



FLORIDA INTERNATIONAL UNIVERSITY

BOARD OF TRUSTEES

FINANCE AND FACILITIES COMMITTEE

FIU, Modesto A. Maidique Campus, Graham Center Ballrooms

Livestream: <http://webcast.fiu.edu/>

Tuesday, April 26, 2022
9:00 AM

Chair: Roger Tovar

Vice Chair: Jose J. Armas

Members: Cesar L. Alvarez, Dean C. Colson, Natasha Lowell, Joerg Reinhold, Chanel T. Rowe, Marc D. Sarnoff

AGENDA

- | | |
|---|----------------------|
| 1. Call to Order and Chair's Remarks | Roger Tovar |
| 2. Approval of Minutes | Roger Tovar |
| 3. Action Items | |
| FF1. FIU Ventilation Improvements at Modesto A. Maidique and Biscayne Bay Campuses | Aime Martinez |
| FF2. Interior Renovation of Lakeview North Residence Hall | Aime Martinez |
| FF3. Approval of Florida International University's 2022-23 Allocation of Capital Improvement Trust Fund (CITF) Fees | Aime Martinez |
| 3. Action Items <i>(Committee Action; Full Board Information Only)</i> | |
| FF4. Approval of transactions greater than or equal to \$1,000,000 and less than \$3,000,000: Change Order to Blanket PO#227607, Vendor: Apple, Inc. | Aime Martinez |
| FF5. Approval of a Third Lease Amendment with BP Land Holdings, LLC for an additional 37,411 square feet of space on the second floor of the National Forensic Science Technology Center (NFSTC) | Aime Martinez |

4. Discussion Items *(No Action Required)*

**4.1 FIU Financial Statement Audit for Fiscal Year Ended
June 30, 2021**

Aime Martinez

**4.2 FIU Operational Audit for Calendar Year Ended
December 31, 2020**

Aime Martinez

5. New Business *(If Any)*

Roger Tovar

6. Concluding Remarks and Adjournment

Roger Tovar

FIU Board of Trustees Finance and Facilities Committee Meeting

Time: April 26, 2022 9:00 AM - 10:00 AM EDT

Location: FIU, Modesto A. Maidique Campus, Graham Center Ballrooms, Livestream:
<http://webcast.fiu.edu/>

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**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES**

Finance and Facilities Committee

April 26, 2022

Subject: Approval of Minutes of Meeting held March 3, 2022

Proposed Committee Action:

Approval of Minutes of the Finance and Facilities Committee meeting held on March 3, 2022 at the FIU, Modesto A. Maidique Campus, Graham Center Ballrooms and via Zoom.

Background Information:

Committee members will review and approve the Minutes of the Finance and Facilities Committee meeting held on March 3, 2022 at the FIU, Modesto A. Maidique Campus, Graham Center Ballrooms and via Zoom.

Supporting Documentation: Minutes: Finance and Facilities Committee Meeting, March 3, 2022

Facilitator/Presenter: Roger Tovar, *Chair, Finance and Facilities Committee*



Finance and Facilities Committee

March 3, 2022

FIU, Modesto A. Maidique Campus, Graham Center Ballrooms and via Zoom

MINUTES

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 Roger Tovar at 9:32 a.m. on Thursday, March 3, 2022.

General Counsel Carlos B. Castillo conducted roll call of the Finance and Facilities Committee members and verified a quorum. Present were Trustees Roger Tovar, *Committee Chair and Board Vice Chair*; Jose J. Armas, *Committee Vice Chair*; Cesar L. Alvarez; Dean C. Colson, *Board Chair*; Natasha Lowell; Joerg Reinhold; Chanel T. Rowe (*via Zoom*); and Marc D. Sarnoff.

Trustees Donna J. Hrinak (*via Zoom*), Gene Prescott, and Alexander Rubido, and Interim University President Kenneth A. Jessell also were in attendance.

2. Approval of Minutes

Committee Chair Tovar asked that the Committee approve the minutes of the meeting held on December 8, 2021. A motion was made and unanimously passed to approve the minutes of the Finance and Facilities Committee meeting held on December 8, 2021.

3. Action Items

FF1. Review of Test Preparation Fee, College of Law

Interim Chief Financial Officer and Vice President for Finance and Administration Aime Martinez presented the College of Law Test Preparation Fee for Committee review. She explained that it is a requirement that every five years, the FIU Board of Trustees review said fee to determine if it has met its intended outcomes and whether the fee should be increased, decreased, or discontinued. She pointed out that the FIU Board of Trustees last approved the Test Preparation Fee on March 3, 2017, adding that said fee is currently set at \$2,750 and used only in the College of Law for the Bar Preparation Course. CFO and VP Martinez commented on the benefits to the students, such as lower cost from negotiated rates and that by including the Test Preparation Fee as part of the degree requirements of the program, students may be eligible to pay for the course through financial aid.

College of Law Dean Antony Page remarked on the effectiveness of the Test Preparation Fee, stating that in each of the last seven mid-year Florida Bar examinations, FIU College of Law graduates passed at higher rates than all the other law schools in Florida and that in the last six February examinations, FIU College of Law graduates achieved the highest score three times and the second highest score three times. Dean Page commented on national recognition in terms of fostering Bar exam success through effective preparation. He explained that part of the Fee supports

the College's Academic Excellence Program, adding that the book *Grasp: The Science Transforming How We Learn*, specifically mentions the success of said program.

Trustees recognized the College's performance and the high caliber graduates.

A motion was made and unanimously passed that the FIU Board of Trustees Finance and Facilities Committee recommend that the FIU Board of Trustees approve the continuation of the Test Preparation Fee.

FF2. Approval of Contract #PUR-04918 with Amazon.com Services LLC.

CFO and VP Martinez presented contract #PUR-04918 with Amazon.com Services LLC. for Committee review. She explained that through a piggyback agreement, it is estimated that FIU will be spending approximately \$7.5M through Amazon, for the next three and a half years.

Pursuant to the Delegations of Authority from the FIU Board of Trustees to the University President, as reflected in the Resolution on the President's Powers and Duties approved by the Board of Trustees on March 4, 2019, (i) a motion was made and unanimously passed that the FIU Board of Trustees Finance and Facilities Committee recommend that the FIU Board of Trustees approve the University entering into the contract as specified in the Board materials, and (ii) authorize the University President or his designee to execute, on behalf of the University, the aforementioned contract and all of the documents, and take all actions, that may be necessary to effectuate the transactions contemplated in the contract.

FF3. Amendment to Signature Authority -Authorization to Sign Checks for the University

There were no questions or comments from the Committee members.

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

BE IT RESOLVED THAT, the following officers and employees of the University are authorized to sign checks to pay legal obligations of the University from any and all designated University depositories:

Kenneth A. Jessell, Interim President

Aime Martinez, Interim Chief Financial Officer and Vice President for Finance and Administration

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

FF4. Approval to Issue Change Orders for Purchase Orders greater than or equal to \$1,000,000 and less than \$3,000,000: Increase Purchase Order 0000234830 Equinix Inc.

CFO and VP Martinez presented the request to increase the purchase order with Equinix Inc. for Committee review and approval. She explained that a Sole Source request for Equinix Inc. was approved in February 2019 for \$1,000,000, noting that a new Sole Source with Equinix is now being requested and has been submitted to the Interim President for approval. She explained that Equinix Inc. is the operator of the Americas datacenter facility (NAP), located in Downtown Miami, FL and

the MI3 datacenter facility in Boca Raton, FL. She pointed out that the vendor houses University equipment to support network operations, adding that the FIU Center for Internet Augmented Research and Assessment (CIARA) operates the AMPATH International Exchange Point as a major research instrument under the auspices of the National Science Foundation (NSF) and international, state, and regional research and education networks (RENs). CFO and VP Martinez indicated that the University has been awarded over \$8M, over time, from the NSF for this operation.

Pursuant to the Delegations of Authority from the FIU Board of Trustees to the University President, as reflected in the Resolution on the President's Powers and Duties approved by the Board of Trustees on March 4, 2019, (i) a motion was made and unanimously passed that the FIU Board of Trustees Finance and Facilities approve, as specified in the Board materials, the University issuing a change order to the purchase order and (ii) authorize the University President or his designee to execute, on behalf of the University, the aforementioned contract.

Committee Chair Tovar pointed out that Board of Trustees members are thoroughly briefed in anticipation of every Board meeting.

4. Discussion Item

4.1 Financial Performance Review, Second Quarter FY 2021-22

CFO and VP Martinez presented the University's financial performance review for the second quarter of FY 2021-22. She indicated that operating revenues are above estimates by \$3M or 0.4% and that operating expenses are below estimates by \$10.7M or 1.5%, with a net favorable variance of \$13.7M. In terms to the operating revenues, CFO and VP Martinez described the key drivers, including a higher number of enrolled students in the HealthCare Network international program and higher revenues from auxiliary enterprises. She commented on lower student fee revenues resulting from lower undergraduate enrollment. Relating to operating expenses, she described the key drivers, such as savings from vacant positions and in-unit savings and lower auxiliary expenses due to vacant positions across all auxiliaries.

In response to Committee Chair Tovar, Interim Provost and Executive Vice President Elizabeth M. Bejar remarked that the 3% decline in undergraduate enrollment is less than the national average of declining enrollment. She added that the transfer student pipeline has been impacted nationally and particularly locally. She pointed out that the University is closely monitoring freshman applications and continues to work on various interventions to provide positive impacts for the fall 2022-23 academic year. Vice President for Enrollment Kevin Coughlin, Jr. indicated that as it relates to applications, the summer and spring terms experienced increases when compared to the prior year. He added that fall numbers are slightly lagging because the University has been reimposing SAT and ACT score requirements that were lowered for the 2021-22 year.

Committee Chair Tovar encouraged the University to continue its marketing efforts to ensure that the FIU story is being shared. Interim Provost Bejar remarked that the University has been working proactively on strategic buys and communication strategies to impact enrollment and recruitment at the high-achieving student level.

5. 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; Safety and Environmental Compliance Report; Treasury Report; Procurement Report; CasaCuba Building Update; and Foundation Report.

6. New Business

No new business was raised.

7. Concluding Remarks and Adjournment

With no other business, Finance and Facilities Committee Chair Roger Tovar adjourned the meeting of the Florida International University Board of Trustees Finance and Facilities Committee on Thursday, March 3, 2022 at 10:02 a.m.

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee

April 26, 2022

Subject: FIU Ventilation Improvements at Modesto A. Maidique and Biscayne Bay campuses

Proposed Committee Action:

Recommend that the Florida International University Board of Trustees approve a list of HVAC improvement projects throughout the Modesto A. Maidique and Biscayne Bay campuses, and delegate to the President or his designee the authority to execute all contracts and take all actions necessary to effectuate the improvements

Background Information

The Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA) was signed into law on Dec. 27, 2020. In total, the CRRSAA authorized \$81.88 billion in support for education, including the Higher Education Emergency Relief Fund (HEERF), which represented the second stream of funding appropriated for the HEERF (known as HEERF II). Further, on March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 (ARP). The ARP appropriated approximately \$39.6 billion for the third stream of funding for the HEERF (known as HEERF III). HEERF funds are to be used to prepare for and respond to the COVID-19 pandemic.

FIU received \$75.52 million of HEERF II funding and \$128.42 million of HEERF III funding. A portion of those funds, in the amount of \$28.1 million, has been allocated for the upgrade or renovation of HVAC systems in ten buildings throughout the Modesto A. Maidique and Biscayne Bay campuses. Improvements will include, without limitation, replacement of variable air volume boxes, addition of ultraviolet lighting to increase unit sanitization, replacement of air handling units and rooftop units, renovation of ductwork and insulation systems, replacement of general and fume hood air exhaust valves, and pneumatic to digital controls upgrades.

In the event that any of the allocated funds remain unused after the completion of the initial projects, six supplemental projects have been identified.

The overall goal of these improvements is to improve the indoor air quality in the buildings, which will help prevent the spread of COVID-19 and other communicable diseases.

The Facilities Management Department is supervising the overall renovation effort, and along with the Procurement Department, is involved in the selection of different contractors in accordance with federal procurement guidelines.

All HEERF funds must be used by June 30, 2023.

Supporting Documentation: List of Projects and Current Estimates
Funding Certification Form

Facilitator/Presenter: Aime Martinez

FIU HVAC Upgrades/Renovations Project List for HEERF Funding (as of April 1, 2022)							
FM #	Building	Project	Design / Delivery	Contractor	Est Total Project Cost	Milestones	Description
210728	Ryder Building (RB)	Distribution & Controls Upgrades	Turnkey / Piggyback	Carrier/SGM Owner's Rep - TLC	\$1,000,000.00	Contract Executed/NTP - 3/1/22 Contract 491 Project Kickoff Mtg - 3/17/22 Permit - 4/29/22 Completion - 12/31/22	Pneumatic to Digital Controls Upgrade. Majority of the scope will be the replacement of the 95 existing Variable Air Volume (VAV) boxes to include electric heat (currently only perimeter spaces have heating), resulting in maintained minimum air flow (air exchanges) and proper space temperature control improving overall comfort and lowering humidity. Demand Control Ventilation (CO2 monitoring and outside air control) will be evaluated for feasibility. Existing air handling units are to remain, but ultraviolet (UV) lighting will be added to increase unit sanitization. This HVAC renovation will result in improved Indoor Air Quality (IAQ) which will help prevent the spread of COVID-19 and other communicable viruses.
211004	Herbert and Nicole Wertheim Performing Arts Center (WPAC)	HVAC System Renovation	Engineer / CM - CSC	A/E - SGM CM - Link	\$3,891,836.72	100% CDs - 2/28/22 GMP - 4/15/22 NTP - 4/29/22	HVAC System Renovation including pneumatic to digital controls conversion. Existing system is not designed to meet humidity and temperature requirements expressed by user. Project will establish / define environmental requirements. Scope of work to include, but not be limited to, VAV replacement, AHU replacement, and distributed electric heat or central boiler system addition. VAV replacement will maintain minimum air flow (air exchanges), and in conjunction with the addition of re-heat capability, maintain proper space temperature control improving overall comfort and lowering humidity. AHU replacement will increase overall dehumidification of conditioned air, increase fresh air for the building, add ultraviolet (UV) lighting treating and sanitizing the units, and allow for installation of higher rated air filters. This HVAC renovation will result in improved Indoor Air Quality (IAQ) which will help prevent the spread of COVID-19 and other communicable viruses.
220121	Hospitality Management (HM)	Building AHU / RTU Replacement	Turnkey / Piggyback	JCI/TLC Owner's Rep - SGM	\$3,345,168.75	Performance Criteria - 3/7/22 Proposal Revised - 4/1/22 Contract Executed/NTP - 4/29/22	Replacement of two (2) interior air handling units (AHUs) and six (6) roof top units (RTUs) and associated variable frequency drives (VFDs). AHU replacement will increase overall dehumidification of conditioned air, increase fresh air for the building, add ultraviolet (UV) lighting treating and sanitizing the units, and allow for installation of higher rated air filters. This HVAC renovation will result in improved Indoor Air Quality (IAQ) which will help prevent the spread of COVID-19 and other communicable viruses.
220122	Hospitality Management (HM)	Building Distribution & Controls Upgrades	Engineer / Piggyback	A/E - SGM Contractor - Carrier	\$2,088,135.63	100% CDs - 3/7/22 Proposal Received - 3/31/22 Contract Executed/NTP - 4/29/22	Pneumatic to Digital Controls Upgrade. Majority of the scope will be the building wide replacement of pneumatic VAVs to include electric re-heat. VAV replacement will maintain minimum air flow (air exchanges), and in conjunction with the addition of re-heat capability, maintain proper space temperature control improving overall comfort and lowering humidity. This HVAC renovation will result in improved Indoor Air Quality (IAQ) which will help prevent the spread of COVID-19 and other communicable viruses.
200611	Hospitality Management (HM)	HM 127 HVAC Modifications	Engineer / CM - CSC	A/E - SGM CM - Stobs	\$1,008,331.01	Contract C493 NTP - 3/16/22 Permit - 4/29/22 Construction Start - 10/15/22 Completion - 2/15/23	Existing design for kitchen suffers from condensation due to high amount of unconditioned supply air for kitchen exhaust hoods, resulting in mold. Project will add outside air cooling units to the supply air to eliminate condensation, as well as relocate outside air supply diffusers by modifying ductwork. Eliminating the temperature differential will eliminate the potential for mold and improve the overall indoor air quality. This HVAC renovation will result in improved Indoor Air Quality (IAQ) which will help prevent the spread of COVID-19 and other communicable viruses.
200327	Hospitality Management (HM)	Beverage Management Center Insulation & HVAC Modification	Engineer / CM - CSC	A/E - SGM CM - D. Stephenson	\$850,000.00	100% CDs - 2/16/22 GMP - 4/1/22 NTP - 4/29/22 Construction - 8/22 thru 12/22	This large classroom has no insulation above ceiling causing condensation/mold during peak humidity months. In addition, this wing of the building (including the wine tasting classroom) is cooled by a DX cooling system. Project will renovate the ductwork and insulation system (eliminating condensation and potential for mold), replace the DX unit with a chilled water air handling unit (significantly increase overall system efficiency, dehumidification capability, UV lighting for coil sanitization and fresh air for air exchanges), and incorporate VAVs with separate temperature controls to provide properly segregated temperature control between the classrooms, restrooms and support rooms for this wing of the building (eliminates cold areas and condensation / mold). This HVAC renovation will result in improved Indoor Air Quality (IAQ) which will help prevent the spread of COVID-19 and other communicable viruses.

FIU HVAC Upgrades/Renovations
Project List for HEERF Funding (as of April 1, 2022)

FM #	Building	Project	Design / Delivery	Contractor	Est Total Project Cost	Milestones	Description
220120	Owa Ehan (OE)	Building AHU / RTU Replacement	Turnkey / Piggyback	Carrier/TLC Owner's Rep - SGM	\$3,246,394.18	Performance Criteria - 3/18/22 Proposal - 4/22/22 Contract Executed/NTP - 5/20/22	Replacement of eleven (11) interior air handling units (AHUs) and one (1) roof top unit (RTU) and associated variable frequency drives (VFDs). AHU replacement will increase overall dehumidification of conditioned air, increase fresh air for the building, add ultraviolet (UV) lighting treating and sanitizing the units, and allow for installation of higher rated air filters. This HVAC renovation will result in improved Indoor Air Quality (IAQ) which will help prevent the spread of COVID-19 and other communicable viruses.
220119	Owa Ehan (OE)	Building Distribution & Controls Upgrades	Engineer / Piggyback	A/E - SGM Contractor - JCI	\$2,669,117.72	100% CDs - 3/18/22 Proposal - 4/5/22 Contract Executed/NTP - 4/29/22	Pneumatic to Digital Controls Upgrade. Scope will include the building wide replacement of pneumatic VAVs/SAVs to connect to existing hot water re-heat system, replacement of general and fume hood air exhaust valves, and lab pressurization controls. VAV/SAV replacement will maintain minimum air flow (air exchanges), and in conjunction with the re-heat capability, maintain proper space temperature control improving overall comfort and lowering humidity. This HVAC renovation will result in improved Indoor Air Quality (IAQ) which will help prevent the spread of COVID-19 and other communicable viruses.
220125	Green Library (GL)	Distribution & Controls Upgrades	Turnkey / Piggyback	In Pricing Phase (JCI/Carrier/Honey well) Owner's Rep - TLC	\$4,916,711.01	Proposals - 3/18/22, under review Contract Executed/NTP - 4/29/22	Pneumatic to Digital Controls Upgrade. Majority of the scope will be the replacement of the existing VAV boxes to include electric heat, resulting in maintained minimum air flow (air exchanges) and proper space temperature control improving overall comfort and lowering humidity. Demand Control Ventilation (CO2 monitoring and outside air control) will be evaluated for feasibility. Existing air handling units are to remain, but ultraviolet (UV) lighting will be added to increase unit sanitization. This HVAC renovation will result in improved Indoor Air Quality (IAQ) which will help prevent the spread of COVID-19 and other communicable viruses.
220216	Academic Center (ACI)	HVAC System Renovation	Engineer / Piggyback	A/E - SGM Contractor - JCI	\$5,084,304.98	100% CDs - 4/1/22 Proposal - 4/29/22 Contract Executed/NTP - 5/27/22	HVAC System Renovation including pneumatic to digital controls conversion. Scope of work to include, but not be limited to, building wide VAV replacement with electric re-heat and replacement of thirty-two (32) interior AHUs. VAV replacement will maintain minimum air flow (air exchanges), and in conjunction with the addition of re-heat capability, maintain proper space temperature control improving overall comfort and lowering humidity. AHU replacement will increase overall dehumidification of conditioned air, increase fresh air for the building, add ultraviolet (UV) lighting treating and sanitizing the units, and allow for installation of higher rated air filters. This HVAC renovation will result in improved Indoor Air Quality (IAQ) which will help prevent the spread of COVID-19 and other communicable viruses.
ORIGINAL PROJECT TOTAL					\$28,100,000.00		

**FIU HVAC Upgrades/Renovations
Project List for HEERF Funding (as of April 1, 2022)**

Back-Up Projects

FM #	Building	Project	Design / Delivery	Contractor	Est Total Project Cost	Milestones	Description
	Labor Center (LC)	Distribution & Controls Upgrades	Turnkey / Piggyback	Carrier	\$386,646.34	Proposal - 5/25/22	Existing VAVs are digital, but obsolete and not serviceable. Majority of the scope will be the replacement of the existing VAV boxes to include electric heat, resulting in maintained minimum air flow (air exchanges) and proper space temperature control improving overall comfort and lowering humidity. Demand Control Ventilation (CO2 monitoring and outside air control) will be evaluated for feasibility. Existing air handling units are to remain, but ultraviolet (UV) lighting will be added to increase unit sanitization. This HVAC renovation will result in improved Indoor Air Quality (IAQ) which will help prevent the spread of COVID-19 and other communicable viruses.
	Building Ten (B10)	Distribution & Controls Upgrades	Turnkey / Piggyback	Carrier	\$168,662.37	Proposal - 5/25/22	Pneumatic to Digital Controls Upgrade. Majority of the scope will be the replacement of the existing VAV boxes to include electric heat, resulting in maintained minimum air flow (air exchanges) and proper space temperature control improving overall comfort and lowering humidity. VAVs will be added to reduce the number of offices on a single VAV. Demand Control Ventilation (CO2 monitoring and outside air control) will be evaluated for feasibility. Existing air handling units are to remain, but ultraviolet (UV) lighting will be added to increase unit sanitization. This HVAC renovation will result in improved Indoor Air Quality (IAQ) which will help prevent the spread of COVID-19 and other communicable viruses.
	Chemistry & Physics (CP) Office Wing	Distribution & Controls Upgrades	Turnkey / Piggyback	JCI	\$528,370.35	Proposal - 5/25/22	Pneumatic to Digital Controls Upgrade. Majority of the scope will be the replacement of the existing VAV boxes, resulting in maintained minimum air flow (air exchanges) and proper space temperature control improving overall comfort and lowering humidity. Connection to building hot water reheat will be evaluated in comparison to use of electric re-heat. Demand Control Ventilation (CO2 monitoring and outside air control) will be evaluated for feasibility. Existing air handling units are to remain, but ultraviolet (UV) lighting will be added to increase unit sanitization. This HVAC renovation will result in improved Indoor Air Quality (IAQ) which will help prevent the spread of COVID-19 and other communicable viruses.
	Academic Center I (ACI) East Quadrant Area	Distribution & Controls Upgrades	Turnkey / Piggyback	Carrier	\$151,987.52	Proposal - 5/5/22	Pneumatic to Digital Controls Upgrade of limited area. Existing quadrant uses individual air supply outlet control with supply air bypass, resulting in cold air returning to air handling unit. Low differential temperature between supply and return at the AHU minimizes dehumidification capability, and minimum air flows are not maintained by supply outlets. Replacement of the supply outlets and installation of a VAV system with electric re-heat for the quadrant will result in maintained minimum air flow (air exchanges) and proper space temperature control improving overall comfort and lowering humidity. Demand Control Ventilation (CO2 monitoring and outside air control) will be evaluated for feasibility. Existing air handling unit will remain, but ultraviolet (UV) lighting will be added to increase unit sanitization. This HVAC renovation will result in improved Indoor Air Quality (IAQ) which will help prevent the spread of COVID-19 and other communicable viruses.
	Wolfsonian	Fresh Air Intake Renovation	Turnkey / Piggyback	Carrier	\$189,424.73	Proposal - 5/25/22	Existing outside air dampers and duct connections are severely corroded due to proximity to ocean. Fresh outside air is not being properly controlled due to the corroded equipment. New maintenance free and corrosion resistant dampers and associated control actuators will be installed to replace existing galvanized steel equipment. Existing air handling units will remain, but ultraviolet (UV) lighting will be added to increase unit sanitization. This HVAC renovation will result in improved Indoor Air Quality (IAQ) which will help prevent the spread of COVID-19 and other communicable viruses.
	Academic Health Center II (AHC2)	Outside Air and Exhaust Damper Replacement	Turnkey / Piggyback	Carrier	\$130,645.20	Proposal - 5/25/22	Replacement of fixed position outside air dampers with modulating position air dampers to correctly control amount of outside air. Also to include replacement of failed / corroded exhaust air dampers. New maintenance free and corrosion resistant dampers and associated control actuators will be installed to replace existing galvanized steel equipment. This HVAC renovation will result in the improved Indoor Air Quality (IAQ) which will help prevent the spread of COVID-19 and other communicable viruses.
SUPPLEMENTAL PROJECT TOTAL					\$1,555,736.51		



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: FIU Ventilation Improvements at MMC and BBC campuses

Funding Source(s): Higher Education Emergency Relief Fund (HEERF II)

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.


Aime Martinez, Interim Vice President and
Chief Financial Officer

4/13/22
Date

DocuSigned by:

7E5CBEF9E1654F6

Carlos B. Castillo, General Counsel

4/14/2022
Date


Kenneth A. Jessell, Interim President

4-19-2022
Date

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee
April 26, 2022

Subject: Interior Renovation of Lakeview North Residence Hall

Proposed Committee Action:

Recommend that the Florida International University Board of Trustees approve the interior renovation of the Lakeview North Residence Hall at the Modesto A. Maidique Campus, which is being completed in two phases for a total cost of \$3,855,146, and delegate to the President or his designee the authority to execute all contracts and take all actions necessary to effectuate the renovation.

Background Information

FIU Housing and Residential Life provides on-campus housing for students designed to enhance the academic experience, build community, and build life-long friendships. The residence halls are well-maintained, clean, and modern.

Lakeview North Interior Renovation

The Lakeview North residence hall opened in 2004 as a part of the Lakeview Village complex. It is comprised of 90 four-person suites and 9 resident assistant rooms. Lakeview North houses 360 first-year students, so it is important that the building provide an excellent first impression for students and parents.

Since opening, Lakeview North has undergone the following upgrades:

- Creation of a community kitchen on each floor in 2017
- Replacement of all lounge furniture to enhance studying and social gathering
- Painted outside to match the overall FIU color scheme
- Outdoor furniture was replaced to provide more areas to study outside
- Replacement of the shower stalls in each suite to solid surface panels for ease of cleaning in 2018-2019
- Replacement of all hallway lighting with LED light fixtures in 2019

Additionally, FIU Housing completed the replacement of the boilers and rooftop HVAC units in spring 2022 to keep the building's mechanical, electrical, and plumbing systems up to date.

The remainder of the building has gone largely untouched except for routine repairs, maintenance, painting, and cleaning.

The renovation planned for summer 2022 would refresh the building interiors to be competitive in today's student housing market. Renovations will include the following:

- Replacement of white VCT tile with new low maintenance wood-look LVT tile planks. Provides saving of \$40,000 annual of waxing floors
- Replacement of worn cabinetry in each suite kitchenette with up to-date cabinetry

- Replacement of all worn bathroom vanities and millwork with contemporary designed millwork
- Replacement of outdated laminate counter tops with durable quartz solid surface countertops
- Replacement of all bathroom and kitchen sinks and faucets
- Replacement of all mirrors
- Replacement of light fixtures in elevator landings with energy efficient LED light fixtures
- Re-tiling of all dilapidated hallway ceilings
- Painting of all interior walls
- Replacement of all hallway carpeting
- A minor update to the lobby area including a new vending area and other exciting features to give students a feeling of pride in their new home

This renovation will significantly enhance the Lakeview North living experience, bringing the facility on par with FIU’s other offerings on campus and making sure FIU Housing is competitive with off-campus student housing properties in the immediate area. The design solution will be attractive to new students, enhancing our recruitment efforts. Additionally, the materials chosen are more durable and cost effective to maintain than the existing materials. This building interior refresh will position Lakeview North to serve FIU for many more years to come.

Due to the building not being occupied during the summer term, now is the ideal time to do interior replacements. In order to be ready for the 2022 fall semester, construction is scheduled to start May 9, 2022 with a completion date of August 5, 2022. Due to material shortages and cost escalations currently affecting the construction industry, the need to order critical long lead items is pertinent to achieve the schedule. The renovation will be completed in two phases. Phase I, in the amount of \$1,983,144, will allow FIU to get all the critical long lead items for all floors and includes labor for only the 5th and 6th floors. The review and approval of submittals has already started to help with the procurement of long lead materials. Phase II, in the amount of \$1,588,745, is for the balance of the work including 1st through 4th floors. We are requesting Florida International University Board of Trustees approval for the entire \$3,855,146 project cost including professional services of \$283,256.

This renovation project was envisioned in last year’s budget process, as part of the Housing Department’s 5-year plan overview and presented as the “LV North interior Renovation project.” Housing had allocated \$1,069,516 using data (with a pricing escalator) from the prior renovation of Panther Hall. The cost of this renovation increased significantly once we took a deeper look at the needs for Lakeview North refresh and used current market conditions for construction pricing.

Supporting Documentation: Preliminary Cost Projection
Funding Certification Form

Facilitator/Presenter: Aime Martinez



Facilities Construction Services

PRELIMINARY COST PROJECTION

PROJECT: Lakeview North Renovation

PROJECT NUMBER: FM #210720

DATE: 4-11-22

PRELIMINARY DRAFT		
ITEM	DESCRIPTION	TOTAL
1	CONSTRUCTION COST (Phase I)	\$1,983,144.00
1	CONSTRUCTION COST (Phase II)	\$1,588,745.00
2	SUBTOTAL CONSTRUCTION COMPONENTS	\$3,571,889.00
3	PROFESSIONAL SERVICES (A/E)	\$99,678.00
	CSR (5%)	\$183,578.35
	TOTAL COST PROJECTION	\$3,855,145.35

Section 1.00

GMP SUMMARY

Cost of Construction	*Total (Initial Release)	** Total Balance of Work	Revised Total
General Requirements	\$ 75,500	\$ 27,200	\$ 102,700
Demolition	\$ 26,300	\$ 63,500	\$ 89,800
Millwork	\$ 293,200	\$ 202,415	\$ 495,615
Doors, Frames & Hardware	\$ 6,500	\$ 13,500	\$ 20,000
Drywall & ACT	\$ 154,000	\$ 88,100	\$ 242,100
Flooring	\$ 473,700	\$ 182,600	\$ 656,300
Painting	\$ 152,500	\$ 531,700	\$ 684,200
Specialties	\$ 72,900	\$ -	\$ 72,900
Signage	\$ 14,000	\$ -	\$ 14,000
Fire Protection	\$ 1,250	\$ 3,750	\$ 5,000
Plumbing	\$ 136,900	\$ 85,940	\$ 222,840
Electrical & Fire Alarm	\$ 42,300	\$ 42,100	\$ 84,400
Landscaping	\$ 4,000	\$ 6,000	\$ 10,000
Reception Area (scope of work allowance)	\$ -	\$ 150,000	\$ 150,000
On Site Supervision & Reimb GC's	\$ 290,611	\$ 0	\$ 290,611
Subtotal	\$ 1,743,661	\$ 1,396,805	\$ 3,140,466
CM Fee (5% per Continuing Services Agreement)	\$ 87,183	\$ 69,840	\$ 157,023
Builder's Risk (1% of Subtotal Cost of Direct Work)	\$ 17,400	\$ 14,000	\$ 31,400
Payment and Performance Bond (0.74% of Subtotal Cost of Direct Work)	\$ 12,900	\$ 10,300	\$ 23,200
General Liability Insurance (1.2% of Subtotal Cost of Direct Work)	\$ 22,900	\$ 18,400	\$ 41,300
Construction Contingency (4% of Subtotal Cost of Direct Work)	\$ 79,500	\$ 63,700	\$ 143,200
Preconstruction Services (1% of Subtotal Cost of Work)	\$ 19,600	\$ 15,700	\$ 35,300
Guaranteed Maximum Price	\$ 1,983,144	\$ 1,588,745	\$ 3,571,889

*Amount based on qualifications in Section 2a. **Amount to be issued in PO pending approval from FIU Board of Trustees.



