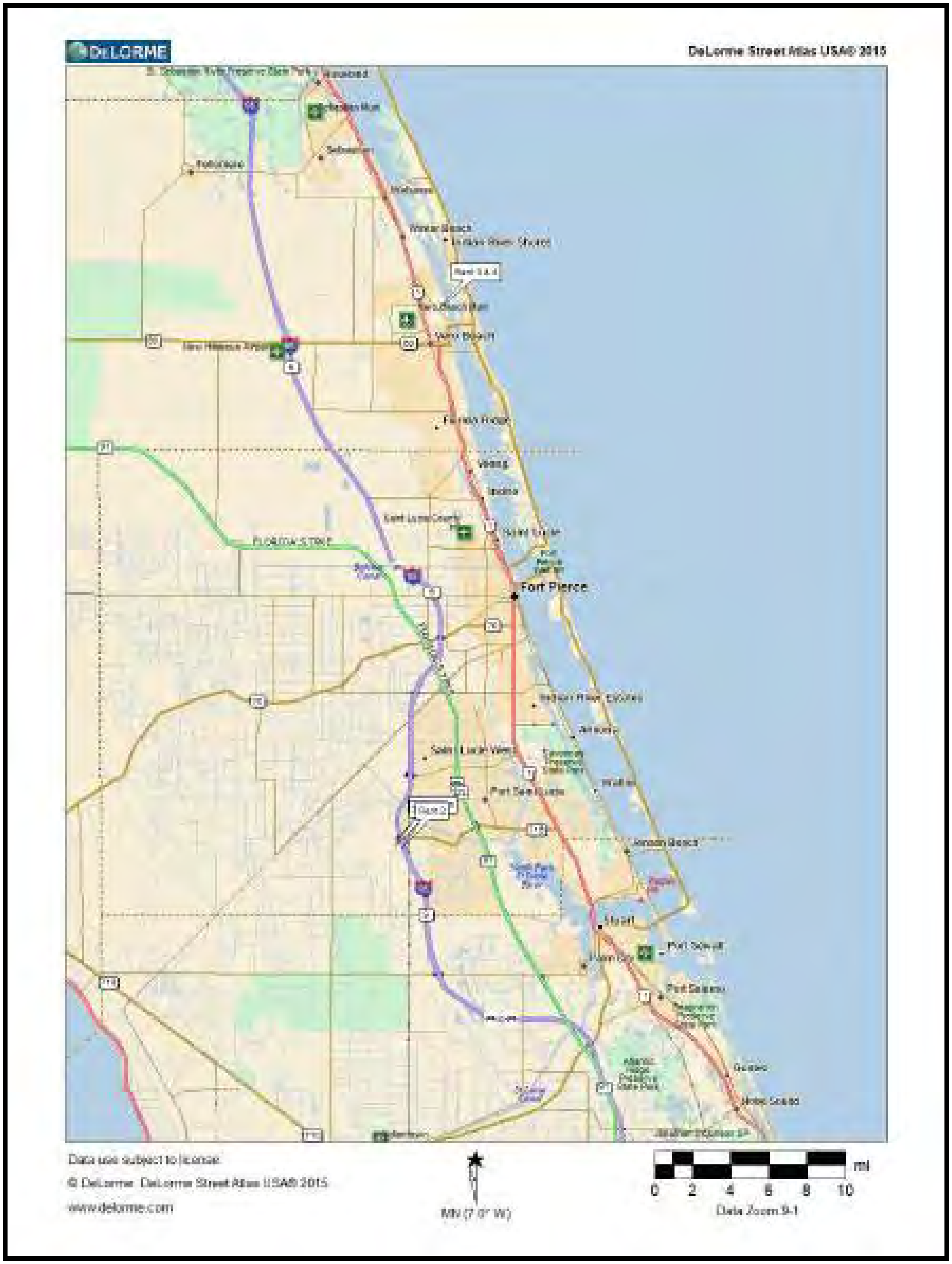


Figure 1: Comparable Rental Maps

Summary of Comparable Rentals

Rental No.	Propert Address	Property Name	Floor	Lease Space (SF)	YOC	Lease Date	Lease Type	Bldg Size (SF)	Term Remaining	Rent/SF
1	10080 SW Innovation Way, PSL	Tradition HealthPark Two	Third	18,000	2017	Listing	NNN	63,534	N/A	$23.00
2	9401 SW Discovery Way, Port St. Lucie	Tradition Medical Building	First	9,830	2018	Listing	NNN	33,232	N/A	$22.50
3	3955 Indian River Boulevard, Vero Beach	Vero Beach MOB	First	44,000	TBD	1-Jan-2020	NNN	66,000	10	$24.50
4	3955 Indian River Boulevard, Vero Beach	Vero Beach MOB	Second	14,500	TBD	1-Jan-2020	NNN	66,000	10	$26.50
5	10080 SW Innovation Way, PSL	Tradition HealthPark Two	First	12,791	2017	19-Jun-2017	NNN	63,534	10	$21.50
Subject	11350 SW Village Parkway - Port St. Lucie			102,887	2008		MG			

Market Rental Analysis

The buildings associated with the comparables summarized above are physically similar in terms of their appearance, access, visibility and construction. Each building is physically similar, and each lease is economically comparable. The following adjustments have been applied.

Location

As noted, Rent 1, 2 and 5 are located within Tradition near the subject, so no adjustment is required for location. Rent 3 and 4 are located in the medical corridor of Vero Beach, with a close proximity to another Cleveland Clinic facility. The location is considered similar, so no adjustment for location is merited.

Size

Often, smaller buildings in the local market lease a for higher per square foot price due to the larger investor pool and, therefore, greater demand, for the same and therefore the opposite is also true. The subject contains 102,887 square feet of research lab and office space. The comparables ranged from 9,830 square feet to 44,000 square feet with a mean of 19,824 square feet. We have not applied a downward adjustment for size as this space would typically be marketed to the same institutional tenant as the subject space.

Age/Condition

As noted, the subject was constructed in 2008. The comparables are all newer construction and have been adjusted downward for age/condition.

Quality/Appeal

Similarly, to the Sales Comparison Approach, an adjustment for quality/appeal must be made to account for the obsolescence contained within the subject building. The basis for the adjustment is the recent transaction of the VGTI building, located just south of the subject within the same research park, being of the same function and design as the subject. The subject is considered a bio-tech building. These buildings are highly specialized and have extensive plumbing and water distribution, direct ventilation and specialized pipe utilities. Also, life science buildings, such as the subject, contain large commons areas as seen with the waiting and lobby areas as well as other large support areas which greatly reduce the efficiency of the building.

A pairing of sales within the Sales Comparison Approach indicated a market adjustment of 45% for the difference in highest and best use between the subject building and the medical building comparables. It is important to note, the medical offices used as comparables within this market rent analysis, represent the highest and best use of the subject site as though the site were vacant. As a rental rate is in essence compensation for the use of the land and the improvements made to the land, the medical office comparables represent the highest rent achievable and the adjustment applied herein accounts for the deviations from that use found in the subject. These deviations consist of the interior build out. The site design, shell of the building etc, mostly conform to the highest and best use of the site as if it were vacant. Therefore, the market extracted adjustment used in the sales comparison is merited as the basis for adjustment herein.

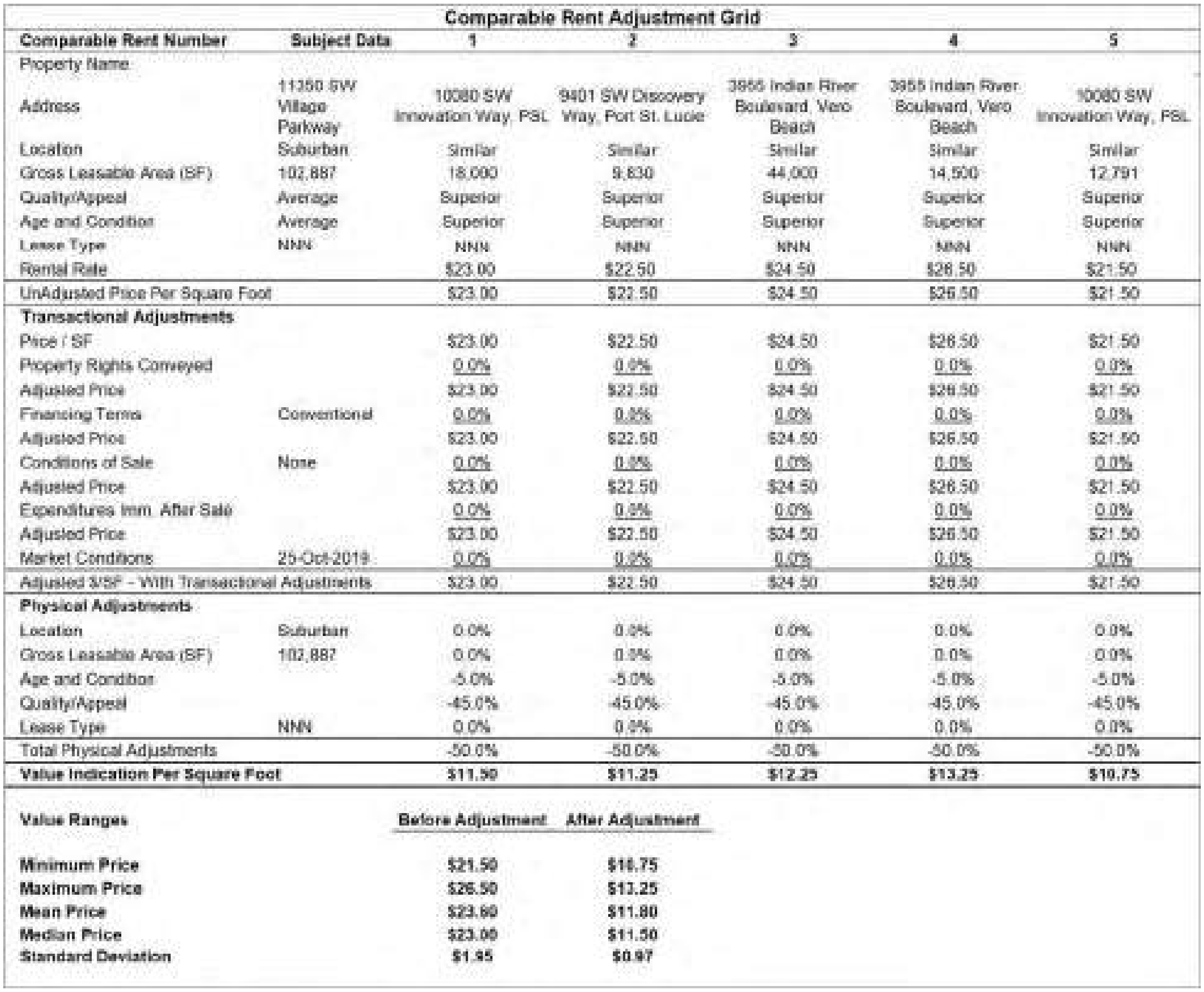
We have applied a downward adjustment of 45% to the medical leases which is similar to the adjustment applied within the Sales Comparison Approach.

Lease Type

The comparable were all quoted on a NNN basis so no adjustment for lease type is merited.

Adjustment Summary

When considering the comparables as a whole, we believe that they represent the most similar comparison to the subject in the immediate market area, however they still are not truly comparable. The following tables summarize the aforementioned adjustments applied to the comparables.



Comparable Rent Adjustment Grid

Comparable Rent Number	Subject Data	1	2	3	4	5
Property Name						
Address	11350 SW Village Parkway	10080 SW Innovation Way, PSL	9401 SW Discovery Way, Port St. Lucie	3956 Indian River Boulevard, Vero Beach	3955 Indian River Boulevard, Vero Beach	10080 SW Innovation Way, PSL
Location	Suburban	Similar	Similar	Similar	Similar	Similar
Gross Leasable Area (SF)	102,887	18,000	9,830	44,000	14,500	12,791
Quality/Appeal	Average	Superior	Superior	Superior	Superior	Superior
Age and Condition	Average	Superior	Superior	Superior	Superior	Superior
Lease Type	NNN	NNN	NNN	NNN	NNN	NNN
Rental Rate		$23.00	$22.50	$24.50	$26.50	$21.50
UnAdjusted Price Per Square Foot		$23.00	$22.50	$24.50	$26.50	$21.50
Transactional Adjustments						
Price / SF		$23.00	$22.50	$24.50	$26.50	$21.50
Property Rights Conveyed		0.0%	0.0%	0.0%	0.0%	0.0%
Adjusted Price		$23.00	$22.50	$24.50	$26.50	$21.50
Financing Terms	Conventional	0.0%	0.0%	0.0%	0.0%	0.0%
Adjusted Price		$23.00	$22.50	$24.50	$26.50	$21.50
Conditions of Sale	None	0.0%	0.0%	0.0%	0.0%	0.0%
Adjusted Price		$23.00	$22.50	$24.50	$26.50	$21.50
Expenditures Imm. After Sale		0.0%	0.0%	0.0%	0.0%	0.0%
Adjusted Price		$23.00	$22.50	$24.50	$26.50	$21.50
Market Conditions	25-Oct-2019	0.0%	0.0%	0.0%	0.0%	0.0%
Adjusted $/SF - With Transactional Adjustments		$23.00	$22.50	$24.50	$26.50	$21.50
Physical Adjustments						
Location	Suburban	0.0%	0.0%	0.0%	0.0%	0.0%
Gross Leasable Area (SF)	102,887	0.0%	0.0%	0.0%	0.0%	0.0%
Age and Condition		-5.0%	-5.0%	-5.0%	-5.0%	-5.0%
Quality/Appeal		-45.0%	-45.0%	-45.0%	-45.0%	-45.0%
Lease Type	NNN	0.0%	0.0%	0.0%	0.0%	0.0%
Total Physical Adjustments		-50.0%	-50.0%	-50.0%	-50.0%	-50.0%
Value Indication Per Square Foot		**$11.50**	**$11.25**	**$12.25**	**$13.25**	**$10.75**

Value Ranges	**Before Adjustment**	**After Adjustment**
Minimum Price	**$21.50**	**$10.75**
Maximum Price	**$26.50**	**$13.25**
Mean Price	**$23.60**	**$11.80**
Median Price	**$23.00**	**$11.50**
Standard Deviation	**$1.95**	**$0.97**

The adjusted rental rates ranged from $10.75/Square Foot to $13.25/Square Foot NNN with a mean of $11.80/Square Foot . A concluded Market Rental Rate for the subject space on a NNN basis of $12.00 Per Square Foot is considered reasonable for the subject size and buildout.

Potential Gross Rental Income

Applying the market rental rate of $12.00 per square foot to the subject space, the potential gross income for the subject property is $1,234,644.

Vacancy & Collection Loss

As an owner/user property, vacancy and collection loss are typically not a factor in a buyer's decision making process due to the fact that the buyer would be occupying the subject and therefore would assume the property to always be 100% occupied. In the appraisal process we must consider that the property may experience times of vacancy if leased and therefore we have applied a 5% vacancy factor in the pro-forma.

A vacancy and collection loss factor of 5.00% is applied in the pro-forma.

Effective Gross Rental Income

Deducting the vacancy and collection loss factor from the PGI, the subject has an Effective Gross Income of $1,172,912.

Operating Expense Analysis

The subject leases are based on a NNN basis. As a NNN Leased property, the subject owner will not incur any expenses in the day to day operation of the subject property. However, recognizing the requirement of ownership to ensure timely payment by the tenant of rent, insurance, real estate taxes and to ensure payment of any items that may result in a lien on the property, we have applied a nominal management expense of 3% and a reserve for replacement of 1.5%.

The client did not provide financial data pertaining to the subject. Due to the fact that the property would typically be leased on a NNN basis, we have not included an analysis of operating expenses.

Net Operating Income

The NOI has been calculated using the Direct Capitalization and included on the following pages.

Reconstructed Operating Statement (Pro-Forma)		
	PSF	**Total**
Potential Gross Income	$12.00	$1,234,644
Less: Vacancy @ 5.00%	-$0.60	-$61,732
Effective Gross Income	$11.40	$1,172,912
Less: Expenses		
Management (3%)	$0.34	$35,187
Non-Recoverable	$0.17	$17,594
Total Expenses	$0.51	$52,781
Net Operating Income	$10.89	$1,120,131

Capitalization Technique

Direct Capitalization

Capitalization is the process of converting a net income stream into an indication of value. This approach to valuation can be accomplished 1) by dividing a single year's net operating income by an appropriate overall capitalization rate i.e., Direct Capitalization or 2) by discounting to present value a net income stream and property reversion over a projected holding period i.e., Discounted Cash Flow Analysis. In this analysis, The Direct Capitalization Method is the method most relied upon by investors in credit net lease transactions. The selection of the most appropriate overall capitalization rate (Ro) in Direct Capitalization can be accomplished by several methods.

Band of Investment is a method used to determine the overall average capitalization rates using market participant data with regard to the relationship between loan-to-value ratios, mortgage constant rates and equity dividend rates. The table below shows the relationship as it pertains to the current market.

Band of Investment						
Debt	0.65 x	0.077547 =	0.050405	0.60 x	0.077547 =	0.046528
Equity	0.35 x	0.050000 =	0.017500	0.40 x	0.050000 =	0.020000
			0.067905			0.066528
Debt	0.65 x	0.077547 =	0.050405	0.60 x	0.077547 =	0.046528
Equity	0.35 x	0.070000 =	0.024500	0.40 x	0.070000 =	0.028000
			0.074905			0.074528

This provides for a range from 6.65% to 7.49% with a mean of 7.10%.

For specialty use properties such as the subject, the return required by investors is influenced most heavily by the creditworthiness of the tenant and the terms of lease. The nature of the operations of the subject present additional risks when compared with standard tenants and that risk is reflected in an overall rate that is represented in an increase of basis points used in our band of investment analysis.

Broker Interviews

Our selection of a credible and supportable capitalization rate was chosen after discussions with market participants including brokers that are active in the subject market.

According to broker surveys, general commercial properties are experiencing capitalization rates ranging from 6.25% to 7.5%.

Market Extracted Overall Rates

The chart below details market extracted overall rates for properties similar to the subject and within the subject's competing market area. We have also included a chart from Hammond Hanlon Camp LLC from the first quarter of 2019, depicting capitalization rates and annual transaction volume from 2003 to 2019 for the entire U.S., changes in capitalization rate by region chart for 2017 and 2018, and a cap rate and sales volume by region chart for the first quarter of 2019. The Overall Rates indicated by this approach are considered to be most applicable in estimating the value within the income approach for the following reasons:

- Expectations of rental increases captured in the OAR
- Reversion expectation captured in the OAR
- Investor Cash on Cash return expectation captured in the OAR

Overall Rate Comparables						
Name	**County**	**Date Sold**	**Yr. Built**	**Size SF**	**Reported OAR**	**Occupancy (Stabilized Y/N)**
Sebastian Medical Suites	Indian River	Jan-18	2008	36,160	7.00%	Y
Monterey Medical Center	Martin	Mar-17	2003	54,961	6.40%	Y
Primary Care of the Treasure Coast	Indian River	Jan-18	1997	20,002	7.00%	Y
Medical Group of South Florida	Palm Beach	Mar-18	2016	31,170	6.50%	Y
				Mean	**6.73%**	

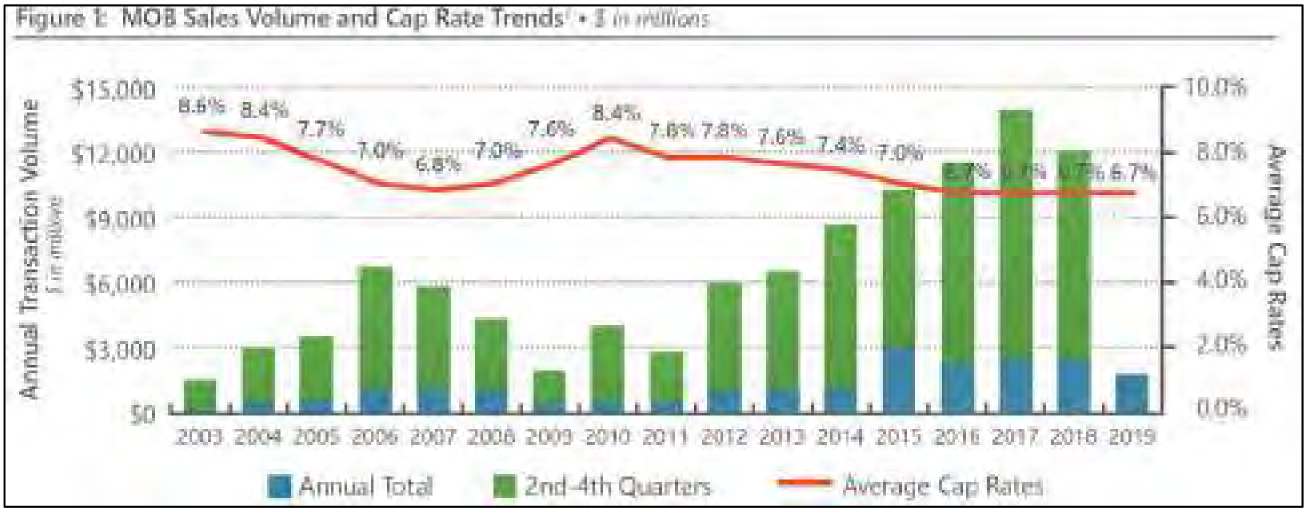


Figure 1: MOB Sales Volume and Cap Rate Trends¹ • *$ in millions*

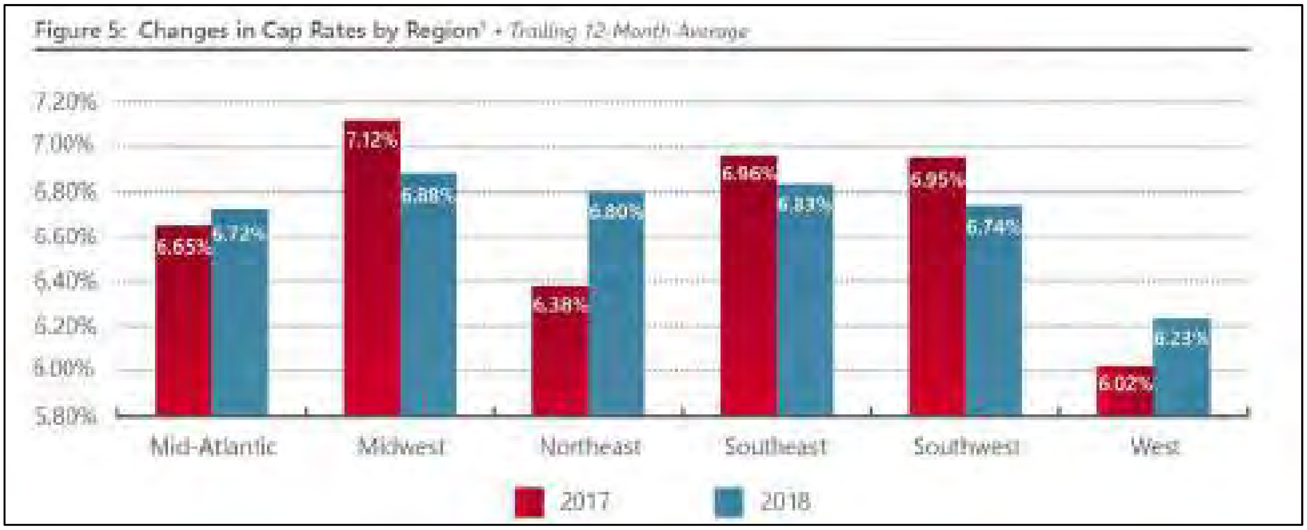


Figure 5: Changes in Cap Rates by Region¹ • *Trailing 12-Month Average*

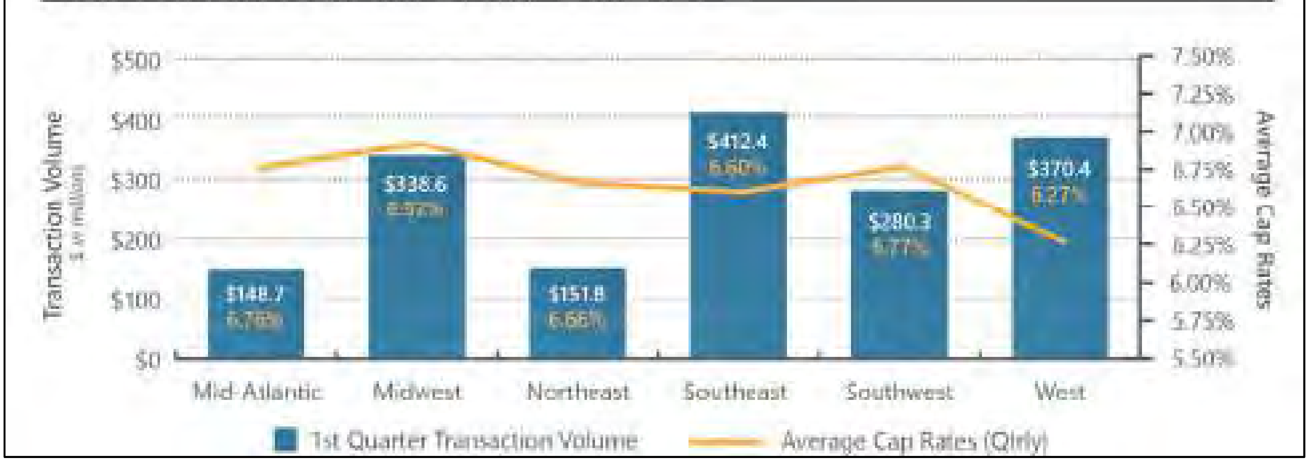


Figure 6: Cap Rates and Sales Volume by Region¹ • $ in millions

A capitalization rate of 7.00% was reconciled for the subject property due to the owner/user nature of the subject property. This concluded rate is considered reasonable relative to the leased fee property rights, age and location of the subject and tempered by the nature of the operations. Given this we believe that a capitalization rate of 7.00% was concluded to be reasonable. Applying this rate to the subject's projected annual net operating income based on market rents results in the following value indication via the Income Capitalization Approach.

Income Capitalization Approach
NOI/Ro = Indicated Value
$1,120,131 / 7.00% = $16,001,868
$16,000,000

Income Capitalization Approach Conclusion

The Direct Capitalization technique indicated value of $16,000,000 for the subject at an overall rate of 7.00%.

Introduction

The Cost Approach considers the depreciated cost of replacing or constructing the property in today's market. Depreciation refers to a market-derived estimate and must consider the physical and economic life of the property or component being depreciated. The subject property is divided for valuation purposes in this approach into land and improvements.

This approach to value is based upon the replacement cost concept, i.e., Principle of Substitution. The concept, from a buyer's standpoint, proposes that a property's value is no more than the cost of producing a substitute with equal utility. The Cost Approach, in applying this concept, assumes that time is not an important element in the buyer's decision, that the buyer is able and willing to produce the substitute, and that land is available for this purpose. A major limitation of this approach, in addition to the limitations implied by these assumptions, is the difficulty of determining the amount of depreciation, especially in older properties.

The Cost Approach was not utilized due to the age of the improvements and the difficulty in estimating accrued depreciation.

Reconciliation

Reconciliation and correlation of value is performed when more than one approach to value is used to value real property and weighs the relative significance, applicability, and defensibility of each value indication and relies most heavily on the one that is most appropriate to the type and definition of value sought. The conclusion drawn in the reconciliation is based on the appropriateness, accuracy, and quantity of evidence in the entire appraisal. Due to the owner/user nature of the property and the lack of truly comparable rental information, we have applied more weight to the Sales Comparison Approach herein. These values are summarized in the following table.

Summary of Values		
	Total	**PSF**
Sales Comparison Approach	$16,000,000	$155.51
Income Capitalization Approach	$16,000,000	$155.51
Cost Approach	N/A	N/A
Market Value	**$16,000,000**	**$155.51**

In view of the following facts and data in this appraisal, it is the opinion of CRE Valuation Services that the "As Is" **(real estate only)** market value of the Leasehold and Fee Simple interest in the property as of October 25, 2019, and subject to the general assumptions and limiting conditions, was:

$16,000,000

The foregoing market value estimate includes consideration of the deferred maintenance items cited in the Assessment Report by MEP Structural Engineering and Inspections and referred to above in the building description section. Many of the items are typical of a building of this age and would be expected by an owner/user type buyer in the market. Further, the value conclusion represents a substantial discount in value as compared to the original development cost of the building, due to external obsolescence cited in our discussion of the highest and best use, as improved.

Hypothetical Conditions and Extraordinary Assumptions –1. There is space leased to sub-tenants of Torrey Pines, we have been told the lease obligations are short term and do not create an encumbrance of the Fee Simple value and therefore we have relied on this as an extraordinary assumption. 2. We have made the assumption that TPIMS Land Company is not in default of any of the terms of the ground lease with the City of Port St. Lucie and that the proposed transaction with FIU would not create a default of the terms of the land lease. This represents an extraordinary assumption as determining the status of a lease as complex as the subject ground lease and what actions might constitute default are beyond the scope of appraisal services. 3. The appraisers were provided an Assessment Report prepared by MEP Structural Engineering and Inspections, Inc. of Sunrise, Florida, dated January 13, 2017. That report described and provided photographic evidence of a number of deferred maintenance items that they recommend be addressed. These deferred maintenance items have been considered in this valuation. With the exception of one maintenance item, the report does not provide estimates of the costs of the recommended repairs and the appraisers are not qualified to estimate these costs with any accuracy. We have also considered the following as offsetting some of the deferred maintenance cost issues: 1) Some of the items are typical of a building of this age and would be expected by an owner/user buyer in the market. 2) Items of this type were undoubtedly included in the VGTI Building, which is our most comparable market comparison 3) Engineering reports of this type are, by their nature, extremely thorough and not all items noted actually require immediate attention. If we had an accurate estimate of the actual costs of all deferred maintenance items, we would deduct approximately 50% of those costs from our market value estimate. We recommend appropriate contractors be engaged to provide estimates of the costs of the maintenance items. We have relied upon an Assessment Report conducted by MEP Structural Engineering & Inspections, Inc. for the building size of 102,887 square feet.

Market and Exposure Time

Market Time is best defined as a "reasonable marketing time" which is an estimate of the amount of time it might take to sell a property interest at the estimated Market Value during the period immediately after the effective date of the appraisal. It is not intended to be a prediction of a specific date of sale and, therefore, may be expressed as a range. Exposure time is defined as the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at As-is on the effective date of appraisal.

Based on market and exposure times of comparable sales and interviews with active participants in the local market, the above Market Value opinion could be achieved with a market time and an equal exposure time of approximately twelve months. This conclusion is predicated on the assumption that the subject is offered at a price near the value opinion set forth herein, and is supported by recent sales of similar properties, a sampling of which has been presented in this report.

