



**FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND FACILITIES COMMITTEE
MINUTES
DECEMBER 5, 2018**

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 8:48 am on Wednesday, December 5, 2018, at the Modesto A. Maidique Campus, Graham Center Ballrooms.

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

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; Joerg Reinhold; and Marc D. Sarnoff.

Trustee Cesar L. Alvarez was excused.

Trustee Sabrina L. Rosell and University President Mark B. Rosenberg also were in attendance.

2. Approval of Minutes

Committee Chair Boord asked that the Committee approve the Minutes of the meeting held on September 5, 2018. A motion was made and unanimously passed to approve the Minutes of the Finance and Facilities Committee Meeting held on Wednesday, September 5, 2018.

3. Follow-up to Item from Previous Meeting

Committee Chair Boord explained that in response to a request from the Committee's May 2018 meeting, FIU Foundation, Inc. Board of Directors Treasurer, Andre L. Teixeira would provide a detailed explanation relating to the methods used for representation of gift commitments on the balance sheet.

Senior Vice President of University Advancement Howard R. Lipman introduced Director Teixeira, noting that Director Teixeira graduated from FIU with a bachelor's and master's degree in accounting, is a certified public accountant, and currently serves as the Executive Vice President and CFO of the Graham Companies.

Director Teixeira provided the Trustees with a copy of the 4th Edition for Educational Fundraising of the CASE Reporting Standards & Management Guidelines and then presented an overview relating to the differences between fundraising and financial reporting. He explained that the

Council for Advancement and Support of Education (CASE) is generally used by universities and National Association of Charitable Gift Planners (CGP) for gift planning professionals across all industries. He stated that institutions must follow the standards set forth by CASE when reporting fundraising results to two annual benchmarking surveys: (1) the Council for Aid to Education's Voluntary Support of Education (VSE) Survey and (2) the CASE Survey of Educational Fundraising Campaigns and that use of the standards to report fundraising results for other purposes, such as internal and external reports to an institution's constituents, is voluntary.

Director Teixeira explained how gifts can be reported under CASE and indicated that the University will be transitioning into Governmental Accounting Standards Board (GASB) starting fiscal year ended June 30, 2019, noting that the financial reporting standard summarizes the financial position and promotes efficiency. He also delineated the areas of differences between fundraising reporting and financial reporting (FASB/GASB) in terms of gift types.

In response to Committee Chair Boord's inquiry, Director Teixeira explained that if a donation is made to the University that has no value or that is not usable, it is deemed as an in-kind gift, adding that artwork donations are not counted and that donations that will ultimately represent a cost or expense to the University, cannot be accepted. In response to Trustee Dean C. Colson's inquiry, Sr. VP Lipman explained that art-related donations must be appropriate in terms of existing collections within the Jewish Museum of Florida, Patricia & Phillip Frost Art Museum, and the Wolfsonian-FIU, or have an academic purpose. Sr. VP Lipman further added that the donor must obtain an independent appraisal, otherwise the art donation will not be counted as a gift and will be accepted solely based on its academic value. In response to Trustee Roger Tovar's inquiry, Director Teixeira explained that approximately 3% of gifts to the University are deemed as uncollectable. Senior Vice President of Administration and Chief Financial Officer Kenneth A. Jessell further provided examples of in-kind gifts, such as hotel rooms or building space(s) that would not be counted as gifts.

At the request of Committee Chair Boord, Committee Vice Chair Tovar provided an update on University facilities. Trustee Tovar stated that the University leads the State University System (SUS) in terms of energy efficiency. He explained that based on the University's deferred maintenance, he has requested a prioritization schedule that aligns the most urgent issues within the budgetary constraints. Committee Chair Boord requested that the prioritization schedule be presented at the Committee's next regularly scheduled meeting.

4. Action Items

FF1. FIU Direct Support Organizations Financial Audits, FY 2017-18

Sr. VP and CFO Jessell presented the FIU Direct Support Organizations (DSO) FY 2017-18 Financial Audits for Committee review. He reported that James Moore Certified Public Accountants and Consultants performed the financial audits for: the Florida International University Foundation, Inc.; the Florida International University Research Foundation, Inc.; the Florida International University Athletics Finance Corp; and the Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc.

Sr. VP and CFO Jessell indicated that each of the audits has been approved by the Boards of each DSO. He added that Board of Trustees approval is necessary, as the DSO audits will be incorporated into the Financial Statement Audit of the University. He further stated that the Florida International University Foundation Inc. audit was prepared in conformity with Financial Accounting Standards Board requirements and that the remaining DSO statements apply Governmental Accounting Standards Board requirements. He further reported that all of the audits received an Unmodified Opinion, explaining that the results of the respective audits did not identify any deficiencies in internal control over financial reporting that were considered to be material weaknesses. He noted that the results of the audits disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Sr. VP and CFO Jessell provided an overview of the total assets and liabilities and total operating revenues and expenses for each of the component units.