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: Lakeview Housing North Renovation

Funding Source(s): Housing fund balance (Auxiliary)

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.

DocuSigned by:

Elizabeth Bejar

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4/18/2022

Elizabeth Bejar, Interim Provost,
Executive Vice President, and
Chief Operating Officer

Date

DocuSigned by:

Aime Martinez

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4/18/2022

Aime Martinez, Interim Vice President and
Chief Financial Officer

Date

DocuSigned by:

Carlos B. Castillo

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4/18/2022

Carlos B. Castillo, General Counsel

Date

Kenneth A. Jessell

Kenneth A. Jessell, Interim President

4-19-2022

Date

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee

April 26, 2022

Subject: Approval of Florida International University's 2022-23 Allocation of Capital Improvement Trust Fund (CITF) Fees

Proposed Committee Action:

Recommend to The Florida International University Board of Trustees (the BOT) approval of FIU's revised 2022-23 allocation of capital improvement trust fund (CITF) fees, and authorize the University President to further amend said allocation as necessary, consistent with Florida Board of Governors (BOG) and BOT directives and guidelines.

Background Information:

Sections 1001.74(12), 1011.40(1), and 1013.60, Florida Statutes, require each university to submit a legislative budget request for Fixed Capital Outlay (FCO) in the form of a Capital Improvement Plan (CIP) in accordance with the instructions, guidelines, and standard formats provided by the Chancellor of the State University System of Florida. The CIP includes Public Education Capital Outlay (PECO) Projects and Capital Improvement Trust Fund (CITF) Projects.

In the June 16, 2021 meeting, the BOT previously approved the following allocation of CITF funds:

Graham University Center Expansion/Renovation/Remodel-MMC	\$5,710,000
Wellness and Recreation Field Support Building	<u>\$1,090,000</u>
	\$6,800,000

The approved allocation to FIU in this year's Legislative session for fiscal year 2022-23 is \$6,236,099

The new proposed allocation of CITF funds is as follows:

GC Expansion/Renovation	\$ 96,099
MMC Aquatic Center	\$5,000,000
Recreation Field Support Building	<u>\$1,140,000</u>
	\$6,236,099

In accordance with BOG Regulation 7.003, the FIU student government association has been previously consulted about the new proposed allocation.

The new CITF project allocation list must be submitted to BOG by April 29, 2022.

**Supporting
Documentation:**

Funding Certification Form

Facilitator/Presenter:

Aime Martinez



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: Florida International University's 2022-23 Allocation of Capital Improvement Trust Fund (CITF) Fees

Funding Source(s): Capital Improvement Trust 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.


Aime Martinez, Interim Vice President and
Chief Financial Officer

4/14/22
Date

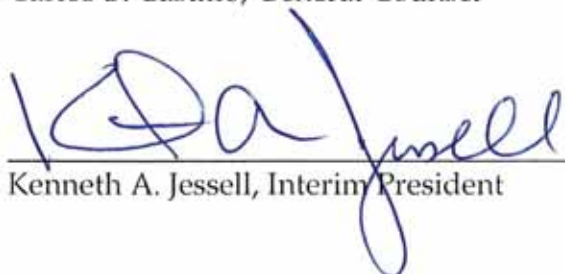
DocuSigned by:


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Carlos B. Castillo, General Counsel

4/15/2022

Date


Kenneth A. Jessell, Interim President

4-19-2022
Date

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee

April 26, 2022

Subject: Approval of transactions greater than or equal to \$1,000,000 and less than \$3,000,000: Change Order to Blanket PO#227607, Vendor: Apple, Inc.

Proposed Committee Action:

Pursuant to the Delegations of Authority from the Florida International University Board of Trustees to the University President, as reflected in the Resolution on the President's Powers and Duties approved by the Board of Trustees on March 4, 2019, (i) approve the change order to PO# 227607 as described below and (ii) authorize the University President or his designee to execute, on behalf of the University, the aforementioned contracts.

Background Information

Change Order to Blanket Purchase Order #227607 vendor: **Apple, Inc.**) A change order is being requested by FIU PantherTech to procure goods and services to cover current invoices as well as end of year purchases for personal and institutional usage per executed Reseller Agreement with Apple. Personal usage utilizing exception under Florida Board of Governors (BOG) Regulation 18.001(6)(d)(18), Purchases for Resale, and for Institutional purchases under the State of Florida's contract with Apple Inc., 43211500-WSCA-15-ACS, effective period: 09/30/2015 - 07/31/2022.

Term: Started on April 26,2022 through June 30, 2022

Cost: \$500,000.00

Funding source: Auxiliary

Supporting Documentation: C00001625 Reseller Agreement, (Personal/Institutional)
C00001625-A1 Amendment to Reseller Agreement
Participating Addendum | Master Agreement No:
MNWNC-102 | Alternate Contract Source No. 43211500-
WSCA-15-ACS
State of Florida contract with Apple, Inc., 43211500-
WSCA-15-ACS | Amendment No. 5
BOG Regulation 18.001
Funding Certification Form

Facilitator/Presenter: Aime Martinez



Apple Authorized Campus Reseller Agreement

This Agreement is entered into by and between Apple Inc., a California corporation located at 1 Infinite Loop, Cupertino, CA 95014 ("Apple") and Campus Reseller, each of whom agrees to be bound by and comply with all terms and conditions contained in the Agreement.

Institution or Company Legal Name ("Campus Reseller"): The Florida International University Board of Trustees

DBA Name: Florida International University

Address: 11200 SW 8 Street
Miami, FL 33199

Purpose

Campus Reseller wishes to purchase and resell Products to Customers in the Territory and the Parties intend that this Agreement will govern the purchase and sale of such Products in accordance with the terms and conditions set forth below.

1. Definitions

"Agreement" means, collectively, this Campus Reseller Agreement, including the Exhibits, the Ancillary Terms, and any variations or amendments to the foregoing made by Apple as permitted herein, and any mutually executed amendments to the Agreement.

"Ancillary Terms" means and includes the Policies and Requirements, Channel Member Code of Conduct, Apple Identity Guidelines, the terms of service and/or terms of use pertaining to ASW, any additional documents that Apple subsequently incorporates by reference in any of the foregoing, and any variations or amendments to the foregoing made by Apple as permitted herein.

"Apple Authorized Campus Reseller" or "Campus Reseller" means a reseller of Products, as defined below, with which Apple has an Apple Authorized Campus Reseller Agreement then in effect.

"Apple Confidential Information" means any and all information in oral or written form that Campus Reseller knows or has reason to know is confidential information and that is disclosed in connection with this Agreement or to which Campus Reseller may have access in connection with this Agreement, including but not limited to business and marketing plans, financial information and data, personnel information, information regarding strategic alliances, costs or pricing data, the identities of customers and prospective customers, and any information relating to new product launch, including the release dates and product specifications. Apple Confidential Information shall not include any information that: (i) was rightfully in a Campus Reseller's possession prior to disclosure without any obligation to maintain its confidentiality; (ii) was independently developed by Campus Reseller without the use of or reference to Apple Confidential Information; or (iii) is now, or hereafter becomes, publicly available other than through disclosure by Campus Reseller in breach of this Agreement.

"Apple Content" means Apple Product specifications, Apple Product literature, images, and other textual, graphical and/or multimedia content regarding Apple Products, and any other marketing collateral regarding Apple Product, in any form or medium, which is designed by Apple for use in preparing advertising and promotional material in accordance with the Agreement, including but not limited to Apple's applicable trademark, merchandising and marketing guidelines and policies.

"Apple Intellectual Property" means all intellectual property rights directly or indirectly owned or exclusively licensed by Apple, including but not limited to Apple Marks, patents, design rights, service marks and copyrights, registered or unregistered, anywhere in the world.

"Apple Marks" means all trademarks, service marks, trade dress, logos, taglines, slogans, product names, any other similar intellectual property, registered or unregistered, directly or indirectly owned by or licensed to Apple anywhere in the world, including but not limited to Apple, the Apple logo and any channel designations, marks or program identifiers (e.g., as "Apple Authorized Campus Reseller").

"Apple Product" or "Apple Products" means Services, CTO Products, hardware and software products manufactured, distributed or licensed under an Apple-owned or licensed brand name that Campus Reseller has paid to acquire or has properly licensed from Apple for resale and/or distribution to Customers but excluding any third party software and all other third party products.

"Apple Sales Web" or "ASW" means the web site maintained by Apple for access and use by Apple Authorized Campus Resellers and through which Apple may provide Product information, Ancillary Terms, sales information, marketing support and materials, business and Product announcements, and certain other information and materials relevant to Campus Reseller's activities as an Apple Authorized Campus Reseller.

"Appointment" means Apple's appointment of Campus Reseller as a limited and non-exclusive Apple Authorized Campus Reseller as provided in this Agreement under Section 3 (Appointment) below.

"Campus Reseller Confidential Information" means and is limited to information that is: (i) reduced to a tangible form, (ii) independently developed by Campus Reseller without the use of or reference to any Apple Confidential Information, and (iii) provided specifically at Apple's request after execution of this Agreement and after execution of an acknowledgment signed by an Apple Sales Director that such information shall be treated as Campus Reseller Confidential Information. Campus Reseller



Confidential Information shall not include any information that: (a) is communicated verbally; (b) was rightfully in Apple's possession prior to disclosure without any obligation to maintain its confidentiality; (c) was independently developed by Apple without the use of Campus Reseller Confidential Information; (d) is required to verify Campus Reseller's compliance with export laws or any other provisions of this Agreement; (e) is now, or hereafter becomes, publicly available other than through disclosure by Apple in breach of this Agreement; or (f) is Customer Information.

"Campus Store Location" means physical sales locations where Campus Reseller is authorized by Apple in writing to resell Products; and other locations including warehouses and billing addresses approved by Apple, as applicable, in writing, subject to the terms of the Agreement.

"Policies and Requirements" mean Apple's policies, practices and programs that: (i) govern Campus Reseller's performance under this Agreement and its use of, or activities with respect to any Apple-provided resources and systems; (ii) are posted to Apple Sales Web or other Apple web sites or otherwise provided to Campus Reseller; and (iii) which are incorporated herein by reference and which Apple may update periodically.

"Configure-to-Order Product" or "CTO Product" means Products that Apple modifies from its standard configurations and that are available to Campus Reseller only by special order.

"Customers" means (i) EIPs (as defined below); (ii) end users, whether or not the end users are the actual purchasers; and (iii) purchasers not purchasing the Products for resale.

"Customer Information" means all of the information Apple collects from or about end users and purchasers of its Products or potential end users or purchasers.

"Effective Date" means the date upon which an authorized representative of Apple signs this Agreement.

"Eligible Individual Purchasers" or "EIPs" means any of the following:

- (1) Students: Any individual enrolled in a course of study leading to a degree or certificate from Campus Reseller Institution.
- (2) Entering Students: Any person with confirmed intent to enroll in Campus Reseller Institution after notice of acceptance.
- (3) Faculty: Any member of the Campus Reseller Institution's faculty.
- (4) Staff: Any person employed by Campus Reseller Institution who supports the Institution's academic mission and is not temporary, employed as a contractor, or acting as a consultant on behalf of the Institution.

"Institution" means state accredited higher educational institution or entities offering certificates or degrees or the substantive equivalent thereof.

"Limited Warranty" means Apple's standard limited warranty that is set forth in the documentation that accompanies any Apple Products purchased under this Agreement.

"Line of Credit" means a line of credit established for Campus Reseller by Apple in its sole discretion.

"Modifications" means any changes to Product(s) that alter the functionality or capability of such Product(s), or bundling Products with third party Products.

"Party" means either Apple or Campus Reseller and **"Parties"** means both of them.

"Products" mean, collectively, Services, Apple Products and other products that are sold or licensed by Apple to Campus Reseller.

"Prohibited Products" means non genuine (counterfeit) Apple Products or products that infringe Apple's Intellectual Property.

"Return Material Authorization" or "RMA" means the process to return Products to Apple, which must be authorized in advance by Apple, as set out in the Ancillary Terms.

"Services" mean collectively, the standard, price-listed services, support and/or training products sold under the Apple brand name.

"Term" means the term of this Agreement, which will begin on the Effective Date and continue until Midnight, Pacific Standard Time, on April 30, 2018, unless terminated earlier as provided in this Agreement.

"Territory" means the contiguous United States, Alaska and Hawaii.

"Transshipping" means the sale or transfer of Products between a Campus Reseller and any other reseller (including other Apple Authorized Campus Resellers or unauthorized reseller).

"Verification of Eligibility Form" means the document certifying eligibility, signed by Eligible Individual Purchasers when purchasing Apple Products from Campus Reseller.

2. Interpretation

In the event of any inconsistency between or among any components of the Agreement, the following precedence will apply in descending order:



- (i) Agreement
- (ii) Exhibit A, Trademark License Agreement
- (iii) Policies and Requirements
- (iv) Channel Member Code of Conduct
- (v) Apple Identity Guidelines

Campus Reseller acknowledges, by its signature hereunder, that it has received or is able to access physical or electronic copies of all documents listed above.

3. Appointment

3.1 Subject to the terms of the Agreement, Apple appoints Campus Reseller as a limited and non-exclusive Apple Authorized Campus Reseller to resell Apple Products to Customers in accordance with the terms of this Agreement, and/or facilitate Customers' purchases directly from Apple, and for so long as Campus Reseller continuously complies with and satisfies its obligations under the Agreement, including but not limited to those described in the Ancillary Terms.

3.2 Campus Reseller's subsidiaries and/or affiliates may not purchase Products from Apple under this Agreement unless Apple has agreed in signed writing with Campus Reseller that such subsidiaries and/or affiliates are authorized to purchase Products from Apple pursuant to this Agreement. Such authorization shall be subject to the parent company having provided a guarantee of the debts to Apple of such subsidiaries and/or affiliates and compliance with the obligations of this Agreement by such subsidiaries and/or affiliates. Notwithstanding the foregoing, Apple may require at its sole discretion that the debts to Apple of such subsidiaries and/or affiliates must be included in a parent company guarantee.

4. Scope of Authorization

4.1 Campus Reseller will sell Products to Customers in the Territory, in accordance with the policies outlined in the Ancillary Terms. Campus Reseller will solely determine the prices for those Products. Except as expressly authorized in the Appointment, no other sales or distribution of Products is authorized. Campus Reseller is expressly prohibited from purchasing Apple Products for sale and/or distribution outside of the Territory.

4.2 Campus Reseller will not, and will not directly or indirectly permit any other person or entity to, sell, rent or lease any Products or Services: (i) for resale; (ii) for export outside the Territory, either directly or indirectly; (iii) to certain Apple customers participating in special programs and identified by Apple; (iv) for sales via the internet or direct mail order; (v) for promotional, leasing, or rental purposes; (vi) for Transshipping; or (vii) that are Prohibited Products.

4.3 Campus Reseller is expressly prohibited from Transshipping any Apple Products to any other resellers (including Apple Authorized Resellers or unauthorized resellers) or to any non-authorized Campus Store Locations, including but not limited to Campus Reseller's subsidiaries, franchisees, and other affiliates, without Apple's prior written approval.

5. Rights Reserved to Apple

5.1 This Agreement is non-exclusive and grants Campus Reseller only those rights specifically stated in this Agreement during the Term. All other rights in and regarding the Products, Apple Marks and Apple Content, whether express or implied, are expressly reserved to Apple. Nothing in this Agreement limits Apple's own marketing, sale or distribution activities with respect to the Products or Services, or Apple's appointment of other resellers, agents, licensees, or distributors. Apple's ability to sell directly to any person, including Customers or potential Customers of Campus Reseller in competition with Campus Reseller, or any other rights that Apple has or may have. Campus Reseller acknowledges and agrees that as between Campus Reseller and Apple, Apple retains ownership of all rights, including intellectual property rights, in and to Apple Intellectual Property, Apple Marks and Apple Content.

5.2 Campus Reseller's Appointment is made at Apple's sole discretion and is made on a non-exclusive basis. Apple is free to sell Products to Customers, either directly or indirectly. Campus Reseller acknowledges and agrees that Apple may, at any time and in its sole discretion: (i) open Apple retail stores in any location, including in locations that are proximate to Campus Store Locations; (ii) sell Products directly to Customers from a sales location owned by Apple or an Apple affiliate which may or may not be proximate to a Campus Store Location; (iii) sell Products directly to Customers through web-based (whether electronic commerce or mobile commerce) stores; (iv) authorize additional Campus Resellers in any location, including in locations that are proximate to Campus Store Locations; (v) reserve an area or location where it does not want to approve a Campus Store Location or appoint a Campus Reseller in that area or location; and/or (vi) permit others to do any of the foregoing. Campus Reseller shall not enter into any lease or other agreement, or enforce any provision of a pre-existing lease or other agreement, with respect to an Apple Store Location that in any manner restricts or impacts Apple's ability to open an Apple Retail Store, or authorize another reseller, in any particular area or location. Campus Reseller acknowledges and agrees that any activities carried out for the purposes of this Agreement and any investments relating thereto take into account the non-exclusive nature of its Appointment as a Campus Reseller and Apple's rights.

5.3 Apple reserves the right to remove or add Products from or to the Apple price lists, restrict or otherwise limit Configure-to-Order Products, and change the Ancillary Terms and scope of Campus Reseller's authorization at any time and without prior notice. Apple will have the right to restrict Campus Reseller's access to Apple Products until Apple determines that Campus Reseller complies with any and all changes to the Ancillary Terms.

5.4 Apple may allocate Products in its sole discretion and without liability to Campus Reseller. Campus Reseller acknowledges that Apple may choose to allocate Products to or among Apple's own retail and web-based stores, direct customers, education customers, sales territories, other resellers, or other sales channels, before Campus Reseller, and that there may be delays in Apple's fulfillment of Campus Reseller orders.



6. Campus Reseller's Obligations

6.1 Without limitation and throughout the Term, Campus Reseller will at its own expense: (i) comply with the Agreement and all Ancillary Terms; (ii) promote and sell the Products in a manner that maintains the good name, goodwill and reputation of Apple, its employees, directors, affiliates, the Products, the Apple brand and does not infringe any Apple Intellectual Property; (iii) upon Customers' request, provide to Customers a copy of (a) Apple's standard limited warranty for Apple Products that consist of hardware; (b) any warranties provided by vendors of products bundled with the Products; (c) Apple's end user licenses that accompany any Apple Product consisting of hardware and/or devices of any kind; and (d) Apple's end user licenses for Apple Product consisting of software whether distributed as standalone or accompanying the Products; (iv) conduct its activities in a professional and competent manner; (v) actively promote and sell Products to Customers and maintain a high level of Customer satisfaction; (vi) not sell, offer for sale, distribute, or promote any Prohibited Products, and will not allow any third party to sell, offer for sale, distribute, or promote any Prohibited Products; and (vii) not engage in any illegal, false or deceptive acts or practices in the course of its business activities or performance of the Agreement.

6.2 Throughout the Term, Campus Reseller will provide knowledgeable assistance to Customers and potential Customers in connection with the Products, including: (i) training and maintaining a sufficient number of capable personnel to sell the Products in accordance with the training requirements identified by Apple and/or described in the Ancillary Terms; (ii) assisting to determine appropriate Product configurations that fit the needs of Customers; and (iii) providing information and advice on the general intended use of Products.

6.3 Upon the sale of Products to a Customer, Campus Reseller will provide each Customer with (i) a bill of sale or other receipt that states, at a minimum, the date of sale, the Product serial number(s), and the address of the Campus Store Location where the sale occurred; and (ii) the then-current limited warranties for the Products, along with any end user license agreements accompanying the Products.

6.4 Campus Reseller will promptly notify Apple in writing of any: (i) suspected Product defect or safety issue; (ii) violations of Apple's rights under end-user licenses for the Products; or (iii) any claims or proceedings concerning Products. All such notices shall be regarded as Apple Confidential Information by Campus Reseller and will be subject to the Confidentiality provision(s) contained in this Agreement.

6.5 In the event that Apple decides to communicate safety notices or implement safety changes to Products, upon Apple's request, and at no cost to Apple, Campus Reseller will promptly: (i) communicate all Apple safety notices to Campus Reseller's Customers; (ii) reasonably assist with the proactive implementation of safety changes/recalls of Products in relation to Campus Reseller's Customers; and (iii) report to Apple on the progress of such actions.

6.6 Campus Reseller will provide Apple with sales and inventory reports, in accordance with formats prescribed by Apple.

6.7 Campus Reseller will not make or facilitate Modifications to any Product, without authorization in writing signed by Apple.

6.8 Campus Reseller may not sell, offer for sale, distribute or promote any Prohibited Products. If Campus Reseller learns or suspects that it has Prohibited Products in inventory and/or available for sale or distribution, Campus Reseller will (i) promptly, and in no event more than three (3) working days after discovery, notify Apple and remove product listings and discontinue sales or distribution of the Prohibited Products; (ii) provide Apple with details on how the Prohibited Products were acquired; (iii) assist Apple's investigation of such Prohibited Products; (iv) permanently refrain from selling or reselling Prohibited Products; and (v) take steps to ensure that Prohibited Products are not inadvertently sold by Campus Reseller in the future, including as applicable, setting up appropriate buying and promotions guidelines and online listing screening and review procedures. A failure by the Campus Reseller to respond promptly to or cooperate with Apple's requests or inquiries concerning Prohibited Products will be viewed as a material breach of this Agreement and grounds for immediate termination.

6.9 Campus Reseller will distribute Products with all warranties, notices, licenses, disclaimers, packaging, logos, labels, and in-box materials intact, as shipped from Apple.

6.10 Campus Reseller will not make or issue any representations, warranties, or guarantees to Customers or any other third party through any medium with respect to the specifications, features, or capabilities of any Apple Products that are inconsistent with the representations, warranties, guarantees and disclaimers specifically stated in Apple's end user license agreements and then-current Apple Product documentation. Campus Reseller's representations to Customers with respect to Apple Products shall at all times be consistent with Apple's end user license agreements and Apple's then-current Apple Product documentation as made available to Campus Reseller by Apple.

6.11 Campus Reseller will pay any applicable sales or use taxes, duties and other imposts due on account of purchases under the Agreement. Campus Reseller will be responsible for the collection (and remittance to the proper taxing authority) of all applicable sales tax and use taxes associated with the resale of Products. In addition, Campus Reseller is responsible for the payment of any copyright levies, recycling fees, and other fees imposed on the Products, parts thereof, or their packaging by any central or local authority, collecting society, or other institution, attributable to its activities under this Agreement and which legally must be paid by Campus Reseller and not by Apple. Notwithstanding the foregoing, Apple may elect to account to the relevant institution or join an arrangement or collective agreement in relation to a specific Product on behalf of its resellers, and if it does so, Apple may charge such levies, or fees, to Campus Reseller on the Product invoice. Apple may also require that Campus Reseller take one or more of the following actions with respect to such levies or fees: (i) reflect them separately on Campus Reseller's own invoices; (ii) inform Customers about them; (iii) pass them on to Campus Reseller's Customers in a visible manner; and (iv) provide such information as Apple may reasonably request regarding any exports which would permit Apple to reclaim the amounts paid.



6.12 In addition to the payment of recycling fees or similar duties, local law or recycling schemes may require Campus Reseller to comply with certain take-back, collection or recycling requirements. Campus Reseller shall comply with such requirements and any additional requirements as may be communicated by Apple in the Ancillary Terms.

6.13 Campus Reseller shall comply with the Policies and Requirements. Apple shall communicate any changes to the Policies and Requirements prior to the effective date of such changes. Campus Reseller shall have a reasonable period of time to implement changes requiring Campus Reseller to materially alter its activities, provided such period does not exceed thirty (30) days from the stated effective date.

6.14 Throughout the Term, Campus Reseller will maintain an active internet email address, which it will provide to Apple. Campus Reseller will have internet access at each Campus Store Location at all times and will access email at least daily, and ASW at least weekly to ascertain whether Apple has varied or amended the Ancillary Terms.

6.15 Campus Reseller must notify and obtain Apple's written approval and consent in advance of any of the following changes: (i) changing the location of a Campus Store Location; (ii) closing a Campus Store Location; (iii) adding a new Campus Store Location; (iv) modifying the status of a Campus Store Location; (v) changing its legal or operating business name, address (including web URLs) or contact information; or (vi) any change of ownership. In the event of any change of ownership, Campus Reseller shall not transfer its Appointment prior to Apple's specific written approval. All requests for approvals of any of the changes described in this Section shall be evaluated at Apple's sole discretion. Apple makes no guarantee that it will grant any such approval(s) or as to the conditions under which any such approval(s) might be granted.

6.16 Verification of EIPs

Campus Reseller shall verify the eligibility of EIPs purchasing Apple Products as prescribed in the Ancillary Terms and shall comply with the resale limitations as set forth in the Ancillary Terms and in this Agreement. Campus Reseller shall ensure that for each applicable purchase as described within the Policies and Requirements, EIP status is verified and the EIP executes a Verification of Eligibility Form incorporating the certifications and information on the "Sample Verification of Eligibility Form" attached hereto as Exhibit B. Executed forms must be maintained pursuant to Section 11 "below".

6.17 Campus Reseller shall not engage in the sale, distribution, export or handling of any Apple Products that have not been distributed by Apple for sale in the Territory.

6.18 Campus Reseller will not sell, distribute or offer for sale Apple Products that are factory refurbished, reseller-reconditioned, or used, unless expressly authorized in writing signed by Apple.

7. Export Obligations

This Agreement is subject to all applicable laws, regulations, orders and other limitations on the export and re-export of commodities, technical data and software. CAMPUS RESELLER SHALL BE SOLELY RESPONSIBLE FOR COMPLIANCE WITH ALL APPLICABLE EXPORT AND REEXPORT CONTROL RULES THAT APPLY TO ITS RESALE ACTIVITIES AND further agrees that it will not export, re-export, resell or transfer any export-controlled commodity, technical data or software: (i) in violation of such limitations imposed by the United States, or any other relevant national government authority; (ii) to any country for which an export license or other governmental approval is required at the time of export, without first obtaining all necessary licenses or other approvals; (iii) to any country or national or resident of a country to which trade is embargoed by the United States, or any other relevant national authority; (iv) to any person or firm on any relevant government agency restricted party lists, (examples: United Nations Sanctions list, United States Denial Lists, Office of Foreign Assets Control Specially Designated Nationals List, etc.); or (v) for use in, or to an entity that might engage in, any sensitive nuclear, chemical or biological weapons, or missile technology end-uses unless authorized by the United States Government, and any other relevant government agency by regulation or specific license.

8. Terms and Conditions of Purchase

8.1 In order to qualify to purchase Products directly from Apple, Campus Reseller must satisfy all requirements and perform all obligations of the Ancillary Terms applicable to or governing direct Campus Reseller purchases of Products.

8.2 Campus Reseller may order Products from Apple by either (i) ordering from the Apple Reseller Online Store, (ii) by submitting a purchase order to Apple, (iii) if qualified, by sending data via Electronic Data Interchange (EDI), or (iv) by any other means communicated by Apple. Campus Reseller may not purchase Products for resale from any Apple retail store, other Apple online store, or an Apple direct purchase team unless authorized in writing by Apple. In the event Campus Reseller submits orders via an online portal managed by Apple, Campus Reseller agrees to Apple's Terms of Use and Privacy Policy located on such online portal. Furthermore, purchases through an online portal may also be subject to an Online Sales Policy. In the event of any inconsistency between this Agreement and the Online Sales Policy, this Agreement will govern.

8.3 Any order placed with Apple is subject to acceptance by Apple, and Apple may decline any order, in whole or in part, for any reason. The taking and acknowledgment of orders does not, in any way, constitute automatic acceptance of such orders by Apple. Apple may cancel any accepted order prior to shipment.

8.3.1 Campus Reseller may request a change to or cancellation of an order for Products, other than CTO Products, prior to commencement of the shipping process. Campus Reseller may request a change to or cancellation of an order for CTO Products according to the Ancillary Terms. The acceptance of such a request is at Apple's sole discretion.

8.4 Apple may at any time reject orders and change or modify Product models, offerings, specifications, construction or design. Any Products so changed or modified and offered to Campus Reseller in fulfillment of original orders from Campus Reseller are subject to acceptance by Campus Reseller. If Campus Reseller does not cancel the original orders within seven (7) days the change or



modification will be deemed as accepted. Campus Reseller acknowledges and agrees that Apple shall have no liability to Campus Reseller as a result of any action it takes in furtherance of any of the foregoing.

8.5 Apple may make partial shipments of Campus Reseller's orders without liability for any failure to ship complete orders or for any shipment delay. Campus Reseller will be invoiced separately for each partial shipment and will pay each invoice when due, without regard to subsequent deliveries.

8.6 Without prejudice to Campus Reseller's rights under Section 10 (Limited Warranty to Campus Reseller), each shipment shall be deemed correct and undamaged unless Campus Reseller notifies Apple of the discrepancy or damage in writing within forty eight (48) hours of delivery of the given shipment and in accordance with the Ancillary Terms. All such notifications must include the purchase order number, and the exact nature of the damage or the discrepancy between the order and the shipment in number or type of Products shipped. For under-shipments, Apple shall, at its sole discretion, issue a replacement shipment, or a credit to Campus Reseller's account within thirty (30) days of receipt of such written notice from Campus Reseller. For the avoidance of doubt, Apple will not process such notices from Campus Reseller that are not supported evidentially by proof-of-delivery documentation.

8.7 The title and risk of loss to all Products will pass to Campus Reseller upon shipment from Apple's shipping location. However, for Products shipped pursuant to Apple's standard practices in all but the last week of every Apple fiscal quarter (as posted on ASW) during the Term, Apple will issue credits or replace Products returned due to damage in transit or that are lost in transit. For Products shipped pursuant to Apple's standard practices in the last week of every Apple fiscal quarter during the Term, Apple will not issue credits or replace Products returned due to damage in transit or that are lost in transit. Instead, Apple will provide for a policy of insurance under which Campus Reseller may make a claim for any loss. When Products are not shipped pursuant to Apple's standard practices but instead via a carrier selected by Campus Reseller, Apple will not issue credits or replace Products returned due to damage in transit or that are lost in transit. Campus Reseller shall insure Products for their full replacement value from delivery to Campus Reseller until Campus Reseller has paid Apple in full for such Products, and shall name Apple as a loss payee on the Campus Reseller's policy.

8.8 The return of any Products by Campus Reseller must be authorized in advance by Apple. The Return Material Authorization process is set out in the Ancillary Terms. Apple may make a charge for any Products that are not returned in accordance with the RMA.

8.9 Apple may in its sole discretion establish a Line of Credit for Campus Reseller. If Apple establishes a Line of Credit it will do so under the following terms and conditions:

8.9.1 Payment terms for all amounts due from Campus Reseller to Apple (including payments for Services) will be net thirty (30) days from the date of Apple's invoice, except as may otherwise be required by Apple in writing. Invoices must be paid in full by direct debit or other electronic payment method agreed between the parties in the currency invoiced without deduction, counterclaim or set off (statutory or otherwise) and in clear funds. If a direct debit is returned unpaid, Apple shall be entitled to place the Campus Reseller's account on credit hold until payment is received in full. Overdue amounts will be subject to an additional interest charge computed daily for each day that the payment is late at the rate of interest of the Inter Bank Offer Rate prevailing in the country of payment plus two per cent (2%). If payment is required to be made on a basis other than net thirty (30) days, then such modified terms, whether net fifteen (15) days, cash in advance, or otherwise, will become the ordinary course of business and dealing between Apple and Campus Reseller.

8.9.2 The Line of Credit will limit the aggregate amount of credit that may be extended at any time to Campus Reseller for amounts owing to Apple under this Agreement, any other agreement or for any other sales or extensions of credit of any kind by Apple to Campus Reseller. The amount of the Line of Credit may be immediately adjusted upwards or downwards at any time as appropriate, at the discretion of Apple. In exercising its discretion, Apple reserves the right to consider and act upon the following, among other criteria: (i) the profitability and financial well being of Campus Reseller; (ii) whether current and accurate financial and business performance information are provided in a timely fashion by Campus Reseller; (iii) the amount and likely present value of whatever collateral or credit enhancement has been provided; and (iv) whether Apple will likely be, or has been required to realize upon and liquidate such collateral or credit enhancement. Campus Reseller acknowledges that Apple can reduce, vary or cancel the Line of Credit at any time.