EXHIBITS

COMPARABLES

CRE VALUATION SERVICES

Sebastian Medical Suite
Sebastian

Sale Comparable

PROPERTY INFORMATION

PROPERTY TYPE

Property #: 30382100001000000002.0
Property Type: Commercial
Property Use: Medical Office

PROPERTY LOCATION

Address: 801 Wellness Way

City, St., Zip: Sebastian, FL 32958
County: Indian River

Legal Description: SEBASTIAN MEDICAL SUITES COMMERCIAL SUB LOT 2 PBI 23-52

PROPERTY SIZE

	Gross	Net
Land Area (Acres):	4.88	4.88
Building Area:	36,160	
Land / Building Ratio:	5.42	
# of Stories:	2	

BUILDING ATTRIBUTES

Year of Construction: 2008
Quality: Average
Condition: Average

PROPERTY ATTRIBUTES

Site

Zoning: CR (Indian River)
Road Frontage: Wellness Way (340 FF)
Terrain: Level
Floodplain: N/A
Utilities: All Available
Easements: N/A

Improvements

Construction Details: CBS Construction with a bar joist roof.
Parking Facilities: Parking Lot
Tenant Mix: Multi-tenant

SALE INFORMATION

Consideration: $10,625,000
Adjustments:
Cash Equivalent Price: $10,625,000

1st Mortgage: $7,437,500
Pinnacle Bank

Equity:

Sales Price ($/SF): $293.83

Grantor: Sebastian Medical Suites LLC

Grantee: MPA Sebastian LLC

Sale Date: 19-Jan-18
Sale Status: Closed

SALE ATTRIBUTES

Occupancy At Sale: 95% - Multi-Tenant Medical Office
Terms of Sale: Arm's Length

SALE TRANSACTION INFORMATION

Verified On: 6/12/2019
Verified By: EJO
Comments: This 36,160 square foot, two story medical office building is located along the north side of Wellness Way in Sebastian, FL. Known as Sebastian Medical Suites, the comparable is located just west of U.S. Highway No. 1 just north of a Walmart Supercenter. The building contains has approximately (10) suites with listed rates of $22.00 per square foot NNN. Built in 2008, the property has typical medical office finishes with tenants including a cardiology office, Vero Orthopedics, dermatology office, family medicine practice, sports medicine practice, nuerology office, pain management office and a primary care office. The property was 95% occupied at the time of sale. The property sold in January 2018 for $10,625,000 or $293.83 per square foot with financing of $7,437,500 provided by Pinnacle Bank for a loan to value ratio of 70%. The property sold at a 7% cap rate.

Primary Care of the Treasure Coast
Vero Beach

Sale Comparable

PROPERTY INFORMATION

PROPERTY TYPE

Property #: 32393800001000000000
Property Type: Commercial
Property Use: Medical Office

PROPERTY LOCATION

Address: 1265 36th Street
City, St., Zip: Vero Beach, FL 32960
County: Indian River

Legal Description: GROVE PLACE MEDICAL PARK - LOT 1 PBI 15-14

PROPERTY SIZE

	Gross	Net
Land Area (Acres):	2.18	2.18
Building Area:	20,002	
Land / Building Ratio:	4.75	
# of Stories:	1	

BUILDING ATTRIBUTES

Year of Construction: 1997
Quality: Average
Condition: Average

PROPERTY ATTRIBUTES

Site

Zoning: Med with a future land use of C/I (Indian River)
Road Frontage: 36th Street
Terrain: Level
Floodplain: N/A
Utilities: All Available
Easements: N/A

Improvements

Construction Details: CBS Construction with a flat built up roof with tar and gravel covering
Parking Facilities: Parking Lot
Tenant Mix: Single-Tenant

SALE INFORMATION

Consideration: $6,500,000
Adjustments:
Cash Equivalent Price: $6,500,000

1st Mortgage: $4,592,000
Wells Fargo

Equity:

Sales Price ($/SF): $324.97

Grantor: JPMCC 2007-C1 Office 1265, LLC

Grantee: 17th Street Apartments Inc

Sale Date: 19-May-16
Sale Status: Closed

SALE ATTRIBUTES

Occupancy At Sale: 100% - Single Tenant Medical Office
Terms of Sale: Arm's Length

SALE TRANSACTION INFORMATION

Verified On: 8/12/2019
Verified By: EJO
Comments: This 20,002 square foot, one story medical office building is located within the Grove Place Medical Park along the south side of 36th Street in Vero Beach, FL. Known as the Primary Care of the Treasure Coast building, the comparable is located just west of the Cleveland Clinic in an area with primarily medical use. Build out is typical medical office. Floorplan includes multiple exam rooms, laboratory, x-ray room, as well as multiple restrooms and private offices. The buildout does not include a surgery center. At the time of sale, the property was leased to a single tenant. Terms of the lease included 3% annual increases with a remaining term of 8.5 years. NOI for the property was $456,187 which equates to a rental rate of approximately $22.80 per square foot NNN. The property sold in January 2016 for $6,500,000 or $324.97 per square foot with financing of $4,592,000 provided by Wells Fargo for a loan to value ratio of 71%. The property sold at a 7% cap rate. It appears that a portion of the comparable has been leased out to an additional tenant (aesthetic laser center) after the sale.

CRE VALUATION SERVICES

Monterey Medical Center

Stuart

Sale Comparable

PROPERTY INFORMATION

PROPERTY TYPE

Property #: **05-38-41-024-000-00080-0**
Property Type: **Commercial**
Property Use: **Medical Office**

PROPERTY LOCATION

Address: **1050 SE Monterey Road**
City, St., Zip: **Stuart, FL 34994**
County: **Martin**

Legal Description: **LOTS 6 7 & 8 PLAT OF MONTEREY TRIANGLE ACCORDING TO THE PLAT THEREOF RECORDED IN PLAT BOOK 14 PAGE 86 PUBLIC RECORDS MARTIN COUNTY FLORIDA LESS AND EXCEPT THAT PORTION REPLATTED AS TRACT A MONTEREY TRIANGLE REPLAT ACCORDING TO THE PLAT THEREOF RECORDED IN PLAT BOOK 17 PAGE 14 PUBLIC RECORDS MARTIN COUNTY FLORIDA**

PROPERTY SIZE

	Gross	Net
Land Area (Acres):	**5.33**	**5.33**

Building Area: **54,961**
Land / Building Ratio: **4.22**
# of Stories: **4**

BUILDING ATTRIBUTES

Year of Construction: **2003**
Quality: **Average**
Condition: **Average**

PROPERTY ATTRIBUTES

Site

Zoning: **B-2 (Stuart)**
Road Frontage: **SE Monterey**
Terrain: **Level**
Floodplain: **N/A**
Utilities: **All Available**
Easements: **N/A**

Improvements

Construction Details: **CBS Construction with a bar joist roof**
Parking Facilities: **Parking Lot**
Tenant Mix: **Multi-tenant**

SALE INFORMATION

Consideration: **$18,978,980**
Adjustments:
Cash Equivalent Price: **$18,978,980**
1st Mortgage: N/A
N/A
Equity:
Sales Price ($/SF): **$345.32**

Grantor: **Monterey Medical Center**
Grantee: **DOC 1050 SE Monterey Road MOB LLC**
Sale Date: **8-Mar-17**
Sale Status: **Closed**

SALE ATTRIBUTES

Occupancy At Sale: **95% - Multi-Tenant Medical Office**
Terms of Sale: **Arm's Length**

SALE TRANSACTION INFORMATION

Verified On: **8/12/2019**
Verified By: **EJO**
Comments: **This 54,961 square foot, four story medical office building is located within the Monterey Triangle just west of U.S. Highway No. 1 in Stuart, Florida. Known as Monterey Medical Center, the comparable is a Class A medical office building situated on 5.33 acres adjacent to a new surgery center. The building leases space out a $21.00 NNN. Built in 2003, the property has typical medical office finshes. The property was 95% occupied at the time of sale. The property sold in March 2018 for $18,798,000 or $345.32 per square foot with a 6.4% cap rate.**

CRE VALUATION SERVICES

VGTI

Sale/Rental Comparable

PROPERTY INFORMATION

PROPERTY TYPE

Property #:
Property Type: **Research Lab**
Property Use: **Bio-Tech**

PROPERTY LOCATION

Address: **9801 SW Discovery Way**

City, St., Zip: **Port St. Lucie FL 34987**
County: **St. Lucie**
Map Ref:

PROPERTY SIZE

	Gross	Net
Land Area (Acre)	**8.00**	**8.00**

Building Area: **96,701**
Land / Building Ratio: **3.60**

# of Stories: **3**

BUILDING ATTRIBUTES

Year of Construction: **2012**
Quality: **Average**

Condition: **Average**

PROPERTY ATTRIBUTES

Site

Zoning & Land Use: **Master Planned District & NCD by Port St. Lucie**
Terrain: **Level**
Utilities: **All Available**

Improvements

Construction Details: **Tilt Up Construction with a Precast Concrete Roof with Composite Covering**
Parking Facilities: **Adequate**
Tenant Mix: **Bio-Tech**
Construction Date: **2012**

RENTAL ATTRIBUTES

Rental Rate: **$1 (CAM of approximately $1.5 million per year;**
Lease Type: **NNN**
Escalator Clause: **N/A**
Typical Lease Term: **1-Dec**
Occupancy Rate: **0%**

RENTAL TRANSACTION INFORMATION

Verified Dt: **11/5/2019**
Verified By: **EG**
Comments: **In mid November 2019, the Port St. Lucie City Council approved a 15-year, $1-a-year lease for Cleveland Clinic to lease the former Vaccine & Gene Therapy Institute of Florida building located at 9801 SW Discovery Way in Tradition. Cleveland Clinic beat out a startup marijuana research company (SinnCit Labs, LLC) who had offered $14.5 million for the building. Both would have covered the $1.5 million in operational costs but Port St. Lucie decided to go with the more established Cleveland Clinic brand instead of the riskiness of a startup. According to the lease, Cleveland Clinic is responsible for the $1.3 million in operating expenses as well as special assessments, community-development district assessments and taxes. The terms of the agreement are that Cleveland Clinic will lease the facility for $1 for 15-years and at the end of the term be granted ownership of the facility. To fully understand the economics of this, the costs that have been incurred by the city and the conditions of the lease must be understood. The conditions of the lease require that Cleveland Clinic employ 100 full time positions in the first five years of the lease at a wage of over $46,000 per year. The Economic Development Council of St. Lucie estimates that the minimum economic impact of Cleveland Clinic creating 100 jobs would generate $9.09 million in direct and indirect wages; with 150 jobs generating $13.6 million in direct and indirect wages annually; and 200 jobs generating $18.1 million in direct and indirect wages annually. In discussions with Russ Blackburn the City Manager, the basis for the negotiations on the city's behalf was the appraisal from 2017 valuing the property at $14,590,000. This was also the basis for the ongoing marketing efforts made by the city's broker who had extensively marketed the VGTI property for approximately 27-months prior to discussions with Cleveland Clinic began to take meaningful hold and was the price offered by a competing company who sought to use the facility to conduct research related to medical marijuana. Also, if Cleveland Clinic adhers to the terms of the lease, Port St. Lucie would relinquish ownership of the property and would not require Cleveland Clinic to pay the $14.5 million appraised value to acquire the property. Like VGTI, the new Cleveland Clinic venture will focus on vaccines and immunotherapy with potential treatments for cancer, neuroscience, infectious diseases and allergies.The City would still be responsible for the $53.7 million still owed on the property. In 2010, Port St. Lucie borrowed $64 million to build and outfit the facility to attract VGTI in hopes of starting a biotechnology corridor. VGTI occupied the building from 2013 to 2015 and stopped making payments on the loan and vacated the building in 2015. The City took over the debt still owed as well as the costs to carry the property.**

CRE VALUATION SERVICES

HealthPark Building TWO

Rental Comparable

PROPERTY INFORMATION

PROPERTY TYPE

Property #:
Property Type: **Commercial**
Property Use: **Medical Office**

PROPERTY LOCATION

Address: **10080 SW Innovation Way**

City, St., Zip: **Port St. Lucie, FL 34987**
County: **St. Lucie**
Map Ref:

PROPERTY SIZE

	Gross	Net
Land Area (Acres):	4.62	4.62
Building Area:	64,128	
Land / Building Ratio:	3.14	
# of Stories:	3	

BUILDING ATTRIBUTES

Year of Construction: **2017**
Quality: **Average**

Condition: **Average**

PROPERTY ATTRIBUTES

Site

Zoning & Land Use: **Master Planned District & NCD by Port St. Lucie**
Terrain: **Level**
Utilities: **All Available**

Improvements

Construction Details: **Tilt Up Construction with Pre-Cast Concrete Roof with Composite Covering**
Parking Facilities: **Adequate**
Tenant Mix: **Medical Office**
Construction Date: **2017**

RENTAL ATTRIBUTES

Rental Rate: **$32.00 (includes an $9.40 psf CAM)**
Lease Type: **NNN**
Escalator Clause: **N/A**
Typical Lease Term: **5 to 15 Years**
Occupancy Rate: **75%**

RENTAL TRANSACTION INFORMATION

Verified On: **11/5/2018**
Verified By: **ED**
Comments: **Located to the east of SW Village Parkway and south of SW Tradition Parkway, the comparable is situated within the Tradition HealthPark in Port St. Lucie. The comparable is known as Tradition HealthPark Two which is adjacent to the existing HealthPark One, a 90-bed acute care hospital which is in the process of expanding to 180-beds. The Class A three-story medical building has tenants which include a large multi-specialty clinic affiliated with Martin Health System, a laboratory and a pharmacy. The comparable is the second phase of the expanding medical campus surrounding the new hospital which is currently in the process of doubling it's capacity. Located on the third floor of the building, the unit will be custom designed to user needs.**

CRE VALUATION SERVICES

Tradition Medical Building

Rental Comparable

PROPERTY INFORMATION

PROPERTY TYPE

Property #:
Property Type: **Commercial**
Property Use: **Medical Office**

PROPERTY LOCATION

Address: **9401 SW Discovery Way**

City, St., Zip: **Port St. Lucie, FL 34987**
County: **St. Lucie**
Map Ref:

PROPERTY SIZE

	Gross	Net
Land Area (Acre):	3.00	3.00
Building Area:	33,232	
Land / Building Ratio:	3.93	
# of Stories:	2	

BUILDING ATTRIBUTES

Year of Construction: **2018**
Quality: **Average**

Condition: **Average**

PROPERTY ATTRIBUTES

Site

Zoning & Land Use: **Master Planned District & NCD by Port St. Lucie**
Terrain: **Level**
Utilities: **All Available**

Improvements

Construction Detail: **CBS with a Bar Joist Roof with a Rolled Membrane Covering**
Parking Facilities: **Adequate**
Tenant Info: **Medical Office**
Construction Date: **2018**

RENTAL ATTRIBUTES

Rental Rate: **31.46 (includes an $8.56 psf CAM)**
Lease Type: **NNN**
Escalator Clause: **N/A**
Typical Lease Term: **5 to 10 Years**
Occupancy Rate: **79%**

RENTAL TRANSACTION INFORMATION

Verified On: **11/5/2018**
Verified By: **ED**
Comments: **Located along the north side of SW Discovery Way in Tradition, the comparable is situated across the street from Keiser University just west of Interstate 95 in Tradition. Built in 2018, the improvements are a two-story medical office building totaling 33,232 square feet. The unit is a first floor medical unit which was recently built out for generic medical use and contains (3) exam rooms, break room, bathroom, doctors office, reception/waiting area, and a nurses station. The space is the last remaining space in the building which illustrates the demand for medical office space in the market. The Class A space is close to Cleveland Clinic and has first class amenities and high end finishes.**

PROPERTY INFORMATION

PROPERTY TYPE

Property #:
Property Type: **Commercial**
Property Use: **Medical Office**

PROPERTY LOCATION

Address: **3955 Indian River Boulevard**
City, St., Zip: **Vero Beach, FL 32960**
County: **Indian River**
Map Ref:

PROPERTY SIZE

	Gross	Net
Land Area (Acre):	9.59	9.59

Building Area: **58,500**
Land / Building Ratio: **7.14**

# of Stories: 2

BUILDING ATTRIBUTES

Year of Construction: **Under Construction**
Quality: **Excellent**
Condition: **Excellent**

PROPERTY ATTRIBUTES

Site

Zoning & Land Use: **Medical & C/I by Indian River County**
Terrain: **Level**
Utilities: **All Available**

Improvements

Construction Details: **Tilt Up Construction with Steel-Joist Roof with Composite Covering**
Parking Facilities: **Adequate**
Tenant Mix: **Medical Office**
Construction Date: **Under Construction**

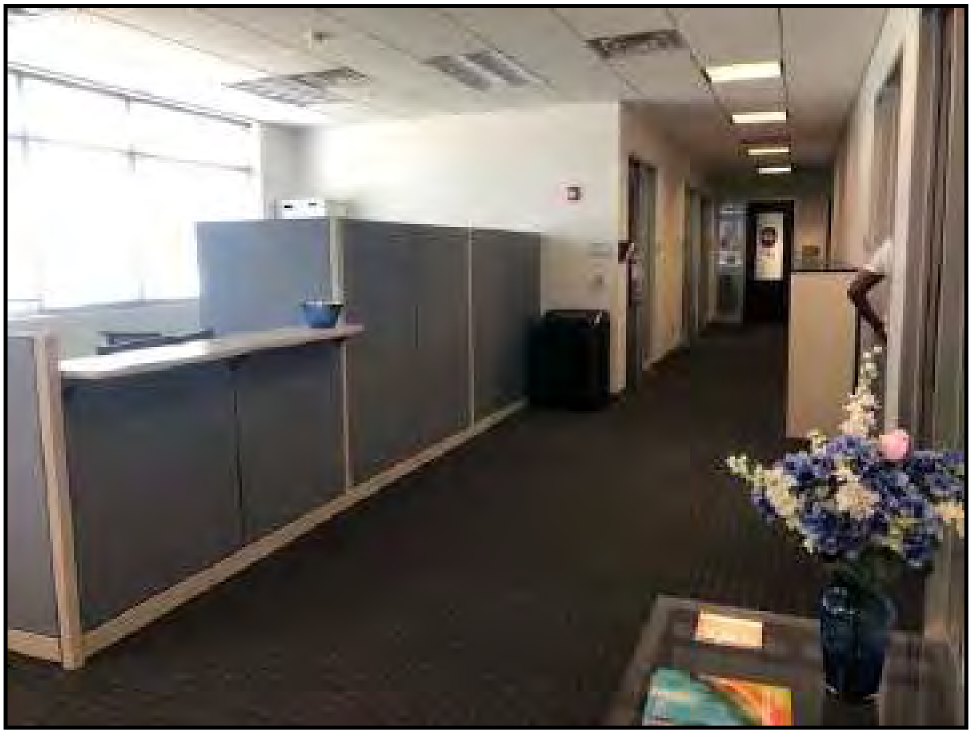
RENTAL ATTRIBUTES

Rental Rate: **$34.69 (includes an $10.19 psf CAM)**
Lease Type: **NNN**
Escalator Clause: **N/A**
Typical Lease Term: **12 Years**
Occupancy Rate: **89%**

RENTAL TRANSACTION INFORMATION

Verified On: **11/5/2019**
Verified By: **EO**
Comments: **The comparable property is a two-story medical office building with a Gross Building Area (GBA) of 66,735 SF with a proposed Gross Leasable Area (GLA) of 66,000 SF. Located on the west side of Indian River Boulevard. The comparable site is a triangularly shaped single tax parcel containing 9.59 acres in Vero Beach, FL. Two tenants (Vero Ortho and ASC) have been secured and will occupy approximately 58,500 square feet of medical office space or approximately 89% of the building upon completion of the proposed improvements. Vero Ortho is an orthopedic practice that will occupy 44,000 square feet including the entire first floor and a portion the second floor. The lease has a 12-year term with two 5-year options and a tenant improvement allowance of $50 per square foot with a NNN base rental rate of $24.50 with annual rent escalations based on percentage increases in the Consumer Price Index (between 2.0% and 4.5% annually). According to ownership, Vero Ortho's current lease at another facility expired in March of 2019.**

PHOTOGRAPHS



1st Floor Office Space

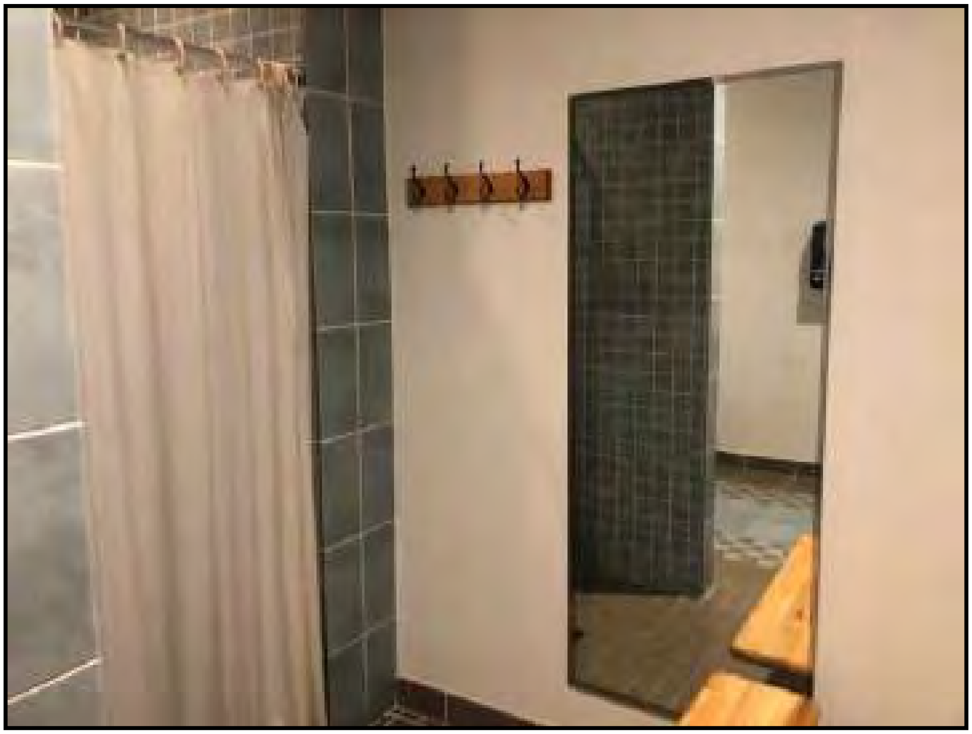
1st Floor Conference Room

1st Floor Lab Space

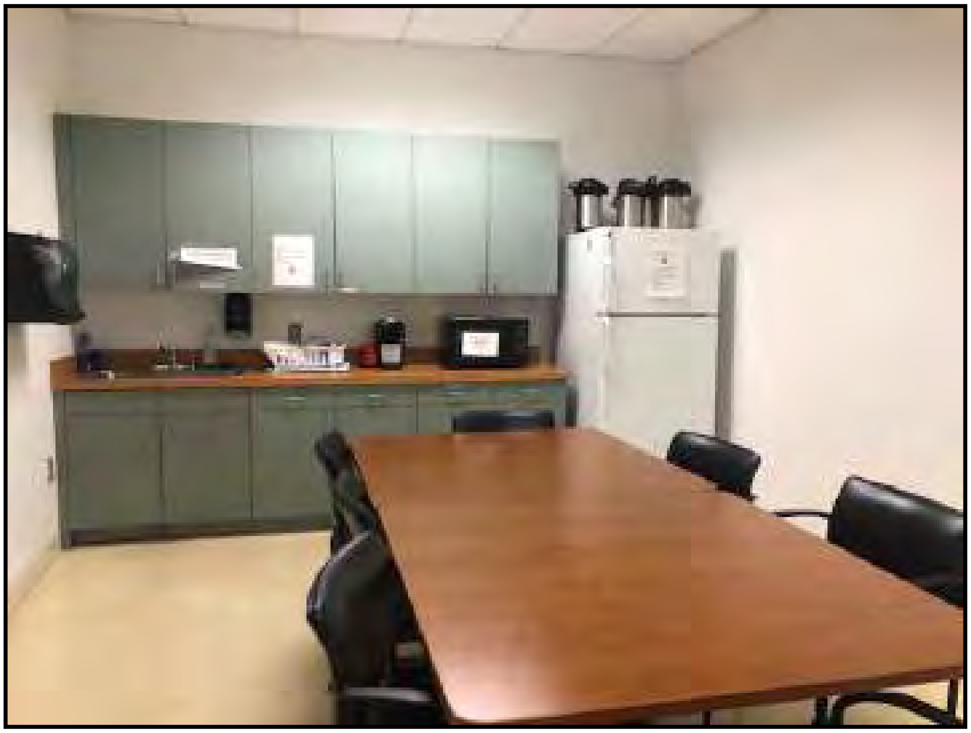
1st Floor Lab Space

1st Floor Gym

1st Floor Gym Restroom



1st Floor Gym Shower

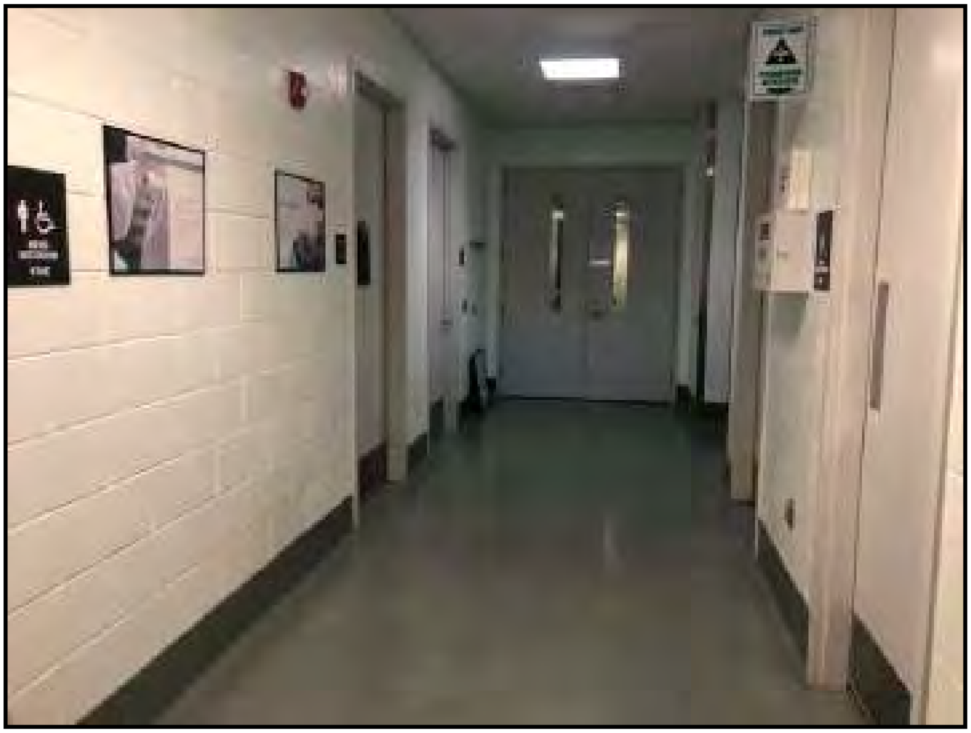


1st Floor Break Room

1st Floor Chiller Room

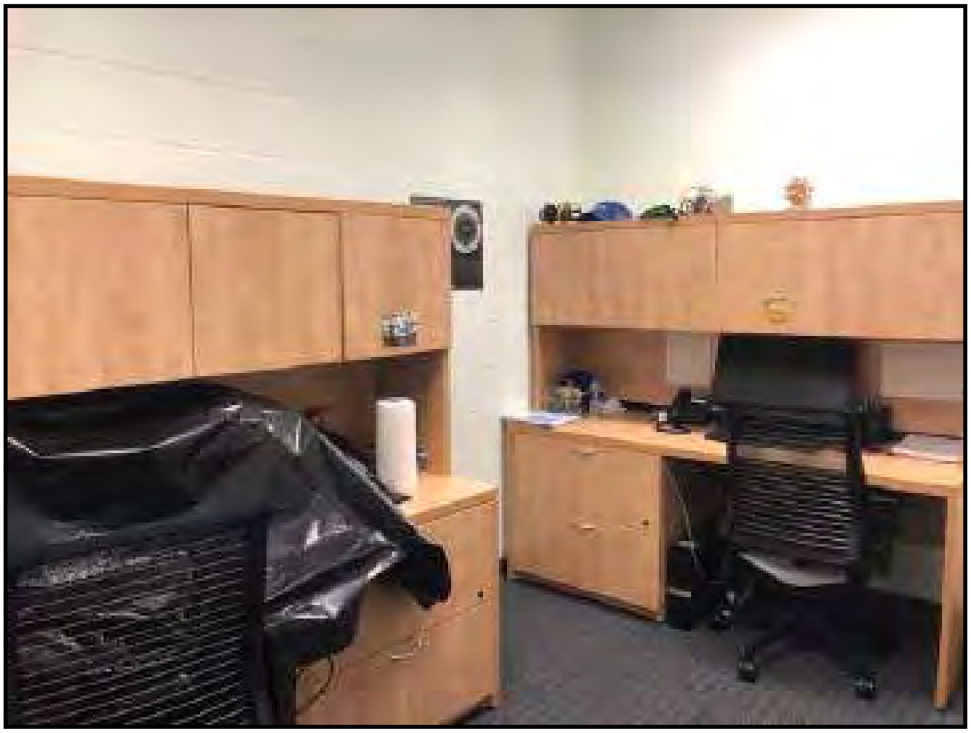
1st Floor Electrical Room

1st Floor Restroom



1st Floor Vivarium

1st Floor Vivarium Break Room



1st Floor Vivarium Office Space

1st Floor Vivarium

1st Floor Vivarium

1st Floor Vivarium

2nd Floor Board of Directors Conference Room

2nd Floor Office

2nd Floor Lab Space

3rd Floor Lab Space

IT Room

4th Floor Mechanical Penthouse

4th Floor Mechanical Penthouse

Roof

Roof

View of South Side of the Building and Generator

View of Gated Ingress/Egress

PROFESSIONAL QUALIFICATIONS

THOMAS J. JOHNSON, MAI, SRA

State Certified General Real Estate Appraiser RZ798

Personal

Resident, Palm Beach County, Florida since 1951
Licensed Broker, Florida Real Estate Commission #135591

Professional Designation

Member - The Appraisal Institute. MAI Certificate No. 8851
SRPA - Senior Real Property Appraiser

Education

Graduate, University of South Florida, College of Business Administration, BSBA (Major: Finance)

Professional Courses

Developing A Suitable Work File		2016
Tightening the Appraisal		2016
7- Hour USPAP Update Course		2016
The Tough Ones – Mixed Use Properties		2016
Fundamentals of Separating Real Property, Personal & Tangible Business		2016
Assets		2012
Florida Appraisal Law		2012
7-Hour National USPAP Update		2012
Appraising the Appraisal		2012
Sales Contract Seminar		2012
7-Hour Appraisal Review-Residential		2012
7-Hour Appraisal Institute & Florida Real Estate Appraisal Board #08935		2012
AIREA-	Mastering Unique & Complex Appraisals	2010
AIREA-	Florida Supervisor/Trainee Roles & Relationships	2010
AIREA-	Appraisal Institute's Course	2010
AIREA-	Florida Law for R.E Appraisers	2010
AIREA-	Business Practices & Ethics	2009
AIREA –	Litigation Skills for the Appraiser	2008
AIREA –	Florida Law for Real Estate Appraisers	2008
AIREA –	Spotlight on USPAP: Hypothetical Conditions & Extraordinary	2008
AIREA -	Supervisor Trainee Roles and Rules	2008
7-Hour National USPAP Update Course		2006
7-Hour National USPAP Update Course		2005
7-Hour National USPAP Update Course		2004
USPAP –	Florida Law Update	2000
Standards of Professional Practice, Parts A & B, Appraisal Institute		1998