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

FF1-A. FIU Foundation, Inc.

Accept the Florida International University Foundation, Inc. Financial Audit for the 2017-18 Fiscal Year and authorize the CEO of the Florida International University Foundation, Inc. to take all actions necessary pertaining to this Financial Audit, including filing the report with the Auditor General.

FF1-B. FIU Research Foundation, Inc.

Accept the Florida International University Research Foundation, Inc. Financial Audit for the 2017-18 Fiscal Year and authorize the President of the Florida International University Research Foundation, Inc. to take all actions necessary pertaining to this Financial Audit, including filing the report with the Auditor General.

FF1-C. FIU Athletics Finance Corporation

Accept the Florida International University Athletics Finance Corporation Financial Audit for the 2017-18 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.

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

Accept the Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. Financial Audit for the 2017-18 Fiscal Year and authorize the President of the Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. to take all actions necessary pertaining to this Financial Audit, including filing the report with the Auditor General.

FF2. Approval of Carryforward Funds

Sr. VP and CFO Jessell presented the FIU expenditure plan for carryforward funds, which he stated are unexpended funds from prior approved operating budgets for Committee review. He noted that each year, the Board of Trustees reviews balances relating to carryforward and mandatory statutory

reserves as part of the University's operating budget. He explained that some carryforward funds are restricted by appropriations and are reserved for the specific legislative appropriations that they were intended for. He indicated that recently an issue was identified at one of the State University System (SUS) institutions as part of the State's operational audit where \$38M in carryforward funds were utilized for the construction of a capital facility, which he added is prohibited under Florida statute. As a result, he stated, the Board of Governors (BOG) required each SUS institution to conduct a 10-year review certifying that carryforward funds were not used beyond the allowable amount prescribed in statute, adding that FIU submitted its certification to the BOG confirming the appropriate use of carryforward funds.

Sr. VP and CFO Jessell explained that at the November BOG meeting, the BOG approved a proposal to require that the university boards of trustees approve the expenditure plan of carryforward funds. He indicated that the University's carryforward balance, as of November 8, 2018, was \$55.7M and that after reducing this amount by the statutory 5 percent reserve of \$26.6M and those restricted by specific legislative appropriation, the remaining amount totaled \$22.5M.

Trustee Tovar requested that funding sources be included as part of the urgent facility needs schedule. Adding to Trustee Tovar's request, Committee Chair Board indicated that guidelines should also be included as part of the prioritization schedule in terms of a range for the allocation of funds.

A motion was made and unanimously passed that the FIU Board of Trustees Finance and Facilities Committee recommend Board of Trustees approval of the FIU expenditure plan for carryforward funds in accordance with guidelines adopted by the State University System of Florida Board of Governors (BOG) on November 8, 2018; submit the BOT-approved expenditure plan to the BOG for approval at its January 2019 meetings.

5. Discussion Item

5.1 Financial Performance Review – First Quarter FY 2018-19

Sr. VP and CFO Jessell presented the Financial Performance Review for the first quarter of 2018-19 and reported that the University and direct support organizations' operating revenues were above estimates by \$6.3M (or 2 percent) and that operating expenses were below estimates by \$1.8M (or 1 percent).

6. Reports

There were no questions from the Committee members in regards to 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; and Treasury Report.

7. New Business

President Rosenberg explained that approximately 18 days' worth of operations in current reserves may not be sufficient to cover operating costs when facing the possibility of long-term University closures due to a hurricane. In response to Committee Chair Board's inquiry, Sr. VP and CFO Jessell noted that the University is not allowed to secure loans to cover operational costs and

expenses. Trustee Tovar suggested that the administration can inquire as to the viability of securing insurance. In response to Trustee Marc D. Sarnoff's inquiry regarding the costs incurred by the University for shelter operations during Hurricane Irma, Sr. VP and CFO Jessell stated while Monroe County reimbursed the University for the costs incurred, reimbursements are still pending from the Federal Emergency Management Agency for other expenses associated with shelter operations that supported the U.S. Department of Health.

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, December 5, 2018 at 9:48 am.

Trustee Request	Follow-up	Completion Date
<i>Committee Chair Leonard Boord and Committee Vice Chair Roger Tovar requested that the University's administration develop a deferred maintenance schedule that also encompasses funding sources and range for allocation of funds.</i>	<i>Senior Vice President and Chief Financial Officer Kenneth A. Jessell</i>	<i>Spring 2019 Meeting</i>

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