8.9.3 Apple may place sales to Campus Reseller on immediate credit hold (i.e., suspend all sales to Campus Reseller) whenever the outstanding balance owed by Campus Reseller and its subsidiaries and/or affiliates to Apple would exceed the Line of Credit or whenever Campus Reseller fails to make payment to Apple in accordance with established terms.

8.9.4 Without prejudice to its right to terminate this Agreement for breach under Section 17, Apple reserves the right to withhold shipment and/or to declare all sums immediately due and payable in the event of a breach by Campus Reseller of any of its obligations to Apple, including the failure to comply with any credit terms.

8.9.5 Should there at any time be monies owing from Apple to Campus Reseller, Apple will have the right to setoff such sums and apply them to any sums (whether or not due) owed by Campus Reseller or its affiliates or subsidiaries to Apple.

8.9.6 Campus Reseller will provide to Apple (or an Apple affiliate): (i) audited annual financial statements, including a balance sheet, cash flow and profit and loss statements, as well as auditors' report and notes to financials; (ii) financial statements and similar financial information or reports routinely provided to any other vendor, lender or creditor to support extensions of credit, and (iii) such other financial information as may be reasonably requested by Apple in a format agreed upon by Apple and Campus Reseller. If such information is not provided in a timely manner, Apple may suspend all sales to Campus Reseller or exercise any other remedies hereunder until such information is provided to Apple.

8.10 Where no credit facility has been granted to Campus Reseller or where this has been withdrawn (in Apple's absolute discretion)



payment will be required in full in cleared funds prior to delivery (unless otherwise provided in this Agreement).

8.11 Campus Reseller acknowledges that Apple may invoke any of the remedies to recover its Product sold, or sums due for such Product, as provided in the Uniform Commercial Code of Delaware. Campus Reseller further acknowledges that it is responsible for the costs, legal and otherwise, associated with the enforcement of security provided for credit.

8.12 The price for Products purchased directly from Apple will be the price on the applicable Apple price lists on the date that Apple accepts the order for the Products. Prices include standard freight and insurance using an Apple-selected carrier. Campus Reseller will be invoiced upon shipment of Product. Apple reserves the right to change the Apple price lists and Campus Reseller's credit terms at any time.

8.13 Campus Reseller acknowledges that Apple has set its prices and entered into this Agreement in reliance upon the provisions of this Agreement, particularly including (but not limited to) Sections 16 and 18.1 and that the provisions of this Agreement form an essential basis of the bargain between the parties. If Apple has reasonable grounds to believe it may have a claim on any basis against Campus Reseller or its affiliates or subsidiaries, Apple may also withhold an amount it deems reasonably necessary to cover the amount of the possible claim.

8.14 The details of any discounts, rebates or other benefits that may be available to Campus Reseller in respect of Products and the relevant conditions or requirements which attach thereto will be set out in the applicable Ancillary Terms. Without prejudice to its right to terminate this Agreement for breach under Section 17, Apple may withdraw immediately any such discounts, rebates or other benefits and/or the participation in any program, in whole or in part, in the event of a breach by Campus Reseller of this Agreement or in the event of non-compliance with the relevant Ancillary Terms.

8.15 Campus Reseller will provide Apple with a properly executed resale certificate and any other documentation requested by the taxing jurisdiction, (such taxing jurisdiction to be determined under applicable law), to substantiate any claim of exemption from taxes, duties, or imposts. For the avoidance of doubt, the taxing jurisdiction under applicable law is currently the state of destination for the shipped Product(s).

9. Confidentiality

9.1 During the Term and for five (5) years thereafter, Campus Reseller will not use Apple Confidential Information except as required to achieve the objectives of this Agreement, or disclose such Apple Confidential Information except to employees or contractors who have a need to know. Campus Reseller will not make any disclosure or statement of Apple Confidential Information in connection with the Agreement or its subject matter without Apple's prior, specific written consent. Campus Reseller shall not make any public statement regarding any item of Apple Confidential Information, including but not limited to any matter of business between Apple and Campus Reseller or any third party. Campus Reseller may disclose Apple Confidential Information to the extent required by law, provided that it first makes reasonable efforts to give Apple notice of such requirement prior to any such disclosure and takes reasonable steps to obtain protective treatment of the Apple Confidential Information.

9.2 Apple will not use Campus Reseller Confidential Information except as required to achieve the objectives of this Agreement, or disclose such Campus Reseller Confidential Information except to employees, agents or contractors who have a need to know or as required by law. Except as otherwise stated herein, Apple will not make any disclosure or statement of such information or its subject matter without the Campus Reseller's prior written consent or as required by law.

10. Limited Warranty to Campus Reseller

10.1 Apple warrants that any Products purchased for resale to Customers pursuant to this Agreement will as of the date of shipment conform to their general descriptions on the Apple price list current as of the date Apple sold such Product to Campus Reseller. Campus Reseller's sole and exclusive remedy for any breach of this warranty will be a credit to Campus Reseller's account for the original amount of Campus Reseller's purchase price for such non-conforming Products after such Products are returned to Apple. THE FOREGOING CONSTITUTES CAMPUS RESELLER'S SOLE REMEDY AND APPLE'S SOLE AND EXCLUSIVE OBLIGATION FOR ALL WARRANTY CLAIMS.

10.2 OTHER THAN AS STATED IN SECTION 10.1 ABOVE, ALL EXPRESS OR IMPLIED CONDITIONS, REPRESENTATIONS AND WARRANTIES WITH RESPECT TO APPLE PRODUCTS, SERVICES, APPLE MARKS, APPLE CONTENT, AND/OR APPLE'S PERFORMANCE UNDER THIS AGREEMENT, INCLUDING ANY IMPLIED WARRANTY OR CONDITION OF MERCHANTABILITY, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT ARE HEREBY EXCLUDED TO THE MAXIMUM EXTENT PERMITTED BY LAW. THIRD PARTY PRODUCTS ARE SOLD "AS-IS" WITH ALL FAULTS AND WITHOUT EXPRESS OR IMPLIED WARRANTIES BY APPLE. THIRD PARTY PRODUCTS MAY BE ACCOMPANIED BY THEIR MANUFACTURER'S STANDARD LIMITED WARRANTIES.

11. Records, Inspections and Audits

11.1 Campus Reseller will maintain, for or at the applicable Campus Store Location its records, contracts and accounts relating to the sale of Apple Products for at least five (5) years including, without limitation, (i) the delivery of the Products to Campus Reseller, including the date of such deliveries and the serial numbers of Products delivered; and (ii) the sale of Products, including the identity of the Campus Reseller's Customers (to the extent permitted by law), the date of such sales to Customers and the serial numbers of the Products sold. During the Term and for five (5) years after its expiration or termination, Apple will have the right to inspect Campus Reseller's records, contracts and accounts relating to the sale of Apple Products. Campus Reseller will provide information regarding Campus Store Locations and any other information that Apple may reasonably request, including but not limited to, sales and inventory reports, in formats prescribed by Apple.



11.2 During the Term and for a period of five (5) years after expiration or termination of the Agreement, Apple will have the right to conduct an audit of Campus Store location and other related facilities at any time during the regular business hours for purposes of verifying Campus Reseller's compliance with the terms of this Agreement and Ancillary Terms. Upon Apple's reasonable request, made directly by Apple or by Apple's external auditors, Campus Reseller will promptly provide copies of any requested records, financial statements and documents. Campus Reseller will ensure that it maintains records related to the sale of Products such that Campus Reseller can fully comply with inspections and audits by Apple. Campus Reseller will cooperate and assist with all reasonable requests made by Apple regarding inspections and audits and will not attempt to limit their scope.

11.3 Apple has the right to restrict Campus Reseller's access to Apple Products or discontinue Campus Reseller's participation in special programs until Apple determines that Campus Reseller is cooperating with inspections and audits described herein, including requests for compliance under the Agreement, in Apple's sole discretion. A failure by the Campus Reseller to respond promptly to or cooperate with Apple's request to inspect or audit Campus Reseller's records, contracts and accounts relating to the sale of Apple Products (made directly by Apple or by Apple's external auditors) will be viewed as a material breach of this Agreement and grounds for immediate termination.

11.4 If Apple determines that Campus Reseller has failed to maintain such documentation or otherwise engaged in any fraudulent conduct with respect to this Agreement, Apple may withhold any payments otherwise due from Apple to Campus Reseller and may demand that Campus Reseller (i) repay to Apple all fees and other compensation fraudulently obtained by Campus Reseller, or obtained without proper substantiation, and (ii) pay to Apple the then-current price of any Products in respect of which Apple reimbursed Campus Reseller in relation to such fraudulent or unsubstantiated activities. If the fraudulent or unsubstantiated activities discovered during Apple's inspection or audit exceed, in the aggregate, five thousand dollars (\$5,000) in value during the period under review, Campus Reseller will reimburse Apple for its costs of conducting the inspection.

12. Proprietary Rights

12.1 Apple Marks

Campus Reseller's authorization to use Apple Marks are stated in the Trademark License Agreement which is attached to this Agreement and incorporated herein by this reference as Exhibit A. Any Campus Reseller violation of the Trademark License Agreement shall constitute a material breach of this Agreement and shall be grounds for immediate termination of this Agreement by Apple. This Agreement gives Campus Reseller no rights to any Apple Intellectual Property other than as expressly stated herein.

12.2 Software Rights

Campus Reseller will not separate any software or end-user license from any Product packaged by Apple or remove any terms of service that pertain to the services. Campus Reseller will not modify or remove any such end user license agreements or terms of service. Campus Reseller may distribute software incorporated in or packaged with any Product solely in connection with the authorized sale of such Product, but not otherwise, and will have no other rights with respect to such software. Campus Reseller will pass on to Customers, at the time of purchase, any and all end-user license agreements as originally received from Apple and/or as originally included with the Product, and any terms of service that pertain to the Services. Campus Reseller will not, and will not authorize any third parties to, disassemble, de-compile, reverse engineer, copy, modify, create derivative works of, or otherwise change any software, its form or coding. Software is licensed to Customers, not sold, under the terms of the applicable end user license agreements pertaining to such software.

12.3 Apple Proprietary Customer Information

Notwithstanding anything to the contrary herein, Campus Reseller acknowledges that: (i) Apple maintains Customer Information derived from sources other than Campus Reseller, including but not limited to Product registration and use of Apple's web sites; (ii) such Customer Information may be identical to information contained in any reports or sales data furnished by Campus Reseller or that Campus Reseller has developed, maintains, or collects; and (iii) Apple owns its Customer Information and all proprietary interest therein, whether or not Campus Reseller has derived or maintains identical information or has or asserts any rights therein. Campus Reseller hereby disclaims any right or interest whatsoever in Apple's Customer Information and agrees not to contest Apple's rights therein.

12.4 Apple Content

Apple may elect, in its sole and absolute discretion, to make certain Apple Content available to Campus Reseller pursuant to the applicable Ancillary Terms. To the extent, if any, that Apple elects to provide certain Apple Content to Campus Reseller then any and all such use of Apple Content by Campus Reseller is subject to Campus Reseller's compliance with the following license, the terms of the Agreement and Apple's applicable trademark, merchandising and marketing guidelines and policies that may be referenced in any of the Ancillary Terms. Subject to the terms of this Agreement, the eligibility requirements for access to certain Apple Content, and Ancillary Terms pertaining to certain Apple Content, Campus Reseller is granted a non-exclusive, revocable license solely during the Term, to use, reproduce, perform (as applicable) and display such Apple Content solely for the purpose of advertising and promoting Apple Products in accordance with the Agreement, but not otherwise, and provided that all such use is in full compliance at all times with Apple's then-current applicable Identity Guidelines. Campus Reseller understands that its access to all or any Apple Content may be at a charge to Campus Reseller and that Apple is under no obligation to furnish Apple Content or to do so on a gratis basis. Campus Reseller agrees to remove or substitute any or all Apple Content immediately and at Campus Reseller's sole cost and expense, if required to do so by Apple. In addition, upon any expiration or termination of the Agreement, Campus Reseller will be responsible for destruction and/or removal of Apple Content made available to Campus Reseller during the Term in accordance with Apple's applicable requirements pertaining to such Apple Content.

12.5 Campus Reseller agrees to use reasonable efforts to protect Apple's proprietary rights, including Apple Intellectual Property, and to co-operate without charge in Apple's efforts to protect its proprietary rights, including efforts to prevent the sale and distribution of Prohibited Products.

13. Business Ethics



13.1 Campus Reseller has reviewed and understands Apple's policies with respect to ethical business conduct and agrees to fully comply with all such policies.

13.2 Campus Reseller shall comply with all applicable laws and regulations enacted to combat bribery and corruption, including the United States Foreign Corrupt Practices Act ("FCPA"), the UK Bribery Act, the principles of the OECD Convention on Combating Bribery of Foreign Public Officials (the "OECD Convention") and any corresponding laws of all countries where business or services will be conducted or performed pursuant to this Agreement. Any amounts paid by Apple to Campus Reseller pursuant to the terms of this Agreement will be for the services actually rendered, or products sold, in accordance with the terms of this Agreement. Campus Reseller shall not, directly or indirectly through a third party pay, offer, promise to pay, or give anything of value (including any amounts paid or credited by Apple to Campus Reseller) to any person, including an employee or official of a government, government controlled enterprise or company or political party, with the reasonable knowledge that it will be used for the purpose of obtaining any improper benefit or to improperly influence any act or decision by such person or party for the purpose of obtaining, retaining, or directing business.

13.3 Campus Reseller, to the extent permissible by law, shall notify Apple of any circumstance whereby, to the best of the Campus Reseller's knowledge, an owner, partner, officer, director or an employee of the Campus Reseller who is assigned to a current or prospective Apple customer account has been or will become, during the Term, an official or employee of a governmental entity or political party or a candidate for political office.

13.4 Campus Reseller represents and warrants that all information provided to Apple in connection with Campus Reseller's selection and approval is complete and true. Campus Reseller further warrants that any information required or requested by Apple during the Term will be complete and true.

14. Insurance

Throughout the Term and for each Campus Store Location, Campus Reseller will secure commercial general liability insurance, including coverage for bodily injury, property damage, personal and advertising injury, premises liability, products and completed operations liability, and contractual liability. This policy will have limits of: (i) not less than one million dollars (\$1,000,000), per occurrence for bodily injury, property damage, and personal and advertising injury; and (ii) not less than a two million dollar (\$2,000,000) annual aggregate for all such occurrences. Apple shall be included as an additional insured pursuant to ISO Form 20 26, or its reasonable equivalent, on the foregoing coverage, but only to the extent of liabilities falling within Campus Reseller's indemnity obligations pursuant to Section 15.4 below. A Certificate of Insurance, or similar documentation of coverage, will be made available to Apple at its request.

15. Indemnity

15.1 Provided that Campus Reseller promptly notifies Apple in writing, gives Apple sole control over the defense and all related settlement negotiations, and does not compromise or settle any claims then, subject to the terms of this paragraph and the exceptions and limitations set forth below, including but not limited to Section 16.3, 16.4 and 16.5, Apple will defend, hold harmless and indemnify Campus Reseller against a proceeding or action brought by a third party against Campus Reseller to the extent based on a claim that: (i) Apple Product sold by Campus Reseller in accordance with the Agreement that a Customer has paid to acquire infringes a U.S. patent, copyright, or trademark or misappropriates a U.S. trade secret; or (ii) a defective Apple Product purchased from Campus Reseller directly caused death, personal injury or tangible property damage.

15.2 Notwithstanding the foregoing, Apple shall not be liable for or obligated to defend any claims or damages arising out of or related to: (i) change, alteration or Modification of any Apple Product, Apple Marks or Apple Content; (ii) combination of the Apple Product with any other equipment, data, documentation, items or products; (iii) use of any Apple Product in a manner or for a purpose for which it was not intended; (iv) failure to use an upgrade or replacement version of any Apple Product when such upgrade or replacement version is made available by Apple; (v) import or export of any Apple Product in violation of applicable export control requirements, regulations or laws; (vi) use or exportation of any Apple Product(s) into any countries identified on any U.S. Government embargoed countries list; (vii) use of any Apple Product in a manner or for a purpose not authorized under the applicable end user license agreement; (viii) use of any Apple Marks or Apple Content in a manner not expressly authorized in the Agreement; (ix) Campus Reseller's, its employees, agents, affiliates, subsidiaries or subcontractor's negligence, acts or omissions; or (x) Campus Reseller's violation of its obligations under Section 6.10 (Campus Reseller Representations, Warranties and Guarantees of Apple Product).

15.3 In the event of any alleged, actual or potential claim arising under this Section, Apple may at its sole option (but shall not be obligated to): (i) procure for Campus Reseller the right to continue use or resale of the applicable Apple Product, (ii) replace or modify the applicable Apple Product, or (iii) If Apple determines, in its sole discretion, that neither of the foregoing options are commercially reasonable, then Apple may issue a pro-rata refund of the amount paid by Campus Reseller for the applicable infringing Apple Product, less depreciation on a straight line, three-year basis. THE FOREGOING CONSTITUTES CAMPUS RESELLER'S SOLE AND EXCLUSIVE REMEDY AND APPLE'S ENTIRE LIABILITY FOR ANY CLAIMS ARISING OUT OF THIS SECTION 15.

15.4 Campus Reseller will defend, hold harmless and indemnify Apple, its employees and agents from and against any claim or threat of claim brought by a third party against Apple arising out of the acts and/or omissions of Campus Reseller, its employees, agents, affiliates, subsidiaries or contractors, including without limitation any alleged violation by Campus Reseller of its obligations under Section 6.1(iii) or 6.10 (Campus Reseller Representations, Warranties and Guarantees of Apple Product).

15.5 A Party seeking indemnification under this Section shall cooperate with and provide reasonable assistance to the indemnifying Party in defending or settling any indemnified claim or proceeding. Neither Party will make public the existence or terms of any settlement.



16. Limitation of Liability and Remedies

16.1 The maximum aggregate liability of either Party to the other (including any liability for the acts or omissions of either Party's employees, agents and sub-contractors) for any and all claims of any kind arising out of or in connection with the Agreement, whether in contract, warranty, tort (including negligence), misrepresentation, strict liability, statute, or otherwise, shall be limited to the total amounts paid by Campus Reseller to Apple in the twelve (12) months immediately preceding the date the initial claim is made by a Party against the other or one hundred thousand dollars (\$100,000) or local equivalent value, whichever is greater, provided however, that in no event shall all recoveries by a Party in connection with the Agreement exceed three hundred thousand dollars (\$300,000) or local equivalent value.

16.2 Notwithstanding anything to the contrary, the Parties agree that the limitations set forth in the preceding Section 16.1 shall not apply to: (i) valid claims under Section 15 of this Agreement with respect to U.S. patent infringement and/or with respect to defective Apple Products that directly cause death, personal injury or tangible personal property damage; (ii) any claims by Apple against Campus Reseller for violation of intellectual property rights, including claims under Section 12 of this Agreement; or (iii) the amount Campus Reseller owes to Apple and/or the amounts to which Apple may be entitled for Products ordered from Apple.

16.3 IN NO EVENT, WHETHER AS A RESULT OF BREACH OF CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE), MISREPRESENTATION, STRICT LIABILITY, STATUTE OR OTHERWISE, SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY LOSS OF PROFIT OR ANY SPECIAL, CONSEQUENTIAL, INCIDENTAL, INDIRECT LOSSES (INCLUDING LOSS OF DATA, INTERRUPTION IN USE, UNAVAILABILITY OF DATA, UNAVAILABILITY OR INTERRUPTION IN AVAILABILITY OF APPLE PRODUCTS, OR OTHER ECONOMIC ADVANTAGE) OR FOR PUNITIVE OR EXEMPLARY DAMAGES.

16.4 The remedies set forth in this Agreement will be Campus Reseller's sole and exclusive remedies for any claim against Apple under or related to the Agreement. Campus Reseller hereby waives and relinquishes any other rights or claims under franchise, dealership, agency, or other statutes, or at common law that would or might arise out of Apple's termination of the Agreement, or any Program, Apple's refusal to accept Campus Reseller's order, Apple's refusal to renew or extend the Term, or any other cause arising out of or in connection with the Agreement.

16.5 THE PARTIES AGREE THAT THE TERMS OF THE AGREEMENT, INCLUDING THOSE CONCERNING WARRANTIES, INDEMNITY AND LIMITATIONS OF LIABILITY, REPRESENT A FAIR ALLOCATION OF RISK BETWEEN THE PARTIES WITHOUT WHICH THEY WOULD NOT HAVE ENTERED INTO THIS AGREEMENT. LIABILITY FOR DAMAGES WILL BE LIMITED AND EXCLUDED, EVEN IF ANY EXCLUSIVE REMEDY PROVIDED FOR IN THE AGREEMENT FAILS OF ITS ESSENTIAL PURPOSE.

17. Term and Termination

17.1 Term

Campus Reseller acknowledges that it has no expectation that the Term of the Agreement will be renewed or otherwise extended by Apple. Campus Reseller understands and agrees that any re-authorization of Campus Reseller after the Term to resell Product is not automatic and shall be entirely within Apple's sole and absolute discretion.

17.2 Termination for Convenience

This Agreement may be terminated by either Party at any time without cause (i.e., for any or no reason), on thirty (30) days' written notice to the other Party.

17.3 Termination for Cause

Apple may immediately terminate this Agreement and any other existing agreement with Campus Reseller if: (i) Campus Reseller fails to fully perform any obligation under the Agreement or any Ancillary Terms; (ii) Campus Reseller commits a felony or engages in any unlawful or unfair business practice; (iii) there is a material change in or transfer of Campus Reseller's management, ownership, control or business operations, or Campus Reseller becomes affiliated, through common management, ownership, or control, with any person or entity that is unacceptable to Apple; (iv) Campus Reseller's actions expose or threaten to expose Apple to any liability, obligation, or violation of law; (v) Campus Reseller fails to maintain sufficient net worth and working capital to meet its obligations, has a receiver or trustee appointed for its property, becomes insolvent or makes an assignment for the benefit of creditors; (vi) Campus Reseller closes its last Authorized Location; (vii) Campus Reseller fails to satisfy any of its obligations under the Ancillary Terms to a non-material degree and fails to cure such failure within thirty (30) days of being notified in writing of the requirement to do so.

17.4 Material Breach

Without limiting the materiality of any other breach, Campus Reseller understands that its violation of Sections 7 (Export Obligations), 9 (Confidentiality), 11 (Records, Inspection & Audits), 12 (Proprietary Rights), and/or 13 (Business Ethics) shall constitute a material breach of this Agreement and grounds for immediate termination of the Agreement by Apple.

17.5 Effect of Notice of Termination

If either Party gives notice of termination of the Agreement according to Section 17: (i) all unpaid invoices issued by Apple will be accelerated and become immediately due and payable on the effective date of termination; (ii) Apple may refuse all or part of Campus Reseller's orders received by Apple after the date of notice of termination; (iii) Campus Reseller will cease placing new orders for Products from Apple on the effective date of termination.

17.6 Effect of Expiration or Termination

Upon expiration or termination of the Agreement: (i) Campus Reseller will immediately cease and desist from marketing or distributing Products and Services; (ii) Campus Reseller will immediately cease and desist use of any and all Apple Content, and the Apple Marks including any designation granted under this Agreement (e.g., "Apple Authorized Campus Reseller"); (iii) Apple will



cancel and be released from all obligations regarding all unshipped Product orders; (iv) Campus Reseller will no longer accrue any promotional allowances or other available funds; (v) Campus Reseller will immediately pay all amounts due and owing; (vi) Campus Reseller will return promptly to Apple all Apple property in Campus Reseller's possession, such as loaned equipment, all material provided to Campus Reseller by Apple, including material comprising or containing Apple Confidential Information; and (vii) Campus Reseller shall not be authorized to access ASW. Apple shall not be obligated to refund any amounts due Campus Reseller until forty five (45) days after Campus Reseller has complied fully with Sections 17.5 above.

17.7 Survival

All defined terms and the following Sections of this Agreement shall survive expiration or any termination of the Agreement: 7 (Export Compliance); 9 (Confidentiality); 11 (Records, Inspections and Audits); 15 (Indemnity); 16 (Limitation of Liability); 17.6 (Effect of Expiration or Termination); 17.7 (Survival); 18 (General Terms) and; any other Sections that by their nature would reasonably be expected to survive expiration or termination.

17.8 Termination by Campus Reseller

Campus Reseller may terminate this Agreement at any time if Apple fails to perform any material obligation or responsibility and such failure continues without being remedied for a period of thirty (30) days after written notice thereof.

18. General Terms

18.1 Governing Law

If Campus Reseller is a public agency or institution, this Agreement will be governed by the laws of the state where Campus Reseller is located or if Campus Reseller is a federal government agency, this Agreement will be governed and interpreted in accordance with applicable federal law. If Campus Reseller is a private or corporate entity, this Agreement will be governed by the laws of the State of Delaware, without regard to its conflict of laws provisions, and in the event of any action between the parties, venue shall be in the State of California.

18.2 Dispute Resolution

A Party must escalate a dispute or controversy by providing written notice to the other. Both Parties agree to attempt to resolve any dispute or controversy in good faith.

Notwithstanding the foregoing sentence, after sixty (60) days from the complaining Party's written notice to the other Party of a dispute or controversy, either Party can seek to resolve the dispute or controversy by arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The place of the arbitration shall be California. The number of arbitrators shall be one (1) for claims where the award sought is less than \$250,000 and three (3) for claims where the award sought is \$250,000 or greater.

Nothing in Section 18 shall prevent any Party from seeking provisional, interim or conservatory measures, including, but not limited to temporary restraining orders or preliminary injunctions or their equivalent, from any court of competent jurisdiction at any time. Any such request by a Party to a court for provisional, interim, or conservatory measures shall not be deemed incompatible with the agreement to arbitrate in Section 18.2 or a waiver of the right to arbitrate.

The prevailing party shall be entitled to recover its reasonable costs, including administrative fees and expenses, arbitrators' fees and expenses, and fees and expenses of legal representation, incurred in the arbitration proceedings.

Except as may be required by law, neither Party nor its representatives may disclose the existence, content, or results of any arbitration under Section 18.2 without the prior written consent of all Parties.

18.3 Limitation of Claims

Except for any outstanding amount due to Apple by Campus Reseller under the Agreement, the Parties' efforts to resolve any dispute or controversy pursuant to this Section shall not toll or extend the required period for commencing arbitration set forth in Section 18.2.

ANY ARBITRATION ARISING OUT OF ANY DISPUTE OR CONTROVERSY BETWEEN THE PARTIES TO THIS AGREEMENT MUST BE BROUGHT WITHIN ONE (1) YEAR FROM THE EARLIER OF THE NOTICE OF TERMINATION UNDER SECTION 17 OR THE WRITTEN NOTICE OF THE DISPUTE OR CONTROVERSY UNDER SECTION 18.2. IF A LONGER PERIOD IS PROVIDED BY STATUTE, THE PARTIES HEREBY EXPRESSLY WAIVE IT.

18.4 Venue: Time to Bring Claims

If the Parties are unable to resolve the dispute or controversy within sixty (60) days after commencing mandatory escalation in Section 18.2, either Party may commence litigation in the state or federal courts in Santa Clara County, California (but only such courts). Notwithstanding the foregoing, each Party shall have the right to seek urgent relief in order to protect any rights to confidentiality or intellectual property. The Parties hereby waive any applicable bond requirements for obtaining urgent relief and also waive any requirement to show that damages would be an inadequate remedy to obtain such relief. **ANY LITIGATION ARISING OUT OF ANY DISPUTE OR CONTROVERSY BETWEEN THE PARTIES TO THIS AGREEMENT MUST BE BROUGHT WITHIN ONE (1) YEAR FROM THE EARLIER OF: (i) NOTICE OF TERMINATION UNDER SECTION 17; (ii) A REQUEST FOR ARBITRATION UNDER SECTION 18.2; OR (iii) THE DATE THE ACTION ACCRUED. IF A LONGER PERIOD IS PROVIDED BY STATUTE, THE PARTIES HEREBY EXPRESSLY WAIVE IT.**

18.5 Notice under the Agreement

Notices under the Agreement may be given as follows:



18.5.1 Any notice under this Agreement, except for notices as contemplated below in Sections 18.5.2 and 18.5.3, must be in writing and will be deemed given upon the earlier of actual receipt or ten (10) days after being sent by first class mail, return receipt requested, to the address stated below for Apple and to the address designated in this Agreement by Campus Reseller for receipt of notices, or as may be provided by the Parties.

Apple Inc.
U.S. Contracts Operations
1 Infinite Loop, M/S 318-6 OPS
Cupertino CA 95014

18.5.2 Either Party may give notice of its change of address for receipt of notices in any of the following manners: (a) in accordance with Section 18.5.1, (b) by email to the address provided by the Party, or (c) as otherwise authorized by Apple.

18.5.3 Notices of changes to the Ancillary Terms will be given by Apple by posting on ASW or sent by email and will be deemed given when posted on ASW or when sent by email to the address provided by Campus Reseller.

18.6 Assignment or Material Change by Campus Reseller

Without limiting Campus Reseller's obligations under Section 6 above, Campus Reseller will notify Apple promptly in writing if there is a change in the status of a Campus Store Location; or Campus Reseller acquires an ownership, managerial or controlling interest in a third party that sells or services Products. Campus Reseller may not assign this Agreement or any right or benefit hereunder in whole or part without Apple's prior written approval.

18.7 Assignment by Apple

Apple may assign this Agreement, in whole or in part, in Apple's sole and absolute discretion, to any affiliate of or successor in interest to Apple, without the consent of Campus Reseller.

18.8 Variations & Amendments

Without prejudice to any other provision of this Agreement, Apple shall be entitled in its absolute discretion to make variations and amendments as follows: (i) variations and amendments to the Agreement may be made upon thirty (30) days' written notice from Apple Sales Contract Management to Campus Reseller, which notice may be given by email; (ii) variations and amendments to the Ancillary Terms may be made by Apple without notice to Campus Reseller, and such variations or amendments will be immediately binding on Campus Reseller upon Apple's posting of any varied or amended version(s) on ASW or otherwise communicating such varied or amended version(s) in writing. Variations and amendments to the Agreement that are mutually executed shall take immediate effect. No other variation or amendment shall be binding unless made in writing and signed by an authorized representative of each Party.

18.9 Entire Agreement

Apple and Campus Reseller acknowledge that the Agreement supersedes and extinguishes all previous agreements and representations (whether oral or written), between or on behalf of the Parties with respect to its subject matter. The Agreement contains all of Apple's and Campus Reseller's agreements, warranties, understandings, conditions, covenants, promises and representations with respect to its subject matter. Apple and Campus Reseller acknowledge and agree that they have not relied on any other agreements, warranties, understandings, conditions, covenants, promises or representations in entering into this Agreement. Neither Apple nor Campus Reseller will be liable for any agreements, warranties, understandings, conditions, covenants, promises or representations not expressly stated or referenced in this Agreement. Apple is deemed to have refused any provisions in purchase orders, invoices or other documents or statements from Campus Reseller that purport to alter or have the effect of altering any provision of the Agreement and such refused provisions will be unenforceable.

18.10 No Reliance

Apple and Campus Reseller each acknowledge and agree that, in entering into the Agreement, they have not relied on and will not be liable for any agreements, warranties, understandings, conditions, covenants, representations or promises other than those expressly stated or referenced in the Agreement. The parties acknowledge and understand that all terms of the Agreement are enforceable as written, and that Apple and Campus Reseller intend to enforce and comply with all written terms of the Agreement. Campus Reseller hereby acknowledges and agrees that it will be bound by all the terms in the Agreement, notwithstanding any prior or subsequent agreement, warranty, understanding, condition, covenant, representation or promise suggesting otherwise.

18.11 Relationship of Parties

Campus Reseller acknowledges that Campus Reseller is an independent contractor, has no power or authority to bind Apple, and under this Agreement is contracting only to receive certain goods and services. Nothing in the Agreement creates any other relationship between Apple and Campus Reseller, including, but not limited to, partnership, joint venture, employer-employee, principal-agent or franchisor-franchisee. Campus Reseller acknowledges that it is not offering or selling Products under a marketing plan or system prescribed by Apple and that Campus Reseller sells Products at prices set solely by Campus Reseller. Campus Reseller shall confirm the status of its relationship to Apple and its lack of authority to act on Apple's behalf whenever necessary to avoid third party confusion.

18.12 Severability

If a court of competent jurisdiction holds that any provision of this Agreement is invalid or unenforceable, the remaining portions of this Agreement will remain in full force and effect, and this Agreement will be adjusted if possible so as to give maximum effect to the original intent and economic effect of the Parties.



18.13 Waivers

A Party's waiver of any breach by the other Party or failure to enforce a remedy will not be considered a waiver of subsequent breaches of the same or of a different kind.