SREA 101	Introduction to Appraising Real Property
SREA R2	Case Study of Single Family Residence
SREA 201	Principles of Income Property Appraising
SREA 202	Case Study of Income Property Valuation
SREA	Income Property Demonstration Report
AIREA 1A-1	Real Estate Appraisal Principles
AIREA 1A-2	Basic Valuation Procedures
AIREA 8 -1	Real Estate Appraisal Principles
AIREA 2 -1	Case Studies in Real Estate Valuation
AIREA 1B-A	Capitalization Theory and Techniques
AIREA 1B-B	Capitalization Theory and Techniques
AIREA 2 -2	Case Studies
AIREA	Comprehensive Exam

Seminars Attended

Liability Management for Residential Appraisers, Appraisal Institute	2006
Professional's Guide to the Uniform Residential Appl. Report, Appraisal Institute	2005
Subdivision Valuation, Appraisal Institute	2005
Business Practices and Ethics, Appraisal Institute	2005
Florida Real Estate Appraisers, Appraisal Institute	2006
Scope of the Work: Expanding Your Range of Services, Appraisal Institute	2003
Florida State Law for Real Estate Appraisers, Appraisal Institute	2003
Condemnation Appraising: Advanced Topics and Applications, Appraisal Institute	2003
Houses to Hotels – The Income Approach, Appraisal Institute	2002
Florida State Law and USPAP Review for Real Estate Appraisers, Appraisal Institute	2002
Introduction to Appraising and Analysis of Proposed Subdivisions And Condominiums, Appraisal Institute	2002
FHA 4150.2 Seminar, Gold Coast	2000
Residential Cost Depreciation Seminar, Gold Coast	2000
Sales Comparison Valuation of Small, Mixed-Use Properties, Appraisal Institute	1998
Understanding & Using DCF Software: A Comparison of Argus, Project and Dynalease, Appraisal Institute	1998
Financial Analysis, CCIM	1997
Advanced Applications, Appraisal Institute	1995
Limited Appraisal/Evaluations, Appraisal Institute	1995
How to Prepare a Market Study for an Appraisal Practice, Appraisal Institute	1994
Understanding Limited Appraisals and Appraisal Reporting Options, Appraisal Institute	1994

Professional Standards USPAP Update Core Law for Appraisers, Appraisal Institute	1994
Appraising Complex Residential Properties, Appraisal Institute	1993
Mock Trial, Appraisal Institute	1993
Litigation Valuation, Appraisal Institute	1993
Appraising the Tough Ones, Appraisal Institute	1993
Appraisal Theory Update, Appraisal Institute	1992
Discounted Cash Flow Analysis, Appraisal Institute	1991
Comprehensive Appraisal Workshop	1990
Condemnation Seminar	1988
Rates, Ratios & Reasonableness	1988
Uniform Residential Appraisal Report Writing	1986
R4l-B & the Appraiser, FHLBB Appraiser Standards & Guidelines	SREA 1985
Advanced Appraisal Techniques	SREA 1983
Market Extraction	SREA 1981
Valuation of Leases and Leaseholds	SREA 1979

Types of Valuation/Consultation Services Performed

Appraisals, Appraisal Reviews, Condemnation, Court Testimony, Estate Valuations, Feasibility Studies, Highest and Best Use Studies, Market Studies, Leasehold & Leased Fee Valuations, Tax Assessment Appeals/Impact Studies, Reproduction/ Replacement Cost Estimates

Types of Property Appraised

Residences, Condominiums, Shopping Centers, Industrial Properties, Marinas, Vacant Lots, Acreage, Residential Projects, Mobile Home Parks, Motels, Office Buildings, Warehouses, Restaurants, Churches, Night Clubs, Special Purpose Properties, Apartment Projects, Environmentally Sensitive Properties/Wetlands

Professional Service

Member SREA Chapter 200 Experience Review Committee

Chairman SREA Chapter 200 Employee Opportunities Committee

Qualified Expert Witness: Palm Beach County, Martin County, St. Lucie County, Okeechobee County Circuit Court, and Federal Bankruptcy Court

Special Master to Oversee Tax Appeals for Palm Beach County

Member Board of Directors Appraisal Institute Chapter 200

STATE OF FLORIDA
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION

FLORIDA REAL ESTATE APPRAISAL BD

THE CERTIFIED GENERAL APPRAISER HEREIN IS CERTIFIED UNDER THE
PROVISIONS OF CHAPTER 475, FLORIDA STATUTES

JOHNSON, THOMAS J

2055 SOUTH KANNER HIGHWAY
STUART FL 34994

LICENSE NUMBER: RZ798

EXPIRATION DATE: NOVEMBER 30, 2020

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QUALIFICATIONS OF APPRAISER

Nikolaus M. Schroth, CCIM

4729 SE Rocky Point Way, Stuart, FL 34997 – 772-403-3752

Personal

Resident, Palm Beach County, Florida, since 2005- Florida Native
Licensed Real Estate Broker Associate, FREC BK3157525
Certified General Appraiser RZ3704

Professional Designations and Affiliations

Member – Martin County Board of Realtors - 2006
Associate Member of the Appraisal Institute – 2007
CCIM Candidate – 2007
CCIM Designee – 2013
Urban Land Institute- 2015
Stuart Main Street – Board Member

Education

Graduate, University of Central Florida, College of Business Administration, BSBA (Major: Finance) 2005

Professional Courses

7-Hour National USPAP Update Course – Appraisal Institute - 2016
3- Hour Florida Appraisal Law – Appraisal Institute – 2016
14- Hour Real Estate Finance Statistics & Valuation Modeling – Appraisal Institute – 2016
6- Methodology & Application of Sales Comparison – Bert Rodgers Schools – 2016
Tax Deferred 1031 Exchanges LANDU Course – National Association of Realtors – 2015
General Appraiser Report Writing and Case Studies – Appraisal Institute – 2014
CI 104 Investment Analysis for Commercial Real Estate – CCIM Institute – 2012
General Appraiser Sales Comparison Approach- Appraisal Institute – 2011
General Appraiser Site Valuation and Cost Approach – Appraisal Institute – 2011
General Appraiser Market Analysis and Highest & Best Use – Appraisal Institute – 2011
CI 102 Market Analysis for Commercial Real Estate – CCIM Institute – 2009
CI 103 User Decision Analysis for Investment Real Estate – CCIM Institute – 2009
Income Approach Part 2 – Appraisal Institute – 2008
CI 101 Financial Analysis for Commercial Real Estate– CCIM Institute- 2007
Real Estate Investment Analysis – University of Central Florida – 2005
Real Estate Finance – University of Central Florida - 2005
Appraisal Principals 110 - University of Central Florida - 2005
Appraisal Procedures 120 - University of Central Florida – 2005
Real Estate Law – University of Central Florida - 2005
15-Hour National USPAP Course – Appraisal Institute – 2005

Seminars Attended

Subdivision Valuation – Appraisal Institute – 2005
Retailer One on One – Orlando – 2012
NAI Florida Forum – Miami 2014
NAI Florida Forum – Miami 2015
International Council of Shopping Centers – Orlando 2015

Types of Valuation/Consultation Services Performed

Feasibility Studies, Market Studies, Leasehold & Leased Fee Valuations, Reproduction/ Replacement Cost Estimates, expert witness testimony

Types of Property Appraised

Commercial Office, Retail and Industrial Buildings, Commercial Land, Residential Development Land, Pasture Land, Grove Land, Row Crop Land, Organic Farms, Gas Stations and Convenience Stores, Proposed Commercial Office and Retail Buildings, Mobile Home Parks, Restaurants, Proposed Residential Development

Brokerage Experience

Transaction volume totaling over $50 million in sales and leasing since 2010 and over $23 million in transactions in 2016. Properties sold or leased include Professional and Medical Offices, Retail Centers, Industrial Buildings, Marina's, Vehicle Sales Facilities, Residential Vacant Land, Commercial Vacant Land, Agricultural Land, Bowling Alley, Church facility among others.

Work Experience

2005 to 2006- Researcher – Johnson & Parrish of the Treasure Coast
2006 to 2014 – Trainee Appraiser – Johnson & Parrish of the Treasure Coast
2006 to 2010 – Sales Associate – Southcoast Incorporated
2014 to 2015 – Certified Appraiser – Thomas Johnson and Associates
2015 to Present – Certified Appraiser & Managing Partner – Thomas Johnson and Associates
2010 to Present – Broker Associate/Vice President – NAISouthcoast Incorporated
2012 to Present – Information Officer – Erfolg Holdings, Inc.
2014 to Present – Founding Partner/Director Islamorada Beer Company

RICK SCOTT, GOVERNOR

JONATHAN ZACHEM, SECRETARY

STATE OF FLORIDA
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION

FLORIDA REAL ESTATE APPRAISAL BD

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SCHROTH, NIKOLAUS MARTIN

2055 S KANNER HWY
STUART FL 34994

LICENSE NUMBER: RZ3704

EXPIRATION DATE: NOVEMBER 30, 2020

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RICK SCOTT, GOVERNOR

JONATHAN ZACHEM, SECRETARY

STATE OF FLORIDA
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION

FLORIDA REAL ESTATE APPRAISAL BD

THE REGISTERED TRAINEE APPRAISER HEREIN HAS REGISTERED UNDER THE PROVISIONS OF CHAPTER 475, FLORIDA STATUTES

ODEGARD, ERIK

18744 SE JUPITER RIVER DRIVE
JUPITER FL 33458

LICENSE NUMBER: RI24196

EXPIRATION DATE: NOVEMBER 30, 2020

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Resident of Miami, Dade County, Florida since 1950
State Certified General Real Estate Appraiser, State of Florida (Certificate Number RZ98)
Licensed Real Estate Broker, State of Florida
Licensed Real Estate Instructor, State of Florida
Graduate of University of Florida, Gainesville, Florida
Awarded Bachelor of Science in Business Administration with Major in Real Estate, 1972
Employment: Gallaher Valuation (formerly Gallaher & Birch, Inc., formerly Hedg-peth & Gallaher, Inc., formerly The Hedg-peth Company) since September 1972; currently President
President – GB Realty Group, Inc., a real estate brokerage company, 2004 to present
Partner – Esslinger Wooten Maxwell, Realtors 1984 to 1991
Appraisal Experience: Has participated in appraisals in Miami-Dade, Broward, Monroe and other counties in Florida of various types of residential and commercial properties, including office buildings, shopping centers, apartment developments, warehouses and hotels.
Expert Witness: Qualified as an expert in real estate valuation in Miami-Dade, Broward, Monroe and other counties, as well as in Federal Bankruptcy Court. Has testified in deposition and in trial in matters of eminent domain, bankruptcy, divorce, deficiency judgments and other issues
Member of:
Appraisal Institute, with designation MAI.
Certified Under Continuing Education Program through December 2022
The Counselors of Real Estate, with designation CRE
Chairman of South Florida Chapter 2004 to 2007, 2013 to 2014 and 2018 to present
Fellow of the Royal Institution of Chartered Surveyors
Miami Association of Realtors (formerly: Miami and Coral Gables Boards of Realtors)
Chairman of Association for 1995-96, President 1982 and 1987-1988
Florida Association of Realtors
National Association of Realtors
Boards of Directors
Florida Savings Bank – 2001 to 2006
Advisory Board Jerome Bain Real Estate Institute at Florida International University
ChamberSouth – 2001 to 2011 (Chairman of the Board of Directors 2008-2009)
Dade County SurTax Advisory – 1984 to 1993
Instructor, having taught seminars and/or courses for:
Miami Dade College; the Appraisal Institute, the American Bar Association, The Florida Association of Realtors; and various local real estate associations and companies.
Nationally certified instructor for the Appraisal Institute
Nationally certified instructor of Uniform Standards of Professional Appraisal Practice
Currently President/Owner of Gallaher Valuation. Has been officer, director and stockholder of several closely held corporations, including Sanctuary Farms, Inc., a farming venture in Collier County; Marina Bay, Inc., a shopping center development in North Miami-Dade County; Burlingame Group, Inc., an office space owner in Miami; Miller Ludlam LLC an owner of retail stores; and First Reserve, Inc., a corporate holding company that owned Esslinger-Wooten-Maxwell, Inc., a general real estate brokerage firm and which participated in the development of Gables Waterway Executive Center and the University Inn Condominium.

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Calvin, Giordano & Associates, Inc.
EXCEPTIONAL SOLUTIONS℠

February 8, 2019
Revision 2
Original: November 27, 2018

Building Code Services
Civil Engineering / Roadway & Highway Design
Coastal Engineering
Code Enforcement
Construction Engineering & Inspection (CEI)
Construction Services
Data Technologies & Development
Electrical Engineering
Engineering
Environmental Services
Facilities Management
Geographic Information Systems (GIS)
Governmental Services
Indoor Air Quality
Landscape Architecture
Planning
Project Management
Redevelopment & Urban Design
Surveying & Mapping
Traffic Engineering
Transportation Planning
Water / Utilities Engineering
Website Development

Torrey PInes Institute of Molecular Studies
11350 SW Village Parkway Port St. Lucie, Florida

ASSESSMENT REPORT

Non-destructive visual re-inspection of the accessible elements of the project including, building, mechanical, plumbing & secondary high voltage electrical systems

Prepared for:

FLORIDA INTERNATIONAL UNIVERSITY

1800 Eller Drive
Suite 600
Fort Lauderdale, FL
33316
954.921.7781 phone
954.921.8807 fax

www.cgasolutions.com

Calvin, Giordano & Associates, Inc.
EXCEPTIONAL SOLUTIONS℠

Executive Summary

Pursuant to the request by your office, we performed a second non-destructive review and inspection of the accessible elements of the project for condition review on November 20, 2018. The first review and inspection were completed on January 13, 2017. This report contains an update of the findings.

General Property Description

The Torrey Pines Institute of Molecular Studies is comprised of a 102,887 square foot, four story, Type 1B building, located at 11350 SW Village Parkway in Port St. Lucie, Florida. The Facility is on a 20-acre site owned by the City of Port St. Lucie with the building and a portion of land owned by Torrey Pines Institute of Molecular Studies. About 50% of the facility is a research lab space consisting of a vivarium, chemical and biology laboratories.

The 4th level is exclusively a mechanical floor/ penthouse serving the various laboratory and office areas on all floors. The 2nd and 3rd floors contain research laboratory areas divided into nine fire rated control areas. The third floor is currently leased out to a third-party research group.

The second level contains an open two-level atrium space shared with the first level. The 1st floor contains the office support spaces, vivarium, main electrical and chiller areas, lecture auditorium and building engineering support.

The building was designed in 2007 by Perkins + Will as the principal design firm with sub consultants including AEI for MEP and ONM&J for structural, constructed in 2008 by Suffolk Corporation and occupied in 2008/2009. Torrey Pines maintains a full-time engineering and maintenance staff for the facility.

Environmental assessment, testing and destructive investigation of the property were not included as part of the assessment by our office. Underground investigation of utility systems or geotechnical aspects was not performed as part of the base scope for the report. Floodplain and elevation criteria were also excluded.

The report of our findings is divided into several key property areas collectively encompassing the entire property:

Section 1) Building Site
Section 2) Building Exterior
Section 3) Mechanical, Electrical, Plumbing
Section 4) Building Exterior Roof
Section 5) Building Interior Levels 1-4

Building Code Services
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Coastal Engineering
Code Enforcement
Construction Engineering & Inspection (CEI)
Construction Services
Data Technologies & Development
Electrical Engineering
Engineering
Environmental Services
Facilities Management
Geographic Information Systems (GIS)
Governmental Services
Indoor Air Quality
Landscape Architecture
Planning
Project Management
Redevelopment & Urban Design
Surveying & Mapping
Traffic Engineering
Transportation Planning
Water / Utilities Engineering
Website Development

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Section 1: Building Site

The building site is fully enclosed by a vinyl coated chain link fence. The asphalt parking areas contain 186 parking spaces. The original parking and entry areas are in generally good to fair condition with minor areas of surface degradation and random cracking. Debris piles were noted in the parking areas at the time of inspection. The original paint striping requires replacement. The parking and drive areas are recommended to be slurry coated and restriped. The drainage structures were in good condition but require maintenance and debris removal from the inlet invert bottoms.

The landscaping in the parking island and entry areas was in fair condition. Several locations had the landscape material removed or left not irrigated. The existing irrigation system was not operational, and several zones were removed, and the related irrigation piping and heads were stockpiled on the parking areas. The site is fed by a 4" reclaimed water main line system for irrigation. The related monthly charge for the reclaimed irrigation water from the city connection is approximately $1,200.00 per month. The line is currently disabled, and no site irrigation is being provided. The electronic meter on the reclaimed water was never connected does not function. The building originally contained an irrigation pump fed from the east lake adjacent to the property; however, was abandoned when the reclaimed city line was installed to the property line.

The southern radius side walk entry area was elevated adjacent to the F-curb along the accessible route to the building. This presents a trip hazard and requires correction. The drive sliding security gates were operable but require replacement of the wheel assembly, gate adjustment and maintenance to restore proper closing. The pedestrian main gate was damaged and unable to close in a secure position. Five parking lot lights on southside were not operational and three parking lot lights on northside were not operational. The lights are MH lamps and are recommended to be changed out to LED heads for the related energy savings.

The 3" domestic and 6" fire line building service feeds are located on the south elevation adjacent to the chiller yard. Backflow certifications were only identified on the domestic water line. The fire line AMES series backflow did not have a current certification of operation. The domestic OS&Y valve assemblies require removal of corrosion and service to restore proper valve operation. The entire building domestic service is preconditioned and filtered prior to entering the building plumbing system. The RO system contains triple units on alternating cyclic operation. The system was found to be fully operational and maintained.

Building Code Services
Civil Engineering / Roadway & Highway Design
Coastal Engineering
Code Enforcement
Construction Engineering & Inspection (CEI)
Construction Services
Data Technologies & Development
Electrical Engineering
Engineering
Environmental Services
Facilities Management
Geographic Information Systems (GIS)
Governmental Services
Indoor Air Quality
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Redevelopment & Urban Design
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Transportation Planning
Water / Utilities Engineering
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The FDC and PIV are located adjacent to the water conditioning system and not visible from the service drive. The installation has been approved by the responding fire department however additional guidance signage is recommended to be installed to allow quicker response and easier identification.

The 4”/2” natural gas line building service is located on the south elevation and feed the building boilers, labs and water heaters. The hydraulic loading platform on the south mechanical enclosure is operational and in fair condition.
Overall the site condition is in generally good condition except for the items identified herein.

Condensing Unit refrigerant line Armaflex insulation exhibits deterioration and requires replacement.

FPL transformers exhibiting signs of corrosion and require removal of corrosion and repainting.
Parking lot dividers exhibiting overgrown vegetation requiring landscape maintenance.

Front main entrance gates are inoperable and require repair or replacement.

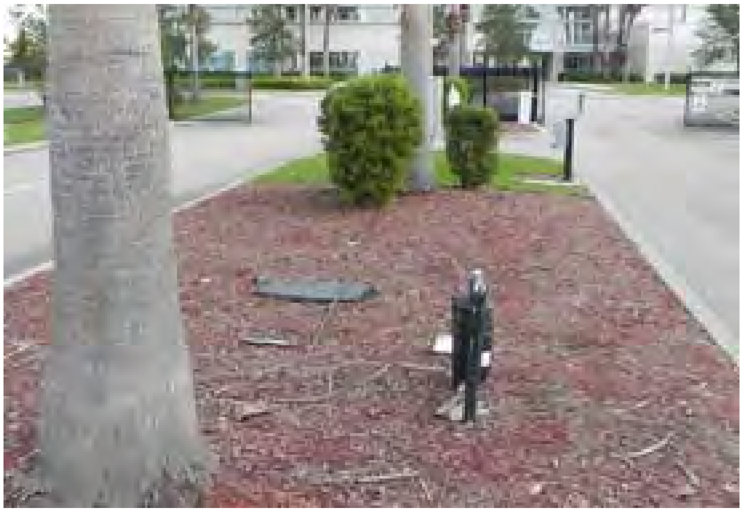
Irrigation line running over electrical box requires relocation.
Main entrance trees require maintenance and evaluation of tree condition.

Building Site (01)

Building Site (02)

Building Site (03)

Building Site (04)



Building Site (05)

Building Site (06)

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Building Site (22)

Building Site (23)

Building Site (24)

Building Site (25)

Section 2: Building Exterior

The building exterior is composed of tilt up concrete wall panels, EIFS steel framed eyebrow and vertical elements adjacent to the window group lines extending to three floors. The 4th level mechanical penthouse area contains exterior concrete column and metal louvered panel infill on the east and west elevation.

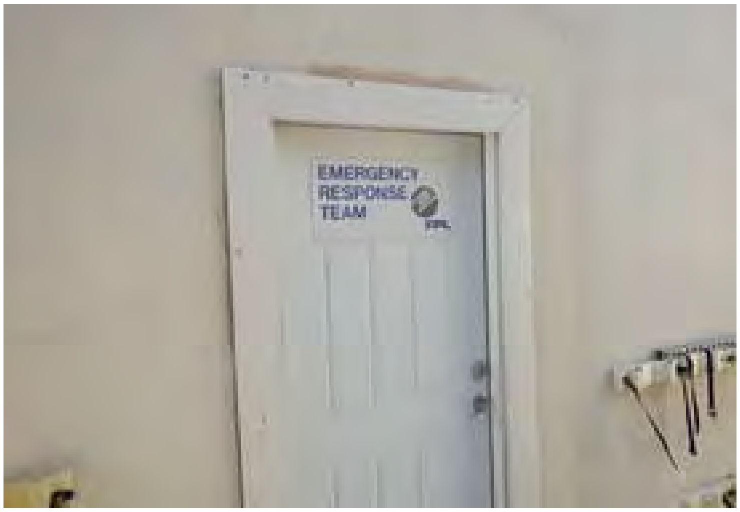
The overall building exterior was in generally good condition with minor areas of paint delamination and spalling on the tilt panel walls at the window sill unit areas, east 1st level canopy exterior ceiling, and west window eyebrow areas. The tilt panel joints were in good condition with no identified areas of joint failure or bond loss.

The exterior window units had indications of good perimeter sealant with no identified areas of perimeter joint failure, bond loss or water intrusion. The window units were in good condition with minor areas of frame to frame joints requiring sealant maintenance and replacement on the frame joints. The exterior EIFS system over metal framing has several areas of repetitive cracking at reentrant corners and joint locations. Proper crack repair of these areas is recommended to prevent any water intrusion into the non-primed concrete substrate beyond the EIFS framing.

The south elevation chiller yard perimeters tilt wall enclosure had an identified after construction wall opening saw cut into the panel. The opening is recommended to be evaluated by a Professional Engineer for structural adequacy and any required structural modifications. The exposed panel edge reinforcement is required to be repaired to restore the required reinforcement edge distance coverage per the original design specifications and ACI specifications. The original storage area adjacent on the west chiller yard enclosure has been converted into a maintenance work shop. The construction did not have a permit record with St Lucie County Building Department. The workshop entry door was also cut into the existing exterior wall and additionally requires engineering evaluation and door replacement with a listed door assembly product and exterior hardware with a current NOA or Florida Product Approval. The interior of the maintenance shop contains wood combustible mezzanine storage areas that do not comply with the 1B Building type classification requiring a non-combustible construction type for this area.

Cost allocation for the maintenance shop, tilt panel and door opening permit violation corrections should be anticipated. Chiller room 1st floor exterior door seal damaged, with signs of water intrusion, requires repair. Building exterior canopy lighting not operational.

Building Exterior (01)



Building Exterior (02)

Building Exterior (03)

Building Exterior (04)

Building Exterior (05)

Building Exterior (06)

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Building Exterior (11)

Building Exterior (12)

Building Exterior (13)

Building Exterior (14)

TORREY PINES INSTITUTE FOR
MOLECULAR STUDIES
Port St. Lucie, Florida

City of Port St. Lucie, Florida

Construction Documents Permit Set
June 21, 2007

VOLUME 2 OF 2

Building Exterior (15)

Building Exterior (16)

Building Exterior (17)

Building Exterior (18)

Building Exterior (19)

Section 3: Mechanical, Electrical & Plumbing

Mechanical

The building's 4th level contains two mechanical penthouses, north and south. The north penthouse contains the building's water heaters, steam boilers, RO/DI water polishing tanks for the labs and HVAC equipment for the labs, Vivarium and 1st level administration and auditorium areas. The south penthouse contains the west laboratories HVAC equipment. South of each mechanical penthouse are the lab exhaust and lab hood exhaust fan groups.

The building's hot water system is derived from original two-130-gallon 399,000 BTU gas fired cyclone condensing water heaters utilizing a 1-1/2" natural gas feed. The dual tanks feed an insulated 300-gallon storage tank that has been disabled and bypassed and no longer functioning due to internal corrosion of the unit. Tank replacement should be anticipated. The water heater units were operational and in good generally good condition. The units are out of warranty on the cyclone coils and are at the end of their usable service life. Water heater unit replacement of the units should be anticipated.

The steam boiler units are utilized for auto clave steam operation. The boiler system consists of one main Cleaver Brooks flexible water tube boiler and two reheat boilers.

Boiler observations

Boilers were functioning at the time of inspection, except for one boiler, as photographed herein. A maintenance contract is in place for the boilers; however, no annual inspection tag or documentation of boiler inspection was observed. The boilers are required to be fully inspected and recertified. The stem packing gland is the O-ring type. A small amount of oil was noticed around the operator base, indicating that valve repairs are required. The actuator operation was slightly sluggish but operated and the oil level should be checked, or the operator portion should be replaced.

Solenoid Valves indicated a low hum which is normal when the solenoid coil is energized. Voltage check on the solenoid valve is recommended.

Door gaskets are recommended to be replaced at the burner door opening at the front of the boiler. Drum Seals and the areas around the drum seals require inspection. The Sight Port area around the sight port has indications of paint discoloration.

A hot spot around the rear sight port is caused by either a poor seal between the sight port insulator and the wall, a cracked insulator or a flue gas leak at the sight port cap.

The RO/DI tanks and water polishing system used for the labs was in good operating condition and has an active service agreement in place. The air handlers A-1 and V were in good operating condition and had indications of regular maintenance intervals. Chilled water fittings feeding the units require removal of corrosion and repainting. An important note is that Spare blower motors, bearings, pulleys were observed on site for each piece of major mechanical equipment within the mechanical penthouses and main chiller pump room.

Compressed air units and other lab support equipment within the penthouse mechanical room were in good operating condition.

Lab exhaust and Lab hood chemical fume hood exhaust fans consisting of 4-40hp and 3-10 hp Loren Cook exhaust fans for the east labs. The west labs contain 3-40 hp fans. The fans were functioning during the inspection. The fume hoods require recalibration and recertification. The fan enclosures exhibit signs of corrosion and require refinishing. Fan supports on the building curbs are extensively corroded and in several areas collapsing through the curb structure and require full replacement. The fan hoisting beam requires refinishing. Full fan curb replacement and extensive fan maintenance or replacement should be anticipated and budgeted. The estimated budget for the repair / replacement of the exhaust fan system is approximately $1.73 million dollars.

The south mechanical room containing L-2 and units A-2 feeding the west labs was in good mechanical condition with chilled water line feeds requiring cleaning and refinishing.

The 1st floor mechanical rooms contains the 2 York chiller units, condensing water pumps, chilled water pumps and domestic water booster pumps. The chemical feed system was in good operating condition with current service and water analysis available for inspection. The chiller units, condensing water pumps and chilled water pumps were in good operating condition with up to date maintenance logs of service and in-progress component replacement was observed at the time of inspection.

In addition, an important note is that Spare pump motors, stem valves and bearings were observed on site for each piece of major mechanical equipment within the 1st floor mechanical room except for the chiller units.

The two exterior BAC cooling towers are exhibiting signs of frame and support corrosion and require extensive frame and support repairs. Both towers require cleaning. Cooling tower 1 requires a replacement motor and fan and was performed in 2017.

Insulation on chiller piping requires replacement. Chillers exhibit signs of excessive condensation requiring additional insulation and maintenance.
Air Handler filters require routine maintenance and replacement schedule.
Elevator machine room shall not be used for storage.

Mechanical (01)

Mechanical (02)

Mechanical (03)

Mechanical (04)

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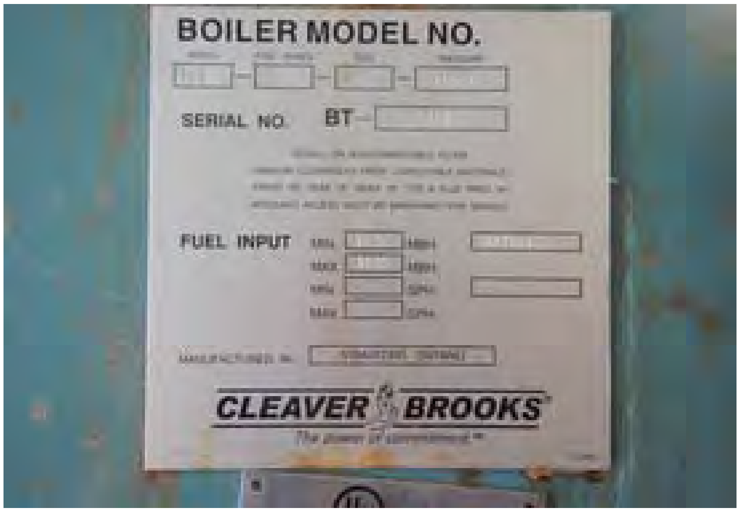
Mechanical (14)

Mechanical (15)



BOILER MODEL NO.