18.14 Force Majeure

Neither Party will be liable for delay or failure to fulfill its obligations under this Agreement, other than payment obligations, to the extent such delay or failure is due to unforeseen circumstances or causes beyond the Party's reasonable control, including, but not limited to, acts of God, war, riot, embargoes, acts of civil or military authorities, acts of terrorism or sabotage, fire, flood, accident, strikes, inability to secure transportation, pandemic failure of communications networks, (a "Force Majeure"), provided such Party promptly notifies the other Party and uses reasonable efforts to correct such failure or delay in its performance. Campus Reseller may cancel any order delayed by more than thirty (30) days from the scheduled ship date due to a Force Majeure.

18.15 Headings and Construction

Paragraph headings are for reference only and will not affect the meaning or interpretation of this Agreement. Wherever the singular is used, it includes the plural, and wherever the plural is used, it includes the singular.

18.16 Signature Authorization and Electronic Signature

The person signing this Agreement certifies that he or she has authority to contractually bind Campus Reseller to the terms and conditions of this Agreement. The Parties agree that this Agreement or any related documents may be accepted by electronic signature which shall be accepted in lieu of a handwritten signature with full force and effect.

18.17 Counterparts

This Agreement may be executed in one or more counterparts each of which when so executed shall be deemed to be an original and shall have the same force and effect as an original. Such counterparts together shall constitute one and the same instrument.

The duly authorized representatives of the Parties execute this Agreement as of the dates stated below.

Campus Reseller:

Apple Inc

SIGNATURE:

PRINT NAME:

Robert Grillo

PRINT TITLE:

CIO & Vice President of IT

DATE:

7/8/16

SIGNATURE:

PRINT NAME:

PADDY WONG

PRINT TITLE:

MANAGER - SALES OPERATIONS

EFFECTIVE DATE:

6/13/16

By:

Wendi Appelbaum

Wendi Appelbaum
Assistant General Counsel

Date: 7-5-16



EXHIBIT A: TRADEMARK LICENSE AGREEMENT

1. License to Use of Apple Marks

1.1 Apple grants Campus Reseller a non-exclusive, non-transferable, revocable, limited license to use the Apple Marks solely to promote and sell Products in the Territory provided that Campus Reseller complies with:

- (i) the Campus Reseller Agreement;
- (ii) this Trademark License Agreement (hereafter "License Agreement");
- (iii) Apple's Guidelines for Using Apple Trademarks and Copyrights (available at <http://www.apple.com/legal/trademark/guidelinesfor3rdparties.html>), which are incorporated herein by reference and may be amended from time to time without prior notice to Campus Reseller (hereafter "Trademark Guidelines"); and
- (iv) the Apple Identity Guidelines for Channel Affiliates and Apple-Certified Individuals (available through the secure Apple Sales Web), which are incorporated herein by reference and may be amended from time to time without prior notice to Campus Reseller (hereafter "Identity Guidelines").

1.2 General Usage Guidelines. In addition to the specific guidelines articulated in the Trademark Guidelines and the Identity Guidelines, Campus Reseller agrees:

- (i) Not to incorporate or integrate any Apple Mark, and not to incorporate or integrate any Apple Mark or any element of an Apple Mark, including, but not limited to, an Apple design, the detached leaf or bite elements of the Apple logo, into any mark of Campus Reseller or a third party;
- (ii) Not to obfuscate or remove any Apple Mark or third party mark from any materials provided by Apple or to any packaging for the Products, and not to add any mark of Campus Reseller or a third party to any materials provided by Apple or any packaging for the Products;
- (iii) Not to use or register, in whole or in part, any mark that is confusingly similar to or that dilutes any Apple Mark, as or as part of a company name, company logo, trade name, product name, service name, or domain name. If Campus Reseller has filed or obtained in any country any trademark application, trademark registration, or domain name registration that relates to any name or mark that, in the sole opinion of Apple, is similar, deceptive, or misleading with respect to any Apple Mark or any other mark, design or trade dress of Apple, Campus Reseller shall immediately abandon any such application, registration or domain name or, at Apple's sole discretion, assign it to Apple;
- (iv) Not to imitate the trade dress, design, layout, or "look and feel" of Apple's products or services, including, but not limited to, Apple's retail stores, licensed retail sales programs, web sites, logos, typefaces, or product packaging; and
- (v) Not to use the Apple Marks in any unauthorized manner that would imply Apple's affiliation with or endorsement, sponsorship, or support of Campus Reseller.

1.3 Compliance. Campus Reseller shall, within five business days after Apple's request, send to Apple representative samples of Campus Reseller's advertisements, brochures, web pages, and other marketing and promotional materials bearing any Apple Marks. If, upon review of such materials or otherwise, Apple determines in its sole discretion that Campus Reseller is in violation of the Campus Reseller Agreement, this License Agreement, the Trademark Guidelines, or the Identity Guidelines, then Campus Reseller shall promptly correct or cease its use of the Apple Marks as directed by Apple. Without limiting the foregoing, at Apple's request, Reseller shall promptly recall any copies of such materials and destroy them.

1.4 Conflicts. Should there be any conflict between this License Agreement and the Campus Reseller Agreement regarding any matter relating to the Apple Marks or any other mark of Campus Reseller or any third party, this License Agreement and the language contained therein shall control.

1.5 Termination. The term of this License Agreement shall be the same as the Term of the Agreement. Upon expiration or termination of the Campus Reseller Agreement, Campus Reseller will immediately cease all use of the Apple Marks, including, but not limited to, channel designations such as "Apple Campus Authorized Reseller" and associated channel signatures.

2. Protection of Apple Marks

2.1 Reservation and Protection of Rights. This License Agreement gives Campus Reseller no rights to any Apple Marks or other intellectual property except as expressly stated herein. Campus Reseller agrees that Apple owns all rights in the Apple Marks and each of them, and that any use thereof by Campus Reseller shall inure to the benefit of Apple. Campus Reseller shall not at any time, whether during or after the term of this License Agreement, take any action to challenge, contest, impair, disparage, invalidate, or that would tend to impair or invalidate any of Apple's rights in the Apple Marks or any applications or registrations therefore or any other Apple Intellectual Property. During and after the term of this License Agreement, Campus Reseller agrees to assist Apple, to the extent necessary, in the procurement and/or expansion of any protection of the Apple Marks, including trademark and domain name registrations, and Campus Reseller agrees to execute all documents deemed reasonably necessary to procure such protection in Apple's name.

2.2 Enforcement. Campus Reseller agrees to notify Apple if Campus Reseller becomes aware of:

- (i) Any uses of, or any application or registration for a mark that conflicts with, dilutes, or is confusingly similar to any Apple Mark;
- (ii) Any acts of infringement, dilution, or unfair competition involving any Apple Mark; or
- (iii) Any allegations or claims whether or not made in a lawsuit, that the use of any Apple Mark by Apple or Campus Reseller infringes or otherwise violates the trademark or service mark or other rights of any other entity.

2.3 Apple may, but shall not be required to, take whatever action it, in its sole discretion, deems necessary or desirable to protect the validity and strength of the Apple Marks. Campus Reseller agrees to comply at its own expense with all reasonable requests from



Apple for assistance in connection with any action with respect to the Apple Marks that Apple may choose to take. Campus Reseller shall not institute or settle any claims or litigation affecting any rights in and to the Apple Marks, or any other Apple Intellectual Property.



EXHIBIT B
Sample Verification of Eligibility Form

DIRECTIONS: Each campus must prepare its own Verification of Eligibility Form containing all of the information and certifications below. **The Verification of Eligibility Form may be incorporated into Campus Reseller's own customized order form or copied on Campus Reseller's letterhead.** Campus Reseller must ensure the eligibility of each purchaser and ensure that the purchaser has completed and signed Purchaser's Verification of Eligibility Form at the time of purchase.

VERIFICATION OF ELIGIBILITY FORM

I certify that I meet the eligibility requirements marked below: (Check one only)

☐ I am a **student** who is enrolled in a course of study leading to a degree or certificate from Institution

☐ I am an **entering student** who has been accepted to the Campus Reseller's Institution and has responded by stating my intent to enroll in Campus Reseller's Institution

☐ I am a **faculty member** of Campus Reseller's Institution.

☐ I am a **staff member** who directly furthers Institution's academic mission and I am not a temporary employee, employed as a contractor, or acting as a consultant on behalf of Institution.

By signing below, I certify that:

1. The Apple products I am purchasing through the above named Campus Reseller Agreement with Apple Inc. are for my own personal, educational and/or research use.

2. I am not purchasing the Apple products for the purpose of further resale.

[Institution should be named on this document]

INDIVIDUAL'S CERTIFICATION

SIGNATURE:

PRINT NAME:

DATE

I.D. NUMBER

Description of Equipment Purchased:

Serial Number:



Online Authorization Amendment to the Apple Authorized Campus Reseller Agreement

This Online Authorization Amendment ("Amendment") amends the Apple Authorized Campus Reseller Agreement ("Agreement") entered into by and between Apple Inc., a California corporation located at 1 Infinite Loop, Cupertino, CA 95014 ("Apple") and:

Institution Legal Name ("Campus Reseller"): The Florida International University Board of Trustees

DBA Name: Florida International University

Address: 11200 SW 8th Street

Miami, Florida 33199

1. Background

This Amendment authorizes Campus Reseller to offer, distribute and sell certain Apple Products through its Authorized Web Locations (as defined below) for delivery to Eligible Individual Purchasers in the United States. In addition to the Agreement, the following terms apply to the marketing and sales of Apple Products via Authorized Web Locations.

2. Interpretation

Capitalized terms used and not defined in this Amendment shall have the meaning given to such terms in the Agreement.

In the event of any conflict between the terms of this Amendment and the Agreement, the terms of this Amendment will prevail.

The parties hereby agree to amend the Agreement as follows:

3. Definitions

"Authorized App" means and is limited to Campus Reseller's iOS, Mac, or other mobile applications, localized for and directed to Eligible Individual Purchasers, on which Campus Reseller is authorized by Apple in writing to maintain an Electronic Catalog for the purpose of sale and shipment of products to Eligible Individual Purchasers for their use, subject to the terms of the Agreement and Amendment.

"Authorized Web Location" means and is limited to Campus Reseller's website and Authorized App, localized for and directed to Eligible Individual Purchasers, on which Campus Reseller is authorized by Apple to maintain an Electronic Catalog for the purpose of sale and shipment of Products to Eligible Individual Purchasers for their own use, subject to the terms of the Agreement and Amendment.

"Authorized Web Products" means Apple Products that Campus Reseller is authorized to resell and specifically set forth in the attached Authorized Web Product Exhibit.

"Effective Date" means the date upon which an authorized representative of Apple signs this Amendment.

"Electronic Catalog" means an online database that is accessible by consumers via a website or application and that features high quality color images of Products along with relevant information about Products and accessories, possible configurations or options, specifications, and all other related information necessary for an Eligible Individual Purchaser to make an informed decision about the purchase of the Products, in such a manner that is equivalent to the Eligible Individual Purchaser buying experience in a brick-and-mortar retail store directed to serving walk-in Eligible Individual Purchaser traffic.

"Pickup at Store" means providing Authorized Web Products from Campus Reseller for pick up at the Campus Reseller's physical retail location by Eligible Individual Purchasers who purchased the products through the Authorized Web Locations.

"Ship to EIP" means the shipment of Authorized Web Products from Campus Reseller directly to Eligible Individual Purchasers who purchased the products through the Authorized Web Locations.

"Web Sales" means and is limited to the offering and sale of Authorized Web Products by Campus Reseller, as featured in the Electronic Catalog, to Eligible Individual Purchasers via electronic or telephone orders placed through the Authorized Web Locations, along with the fulfillment of such orders by shipping to Eligible Individual Purchasers at a designated ship-to within the United States for their use and not for resale.

4. Appointment

Apple appoints Campus Reseller as a limited and nonexclusive Apple Authorized Campus Store to conduct Web Sales of Authorized Web Products to Eligible Individual Purchasers for end use in the United States, from Authorized Web Locations, for so long as Campus Reseller continuously complies with and satisfies its obligations under this Amendment and the Agreement. For the avoidance of doubt, Campus Reseller may not engage third parties to market or solicit sales of Authorized Web Products unless expressly authorized by Apple in writing to do so.



5. Scope of Authorization

Campus Reseller will sell and ship Authorized Web Products featured in the Electronic Catalog to Eligible Individual Purchasers located only in the United States via the Authorized Web Locations, at prices determined solely by Campus Reseller. Campus Reseller is permitted to sell Authorized Web Products only to EIPs of Campus Reseller Institution and is responsible for ensuring that security measures are taken to prohibit unauthorized purchasers from purchasing Authorized Web Products from an Authorized Web Location. Apple may audit compliance with this provision at any time and failure to comply may result in termination of this Amendment. The attached Authorized Web Products Exhibit identifies the method of shipment allowed and any additional requirements unique for such Authorized Web Product. Except as expressly authorized in the Appointment, no other sales or distribution of Products or Services is authorized. Campus Reseller is expressly prohibited from promoting or selling Authorized Web Products through mobile applications or social media sites, unless otherwise expressly authorized by Apple and subject to Campus Reseller's compliance with applicable Apple policies and guidelines relating to such promotion and/or sales. Apple reserves the right to remove certain Apple Products from the Electronic Catalog and change the scope of Campus Reseller's authorization, at any time and without prior notice. If Campus Reseller fails to comply with the scope of authorization, Apple may immediately terminate this Amendment in accordance with the provisions of this Amendment.

6. Authorized Web Location Requirements

All Authorized Web Locations must:

- (i) Require faculty and student ID authentication and password validation prior to purchase of any Authorized Web Products;
- (ii) Have a mechanism in place which prevents the fulfillment of an order that exceeds the EIP quantity limitations for an academic year as follows: Desktop: Three (3), Mac mini: Three (3), Notebook: Three (3), iPad Three (3), Display: Two (2);
- (iii) Clearly display the returns process and policy for Authorized Web Products on a page where it will be viewed by all EIPs prior to completing a purchase;
- (iv) Create a virtual "in store" experience with a searchable catalog, high-quality presentation of products and fast, easy navigation;
- (v) Include a "store-within-a-store" section where only Apple Products appear and that clearly differentiates Apple Products from other brands or vendors;
- (vi) Present a full range of prominently displayed Authorized Web Products, with full color photographs, detailed and accurate product descriptions, specifications, features, and benefits using assets provided by Apple, including the iPad Online Marketing Guidelines, the iPad Channel Asset Kit and the Apple Identity Guidelines (these items available for download on ASW);
- (vii) Provide extended product information such as detailed product specifications, Apple Product comparison charts, and product reviews; and
- (viii) Have a search function designed such that when Apple trademarks are used in keyword searches only Apple Products will appear in the search results.

7. Campus Reseller's Additional Obligations

7.1 Campus Reseller must demonstrate and comply with the following obligations at all times:

- (a) Provide centralized management, with single points of contact for ordering, inventory, merchandising, advertising, returns, product service and repair, reporting and accounting;
- (b) Provide weekly Web Sales reporting separate from its brick and mortar reporting, in the formats as communicated by Apple;
- (c) Obtain Apple's prior written approval before releasing, placing, or distributing any advertisements or distributing marketing material that relates to Authorized Web Products, or includes an image of any Authorized Web Product. Campus Reseller agrees to submit all such communications and materials to Apple in time for review and approval;
- (d) Provide an annual sales and marketing plan for Campus Reseller's online business, that shall be subject to modification solely upon Apple's request, but not otherwise;
- (e) Ensure that Apple always has Campus Reseller's current email address;
- (f) Allow Eligible Individual Purchasers to order and complete the purchase transaction for Authorized Web Products from the Authorized Web Location seven days a week, twenty-four hours a day;
- (g) Maintain a product fulfillment infrastructure with back-end systems for order fulfillment via distribution center or virtual warehouse;
- (h) Maintain an electronic commerce infrastructure to satisfy Eligible Individual Purchasers support requirements including, but not limited to:
 - Ability to accept multiple payment methods;
 - Eligible Individual Purchasers notifications;
 - Order and shipment status;



- Proper sales tax calculation, collection and remittance;
- Product reservations (for product not in stock);
- Purchase order processing;
- Up-sell and cross-sell capability;
- Business-class data security and network security regarding Eligible Individual Purchasers payment and contact information;
- PCI compliance;
- FTC compliance policies and practices adopted as to Campus Reseller's electronic commerce activities;
- Help and support resources for Eligible Individual Purchasers about their orders; and
- A clearly stated returns protocol that is properly staffed to manage Eligible Individual Purchasers returns.

7.2 Without limitation and throughout the Term, Campus Reseller will, at its own expense: (i) ensure that the Authorized Web Locations, along with Campus Reseller's marketing, sales and refund policies and practices, are compliant with all laws and regulations pertaining to the advertising, sale, shipment and return of goods and services to consumers; (ii) ensure that it is fully compliant with all data protection and privacy laws pertaining to any and all Eligible Individual Purchasers information collected, processed or managed on or through the Authorized Web Locations, whether in connection with Eligible Individual Purchasers transactions and returns or otherwise; (iii) ensure that Eligible Individual Purchasers have the right to elect to opt-out with respect to any non-transactional communications of any kind from Campus Reseller or its partners or in connection with their activities on or through the Authorized Web Locations; (iv) ensure that no Authorized Web Locations solicits or collects any information from children age 13 or under in a manner which is not fully compliant with any and all applicable online child protection and privacy laws, including but not limited to requirements for parental consents where applicable; (v) ensure that any promotions running on any Authorized Web Locations are fully compliant with all applicable laws, including but not limited to those pertaining to advertising, email solicitations, and rebates; (vi) ensure that all aspects of Eligible Individual Purchasers transactions occurring on or through the Authorized Web Locations, including order placement, order acknowledgment, payment processing, shipments to Eligible Individual Purchasers returns are managed in a manner that complies with all laws; (vii) not promote or sell any Authorized Web Products on the Authorized Web Locations to the extent prohibited under applicable laws and regulations; and (viii) not promote or sell any Products on the Authorized Web Locations except as expressly authorized herein. Apple will not be liable for any security breach that results in the unauthorized disclosure of Eligible Individual Purchaser information such as identification numbers, passwords, or payment information. It is the sole responsibility of Campus Reseller to ensure that proper security measures are taken by Campus Reseller, its agents and employees to prevent the disclosure of Eligible Individual Purchaser information to any unauthorized third party. Apple will determine in its sole discretion whether Campus Reseller's noncompliance with any provision of the Agreement and Amendment will result in forfeiture or suspension of any available promotional allowances or funding from Apple.

7.3 Campus Reseller acknowledges that Apple has established policies with respect to online "marketplaces". Campus Reseller may not permit third parties to offer Products for sale through the Authorized Web Location unless expressly authorized by Apple in writing to do so. In addition, Campus Reseller may not offer Authorized Web Products for sale on marketplaces operated by third parties, unless expressly authorized by Apple in writing to do so.

7.4 Campus Reseller will assume full responsibility for and maintain compliance with all applicable laws and regulations regarding shipping and delivery practices for consumer online purchases. Campus Reseller agrees to ship product only to locations in the United States. Campus Reseller will provide Eligible Individual Purchasers with estimated shipping and delivery dates prior to the Eligible Individual Purchaser's confirmation of their order from Campus Reseller. Immediately upon the sale of Authorized Web Product to an Eligible Individual Purchaser, Campus Reseller will provide the Eligible Individual Purchaser with an online order acknowledgment identifying, at a minimum the Eligible Individual Purchaser's name, the ship-to address, itemized detail about the Products being purchased including quantity, per unit price, applicable sales tax on the order, environmental fees, recycling fees, shipping and handling charges, the total cost of the order and any other special terms. In addition, Campus Reseller will provide each Eligible Individual Purchaser with a shipping notification when their order has shipped to their designated ship-to address, along with tracking information that the Eligible Individual Purchaser may use to track the status of their shipment.

7.5 Campus Reseller will maintain online help pages at the Authorized Web Location which must include Eligible Individual Purchasers support telephone numbers, and online chat and/or email addresses, and Campus Reseller will make such information available to Eligible Individual Purchaser on their order acknowledgment and shipment notifications. Campus Reseller will promptly process all Eligible Individual Purchaser returns and do so in a manner that is in accordance with applicable law and Campus Reseller's own stated return policies. Campus Reseller will ensure that its stated return policies are available and visible to Eligible Individual Purchasers at the Authorized Web Locations and, preferably, prior to a Eligible Individual Purchaser's purchase of any Authorized Web Products. If Campus Reseller does not ordinarily include serial numbers on online order acknowledgments provided to Eligible Individual Purchasers, then Campus Reseller agrees that it will use commercially reasonable efforts to enable the inclusion of serial numbers on online order acknowledgments or shipping notifications provided to Eligible Individual Purchasers, if applicable system is updated at any time during the Term.

7.6 Campus Reseller must notify Apple at least thirty (30) days in advance of any of the following changes, subject to Apple's prior written approval: (i) changing the universal resource locator web (URL) of any Authorized Web Location or redirecting any Authorized Web Location to a web URL other than the one originally approved by Apple; (ii) closing or deactivating an Authorized Web Location; or (iii) adding a new Authorized Web Location.



7.7 Campus Reseller will comply with applicable Apple policies and marketing guidelines relating to Web Sales at all times, including but not limited to, any Apple digital asset kit(s) currently available on ASW.

8. Product Distribution and Allocation

Campus Reseller's Appointment is made at Apple's sole discretion and is made on a non-exclusive basis. Apple is free to establish new domain names, keyword searches and additional websites, web-based (whether electronic commerce or mobile commerce) stores and apps, without notice to Campus Reseller.

9. Term and Termination

9.1 The term of this Amendment will begin on the Effective Date and continue until the Agreement expires or is terminated.

9.2 This Amendment or any Authorized Web Location may be terminated by either Party at any time without cause (i.e., for any or no reason), on thirty (30) days' written notice to the other Party.

9.3 Apple may terminate this Amendment or any Authorized Web Location immediately without any period to remedy if (i) Campus Reseller fails to fully perform any obligation under the Agreement or this Amendment; or (ii) Campus Reseller closes down or deactivates all Authorized Web Locations.

10. Variation

Apple shall be entitled in its absolute discretion to make variations and amendments to this Amendment without notice to Campus Reseller, and such variations or amendments will be immediately binding on Campus Reseller upon Apple's posting of any varied or amended version(s) on ASW or otherwise communicating such varied or amended version(s) in writing.

The duly authorized representatives of the Parties execute this Amendment as of the dates stated below.

Campus Reseller

SIGNATURE: 

PRINT NAME

Robert Grillo

PRINT TITLE

CIO & Vice President of IT

DATE:

7/8/16

Apple Inc.

SIGNATURE: 

PRINT NAME

PADDY WONG

PRINT TITLE

MANAGER

EFFECTIVE DATE:

DEPARTMENT:

SALES OPERATIONS

By:


Wendi Appelbaum
Assistant General Counsel

Date: 5-16-16



Authorized Web Products Exhibit

Mac, iPad, iPod, Apple TV, Beats

Campus Reseller is only authorized to conduct Web Sales of the following Authorized Web Products or Authorized Web Product sub-classes or SKUs, if expressly identified below, through Authorized Web Locations listed below. Campus Reseller's authorization hereunder is limited to the Authorized Web Products described or listed by sub-class or SKU below, and does not automatically include any future versions or releases of such products, sub-classes or SKUs, unless Web Sales are expressly authorized by Apple in writing.

Authorized Web Products

Pickup at Store:

Mac and Mac Accessories
AppleCare Protection Plan for Mac
iPad and iPad Accessories**
AppleCare+ for iPad
iPod and iPod Accessories
AppleCare+ for iPod
Apple TV and Apple TV Accessories
AppleCare Protection Plan for Apple TV
Beats Products

Ship to EIP:

Mac and Mac Accessories
AppleCare Protection Plan for Mac
iPad and iPad Accessories**
AppleCare+ for iPad
iPod and iPod Accessories
AppleCare+ for iPod
Apple TV and Apple TV Accessories
AppleCare Protection Plan for Apple TV
Beats Products

** iPad Authorized Web Products must be identified by description (e.g. iPad 2, iPad 3), sub-class or SKU and are limited to such identified products, sub-classes or SKUs.

PARTICIPATING ADDENDUM

to the
NASPO ValuePoint Cooperative Procurement Program
COMPUTER EQUIPMENT MASTER AGREEMENT
Administered by the State of Minnesota

Master Agreement No: MNWNC-102

Apple, Inc.

And
The State of Florida

Alternate Contract Source No. 43211500-WSCA-15-ACS

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1. Scope: The State of Minnesota, Department of Administration, Materials Management Division publicly conducted a Request for Proposal on behalf of the State of Minnesota and the National Association of State Procurement Officials Cooperative Procurement Program (NASPO ValuePoint) resulting in Master Agreement number MNWNC-102. The Master Agreement led by the State of Minnesota along with a multi-state sourcing team, was created for use by state agencies and other entities that are authorized by that state's statutes to utilize cooperative agreements, upon written approval of the State's chief procurement official.

The Master Agreement for computer equipment (desktops, laptops, tablets, servers, and storage, and ruggedized devices, including related peripherals & services) identifies the product bands awarded to the Contractor.

This Participating Addendum (Addendum) is made and entered into as of the Effective Date by and between the State of Florida (Participating State) and Apple, Inc. (Contractor). This Addendum allows for purchase of computer equipment from the Master Agreement. This Addendum shall not diminish, change, or impact the rights of the Lead State with regard to the Lead State's contractual relationship with the Contractor under the terms of the Master Agreement.

2. Participation: Use of specific NASPO ValuePoint cooperative agreements by eligible users authorized by a Participating State's statutes are subject to the prior approval of the respective State Chief Procurement Officer. Issues of interpretation and eligibility for participation are solely within the authority of the State Chief Procurement Officer.
3. Order of Precedence:
 - (i) A Participating Entity's Participating Addendum ("PA"). A Participating Entity's Participating Addendum shall not diminish, change, or impact the rights of the Lead State with regard to the Lead State's contractual relationship with the Contract Vendor under the Terms of Minnesota NASPO Valuepoint Master Agreement;
 - (ii) Minnesota NASPO Valuepoint Master Agreement (includes negotiated Terms & Conditions);
 - (iii) The Solicitation including all Addenda; and
 - (iv) Contract Vendor's response to the Solicitation

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4. Participating State Modifications or Additions to Master Agreement:

- A. Upon execution of this Addendum, all eligible users may purchase products and services under contract using the Florida alternate contract source number 43211500-WSCA-15-ACS.

Eligible users acknowledge and agree to be bound by the terms and conditions of the Master Agreement except as otherwise specified in this Addendum.

1. The following are modifications to the Master Agreement:
 - a. Contractor acknowledges that Participating State is an agency of the State of Florida and mandated by the State of Florida that every contract must include the list of terms and conditions stated in Exhibit 1 (PUR 100 From) Exhibit 2 (General Contract Conditions) attached. Notwithstanding the foregoing, both Apple and Customer agree Apple is not subject to any terms in Exhibit 1 and Exhibit 2 that are not mandated by Florida law.
 - b. Discriminatory Vendors. A vendor placed on the discriminatory vendor list pursuant to section 287.134 of the Florida Statutes may not be awarded or perform work as a contractor, supplier, sub-contractor, or consultant under a contract with any public entity; or transact business with any public entity.
 - c. Effective Date: This Addendum shall become effective on the last date signed below and is coterminous with Exhibit 1, unless terminated earlier by the Participating State.
 - d. Vendor Registration and Transaction Fees: In order to complete any transaction between an eligible user and the Contractor, the Contractor must be registered with the Department of State, Division of Corporations (www.sunbiz.org) and in MyFloridaMarketPlace. Section 287.042(1)(h), Florida Statutes, and Rule 60A-1.031, Florida Administrative Code, is hereby incorporated by reference. All transactions are subject to a transaction fee pursuant to the rule.
 - e. Purchases: In order to procure products and services hereunder, eligible users shall issue purchase orders or use a purchasing card which shall reference Florida alternate contract source number 43211500-WSCA-15-ACS. Eligible users are responsible for reviewing the terms and conditions of this Addendum including all Exhibits.
 - f. Compliance with Laws: The Contractor shall comply with all laws, rules, codes, ordinances, and licensing requirements that are applicable to the conduct of its business, including those of federal, State, and local agencies having jurisdiction and

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authority. By way of non-exhaustive example, Chapter 287 of the Florida Statutes and Rule 60A-1 of the Florida Administrative Code govern this Addendum. By way of further non-exhaustive example, the Contractor shall comply with section 274A of the Immigration and Nationalization Act, the Americans with Disabilities Act, and all prohibitions against discrimination on the basis of race, religion, sex, creed, national origin, handicap, marital status, or veteran's status. Violation of any laws, rules, codes, ordinances, or licensing requirements shall be grounds for termination or nonrenewal of this Addendum.

- g. Additional Eligible User Terms: If any additional ordinance, rule, or other local governmental authority requires additional contract language before an eligible user can make a purchase under this Addendum, the eligible user is responsible for entering a separate agreement with the Contractor and capturing that additional contract language therein.
- h. Provisions of section 287.058, Florida Statutes: The provisions of section 287.058(1)(a)-(c) and (g), Florida Statutes, are hereby incorporated by reference.
- i. Public Records: The Contractor shall allow public access to all documents, papers, letters, or other material made or received by the Contractor directly related to this Addendum, unless the records are exempt from section 24(a) of Article I of the State Constitution or subsection 119.07(1), Florida Statutes. The Participating State may unilaterally terminate this Addendum if the Contractor refuses to allow public access as required in this section. If, under this Addendum, the Contractor is providing services and is acting on behalf of the public agency as provided under subsection 119.011(2), Florida Statutes, the Contractor must:
 - (1) Keep and maintain public records that ordinarily and necessarily would be required by the public agency in order to perform the service.
 - (2) Provide the public with access to public records on the same terms and conditions that the public agency would provide the records and at a cost that does not exceed the cost provided in Chapter 119, Florida Statutes, or as otherwise provided 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.

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- (4) Meet all requirements for retaining public records and transfer, at no cost, to the public agency all public records in possession of the Contractor upon termination of this Addendum and destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. All records stored electronically must be provided to public agency in a format that is compatible with the information technology systems of the public agency
- j. The State of Florida's performance and obligation to pay under this Addendum is contingent upon an annual appropriation by the Legislature. The vendor shall comply with section 11.062, Florida Statutes and section 216.347, Florida Statutes, prohibiting use of funds to lobby the Legislature, Judicial, or state agencies.
- B. Employment Eligibility Verification: Pursuant to State of Florida Executive Orders Nos.: 11-02 and 11-116, Contractor is required to utilize the U.S. Department of Homeland Security's E-Verify system to verify the employment of all new employees hired by the Contractor during the contract term. Also, Contractor shall require resellers/partners performing work or providing services under this Addendum to utilize the E-Verify system to verify employment of all new employees hired by the reseller/partner during the Addendum term.
- C. Price List/Preferred Price: The Contractor's price list will be the same as the WSCA-NASPO price list, and the Department will post a link on the Department's website to the price list posted on the WSCA-NASPO website. Contractors are encouraged to provide special pricing and/or tiered discount rates applicable to State of Florida Eligible Users wherever possible. Paragraph 4(b) of the PUR1000 is not applicable.
- D. Scrutinized Company List: In executing this Addendum, Contractor certifies that it is not listed on either the Scrutinized Companies with Activities in Sudan List or the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List, created pursuant to section 215.473, Florida Statutes. Pursuant to subsection 287.135(5), Florida Statutes, Contractor agrees the Participating State may immediately terminate this Addendum for cause if the Contractor is found to have submitted a false certification or if Contractor is placed on the Scrutinized Companies with Activities in Sudan List or the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List during the term of the Addendum.

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- E. Orders: Any Order placed by eligible users for a product and/or service available from 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 and this Addendum.

Contractor must be able to accept purchase orders via fax, e-mail, or cXML as identified in H.1 below.

- F. Electronic Invoicing: The Contractor may supply electronic invoices in lieu of paper-based invoices for those transactions processed through the MyFloridaMarketPlace (MFMP). Electronic invoices may be submitted to the agency through one of the mechanisms as listed below:

1. EDI (Electronic Data Interchange)
This standard establishes the data contents of the Invoice Transaction Set (810) for use within the context of an Electronic Data Interchange (EDI) environment. This transaction set can be used for invoicing via the AN for catalog and non-catalog goods and services.
2. PO Flip via AN
The online process allows Contractors to submit invoices via the AN for catalog and non-catalog goods and services. Contractors have the ability to create an invoice directly from their Inbox in their AN account by simply "flipping" the PO into an invoice. This option does not require any special software or technical capabilities.

For the purposes of this section, the Contractor warrants and represents that it is authorized and empowered to and hereby grants the State and the third party provider of MFMP, a state contractor, the right and license to use, reproduce, transmit, distribute, and publicly display within the system the information outlined above. In addition, the Contractor warrants and represents that it is authorized and empowered to and hereby grants the State and the third party provider the right and license to reproduce and display within the system the Contractor's trademarks, system marks, logos, trade dress, or other branding designation that identifies the products made available by the Contractor under the contract.

The Contractor will work with the MFMP management team to obtain specific requirements for

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the electronic invoicing if needed.

- G. **Contract Quarterly Reports:** The Contractor shall submit a Quarterly Report electronically to the Participating State/Entity within 30 days of the end of the quarter. The Participating State/Entity reserves the right to require the Contractor to provide additional reports within 30 days written notice as mutually agreed to by the parties. Failure to provide the Quarterly Report or other reports requested by the Participating State/Entity may result in the Contractor being found in default and may result in termination of this Addendum.

Sales will be reviewed on a quarterly basis. Should no sales be recorded in two consecutive contract quarters, the Participating State/Entity may terminate this Addendum.

- H. **Business Review Meetings:** The Participating State/Entity reserves the right to schedule business review meetings as frequently as necessary. The Participating State/Entity will provide the format for the Contractor's agenda. Prior to the meeting, the Contractor shall submit the completed agenda to the Participating State/Entity for review and acceptance. The Contractor shall address the agenda items and any of the Participating State/Entity's additional concerns at the meeting. Failure to comply with this section may result in the Contractor being found in default and Addendum termination.
- I. **Commitment to Diversity in Government Contracting:** The State of Florida is committed to supporting its diverse business industry and population through ensuring participation by minority-, women-, wartime-, and service-disabled veteran business enterprises in the economic life of the State. The State of Florida Mentor Protégé Program connects minority-, women-, wartime-, and service-disabled veteran business enterprises with private corporations for business development mentoring. We strongly encourage firms doing business with the State of Florida to consider this initiative. For more information on the Mentor Protégé Program, please contact the Office of Supplier Diversity at (850) 487-0915 or osdhelp@dms.myflorida.com.

Upon request, the Contractor shall report to the Office of Supplier Diversity spend with certified and other minority business enterprises. These reports will include the period covered, the name, minority code and Federal Employer Identification Number of each minority vendor

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utilized during the period. Commodities and services provided by the minority business enterprise, and the amount paid to each minority vendor on behalf of each purchasing agency ordering under the terms of this Addendum.

- J. Resellers/Partners: The Contractor may use resellers/partners in order to provide computer equipment and services. All resellers/partners shall be the direct responsibility of the Contractor. The Contractor is responsible for all liability, terms and conditions within Master Agreement and this Addendum. The Contractor's resellers/partners' participation will be in accordance with the terms and conditions set forth in the aforementioned Master Agreement and this Addendum. If a reseller/partner is authorized to conduct business on behalf of the Contractor and the reseller/partner is to receive compensation from the Contractor for its services, then any dispute between the Contractor and the reseller/partner shall be resolved between the Contractor and the reseller/partner. The State of Florida is not a party to any agreement entered into between the Contractor and its resellers/partners. The Contractor shall be responsible to report all contract sales (and pay any associated MFMP transaction fees), including those of any such resellers/partners and shall ensure that all such resellers/partners meet the following requirements:

- Have an ACTIVE Registration with the Florida Department of State, Division of Corporations (www.sunbiz.org)
- Registered in the MFMP Vendor Information Portal (<https://vendor.myfloridamarketplace.com>)
- Not be on the State of Florida's Convicted, Suspended, or Discriminatory lists http://www.dms.myflorida.com/business_operations/State_purchasing/vendor_information/convicted_suspended_discriminatory_complaints_vendor_lists
- Have a copy of e-Verify Status on file
- Have a current W-9 filed with the Florida Department of Financial Services (<https://flvendor.myfloridacfo.com>)

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- K. Primary Contacts: The primary government contact individuals for this Addendum are as follows (or their named successors):

Contractor

Contract Manager:

Ralph Wright,
Apple, Inc.
11921 Freedom Drive, Ste.600
MS 188-RE
Reston, VA 20191
512-415-6199
ralph.wright@apple.com

Sales Order Contact:

By Phone:

Education K12 and HiEd:

1-800-800-2775

1-800-590-0325 (FAX)

State and Local Government:

1-800-793-9378

1-855-438-0486 (FAX)

By Email (Submit Purchase Orders Only):

institutionorders@apple.com (Education)

govorders@apple.com (Government)

Participating Entity

Contract Manager:

Jerilyn Bailey
Florida Department of Management Services
4050 Esplanade Way, Suite 360
Tallahassee, FL 32399-0950
850-921-4072
jerilyn.bailey@dms.myflorida.com

NASPO Valuepoint

Cooperative Development Coordinator:

Tim Hay
503-428-5705
thay@NASPO Valuepoint.org

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The contacts listed above can be changed by the parties from time to time in writing. Such updates do not require an amendment to this Addendum.

5. Terms: The Participating State is agreeing to the terms of the Master Agreement only to the extent the terms are not in conflict with applicable law.
6. Orders: Any Order placed by and shipped to a Participating Entity or Purchasing Entity for a Product and/or Service available from Contractor 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.
7. Leasing: Participating Entity or Purchasing Entity that have the authority may finance their purchases through a lease agreement with Contractor. If financing is through a lease agreement, that agreement is separate from this Addendum and between Contractor and the Participating Entity or Purchasing Entity.
8. Services: The terms of the Master Agreement shall apply each time Participating Entity or Purchasing Entity engages Contractor to provide services. All services provided will be described in one or more of the following documents:
- (i) "Service Descriptions" used to describe any services purchased by an entity;
 - (ii) any mutually agreed upon "Statement of Work" ("SOW") executed by the parties.
9. Delivery: In those situations in which the "deliver-to" address has no receiving dock or agents, the Contractor must be able to deliver to the location specified on the Purchase Order without additional cost. If there is a special case where inside delivery fee must be charged and is clearly specified on Participating Entity or Purchasing Entity's order, the Contractor will notify them in advance in order for the Participating Entity or Purchasing Entity to determine if the additional cost will affect the decision to utilize the Contractor.
10. Insurance: Contractor shall have the option to self-insure, as long as Contractor maintains an audited net worth (Shareholder's Equity) of \$100,000,000.00.

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11. Payment: Provided Participating Entity or Purchasing Entity is qualified for credit with Contractor, payment is due no later than 30 days from the invoice date. Payments may be made via a State or political subdivision purchasing card if presented at time of order.

12. Audit: All audit obligations shall only survive for a period of five (5) years from the invoice date of the transaction under this Addendum.

13. Licensing: Contractor's standard licensing terms accompanying any Apple Product shall control the use of the Apple Product.

14. Acceptance Testing: Contractor shall provide certain Apple-branded hardware to a Participating Entity or Purchasing Entity for evaluation and Acceptance Testing purposes pursuant to the terms and conditions of the Apple Equipment Loan Agreement, which can be found at <http://seed.apple.com/docs/hlatemplate.pdf>

15. Accessibility Standards: Contractor's VPATs identify how Apple Products comply with Accessibility Standards. Contractor's VPATs can be located at the following address <http://www.apple.com/accessibility/resources/>.

16. Nonvisual Access Standards: Contractor's VPATs identify how Apple Products comply with the Nonvisual Access Standards. Contractor's VPATs can be located at the following address <http://www.apple.com/accessibility/resources/>.

17. Entire Agreement; Modifications: Neither Contractor nor Participating Entity or Purchasing Entity will be liable for any agreements, warranties, understandings, conditions, covenants, or representations not expressly set forth or referenced in this Addendum. Any different or additional provisions in purchase orders, invoices or similar documents issued by Participating Entity or Purchasing Entity at any time are hereby deemed refused by Contractor and such refused provisions will be unenforceable. Except as otherwise provided in this Addendum, no modification to this Addendum will be binding unless in writing and signed by an authorized representative of each party.

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18. Warrant of Authority: Each person signing this Addendum warrants that he or she is duly authorized to do so and to bind the respective party.

IN WITNESS WHEREOF, the parties have executed this Addendum as of the date of execution by Contractor below.

Participating State: Florida	Contractor: Apple, Inc.
By:	By:
Name:	Name:
Title:	Title:
Date:	Date:

Florida's Chief Procurement Officer:
By:
Name: Roz Ingram
Title: Director of State Purchasing and Chief Procurement Officer
Date:

Please email fully executed PDF copy of this document to PA@naspovaluepoint.org to support documentation of participation and posting in appropriate data bases.

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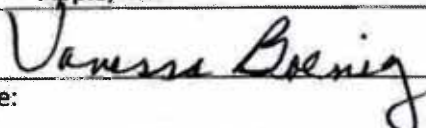
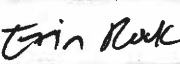

And
The State of Florida


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18. Warrant of Authority: Each person signing this Addendum warrants that he or she is duly authorized to do so and to bind the respective party.

IN WITNESS WHEREOF, the parties have executed this Addendum as of the date of execution by Contractor below.

Participating State: Florida	Contractor: Apple, Inc.
By: 	By: 
Name: 	Name: 
Title:	Title: Vanessa Boenig Bids & Direct Operations Contracts Manager
Date: 9-3-15	Date: 8-17-2015

Florida's Chief Procurement Officer:
By: 
Name: Roz Ingram
Title: Director of State Purchasing and Chief Procurement Officer
Date: 9/2/15

Please email fully executed PDF copy of this document to PA@naspovaluepoint.org to support documentation of participation and posting in appropriate data bases.



AMENDMENT NO.: 5

Alternate Contract Source No.: 43211500-WSCA-15-ACS

Alternate Contract Source Name: Computer Equipment Peripherals and Services

This Amendment No. 5 (Amendment) to the Computer Equipment Peripherals and Services contract, contract number 43211500-WSCA-15-ACS, ("ACS") between the State of Florida, Department of Management Services ("Department"), and Apple Inc. ("Contractor"), collectively referred to herein as the "Parties," is effective upon execution by both Parties. All capitalized terms used herein have the meaning assigned to them in the Participating Addendum unless otherwise defined herein.

WHEREAS, the ACS was entered into by the Parties on August 15, 2015, to continue through March 31, 2017, for the provision of Computer Equipment Peripherals and Services, pursuant to State of Minnesota Master Agreement No. MNWNC-102;

WHEREAS, the ACS was subsequently renewed through July 31, 2021; and

WHEREAS, the Parties agreed that the ACS may be amended by mutual agreement as provided in Section 42, Modification of Terms, of the PUR 1000 incorporated into the ACS.

NOW THEREFORE, for the mutual covenants contained herein, the Parties agree as follows:

I. Amendment to the ACS.

- a) The ACS is amended to change the end of the term of the ACS to July 31, 2022, unless terminated earlier in accordance with the ACS.
- b) Section 4.A.1.i. and Section II. of Amendment No. 1, Public Records, are deleted entirely and replaced with the following:
Public Records.
Pursuant to section 119.0701(2)(a), F.S., for contracts for services with a contractor acting on behalf of a public agency, as defined in section 119.011(2), F.S., the following applies:

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 DEPARTMENT'S CONTRACT MANAGER LISTED IN SECTION 4.3 OF THE SPECIAL CONTRACT CONDITIONS.

Pursuant to section 119.0701(2)(b), F.S., for contracts for services with a contractor acting on behalf of a public agency as defined in section 119.011(2), F.S., the Contractor shall:

- (a) Keep and maintain public records required by the public agency to perform the service.



AMENDMENT NO.: 5

Alternate Contract Source No.: 43211500-WSCA-15-ACS

Alternate Contract Source Name: Computer Equipment Peripherals and Services

(b) Upon request from the public agency's custodian of public records, provide the public agency 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 in Chapter 119, F.S., or as otherwise provided by law.

(c) Ensure that public records that are exempt or confidential and exempt from public records disclosure are not disclosed except as authorized by law for the duration of the Contract term and following the completion of the Contract if the Contractor does not transfer the records to the public agency.

(d) Upon completion of the Contract, transfer, at no cost, to the public agency all public records in possession of the Contractor or keep and maintain public records required by the public agency to perform the service. If the Contractor transfers all public records to the public agency upon completion of the Contract, the Contractor shall destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. If the Contractor keeps and maintains public records upon completion of the Contract, the Contractor shall meet all applicable requirements for retaining public records. All records stored electronically must be provided to the public agency, upon request from the public agency's custodian of public records, in a format that is compatible with the information technology systems of the public agency.

The Department may terminate the Contract for refusal by the Contractor to comply with this section by not allowing access to all public records, as defined in Chapter 119, F.S., made or received by the Contractor in conjunction with the Contract unless the records are exempt from s. 24(a) of Art. I of the State Constitution and section 119.071(1), F.S.

- c) Section 4.B., Employment Eligibility Verification, is deleted in its entirety and replaced with the following:

E-Verify: The Contractor and its subcontractors have an obligation to utilize the U.S. Department of Homeland Security's (DHS) E-Verify system for all newly hired employees in accordance with section 448.095, F.S.. By executing this Contract, the Contractor certifies that it is registered with, and uses, the E-Verify system for all newly hired employees in accordance with section 448.095, F.S. The Contractor must obtain an affidavit from its subcontractors in accordance with paragraph (2)(b) of section 448.095, F.S., and maintain a copy of such affidavit for the duration of the Contract. The Contractor shall provide a copy of its DHS Memorandum of Understanding (MOU) to the Department's Contract Manager within five (5) days of Contract execution.

This section serves as notice to the Contractor regarding the requirements of section 448.095, F.S., specifically sub-paragraph (2)(c)1, and the Department's obligation to



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terminate the Contract if it has a good faith belief that the Contractor has knowingly violated section 448.09(1), F.S. If terminated for such reason, the Contractor will not be eligible for award of a public contract for at least one (1) year after the date of such termination. The Department will promptly notify the Contractor and order the immediate termination of the contract between the Contractor and a subcontractor performing work on its behalf for this Contract should the Department have a good faith belief that the subcontractor has knowingly violated section 448.09(1), F.S.

- d) Section 4.D., Scrutinized Company List, as amended by Amendment No. 4, is deleted in its entirety and replaced with the following:
Scrutinized Company List: The Department may, at its option, terminate the Contract if the Contractor is found to have submitted a false certification as provided under section 287.135(5), F.S., or been placed on the Scrutinized Companies with Activities in Sudan List or the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List, or been engaged in business operations in Cuba or Syria, or to have been placed on the Scrutinized Companies that Boycott Israel List or is engaged in a boycott of Israel.
- e) Section 4.O. of Amendment No.2, Information Technology Standards, is hereby deleted in its entirety and replaced with the following:
Information Technology Standards: Pursuant to sections 282.0051 and 282.318, F.S., the Department is to establish standards for the implementation and management of information technology resources. Contractor agrees to cooperate with the Department and Customer in furtherance of efforts to comply with the standards, established in Rule Title 60GG, F.A.C., as applicable.
- f) Section IV. of Amendment No. 1, Cooperation with Inspector General, is deleted in its entirety and replaced with the following in Section 4.P.:
Cooperation with Inspector General and Records Retention.
Pursuant to section 20.055(5), F.S., the Contractor understands and will comply with its duty to cooperate with the Inspector General in any investigation, audit, inspection, review, or hearing. Upon request of the Inspector General or any other authorized State official, the Contractor must provide any information the Inspector General deems relevant. Such information may include, but will not be limited to, the Contractor's business or financial records, documents, or files of any type or form that refer to or relate to the Contract. The Contractor will retain such records for the longer of five years after the expiration or termination of the Contract, or the period required by the General Records Schedules maintained by the Florida Department of State, at the Department of State's Records Management website. The Contractor agrees to reimburse the State of Florida for the reasonable costs of investigation incurred by the Inspector General or other authorized State of Florida official for investigations of the Contractor's compliance with the terms of this or any other agreement between the Contractor and the State of Florida which results



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in the suspension or debarment of the Contractor. Such costs will include but will not be limited to: salaries of investigators, including overtime; travel and lodging expenses; and expert witness and documentary fees. The Contractor agrees to impose the same obligations to cooperate with the Inspector General and retain records on any subcontractors used to provide goods or services under the Contract.

- g) Section 4.Q., Conduct of Business, is hereby added as follows:
Conduct of Business.

The Contractor must comply with all laws, rules, codes, ordinances, and licensing requirements that are applicable to the conduct of its business, including those of federal, state, and local agencies having jurisdiction and authority. For example, the Contractor must comply with section 274A of the Immigration and Nationality Act, the Americans with Disabilities Act, Health Insurance Portability and Accountability Act, if applicable, and all prohibitions against discrimination on the basis of race, religion, sex, creed, national origin, handicap, marital status, or veteran's status. The provisions of subparagraphs 287.058(1)(a)-(c) and (g), F.S., are hereby incorporated by reference.

Nothing contained within this Contract shall be construed to prohibit the Contractor from disclosing information relevant to performance of the Contract or purchase order to members or staff of the Florida Senate or Florida House of Representatives.

Pursuant to section 287.057(26) Florida Statutes, the Contractor shall ensure a representative will be available to team members of the continuing oversight team.

- h) Section 4.R., Convicted, Discriminatory, Antitrust Violator, and Suspended Vendor Lists, is hereby added as follows:

Convicted, Discriminatory, Antitrust Violator, and Suspended Vendor Lists.

In accordance with sections 287.133, 287.134, and 287.137, F.S., the Contractor is hereby informed of the provisions of sections 287.133(2)(a), 287.134(2)(a), and 287.137(2)(a), F.S. For purposes of this Contract, a person or affiliate who is on the Convicted Vendor List, the Discriminatory Vendor List, or the Antitrust Violator Vendor List may not perform work as a contractor, supplier, subcontractor, or consultant under the Contract. The Contractor must notify the Department if it or any of its suppliers, subcontractors, or



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consultants have been placed on the Convicted Vendor List, the Discriminatory Vendor List, or the Antitrust Violator Vendor List during the term of the Contract.

In accordance with section 287.1351, F.S., a vendor placed on the Suspended Vendor List may not enter into or renew a contract to provide any goods or services to an agency after its placement on the Suspended Vendor List.

A firm or individual placed on the Suspended Vendor List pursuant to section 287.1351, F.S., the Convicted Vendor List pursuant to section 287.133, F.S., the Antitrust Violator Vendor List pursuant to section 287.137, F.S., or the Discriminatory Vendor List pursuant to section 287.134, F.S., is immediately disqualified from Contract eligibility.

- i) Section 4.S., Performance or Compliance Audits, is hereby added as follows:
Performance or Compliance Audits.

The Department may conduct or have conducted performance and/or compliance audits of the Contractor and subcontractors as determined by the Department. The Department may conduct an audit and review all the Contractor's and subcontractors' data and records that directly relate to the Contract. To the extent necessary to verify the Contractor's fees and claims for payment under the Contract, the Contractor's agreements or contracts with subcontractors, partners, or agents of the Contractor, pertaining to the Contract, may be inspected by the Department upon fifteen (15) calendar days' notice, during normal working hours and in accordance with the Contractor's facility access procedures where facility access is required. Release statements from its subcontractors, partners, or agents are not required for the Department or its designee to conduct compliance and performance audits on any of the Contractor's contracts relating to this Contract. The Inspector General, the State of Florida's Chief Financial Officer, and the Office of the Auditor General shall also have authority to perform audits and inspections.

- j) Section 4.T., Document Inspection, is hereby added as follows:
Document Inspection.

In accordance with section 216.1366, F.S., the Department is authorized to inspect the: (a) financial records, papers, and documents of the Contractor that are directly related to the performance of the Contract or the expenditure of state funds; and (b) programmatic records, papers, and documents of the Contractor which the Department determines are necessary to monitor the performance of the Contract or to ensure that the terms of the Contract are being met. The Contractor shall provide such records, papers, and documents requested by the Department within 10 Business Days after the request is made.

II. Warranty of Authority. Each person signing this Amendment warrants that he or she is duly authorized to do so and to bind the respective party.



AMENDMENT NO.: 5

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III. Conflict. To the extent any of the terms of this Amendment conflict with the terms of the ACS, the terms of this Amendment shall control.

IV. Effect. Unless otherwise modified by this Amendment, all terms and conditions contained in the ACS, as previously amended, shall continue in full force and effect.

IN WITNESS WHEREOF, the Parties have executed this Amendment by their duly authorized representatives.

State of Florida:
Department of Management Services

Contractor:
Apple, Inc.

By: _____
Name: J. Todd Inman
Title: Secretary
Date:

By: _____
Name:
Title:
Date:



AMENDMENT NO.: 5

Alternate Contract Source No.: 43211500-WSCA-15-ACS


Alternate Contract Source Name: Computer Equipment Peripherals and Services

III. Conflict. To the extent any of the terms of this Amendment conflict with the terms of the ACS, the terms of this Amendment shall control.

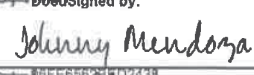
IV. Effect. Unless otherwise modified by this Amendment, all terms and conditions contained in the ACS, as previously amended, shall continue in full force and effect.

IN WITNESS WHEREOF, the Parties have executed this Amendment by their duly authorized representatives.

State of Florida
Department of Management Services

By: 
Name: J. Todd Inman
Title: Secretary
Date: 7/29/2021

Contractor:
Apple Inc.

By: 
Name: Johnny Mendoza
Title: Project Coordinator
Date: 7/29/2021 | 12:05 PM EDT

18.001 Procurement Regulation

(1) Authority of the Institutions.

Each university Board of Trustees shall adopt regulations establishing basic criteria related to procurement, including procedures and practices to be used in acquiring commodities and contractual services, as follows:

- (a) Removing any contractor from the University's competitive vendor list that fails to fulfill any of its duties specified in a contract with the University(s) and to reinstate any such contractor when satisfied that further instances of default will not occur.
- (b) Planning and coordinating purchases in volume and negotiating and executing agreements and contracts for commodities and contractual services under which the University may make purchases.
- (c) Evaluating, approving, and utilizing 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 the University, to make purchases under contracts let by such other entities. Universities shall review existing consortia and cooperative contracts to identify potential savings and, if there is the potential for savings, enter into new consortia and cooperative contracts to achieve the savings, with the goal of achieving a five-percent savings on existing contract prices.
- (d) Awarding contracts for commodities and contractual services to multiple suppliers, if it is determined to be in the best interest of the University. Such awards may be on a university, regional or State University System-wide basis and the contracts may be for multiple years.
- (e) Rejecting or canceling any or all competitive solicitations when determined to be in the best interest of the University.
- (f) Barring any vendor from doing business with the University for demonstrated cause, including previous unsatisfactory performance.
- (g) Prohibiting University employees and University direct support organization employees participating on a procurement selection committee for commodities or services from soliciting donations from responding vendors during the selection process, except for donations or other benefits expressly stated in the procurement document.
- (h) Permitting the extension(s) of a contract, entered into as a result of a competitive solicitation, for up to twelve (12) months or until completion of the competitive solicitation and award or protest, whichever is longer.
- (i) Permitting the renewal(s) of a contract, entered into as a result of a competitive solicitation, for a period that may not exceed 5 years or twice the term of the original contract, whichever is longer. This provision is not intended to apply

retroactively; existing contracts entered into prior to January 1, 2017, including any specified renewal period(s) may continue in accordance with the existing contract terms.

(2) Competitive Solicitation Threshold.

Each university Board of Trustees shall establish a competitive solicitation threshold not greater than \$75,000 (the "Competitive Solicitation Threshold") for the purchase of commodities or contractual services.

(a) When only one response is received to the competitive solicitation for commodities or contractual services that exceed the Competitive Solicitation Threshold, the University may review the solicitation responses to determine if a second call for a competitive solicitation is in the best interest of the University. If it is determined that a second call would not serve a useful purpose, the University may proceed with the acquisition.

(b) The purchase of commodities and contractual services shall not be divided to avoid the requirement of competitive solicitation.

(3) Preferences for Florida-Based Vendors.

(a) Preferences for Personal Property. When a University awards a contract to purchase personal property, other than printing, by competitive solicitation pursuant to paragraph (2) of this regulation, a preference shall be provided to vendors with a principal place of business in Florida (such vendors hereinafter referred to as "Resident Vendors") as follows:

1. If the responsible and responsive vendor that submits the lowest bid, the most advantageous proposal, or the best value reply is one whose principal place of business is outside of Florida and is in a state or political subdivision thereof that grants a preference for the same purchase to a vendor in such state or political subdivision, as applicable, then the University shall grant the same preference to the responsible and responsive Resident Vendor with the lowest bid received pursuant to an Invitation to Bid, the most advantageous proposal received pursuant to a Request for Proposals, or the best value reply received pursuant to an Invitation to Negotiate.
2. With respect to Invitations to Bid, if the lowest responsible and responsive bid is from a vendor whose principal place of business is in a state that does not grant a preference for the purchase to a vendor in such state, then the University shall grant a preference in the amount of five percent (5%) to the lowest responsible and responsive Resident Vendor.
3. For vendors whose principal place of business is outside of Florida, such vendors must, at the time of submitting its bid, proposal or reply, provide a written opinion from a licensed attorney in its state specifying: (a) the preferences(s) granted by the state or political subdivision, as applicable, under the laws of that state to vendors whose principal place of business is in that state or political subdivision; and (b) how the preference is calculated. The

failure to submit the written opinion may be waived as non-material if all vendors responding to the solicitation have principal places of business outside of Florida.

4. The vendor's principal place of business, as represented by the vendor in its bid or reply, may be relied upon by the University without further inquiry. If the University determines that a vendor has misrepresented its principal place of business, the vendor's bid, proposal or reply shall be rejected.
 5. For the purpose of paragraph (3)(a), "personal property" shall be defined as goods and commodities, but not real estate, intellectual property or services.
- (b) Preferences for Printing. When a University purchases printed materials by competitive solicitation pursuant to paragraph (2) of this regulation, a preference shall be provided Resident Vendors as follows:
1. If the lowest responsible and responsive bid received pursuant to an Invitation to Bid is from a vendor whose principal place of business is outside of Florida, then the University shall grant a preference to the lowest responsible and responsive Resident Vendor in the amount of five percent (5%) if the University has determined that the printing can be performed by the Resident Vendors at a level of quality comparable to that obtainable from the vendor submitting the lowest bid whose principal place of business is outside of Florida.
 2. For purposes of subparagraph 3(b)(1), the level of quality shall be determined by whether a vendor satisfies the minimum specification requirements as set forth in the Invitation to Bid.
- (c) Method of Calculating Five Percent Preference.
1. If the competitive solicitation is an Invitation to Bid, then an amount equal to five percent (5%) of the total base bid and any alternates shall be deducted from the base bid and alternates, as applicable, of the lowest responsible and responsive Resident Vendor's bid.
- (d) Determining a Vendor's Principal Place of Business. A vendor's "principal place of business" is determined as follows:
1. If the vendor is an individual or a sole proprietorship, then its "principal place of business" is in the state where the vendor's primary residence is located.
 2. If the vendor is a business organization, then its "principal place of business" is in the state where the majority of the vendor's executive officers direct the management of the vendor's business affairs.
- (e) Federally Funded Projects. Purchases made to perform specific obligations under federally funded projects shall not be subject to this preference requirement to the extent the application of a preference is not allowed under applicable federal law or regulation.

(4) Exceptional Purchases.

Each university is authorized to make exceptional purchases of commodities or contractual services as follows:

- (a) Purchase of Products with Recycled Content. Each University may establish a program to encourage the purchase and use of products and materials with recycled content and postconsumer recovered material.
- (b) Purchase of Private Attorney Services. Written approval from the Attorney General is not required for private attorney services acquired by the University.
- (c) Purchase of Insurance. Each University shall have the authority to purchase insurance as deemed necessary and appropriate for the operation and educational mission of the University.
- (d) Purchase of Printing. However, if a University determines that it is in the best interests of the University to purchase printed materials through a competitive solicitation process, the preference provision in paragraph (3)(b) shall apply.

(5) Purchases from Contractors Convicted of Public Entity Crimes.

A University shall not accept a competitive solicitation from or purchase commodities or contractual services from a person or affiliate who has been convicted of a public entity crime and has been placed on the State of Florida's convicted vendor list for a period of 36 months from the date of being added to the convicted vendor list.

(6) Competitive Solicitation Exceptions.

The following types of purchasing actions, and commodities and contractual services purchases are not subject to the competitive solicitation process:

- (a) Emergency Purchases. When a university president or his/her designee determines, in writing, that the delay due to the competitive solicitation process is an immediate danger to the public health or safety or the welfare of the University, including University tangible and/or intangible assets; or would otherwise cause significant injury or harm not in the best interest of the University, the University may proceed with the procurement of commodities or contractual services without a competitive solicitation.
- (b) Sole Source Purchases. Commodities or contractual services available from a single source may be exempted from the competitive solicitation process.
- (c) Purchases from Contracts and Negotiated Annual Price Agreements established by the State of Florida, other governmental entities, other Universities in the State University System, or other independent colleges and universities are not subject to further competitive solicitation.
- (d) The following listed commodities and services are not subject to competitive solicitation:
 - 1. Artistic services;
 - 2. Academic reviews;
 - 3. Lectures;
 - 4. Auditing services;
 - 5. Legal services, including attorney, paralegal, expert witness, appraisal, arbitrator or mediator services;

6. Health services involving examination, diagnosis, treatment, prevention, medical consultation or administration. Prescriptive assistive devices for medical, developmental or vocational rehabilitation including, but not limited to prosthetics, orthotics, wheelchairs and other related equipment and supplies, provided they are purchased on the basis of an established fee schedule or by a method that ensures the best price, taking into consideration the needs of the client;
7. Services provided to persons with mental or physical disabilities by not-for-profit corporations organized under the provisions of s. 501(c)(3) of the Internal Revenue Code or services governed by the provisions of the Office of Management and Budget Circular A-122;
8. Medicaid services delivered to an eligible Medicaid recipient by a health care provider who has not previously applied for and received a Medicaid provider number from the Department of Children and Family Services. This exception will be valid for a period not to exceed 90 days after the date of delivery to the Medicaid recipient and shall not be renewed;
9. Family placement services;
10. Training and education services;
11. Advertising, except for media placement services;
12. Services or commodities provided by governmental agencies, another University in the State University System, direct support organizations of the university, political subdivisions or other independent colleges and universities;
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;
14. Purchases from firms or individuals that are prescribed by state or federal law, or specified by a granting agency;
15. Regulated utilities and government franchised services;
16. Regulated public communications, except long distance telecommunication services or facilities;
17. Purchases from an Annual Certification List developed by each University;
18. Purchases for resale;
19. Accounting Services;
20. Contracts or services provided by not-for-profit support and affiliate organizations of the University, direct support organizations, health support organizations and faculty practice plans;
21. Implementation/programming/training services available from owner of copyrighted software or its contracted vendor; or
22. Purchases of materials, supplies, equipment, or services for instructional or sponsored research purposes when a director of sponsored research or designee certifies that, in a particular instance, it is necessary for the efficient

or expeditious prosecution of a research project in accordance with sponsored research procedures or to attain the instructional objective.

(7) Vendors Excluded from Competition.

In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, Invitations to Bid, Request for Proposals and/or Invitations to Negotiate shall be excluded from competing for such procurements.

(8) Standard of Conduct.

It shall be a breach of ethical standards for any employee of a University to accept, solicit, or agree to accept a gratuity of any kind, form or type in connection with any contract for commodities or services. It shall also be a breach of ethical standards for any potential contractor to offer an employee of a University a gratuity of any kind, form or type to influence the development of a contract or potential contract for commodities or services.

Authority: Section 7(d) Art. IX, Fla. Const.; History: New 3-27-08, Amended 3-28-13, 11-3-16.



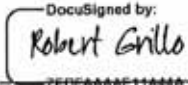
Funding Certification Form

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: PantherTech Apple Blanket Purchase Order

Funding Source(s): Auxiliary

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.

DocuSigned by:

7FDFAAAE11AAA
Robert Grillo, Vice President & CIO Division of IT

4/12/2022

Date


Aime Martinez, Interim Vice President and
Chief Financial Officer

4/14/22

Date

DocuSigned by:

7E5CDEE9E1654E6
Carlos B. Castillo, General Counsel

4/14/2022

Date


Kenneth A. Jessell, Interim President

4-19-2022

Date

**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES**

Finance and Facilities Committee

April 26, 2022

Subject: Approval of a Third Lease Amendment (the “Amendment”) with BP Land Holdings, LLC for an additional 37,411 square feet of space on the second floor of the National Forensic Science Technology Center (“NFSTC”), located at 8285 Bryan Dairy Road, Suite 125 in Largo, Florida, to be used as expanded workspace for the NFSTC

Proposed Committee Action:

Approve (1) the delegation of authority to the University President, or his designee, to negotiate the Amendment; and (2) the delegation of authority to the University President, or his designee, to execute the Amendment on behalf of the University, and such other documents that may be necessary to effectuate the transactions contemplated therein.