SERIAL NO. BT-

FUEL INPUT MIN MBH
MAX MBH
MIN GPH
MAX GPH

MANUFACTURED IN

CLEAVER BROOKS
The power of commitment

Mechanical (16)

YORK Solution

SKID

AHU-A1

1,700

Mechanical (17)

Mechanical (18)

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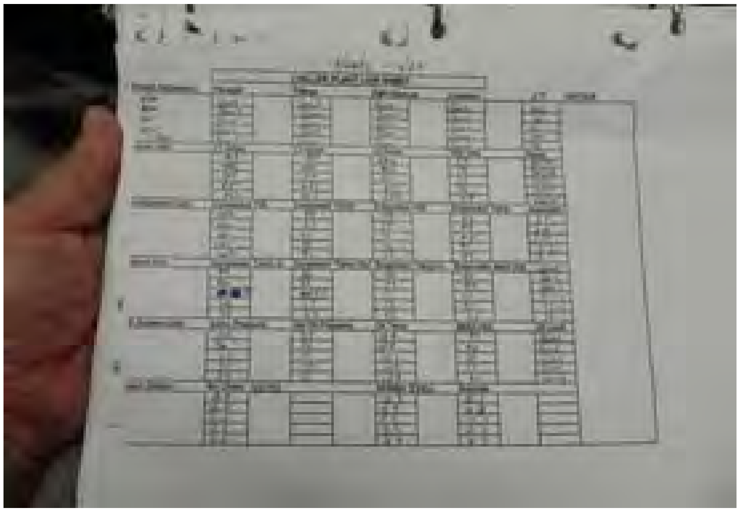


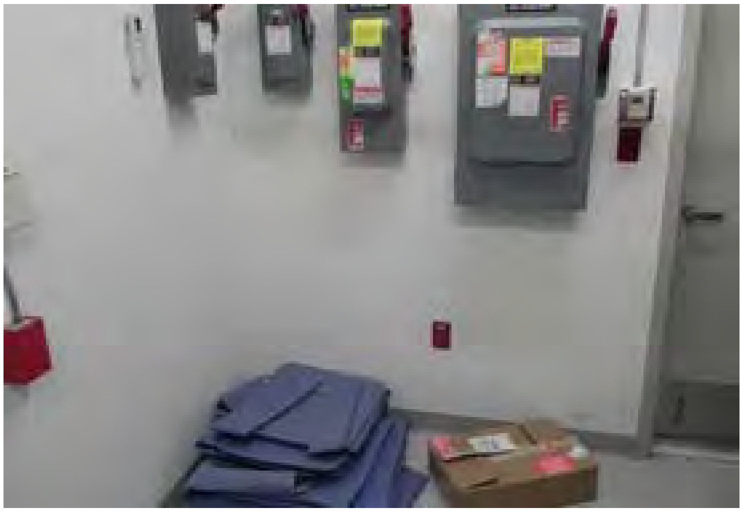
Mechanical (52)

Mechanical (53)

Mechanical (54)

Mechanical (55)

Mechanical (56)



Mechanical (57)

Electrical

The main electrical room, emergency electrical room and floor sub feed rooms were in generally good condition. The generator for the property is a Koehler 1275 KVA unit. The unit was operational with a current load bank test performed. The generator enclosure contains a 6000-gallon diesel tank in good condition with no visible leaks. Recent fuel samples were obtained and sent to the laboratory for analysis. There were no major visible electrical items identified during our inspection.

Generator transfer switches ATS-1 through ATS-4 indicators displayed systems ready and operable.
Fire Alarm breaker damaged and requires replacement and breaker lock per NEC 110-12B.

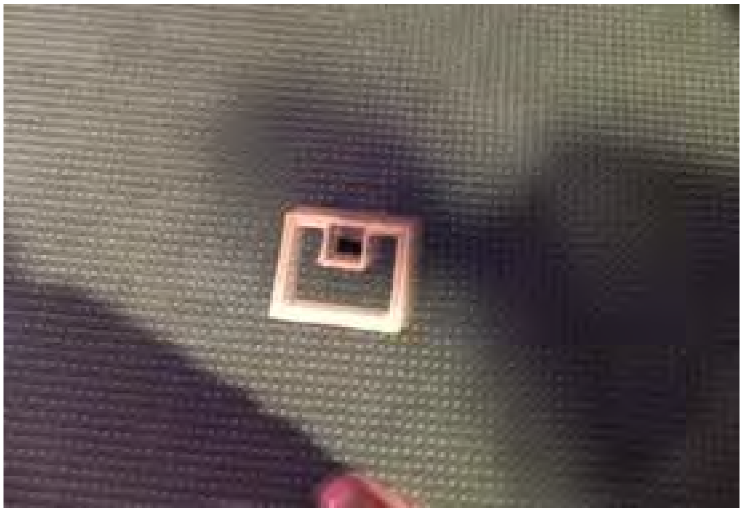
All Electrical Rooms: automatic motion detectors are not permitted per NEC 110-26D.

Storage not permitted in Electrical Rooms. Storage was found in Electrical Room 304.

Auditorium 140 stage communications outlet cover missing.

Electrical (01)

Electrical (02)



Electrical (03)

Electrical (04)

Electrical (05)

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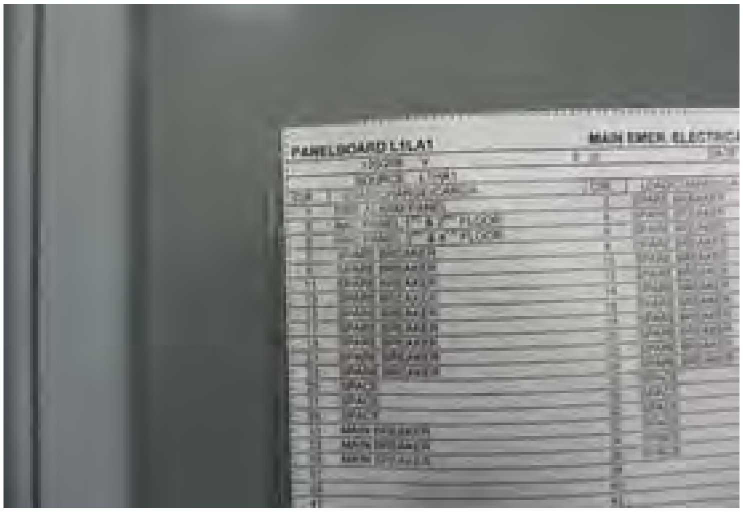


PANELBOARD L1LA1

MAIN EMER. ELECTRICA

Electrical (09)

Electrical (10)

Electrical (11)

Electrical (12)

Electrical (13)

Electrical (14)

Electrical (15)

Electrical (16)

Electrical (17)

Plumbing

There were no major visible plumbing items identified during our inspection except for the backflow certifications on the building fire service and the OS&Y valve repairs. The domestic parallel water pressure booster pump package was in good operating condition.

Janitor’s closet sanitary drain pipe located under the sink was leaking and requires proper plumbing fittings.

2nd and 3rd floor men’s and women’s restroom random sink faucet sensors were not operable.

Ice maker drain line shall not be in contact with floor drain.

1st floor restroom trap primers do not have signs of water in trap.

Plumbing (01)

Plumbing (02)

Plumbing (03)

Plumbing (04)

Plumbing (05)

Plumbing (06)

Plumbing (07)

Plumbing (08)

Plumbing (09)

Plumbing (10)

Plumbing (11)

Section 4: Building Roofing System

The building exterior roofing system is composed of single ply TPO membrane 60mil thickness. The same roofing system is utilized on the lower rood levels and the upper mechanical penthouse roofs. The TPO roofing system is original to the building and is in generally good condition. The roofs have a current annual maintenance contract in place. There were no indications of membrane failure on the TPO membrane. The TPO membranes require an annual cleaning. The east elevation extended column detail requires additional flashing or a cap flashing system to alleviate future possible water intrusion problems that is currently relying solely on an exposed horizontal caulk joint that is exhibiting signs of premature failure.

The roof primary drains did not have any indications of stoppage during the inspection. The cast roof drain grates are exhibiting signs of extensive corrosion and require replacement. Replacement with a non-metal grate option is recommended.

Roofing (01)

Roofing (02)

Roofing (03)

Roofing (04)

Roofing (05)

Roofing (06)

Roofing (07)

Roofing (08)

Roofing (09)

Roofing (10)

Roofing (11)

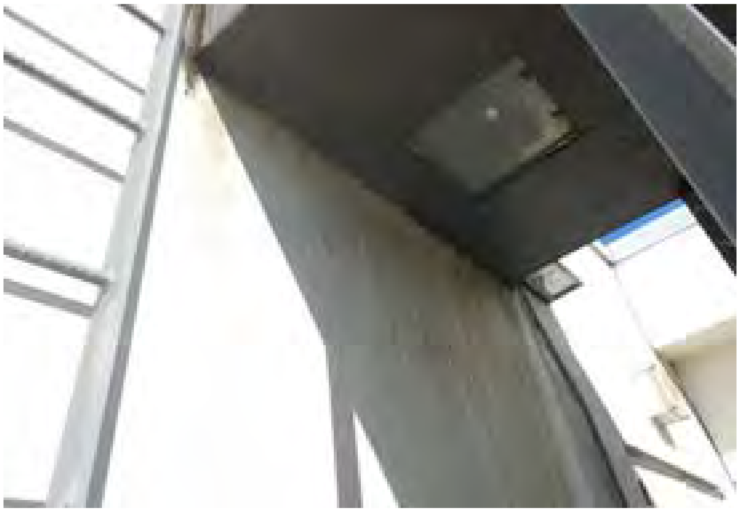
Roofing (12)

Roofing (13)

Roofing (14)

Roofing (15)

Roofing (16)



Roofing (17)

Roofing (18)

Roofing (19)

Roofing (20)

Roofing (21)

Roofing (22)

Roofing (23)

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Section 5: Building Interior Levels 1-4

The interior levels 1-4 were in generally good condition. The passive fire protection including the spray applied fire proofing, exposed shaft walls and above ceiling penetrations did not have any visible deficiencies where accessible during the inspection. Storage under the egress stairs was noted and requires removal.

Elevator operation for the two-cab single shaft system was verified with no evident problems.

The 3 group restrooms on floors 103 were in good condition, with no operational or ADA deficiencies identified during our inspection.

The first-floor employee gym with male and female single restroom units was in good condition. The installed benches that are in front of the ADA shower are blocking the clear path access and required floor space to the showers and require removal and relocation to correct the violation.

1st, 2nd ,3rd and 4th floor random emergency exit lights were not operational. All emergency exit lighting, on all four floors, require testing and maintenance.

Common area storage materials should be removed.

Electrical Closet 141 door swing inhibited by inadequate floor clearance.

Interiors L1-4 (01)

Interiors L1-4 (02)

Interiors L1-4 (03)

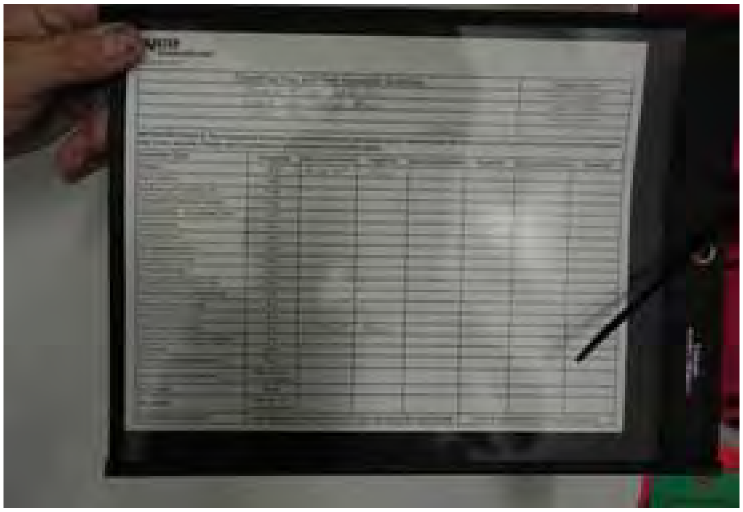
Interiors L1-4 (04)

Interiors L1-4 (05)

Interiors L1-4 (06)

Interiors L1-4 (07)

Interiors L1-4 (08)



Interiors L1-4 (09)

Interiors L1-4 (10)

Interiors L1-4 (11)

Interiors L1-4 (12)

Interiors L1-4 (13)

Section 5: Building Interior Additional Items Identified by FIU Levels 1-4: Noted Code violations indicated during walkthrough and by FIU EH&S on 1/9/19:

1. Possible trip hazards at floor level of the southern sidewalk entry area along the accessible route – FBC-A-403.
2. Fire line AMES series backflow to be provided with current certifications per NFPA 25; Chap. 7.
3. Condensing unit refrigerant line to be reinsulated – FBC-M; Chapter. 3.
4. South Elevation of Chiller yard perimeter tilt walls exhibit after construction wall openings; possibly as work done without permits – FBC-B-105.1.
5. The original storage area has been converted into a maintenance work shop without permits – FBC-B-105.1.
6. The workshop entry doors were added after completion; possibly as work done without permits – FBC-B-105.1 & FBC-B-1609.
7. The interior of the maintenance shop contains a combustible mezzanine and was erected without permits – FBC-B-602.2.
8. Building's exterior canopy lighting does not function. – NFPA-101; Chapter. 7
9. Boilers are required to be fully inspected and recertified – NFPA-85; Chapter. 4.
10. Fume hoods require recertification – NFPA-45; Chapter. 7.
11. Fire Alarm breaker to be locked – NEC-110-12B.
12. Verify if the building's Fire Alarm System is functioning and has been inspected on an annual basis – NFPA-1; Chp.13 . Verify the monitoring company of fire alarm system.
13. Automatic motion detectors are not permitted in Electrical Rooms – NEC-110-26D.
14. Ice maker drain shall not be in contact with floor drain – FBC-P-1002 & FBC-P; Chapter. 8.
15. Benches installed in accessible shower compartments in 1st floor single restrooms must be removed – FBC-A-608.
16. Emergency lighting requires testing and maintenance – NFPA 101; Chapter. 7.
17. Interior modification/renovations are observed to have taken place without permits – FBC-B-105.1.

Recommendations by FIU Building Official, Daniel Gomez, RA, BCA

A. Obtain/Review original permitted drawings on file with the City of Port St. Lucie Building Department. Acquire a design professional to determine the current as built conditions of the existing building/facilities. This will allow FIU Facilities Management to ascertain any further code related issues regarding work performed without permits.

B. Engage the State Fire Marshal's Office in order to determine the process/requirements for compliance of uniform fire-safety standards.

FIU Facilities Management Review from 12/21/18

A. Plumbing – In general, the plumbing systems are in good condition. Autoclave was not functional since boiler had been shut down due to expense of running. Only recommendation was to add automatic flush valves on fixtures.

B. Electrical – All electrical systems appear to be in good condition.

C. HVAC

   a. Distribution System – Overall appears to be in good condition with clean supplies, returns, and mechanical rooms.

   b. Building Automation System – Siemens Apogee. Front End on site with access through two workstations.

   c. Fume Hoods – No corrosion of panels or broken sashes. All monitors appear to be functional.

   d. Chillers – Overall in good condition. Serviced by Johnson Controls as needed. We would have to dig deeper into what preventive maintenance services if any have been done.

   e. Cooling Towers – Require rehabilitation / replacement per MEP's report dated November 27, 2018.

   f. Plant Water Treatment – Appears to be under contract through Chem-Aqua. Due to underperformance at FIU, we switched from Chem-Aqua about 3 years ago. Based on our experience, there is concern on the condition of the chilled water and condenser water systems at Torrey Pines.

   g. Exhaust Fans – Require replacement per MEP's report dated November 27, 2018. Due to poor condition of ductwork on roof, interior exhaust ductwork from Fume Hoods to roof should be investigated for corrosion / deterioration.

Section 5: FIU EH&S Report 1-8-19

On December 21, 2018, EH&S conducted a walkthrough assessment of the Torrey Pines Institute of Molecular Studies (TPIMS) in Port St. Lucie, FL. EH&S met with, Mr. Travis Lavoi (Chemical Lab Manager and Safety Officer), and Dr. Colette Dooley (Assistant Member), at 10 AM in the Lobby Area. Mr. Lavoi and Dr. Dooley provided an extensive tour of the TPIMS facility and addressed all questions to the best of their knowledge. Information on the Facilities aspects were addressed by TPIMS Facilities personnel. The report finding are included as an attachment:

CLOSING STATEMENT

The building is in generally good condition with the notable mechanical system exceptions identified herein the report. The annual maintenance an operational budget for this facility should be anticipated to be between 1.8 to 1.9 million dollars.

The 5-year estimated maintenance, repair and code violation correction costs including major system component replacements should be anticipated to be 13.65 million dollars.

Pursuant to the request by your office, we performed a second non-destructive review and inspection of the accessible elements of the project referenced above for condition review on November 20, 2018. The first review and inspection were completed on January 13, 2017. The report was amended in January 2019 to include additional observations by FIU Facilities and EH&S staff. The descriptions and observations provided in this report are to be construed as representative of similar building systems.

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Original November 27, 2018
Revision 2_02.08.2019

O&M Cost Estimate 5 year and 6-10 year Allocation

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Torrey Pines Institute for Molecular Studies					DRAFT	1/14/2019			Estimated (Yr 6-10)			
	2019-20	2020-21	2021-22	2022-23	2023-24	5 yr. Total	2025-26	2026-27	2027-28	2028-29	2029-30	6-10 yr. Total
Capital Improvements												
Exhaust Fans, Curbs & Hoods east labs	$1,211,000					$1,211,000		$47,500	$47,500			$95,000
Exhaust Fans, Curbs & Hoods west labs		$519,000				$519,000		$25,000	$25,000			$50,000
Exterior Lighting Repairs - bldg. perimeter North Lot	$150,000					$150,000	$10,000					$10,000
Exterior Lighting Repairs - South Parking Lot		$150,000				$150,000		$10,000				$10,000
BAC Cooling Tower refurbishment 1&2		$220,000				$220,000	$100,000	$100,000				$200,000
BAC chilled water line refurbishment		$80,000				$80,000						$0
Boiler Replacement / Auxillary Boiler refurbishment		$125,000	$80,000			$205,000	$30,000	$30,000				$60,000
Building exterior envelope repairs		$225,000	$200,000			$425,000			$100,000			$100,000
Site elements (gates, curbing trip hazard corrections)	$25,000	$25,000	$25,000			$75,000						$0
Bldg. Svcs., MEP repairs,Chiller Plant / Steam/ Ro water	$120,000	$150,000				$270,000			$65,000	$65,000		$130,000
Exterior Landscaping Irrigation	$25,000	$25,000				$50,000						$0
Eyewash Safety Shower drainage design and const	$1,500	$35,000				$36,500						$0
HazMat storage relocation exterior to container storage	$37,000			$37,500		$74,500		$37,500			$37,500	$75,000
Mechanical room access correction of Haz Mat area	$3,500					$3,500						$0
HazMat storage supression system / addl storage unit	$37,500				$37,500	$75,000			$2,500			$2,500
NFPA 704 Generator identification	$500					$500						$0
SPCC plan creation implementation	$2,500					$2,500						$0
NFPA 704 Radioactive storage and intial leak testing	$3,750					$3,750						$0
Fume Hood sash repairs and recalibration	$20,000			$20,000		$40,000		$20,000				$20,000
Radioactive Biosafety program management	$15,000					$15,000						$0
NMR space modifications design const	$12,000	$65,000				$77,000						$0
Autoclave exhaust design and const	$15,000	$100,000				$115,000						$0
Nitrogen storage 02 alarm and monitoring	$3,500	$7,500				$11,000						$0
Room 121 O2 monitoring system repairs	$3,800					$3,800	$3,800.00					$3,800
Mezannine repairs / removal design const	$10,000	$40,000				$50,000						$0
Lab partition room design review and modifications	$22,000	$75,000				$97,000						$0
Supra Maxx elevator box F&I	$500					$500						$0
Auditorium Handrail Installation design and const	$15,000	$55,000				$70,000						$0
Sprinkler system repairs / modifications	$10,000	$10,000	$10,000			$30,000						$0
Access Gate Repairs	$15,000				$1,500	$16,500						$0
Roof repairs				$15,000		$15,000	$25,000.00		$25,000			$50,000
AddlCode Corrections from Report	$50,000	$35,000				$85,000						$0
Total Capital Improvements	$1,809,050	$1,941,500	$315,000	$72,500	$39,000	$4,177,050	$168,800	$270,000	$265,000	$65,000	$37,500	$806,300
PO&M												
Service Contracts	$280,000	$280,000	$280,000	$280,000	$280,000	$1,400,000	$280,000	$280,000	$280,000	$280,000	$280,000	$1,400,000
3 Person Staff	$280,000	$280,000	$280,000	$280,000	$280,000	$1,400,000	$280,000	$280,000	$280,000	$280,000	$280,000	$1,400,000
Other O&M	$1,334,737	$1,334,737	$1,334,737	$1,334,737	$1,334,737	$6,673,685	$1,334,737	$1,334,737	$1,334,737	$1,334,737	$1,334,737	$6,673,685
Total PO&M	$1,894,737	$1,894,737	$1,894,737	$1,894,737	$1,894,737	$9,473,685	$1,894,737	$1,894,737	$1,894,737	$1,894,737	$1,894,737	$9,473,685
Total Capital and PO&M Costs	$3,703,787	$3,836,237	$2,209,737	$1,967,237	$1,933,737	$13,650,735	$2,063,537	$2,164,737	$2,159,737	$1,959,737	$1,932,237	$10,279,985

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This report is intended for the exclusive use of Florida International University and their representatives and is not to be considered a warranty but is based upon a visual examination at the time of the inspection and including only what is reported herein. It does not represent to have found all defective items that exist, rather it is our attempt to identify as many deficiencies as we were able to reveal at the time of our inspection. CGA, its directors, stockholders, agents, employees, etc. is not responsible, nor do we accept any liability for defects not reported herein, or problems that occur with the structure or it's systems in the future. The inspection does not verify that the total design of the building is in compliance with the Florida Building Code.

We trust you will find the information in the enclosed report beneficial, and should you require additional information please do not hesitate to contact us.

Respectfully Submitted,

Otto J Letzelter, PE, SI, BCA, LEED AP
Florida Senior Operations Director
Educational, Institutional, Transportation
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Certified Building Official, State of Florida BU1294
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Certified General Contractor, State of Florida CGC57667
Certified Roofing Contractor, State of Florida CCC057326
Registered Roof Inspector, State of Florida SRI034
Florida State Fire Marshal's Office, Fire Safety Inspector 11203

CGA FILE No. 1005.034-2
Enclosed FIU EH&S Report 1-8-19

FIU Environmental Health & Safety
FLORIDA INTERNATIONAL UNIVERSITY

January 8, 2019

On December 21, 2018, EH&S conducted a walkthrough assessment of the Torrey Pines Institute of Molecular Studies (TPIMS) in Port St. Lucie, FL. EH&S met with, Mr. Travis Lavoi (Chemical Lab Manager and Safety Officer), and Dr. Colette Dooley (Assistant Member), at 10 AM in the Lobby Area. Mr. Lavoi and Dr. Dooley provided an extensive tour of the TPIMS facility, and addressed all questions to the best of their knowledge. Information on the Facilities aspects were addressed by TPIMS Facilities personnel.

The facility has four floors with the following description:

Floor	Type of Lab(s)/Space(s)
1	Analytical Lab, Vivarium, Martin Health (Leased space); Hazardous waste storage room
2	Biology/Rad Labs (North end); Chemical Labs (South end); NMR Space; Lab Support Spaces
3	Clinical, Toxicology, Biology – SAS Group (Leased Space); Support Spaces
4	Boiler Room; Large Mechanical/Electrical room

Lab/General Spaces and Hazards

The lab spaces consist of an open concept with 3-4 bays for occupancy and two entry points. Eyewash and safety shower stations were located at each entry point. Fume hoods and biosafety cabinets were located within the lab spaces. The number of hoods/cabinets present was based on the type of work conducted in the space (more fume hoods in the chemical labs). There were only three TPIMS lab spaces and ten SAS lab spaces active during the visit.

Biology and Radiation Labs

The Biology/Radiation labs are located on the north end of the second floor (221 and 238). The areas are Biosafety Level 2 lab spaces working with bacteria (E. coli) and human cell lines. They recently renewed the Radioactive Materials License until 2021 for S-35 and I-125 isotopes. Each lab space also had a designated cell culture room. Outside of the lab spaces, there are lab support areas: a cold room, equipment room (-80 freezers are located here), and a microscope room (dark room) located on the second floor.

Type of Equipment	Number of Equipment	Certified By
Fume Hoods	2 (221); 2 (238)	Medrep
Biosafety Cabinets	3 (221); 1 (238)	Medrep

NMR Space

The MRI is located in the NMR space (256) in between the biology and chemical lab sections. Per Mr. Lavoi, the space housing the MRI was constructed to address sound and vibration levels.

Chemical Labs

The Chemical labs are located on the south end of the second floor (205 and 266). Lab 266 specializes in chemical development, generating relatively large volumes of chemical waste. Lab 205 specializes in the construction of libraries. Both lab areas use Hydrofluoric Acid (HF)– a highly toxic chemical - and both areas have fume hoods specifically constructed for the use of this chemical. One section of lab benches in 205 was connected to what appeared to be an exhaust system. Only two of the bays in 266 were active during the visit.

Chemical inventories for the lab spaces are maintained on an excel spreadsheet and updated whenever possible by Mr. Lavoi.

Type of Equipment	Number of Equipment	Certified By
Fume Hoods	14 (205); 17 (266)	Medrep
Glove Box	1 (205); 1 (266)	Currently not in use

Analytical Labs

Analytical labs are located on the south end of the first floor. These labs use minimal chemicals and no biohazards or radioactive materials. Within the area, there is a liquid nitrogen storage area. The area is fitted with an oxygen level monitor (unplugged at the time of visit; when the monitor was plugged back in, it functioned properly).

Type of Equipment	Number of Equipment	Certified By
Fume Hoods	1	Medrep
Biosafety Cabinets	2	Medrep

SAS Group Labs

The third floor is a restricted area leased by the SAS Lab Management Group. SAS rents and modifies lab space to meet the user's needs (the original space prior to modification is similar to the second floor layout). Currently, there are ten operating medical labs (clinical testing, toxicology, and blood panels). EH&S was only allowed to visit one of the lab spaces to protect client privacy. All labs are accredited by COLA - an independent, non-profit accrediting organization.

There is a liquid nitrogen tank room, a cold room (currently not in use), and a dark room (used for storage) on the floor. The labs are required to have their own safety plans and complete required safety training. For issues pertaining to emergency management, SAS follows the plan established by TPIMS.

Vivarium

The Vivarium is located on the first floor across from the Hazardous Waste Storage room. The area is currently not in use (the A/C was off during the time of visit). The facility has surgery/procedure rooms, quarantine areas, and a BSL2 area with a designated procedure room and autoclave. Each procedure room contained a biosafety cabinet. There is also a double-sided cage washer available. Per TPIMS staff, AAALAC accreditation is still current.

Environmental Compliance

Hazardous Chemical Waste

TPIMS is currently classified as a Small Quantity Generator (SQG) due to the decrease in operations. Waste is collected every 2.5 months by Mr. Lavoi and stored in the hazardous waste storage room on the 1st floor. The largest waste stream consists of Isopropyl Alcohol and Hydrofluoric Acid. Waste is collected every 180 days by a certified waste transporter (Triumvirate Environmental) for final disposal. Costs for waste disposal equate to approximately $3000-$4000/month.

The hazardous waste storage area is located on the first floor across from the Vivarium. Non-flammable waste is stored in the main area after entering the space. The flammable and toxic waste is stored in an inner room under lock and key. There is also an access door for the mechanical room. An eyewash/safety shower station is located outside of the waste area.

Biohazardous Waste

Waste is collected once a month from the Vivarium (animal carcasses). The labs generate very little waste. All solid waste is autoclaved then disposed of through the regular trash stream.

Radioactive Waste

Radioactive waste is collected and stored outside in a large locked storage/shipping container. Waste is stored onsite until degradation is complete, then discarded. Liquid waste is treated and disposed of down the sewer drains in accordance with 10 CFR 20.2003 (Disposal by Release into Sanitary Sewage). Per staff, TPIMS has not generated any waste for the past 3-4 years. They currently have about 5 microcuries of solid waste onsite from the recent lab clean up.

Environmental Permits

Air: Per the TPIMS staff, there are no current air permits in place. There is one generator connected to a 2000-gallon diesel fuel tank. The generator is run/tested weekly for one hour.

Stormwater: TPIMS staff indicated that there are no stormwater permits in place.

Fire and Life Safety

Main Building

Main building is a CBS four-story structure. Fire department access is located on the west and south sides of the building. There are two fire hydrants located on the southwest and northwest ends of the building. The building has a fire alarm system, fire sprinkler system, standpipes, and a generator. The building’s exposures are as follows: a grass field to the North; a lake to the East; a generator, two storage containers, and a shop building to the South; a parking lot to the West.

Floors 1-3

The three floors are a mixed occupancy consisting of lab spaces, office spaces, assembly areas, electrical/mechanical rooms, and storage areas. The first floor has a check-in desk with security for all visitors.

Floor 4

The fourth floor consists of a boiler room and other mechanical/electrical equipment. Area cannot be accessed without a special key.

Shop Building

The Shop building is a CBS one-story structure. The building consists of a small office and larger warehouse/workshop with storage of maintenance equipment. Warehouse area contains a mezzanine.

Inspections

The building has all system inspections current and available. There is no record of a fire inspection conducted at the facility by any Authority Having Jurisdiction.

Conclusion

Overall, the visit to the TPIMS facility went very well. No major safety concerns were observed during the visit. Mr. Lavoi and Dr. Connelly were knowledgeable about ongoing and historical activities at the facility. EH&S looks forward to working with the TPIMS staff, ORED, and Facilities Management to review and address the observations documented below.

If there are any questions about this report, please contact Tamece Knowles (348-3387/knowles@fiu.edu) or Armando Garrido (348-0490/agarrido@fiu.edu).

Observations and Recommendations

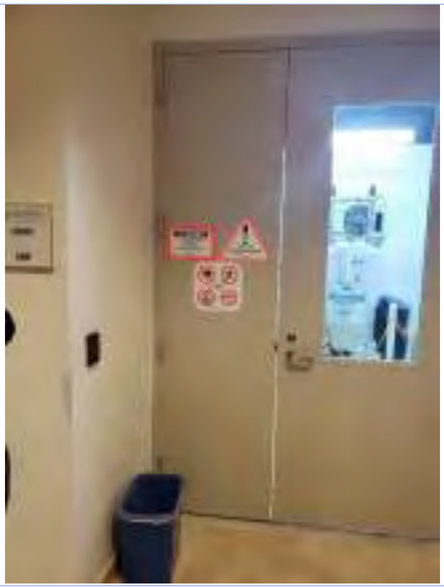
The items mentioned in the table below should be taken into consideration when determining the impact on costs for repairs, maintenance and operations. Specifically, those items that incur a reoccurring cost (waste disposal, permit fees, etc.). Recommendations and corrective actions are provided based on regulatory requirements and good safety practices.