Background Information

The primary mission of the NFSTC is to accelerate preeminence by inspiring innovation, service, and research around the world. NFSTC has demonstrated proven success in the innovation and growth of research in support of this mission. Since the acquisition of the NFSTC by FIU in December 2017, the NFSTC has received \$36.6 M in research awards which generates about \$3.6M indirect revenue annually with a projected growth to approx \$5M by FY24.

In direct support of these goals, the NFSTC seeks to expand its current leased space footprint of ~99,000 square feet in order to meet the demands of current and future contract work activities. NFSTC’s current contract with the Department of Defense (prime contract holder Lockheed Martin) entails requirements for dedicated environmentally controlled floorspace for the purpose of equipment training and testing; storage of equipment; and consumables to enable forensic equipment training and testing, assistance with data collection and analysis and storage/warehouse space. The scope of the contract activities has increased the logistical warehouse requirements to include sustainment maintenance, configuration management, and tracking/management of equipment warranties and licenses. In addition, NFSTC has imminent cross college/departments collaborations and funding opportunities targeted for Summer 2022 that would require additional classroom/training space for students and interns. NFSTC currently is restricted in the timing and amount of concurrent training and work activities that can be delivered due to constraints of its available classroom/training space. In order to meet these current and future contractual requirements, the NFSTC needs to expand its warehouse footprint, as well as reconfigure and expand its training classroom and office space.

This space expansion will be accomplished by leasing 37,411 square feet of additional office workspace and training space on the second floor of the building where our leased premises are located. Currently occupied personnel office space and training classroom room space totalling ~27,000 square feet will be relocated to the expansion space. This expansion space is fully outfitted with training and workspace fixtures which will be donated to the university and will require minimal

to no additional costs for occupation readiness. The additional 10,000 square feet will accommodate expanded lecture room and training space, as well as correlated common areas and breakrooms, to allow for higher throughput training activities and allow for imminent student/intern workspace.

The ~27,000 square feet vacated space on the first floor of the existing leased premises will be be reallocated/reconfigured as logistical warehouse space in accordance with the new contractual requirements for expanded sustainment maintenance, configuration management, and tracking/management of equipment warranties and licenses. There will be minimal to no costs required to repurpose this space.

The funding for the majority of this space expansion is already in place. Effective April 1, 2022, the current DoD/Lockheed Martin services contract pays for 15,300 square feet, which is approximately 43% of the expansion space cost. The remaining 58% of space expansion costs is anticipated to be offset by the aforementioned collaborations/funding opportunities along with the NFSTC's departmental F&A.

The term for the lease of the expansion space will expire simultaneously with the term for the current leased space in April 2024.

The principal terms of the Amendment are as follows:

- Term to expire in April 2024, occupancy of the expansion space will commence on or about May 1, 2024
- Leasing 37,411 square feet of fully furnished office space
- Price per square foot of the expansion space is \$17.50 with a 3% escalation in year 2; Annual expense of \$654,693
- 100% of base rent and operating costs to be covered by NFSTC through contracts funding and F&A

The expansion space was procured as a sole source in accordance with BOG Regulation 17.001.

Supporting Documentation:

Third Lease Amendment

Sole Source Certificate

Funding Certification Form

Facilitator/Presenter:

Aime Martinez

THIRD LEASE AMENDMENT

THIS THIRD LEASE AMENDMENT (the "Amendment") is made and entered into this _____ day of _____, 2022 by and between BP LAND HOLDINGS, LLC, formerly known as BP Land Holdings, LLLP, (hereinafter referred to as the "Landlord") and THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES (hereinafter referred to as the "Tenant").

WITNESSETH:

WHEREAS, Landlord and the National Forensic Technology Center, Inc., a Florida not-for-profit corporation, (the "Original Tenant") entered into that certain Lease Agreement dated November 11, 2013 (the "Original Lease") for the leasing of approximately 79,114 square feet of space in Suite 125 that certain building located at 8285 Bryan Dairy Road, Largo, Florida (the "Building"); and

WHEREAS, on or about January 27, 2015, Landlord and the Original Tenant entered into that certain First Lease Amendment (the "First Amendment") whereby the parties agreed to modify the base rent paid by the Original Tenant in the Original Lease;

WHEREAS, on January 9, 2018, the Original Tenant assigned the Original Lease, as amended, to Tenant and Tenant assumed the Original Lease in accordance with that certain Assignment and Assumption of Lease Agreement and Landlord's Consent to Assignment;

WHEREAS, on January 9, 2018, Landlord and Tenant entered into that certain Second Lease Amendment (the "Second Amendment, and together with the Original Lease and the First Amendment, the "Lease") for the leasing of additional space in the Building, for a collective square footage of 96,307 square feet (hereinafter referred to as the "Premises");

WHEREAS, Landlord and Tenant wish to expand the Premises to incorporate Suite 250 of the Building consisting of 37,411 square feet (the "Expansion Premises");

WHEREAS, the Expansion Premises (i) are located within half a mile of the Premises; (ii) provide Tenant with complete access control and 24/7 access to the Expansion Premises; (iii) have a break room that accommodates a 40 headcount; (iv) have a minimum of 2 conference rooms that can seat 40 people each; (v) have a server room; (vi) are in ready move-in condition and not shell space; (vii) have CAT 5 computer cabling throughout the space; and (viii) have 100% generator backup for the entire Building.

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. The recitals above are true and correct and are incorporated into this Amendment by this reference.
2. Amendment to Lease. This Amendment shall amend the Lease as set forth herein. Except as otherwise expressly modified by this Amendment, the provisions of the Lease are hereby expressly confirmed and ratified. Any inconsistency or conflict between the Lease and this Amendment shall be governed by the terms of this Amendment. All references to the "Lease," as of the date hereof, shall mean the Lease, as amended by this Amendment. Capitalized terms not defined herein shall have the same meaning as ascribed to them in the Lease.
3. Effective May 1, 2022, Tenant will lease the Expansion Premises through April 30, 2024. Accordingly, all references to the "Premises" in the Lease shall hereinafter mean Suite 125 consisting of 79,114 square feet (inclusive of 7,500 square feet for the Mezzanine), Suite 290 consisting of 17,193 square feet, and Suite 250 consisting of 37,411 square feet, for a collective square footage of 133,718 square feet in the Building.
4. The Expansion Premises will be leased on an as-is basis. Any desired improvements will be at Tenant's expense. Tenant shall have the right to utilize the existing furniture and fixtures located within the Expansion Premises at no additional cost.
5. Base Rent for the Expansion Premises will be as follows:

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	<u>\$/SF/YR</u>	<u>MONTHLY</u>
May 1, 2022 – April 30, 2023	\$17.50	\$54,557.71
May 1, 2023 – April 30, 2024	\$18.03	\$56,210.03

6. Operating Costs for the Expansion Premises will be based on Tenant's share of Operating Costs over 2022 Base Year.
7. Parking. In connection with the Expansion Premises, Tenant shall be entitled to use an additional 131 parking spaces, including 3 reserved parking spaces, at no additional cost to Tenant.
8. 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.
9. 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.

[Remainder of page left blank intentionally]

Signed in the presence of:

TENANT:

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES

Witness

By: _____

Name: _____

Title: _____

Witness

Signed in the presence of:

LANDLORD:

BP LAND HOLDINGS, LLC, a Florida limited liability
company, formerly known as BP Land Holdings,
LLLP

Witness

By: _____

Name: _____

Title: _____

Witness

CERTIFICATE

Regulation 17.001 from the Florida Board of Governors provides that no university shall enter into a lease for 5,000 square feet or more of space in a privately owned building, except upon advertisement for and receipt of competitive bids or proposals as determined by the university. However, competitive solicitations shall not be required when leasing specialized research, medical or educational facilities, if the President certifies in writing that said facility is available from a single source and that compliance with competitive bid requirements would be detrimental to the University.

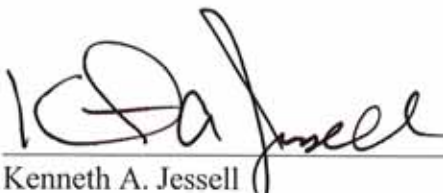
The National Forensic Science Technology Center (NFSTC) currently leases 96,307 square feet at 8285 Bryan Dairy Road, Largo, Florida. At the present time, NFSTC is using all of the square footage in the facility and needs approximately 37,000 of additional space within half a mile of the existing space to expand its programs.

NFSTC is an FIU program that provides quality forensic services including training, assessment, research and technology assistance to the justice and forensic communities. Specialized research and educational programs are conducted in this facility (including immersive and realistic training scenarios for different units of the Department of Defense and the Department of Justice). The facility also has NISPOM security classification by the Defense Counterintelligence and Security Agency and active ATF and DEA licenses.

FIU tasked independent third-party brokers to conduct market studies to determine the availability of additional space in accordance with valid and objective criteria established by the NFSTC. The market studies from both brokerage firms confirmed that the required additional space only is available from a single source (both studies are attached to this Certificate).

Conducting a time-consuming competitive process would be detrimental to FIU. The need for the additional space is immediate. The lease for the current space expires on April 30, 2024, and the lease for additional space must be coterminous. A competitive solicitation would shorten the available term and inhibit FIU from continuing to grow its research portfolio. FIU will conduct a competitive solicitation process for a new lease for approximately 130,000 square feet to replace the lease(s) that expire in April 2024.

I hereby certify that (i) the additional space is available from a single source, and (ii) compliance with competitive bid requirements would be detrimental to FIU.


Kenneth A. Jessell
Interim President
April 15, 2022



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: FIU National Forensic Science Technology Center (NFSTC) Lease Amendment #3

Funding Source(s): Sponsored Research and FA Overhead

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.

DocuSigned by:

Andres Gil

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4/19/2022

Andres Gil, Senior Vice President for Research and Economic Development

Date

DocuSigned by:

Aime Martinez

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4/19/2022

Aime Martinez, Interim Vice President and Chief Financial Officer

Date

DocuSigned by:

Carlos B. Castillo

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4/19/2022

Carlos B. Castillo, General Counsel

Date

Kenneth A. Jessell
Kenneth A. Jessell, Interim President

4-20-2022

Date



THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee
April 26, 2022

AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2021

- University's Audited Financial Statements were prepared following Governmental Accounting Standards Board (GASB) standards of accounting and financial reporting.
- The State of Florida Auditor General issued the University's Audited Financial Statements for the year ending June 30, 2021 on March 10, 2022.
- **OPINION:** The University received an unmodified (unqualified) opinion, meaning the financial statements presented fairly, in all material respects, the respective financial position of FIU and of its aggregate discretely presented component units as of June 30, 2021, and the respective changes in financial position and cashflows.
- We are not aware of, and the auditors did not identify any, deficiencies in internal control over financial reporting considered to be a material weakness or any instances of non-compliance or other matters required to be reported under Government Auditing Standards.
- The Financial Statements include the following component units of the university:
 - FIU Foundation, Inc. and its subsidiaries
 - FIU Athletics Finance Corporation
 - FIU Academic Health Center Health Care Network Faculty Group Practice, Inc.
 - NOTE: The financial activities of the FIU Research Foundation, Inc. are **not** included in the University's financial statements because total assets and operating revenues of the Research Foundation represent less than one percent of the total aggregate component units' assets and operating revenues.

Highlights of Balance Sheet – Assets, Liabilities and Net Position

- **Total Assets of just under \$1.8 billion, an increase of \$210.5 million or 13.5 percent over fiscal year 2019-20.**

Primarily Due to changes in:

Net Capital Assets Additions	\$ 12.4 M
Increase in Cash and Investments	\$ 96.1 M
Net Construction in Progress Additions	\$ 72.2 M
Net Additions to Land and Works of Art	\$ 4.4 M
Change in Accumulated Depreciation	(\$40.5) M
Due from State – Construction	\$ 8.7 M
Increase in Accounts Receivable	\$56.0 M
Decrease in Loans Receivable	(\$.6) M
Due from Other Funds	\$.8 M
Other Assets	\$ 1.0 M
Total	\$210.5 M

- **Total Liabilities of \$1,089.4 billion, an increase of \$101.8 M or 10.3 percent over 2019-20.**

Primarily Due to:

Net Pension Liability Increase	\$ 56.7 M
Net Decrease (OPEB) Other Post Employment Retirement Benefits	(\$50.4) M
Increase in Bonds Payable	\$72.4 M
Increase in A/P and Accrued Liabilities	\$17.7 M
Increase in Compensated Absences Payable	\$ 3.4 M
Increase in Unearned Revenue	\$ 2.0 M
Total	\$101.8 M

- **Total Net Position of \$771.8 M, an increase of \$53.2 M or 7.4 percent.**
The net position reflects the change in total assets, \$210.5 M, less the change in total liabilities, \$101.8 M, plus the increase in deferred outflows of resources related to pensions and OPEB, \$20.4 M, less the increase in deferred inflows of resources related to pensions and OPE, \$75.9 M.

Highlights of Revenues and Expenses

- **Operating Revenues totaled \$527.4 M, a decrease of \$5.1 M or 1 percent from 2019-20.**

Primarily Due to:

Net Tuition and Fees	(\$ 4.5) M
Auxiliary Sales and Service	(\$10.0) M
Other Revenue	(\$ 3.2) M
Grants and Contracts	\$ 12.6 M
Total	(\$ 5.1) M

- **Operating Expenses totaled \$1.14 B, a decrease of \$15.1 M or 1.3 percent from 2019-20.**

Primarily Due to:

Employee Compensation and Benefits	(\$ 2.5) M
Scholarships, Fellowships and Waivers	\$ 0.7 M
Depreciation Expense	(\$ 0.2) M
Services and Supplies	(\$12.8) M
Utilities and Communications	(\$ 0.5) M
Self Insured Claims and Expenses	\$ 0.2 M
Total	(\$15.1) M

- **Net Nonoperating Revenues totaled \$649 M, an increase of \$81.7 M or 14.4 percent over 2019-20.**

Primarily Due to:

Non Grants, Contracts and Gifts	(\$.1) M
State Non-Capital Appropriations	\$ 19.7 M
Investment Income, Net	\$ 18.4 M
Other Nonoperating Revenues	\$ 38.0 M
Federal and State Student Financial Aid	\$ 1.2 M
Gains/loss disposals, Interest, Non-op Exp.	\$ 4.5 M
Total	\$ 81.7 M

- **Changes in Other Revenues resulted from increases in Capital Appropriations revenue of \$8 M and Capital Grants and Contracts revenue of \$5 M, for total increase of \$13M or 252 percent over 2019-20.**

FLORIDA INTERNATIONAL UNIVERSITY



ANNUAL REPORT 2020 - 2021

BOARD OF TRUSTEES AND PRESIDENT

During the 2020-21 fiscal year, Dr. Mark B. Rosenberg served as President of Florida International University and the following individuals served as Members of the Board of Trustees:

Dean C. Colson, JD, Chair, from July 1, 2020

Rogelio Tovar, Vice Chair, from July 1, 2020

Cesar L. Alvarez, JD

Dr. Jose J. Armas, MD

Leonard Boord, to June 14, 2021

Gerald C. Grant, Jr., to January 26, 2021

Donna J. Hrinak

Natasha Lowell

T. Gene Prescott

Claudia Puig, to March 25, 2021

Dr. Joerg Reinhold (2)

Chanel T. Rowe, JD, from January 27, 2021

Alexander Rubido, from May 10, 2021 (1)

Marc D. Sarnoff, JD

Carlos Trujillo, JD, from March 26, 2021

Alexandra Valdes, to May 9, 2021 (1)

Notes: (1) Student Body President.

(2) Faculty Senate Chair.



FLORIDA INTERNATIONAL UNIVERSITY

ANNUAL REPORT 2020-21

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THE PATRICIA AND PHILLIP FROST ART MUSEUM

INTRODUCTION FROM THE SENIOR VICE PRESIDENT AND CHIEF FINANCIAL OFFICER



The 2020-21 fiscal year can be characterized using many descriptors. We felt negativity, with the threat of global pandemic that created fear, isolation, and sadness. But we also felt positivity, hope, innovation, heroism, and gratitude. This year, we were all challenged to be creative and adjust operations to ensure that our students achieved their educational goals during unprecedented conditions. And we continue to adjust to our new normal in this COVID-19 pandemic world. Our university met the challenges head on, and as a result we are now stronger as an institution. As an FIU community, we reap the benefits of our diverse, passionate, and caring workforce that has collectively elevated FIU to new heights. Together, we have weathered these tumultuous times with a steadfast conviction to keep the safety and success of our students at the forefront of our decision-making process.

FIU is undeterred in its commitment to maintain the highest standards in supporting student success, research excellence, and efficient operations. The Office of Finance and Administration is dedicated to providing leadership and financial planning in support of these objectives by strategically allocating financial resources, timely reporting financial information for improved decision making, and assisting in identifying new revenue sources to support our educational mission and strategic goals.

We continue on our quest to consistently achieve remarkable success academically, strategically, and operationally. I am pleased to present the 2020-21 Annual Financial Report for FIU, and I am proud to share the following notable accomplishments and achievements.

Strategic initiatives:

- Philanthropist and author MacKenzie Scott and her husband Dan Jewett made a \$40 million unrestricted gift to FIU in recognition of the university's successful efforts educating students who come from communities chronically underserved.
- FIU rose to #78 in U.S. News and World Report rankings for Public Universities.
- FIU also improved in several other rankings, including #1 in awarding bachelor's degrees to minorities; #5 in social mobility by U.S. News and World Report; #3 Life Below Water, #3 Life on Land, and #8 Clean Water and Sanitation by Time Higher Education Impact Rankings for Public Universities.
- FIU achieved the highest score in the history of the State University System Performance-Based Funding Model, 97 points, by continuing to strategically invest in student success initiatives that focus on retention and graduation rates, the awarding of strategic degrees, and jobs after graduation.

FIU continues to deliver on the promise of an affordable quality education for students through the execution of its strategic plan. I encourage you to read our annual financial report, as it provides useful, relevant, and more detailed information about the university's financial activities and results related to operations. The financial report will help you learn more about FIU's financial operations that support the university's primary mission of educating and preparing current and future students for successful careers that improve our community, our nation, and our world.

A handwritten signature in blue ink, appearing to read 'K. Jessell', written in a cursive style.

Kenneth A. Jessell, Ph.D., MBA
Senior Vice President and Chief Financial Officer



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

Claude Denson Pepper Building, Suite G74
111 West Madison Street
Tallahassee, Florida 32399-1450



Phone: (850) 412-2722
Fax: (850) 488-6975

The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Florida International University, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units, which represent 100 percent of the transactions and account balances of the aggregate discretely presented component units columns. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based solely on the reports of the other auditors. 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 opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of Florida International University and of its aggregate discretely presented component units as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS**, the **Schedule of the University's Proportionate Share of the Total Other Postemployment Benefits Liability**, **Schedule of the University's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan**, **Schedule of University Contributions – Florida Retirement System Pension Plan**, **Schedule of the University's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan**, and **Schedule of University Contributions – Health Insurance Subsidy Pension Plan**, as listed in the table of contents, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Florida International University's basic financial statements. The Introduction from the Senior Vice President and Chief Financial Officer, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Introduction from the Senior Vice President and Chief Financial Officer has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2022, on our consideration of the Florida International University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S 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**. The purpose of that report is solely 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 the effectiveness of the 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 Florida International University's internal control over financial reporting and compliance.

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
March 8, 2022
Audit Report No. 2022-144

FLORIDA INTERNATIONAL UNIVERSITY

A COMPONENT UNIT OF THE STATE OF FLORIDA MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the University for the fiscal year ended June 30, 2021, and should be read in conjunction with the financial statements and notes thereto. The MD&A, and financial statements and notes thereto, are the responsibility of University management. The MD&A contains financial activity of the University for the fiscal years ended June 30, 2021, and June 30, 2020.

OVERVIEW OF FINANCIAL STATEMENTS

Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 35, the University'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 University and its component units. Based on the application of the criteria for determining component units, the following three component units are included within the University reporting entity as discretely presented component units:

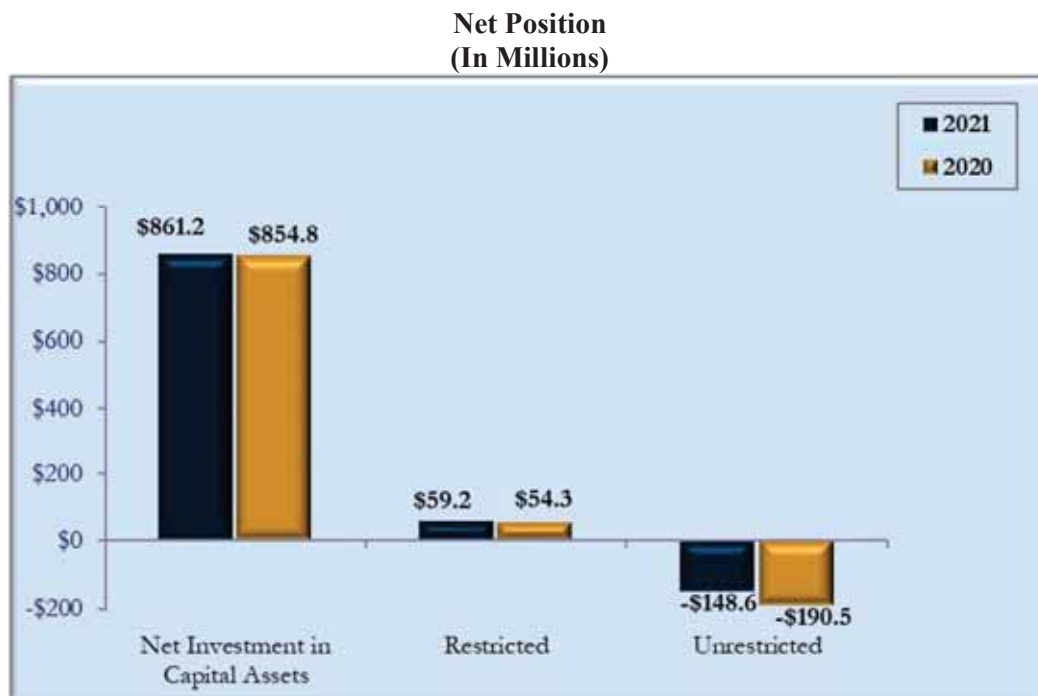
- Florida International University Foundation, Inc. (Foundation)
- FIU Athletics Finance Corporation (Finance Corporation)
- Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. (Health Care Network)

Information regarding these component units, including summaries of the discretely presented component units' separately issued financial statements, is presented in the notes to financial statements. This MD&A focuses on the University, excluding the discretely presented component units. For the component units, MD&A information is included in their separately issued audit reports.

THE STATEMENT OF NET POSITION

The statement of net position reflects the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the University, using the accrual basis of accounting, and presents the financial position of the University at a specified time. Assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources, equals net position, which is one indicator of the University's current financial condition. The changes in net position that occur over time indicate improvement or deterioration in the University's financial condition.

The University's comparative total net position by category for the fiscal years ended June 30, 2021, and June 30, 2020, is shown in the following graph:



FLORIDA INTERNATIONAL UNIVERSITY

A COMPONENT UNIT OF THE STATE OF FLORIDA MANAGEMENT'S DISCUSSION AND ANALYSIS

The following summarizes the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30:

Condensed Statement of Net Position at June 30 (In Millions)

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets	\$ 681.3	\$ 541.3
Capital Assets, Net	1,036.5	988.1
Other Noncurrent Assets	<u>55.0</u>	<u>32.9</u>
Total Assets	<u>1,772.8</u>	<u>1,562.3</u>
Deferred Outflows of Resources	<u>249.7</u>	<u>229.3</u>
Liabilities		
Current Liabilities	94.7	76.3
Noncurrent Liabilities	<u>994.7</u>	<u>911.3</u>
Total Liabilities	<u>1,089.4</u>	<u>987.6</u>
Deferred Inflows of Resources	<u>161.3</u>	<u>85.4</u>
Net Position		
Net Investment in Capital Assets	861.2	854.8
Restricted	59.2	54.3
Unrestricted	<u>(148.6)</u>	<u>(190.5)</u>
Total Net Position	<u>\$ 771.8</u>	<u>\$ 718.6</u>

The lingering effects of the coronavirus pandemic continued to hamper the normal operations of the University for the greater part of the 2020-21 fiscal year. As the University moved forward with campus repopulation plans to resume on-site operations as well as stimulate campus activities, there were added challenges encountered in normalizing operations. Nonetheless, assistance provided by Federal grant funding primarily from the Coronavirus Aid, Relief, and Economic Security (CARES) Act, and the Higher Education Emergency Relief (HEERF) Act, served to contribute financial relief to students and on-campus business operations. These Federal grant funding sources made a considerable impact on the efforts to stabilize revenue streams heavily affected by the slow-down of business activities during the peak times of the pandemic and as noted in various sections of the MD&A, were major drivers affecting the results of financial operations.

Total assets as of June 30, 2021, increased by \$210.5 million, or 13.5 percent. This increase is primarily due to an increase in combined cash and cash equivalents and investments of \$96.1 million mainly resulting from \$45 million in unspent proceeds from capital improvement debt funding the construction of the new Parkview II Housing project, \$19.6 million in incremental State Appropriations, and \$14.9 million decrease in operating expenses, excluding depreciation, due to curtailed activities from on-going pandemic circumstances. Additionally, there were increases in accounts receivable, net of \$56 million mainly from lost revenues billed under HEERF Act Federal grant provisions, and construction work in progress of \$72.2 million mainly attributed to the construction activity for the new Parkview II Housing project.

Total liabilities as of June 30, 2021, increased by \$101.8 million, or 10.3 percent. This increase resulted from increases of \$72.4 million in capital improvement debt payable, \$56.7 million for the University's proportionate share of net pension liabilities, \$17.7 million in accounts payable and other accrued liabilities, \$3.4 million in compensated absences payable, and \$2.2 million in noncurrent unearned revenues. These increases were partially offset by a \$50.4 million net decrease in the University's proportionate share of other postemployment benefits payable (OPEB).

Deferred outflows of resources and deferred inflows of resources increased \$20.4 million and \$75.9 million, respectively, related to pensions and other postemployment benefits.

As a result, the University's net position increased by \$53.2 million, or 7.4 percent, resulting in a fiscal year-end balance of \$771.8 million, which includes a deficit in unrestricted net position. This deficit is discussed further in the notes to the financial statements.

FLORIDA INTERNATIONAL UNIVERSITY

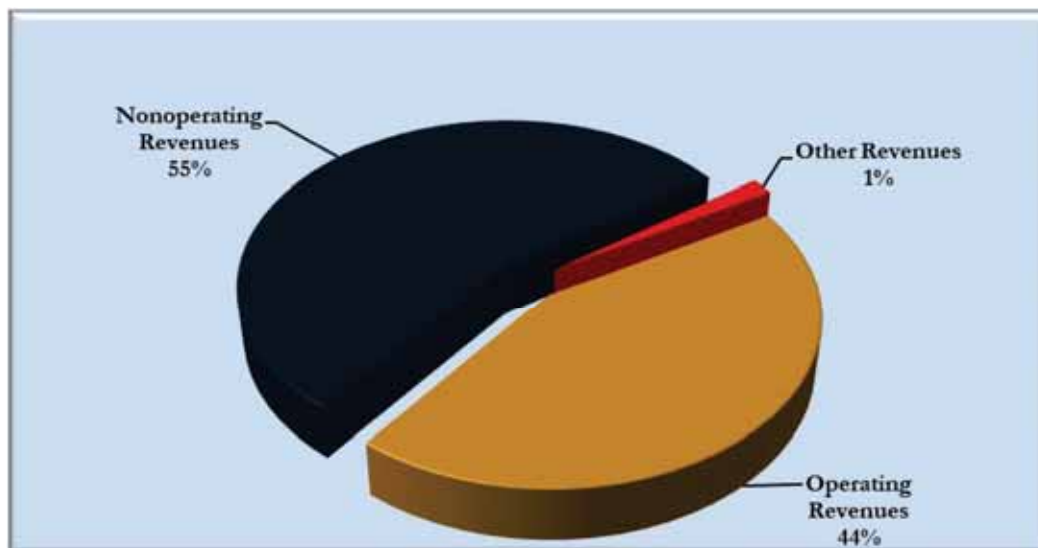
A COMPONENT UNIT OF THE STATE OF FLORIDA MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The statement of revenues, expenses, and changes in net position presents the University'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 following chart provides a graphical presentation of the University revenues by category for the 2020-21 fiscal year:

Total Revenues



The following summarizes the University's activity for the 2020-21 and 2019-20 fiscal years:

Condensed Statement of Revenues, Expenses, and Changes in Net Position For the Fiscal Years (In Millions)

	<u>2020-21</u>	<u>2019-20</u>
Operating Revenues	\$ 527.4	\$ 532.5
Less, Operating Expenses	<u>1,141.3</u>	<u>1,156.4</u>
Operating Loss	(613.9)	(623.9)
Net Nonoperating Revenues	<u>649.0</u>	<u>567.3</u>
Income (Loss) Before Other Revenues	35.1	(56.6)
Other Revenues	<u>18.1</u>	<u>5.1</u>
Net Increase (Decrease) in Net Position	<u>53.2</u>	<u>(51.5)</u>
Net Position, Beginning of Year	718.6	759.0
Adjustment to Beginning Net Position (1)	<u>-</u>	<u>11.1</u>
Net Position, Beginning of Year, as Restated	<u>718.6</u>	<u>770.1</u>
Net Position, End of Year	<u><u>\$ 771.8</u></u>	<u><u>\$ 718.6</u></u>

Note: (1) For the 2019-20 fiscal year, the University's beginning net position was increased for the carrying value of the building acquired in conjunction with the governmental merger with the Torrey Pines Institute for Molecular Studies, Inc.

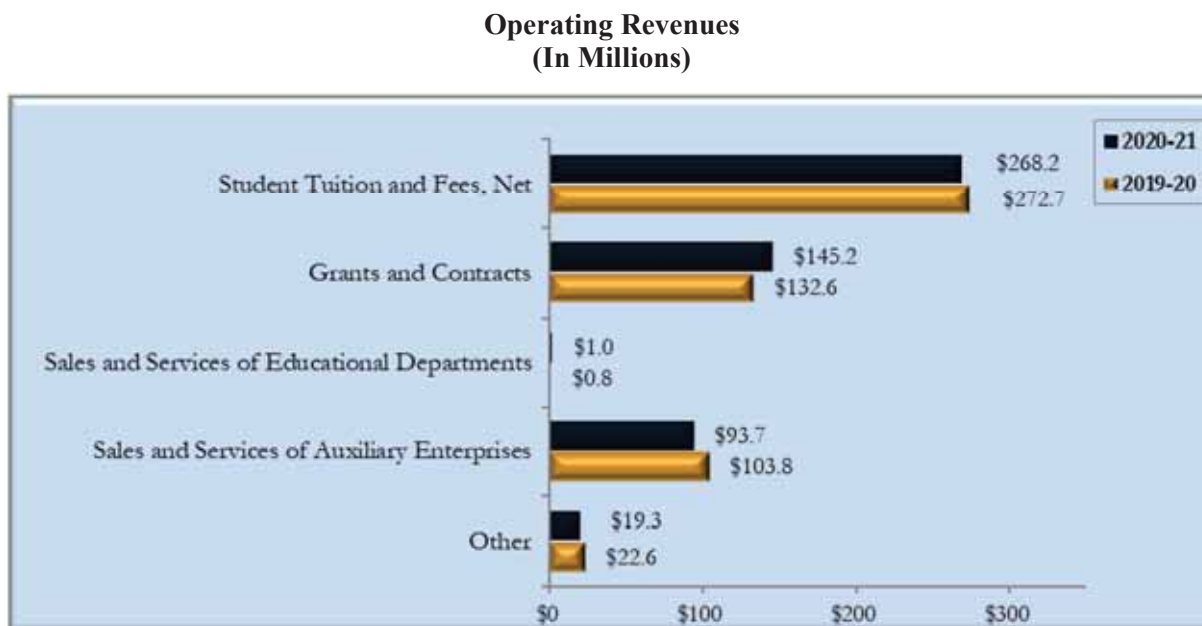
FLORIDA INTERNATIONAL UNIVERSITY

A COMPONENT UNIT OF THE STATE OF FLORIDA MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating Revenues

GASB Statement No. 35 categorizes revenues as either operating or nonoperating. Operating revenues generally result from exchange transactions where each of the parties to the transaction either gives or receives something of equal or similar value.