Location	Observation	Classification	Recommendation/Corrective Action	Photos
All labs	Eyewash/Safety Shower stations do not have a floor drain; potential for flooding and damage to nearby equipment or building structures	Facility	Consider review of plumbing system and installation of floor drains or system to capture water and prevent potential flooding	No photo
Hazardous Waste Room, First Floor	Hazardous waste area is not fully enclosed; potential for chemical waste to spill into general hallway area; not secure – access by unauthorized individuals; safety hazard Inappropriate separation of hazards in the waste area. Area is separated from means of egress by plastic curtains.	Facility	Provide an appropriate hazardous waste containment area (with restricted access) in accordance with NFPA and EPA. Ensure area meets Central Accumulation Area (CAA) requirements for Small Quantity Generators (SQG)	

Inside Hazardous Waste Room	Mechanical room access door located within hazardous waste room	Facility	Access must be restricted to trained HAZMAT employees. All hazardous waste containment areas must have restricted access.	**Entrance to Mechanical room is here** 

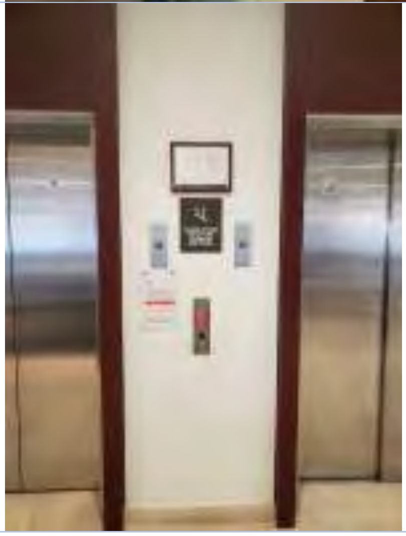
Hazardous Waste Room, First Floor	Hazardous waste flammable storage area not equipped with appropriate fire suppression system	Facility	Provide appropriate fire suppression for the area being served. Plans and permits are required.	
Southside of Bldg - Outside	No placards on the generator	Admin	Place proper NFPA 704 placard on structure so that is visible from street view.	

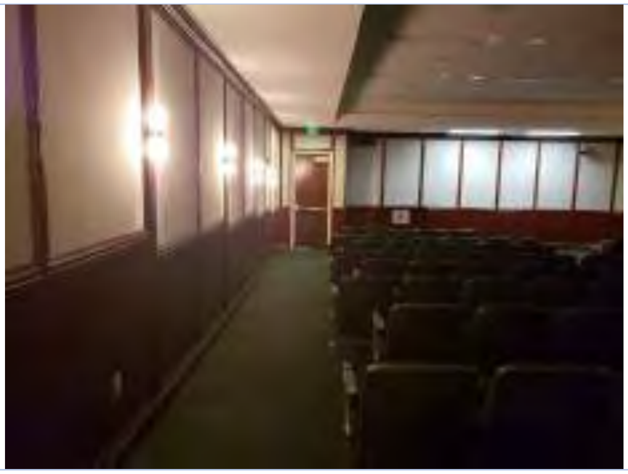
Southside of Bldg - Outside	No SPCC plan in place	Admin	EH&S will work with TPIMS EH&S to determine if a SPCC is required	N/A
Southside of Bldg - Outside	No signage or placards on the Radioactive Waste storage container	Admin	Place proper NFPA 704 placard on structure so that is visible from street view.	
205, 238, 266	Housekeeping and chemical safety – fume hoods crowded with chemicals; unlabeled secondary containers; chemicals stored on bench area near sink	Admin, Personnel	Per the Safety Officer, the plan is to clean out the lab areas and discard chemicals as waste or redistribute to other users; Determine how this may impact waste classification and waste costs.	

205	Fume hood sash damaged – Per TPIMS staff, an unknown chemical caused the sash to become cloudy on two fume hoods	Facility	Replace damaged fume hood sashes; Check the inside of the fume hoods for additional damage	
221 and 238	Resumed BSL2 and radioactive research in two labs spaces; use of S-35 and I-125 isotopes	Personnel	Determine how this will impact regulatory requirements for Radioactive and Biosafety Level 2 material use	N/A
256	NMR space not constructed for use.	Facility	NMR space shall be constructed in accordance with the Florida Building Code. Plans and permits are required.	

Outside 266 (Hallway)	Autoclave in hallway; autoclave is not connected to an exhaust vent, and exhausts into the hallway when in use; easily accessible	Facility	Install an appropriate exhaust system for autoclave unit. Plans and permits are required.	
Third Floor	No oxygen monitor/alarm in third floor liquid nitrogen storage room	Facility	Install an O2 monitor/alarm in space.	No Photo
121	Oxygen monitor not working properly (unplugged due to constant alarming) in liquid nitrogen storage room	Personnel	Maintain O2 monitor operational at all times.	 

Southside of Bldg - Outside	Mezzanine constructed in shop area without proper means of egress.	Facility	Verify that mezzanine has been constructed in accordance with the Florida Building Code and construct an appropriate means of egress. Plans and permits are required.	
N/A	Current operations may require additional permits (air, waste, etc.)	Admin	Review operations and determine if additional permits are required.	N/A
Throughout	Makeshift rooms, partitions, and construction.	Facility	Verify all modifications have been done in accordance with the Florida Building Code as well as the Florida Fire Prevention Code.	

Lab area	Missing sprinkler head in a makeshift room inside of the lab area.	Facility	Provide sprinkler coverage. Plans and permits required.	
Elevator lobby	Missing SupraMax lock box with elevator recall keys.	Facility	Install a SupraMax lock box with elevator recall keys inside.	
Vivarium	Exit signs missing throughout the space.	Facility	Install exit signs where needed throughout the vivarium area.	No photo

Auditorium	Ramps are missing handrails.	Facility	Install handrails for egress. Plans and permits required.	
Sprinkler Report	Fire Sprinkler system report shows deficiencies.	Facility	Correct all deficiencies so that system in proper operating conditions.	N/A
Main Entrance	Front gate does not provide adequate Fire Department access width.	Facility	Adjust gates so that Fire Department access width is met.	

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BOARD OF GOVERNORS, STATE UNIVERSITY SYSTEM OF FLORIDA
PROPOSAL TO ESTABLISH A NEW TYPE I, II, OR III CAMPUS, OR SPECIAL PURPOSE CENTER

Florida International University
University Submitting Proposal

Torrey Pines @ FIU
Proposed Name of Educational Site

Site ID

Special Purpose Center
Proposed Type of Educational Site
(Type I, II, or III Campus, or Special Purpose Center)

11350 SW Village Parkway
Port St. Lucie, Florida 34987
Physical Address of Educational Site
(US Site: address, city, state, zip) (International site: street address, number , city, county/province, country)

March 1, 2020
Proposed Opening Date
(First date and term student instruction will be offered at the site)

The submission of this proposal constitutes a commitment by the university that, if the proposal is approved, the necessary financial resources and the criteria for establishing or relocating an educational site have been met prior to the initiation of the first course offerings.

Date Approved by the University Board of Trustees

President **Date**

Signature of Chair, Board of Trustees **Date**

Vice President for Academic Affairs **Date**

Under Projected Enrollment, provide headcount (HC) and full-time equivalent (FTE) student enrollment estimates by level from Table 1 in Appendix A for Years 1 and 5, or the Final Year of implementation if it exceeds five. Under Projected Costs, provide revenues and expenses from Table 2 and capital project costs from Table 3 for Years 1 and 5, or the Final Year if it exceeds five.

Projected Site Enrollment (from Table 1)			
		HC	**FTE**
Undergraduate	**Year 1**	0	0
	Year 5	0	0
Graduate	**Year 1**	0	0
	Year 5	0	0

Projected Costs (from Tables 3 and 4)				
	Operational			
	E&G Funding	**Other (Contracts & Grants, Auxiliary)**	**Capital Projects**	**Total Cost**
Year 1	**1,102,086**	**1,587,988**	**0**	**2,690,074**
Year 2	**2,846,997**	**9,518,093**	**0**	**12,365,090**
Year 3	**4,070,131**	**12,683,357**	**0**	**16,753,488**
Year 4	**4,837,332**	**12,737,191**	**0**	**17,574,523**
Year 5	**3,573,213**	**12,734,796**	**0**	**16,308,009**

Note: This outline and the questions pertaining to each section must be reproduced within the body of the proposal to ensure that all sections have been satisfactorily addressed. Tables 1 through 4 are to be included as Appendix A and not reproduced within the body of the proposals because this often causes errors in the automatic calculations.

I. Introduction

A. Provide a short description of the project and rationale for the request to establish an educational site, including the main purpose for this site (research, instruction, administration, student services, etc.).

Torrey Pines @ FIU is a 108,165 sq. ft. special purpose center located in the Florida Center for Innovation and Tradition at 11350 SW Village Parkway in Port St. Lucie, Florida. It provides FIU faculty a state-of-the-art research facility that includes fully functional wet laboratories, a Nuclear Magnetic Resonance (NMR) laboratory, vivarium and auditorium. This facility will enhance our research base in the STEM fields of chemistry and chemical biology and accelerate FIU's translational medicinal chemistry and chemical biology research, drug discovery and basic research efforts leading to the cure of diseases in areas of cancer and neurodegenerative diseases. It will provide further a venue for graduate students and postdocs to further their knowledge and training in this field while working on related sponsored research and scholarly activities.

The research facility is located on land in which currently there is a Ground Lease between the City of Port St. Lucie, as landlord, and TPIMS Land Company, LLC, as tenant. TPIMS Land Company, LLC will be assigning its interest in the Ground Lease to FIU, and FIU will be assuming the obligations as tenant thereunder. Previously, the City of Port. St. Lucie transferred the title of the building located on the Ground Lease premises to TPIMS Land Company, LLC. TPIMS Land Company, LLC will be transferring the title of the building to FIU at no cost. The building has been recently appraised and has a current market value of $16 million. Upon expiration of the Ground Lease in November 15, 2026, the City of Port St. Lucie will transfer title of the Ground Lease premises to FIU as specified in the Ground Lease.

B. Provide a short narrative assessment of how the establishment of the educational site supports the university mission and the goals incorporated into the university strategic plan and Board of Governors State University System Strategic Plan.

The establishment of this site will enhance FIU's commitment to achieving excellence in the tripartite mission of teaching, research and public service. Specifically, it will provide much needed research space that will enhance and expand FIU's research portfolio along with improving the quality and reputation of scholarship, research and innovation which strongly align with the research-related metrics of both the university's and Board of Governor's strategic plans. Specifically, Torrey Pines @ FIU will accelerate FIU's translational research, drug discovery and basic research efforts leading to the cure of diseases in areas of cancer and neurodegenerative diseases. In addition to growing the research enterprise that can provide cures, relief of pathological symptoms or protection from disease Torrey Pines @ FIU also provides an opportunity for collaborations with Cleveland Clinic and opportunities for graduate and post-doctoral training in these areas. It also will be instrumental in providing an environment that can lead to commercialization opportunities and business development through new discoveries.

C. **Provide a timetable of critical benchmarks that must be met for full implementation which can be used to monitor progress (planning, design, funding, construction, etc.). The timetable should also include ensuring appropriate accreditation of the proposed educational site and any proposed programs requiring specialized accreditation, if required**.

Approval by BOG	**Jan 30, 2020**
Transfer of the Building to FIU	**March 1, 2020**
Transfer of Ground Lease and other assets to FIU	**March 1, 2020**
Building Improvements	**Begin June 30, 2020**
Faculty hiring completed	**August 31, 2020**

II. Need and Demand Assessment

A. **Provide a detailed assessment of unmet local student demand for access to academic programs in the vicinity of the proposed educational site. Complete Table 1 in Appendix A to enrollment projections for unduplicated student headcount and FTE by degree program and level.**
Not applicable; instructional activities will not take place.

B. **Provide a detailed data-driven assessment that describes unmet local and regional workforce need for programs and services to be offered at the proposed educational site. In the appendices, provide letters of support from the local community and business interests.**
Not applicable; instructional activities will not take place.

III. Academic Programs and Courses

A. **Provide a list of the degree programs, partial programs, or college credit certificates and courses to be offered at the proposed educational site by year five or the Final Year of implementation if different, using Table 1 in Appendix A. The proposed degree programs must be identified by six-digit CIP Code, by program title, and degree level.**
   Not applicable; instructional activities will not take place.

B. **Provide an explanation as to how the proposed degree programs and courses will be affiliated with similar programs offered on the central campus and/or other educational sites of the university. Will they be independent or an extension of existing programs?**(Please see BOG regulation 8.011 (5))
   Not applicable; instructional activities will not take place.

C. **Provide an assessment, supported with data, that justifies any duplication of degree programs and services that might already be provided by an existing state university or Florida College System campus in the vicinity of the proposed educational site. Describe any discussions that have taken place with affected colleges and universities and provide letters of support or letters of concern in the appendices.**
   Not applicable; instructional activities will not take place.

IV. Administration and Student Support Services

A. **Describe the administrative structure of the proposed educational site and how it will relate to the central administration of the university. Include any necessary funding in the financial plan outlined in Table 2 of Appendix A.**
   The site will be a FIU research facility. Due to the location and research focus, it will be managed by the Office of the Vice President for Research and Economic Development with an on-site Director who will be responsible for the support staff, facility management, and operations on a daily basis. Capital improvements will be managed by Office of the Associate Vice President for Facilities Management operations in conjunction of the Office of the Vice President for Research and Economic Development. All support for the operations will come from the overhead produced from externally sponsored projects and existing E&G funds to support research.
B. **Describe how the proposed site will provide student services, either onsite or online from the central university campus.**
   Not applicable; instructional activities will not take place.

C. **Provide a plan to provide library services and other instructional resources that will support the proposed programs. Include any necessary funding in the financial plan outlined in Table 2 of Appendix A.**

Not applicable; instructional activities will not take place.

V. Budget and Facilities

A. **Provide a projected operational budget using Table 2 in Appendix A that includes revenues and expenses out to year five, or the final year of implementation if different. Provide a narrative that explains the cost assumptions reflected in Table 2. Include the operational costs on the proposal cover page.** FIU has already recruited four research faculty with total annual grant awards of $3.5 million and is in the process of recruiting six additional research faculty that will be located in the research facility by the end of FY 19/20. By the end of FY 20/21, a grand total of 18 faculty, along with their research support staff, will occupy the facility. An administrative staff of 5.6 FTEs will initially support these research teams, which includes the Director of Torrey Pines @ FIU and will grow to a total of 8 FTEs by the end of FY 20/21. Total expenses, which includes facility operations, will increase from $2.6 million to $17.5 million during the start-up period and will stabilize around $16 million based on research activity and capacity. Revenue to support this operation will come from two sources: overhead earned on increased sponsored research awards and current funding to support research.

B. **Use Table 3 in Appendix A, to identify each facility or facilities required to establish the proposed educational site, and any additional facilities that will be required once the site has reached its expected size and enrollments. Include capital facility costs on the proposal cover page.**
There are no additional facilities needed.

C. **Describe ownership of the new location and provide documentation of ownership or lease agreements, to include any special clauses, easements, or deed restrictions. If the property is a gift, provide the gift agreement. Please provide information on the type of ownership if the site is leased or owned (if leased please provide information on the duration of the lease and the entity that owns the lease). If the site is joint-use please provide the name of the other entity in the joint agreement as well as the total number of students this site will serve from year 1 through year 5.**
The research facility is located on land in which currently there is a Ground Lease between the City of Port St. Lucie, as landlord, and TPIMS Land Company, LLC, as tenant. TPIMS Land Company, LLC will be assigning its interest in the Ground Lease to FIU, and FIU will be assuming the obligations as tenant thereunder. Previously, the City of Port. St. Lucie transferred the title of the building located on the Ground Lease premises to TPIMS Land Company, LLC. TPIMS Land Company, LLC will be transferring the title of the building to FIU at no cost. Upon expiration of the Ground Lease in November 15, 2026, the

City of Port St. Lucie will transfer title of the Ground Lease premises to FIU as specified in the Ground Lease.

D.

E. **Are the facilities owned or leased by the University?** Upon transfer of title and assignment of lease as explained above.

(x) Owned (x) Leased

VI. Addendum for International Campuses and Special Purpose Centers

If the proposed site is international, include a copy of any MOU or other agreements related to the site as an appendix Not applicable.

(x) The University certifies that all requirements of BOG Regulation 8.009(3)(f) have been met.

APPENDIX A

TABLE 1

DEGEE PROGRAMS PLANNED AND PROJECTED ENROLLMENTS

(Annual Unduplicated Headcount and FTE)

CIP	Baccalaureate Degree	Degree	Year 1		Year 2		Year 3		Year 4		Year 5	
Code	Program Title	Level	Headcount	FTE	Headcount	FTE	Headcount	FTE	Headcount	FTE	Headcount	FTE
xxxx	xxxxxxxxxx	B	0	0	0	0	0	0	0	0	0	0
xxxx	xxxxxxxxxx	B	0	0	0	0	0	0	0	0	0	0
xxxx	xxxxxxxxxx	B	0	0	0	0	0	0	0	0	0	0
xxxx	xxxxxxxxxx	B	0	0	0	0	0	0	0	0	0	0
xxxx	xxxxxxxxxx	B	0	0	0	0	0	0	0	0	0	0
xxxx	xxxxxxxxxx	B	0	0	0	0	0	0	0	0	0	0
xxxx	xxxxxxxxxx	B	0	0	0	0	0	0	0	0	0	0
xxxx	xxxxxxxxxx	B	0	0	0	0	0	0	0	0	0	0
xxxx	xxxxxxxxxx	B	0	0	0	0	0	0	0	0	0	0
	TOTAL BACCALAUREATE		0	0	0	0	0	0	0	0	0	0

CIP	Master's Degree	Degree	Year 1		Year 2		Year 3		Year 4		Year 5	
Code	Program Title	Level	Headcount	FTE	Headcount	FTE	Headcount	FTE	Headcount	FTE	Headcount	FTE
xxxx	xxxxxxxxxx	M	0	0	0	0	0	0	0	0	0	0
xxxx	xxxxxxxxxx	M	0	0	0	0	0	0	0	0	0	0
xxxx	xxxxxxxxxx	M	0	0	0	0	0	0	0	0	0	0
xxxx	xxxxxxxxxx	M	0	0	0	0	0	0	0	0	0	0
xxxx	xxxxxxxxxx	M	0	0	0	0	0	0	0	0	0	0
xxxx	xxxxxxxxxx	M	0	0	0	0	0	0	0	0	0	0
	TOTAL MASTER'S		0	0	0	0	0	0	0	0	0	0

CIP	College Credit Certificate	Course	Year 1		Year 2		Year 3		Year 4		Year 5	
Code	Program Title	Level	Headcount	FTE	Headcount	FTE	Headcount	FTE	Headcount	FTE	Headcount	FTE
xxxx	xxxxxxxxxx	G	0	0	0	0	0	0	0	0	0	0
xxxx	xxxxxxxxxx	G	0	0	0	0	0	0	0	0	0	0
xxxx	xxxxxxxxxx	G	0	0	0	0	0	0	0	0	0	0
xxxx	xxxxxxxxxx	G	0	0	0	0	0	0	0	0	0	0
xxxx	xxxxxxxxxx	G	0	0	0	0	0	0	0	0	0	0
xxxx	xxxxxxxxxx	UG	0	0	0	0	0	0	0	0	0	0
	TOTAL MASTER'S		0	0	0	0	0	0	0	0	0	0

NOTE: Add Year columns as necessary to cover the period of time needed for full implementation.

Edition 04/15/14

APPENDIX A

TABLE 4

SUMMARY FINANCIAL PROJECTIONS TO FULL IMPLEMENTATION

Fiscal Year Ending June 30	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**
General Operations Revenues	**2020**	**2021**	**2020**	**2021**	**2022**
Carry Forward from Prior Year	0	0	0	0	0
General Revenue/Lottery					
State Allocations (GR/Lottery)	1,102,086	2,846,997	4,070,131	4,837,332	3,573,213
Tuition/Tuition Differential and Fees					
Tuition (Matriculation)	0	0	0	0	0
Tuition (Differential, 70% UG Support)	0	0	0	0	0
Out of State Student Tuition Fees	0	0	0	0	0
Research Trust Funds (by title)					
XYZ Trust Fund	0	0	0	0	0
Financial Aid and Academic Related Fees					
Financial Aid	0	0	0	0	0
Tuition (Differential, 30% Financial Aid)	0	0	0	0	0
Out of State Financial Aid	0	0	0	0	0
Student Technology Fee	0	0	0	0	0
Student Distance Learning Fee	0	0	0	0	0
Other Fees (Material/Supply), Facility/Equipment, etc.)	0	0	0	0	0
Other Revenues					
Grants and Overhead funds	908,427	7,175,011	10,267,905	12,272,655	12,456,745
Rental Income	283,374	850,121	875,624	901,893	928,950
Total Revenues	**2,293,887**	**10,872,129**	**15,213,660**	**18,011,880**	**16,958,908**

General Operations Expenses					
Compensation and Employee Benefits	972,131	5,091,801	7,037,681	8,222,681	8,232,287
Shared Services	0	0	0	0	0
Incremental Shared and/or Contractual Services Costs	0	0	0	0	0
Library Services/e-Collections	0	0	0	0	0
Contractual Services	0	0	0	0	0
Plant Costs and Operating Supplies	1,075,381	5,315,301	6,786,825	5,782,778	5,087,123
Financial Aid, Scholarships, Stipends	89,181	179,180	254,180	299,180	338,006
Equipment	415,991	1,207,374	1,878,941	2,328,429	1,828,684
Professional Service and Travel	137,390	571,434	795,861	941,455	821,909
List:	0	0	0	0	0
Total Expenses	**2,690,074**	**12,365,090**	**16,753,488**	**17,574,523**	**16,308,009**
Operating Net Revenues Over Expenses	**-396,187**	**-1,492,961**	**-1,539,828**	**437,357**	**650,899**

NOTE: Add Year columns as necessary to cover the period of time needed for full implementation.
Start up period deficits will be covered by F&A from sponsored resarch funds

STATE UNIVERSITY SYSTEM
CIP-3 SHORT TERM PROJECT EXPLANATION

Page ___of ___

GEOGRAPHIC LOCATION: (campus name & city)
PROJECT DESCRIPTION/TITLE:

COUNTY:
PROJECT BR No. (if assigned):____

Facility/Space Type	Net Area (NASF)	Net to Gross Conversion	Gross Area (GSF)	Unit Cost (Cost/GSF)*	Construction Cost	Assumed Bid Date	Occupancy Date
			0		0		
			0		0		
			0		0		
			0		0		
			0		0		
Totals	0		0		0		

*Apply Unit Cost to total GSF based on primary space type

Remodeling/Renovation	☐	☐	☐
Total Construction - New & Rem./Renov.			0

Space Detail for Remodeling Projects

BEFORE		AFTER	
Space Type	Net Area (NASF)	Space Type	Net Area (NASF)
Total	0	Total	0

SCHEDULE OF PROJECT COMPONENTS

ESTIMATED COSTS

Basic Construction Cost	Funded to Date	Year 1	Year 2	Year 3	Year 4	Year 5	Funded & In CIP
1. a.Construction Cost (from above)							0
Add'l/Extraordinary Const. Costs							
b.Environmental Impacts/Mitigation							0
c.Site Preparation							0
d.Landscape/Irrigaiton							0
e.Plaza/Walks							0
f.Roadway Improvements							0
g.Parking ___ spaces							0
h.Telecommunication							0
i.Electrical Service							0
j.Water Distribution							0
k.Sanitary Sewer System							0
l.Chilled Water System							0
m.Storm Water System							0
n.Energy Efficient Equipment							0
Total Construction Costs	0	0	0	0	0	0	0
2. Other Project Costs							
a.Land/existing facility acquisition							0
b.Professional Fees							0
c.Fire Marshall Fees							0
d.Inspection Services							0
e.Insurance Consultant							0
f.Surveys & Tests							0
g.Permit/Impact/Environmental Fees							0
h.Artwork							0
i.Moveable Furnishings & Equipment							0
j.Project Contingency							0
Total - Other Project Costs	0	0	0	0	0	0	0
ALL COSTS 1+2	0	0	0	0	0	0	0

Appropriations to Date Source	Fiscal Year	Amount	Project Costs Beyond CIP Period Source	Fiscal Year	Amount	Total Project In CIP & Beyond
TOTAL		0	TOTAL		0	0

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FIU | FLORIDA INTERNATIONAL UNIVERSITY

Funding Certification Form

This form is required by the FIU Board of Trustees ("BOT") and/or a committee of the BOT as a condition for approval of items, containing a funding component, that come for approval before the Board and/or a BOT committee pursuant to the Delegations of Authority from the BOT to the University President or otherwise.

Item name/description: Approval of Asset Acquisition and Related Matters Pertaining to Torrey Pines Institute for Molecular Studies, Inc. ("Torrey Pines") and affiliated entities, as set forth in the Acquisition Agreement and Plan of Merger

Funding Source(s): Sponsored Research F&A

This is to certify that the above item has been reviewed and approved, and to the best of our professional judgment and knowledge, the type of funding for the item is authorized by state law and Board of Governors Regulations, and the Trustees may reasonably and in good faith rely on this certification.

Vice President, Andres Gil	11/22/2019 Date
Kenneth A. Jessell, Sr. Vice President and Chief Financial Officer	11-22-2019 Date
Carlos B. Castillo, General Counsel	11-25-2019 Date
Mark B. Rosenberg, President	11-26-2019 Date

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee
December 5, 2019

Subject: Approval of Contract #PUR-00628, vendor ARAMARK Management Services Limited Partnership

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Proposed Committee Action:

Pursuant to the Delegations of Authority from the Florida International University Board of Trustees (the BOT) to the University President, as reflected in the Resolution on the President's Powers and Duties approved by the BOT on March 4, 2019, (i) approve the University entering into the contract as listed and described below and (ii) authorize the University President or his designee to execute, on behalf of the University, the aforementioned contract.

Background information:

Contract #PUR-00628 (vendor: ARAMARK Management Services Limited Partnership). Amendment Number Nine (9) and Third Extension of the Agreement Between FIU and Vendor is being requested by FIU Procurement on behalf of the Facilities Management department for University-wide ground maintenance services. The Master Agreement was awarded as a result of the Request for Proposal RFP-90-012 process solicited by FIU Procurement Services at the request of the Facilities Management department.

- **Term**: Third extension term commences on January 13, 2020 and ends on June 30, 2020.
- **Cost**: $2,031,252.63 for the total extension term of September 6, 2019 through June 30, 2020. The previous year's base price was $2,491,060.97. This year's costs are estimated based on the previous year's price of $2,491,060.97 plus a three percent (3.0%) increase which will total $2,565,792.80 for a 12-month period. The extension is estimated to be for 9 ½ months.
- **Funding source**: Various

Supporting Documentation:	Contract #PUR-00628, Vendor: ARAMARK Management Services Limited Partnership Funding Certification Form
Facilitator/Presenter:	Kenneth A. Jessell

AMENDMENT NUMBER NINE (9) TO AND THIRD EXTENSION OF THE AGREEMENT BETWEEN FIU AND VENDOR

This **AMENDMENT NINE AND THIRD EXTENSION** of the Agreement (the "Amendment") is made and entered into on the last date signed below (the "Effective Date"), by and between **THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES** ("FIU"), and **ARAMARK MANAGEMENT SERVICES LIMITED PARTNERSHIP**, a Delaware limited partnership, whose principal address is 1101 Market Street, Philadelphia, PA 19107, who is authorized to do business in the State of Florida (the "Vendor").

WHEREAS, FIU and Vendor entered into that certain Agreement dated September 6, 2010 for goods and/or services related to the Competitive Solicitation entitled RFP No. 90-012, Grounds Maintenance, as amended by those certain amendments, each modifying Paragraph 22 of the Agreement, specifically including: Amendment One (1) dated February 3, 2012; Amendment Two (2) dated September 19, 2012; Amendment Three (3) dated September 27, 2013; Amendment Four (4) dated November 25, 2014; Amendment Five (5) and Renewal dated October 2, 2015; Amendment Six (6) and Renewal dated August 30, 2016; Amendment Seven (7) and Third Renewal dated November 3, 2017; Amendment Eight (8) and Extension dated September 14, 2018; and Second Extension of the Agreement dated May 17, 2019 (collectively, the "Agreement"); and

WHEREAS, the parties desire to extend the Agreement for an additional period of time, and amend the Agreement as set forth herein.

NOW THEREFORE, for and in consideration of the covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree to modify the original agreement as follows:

1. **Extension Term**. The Agreement is hereby extended for an additional one (1) year term, commencing on January 13, 2020 and ending on June 30, 2020 (the "Third Extension Term").

2. **Amendment.** Paragraph 22 of the Agreement shall be amended to add subparagraph (l), which shall read as follows:

   "Pursuant to Paragraph 22(d), the price of the ninth contract year, effective September 6, 2019 through September 5, 2020, is $2,565,792.80 (based on a 12-month period and may be lower due to the above extension term), which is based on the previous year's price of $2,491,060.97 plus a three percent (3.0%) increase. This three percent (3.0%) increase is instead of the other option listed in Paragraph 22(d), which was an increase equal to the EPI for the most recent twelve (12) month period, which was 3.7%."

3. **Ratification.** Except as modified hereby, all of the terms, covenants and conditions of the Agreement shall remain in full force and effect and are hereby ratified and affirmed.

4. **Conflict**. In the event of a conflict between the terms of this Amendment and the Agreement, the terms of this Amendment shall control.

5. **Capitalized Terms.** All capitalized terms used herein but not expressly defined herein shall have the meaning ascribed thereto in the Agreement.

6. **Insurance**. The Vendor shall continue to furnish FIU with certificates of insurance for the duration of this Extension. The Vendor's certificates on the applicable policies (including but not limited to general liability and automobile liability policies) shall indicate an endorsement which names The Florida International Board of Trustees, Florida International University, the State of Florida, the Florida Board of Governors, and their respective trustees, directors, officers, employees and agents as additional insureds on such policies. Additionally, the Vendor's policies shall carry an endorsement to provide thirty (30) days prior written notice to FIU in the event of cancellation or reduction in coverage or amount. In the event the Vendor's insurance carrier refuses to provide an endorsement to provide thirty (30) days prior written notice to FIU, then the Vendor will be required to provide thirty (30) days prior written notice to FIU in the event of a cancellation or reduction in the coverage or amount and secure any new insurance as required to comply with this Extension and the Agreement to ensure continuous coverage. If the Vendor fails to secure and maintain insurance policies complying with the provisions of the Agreement, FIU may terminate this Extension and the Agreement.

7. **No counterparts; facsimile signatures allowed.** This Amendment may not be executed in counterparts. This Amendment and Agreement, along with any and all Exhibits, may be executed and delivered by facsimile signature by any of the parties to the other parties; to the extent permissible under Florida law, a facsimiles signature shall have the same legal force and effect as an original signature and the receiving party may rely on the receipt of such document so executed and delivered by facsimile signature as if the original had been received.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.

IN WITNESS WHEREOF, the duly authorized representatives of the parties have affixed their signatures, effective on the Effective Date first written above.

FOR THE **VENDOR:**

ARAMARK MANAGEMENT SERVICES LIMITED PARTNERSHIP

BY: ARAMARK SMMS LLC, ITS GENERAL PARTNER

NAME & TITLE: Christian Dirx, Vice President of Finance, its Authorized Signatory

DATE: ____________________

FOR **FIU:**

THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES

BY: ____________________

NAME & TITLE: Dr. Kenneth Jessell
CFO and Senior Vice President

DATE: ____________________

APPROVED AS TO FORM AND LEGALITY:

By:____________________
Vilma Mesa
Assistant General Counsel
Florida International University
Date: ____________________

FIU FLORIDA
INTERNATIONAL
UNIVERSITY

Funding Certification Form

This form is required by the FIU Board of Trustees ("BOT") and/or a committee of the BOT as a condition for approval of items, containing a funding component, that come for approval before the Board and/or a BOT committee pursuant to the Delegations of Authority from the BOT to the University President or otherwise.

Item name/description: *Approval of Contracts under $3 million # PUR-00628, vendor: Armark Management Services Limited Partnership*

Funding Source(s):

Fund Code	Fund Code Description
211	Carry Forward
210	General Revenue
333	Housing Fund
334	Parking Fund
339	Auxiliary Construction

This is to certify that the above item has been reviewed and approved, and to the best of our professional judgment and knowledge, the type of funding for the item is authorized by state law and Board of Governors Regulations, and the Trustees may reasonably and in good faith rely on this certification.

Kenneth A. Jessell, Sr. Vice President
Date 11-19-2019

Kenneth A. Jessell, Sr. Vice President and Chief Financial Officer
Date 11-19-2019

Carlos B. Castillo, General Counsel
Date 11-19-2019

Mark B. Rosenberg, President
Date 11-21-2019

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Financial Summary Overview [1]
FY 2019-20

	Year To Date September 2019			
	Budget	Current Year Actual	Variance	
($ in millions)			$	%
Revenue / Receipts				
University				
Educational and General (net) [2]	$ 169.5	$ 172.4	$ *2.9*	*2%*
University	*154.4*	*157.2*	*2.8*	*2%*
College of Medicine	*15.1*	*15.1*	*0.1*	*0%*
FIU Self-Insurance Program	-	-	*-*	*0%*
Auxiliary Enterprises	74.0	76.5	*2.5*	*3%*
Intercollegiate Athletics	10.0	10.0	*-*	*0%*
Activities and Service	8.1	8.2	*0.1*	*1%*
Technology Fee	4.3	4.4	*0.1*	*2%*
Board Approved Fees	0.1	0.2	*0.1*	*100%*
Contracts and Grants	34.9	42.8	*7.9*	*23%*
Student Financial Aid	95.0	60.5	*(34.5)*	*-36%*
Concessions	0.1	0.2	*0.1*	*100%*
Direct Support Organizations				
FIU Athletic Finance Corp	2.3	1.8	*(0.5)*	*-22%*
FIU Foundation Inc.	5.6	8.8	*3.2*	*56%*
Contributions for University Support	*4.9*	*8.0*	*3.1*	*62%*
Operating Revenues	*0.7*	*0.8*	*0.1*	*17%*
FIU Health Care Network	2.5	2.7	*0.2*	*8%*
FIU Research Foundation	-	-	*-*	*0%*
Interfund Adjustments [3]	(1.4)	(1.4)	*-*	*0%*
Total Operating Revenues	**$ 405.0**	**$ 387.1**	***(18.0)***	***-4%***
University Treasury (net)	4.4	2.8	*(1.6)*	*-36%*
FIU Foundation Inc.	4.7	(0.2)	*(4.9)*	*-104%*
Total Investment Revenues	**$ 9.1**	**$ 2.6**	***(6.5)***	***-71%***
Total Revenues / Receipts	**$ 414.1**	**$ 389.7**	***(24.5)***	***-6%***
Expenses				
University				
Educational and General (net)	$ 126.4	$ 112.0	$ *14.4*	*11%*
University	*114.6*	*102.6*	*12.0*	*10%*
College of Medicine	*11.8*	*9.4*	*2.4*	*20%*
FIU Self-Insurance Program	-	-	*-*	*0%*
Auxiliary Enterprises	54.9	45.3	*9.6*	*17%*
Intercollegiate Athletics	8.2	7.8	*0.4*	*5%*
Activities and Service	4.9	4.1	*0.8*	*16%*
Technology Fee	3.1	2.2	*0.9*	*29%*
Board Approved Fees	0.1	-	*0.1*	*100%*
Contracts and Grants	33.6	41.7	*(8.1)*	*-24%*
Student Financial Aid	95.9	98.8	*(2.9)*	*-3%*
Concessions	0.2	0.1	*0.1*	*50%*
Direct Support Organizations				
FIU Athletic Finance Corp	0.5	0.8	*(0.3)*	*-57%*
FIU Foundation	8.5	7.2	*1.3*	*15%*
University Program Support	*5.9*	*5.5*	*0.5*	*8%*
Operating Expenses	*2.6*	*1.7*	*0.8*	*33%*
FIU Health Care Network	1.4	1.4	*-*	*0%*
FIU Research Foundation	-	0.0	*(0.0)*	*0%*
	-	-	*-*	*0%*
Interfund Adjustments [3]	(1.4)	(1.4)	*-*	*0%*
Total Expenses	**336.3**	**320.0**	***16.3***	***5%***
Principal Payment of Debt [4]	0.2	0.2	*-*	*0%*
Change in Net Assets (incl. Investments)	**$ 77.7**	**$ 69.5**	***(8.1)***	***-10%***
Change in Net Assets (excl. Investments)	**$ 68.6**	**$ 66.9**	***(1.6)***	***-2%***

Florida International University
Financial Summary Overview [1]
FY 2019-20 as of September 2019

Financial Highlights:	**Real**	**Timing**
Operations - By Fund and Direct Support Organization		
Educational and General Variance: Revenues $2.9M, Expenses $14.4M		
I. University (ex-College of Medicine) Variance: Revenues $2.8M, Expenses $12M		
Revenues		
State Appropriations:		
▪ Additional pass-through distribution from the State to cover higher risk management insurance premium	0.4	-
Tuition:		
▪ Undergraduate base: student credit hour enrollment is 102 FTE or 0.7% above target; associated net tuition revenues are above plan due to more non-resident students and higher first-time-in-college (FTIC) student credit hour enrollment	0.8	0.1
▪ FIU Fully Online: higher net tuition revenues mainly due to better than planned enrollment, 143 FTE or 12.1%	0.6	-
▪ Dual Enrolled: student credit hour enrollment is below target by 68 FTE or 7.6%; positive revenue variance from unbudgeted revenues from in-state fee for on-campus dual enrolled students - tuition for off campus, dual enrolled students is waived by statute	0.2	-
▪ Shorelight Enrollment: 35.6% or 66 FTE higher than budgeted enrollment	1.0	-
▪ Tuition differential: above target due to less Florida Prepaid plan exclusions than anticipated	0.7	-
▪ Graduate and Professional: student credit hour enrollment below target 2.4% or 52 FTE; associated net tuition revenues below target due to lower out-of-state enrollment	(1.7)	-
▪ Other: Real variances of lower incidental revenues and higher institutional aid offset by lower mandatory waivers; and timing of discretionary waivers such as out-of-state fee waivers for students impacted by Hurricane Maria	(0.1)	0.8
Total Revenues Variance	**$ 1.9**	**$ 0.9**
Operating Expenses:		
Position Salaries and Benefits:		
Savings:		
▪ One-time savings due to parental, sabbatical, and medical leave paid out of fringe benefit pool, $0.9M ▪ Placeholder for salary and benefit expenses for operational support, World Class Faculty and Scholar Program, and Professional And Graduate Degree Education program appropriations not yet expended, $2.0 ▪ Other in-unit expenses higher than budgeted such as Payroll Allowances, Overtime and Shift Differential, ($0.5M)	2.4	
Timing:		
▪ Vacancies in faculty, administrative, and staff positions offset by Summer budgets funded by savings through the year, ($1.9M)		(1.9)
Sub-Total Position Salaries and Benefits	**2.4**	**(1.9)**
Other Expenses:		
Savings:		
· Higher risk management insurance premium (pass through)	(0.4)	-
Timing:		
· Timing in spending in Academic units especially in special legislative appropriations, such as FIUnique Health Embrace offset by earlier than planned spending on World Class Faculty and Scholar Program / Professional And Graduate Degree Education, $4.4M · Timing of general maintenance expenses, $1.9M, and other in-unit operating expenses, $5.6M	-	11.9
Sub-Total Other Expenses	**(0.4)**	**11.9**
Total Operating Expenses Variance	**$ 1.9**	**$ 10.1**
II. College of Medicine Variance: Revenues $0.1M, Expenses $2.4M		
Enrollment is above target by 7 FTE or 1.5%, with favorable net tuition revenue variance of $0.1M mainly due to lower than anticipated bad debt and waivers.	$ 0.1	$ -
Savings mainly from vacant positions due to organizational changes during the transition to the new Dean of the College of Medicine, $1.4M, and other expenses, $1.0M, of which $0.7M is due to timing	$ 1.7	$ 0.7
FIU Self-Insurance Program Variance: Revenues $0M, Expenses $0M		
Revenues are slightly above target by $2K due to earlier than anticipated interest earnings.	$ -	$ 0.0
Unfavorable operating expense variance of $19K due to earlier than anticipated program administration charges.	$ -	$ (0.0)

Florida International University
Financial Summary Overview [1]
FY 2019-20 as of September 2019

Financial Highlights:

	Real	Timing
Auxiliary Enterprises Variance: Revenues $2.5M, Expenses $9.6M		
Revenues are above target mainly due to higher enrollment in continuing education and market rate academic programs across several colleges, $2.6M, offset by lower sales in the Panther Tech store, ($0.8M), and lower revenues across other auxiliaries, ($0.1M). Timing variances are due to revenues received earlier than planned in the Chaplin School of Hospitability and Tourism Management, procurement card rebates, and South Beach Wine and Food Festival sponsorship revenue, $2.6M; offset by delays in recognizing Children's Creative Learning Center revenue, ($0.5M), and processing housing fees, ($0.1M); less shared services fee revenue commensurate with lower expenses, ($0.5M); and lower revenues across various other auxiliaries, ($0.7M).	$ 2.3	$ 0.2
Expenditures are below budget primarily due to real savings in vacant positions across several auxiliaries, $2.2M. Timing variances are mainly due to delays in spending across academic programs, $3.4M; delays in minor projects in Housing and Parking and Transportation, $2.3M; and delays in purchasing and other minor projects across various other auxiliaries, $1.8M.	$ 2.2	$ 6.1
Intercollegiate Athletics Variance: Revenues $0M, Expenses $0.4M		
Revenues are on target. Real higher athletic fee revenues due to higher enrollment are offset by the timing of receipt of Title IX funds and earlier than anticipated game guarantee revenues.	$ 0.3	$ (0.2)
Expenditures are below budget mainly due to timing of scholarship expenses, $0,8M, offset by expenditures for event tickets and athlete rings which will be reimbursed by the Athletic Finance Corp and Foundation Inc., respectively. Real salary savings from vacant position, $0.2M, are offset by higher than planned temporary employee costs and unbudgeted scoreboard repair expenses, ($0.2M). The scoreboard repair expenses will be reimbursed by the Athletic Finance Corp., during the second quarter of the fiscal year.	$ (0.0)	$ 0.5
Student Activity and Service Variance: Revenues $0.1M, Expenses $0.8M		
Revenues are higher than target primarily due to higher activity and service fee revenue from higher than projected student credit hour enrollment.	$ 0.1	$ -
Expenses are below target primarily due to savings related to vacant positions and less temporary personnel in student centers, student buildings, campus life, and other expenses in various student clubs and organizations.	$ 0.8	$ 0.1
Technology Fee: Revenues $0.1M, Expenses $0.9M		
Revenues are higher than target mainly due to higher than projected student credit hour enrollment and lower bad debt charges.	$ 0.1	$ -
Expenses are below target mainly due to real savings from vacant positions, $0.1M, and delays in project timelines and equipment purchases, $0.7M.	$ 0.1	$ 0.7
Board Approved Fees: Revenues $0.1M, Expenses $0.1M		
Revenues are above plan by $59K or 42%, due to higher than anticipated students reaching the minimum, eligibility threshold of sixty credit hours to be assessed the Bar Test Prep Fee.	$ 0.1	$ -
Expenses are below budget by $19K or 32% due to timing of payments to bar prep course vendors.	$ -	$ 0.0

Florida International University
Financial Summary Overview [1]
FY 2019-20 as of September 2019

Financial Highlights:	Real	Timing
Contracts and Grants Variance: Revenues $7.9M, Expenses $-8.1M		
Sponsored Research:		
The favorable variance in revenues of $11.2M is mainly due to higher sponsored project revenues, $9.5M, and sponsored research administration revenues, $1.7M.	$ 11.2	$ -
Expenditures are above budget by $8.4M commensurate with higher than projected revenues combined with higher than expected commitments against Facilities and Administrative (F&A) returns spent by the colleges, units, centers, and researchers.	$ (8.4)	$ -
External Contracts:		
Revenues are below plan, ($3.3M), primarily due to timing of DSO reimbursements and revenues from College of Medicine Clinical Affairs and other medical programs, ($2.9M); in addition to real lower revenues associated with the Center for Internet Augmented Research and Assessment (CIARA) and the University Police department, ($0.4M).	$ (0.4)	$ (2.9)
Expenses are below budget by $0.3M mainly due to the timing of DSO reimbursement expenses in COM Clinical Services and several other academic departments, $0.4M. The real expense variance of ($0.1M) is due to higher than budgeted DSO reimbursement expenses associated with the recalibrated capital campaign budget, ($0.6M); offset by lower expenses in CIARA commensurate with lower revenues, $0.3M, and savings from vacant positions and professional services in College of Medicine Clinical Affairs and Graduate Medical Education programs, $0.2M.	$ (0.1)	$ 0.4
Student Financial Aid Variance: Revenues $-34.5M, Expenses $-2.9M		
Student financial aid revenue is lower than planned primarily due to timing of the receipt of funds from the state for Bright Futures, ($17.3M), and Florida Student Assistance Grant (FSAG), ($10.2M); the federal government for Pell Grants, ($3.9M); institutional aid, ($2.8M); and donor-related scholarships, ($0.5M); offset by earlier than anticipated federal work study revenue, $0.2M. The majority of these revenues have since been recognized in October.	$ (0.0)	$ (34.5)
Student financial aid expense is above target primarily due to real, higher Bright Futures, ($2.1M) and Pell Grant disbursements, ($0.2M), and timing of higher institutional aid, ($0.6M). The increase in Bright Futures awards is due to a larger than anticipated number of students receiving these awards (19% or 977); the majority of the increase (70%) is associated with Academic Scholars - students whose award covers 100% of tuition. The increase in institutional aid is in support of merit-based scholarships such as Gold and Blue awards.	$ (2.3)	$ (0.6)
The negative change in net assets of $28.5M is $32.3M below target, driven mainly by the timing of the receipt of funding for state (Bright Futures Scholarships and FSAG), federal (Pell Grants), and institutional awards.		
Concessions Variance: Revenues $0.1M, Expenses $0.1M		
Operating revenues are $61K or 47% higher than plan due to laundry vending commissions from prior periods, identified during an internal audit by the service provider, offset by timing of vending commissions.	$ 0.1	$ (0.0)
Operating expenses are $71K or 39% lower than budget largely due to real savings in vending operations overhead, unspent contingencies, and timing of anticipated spending on various events.	$ 0.0	$ 0.1
FIU Athletic Finance Corp Variance: Revenues $-0.5M, Expenses $-0.3M		
Operating revenues are below plan due to the timing of transfers from the University to the Athletics Finance Corp. of pledged Athletics Fee revenue and football ticket sales; the transfer is anticipated to occur by the end of the fiscal year.	$ -	$ (0.4)
The unfavorable variance in operating expenses is mainly due to unbudgeted expenses for the stadium sound system and scoreboard upgrade, and custodial and accounting services. Earlier than anticipated game day expenses also contributed to the unfavorable variance.	$ (0.3)	$ (0.1)

Florida International University
Financial Summary Overview [1]
FY 2019-20 as of September 2019

Financial Highlights:	**Real**	**Timing**
FIU Foundation Inc. Variance: Revenues $3.2M, Expenses $1.3M		
The favorable variance in operating revenues is due to greater than anticipated cash contributions supporting the University.	$ 3.2	$ -
FIU Foundation operating expenses are below target mainly due to higher program and scholarship expenses offset by administrative and building fund related savings.	$ 1.3	$ -
FIU Health Care Network Variance: Revenues $0.2M, Expenses $0M		
Operating revenues are higher than plan due to more enrolled students in the Office of International Affairs (OIA) programs and common area maintenance (CAM) rental receipts now booked as revenue instead of as a current liability.	$ 0.3	$ -
Expenses are slightly above budget due to the higher enrollment in Office of International Affairs (OIA) programs.	$ (0.0)	$ -
FIU Research Foundation Variance: Revenues $0M, Expenses $0M		
Operating revenues are on target.	$ -	$ -
Expenses are $5K above target due to earlier than anticipated operating charges.	$ -	$ (0.0)

Net Investment Returns: $-6.5M

University Treasury investments fiscal year-to-date returns are 1.24% or $3.2M. The $3.2M of gross investment revenues are $1.5M below plan and comprised of $2.3M of investment income and $0.9M of unrealized gains offset by $0.4M of investment fees and Treasury operating expenses. Net investment earnings total $2.8M through Q1.

Foundation investments fiscal year-to-date losses are at -0.1% or $0.2M, generating a negative variance of $4.8M. Investment returns for the full fiscal year were budgeted at 6.5%, or $18.6M.

Principal Payments of Debt: $0M

Principal payments of debt are on target.	$ -	$ -

Notes:

[1] *The financials presented above reflect 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.*
- *Unrealized gains and losses: The investment gains / losses are recognized as revenues in the budget however GASB accounting principles require that it be recorded as a non-operating revenue / expense.*

[2] *E&G revenues include State Funding and Tuition and are net of waivers, uncollectible amounts and 30% Financial Aid need-based amounts per Florida Board of Governors (BOG) regulation. Any differences between E&G Revenues and Expenses will be funded from prior year balances carried forward.*

[3] *Interfund transfers have been included resulting in higher revenues and expenses by fund allowing for an individual fund performance analysis. The interfund adjustments eliminate this double counting. However, interfund transactions such as tuition funded by scholarships and auxiliary services provided to other units have not been eliminated. Since revenues and expenses are equal, the interfund adjustments are the same for both.*

[4] *Principal payment of debt reflected above per Florida Board of Governors (BOG) requirement that debt service payments be shown on a cash basis.*

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee
December 5, 2019

Reports *(For Information Only – no action required)* Pete Garcia, Executive Director of Sports and Entertainment

Fundraising Report

FIU Foundation, Inc.
Unaudited Preliminary Recap
Through the Period Ended September 30, 2019 (in thousands)

	Budget	Actual	Variance
Revenues	$50	$359	$309

- Favorable variance due to Ocean Bank Convocation Naming Rights received in Q1 yet budgeted in Q4. Tennis Center Renovation contributions were also a driver, these funds will be passed through to the renovation project.

Athletics Finance Corporation

FIU Athletics Finance Corporation
Unaudited Preliminary Recap
Through the Period Ended September 30, 2019 (in thousands)

	Budget	Actual	Variance
Revenues	$2,259	$1,818	($441)
Expenses	$511	$882	$(371)

- Year-to-date Net Income excluding debt service was $936.
  - Primary drivers include:
    - 5% Athletics Fee Contribution is now sent monthly due to new methodology, versus one lump sum as in prior years and as reflective in budget. Total Athletics fee budgeted in Q1 is $1,199, actuals realized is $506k.
    - Unfavorable expenses due to stadium improvements done prior to Football Season commencing, not included in the original budget.
- The debt coverage covenant requirement is forecasted to be met for the period ending June 30, 2020.

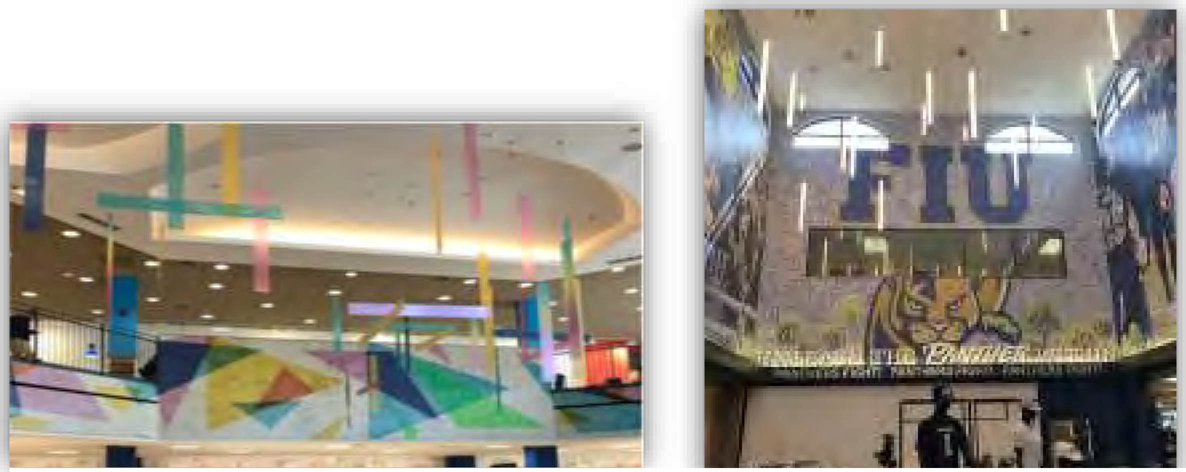
THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES
Finance and Facilities Committee
December 5, 2019

BUSINESS SERVICES REPORT AS OF September 30, 2019

NEW SERVICES AND HIGHLIGHTS

BOOKSTORE Current contract with Barnes and Noble (B&N) was extended until November 2020 to grant sufficient time to negotiate a new contract. Construction commenced in the fourth quarter of FY 18-19 with anticipated completion by October 2019. The University signed an MOU for a $1.5M store renovation fully funded by B&N, featuring:

A new walk-up window for coffee ("La Ventanita").



A complete refresh including new flooring, paint, artwork, furniture and exhibits. A right-size-right-type approach within store sections aimed at improving traffic flow and retention.

FOOD SERVICES

Modesto A. Maidique Campus (MMC)

This brand moves into the former Einstein Bros Bagels, featuring additional seating capacity from an enlarged footprint by expanding slightly into the 8th Street Kitchen. Estimated completion is December 2019.

Indoor renovation was turned over at the end of first quarter of FY 19-20 providing a completely different look and feel, featuring additional seating capacity, expanded menu and multiple large TV screens to activate the area during sporting events. Outside patio renovations offer ample shade and seating, further activating an underutilized area.

The Green Library Starbucks refresh was completed in the first quarter of FY 19-20, featuring aesthetic changes, additional snack options and a second barista station to alleviate wait times.

This venue in PG-5 completed its contractual refresh in the first quarter of FY 19-20, featuring an updated look and feel to their location.

Engineering Center (EC)

Café @ EC

After extensive renovations, Café Bustelo replaced La Carreta on the first floor.

Second-floor dining renovations completed in the first quarter of FY 19-20. The new and improved venue was very well received with more menu items still to come.

Biscayne Bay Campus (BBC)

This major dining area renovation, completed in the first quarter of FY 19-20, features a new "Tray Load" kitchen (retail and all-you-care-to-eat hybrid). Students will enjoy rotating menus and a Chick-fil-A to come in spring.

This local brand will be opening in AHC1 after construction is completed.

RETAIL OPERATIONS

Car wash services expanded to another convenient campus area, the southeast corner of EC. Services are offered Mondays and Wednesdays and have been well received.

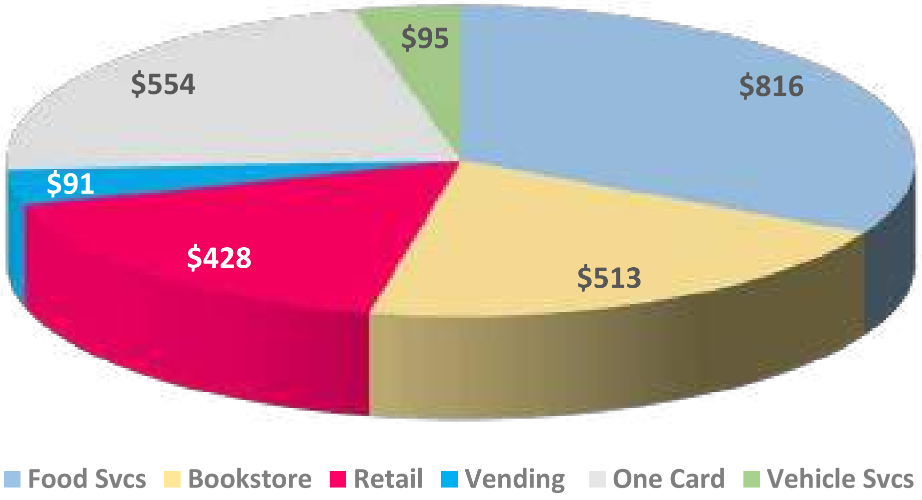
QUICK FACTS

The Office of Business Services (OBS) operates 64 food and retail venues, beverage and snack vending, FIU One Card Program, fleet services, multi-use facilities, property management and advertising. Information on food and retail services including hours of operation may be found at shop.fiu.edu and on the FIU Mobile App under the "Places" link.

Revenue: For the first quarter ended September 30, 2019, OBS managed sales operations of $11.2M, representing $2.5M in operating revenue and support to FIU.

Operating Revenues by Business Segment $2.5M

For the period ended Sept. 30, 2019 (in $000s)



FOOD SERVICES

Through the first quarter ended September 30, 2019, $5.1M in food services sales generated revenues to FIU of $816K, up 25% as compared to the prior year, primarily attributed to the transition from Aramark to Chartwells. The FIU community has embraced the new options and services provided by Chartwells.

BOOKSTORE

Through the first quarter ended September 30, 2019, $4.3M in Bookstore sales generated revenues to FIU of $513K, up 9% as compared to the prior year, primarily a result of the timing of Herff Jones commencement and ring sales. Barnes & Noble book merchandise outperformed the prior year, but was offset by C-Store sales and General Merchandise sales that are underperforming the prior year, collectively, by $18K. Store performance was mainly attributed to the store renovation.

VENDING

Through the first quarter ended September 30, 2019, $275K in vending sales generated revenues to FIU of $91K, down 12% as compared to the prior year.

Pepsi Co. Year-to-date beverage vending sales of $165K translate into $54K of commissions, representing a favorable variance of 2% from prior year and -4% from plan. There are 137 machines across MMC, BBC, and EC.

Right Choice Year-to-date snack vending sales of $110K translate into $37K of commissions, down 33% from prior year and 32% from plan, due to an $8K timing difference in revenue collections by Right Choice. In addition, credit card reader and cell phone signals have impacted service levels and are being addressed. There are 101 snack vending machines across MMC, BBC, and EC.

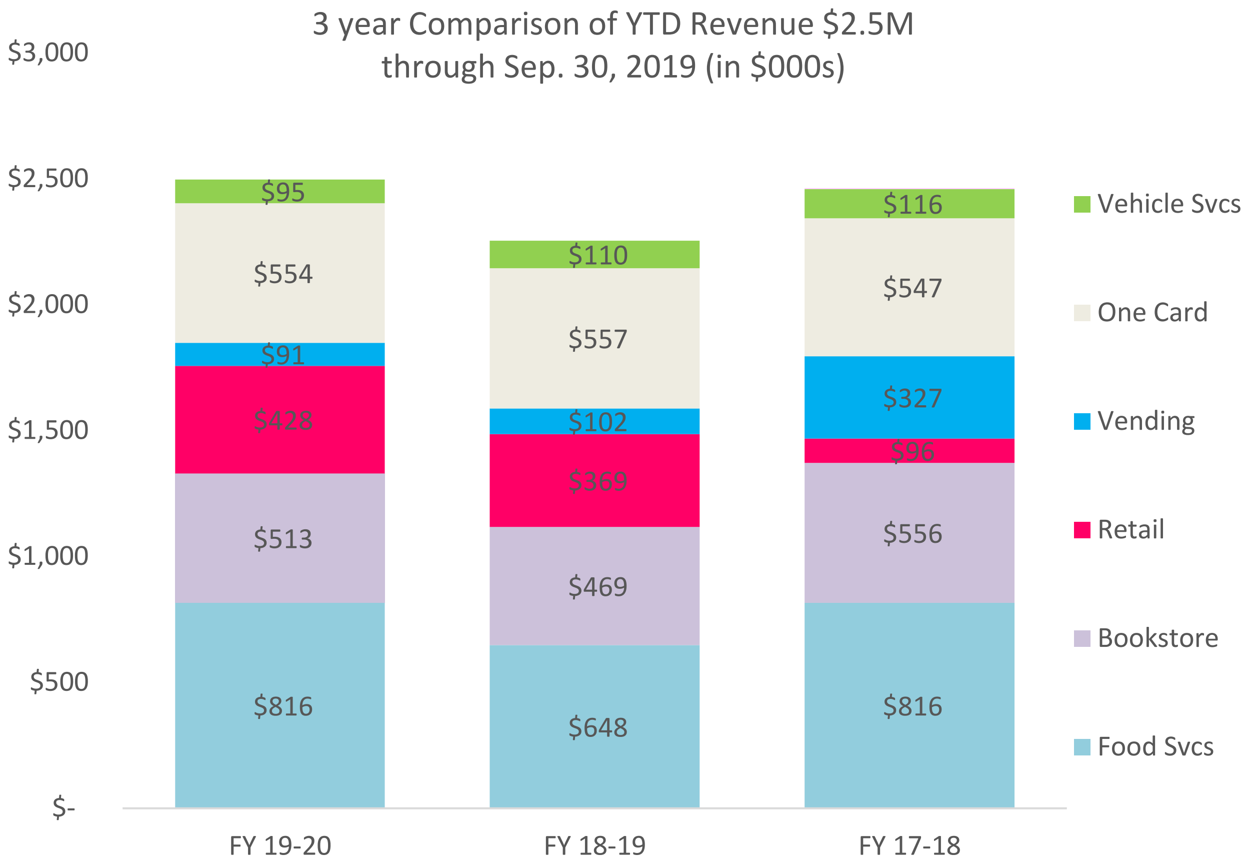
RETAIL OPERATIONS

Year-to-date retail operating revenue of $428K from license fees and commissions is up 1% from plan and 14% from the prior year.

License Fees Year-to-date rental income of $396K is 1% ahead of plan and up 14% from prior year. OBS manages 18 internal and external users across MMC and BBC and is exploring opportunities in PG-6 for expansion.

Commissions Year-to-date commissions of $32K are 5% ahead of plan and up 6% from prior year. Commissions originate from contracts with Afrodita's Garden, College Optical Express, Golden Touch, GT Eco carwash, Pharmabox, RICOH Copy Center and Santi's Salon.

3-YEAR COMPARISION OF YEAR-TO-DATE FIU REVENUE



	FY 19-20	FY 18-19	FY 17-18
Vehicle Svcs	$95	$110	$116
One Card	$554	$557	$547
Vending	$91	$102	$327
Retail	$428	$369	$96
Bookstore	$513	$469	$556
Food Svcs	$816	$648	$816

Note: Through the first quarter ended September 30, 2019, $11.2M in sales generated revenues to FIU of $2.5M, 6% ahead of plan but down 9% when compared to the prior year, mainly due to current refreshes and renovations of campus venues.

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee
December 5, 2019

EMERGENCY MANAGEMENT STATUS REPORT AS OCTOBER 31, 2019

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

FIU Alert Emergency Notification System Test

The fall test of FIU Alert was conducted on September 17, 2019. Attached is a summary report of the test.