The following chart presents the University's operating revenues for the 2020-21 and 2019-20 fiscal years:



The following summarizes the operating revenues by source that were used to fund operating activities for the 2020-21 and 2019-20 fiscal years:

Operating Revenues For the Fiscal Years (In Millions)

	2020-21	2019-20
Student Tuition and Fees, Net	\$ 268.2	\$ 272.7
Grants and Contracts	145.2	132.6
Sales and Services of Educational Departments	1.0	0.8
Sales and Services of Auxiliary Enterprises	93.7	103.8
Other	19.3	22.6
Total Operating Revenues	\$ 527.4	\$ 532.5

The University total operating revenues decreased by \$5.1 million, or 1 percent, over the 2019-20 fiscal year. Operating revenue changes were the result of the following factors:

- Net student tuition and fees revenue decreased \$4.5 million. Gross tuition and fees revenue declined by \$9.2 million, mainly resulting from decreases in both resident and non-resident undergraduate tuition revenue offset by increases in graduate and market rate tuition. The University's scholarship allowance also decreased by \$4.7 million primarily due to a reduction in non-monetary institutional waivers, excluding capital improvement and building fees, this drop in the allowance contributed to the overall decrease in student tuition and fees, net.
- Grants and contracts overall revenue increased \$12.6 million. This resulted from higher revenue earned from Federal grants mostly associated with the CARES and HEERF Institutional funding.

FLORIDA INTERNATIONAL UNIVERSITY

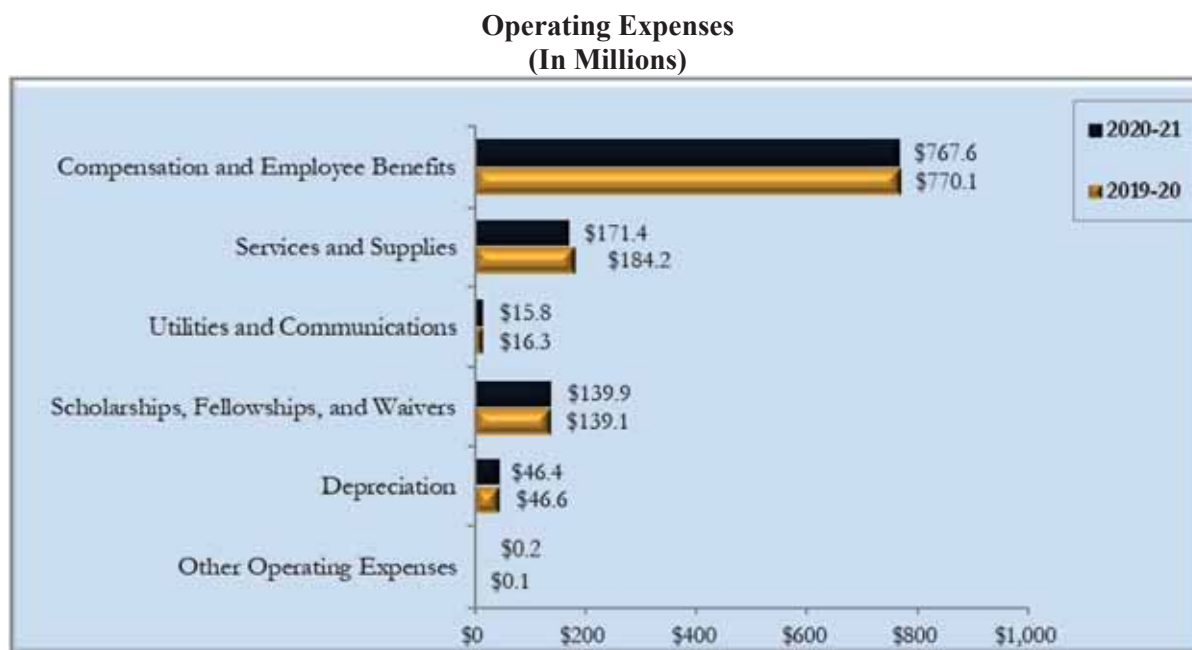
A COMPONENT UNIT OF THE STATE OF FLORIDA MANAGEMENT'S DISCUSSION AND ANALYSIS

- Sales and Services of Auxiliary Enterprises revenue decreased \$10.1 million, mainly driven by the continued decline in auxiliary activities including housing, parking, food services, event ticket sales, and rental of facilities due to the enduring COVID-19 related conditions.
- Other operating revenues decreased by \$3.3 million primarily from reductions in private revenue from our National Forensic Science Technology Center, the Shorelight program, Embrace, and Pepsi pouring rights contracts.

Operating Expenses

Expenses are categorized as operating or nonoperating. The majority of the University's expenses are operating expenses as defined by GASB Statement No. 35. GASB gives financial reporting entities the choice of reporting operating expenses in the functional or natural classifications. The University has chosen to report the expenses in their natural classification on the statement of revenues, expenses, and changes in net position and has displayed the functional classification in the notes to financial statements.

The following chart presents the University's operating expenses for the 2020-21 and 2019-20 fiscal years:



The following summarizes the operating expenses by natural classification for the 2020-21 and 2019-20 fiscal years:

Operating Expenses For the Fiscal Years (In Millions)		
	2020-21	2019-20
Compensation and Employee Benefits	\$ 767.6	\$ 770.1
Services and Supplies	171.4	184.2
Utilities and Communications	15.8	16.3
Scholarships, Fellowships, and Waivers	139.9	139.1
Depreciation	46.4	46.6
Other Operating Expenses	0.2	0.1
Total Operating Expenses	\$ 1,141.3	\$ 1,156.4

FLORIDA INTERNATIONAL UNIVERSITY

A COMPONENT UNIT OF THE STATE OF FLORIDA MANAGEMENT'S DISCUSSION AND ANALYSIS

The change in operating expenses was primarily the result of the following factor:

- Services and supplies expenses decreased \$12.8 million, or 6.9 percent. The decrease primarily resulted from reduced travel expenses of \$9.3 million since the University maintained its policy of restricting travel due to the continued COVID-19 related preventive measures.

Nonoperating Revenues and Expenses

Certain revenue sources that the University relies on to provide funding for operations, including State noncapital appropriations, Federal and State student financial aid, noncapital grants, contracts, and gifts, and investment income, are defined by GASB as nonoperating. Nonoperating expenses include capital financing costs and other costs related to capital assets.

The following summarizes the University's nonoperating revenues and expenses for the 2020-21 and 2019-20 fiscal years:

Nonoperating Revenues (Expenses) For the Fiscal Years (In Millions)		
	<u>2020-21</u>	<u>2019-20</u>
State Noncapital Appropriations	\$ 343.0	\$ 323.4
Federal and State Student Financial Aid	202.4	201.2
Noncapital Grants, Contracts, and Gifts	24.1	24.2
Investment Income	34.1	15.7
Other Nonoperating Revenues	54.3	16.3
Loss on Disposal of Capital Assets	(0.7)	(6.3)
Interest on Capital Asset-Related Debt	(5.5)	(5.2)
Other Nonoperating Expenses	<u>(2.7)</u>	<u>(2.0)</u>
Net Nonoperating Revenues	<u>\$ 649.0</u>	<u>\$ 567.3</u>

Net nonoperating revenues increased by \$81.7 million, or 14.4 percent, from the 2019-20 fiscal year. Increases in State noncapital appropriations and other nonoperating revenues were the major contributors to this increase. Net nonoperating revenues changes were due mainly to the following factors:

- State noncapital appropriations increased \$19.6 million mainly due to additional funding supporting the Next Horizon 2025 Strategic Plan, adjustments related to health insurance premium increases, an appropriation for the Institute of Economic Freedom, and greater performance funds allocations. These increases were offset by the reduction of prior year, non-recurring special appropriations and adjustments related to risk management premium decreases.
- Investment income increased by \$18.4 million in large part due to unrealized gains resulting from improved investment performance in our equity, commodities, and alternatives positions as well as realized gains on the sale of investment in our private market and small cap equity positions.
- Other nonoperating revenue increased by \$38 million primarily from Federal grant revenue earned from HEERF grants to replace revenues lost due to COVID-19 for 2019-20 and 2020-21 fiscal years.
- Loss on disposal of capital assets decreased \$5.6 million due to the prior fiscal year write-off of the balance from construction in progress of the remaining structure of the 8th Street pedestrian bridge that collapsed and was deemed to have no future use since a new pedestrian bridge will be built in the future. There were no such write-offs during the 2020-21 fiscal year.

FLORIDA INTERNATIONAL UNIVERSITY

A COMPONENT UNIT OF THE STATE OF FLORIDA MANAGEMENT'S DISCUSSION AND ANALYSIS

Other Revenues

This category is composed of State capital appropriations and capital grants, contracts, and donations.

The following summarizes the University's other revenues for the 2020-21 and 2019-20 fiscal years:

Other Revenues For the Fiscal Years (In Millions)

	<u>2020-21</u>	<u>2019-20</u>
State Capital Appropriations	\$ 12.0	\$ 4.0
Capital Grants, Contracts, and Donations	<u>6.1</u>	<u>1.1</u>
Total	<u><u>\$ 18.1</u></u>	<u><u>\$ 5.1</u></u>

Total other revenues increased by \$13 million, or 254.9 percent, mostly due to an increase of \$8 million in revenue earned from State capital appropriations for construction projects as compared to the 2019-20 fiscal year. Additionally, the University received an incremental \$5 million in capital grants, contracts, and donations during fiscal year 2020-21.

THE STATEMENT OF CASH FLOWS

The statement of cash flows provides information about the University's financial results by reporting the major sources and uses of cash and cash equivalents. This statement will assist in evaluating the University'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 by the operating activities of the University. Cash flows from capital financing activities include all plant funds and related long-term debt activities. Cash flows from investing activities show the net source and use of cash related to purchasing or selling investments, and earning income on those investments. Cash flows from noncapital financing activities include those activities not covered in other sections.

The following summarizes cash flows for the 2020-21 and 2019-20 fiscal years:

Condensed Statement of Cash Flows For the Fiscal Years (In Millions)

	<u>2020-21</u>	<u>2019-20</u>
Cash Provided (Used) by:		
Operating Activities	\$ (542.5)	\$ (485.9)
Noncapital Financing Activities	621.6	552.9
Capital and Related Financing Activities	(17.1)	(43.3)
Investing Activities	<u>3.6</u>	<u>(20.0)</u>
Net Increase in Cash and Cash Equivalents	65.6	3.7
Cash and Cash Equivalents, Beginning of Year	<u>10.2</u>	<u>6.5</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 75.8</u></u>	<u><u>\$ 10.2</u></u>

FLORIDA INTERNATIONAL UNIVERSITY

A COMPONENT UNIT OF THE STATE OF FLORIDA MANAGEMENT'S DISCUSSION AND ANALYSIS

Major sources of funds came from proceeds from sales and maturities of investments of \$1.1 billion, State noncapital appropriations of \$343 million, net student tuition and fees of \$267.5 million, Federal Direct Student Loan program receipts of \$237 million, Federal and State student financial aid of \$202.4 million, sales and services of auxiliary enterprises of \$92.7 million, grants and contracts of \$86.8 million, and proceeds from issuance of Capital Improvement Debt of \$78.3 million. Major uses of funds were for purchases of investments of \$1.2 billion, payments made to and on behalf of employees of \$694.6 million, disbursements to students for Federal Direct Student Loan program of \$237.4 million, payments to suppliers of \$179.4 million, payments to and on behalf of students for scholarships and fellowships of \$139.9 million, and purchases of capital assets of \$90.2 million.

CAPITAL ASSETS, CAPITAL EXPENSES AND COMMITMENTS, AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, the University had \$1.8 billion in capital assets, less accumulated depreciation of \$733.3 million, for net capital assets of \$1,036.5 million. Depreciation for the current fiscal year totaled \$46.4 million.

The following summarizes the University's capital assets, net of accumulated depreciation, at June 30:

Capital Assets, Net at June 30 (In Millions)

	2021	2020
Land	\$ 32.8	\$ 30.7
Works of Art and Historical Treasures	9.5	7.2
Construction in Progress	174.2	102.1
Buildings	730.5	758.4
Infrastructure and Other Improvements	27.9	26.9
Furniture and Equipment	43.4	41.5
Library Resources	17.7	20.8
Leasehold Improvements	0.1	0.1
Computer Software	0.4	0.4
Capital Assets, Net	\$ 1,036.5	\$ 988.1

Additional information about the University's capital assets is presented in the notes to financial statements.

Capital Expenses and Commitments

Major capital expenses through June 30, 2021, were incurred on the following projects: \$45 million for Parkview Housing Phase II, \$6.2 million for User Paid Capital Construction projects, \$4.4 million for Emergency Operations Center, and \$3.7 million for SIPA Building Phase II.

The University's construction commitments at June 30, 2021, are as follows:

	Amount (In Millions)
Total Committed	\$ 282.2
Completed to Date	(174.2)
Balance Committed	\$ 108.0

Additional information about the University's construction commitments is presented in the notes to financial statements.

FLORIDA INTERNATIONAL UNIVERSITY

A COMPONENT UNIT OF THE STATE OF FLORIDA MANAGEMENT'S DISCUSSION AND ANALYSIS

Debt Administration

As of June 30, 2021, the University had \$205.4 million in outstanding capital improvement debt payable representing an increase of \$72 million, or 54 percent, from the prior fiscal year.

The following summarizes the outstanding long-term debt at June 30:

Long-Term Debt, at June 30		
(In Millions)		
	<u>2021</u>	<u>2020</u>
Capital Improvement Debt	\$ 205.4	\$ 132.9
Installment Purchase Payable	<u>-</u>	<u>0.5</u>
Total	<u>\$ 205.4</u>	<u>\$ 133.4</u>

Additional information about the University's long-term debt is presented in the notes to the financial statements.

FLORIDA INTERNATIONAL UNIVERSITY

A COMPONENT UNIT OF THE STATE OF FLORIDA MANAGEMENT'S DISCUSSION AND ANALYSIS

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

Calendar year 2020 was a challenging year for Florida due to the global coronavirus pandemic (COVID-19) which negatively impacted all countries and all major industries worldwide. Similar to the rest of the country, Florida experienced an economic contraction in the 2020 calendar year which resulted in a net economic loss of 2.9 percent compared to the 2019 calendar year, which was 0.6 percent below the national average. The economic declines have been mitigated by the Federal stimulus packages which provided aid to many sectors of the economy along with the quicker than anticipated reopening of the economy. The economic recovery was evidenced by seven percent growth as of the first quarter of the 2021 calendar year. The State projects growth to continue over the next few years with a typical annual growth of 2.5 percent for the 2022-23 fiscal year and beyond.

FIU received \$245 million under the Higher Education Emergency Relief Fund (HEERF) grant program to provide financial assistance to students and to offset higher expenses and lost revenues due to the COVID-19 pandemic. The HEERF funds were received under three separate acts: The CARES Act, Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), and American Rescue Plan (ARP) Act. The funding awards were in three areas: Emergency Financial Aid Grants to Students, \$101 million; Institutional funds, \$129 million; and Minority Serving Institutions (MSI) funds, \$15 million. FIU must expend the HEERF funds within one year from the most recent obligation of funds for each specific grant area. For the Emergency Financial Aid Grants to Students and the Institutional funds, the one-year date is May 17, 2022. For the Minority Serving Institutions funds, the one-year date is August 2, 2022. No-cost extensions of up to 12 months are available to extend the period of performance.

The 2021 Florida Legislative session concluded on April 30, 2021, and the Governor approved the 2021-22 fiscal year General Appropriations Act (Senate Bill 2500) on June 2, 2021. FIU received \$345.3 million in State operating appropriations in the 2021-22 fiscal year which is an additional \$3.8 million or 1.1 percent over the prior fiscal year. Pass-through funds account for most of the increase which includes \$4.9 million for health and risk management insurance increases, \$0.6 million for performance funds, restoration of a prior year non-recurring reduction, \$0.4 million, and a \$2.1 million recurring reduction associated with the elimination of faculty salaries in excess of \$200,000. FIU also received capital appropriations of \$13.9 million, of which \$7.2 million was for the renovation of the College of Arts, Science and Education building, and \$6.7 million was for various projects such as Panther Promenade, East Loop Road realignment, Graham Center expansion, and a recreation field support building. The Legislature introduced three new tuition and fees waivers under HB 1261. The most significant of the three waivers is the Select STEM waiver which covers 50 percent of tuition and fees for students seeking a baccalaureate degree in any of one of eight Florida Board of Governors approved Programs of Strategic Emphasis in science, technology, engineering, or math. The Legislature appropriated \$25 million of incentive funding for the State University System which will help cover the cost of this waiver.

FIU continues in its pursuit of excellence as outlined in the FIU Next Horizon 2025 Strategic Plan. Years of effort and focus have led to an outstanding year for FIU: FIU placed first in the State University System in the Board of Governors 2020-21 fiscal year performance metrics; moved up 17 spots to number 78 among public universities in the U.S. News and World Report 2022 National Universities Rankings; and received a \$40 million unrestricted donation from MacKenzie Scott and her husband Dan Jewett.

REQUESTS FOR INFORMATION

Questions concerning information provided in the MD&A or other required supplemental information, the financial statements, and notes thereto, or requests for additional financial information should be addressed to the Interim Chief Financial Officer and Senior Vice President for Finance and Administration, Aime Martinez, at Florida International University, 11200 Southwest 8th Street, Miami, Florida 33199.

FLORIDA INTERNATIONAL UNIVERSITY**A COMPONENT UNIT OF THE STATE OF FLORIDA****STATEMENT OF NET POSITION****AS OF JUNE 30, 2021**

	University	Component Units
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 74,577,852	\$ 31,224,833
Investments	419,779,092	507,327
Accounts Receivable, Net	95,562,389	15,317,364
Loans and Notes Receivable, Net	329,264	-
Due from State	76,527,784	-
Due from Component Units/University	11,243,193	1,800,899
Inventories	482,060	-
Other Current Assets	2,790,307	1,982,421
Total Current Assets	681,291,941	50,832,844
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	1,211,855	-
Restricted Investments	52,021,806	416,525,774
Loans and Notes Receivable, Net	850,227	11,620,933
Depreciable Capital Assets, Net	819,954,954	14,824,376
Nondepreciable Capital Assets	216,576,824	-
Due from Component Units	852,241	-
Other Noncurrent Assets	-	14,236,242
Total Noncurrent Assets	1,091,467,907	457,207,325
Total Assets	1,772,759,848	508,040,169
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	127,861,071	-
Pensions	121,835,713	-
Accumulated Decrease in Fair Value of Hedging Derivatives	-	2,021,532
Deferred Amount on Bond Debt Refundings	-	176,452
Total Deferred Outflows of Resources	249,696,784	2,197,984
LIABILITIES		
Current Liabilities:		
Accounts Payable	32,004,942	1,023,347
Construction Contracts Payable	4,811,874	-
Salaries and Wages Payable	25,207,624	-
Deposits Payable	2,504,193	-
Due to State	317,070	-
Due to Component Units/University	1,935,868	11,237,419
Unearned Revenue	8,578,310	589,978
Other Current Liabilities	559,976	179,472
Long-Term Liabilities - Current Portion		
Bonds Payable	-	1,580,000
Capital Improvement Debt Payable	7,932,747	-
Notes Payable	-	1,075,000
Compensated Absences Payable	4,190,286	-
Liability for Self-Insured Claims	106,364	-
Other Postemployment Benefits Payable	5,870,438	-
Net Pension Liability	665,568	-
Total Current Liabilities	94,685,260	15,685,216

FLORIDA INTERNATIONAL UNIVERSITY

A COMPONENT UNIT OF THE STATE OF FLORIDA

STATEMENT OF NET POSITION (CONTINUED)

AS OF JUNE 30, 2021

	University	Component Units
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Bonds Payable	-	22,735,000
Capital Improvement Debt Payable	197,430,215	-
Compensated Absences Payable	53,903,236	-
Due to University	-	852,241
Other Postemployment Benefits Payable	346,693,539	-
Unearned Revenue	61,624,106	-
Liability for Self-Insured Claims	119,493	-
Other Long-Term Liabilities	1,684,749	3,707,152
Net Pension Liability	333,289,084	-
Total Noncurrent Liabilities	994,744,422	27,294,393
Total Liabilities	1,089,429,682	42,979,609
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits	154,798,302	-
Pensions	6,475,764	-
Total Deferred Inflows of Resources	161,274,066	-
NET POSITION		
Net Investment in Capital Assets	861,218,514	13,206,466
Restricted for Nonexpendable:		
Endowment	-	191,376,258
Restricted for Expendable:		
Debt Service	2,522,099	-
Loans	1,208,832	-
Capital Projects	30,054,164	-
Other	25,327,549	183,178,127
Unrestricted	(148,578,274)	79,497,693
TOTAL NET POSITION	\$ 771,752,884	\$ 467,258,544

FLORIDA INTERNATIONAL UNIVERSITY

A COMPONENT UNIT OF THE STATE OF FLORIDA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>University</u>	<u>Component Units</u>
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of \$189,153,663	\$ 268,179,765	\$ -
Federal Grants and Contracts	119,012,858	-
State and Local Grants and Contracts	10,249,531	-
Nongovernmental Grants and Contracts	15,923,046	-
Sales and Services of Educational Departments	1,005,809	-
Sales and Services of Auxiliary Enterprises	93,674,909	-
Sales and Services of Component Units	-	7,978,908
Gifts and Donations	-	79,664,934
Other Operating Revenues	19,320,231	9,215,505
Total Operating Revenues	<u>527,366,149</u>	<u>96,859,347</u>
EXPENSES		
Operating Expenses:		
Compensation and Employee Benefits	767,609,297	-
Services and Supplies	171,382,468	50,413,994
Utilities and Communications	15,843,982	362,304
Scholarships, Fellowships, and Waivers	139,851,660	-
Depreciation	46,357,832	825,702
Self-Insurance Claims	230,881	-
Total Operating Expenses	<u>1,141,276,120</u>	<u>51,602,000</u>
Operating (Loss) Income	<u>(613,909,971)</u>	<u>45,257,347</u>
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	343,010,742	-
Federal and State Student Financial Aid	202,372,570	-
Noncapital Grants, Contracts, and Gifts	24,085,876	-
Investment Income	34,105,001	87,302,410
Other Nonoperating Revenues	54,337,799	15,955,133
Loss on Disposal of Capital Assets	(690,147)	-
Interest on Capital Asset-Related Debt	(5,542,356)	(1,194,394)
Other Nonoperating Expenses	(2,696,606)	(4,211,041)
Net Nonoperating Revenues	<u>648,982,879</u>	<u>97,852,108</u>
Income Before Other Revenues	35,072,908	143,109,455
State Capital Appropriations	12,000,000	-
Capital Grants, Contracts, and Donations	6,054,764	-
Increase in Net Position	<u>53,127,672</u>	<u>143,109,455</u>
Net Position, Beginning of Year	718,625,212	324,634,001
Adjustment to Beginning Net Position	-	(484,912)
Net Position, Beginning of Year, as Restated	<u>718,625,212</u>	<u>324,149,089</u>
Net Position, End of Year	<u>\$ 771,752,884</u>	<u>\$ 467,258,544</u>

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

FLORIDA INTERNATIONAL UNIVERSITY**A COMPONENT UNIT OF THE STATE OF FLORIDA****STATEMENT OF CASH FLOWS****FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	University
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, Net	\$ 267,490,448
Grants and Contracts	86,792,602
Sales and Services of Educational Departments	1,005,809
Sales and Services of Auxiliary Enterprises	92,735,013
Interest on Loans and Notes Receivable	(103,282)
Payments to Employees	(694,582,818)
Payments to Suppliers for Goods and Services	(179,387,065)
Payments to Students for Scholarships and Fellowships	(139,851,660)
Payments on Self-Insured Claims	(34,295)
Loans Issued to Students	(3,075,722)
Collection on Loans to Students	3,654,882
Other Operating Receipts	22,904,257
Net Cash Used by Operating Activities	(542,451,831)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	343,010,742
Federal and State Student Financial Aid	202,372,570
Noncapital Grants, Contracts, and Gifts	16,014,578
Federal Direct Loan Program Receipts	237,004,559
Federal Direct Loan Program Disbursements	(237,359,182)
Operating Subsidies and Transfers	6,697,216
Net Change in Funds Held for Others	233,359
Other Nonoperating Receipts	53,563,868
Net Cash Provided by Noncapital Financing Activities	621,537,710
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from Capital Debt	78,251,558
State Capital Appropriations	5,237,722
Capital Grants, Contracts, and Donations	1,400,659
Other Receipts for Capital Projects	1,561,521
Capital Subsidies and Transfers	975,945
Purchase or Construction of Capital Assets	(90,150,436)
Principal Paid on Capital Debt	(7,885,802)
Interest Paid on Capital Debt	(6,538,771)
Net Cash Used by Capital and Related Financing Activities	(17,147,604)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	1,143,110,749
Purchase of Investments	(1,151,368,778)
Investment Income	11,868,010
Net Cash Provided by Investing Activities	3,609,981
Net Increase in Cash and Cash Equivalents	65,548,256
Cash and Cash Equivalents, Beginning of Year	10,241,451
Cash and Cash Equivalents, End of Year	\$ 75,789,707

FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>University</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	\$ (613,909,971)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	46,357,832
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Receivables, Net	(55,271,806)
Inventories	(26,664)
Other Assets	(792,337)
Accounts Payable	9,042,564
Salaries and Wages Payable	7,761,111
Deposits Payable	(232,325)
Compensated Absences Payable	3,441,328
Other Postemployment Benefits Payable	(50,430,833)
Unearned Revenue	(842,189)
Liability for Self-Insured Claims	196,586
Pension Liability	56,726,961
Deferred Outflows of Resources Related to Other Postemployment Benefits	(14,211,455)
Deferred Outflows of Resources Related to Pensions	(6,158,833)
Deferred Inflows of Resources Related to Other Postemployment Benefits	86,503,705
Deferred Inflows of Resources Related to Pensions	<u>(10,605,505)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u><u>\$ (542,451,831)</u></u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND CAPITAL FINANCING ACTIVITIES	
Unrealized gains on investments were recognized as an increase to investment income on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	<u>\$ 22,254,262</u>
Losses from the disposal of capital assets were recognized on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	<u>\$ (690,147)</u>
Donations of capital assets were recognized on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	<u>\$ 4,654,106</u>
The Division of Bond Finance issued \$46,365,000 of Capital Improvement Housing Revenue Refunding Bonds, Series 2021A, to refund \$51,730,000 of outstanding Capital Improvement Revenue and Refunding Bonds, Series 2011A, and 2012A. The new debt and defeasance of the old debt were recorded as an increase and a decrease, respectively, to capital improvement debt payable on the statement of net position; however, because the proceeds of the new debt were immediately placed into an irrevocable trust for the defeasance of the Series 2011A and 2012A debt, the transaction did not affect cash and cash equivalents.	<u>\$ 5,365,000</u>

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

FLORIDA INTERNATIONAL UNIVERSITY

A COMPONENT UNIT OF THE STATE OF FLORIDA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The University is a separate public instrumentality that is part of the State university system of public universities, which is under the general direction and control of the Florida Board of Governors. The University is directly governed by a Board of Trustees (Trustees) consisting of 13 members. The Governor appoints six citizen members and the Board of Governors appoints five citizen members. These members are confirmed by the Florida Senate and serve staggered terms of five years. The chair of the faculty senate and the president of the student body of the University are also members. The Board of Governors establishes the powers and duties of the Trustees. The Trustees are responsible for setting policies for the University, which provide governance in accordance with State law and Board of Governors' Regulations, and selecting the University President. The University President serves as the executive officer and the corporate secretary of the Trustees and is responsible for administering the policies prescribed by the Trustees.

Criteria for defining the reporting entity are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. These criteria were used to evaluate potential component units for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the primary government's financial statements to be misleading. Based on the application of these criteria, the University is a component unit of the State of Florida, and its financial balances and activities are reported in the State's Annual Comprehensive Financial Report by discrete presentation.

Discretely Presented Component Units

Based on the application of the criteria for determining component units, the following direct-support organizations (as provided for in Section 1004.28, Florida Statutes, and Board of Governors Regulation 9.011) are included within the University reporting entity as discretely presented component units. These legally separate, not-for-profit corporations are organized and operated to assist the University in achieving excellence by providing supplemental resources from private gifts and bequests, and valuable education support services and are governed by separate boards. Florida Statutes authorizes these organizations to receive, hold, invest, and administer property and to make expenditures to or for the benefit of the University.

These organizations and their purposes are explained as follows:

- Florida International University Foundation, Inc. (Foundation) – The purpose of the Foundation is to encourage, solicit, receive, and administer gifts and bequests of property and funds for the advancement of the University and its objectives.
- FIU Athletics Finance Corporation (Finance Corporation) – The purpose of the Finance Corporation includes the support to the University in matters pertaining to the financing of the University's football stadium and, subsequently, the management and operation of the facility.
- The Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. (Health Care Network) - The purpose of the Health Care Network is to improve and support health education at the University.

The financial activities of the Florida International University Research Foundation, Inc. (Research Foundation) are not included in the University's financial statements. The purpose of the Research Foundation includes the promotion and encouragement of, and assistance to, the research and training activities of faculty, staff, and students of the University. It receives income from contracts, grants, and other sources, including, but not limited to, income derived from or related to the development and commercialization of University work products. The total assets and operating revenues related to the Research Foundation are \$109,820 and \$1,039, respectively. The amounts represent less than one percent of the total aggregate component units' assets and operating revenues.

An annual audit of each organization's financial statements is conducted by independent certified public accountants. The annual report is submitted to the Auditor General and the University Board of Trustees. Additional information on the University's component units, including copies of audit reports, is available by contacting the University Controller's Office. Condensed financial statements for the University's discretely presented component units are shown in a subsequent note.

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Basis of Presentation

The University's accounting policies conform with accounting principles generally accepted in the United States of America applicable to public colleges and universities as prescribed by GASB. The National Association of College and University Business Officers (NACUBO) also provides the University with recommendations prescribed in accordance with generally accepted accounting principles promulgated by GASB and the Financial Accounting Standards Board (FASB). GASB allows public universities various reporting options. The University has elected to report as an entity engaged in only business-type activities. This election requires the adoption of the accrual basis of accounting and entitywide reporting including the following components:

- Management's Discussion and Analysis
- Basic Financial Statements:
 - Statement of Net Position
 - Statement of Revenues, Expenses, and Changes in Net Position
 - Statement of Cash Flows
 - Notes to Financial Statements
- Other Required Supplementary Information

Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues, expenses, and assets, deferred outflows of resources, liabilities, and deferred inflows of resources, are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the measurement focus applied. The University's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from nonexchange activities are generally recognized when all applicable eligibility requirements, including time requirements, are met. The University follows GASB standards of accounting and financial reporting.

The University's discretely presented component units use the economic resources measurement focus and the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred, and follow GASB standards of accounting and financial reporting.

Significant interdepartmental sales between auxiliary service departments and other institutional departments have been eliminated from revenues and expenses for reporting purposes.

The University's principal operating activities consist of instruction, research, and public service. Operating revenues and expenses generally include all fiscal transactions directly related to these activities as well as administration, operation and maintenance of capital assets, and depreciation of capital assets. Nonoperating revenues include State noncapital appropriations, Federal and State student financial aid, and investment income (net of unrealized gains or losses on investments). Interest on capital asset-related debt is a nonoperating expense. Other revenues generally include revenues for capital construction projects.

The statement of net position is presented in a classified format to distinguish between current and noncurrent assets and liabilities. When both restricted and unrestricted resources are available to fund certain programs, it is the University's policy to first apply the restricted resources to such programs, followed by the use of the unrestricted resources.

The statement of revenues, expenses, and changes in net position is presented by major sources and is reported net of tuition scholarship allowances. Tuition scholarship allowances are the difference between the stated charge for goods and services provided by the University and the amount that is actually paid by the student or the third-party making payment on behalf of the student. The University applied "The Alternate Method" as prescribed in NACUBO Advisory Report 2000-05 to determine the reported net tuition scholarship allowances. Under this method, the University computes these amounts by allocating the cash payments to students, excluding payments for services, on a ratio of total aid to the aid not considered third-party aid.

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The statement of cash flows is presented using the direct method in compliance with GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and cash in demand accounts. University cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool required by Chapter 280, Florida Statutes. Cash and cash equivalents 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.

Concentration of Credit Risk – Component Units

Financial instruments that potentially subject the Foundation to concentration of credit risk consist principally of cash and cash equivalents in banks, investments, and promises to give.