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FIU Alert™

Emergency Notification System
September 17, 2019
University-Wide Emergency Notification Test
Department of Emergency Management

Test Overview

On September 17, 2019 from approximately 1:00 p.m. to 1:10 p.m., the FIU Police Department initiated a University-wide test of FIU Alert, the University's emergency notification system. Voice calls, text messages, voice over internet protocol phones, callboxes, outdoor speakers, FIU email, social media in the form of Twitter, electronic message boards, and the main webpage for FIU were utilized to send the FIU Alert. The FIU Alert message that was sent read as follows:

F I U ALERT! This is a test of the F I U emergency notification system. This is only a test.

Immediately following the test, an email containing a survey was sent to the FIU community to gauge the effectiveness of the FIU Alert emergency notification system. The results are below.

FIU Alert Performance Evaluation Data[1]

FIU Alert Results

System Performance	Attempted	Delivered
Voice calls to cell phones	57,567	57,567[2]
Text messages to cell phones	57,414	57,414[3]
Voice over internet protocol phones, outdoor speakers, callboxes	8,041	8,024[4]
FIU email		Unsuccessful
Facebook		Unsuccessful
Twitter		Successful
Electronic message boards (EMB)		Partially Successful
FIU main webpage		Successful

Issues and Solutions

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[1] Data is based on the FIU Alert Test message delivered at 1:10 p.m.

[2] Voice calls fail because of hang ups by the user, bad phone numbers, busy signals and no answers.

[3] Text messages fail because of bad phone numbers, rejection by the carrier because of account settings or no verification of delivery by the carrier.

[4] Seventeen unknown errors.

- Facebook is not integrated.
    - AppArmor’s development team has made the necessary changes to integrate Facebook and FIU is in the process of implementing.

- FIU Alert page is a new enhancement that is still in development and not public facing yet.
    - The FIU main page and FIU News page were both successfully triggered. The test also included a trigger of the new FIU Alert page that should be public facing for the next test.

- Most faculty and staff did not receive email alerts.
    - Email notifications sent out during a past University-wide test included an option to unsubscribe from the FIU Alert system. When an employee opted to unsubscribe, every other individual on that employee’s mailing list was subsequently unsubscribed as well.
    - This problem has been identified by Emergency Management and solved by the AppArmor development team. All mailing lists that had been unsubscribed have been re-added to the messaging system, and the mechanism to unsubscribe from the FIU Alert system has been removed from all email messages.

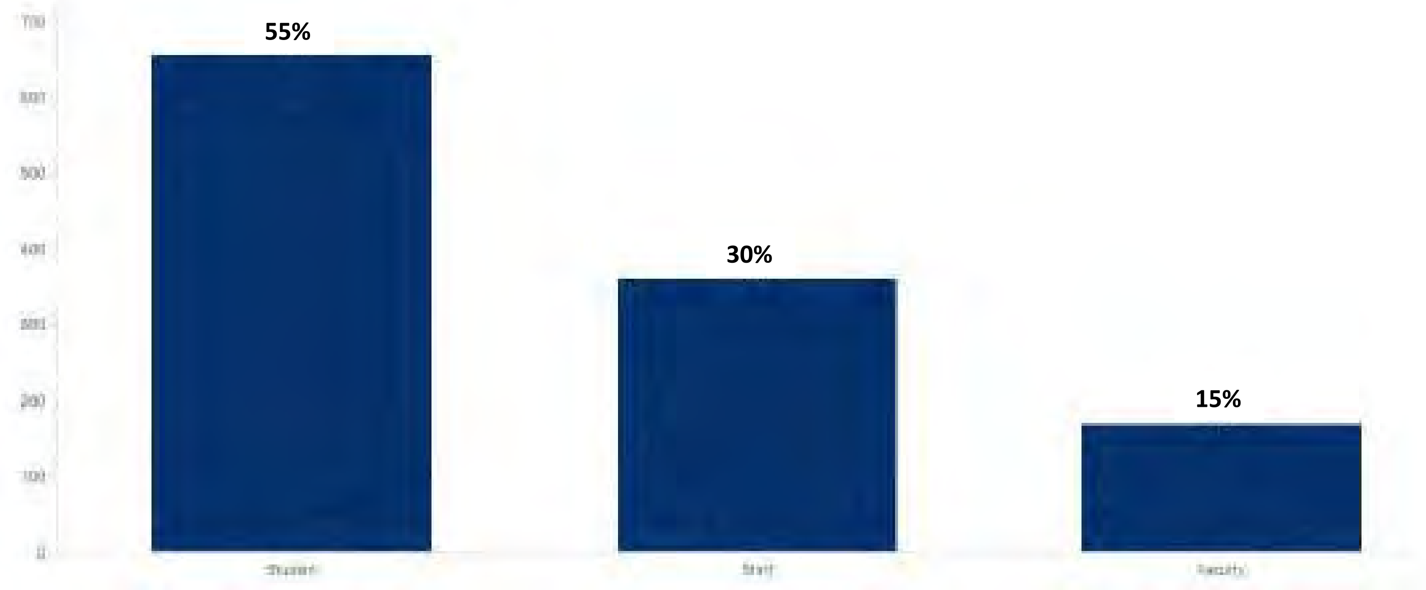
Summary

The test was successful on all platforms except Facebook and Faculty/Staff email. Electronic message boards at the Biscayne Bay Campus were not successful, but the cause of the malfunction has since been identified, tested and successfully integrated. The next University-wide emergency notification test will take place in the 2020 spring semester.

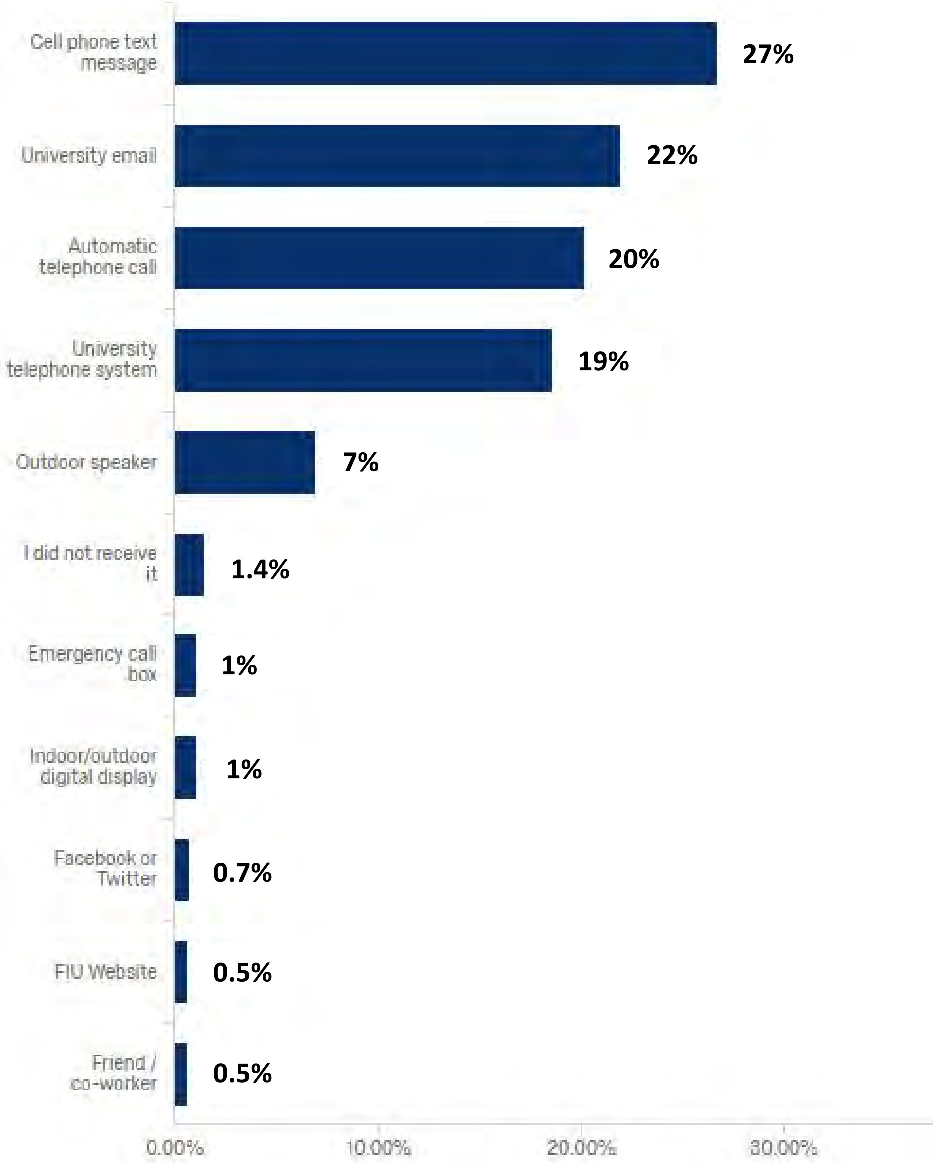
Survey Results

Total respondents to survey: 1,184 (as of Sept 18, 2019)

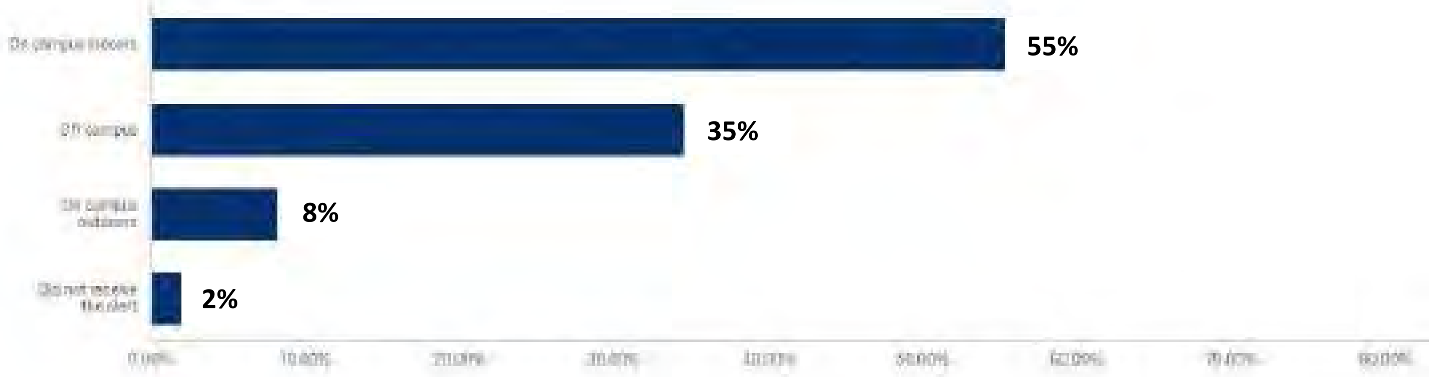
1 - What best describes your affiliation to Florida International University?



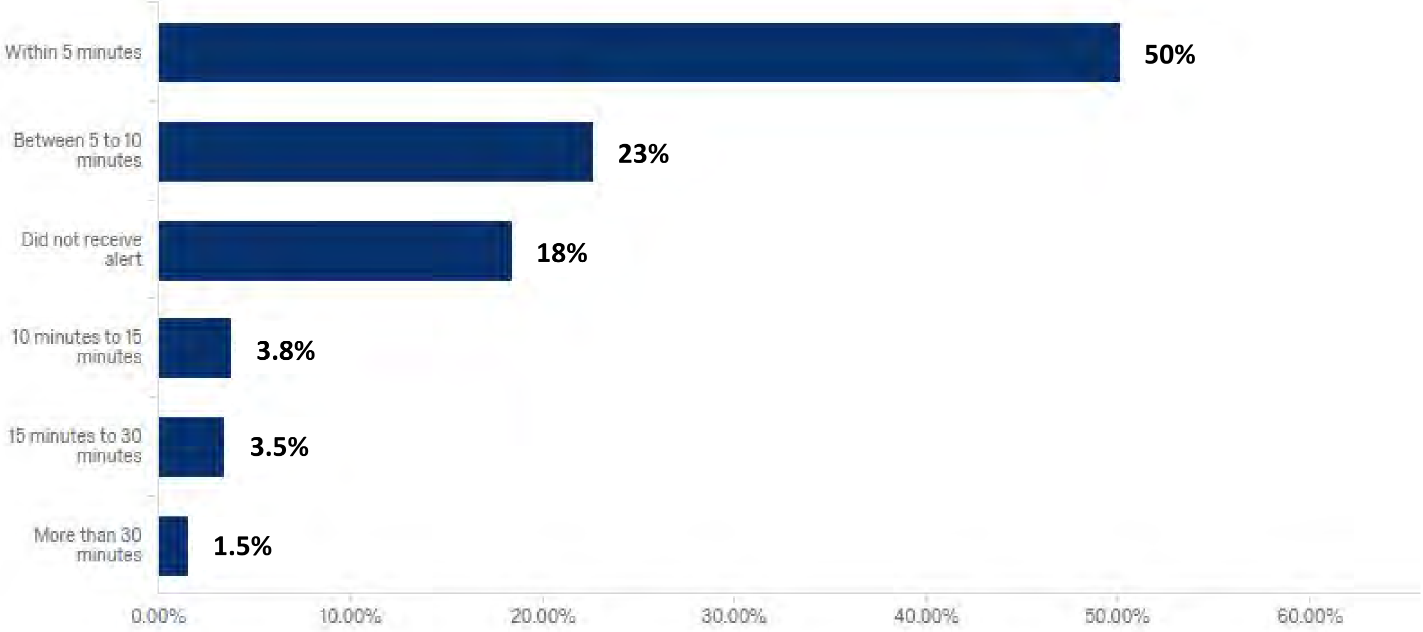
2 - How did you receive the test message? (Mark all that apply)



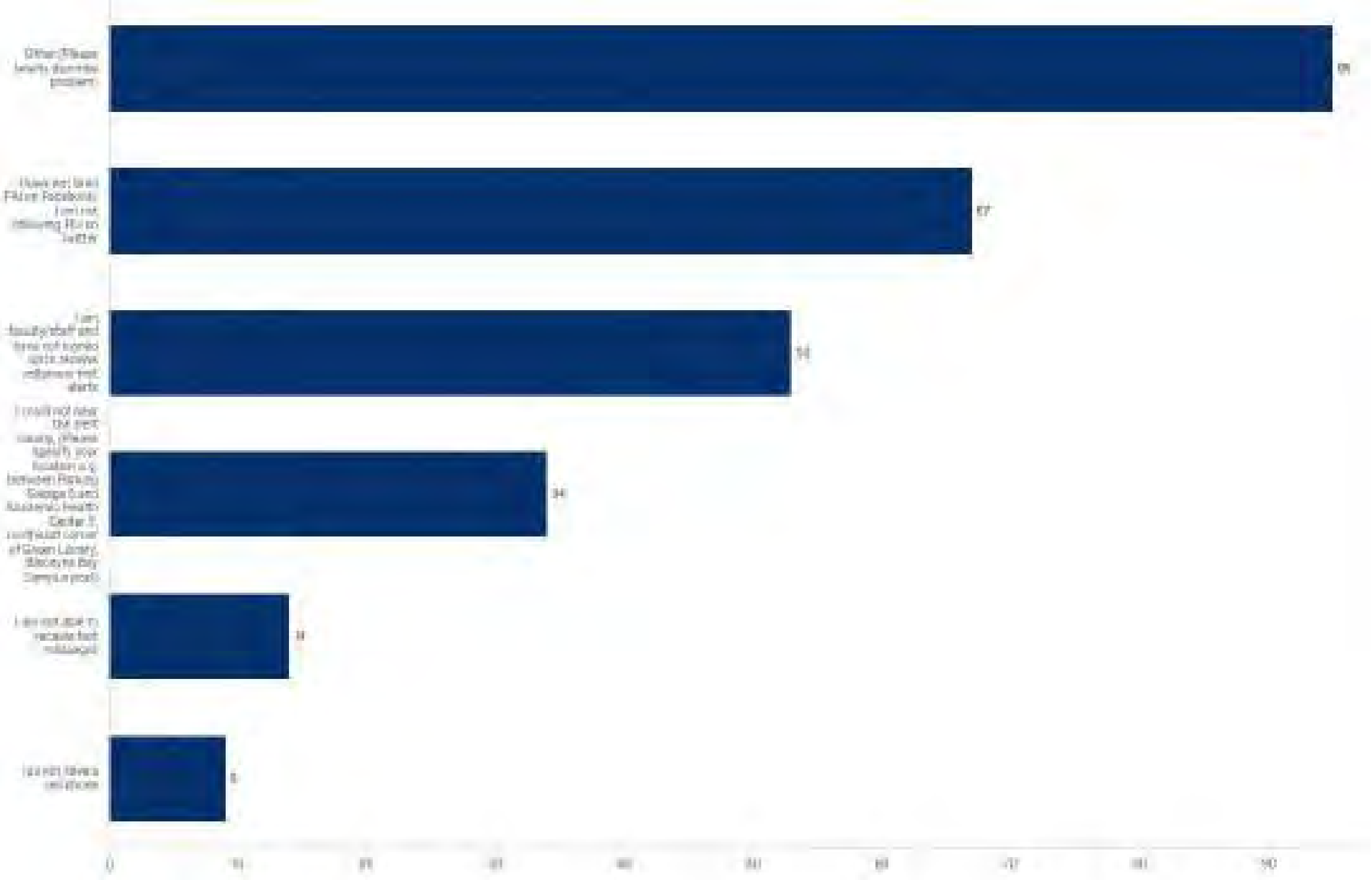
3 - On September 17th, 2019 at 1:00 p.m., the University conducted a University-wide test of the FIU Alert emergency notification system. Where were you located when the test alert was sent out?



4 - If you did receive the cell phone text message, how long after 1:00 p.m. did you receive the message?



5 - If you had difficulties receiving the alert, which best describes why? (Mark all that apply)



<u>Sample responses for “Other (Please briefly describe the problem)</u>

“When I received the call, my phone identified the caller as ‘telemarketing,’ so I thought it was not from FIU.”

“I am signed up for FIU emergency alerts [unverified] but didn’t receive any alerts.”

“Intercom in W-9 Painting Studio wasn't loud enough to hear the message AND we have a hard of hearing student in the class. There should be a visual alert installed as well.”

“The only thing I didn't receive was an email.” – multiple instances of this response

“Bad cell phone coverage inside buildings.”

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee
December 5, 2019

FACILITIES AND CONSTRUCTION UPDATE AS OF NOVEMBER 6, 2019

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

Projects Substantially Complete

- **BBC Aquatic Center Pool Repairs (BT-928) Minor Project FM# 180321 (Phase 1) –** $1.09M CITF and Auxiliary funded project budget. A/E – Alleguez Architecture; CM – Thornton Construction. The project consisted of structural repairs to the Aquatic Center at the Biscayne Bay Campus (BBC). The Aquatic Center is approximately 35 years old, with the last renovation occurring in 2009. A comprehensive structural and safety review identified needed repairs to correct structural deficiencies, water intrusion issues, and critical deferred maintenance issues. The rough plumbing work, structural repairs, deck waterproofing, and floor topping work included in the Phase 1 scope completed in time for the first 2019-20 swim meet on September 26.
  Remaining work to be completed: Phase 2 (see "Projects under Construction.")

- **Multi-Purpose Practice Fields (BT-916)** - $9.9M; multiple funding sources. A/E – Stantec; CM – Moss Construction. The project installed two (2) full-sized practice fields, one natural grass and the other artificial turf, and a 3,500 gsf scalable multi-purpose field support building (FSB). It also built a faculty-designed wetlands expansion south of the preserve. A $529K change order to replace a portion of SW 113th Avenue asphalt from Parkview to the crosswalk northwest of the Recreation Center with traffic pavers, approved as part of the FIU Board of Trustees (BOT) Carry-Forward expenditure plan, completed on June 28, 2019. An additional $126K change order will install 13 retractable traffic-rated stainless steel bollards for improved safety at the intersection of SW 113th Avenue and SW 11th Street and at the intersection of SW 113th Avenue and SW 14th Street after fall commencement.
  Remaining work to be completed: Install retractable road/traffic bollards.

Projects under Construction

- **University City Prosperity Project (UCPP) (BT-904) -** $14.7M TIGER Grant project budget; multiple funding sources. Design/Build Team – MCM+FIGG. The National

Transportation Safety Board (NTSB) released their initial report and held a public hearing October 22, 2019 on their investigation into the probable cause of the March 15, 2018 collapse. FIU is contracting with FDOT approved vendors to remove the Maintenance of Traffic (MOT) measures in place, replace guard rails, concrete curb and asphalt pavement to return S.W. 8th Street to FDOT operational standards.

- **BBC Aquatic Center Pool Repairs (BT-928) Minor Project FM# 180321 (Phase 2) –** $993K CITF and Auxiliary funded project budget. A/E – Alleguez Architecture; CM – Thornton Construction. Phase 2 of the project consists of completing the balance of the previously identified structural repairs to the Aquatic Center support facilities, including concrete and equipment repair to both filter pits and structural repairs to the pool equipment room. Additional work includes replacing both pool liners, replacement of the lower pool deck, and replacement of the chain link fence surrounding the Aquatic Center. To avoid conflict with the competitive swim season, phase 2 is planned to start February 3, 2020. Delivery date: June 2020.

Projects in Design

- **Frost Museum of Science Batchelor Environmental Center at FIU (BT-913) (Phase II) -** $1.8M privately funded project budget. A/E – MC Harry & Associates; CM – Stobs Brothers Construction. To date, $200K has been received for Phase II design services. Combined with Phase I funding already received, $2.4M of the $5M commitment has been released to FIU. Phase II will be a classroom and lab building (approximately 3,000 gsf), with the remaining animal holding areas to be added at a future date when additional grant funding is received by the Frost Museum. The $1.3M equipment budget for the project was reduced to increase the Phase II construction budget to $1.1M for the building only; the budget will require an additional contribution of $245,719 from the Frost Museum. Transfer of the project funding balance will be necessary once agreement is reached on the GMP to proceed with construction. 95% Construction Documents have been submitted for review. The project has been on hold since May 2017 pending resolution of gift agreement terms and new program requirements. Delivery date: TBD. *(No change from previous report).*

- **International Center for Tropical Botany (BT-914) at The Kampong** - $6.0M privately funded project budget. A/E – MC Harry; CM – Thornton Construction. The project will construct a new approximately 12,000 gsf facility on a site immediately adjacent to the National Tropical Botanical Garden (NTBG) property in Coconut Grove to house educational, lab, and office spaces. Programming was formally approved August 28, 2015 and the project went into design development. The warrant package submitted in June 2016 was revised and resubmitted on September 29, 2017 addressing all comments from the City of Miami Zoning and Planning Department. Subsequently, a neighboring property owner proposed adjustments to the building's aesthetic design as part of a gift agreement with the University. The gift agreement was finalized and signed in January 2019. The College of Arts, Sciences, and Education (CASE) and the Division of Academic Affairs have committed to guarantee the gift funding to incorporate the donor's desired changes in the design. A revised warrant package was resubmitted to the City on July 6, 2018 to avoid cancellation of the warrant application due to inactivity. A final revision was submitted on December 19, 2018 including a restrictive covenant agreement between FIU, the City of Miami and the National Tropical Botanical Garden to formally address the concerns of the community in lieu of an agreement. The City of Miami issued a Warrant Final Decision on June 14, 2019 approving the application with conditions pending additional details on the greenhouse, an updated site map, and a decision by the City's Office of General Counsel on the applicability of the City's environmental and historic preservation regulations. The attorney for one of the neighbors filed an appeal of the City's Warrant Final Decision on July 3, 2019. Prior to the appeal hearing on October 16, 2019, FIU reached an agreement with the neighbors and they withdrew their appeal, allowing the City to approve the subsequent warrant and the project to move forward. A meeting to restart the design was held with the architect on October 22, 2019. Additional meetings onsite with the CM are pending to support a December 15, 2019 groundbreaking ceremony. Delivery date: TBD.

- **Parkview II Housing (BT-892)** - $66.5M bond proceed and Housing Auxiliary funded project budget. A/E – Perkins+Will; CM – Moss & Associates. The project includes construction of a new 656 private bedroom style residence hall on the Modesto A. Maidique campus (MMC). The design development submittal was received on October 15, 2019 and is under review by FIU. 50% construction documents are due December 22, 2019. The budget estimate for the advanced schematic design was received on August 22, 2019 and the budget estimate for design development drawings is due November 15, 2019. The current design calls for 13 stories and 697 beds. The financial pro-forma sets a construction cost of $72M with a total project cost of $87.5M. The Housing contribution is set at approximately $22.3M and the maximum bond amount is $70.3M. The financial pro-forma provides a debt coverage ratio of 1.20. While the approved program envisioned a delivery date of April 2020, FIU's exhaustive analysis of all options to reduce project costs will cause this date to shift. We anticipate a revised delivery date of Summer/Fall 2022.

- **PG-5 Emergency Operations Center Expansion (BT-923)** - $8.3M E&G-CF, Auxiliary, and Treasury funded project budget. A/E – PGAL; CM – Biltmore. The expansion will add 10,669 square feet of occupied space and renovate 2,140 square feet on the second floor of PG-5 adjacent to the existing space utilized by FIU Police and Emergency Management to provide a large emergency operations center, food storage and service operations, equipment storage, offices, conference rooms, and meeting breakout rooms. The renovated space will be reconfigured to provide a locker room, showers, laundry service space, and offices that are needed during emergency events. The BOT approved the new project budget of $8.3M on September 18, 2019. The amendment to the CM agreement is pending signature by Biltmore. A Notice-to-Proceed to start construction will be issued when the CM agreement amendment is executed and the occupants of the existing spaces are relocated. The space is scheduled to become available in January 2020. Delivery date: February 2021.

- **School of International and Public Affairs (SIPA) Phase II (BT-887)** - $39.45M project consisting of $12,701,439 PECO funding, $15,000,000 private donation, $250,000 SIPA cash contribution, $5,534,299 FIU Online contribution, and $900,000 E&G CF (current shortfall: $5,064,262 will be raised with additional private donations). A/E – Harvard Jolly; CM – Thornton Construction. The project includes classrooms, conference facilities, offices, language and technology labs, negotiation and mediation facilities, experimental teaching space for SIPA, and offices and student technical support spaces for FIU Online. PECO funding for the project was received in June 2017 with the condition that all private funds be expended before any PECO monies. The Green Family Foundation accelerated its $15M donation, completing the full amount in December 2018. SIPA Dean John F. Stack, Jr. is leading the fundraising initiative for the remaining private funds. The final program was approved July 24, 2018 for an 84,858 gsf building, encompassing 48,445 gsf of built-out space, including 14,563 gsf fully-funded by FIU Online, leaving 36,413 gsf of shell space for future build-out when additional funding is received. Conceptual schematic design was approved by the University President on July 24, 2019 with comments. Advanced schematic design of a five (5)-story building is complete and Harvard Jolly is now initiating Design Development. The amount of funding received will determine how much space will remain shelled. The CM agreement was executed in August and Thornton Construction is engaged in preconstruction. Delivery date: February 2022 (tentative).

Projects in Planning Stage

- **Hotel, Conference and Alumni Center** – Public-Private Partnership (P3) project. Developer/Operator - TBD; Architect - TBD; CM –TBD. The Florida Board of Governors (BOG) approved the project on March 27, 2019. Award to the successful Invitation to Negotiate (ITN) respondent (Concord-Benchmark) is pending the successful finalization of fully executed Development, Operating and Sublease agreements, including design, construction, and operating cost estimates. The developer's team is currently pricing the cost of the project to determine viability of their initial proposal. Any significant change to the proposal terms approved by the BOG would require review by the BOT and resubmission to the BOG. Delivery date: TBD.

- **Engineering Building (Phase I and II) (BT-919)** - $150.0M project consisting of $105.0M PECO funding and $45.0M private donations. A/E – TBD; CM – TBD. The project to build a new engineering building at MMC will include classrooms, teaching labs, study space, research labs, offices, and computer and instructional media spaces. To date, $30,641,537 in PECO funding has been received. The program committee has been formally appointed and held its kick-off meeting on October 31, 2019. Delivery date: Dependent on funding.

- **Graham Center Expansion (BT-921)** - $35.9M CITF funded project. A/E – TBD; CM – TBD. The project will add approximately 69,400 gsf to the existing building, increasing the current ballroom footprint and adding breakout rooms, green rooms, lounges, and storage space. The highlight will be a new and larger grand ballroom facility to meet current and projected needs. To date, $16,301,389 in CITF funding has been received. The entire FY20-21 CITF funding allocation of $7,002,807 will be applied to the project, resulting in a projected total of $23,304,196. The Johnson Consulting firm has begun a demand study to verify the program. Depending on the results of this study, the program may be revised to reflect changes to the project scope and budget. Delivery date: TBD.

- **PG-6 Classroom and Retail Expansion (BT-924)** - $3.7M Auxiliary funded preliminary project budget. A/E – MCHarry; CM – TBD. The project will convert 15,425 gsf of parking garage space in PG-6 to weather-tight conditioned space for 6,635 sf of circulation area, 1,435 sf of unfinished retail space to support the future Miami-Dade County bus terminal, 935 sf of restrooms and 930 sf of storage, with 5,490 sf of space to be assigned. 100% construction documents were completed through a previous minor project. The project has been re-scoped to focus on the immediate known requirements for the future Miami-Dade County bus terminal: the rest rooms and the central access corridor. Future needs for research space and retail will be addressed separately once requirements are better defined. Progress on development of the construction project is contingent on successful negotiation of the agreement with Miami-Dade County. Delivery date: TBD. *(No change from previous report).*

- **CasaCuba (BT-925)** - $37.3M privately funded preliminary project budget. A/E – TBD; CM – TBD. The project will build a 63,477 gsf facility at the SW 16th Street entrance to MMC, including 40,000 gsf of auditorium and exhibition space; 5,500 gsf of classrooms; 5,600 gsf of teaching and research labs; and 12,000 gsf of office, computer and campus support space. The project will create a dynamic center hosting open lectures, academic conferences, digital exhibits and research presentations, engaging museums, historical societies, and other academic and cultural institutions through meaningful partnerships. CasaCuba will help preserve and showcase FIU's wealth of Cuba-related intellectual and cultural resources for the benefit of the community, with a special emphasis on sharing and expanding its notable Cuba Collections. On April 18, 2019 the BOT approved an amendment to the Campus

Master Plan and proceeding to the design phase in order to support fundraising efforts. The program was approved on June 14, 2019. The formal appointment of the selection committee was made July 31, 2019. The advertisement for the Architect/Engineer (A/E) will be posted after review and approval by University leadership, and confirmation of available funding. Responding to the specific request of the CasaCuba Executive Director, FIU Facilities Management Department (FMD) continues to meet with interested architectural design firms to outline the project scope, explain the project vision, and describe the selection process with the objective of encouraging a robust and vigorous competitive selection among highly qualified firms. FMD is actively promoting these meetings now before the A/E advertisement is published because once the advertisement is issued, all selection committee members will be obligated to comply with the statutory "cone of silence" and will be unable to meet or discuss the project with any prospective candidate firms. $750K in federal funding received through a National Endowment for the Humanities (NEH) grant will require studies to determine compliance with environmental and historic preservation requirements. The first installment of $400K has been received from the Knight Foundation and provides sufficient funding to initiate design. Delivery date: TBD.

- **Trish and Dan Bell Chapel (BT-927)** - $9.0M privately funded preliminary project budget. A/E – TBD; CM – TBD. The project will build a non-denominational chapel on MMC on S.W. 14th Street, northwest of the Ronald W. Reagan Presidential House. The chapel will accommodate the plurality of faiths and perspectives at FIU and serve as a multi-faith gathering place for worship, contemplation, spiritual strengthening and mutual understanding. Initial program requirements are for the chapel to hold up to 250 people and include meeting space for students and leaders in FIU's multi-faith community as well as those teaching spiritual/religious subjects. The program committee was finalized on June 4, 2019 and the final program is pending approval. Delivery date: TBD.

- **East Loop Road Realignment (BT-929)** – $6.53M E&G-CF funded project. A/E – TBD; CM – TBD. The project will realign part of the loop road to enhance traffic flow and improve turning radii for large vehicles servicing the Graham Center. This project will create a larger available site area east of the Graham Center Ballrooms for expansion of the Graham Center as well as bus and VIP pick up and drop off access during Graham Center events. The program committee was finalized on September 27, 2019 and programming is in progress. Delivery date: TBD.

Encls: New Minor Projects established 8/1/2019 – 10/31/2019.
New Project Change Orders established 8/1/2019 – 10/31/2019.

FM New Minor Projects over $500,000 established 8/1/19 through 10/31/19 (a)

Purpose: Information to BOT

	FM#	Project	Requester	Date Established	A/E	Construction	Total Budget		Funding Source
1		NO ACTIVITY TO REPORT							
2									
3									
4									
5									
					$ -	$ -	$ -		

(a) "Established" is defined as funded or contracted for design and/or construction during the reporting period.

* Indicates that the project went over $500,000 upon construction being awarded.

FIU FLORIDA INTERNATIONAL UNIVERSITY

FM Change Orders 8/1/19 through 10/31/19 (a)

Purpose: Information to BOT

	FM#	Project	Vendor	Contract No.	Original Amount	Current Amount	CO#	Date Approved	Amount	Description	Funding Source
1	18-0401	VH Structural Repairs	Thornton Construction	339	$ 649,997.30	$ 705,601.60	6	8/27/2019	$ 55,604.30	To perform stucco repairs on the VH Bldg. West elevation.	PECO
2	18-0611	PG3 West Side Entrance	Stobs Bros. Construction	389	$ 710,664.61	$ 766,102.45	2	10/1/2019	$ 55,437.84	Provide additional turf block and grading for landscape.	E&G
									$ 111,042.14		

(a) Change orders over $50,000 on minor projects and change orders over 5% of authorized budget for major projects.

FIU FOUNDATION, INC.

SUMMARY OF SOURCES AND USES & INVESTMENTS

September 30, 2019

FIU FOUNDATION, INC.

Summary of Sources and Uses *

For the 3-Month Period Ended September 30, 2019

(In Thousands of Dollars)

	3-Month Period			3-Month Period		
	University	**Foundation**	**Total**	**Budget**	**Fav (Unfav) Variance**	
FUNDING SOURCES						
Cash Contributions	$ 7,995	$ -	$ 7,995	$ 4,936	$ 3,059	**[1]**
Investment Returns, net of fees	(115)	(40)	(155)	4,656	(4,811)	**[2]**
MARC Building	-	472	472	425	47	
Foundation Subsidiaries	-	55	55	59	(4)	
Unrestricted Annual Revenues	-	301	301	221	80	
TOTAL FUNDING SOURCES	7,880	788	8,668	10,297	(1,629)	
FUNDING USES						
Support to University:						
Scholarships & Programs	5,436	-	5,436	5,223	(213)	
Building Funds	20	-	20	695	675	
Operational Support	-	282	282	367	85	
Total Support to University	5,456	282	5,738	6,285	547	
Operational:						
MARC Building	-	140	140	228	88	
Foundation Subsidiaries	-	36	36	337	301	
Administrative & Fundraising	-	1,255	1,255	1,629	374	**[3]**
Total Operational	-	1,431	1,431	2,194	763	
TOTAL FUNDING USES	**5,456**	**1,713**	**7,169**	**8,479**	**1,310**	**[4]**
AVAILABLE EXCESS (SHORTFALL)	**$ 2,424**	**$ (925)**	**$ 1,499**	**$ 1,818**	**$ (319)**	

**Summary of Sources and Uses reflects sources on a cash basis and uses on an accrual basis.*

[1] *The favorable variance of $3.1 million in cash contributions were gifts mainly from the Chaplin School of Hospitality & Tourism Management, Nicole Wertheim College of Nursing & Health Sciences and College of Arts, Sciences & Education.*

[2] *The unfavorable variance of $4.8 million in investment returns is based on a budgeted return for the fiscal year to date of 1.6% (yielding a 6.5% annual budgeted rate of return) and an actual return fiscal year to date of -0.1%.*

[3] *In addition and not reflected, for the 3-month period ended September 30, 2019, $ 2.4 million of University funds were expended for Administrative & Fundraising costs as a part of the overall philanthropic development efforts across the University.*

[4] *Variances in uses are mainly due to timing.*

Florida International University Foundation
Preliminary Performance Summary
As of September 30, 2019

Asset Class/Composite	Market Value ($000s)	% of Total Managed Assets	Long-Term Policy Target	Long-Term Policy Ranges	Current Month	Calendar Year to Date	Fiscal Year to Date	Ann. Since Inception
Global Public Equity	37,925	13.0%	11.5%	4.0%-21.0%	3.0	13.7	-0.7	5.9
U.S. Public Equity	34,643	11.9%	13.5%	5.0%-30.0%	1.5	18.5	1.5	5.5
Non-U.S. Developed Public Equity	29,742	10.2%	8.5%	3.0%-21.0%	1.6	12.9	-1.2	3.2
Emerging Markets Public Equity	19,796	6.8%	4.0%	0.0%-13.0%	2.2	6.7	-4.9	3.4
Total Public Equity	**122,107**	**41.8%**	**37.5%**	**16.0%-60.0%**	**2.1**	**13.6**	**-0.9**	**4.5**
Global Private Equity	36,554	12.5%	20.0%	5.0%-34.0%	---	---	-0.1	---
Total Public & Private Equity	**158,661**	**54.3%**	**57.5%**	**50.0%-65.0%**	**1.6**	**12.2**	**-0.7**	**5.1**
Total Hedge Funds	48,273	16.5%	17.5%	7.5%-27.5%	-1.1	9.5	-0.3	4.3
Other Diversifying Investments	10,313	3.5%	---	0.0%-20.0%	2.1	10.4	4.4	8.3
Total Diversified Growth	**58,585**	**20.1%**	**17.5%**	**7.5%-27.5%**	**-0.6**	**9.8**	**0.5**	**4.4**
Total Inflation Sensitive	**24,425**	**8.4%**	**10.0%**	**5.0-15.0%**	**-0.1**	**7.8**	**-0.9**	**0.5**
Total Deflation Sensitive	**50,434**	**17.3%**	**15.0%**	**6.0%-24.0%**	**-0.7**	**6.9**	**1.9**	**5.2**
Total Managed Assets Net of CA Fees	**292,105**	**100.0%**	**100.0%**	**---**	**0.6**	**10.2**	**-0.1**	**4.7**
Total Assets Net of CA Fees	**301,751**	**---**	**---**	**---**	**0.6**	**9.9**	**-0.1**	**4.6**

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THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee
December 5, 2019

SAFETY AND ENVIRONMENTAL COMPLIANCE REPORT AS OF OCTOBER 31, 2019

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

Issue: Above Ground Storage Tank Inspection - Engineering Center

Agency: Department of Regulatory and Economic Resources (RER)

On September 13, 2019, Miami-Dade RER performed an inspection of the FIU Engineering Center storage tanks. The inspectors reviewed registration information, monthly detection logs, tank condition, spill containment, and certificate of insurance.

Findings: Based on the compliance letter received for ID 13/8839884, the Engineering Center was determined to be in full compliance. No Notice of Violation was issued.

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THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee
December 5, 2019

TREASURY REPORT *(For quarter ending September 30, 2019)*

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

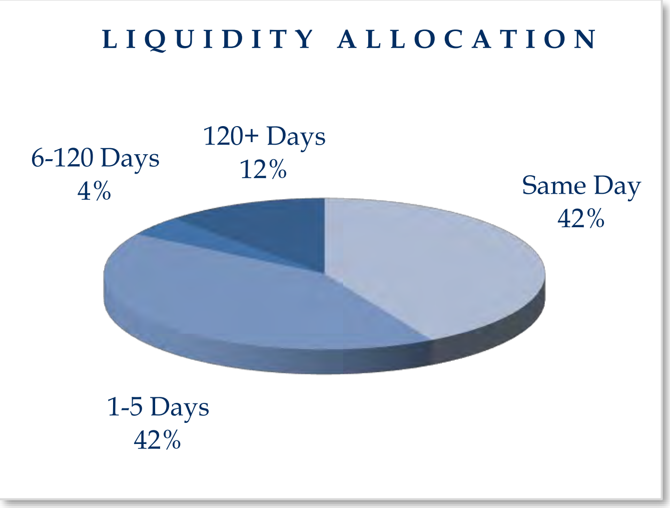
OVERVIEW

The University's total liquidity position of $415.3 million was 3.1 times the University's debt position of $135.6 million at the end of FY 2020 1Q. Including direct support organization ("DSO") debt, the liquidity to total debt ratio was 2.5 times. These results are better compared to the end of FY 2019 1Q, where the liquidity to University debt and the liquidity to total debt ratios were 2.7 times and 2.2 times, respectively.

LIQUIDITY

Real Days Payable

At the end of FY 2020 1Q, $348.0 million, or 83.8 percent, of the liquidity position was accessible within 5 business days (see *Liquidity Allocation* chart for detail). At the end of FYTD 2020 1Q, the University had 69 real days payable[1] ("RDP") versus 65 RDP at the end of FYTD 2019 1Q. The increase in RDP was largely due to the solid portfolio returns over the trailing 1-year period.



Sources

The University started the fiscal year with $169.1 million in cash balances[2]. Total FYTD 2020 1Q inflows (state and operational) were $349.5 million as compared to $363.7 Million for FYTD 2019 1Q. On average, $5.3 million flowed into the University each business day in FYTD 2020 1Q and $5.6 million in FYTD 2019 1Q.

Uses

FYTD 2020 1Q, the University used $333.4 million as compared to $327.3 million in the same period last fiscal year. The FYTD 2020 1Q velocity cash outflow was $5.1 million per day and $5.0 million in FYTD 2019 1Q. The University ended FY 2020 1Q with $185.2 million in cash balances.

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[1] 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.

[2] Cash includes Working Capital Pool assets and cash balances in the concentration bank account.

Stress Tests/Performance Simulations

The University Office of the Treasurer ("Treasury") analyzes the effect of negative market performance on its liquidity position through both value-at-risk (VAR) analysis and Monte Carlo simulation analyses.

VAR analysis, completed quarterly, estimates the maximum potential loss during a specific time period at a given level of confidence. VAR uses the historical behavior of each asset class over various time horizons (five years, ten years, full history). Our VAR analysis predicts that there is a five percent probability that the portfolio (as of the FYTD 2020 1Q ending balance) could have unrealized losses of up to $5.6 million and one percent probability of up to $15.3 million of unrealized losses within a twelve-month period. This risk exposure is lower than FYTD 2019 1Q ($8.1 million and $18.1 million).

The University conducts monthly performance simulations of the portfolio under various market scenarios. At the end of FY 2020 1Q, a 100 bps rise in the 10 year Treasury Bond rate would result in a $3.2 million (0.8 percent) unrealized gain. Liquidity, as measured by 5-day accessibility, would drop to 76.4 percent, or $322.0 million, of the total current available cash and investment balances. RDP would fall to 64 days based on current fiscal year outflows.

A 25 percent decline in the equity markets would result in a -$8.0 million (-2.0 percent) unrealized loss. Liquidity, as measured by 5-days accessibility, would increase slightly to $348.1 million or 87.2 percent of the total current available cash and investment balances. RDP would remain steady at 69 days based on fiscal year outflows in this stress scenario.

Bottom decile of overall portfolio performance would result in a -$7.3 million (-2.0 percent) unrealized loss. Liquidity, as measured by 5-day accessibility would drop to $305.6 million or 76.3 percent of the total current available balances. Furthermore, RDP would drop to 60 days.

Forecast and Budget

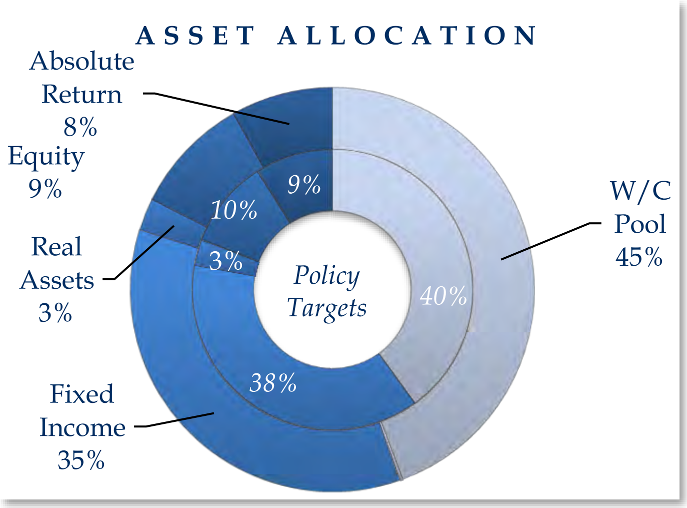
Actual balances at the end of FY 2020 1Q were 3.0 percent higher than the rolling forecast, 5.9 percent lower than the budget, and 1.1 percent higher than prior year. For the next quarter, the University should experience a decrease in the cash and investment balances lasting through the end of the second quarter of FY 2020.

INVESTMENTS

Composition

Asset allocations at the end of FY 2020 1Q remained within policy guidelines (See *Asset Allocation* chart for quarter end detail).

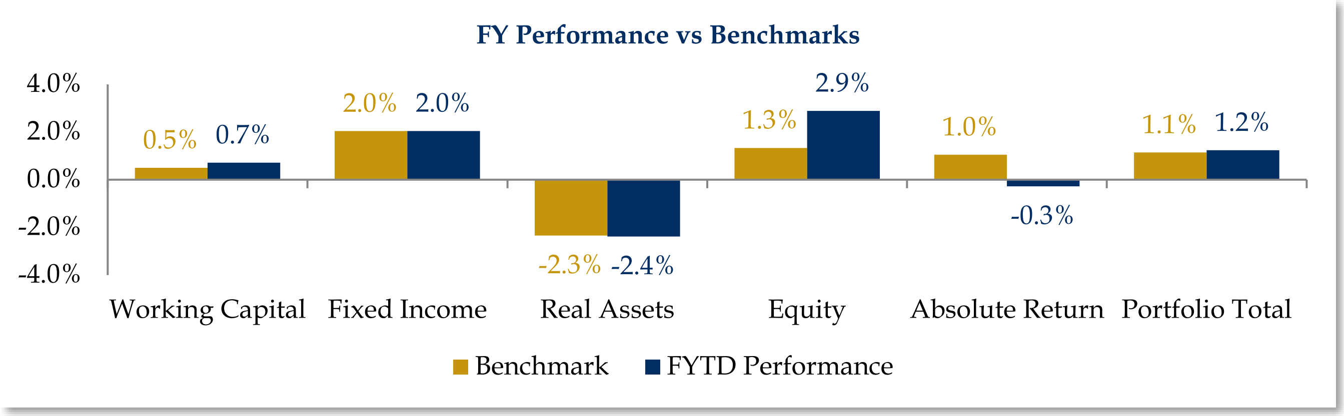
At the end of FY 2020 1Q, the market value of the University's operating funds portfolio and cash was $415.3 million. This balance reflects an increase of $19.3 million or 4.9 percent, from the previous quarter. The increase reflects the quarter-to-quarter seasonal increase in cash flows in addition to the quarterly investment returns. The total portfolio market value was $19.1 million higher than the market value at the end of FY 2019 1Q. The increase was largely due to strong investment performance throughout the portfolio.



Performance

FIU's operating portfolio continues to outperform the State Treasury investment pool ("SPIA"), returning 4.1 percent since inception versus the SPIA's 2.5 percent for the same period. At the end of FY 2020 1Q, the portfolio returned 1.2 percent. This compares unfavorably to a 1.0 percent return at the end of FY 2019 1Q. The Strategic Capital and Reserve Pools returned 1.6 percent while the Working Capital Pool gained 0.7 percent. Returns from the SPIA totaled 0.9 percent at the end of FY 2020 1Q (see *FY Performance vs. Benchmarks* chart for additional performance detail by asset class).

The Working Capital Pool and the Strategic and Reserve Pools were each slighter higher than their respective benchmarks. Asset classes were in line with their benchmarks with the exception of Equities, which significantly outperformed the benchmark and Absolute Return, which underperformed. The outperformance in the equity asset class was due to the portfolio's investments in private markets.



DEBT

Total Outstanding

The University and DSOs ended FY 2020 1Q with $165.5M million in outstanding debt versus $179.3M million at the end of FY 2019 1Q. The weighted average interest rate for the University and DSO issuances was 4.2 percent.

Bond Refunding

The University and the Athletics Finance Corporation (AFC), has refunded/modified all eligible outstanding bond series. The refundings/modification are projected to save the University and AFC $15.5 million in interest expense over the term of the issuances. As of September 30, 2019, $4.5 million of interest savings have been realized from the refunding/modification activities. The University and AFC are expected to save $0.7 million in interest expense in Fiscal Year 2020 and $4.2 million over the next 5 years.

FIU FLORIDA INTERNATIONAL UNIVERSITY

Finance and Administration
Office of the Treasurer
Treasury Summary

Period Ending September 30, 2019

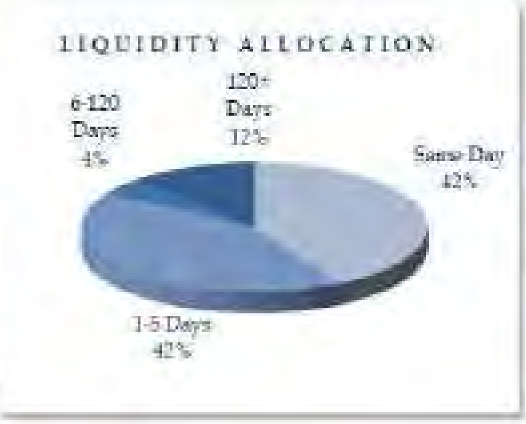
(000's)

OVERVIEW

Liquidity/University Debt		3.06
Liquidity/Total Debt		2.51
Liquidity Position		
Cash + W/C Pool	$	185,186
Strategic + Reserve Pools		230,095
Total	$	415,282
Debt Position		
University Debt	$	135,560
DSO Debt		29,983
Total	$	165,543

LIQUIDITY

Availability		
Same Day	$	174,192
1-5 Days		173,770
6-120 Days		17,843
120+ Days		49,476
Total	$	415,282
Real Days Payable (<5 Days)		
MTD Outflows		55
QTD Outflows		69
YTD Outflow		69

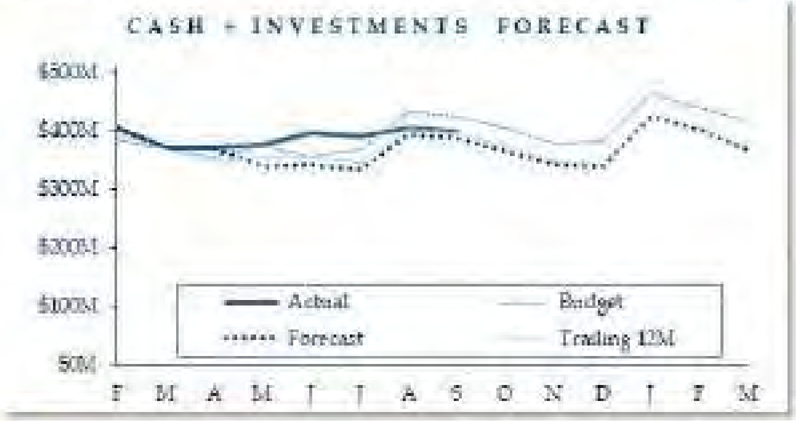


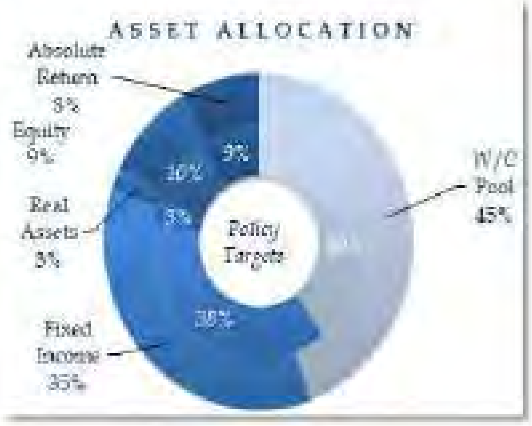
LIQUIDITY SOURCES AND USES

Sources		MTD		QTD		YTD
Opening W/C Pool Balance	$	168,250	$	167,855	$	167,855
Opening Cash Balance		1,176		1,290		1,290
From State		24,261		85,612		85,612
From Operations		117,868		263,868		263,868
Uses						
To Payroll		(52,178)		(167,827)		(167,827)
To Operations		(23,914)		(80,597)		(80,597)
To Students		(48,273)		(85,014)		(85,014)
Cash + W/C Pool	$	185,186	$	185,186	$	185,186

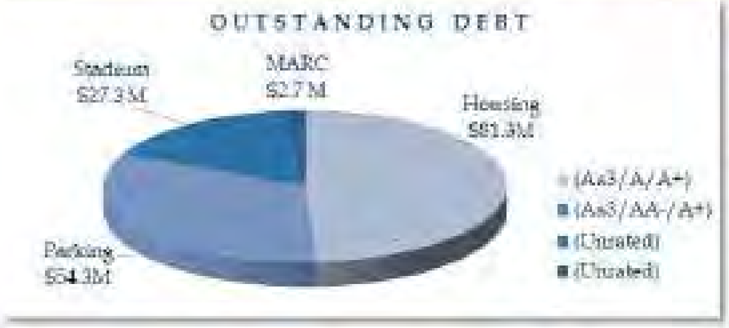
INVESTMENTS

Cash + W/C Pool	Balance	FYTD	Last 1Y
W/C Pool	$ 184,243	0.7%	2.5%
Cash	943	0.0%	0.0%
Strategic + Reserve Pools			
Fixed Income	140,191	2.0%	9.1%
Real Assets	10,775	-2.4%	-8.3%
Equity	39,288	2.9%	8.7%
Absolute Return	38,841	-0.3%	1.8%
Total	$ 415,282	1.6%	6.9%





DEBT



Period Ending September 30, 2019

(Million's)

OPERATING FUNDS	MARKET VALUE	BOOK VALUE	INCOME EARNED[1]
Working Capital	**$185.2M**	**$185.2M**	**$0.9M**
Fixed Income	$146.2M	$137.3M	$0.7M
Equity	$39.3M	$32.3M	$0.1M
Real Assets	$10.8M	$17.8M	$0.0M
Absolute Return	$33.8M	$23.7M	$0.0M
Total Strategic/Reserve	**$230.1M**	**$211.1M**	**$0.8M**
Total Operating Funds	**$415.3M**	**$396.3M**	**$1.7M**

[1] Investment Income Earnings - Dividends and Interest

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee
December 5, 2019

Subject: Quarterly report of the purchasing transactions greater than $1,000,000 from July 26, 2019 through October 25, 2019.

Report *(for informational purposes only – no Committee action is needed)*

Purchase Order No.	Competitive Solicitation Number or Exemption	Competitive Solicitation Title or Agreement Type	Vendor	Department / PO Description	Current Expiration Date	PO Amount FY 20 (YTD)
0000203837	Release of funds to NSCFF as directed by FY 19-20 legislative appropriation that will be paid in installments.	PO # 0000203837	Neuroscience Centers of Florida	COM Neurology/Consulting and Education Services Rendered by NSCFF FY 19-20	6/30/2020	$1,500,000.00
0000154432	Sponsored Research Purchase Exemption. Approval was obtained when entering the subaward.	Subcontract Award No. 800004904-02	Georgia Tech Research Corporation	Center for Internet Augmented Research and Assessment / Project Title IRNC: RXP: Atlantic Wave - SDX: A distributed Intercontinental Experimental SDX	3/31/2020	1,035,936.26

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee
December 5, 2019

Subject: Quarterly report of the purchasing transactions greater than or equal to $500,000 and less than $1,000,000 from July 26, 2019 through October 25, 2019.

Report *(for informational purposes only – no Committee action is needed)*

Purchase Order No.	Competitive Solicitation Number or Exemption	Competitive Solicitation Title or Agreement Type	Vendor	Department / PO Description	Current Expiration Date	PO Amount FY 20 (YTD)
0000204428	RFP 90-012	PUR-00628 Formerly FIU Contract #C00000313 Ground Maintenance	Aramark Management Services LP	Facilities Operations and Maintenance / Grounds keeping services.	1/12/2020	$949,175.83
0000145979	Sponsored Research Purchase Exemption. Approval was obtained when entering the subaward.	Subcontract No. 800006439-02UG	University of Miami	Institute of Neuroimmune Pharm/ Nano Delivery of Methanandamide Across BBB to block Cannabinoid induced effects in HIV-1 Infection.	7/31/2020	$863,702.00
0000203026	Sponsored Research Purchase Exemption. Approval was obtained when entering the subaward.	Subcontract No. 800004769-02UG	TJ Sparkle Americas Inc	Center for Internet Augmented Research and Assessment / Subaward No. 800004769-02UG "IRNC Backbone-AmLight Express and Protec (ExP)".	3/31/2020	$770,000.00

Purchase Order No.	Competitive Solicitation Number or Exemption	Competitive Solicitation Title or Agreement Type	Vendor	Department / PO Description	Current Expiration Date	PO Amount FY 20 (YTD)
0000200043	Exception under BOG Regulation 18.001(6)(d)(10) - Training and education services.	Teaching Services Agreement	A M Rywlin Md And Associates PA	COM Deans Office/Administrative and Clinical Pathology services for the period of 07/01/2019 to 06/30/2020.	6/30/2021	$750,000.00
0000201679	Piggyback Agreement No. Broward College RFP-2016-011-ZR.	Contract # PUR-02323	ED Financial Holdings LLC	VP Enrollment Services Admin/Ed Financial Services is a third party call center specializing in FAFSA and Financial Aid.Ed Financial Services will document cases in Panthersoft on the FA status page.	5/17/2020	$636,000.00
0000201506	Piggyback Agreement No. WSCA-NASPO Contract.	Contract # PUR-00570	Key Government Finance Inc	Network Services / Installment Payment for technical support and advance hardware replacement 24*7*365.	8/27/2020	$618,997.68

Purchase Order No.	Competitive Solicitation Number or Exemption	Competitive Solicitation Title or Agreement Type	Vendor	Department / PO Description	Current Expiration Date	PO Amount FY 20 (YTD)
0000201754	Sponsored Research Purchase Exemption. Approval was obtained when entering the subaward.	Subaward No: 800010268-01 PTE Federal Award No: 1R01MH119299-01	Yale University	Center for Children and Family/ Targeting Attention Orienting to Social Threat to Reduce Social Anxiety in Youth.	3/31/2020	$606,422.00
0000200220	Exception under BOG Regulation 18.001(6)(d)(11) - Advertising, except for media placement services.	PO # 0000200220	Facebook Inc	COB Chapman Graduate School/Ads for Facebook and Instagram.	6/30/2020	$566,380.00
0000171787	Sponsored Research Purchase Exemption. Approval was obtained when entering the subaward.	Subcontract with UM - 800007110-01UG Project title: Imaging the functional biomarker of photoreceptors	University of Miami	Biomedical Engineering / Imaging the functional biomarker of photoreceptors.	3/31/2020	$557,296.00

Purchase Order No.	Competitive Solicitation Number or Exemption	Competitive Solicitation Title or Agreement Type	Vendor	Department / PO Description	Current Expiration Date	PO Amount FY 20 (YTD)
0000204308	Exception under BOG Regulation 18.001(6)(d)(13) - Programs, conferences, workshops, continuing education events or other university programs that are offered to the general public for which fees are collected to pay all expenses associated with the event or program.	Contract # PUR-02641 Ballpark License and Rental Agreement	Marlins Stadium Operator LLC	Athletics Department / UM vs. FIU Football Game 11/23/2019 - Game Operation Expenses.	11/24/2019	$530,364.45
0000199570	Piggyback Agreement No. FAU ITN# 16T-633.	Contract # PUR-02259	Air Planning LLC	Athletics Department/ Football 2019 Aircraft and transportation charter services.	6/30/2020	$527,400.00
0000200440	Exception under BOG Regulation (6)(d)(6) - Health services involving examination, diagnosis, treatment, prevention, medical consultation or administration.	Contract # PUR-02227	Citrus Health Network Inc	FIU Embrace/ Primary Care & Behavioral Health Services for participants in the FIU Embrace Initiative (April 2019 - June 30, 2020).	6/30/2023	$507,534.00

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee
December 5, 2019

CASACUBA BUILDING UPDATE AS OF NOVEMBER 30, 2019

FUNDRAISING

DONOR	PLEDGES	CASH
National Endowment for the Humanities*	**$ 750,000**	**$ 750,000**
Knight Foundation	**$2,000,000**	**$ 400,000**
Other Donors	**$ 814,574**	**$ 102,344**
Planned Gifts	**$ 918,000**	**$ 0**
TOTAL	**$4,482,574**	**$1,252,344**

**As a Federal agency award, this is a cost-reimbursement grant; the full amount has been obligated.*

Highlights since last report: Additional gifts of $540,000 were received from two donors and cash increased by $400,000.

FACILITIES

- Facility Program Document approved June 14, 2019
- Architect/Engineer Selection Committee approved July 30, 2019
    - Agustin Arellano, Co-founder and Chair, CV2A Group
    - Victoria Rogers, Vice President, Knight Foundation
    - Maria Carla Chicuen, Executive Director, CasaCuba
    - John Cal, Associate Vice President
    - Celi Ervesun, Construction Project Manager
    - Danny Paan, Director, Physical Plant
    - Pedro Botta, Sr., Director, Administrative Services
    - Marilys Nepomechie, Associate Dean of Faculty + Program Development
- Proposals to conduct National Environmental Policy Act (NEPA) and Section 106 National Historic Preservation Act (106 NHPA) studies have been received
- Advertisement for Architect/Engineer has been drafted and is under review by FIU Office of General Counsel

Highlights since last report: Draft advertisement for Architect/Engineer has been completed and purchase orders for NEPA and NHPA (Section 106) have issued.