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

In addition to insurance provided by the Federal Deposit Insurance Corporation (FDIC), the Foundation, the Finance Corporation, and the Health Care Network 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 above, are insured or collateralized with securities held by the entity or its agent in the entity's name.

Capital Assets

University capital assets consist of land, works of art and historical treasures, construction in progress, buildings, infrastructure and other improvements, furniture and equipment, library resources, leasehold improvements, and computer software. These assets are capitalized and recorded at cost at the date of acquisition or at estimated fair value at the date received in the case of gifts and purchases of State surplus property. 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. The University has a capitalization threshold of \$250 for library resources, \$5,000 for tangible personal property, and \$100,000 for new buildings, leasehold improvements, and other improvements. Depreciation is computed on the straight-line basis over the following estimated useful lives:

- Buildings – 20 to 50 years
- Infrastructure and Other Improvements – 15 years
- Furniture and Equipment – 3 to 20 years
- Library Resources – 10 years
- Leasehold Improvements – Various based on lease terms
- Computer Software – 5 years

Depreciable assets of the Foundation are stated at cost and are net of accumulated depreciation of \$9,058,178. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, ranging from five to 40 years.

Depreciable assets of the Finance Corporation are stated at cost and are net of accumulated depreciation of \$105,850. Depreciation is provided using the straight-line method over the estimated useful lives of five years for the assets.

Depreciable assets of the Health Care Network are stated at cost and are net of accumulated depreciation of \$520,437. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, ranging from five to 15 years.

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Noncurrent Liabilities

Noncurrent liabilities include capital improvement debt payable, compensated absences payable, other postemployment benefits payable, unearned revenues, liability for Self-Insured Claims, other long-term liabilities, and net pension liabilities that are not scheduled to be paid within the next fiscal year. Capital improvement debt is reported net of unamortized premiums and deferred losses on refunding. The University amortizes debt premiums over the life of the debt using the straight-line method. Deferred losses on refunding are amortized over the life of the old debt or new debt (whichever is shorter) using the straight-line method.

Pensions

For purposes of measuring the net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan and additions to/deductions from the FRS and the HIS fiduciary net positions have been determined on the same basis as they are reported by the FRS and the HIS plans. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

2. REPORTING CHANGE AND ADJUSTMENT TO BEGINNING NET POSITION

The University and its discretely presented component units implemented GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities of state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. The University's custodial funds are comprised of business-type activities that are expected to be held in a custodial fund for three months or less, which meets the requirements for an exception from reporting.

The Foundation considers its custodial funds to meet the criteria for reporting for fiduciary funds. As such, the Foundation's beginning net position related to custodial funds decreased by \$484,912.

3. DEFICIT NET POSITION IN INDIVIDUAL FUNDS

The University reported an unrestricted net position which included a deficit in the current funds - unrestricted as shown below.

<u>Fund</u>	<u>Net Position</u>
Current Funds - Unrestricted	\$ (524,820,694)
Auxiliary Funds	<u>376,242,420</u>
Total	<u><u>\$ (148,578,274)</u></u>

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As shown in the following schedule, this deficit can be attributed to the full recognition of long-term liabilities (i.e., compensated absences payable, OPEB payable, and net pension liabilities) in the current unrestricted funds that are expected to be paid over time and financed by future appropriations:

		<u>Amount</u>
Total Unrestricted Net Position Before Recognition of Long-Term Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources		\$ 500,107,548
Amount Expected to be Financed in Future Years:		
Compensated Absences Payable	\$ 50,589,911	-
Other Postemployment Benefits Payable and Related Deferred Outflows of Resources and Deferred Inflows of Resources	379,501,208	-
Net Pension Liability and Related Deferred Outflows of Resources and Deferred Inflows of Resources	<u>218,594,703</u>	-
Total Amount Expected to be Financed in Future Years		<u>(648,685,822)</u>
Total Unrestricted Net Position		<u><u>\$ (148,578,274)</u></u>

4. INVESTMENTS

Section 1011.42(5), Florida Statutes, authorizes universities to invest funds with the State Treasury and State Board of Administration (SBA) and requires that universities comply with the statutory requirements governing investment of public funds by local governments. Accordingly, universities are subject to the requirements of Chapter 218, Part IV, Florida Statutes. The University's Board of Trustees has adopted a written investment policy providing that surplus funds of the University shall be invested in those institutions and instruments permitted under the provisions of Florida Statutes. Pursuant to Section 218.415(16), Florida Statutes, the University is authorized to invest in the Florida PRIME investment pool administered by the SBA; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits and savings accounts in qualified public depositories, as defined in Section 280.02, Florida Statutes; direct obligations of the United States Treasury; obligations of Federal agencies and instrumentalities; securities of, or interests in, certain open end or closed end management type investment companies; and other investments approved by the University's Board of Trustees as authorized by law.

Investments set aside to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital assets are classified as restricted.

The University 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, and Level 3 inputs are significant unobservable inputs.

The University's recurring fair value measurements as of June 30, 2021 for SBA debt service accounts, certain corporate equities and certain fixed income and bond mutual funds are valued using quoted market prices (Level 1 inputs), certain corporate equities and certain fixed income and bonds, and commodities which are valued using a matrix pricing model (Level 2 inputs), investments with the State Treasury which are valued based on the University's share of the pool, investments in bank loans (fixed income), and other investments (Level 3 inputs), and investments in limited partnerships and private equities which are valued based on net asset value (NAV). The University's investment in money market funds are reported at amortized cost of \$73,627,850 according to GASB Statement No. 72.

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The University's investments at June 30, 2021, are reported at fair value, as follows:

<u>Investments by Fair Value Level</u>	<u>Amount</u>	<u>Fair Value Measurement Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
External Investment Pool				
State Treasury Special Purpose Investment Account	\$ 74,601,124	\$ -	\$ -	\$ 74,601,124
SBA Debt Service Accounts	2,519,793	2,519,793	-	-
Mutual Funds				
Equities	31,275,790	11,370,271	19,905,519	-
Fixed Income and Bond Mutual Funds	209,385,477	81,164,235	114,502,572	13,718,670
Commodities	13,844,242	-	13,844,242	-
Other Investments	12,759,008	-	-	12,759,008
Total Investments by Fair Value Level	344,385,434	\$ 95,054,299	\$ 148,252,333	\$ 101,078,802
Investments Measured at the Net Asset Value (NAV)				
Mutual Funds				
Limited Partnerships	39,086,408			
Equities	14,701,206			
Total Investments Measured at the NAV	53,787,614			
Total Investments Measured at Fair Value	\$ 398,173,048			

The valuation method for investments measured at the NAV per share (or its equivalent) is presented in the following table:

<u>Investments Measured at the NAV</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if Currently Eligible)</u>	<u>Redemption Notice Period</u>
Mutual Funds				
Limited Partnerships	\$ 39,086,408	\$ -	Quarterly/Annually	90 Days
Equities	14,701,206	4,311,142	Illiquid	N/A
Total Investments Measured at the NAV	\$ 53,787,614			

Limited Partnerships: This category includes investments in a fund that invests in a portfolio of limited partnerships. The managers pursue multiple strategies to diversify risk and reduce volatility. The fair values of the investments have been determined by using the NAV per share of the investments. Redemption requests are received quarterly and require a 90-day written notice. Proceeds of the redemption, up to 90 percent, are available 17 business days after the redemption. The remaining 10 percent of the funds, in a complete liquidation, are available on the first week of April, after the redemption.

Equities: This category includes investments in two private equity funds. Each fund invests in equity securities and debt of the private companies or conduct buyouts of public companies that result in a delisting of public equity. The nature of the investment in this category prohibits redemptions through the duration of the partnerships. Distributions are received through the liquidation of underlying assets of the funds.

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External Investment Pools

The University reported investments at fair value totaling \$74,601,124 at June 30, 2021, in the State Treasury Special Purpose Investment Account (SPIA) investment pool, representing ownership of a share of the pool, not the underlying securities (Level 3 inputs).

Pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee per Section 17.575, Florida Statutes. The authorized investment types are set forth in Section 17.57, Florida Statutes. The State Treasury SPIA investment pool carried a credit rating of AA-f by Standard & Poor's, had an effective duration of 2.60 years and fair value factor of 0.9840 at June 30, 2021. Participants contribute to the State Treasury SPIA investment pool on a dollar basis. These funds are commingled and a fair value of the pool is determined from the individual values of the securities. The fair value of the securities is summed and a total pool fair value is determined. A fair value factor is calculated by dividing the pool's total fair value by the pool participant's total cash balances. The fair value factor is the ratio used to determine the fair value of an individual participant's pool balance. The University relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury investment pool are included in the notes to financial statements of the State's Annual Comprehensive Financial Report.

State Board of Administration Debt Service Accounts

The University reported investments totaling \$2,519,793 at June 30, 2021, in the SBA Debt Service Accounts. These investments are used to make debt service payments on bonds issued by the State Board of Education for the benefit of the University. The University's investments consist of United States Treasury securities, with maturity dates of six months or less, and are reported at fair value. The University relies on policies developed by the SBA for managing interest rate risk and credit risk for these accounts. Disclosures for the Debt Service Accounts are included in the notes to financial statements of the State's Annual Comprehensive Financial Report.

Fixed Income and Bond Mutual Funds

The University invested in various mutual funds in accordance with the University's investment policy. The following risks apply to the University's fixed income and bond mutual fund investments:

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Pursuant to Section 218.415(6), Florida Statutes, the University's investments in securities must provide sufficient liquidity to pay obligations as they come due.

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The future maturities of the securities held in the fixed income and bond mutual funds at June 30, 2021, are as follows:

University Debt Investment Maturities

Type of Investment	Investment Maturities (In Years)				
	Fair Market Value	Less Than 1	1-5	6-10	More Than 10
Short Term Bond Fund	\$ 46,405,783	\$ 15,731,815	\$ 26,822,320	\$ 3,851,648	\$ -
Bond Index Fund	34,758,452	299,405	16,743,206	10,316,872	7,398,969
TIPS Index Fund	48,056,712	62,474	22,490,541	17,362,890	8,140,807
Core Fixed Income	34,750,408	1,430,550	17,402,576	9,312,175	6,605,107
Credit Fixed Income	31,342,607	896,403	8,716,154	11,674,139	10,055,911
Student Managed Investment Fund	352,845	20,201	238,317	82,723	11,604
Secured Bank Loans	13,718,670	97,403	7,431,404	6,185,748	4,115
Total	\$ 209,385,477	\$ 18,538,251	\$ 99,844,518	\$ 58,786,195	\$ 32,216,513

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2021, the securities held in the fixed income and bond mutual funds had credit quality ratings by a nationally-recognized rating agency (i.e., Standard & Poor's or Moody's), as follows:

University Debt Investment Credit Quality Ratings

Type of Investment	Fair Value	AAA / Aaa	AA / Aa	A	BBB / Baa to Not Rated
Short Term Bond Fund	\$ 46,405,783	\$ 10,023,566	\$ 18,469,348	\$ 10,348,403	\$ 7,564,466
Bond Index Fund	34,758,452	23,829,543	1,146,319	4,133,696	5,648,894
TIPS Index Fund	48,056,712	48,056,712	-	-	-
Core Fixed Income	34,750,408	20,174,667	667,356	2,005,489	11,902,896
Credit Fixed Income	31,342,607	1,076,756	2,970,361	11,095,537	16,199,953
Student Managed Investment Fund	352,845	208,414	-	85,693	58,738
Secured Bank Loans	13,718,670	-	-	-	13,718,670
Total	\$ 209,385,477	\$ 103,369,658	\$ 23,253,384	\$ 27,668,818	\$ 55,093,617

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the University's investment in a single issuer. The University has no formal policy on concentration of credit risk.

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Discretely Presented Component Unit Investments

The Foundation's investments at June 30, 2021, are reported at fair value as follows:

<u>Investments by Fair Value Level</u>	<u>Amount</u>	<u>Fair Value Measurement Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Domestic Equities	\$ 155,471,109	\$ 155,471,109	\$ -	\$ -
Global Equities	82,130,848	82,130,848	-	-
Fixed Income	71,737,005	71,737,005	-	-
Land Held for Investments	1,411,550	-	-	1,411,550
Total Investments by Fair Value Level	\$ 310,750,512	\$ 309,338,962	\$ -	\$ 1,411,550
Investments Measured at the Net Asset Value (NAV)				
Domestic Equities	498,962			
Global Equities	15,665,557			
Fixed Income	1,200			
Hedge Funds	29,176,871			
Private Investments	69,406,855			
Total Investments Measured at the NAV	114,749,445			
Total Investments Measured at Fair Value (1)	\$ 425,499,957			

(1) Included within the disclosures of fair value above are amounts totaling \$12,759,008 which are held by the Foundation as a term endowment on behalf of the University.

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented in the following table:

<u>Investments Measured at the NAV</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if Currently Eligible)</u>	<u>Redemption Notice Period</u>
Equities:				
Domestic Equities	\$ 498,962	\$ -	Monthly/Quarterly	5 - 45 Days
Global Equities	15,665,557	-	Monthly/Quarterly	6 - 60 Days
Fixed Income:				
Global Bonds	1,200	-	Monthly	10 Days
Hedge Funds:				
Long/Short Equity	24,395,804		Monthly - Every - 3 Years	30 - 180 Days
Event Driven/Open Mandate	4,781,067		- Quarterly - Annually	45 - 90 Days
Private Investments:				
Private Equity	38,591,286	30,588,501	Illiquid	N/A
Venture Capital	30,815,569	1,285,000	Illiquid	N/A
Total Investments Measured at the NAV	\$ 114,749,445	\$ 31,873,501		

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Net Asset Value

The investments held at net asset value reflect:

Domestic Equities: This category includes investments in publicly listed equities of companies domiciled in the U.S.

Global Equities: This category includes investments in publicly listed equities of companies domiciled globally.

Global Bonds: This category includes investments in globally listed public debt instruments.

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.

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.

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 that 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.

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 IPO.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2021, the Foundation securities held in domestic fixed income of \$28,285,519 and \$43,451,486 were rated A+ and BBB, respectively by Standard and Poor's.

At June 30, 2021, the Finance Corporation money market mutual fund investments were rated AAAM by Standard and Poor's.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the investments in a single issuer. 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, subject to various limitations. At June 30, 2021, approximately \$412,740,949 was held in these accounts. The Foundation believes that the number, diversity, and financial strength of the issuers mitigates the credit risks associated with all investments.

The Finance Corporation also maintains investment accounts with financial institutions that are not insured by the FDIC. These investments are made in accordance with the trust indenture. Money market fund shares are not guaranteed by the Federal government. Investments are reported at amortized cost of \$3,289,465 at June 30, 2021, which is generally the equivalent of fair value. The Finance Corporation believes that the number, diversity, and financial strength of the issuers mitigate the credit risks associated with all investments.

All of the Finance Corporation's investments at June 30, 2021, are held with Regions Morgan Keegan and are invested in money market funds. According to the bond indenture, the Finance Corporation 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.

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Interest Rate Risk: Interest rate risk is the risk that changing interest rates will adversely affect the fair value of an investment. A portfolio's weighted average days to maturity (WAM) reflects the average maturity in days based on the 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 Finance Corporation's money market mutual fund's WAM at June 30, 2021, is 28 days while the WAL is 66 days.

5. RECEIVABLES

Accounts Receivable

Accounts receivable represent amounts for student tuition and fees, contract and grant reimbursements due from third parties, various sales and services provided to students and third parties, and interest accrued on investments and loans receivable.

As of June 30, 2021, the University reported the following amounts as accounts receivable:

<u>Description</u>	<u>Amount</u>
Student Tuition and Fees	\$ 27,145,604
Contracts and Grants	67,885,777
Other	531,008
Total Accounts Receivable, Net	\$ 95,562,389

Loans and Notes Receivable

Loans and notes receivable represent all amounts owed on promissory notes from debtors, including student loans made under the Federal Perkins Loan Program and other loan programs.

Allowance for Doubtful Receivables

Allowances for doubtful accounts, and loans and notes receivable are reported based on management's best estimate as of fiscal year end considering type, age, collection history, and other factors considered appropriate. Accounts receivable, and loans and notes receivable are reported net of allowances of \$9,878,688 and \$1,013,025, respectively, at June 30, 2021.

6. DUE FROM STATE

The amount due from State consists of \$21,406,357 of Public Education Capital Outlay, \$24,566,875 of Capital Improvement Fee Trust Fund, and \$30,554,552 General Revenues allocation for construction of University facilities.

7. DUE FROM AND TO COMPONENT UNITS/UNIVERSITY

The University's financial statements are reported for the fiscal year ended June 30, 2021. One component unit is not presented (see Note 1). Additionally, component units' due from and due to amounts include receivables and payables between the various component units. Accordingly, amounts reported by the University as due from and to component units on the statement of net position do not agree with amounts reported by the component units as due from and to the University.

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8. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2021, is shown in the following table:

Description	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Land	\$ 30,689,426	\$ 2,129,428	\$ -	\$ 32,818,854
Works of Art and Historical Treasures	7,237,024	2,291,334	10,000	9,518,358
Construction in Progress	102,074,203	76,830,907	4,665,498	174,239,612
Total Nondepreciable Capital Assets	\$ 140,000,653	\$ 81,251,669	\$ 4,675,498	\$ 216,576,824
Depreciable Capital Assets:				
Buildings	\$ 1,200,030,110	\$ 456,205	\$ -	\$ 1,200,486,315
Infrastructure and Other Improvements	49,347,219	3,648,314	-	52,995,533
Furniture and Equipment	156,531,943	13,350,825	6,456,056	163,426,712
Library Resources	130,711,395	1,300,489	-	132,011,884
Leasehold Improvements	752,567	-	-	752,567
Computer Software	3,499,613	169,297	67,853	3,601,057
Total Depreciable Capital Assets	1,540,872,847	18,925,130	6,523,909	1,553,274,068
Less, Accumulated Depreciation:				
Buildings	441,652,746	28,288,787	-	469,941,533
Infrastructure and Other Improvements	22,421,164	2,711,754	-	25,132,918
Furniture and Equipment	115,017,278	10,756,188	5,779,846	119,993,620
Library Resources	109,922,893	4,409,423	-	114,332,316
Leasehold Improvements	648,192	65,921	-	714,113
Computer Software	3,142,771	125,759	63,916	3,204,614
Total Accumulated Depreciation	692,805,044	46,357,832	5,843,762	733,319,114
Total Depreciable Capital Assets, Net	\$ 848,067,803	\$ (27,432,702)	\$ 680,147	\$ 819,954,954

FLORIDA INTERNATIONAL UNIVERSITY**A COMPONENT UNIT OF THE STATE OF FLORIDA****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2021****9. CURRENT UNEARNED REVENUE**

Unearned revenue at June 30, 2021 includes contracts and grant payments received in advance, nonrefundable admission fees, prepaid stadium rental income received from the Finance Corporation, athletic revenues, deferred rent, land use fees, and reservation system fees received prior to fiscal year-end related to subsequent accounting periods.

As of June 30, 2021, the University reported the following amounts as unearned revenue:

Description	Amount
Contracts and Grants	\$ 5,245,861
Admission Fees	1,580,665
Stadium Rental Income	1,304,083
Athletic Revenues	215,363
Deferred Rent	164,759
Land Use Fees	52,381
Reservation System Fees	15,198
Total Current Unearned Revenue	\$ 8,578,310

10. LONG-TERM LIABILITIES

Long-term liabilities of the University at June 30, 2021, include capital improvement debt payable, compensated absences payable, other postemployment benefits payable, the long-term portion of unearned revenue, liability for self-insured claims, net pension liability, and other long-term liabilities.

Long-term liabilities activity for the fiscal year ended June 30, 2021, is shown below:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Capital Improvement Debt Payable	\$ 132,917,665	\$ 133,229,158	\$ 60,783,861	\$ 205,362,962	\$ 7,932,747
Installment Purchase Payable	495,802	-	495,802	-	-
Compensated Absences Payable	54,652,195	7,433,294	3,991,967	58,093,522	4,190,286
Other Postemployment Benefits Payable	402,994,810	218,017,084	268,447,917	352,563,977	5,870,438
Unearned Revenue	59,376,418	15,268,911	13,021,223	61,624,106	-
Liability for Self-Insured Claims	29,271	255,857	59,271	225,857	106,364
Net Pension Liability	277,227,691	178,885,588	122,158,627	333,954,652	665,568
Other Long-Term Liabilities	2,159,040	-	474,291	1,684,749	-
Total Long-Term Liabilities	\$ 929,852,892	\$ 553,089,892	\$ 469,432,959	\$1,013,509,825	\$ 18,765,403

FLORIDA INTERNATIONAL UNIVERSITY**A COMPONENT UNIT OF THE STATE OF FLORIDA****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2021****Capital Improvement Debt Payable**

The University had the following capital improvement debt payable outstanding at June 30, 2021:

Capital Improvement Debt Type and Series	Amount of Original Debt	Amount Outstanding (1)	Interest Rates (Percent)	Maturity Date To
Student Housing Debt:				
2015A Student Apartments Refunding	\$ 29,105,000	\$ 21,329,641	3.00 - 5.00	2034
2020A Student Apartments	71,800,000	80,049,919	3.00 - 5.00	2050
2021A Student Apartments Refunding	<u>46,365,000</u>	<u>52,583,818</u>	2.00 - 5.00	2041
Total Student Housing Debt	<u>147,270,000</u>	<u>153,963,378</u>		
Parking Garage Debt:				
2013A Parking Garage	45,415,000	30,216,142	3.50 - 5.25	2043
2019A Parking Garage Refunding	<u>19,805,000</u>	<u>21,183,442</u>	4.00 - 5.00	2039
Total Parking Garage Debt	<u>65,220,000</u>	<u>51,399,584</u>		
Total Capital Improvement Debt	<u>\$ 212,490,000</u>	<u>\$ 205,362,962</u>		

Note: (1) Amount outstanding includes unamortized premiums and deferred losses on refunding issues.

The University has pledged a portion of future housing rental revenues, traffic and parking fees, and an assessed transportation fee per student to repay \$212,490,000 of capital improvement (housing and parking) revenue bonds issued by the Florida Board of Governors on behalf of the University. Proceeds from the bonds provided financing to construct parking garages and student housing facilities. The bonds are payable solely from housing rental income, parking fees, and assessed transportation fees per student and are payable through 2050. The University has committed to appropriate each year from the housing rental income, parking fees, and assessed transportation fees per student amounts sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is \$274,846,512, and principal and interest paid for the current year totaled \$13,924,887. During the 2020-21 fiscal year, housing rental income totaled \$16,542,647, and parking fees totaled \$13,214,768, comprised of traffic and parking fees totaling \$2,287,545, and assessed transportation fees totaling \$10,927,223.

On November 18, 2020, the Florida Board of Governors issued \$71,800,000 of Capital Improvement Dormitory Revenue Bonds, 2020A. The capital improvement debt proceeds are being used to finance a portion of the construction of the Parkview II dormitory.

The University extinguished long-term capital improvement debt obligations by the issuance of new long-term capital improvement debt instruments as follows:

- On April 15, 2021, the Florida Board of Governors issued \$46,365,000 of Capital Improvement Housing Revenue Refunding Bonds, Series 2021A. The capital improvement debt proceeds were used to defease \$7,240,000 and \$44,490,000 of outstanding Capital Improvement Housing Revenue Bonds, Series 2011A Refunding and Housing Revenue Bonds, Series 2012A, respectively. Securities were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the defeased bonds. The trust assets and the liability for the defeased bonds are not included in the University's statement of net position. As a result of the refunding, the University reduced its capital improvement debt service requirement by \$11,973,920 over the next 21 years and obtained an economic gain of \$10,291,539. At June 30, 2021, there was no outstanding balance of the defeased debt.

FLORIDA INTERNATIONAL UNIVERSITY**A COMPONENT UNIT OF THE STATE OF FLORIDA****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2021**

Annual requirements to amortize all capital improvement debt outstanding as of June 30, 2021, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2022	\$ 7,040,000	\$ 7,296,131	\$ 14,336,131
2023	7,145,000	6,944,131	14,089,131
2024	7,465,000	6,625,581	14,090,581
2025	7,885,000	6,260,831	14,145,831
2026	7,460,000	5,875,381	13,335,381
2027-2031	38,380,000	24,202,819	62,582,819
2032-2036	39,975,000	15,851,188	55,826,188
2037-2041	37,620,000	9,175,350	46,795,350
2042-2046	19,975,000	3,958,900	23,933,900
2047-2050	14,600,000	1,111,200	15,711,200
Subtotal	187,545,000	87,301,512	274,846,512
Net Premiums and Losses on Bond Refundings	17,817,962	-	17,817,962
Total	<u>\$ 205,362,962</u>	<u>\$ 87,301,512</u>	<u>\$ 292,664,474</u>

Installment Purchase Payable

The University entered into an installment purchase agreement for the purchase of equipment totaling \$2,425,770. The stated interest rate is 1.2515 percent. The installment purchase agreement was paid in full as of June 30, 2021.

Compensated Absences Payable

Employees earn the right to be compensated during absences for annual leave (vacation) and sick leave earned pursuant to Board of Governors' Regulations, University regulations, and bargaining agreements. Leave earned is accrued to the credit of the employee and records are kept on each employee's unpaid (unused) leave balance. The University reports a liability for the accrued leave; however, State noncapital appropriations fund only the portion of accrued leave that is used or paid in the current fiscal year. Although the University expects the liability to be funded primarily from future appropriations, generally accepted accounting principles do not permit the recording of a receivable in anticipation of future appropriations. At June 30, 2021, the estimated liability for compensated absences, which includes the University's share of the Florida Retirement System and FICA contributions, totaled \$58,093,522. The current portion of the compensated absences liability, \$4,190,286, is the amount expected to be paid in the coming fiscal year, and represents a historical percentage of leave used applied to the total accrued leave liability.

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JUNE 30, 2021

Other Postemployment Benefits Payable

The University follows GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for certain postemployment healthcare benefits administered by the State Group Health Insurance Program.

General Information about the OPEB Plan

Plan Description. The Division of State Group Insurance's Other Postemployment Benefits Plan (OPEB Plan) is a multiple-employer defined benefit plan administered by the State of Florida. Pursuant to the provisions of Section 112.0801, Florida Statutes, all employees who retire from the University are eligible to participate in the State Group Health Insurance Program. Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. A retiree means any officer or employee who retires under a State retirement system or State optional annuity or retirement program or is placed on disability retirement and who begins receiving retirement benefits immediately after retirement from employment. In addition, any officer or employee who retires under the Florida Retirement System Investment Plan is considered a "retiree" if he or she meets the age and service requirements to qualify for normal retirement or has attained the age of 59.5 years and has the years of service required for vesting. The University subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because retiree healthcare costs are generally greater than active employee healthcare costs. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The OPEB Plan contribution requirements and benefit terms necessary for the funding of the OPEB Plan each year is on a pay-as-you-go basis as established by the Governor's recommended budget and the General Appropriations Act. Retirees are required to enroll in the Federal Medicare (Medicare) program for their primary coverage as soon as they are eligible.

Benefits Provided. The OPEB Plan provides healthcare benefits for retirees and their dependents. The OPEB Plan only provides an implicit subsidy as described above.

Proportionate Share of the Total OPEB Liability

The University's proportionate share of the total OPEB liability of \$352,563,977 was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2020. At June 30, 2020, the University's proportionate share, determined by its proportion of total benefit payments made, was 3.43 percent, which was an increase of 0.25 percent from its proportionate share measured as of June 30, 2019.

Actuarial Assumptions and Other Inputs. The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.60 percent
Salary Increases	Varies by FRS class
Discount Rate	2.66 percent
Healthcare Cost Trend Rates	
PPO Plan	7.78 percent for 2021, decreasing to an ultimate rate of 4.04 percent for 2075 and years later for all employees in the Preferred Provider Option (PPO) Plan.
HMO Plan	5.66 percent for 2021, decreasing to an ultimate rate of 4.04 percent for 2075 and years later for all employees in the Health Maintenance Organization (HMO) Plan.
Retirees' Share of Benefit-related Costs	100 percent of projected health insurance premiums for retirees

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The discount rate was based on the S&P Municipal 20-year High Grade Rate Index.

Mortality rates were based on the Pub-2010 mortality tables with fully generational improvement using Scale MP-2018. This is a change from prior years, which used Generational RP-2000 with Projection Scale BB.

The demographic actuarial assumptions for retirement, withdrawal, disability and salary merit scales used in the July 1, 2020 valuation are consistent with the assumptions used in the July 1, 2018 valuation of the FRS Plan, with the exception of mortality.

The following changes have been made since the prior valuation:

- The census data reflects changes in status for the twelve (12) month period since July 1, 2020.
- The discount rate was updated to utilize the mandated discount rate based on a 20-year S&P Municipal Bond Rate Index as of the measurement date, as required under GASB Statement No. 75. The discount rate decreased from 2.79 percent to 2.66 percent.
- The previous valuation conducted as of July 1, 2019 reflected the full impact of the Excise Tax that was to go into effect in 2022. The impact of this change was an increase in liabilities of about 12 percent. Since the previous valuation, this tax was repealed. The current valuation reflects this. The impact of this change is a decrease in the Total OPEB Liability of about 13 percent.
- The assumed claims and premiums reflect the actual claims information as well as the premiums that are actually being charged to participants. These updates resulted in lower liabilities as of June 30, 2020.
- The medical trend assumption each year is updated each year based on the Getzen Model. The medical trend rates used are consistent with the August 2020 Report on the Financial Outlook of the Plan along with information from the Getzen Model and actuarial judgment. The impact of the trend rate changes is a small decrease in the liability, due primarily to lower trend rates in the first several years.
- The mortality rates were updated to align with those used in the actuarial valuation of the FRS conducted by Milliman as of July 1, 2019. Rates were previously based on RP-2000 mortality tables with fully generational improvement using Scale BB. Underlying tables were updated to use Pub-2010 mortality rates with fully generational improvement using Scale MP-2018. This change decreased the Total OPEB Liability by about five percent.

Sensitivity of the University's Proportionate Share of the Total OPEB Liability to Changes in the Discount Rate. The following presents the University's proportionate share of the total OPEB liability, as well as what the University's proportionate share of the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.66 percent) or 1 percentage point higher (3.66 percent) than the current rate:

	<u>1% Decrease (1.66%)</u>	<u>Current Discount Rate (2.66%)</u>	<u>1% Increase (3.66%)</u>
University's proportionate share of the total OPEB liability	\$ 449,477,219	\$ 352,563,977	\$ 280,173,811

Sensitivity of the University's Proportionate Share of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following table presents the University's proportionate share of the total OPEB liability, as well as what the University's proportionate share of the total OPEB liability would be if it were calculated using healthcare cost trend rates that is 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
University's proportionate share of the total OPEB liability	\$ 270,393,716	\$ 352,563,977	\$ 468,633,959

FLORIDA INTERNATIONAL UNIVERSITY**A COMPONENT UNIT OF THE STATE OF FLORIDA****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2021****OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the fiscal year ended June 30, 2021, the University recognized OPEB expense of \$27,731,855. At June 30, 2021, the University reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 20,599,335
Changes of assumptions or other inputs	46,610,130	133,423,022
Changes in proportion and differences between University benefit payments and proportionate share of benefit payments	75,380,503	775,945
Transactions subsequent to the measurement date	5,870,438	-
Total	\$ 127,861,071	\$ 154,798,302

Of the total amount reported as deferred outflows of resources related to OPEB, \$5,870,438 resulting from transactions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability and included in OPEB expense in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30	Amount
2022	\$ (8,507,616)
2023	(8,507,616)
2024	(8,507,616)
2025	(8,507,619)
2026	(1,460,698)
Thereafter	2,683,496
Total	\$ (32,807,669)

Unearned Revenue

Long-term unearned revenue at June 30, 2021, includes Public Education Capital Outlay appropriations for which the University had not yet received approval from the Florida Department of Education to spend the funds. Also included are prepaid stadium rental income received from the Finance Corporation, a National Institute of Health Grant, and land use fees received prior to the fiscal year-end related to subsequent accounting periods.

As of June 30, 2021, the University reported the following amounts as long-term unearned revenue:

Description	Amount
State Capital Appropriations	\$ 36,136,201
Stadium Rental Income	14,236,241
National Institute of Health Grant	9,500,000
Land Use Fees	1,751,664
Total Unearned Revenue	\$ 61,624,106

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Net Pension Liability

As a participating employer in the Florida Retirement System, the University recognizes its proportionate share of the collective net pension liabilities of the FRS cost-sharing multiple-employer defined benefit plans. As of June 30, 2021, the University's proportionate share of the net pension liabilities totaled \$333,954,652.

Other Long-Term Liabilities

Primarily represent the University's liability for the Federal Capital Contribution (advance) provided to fund the University's Federal Perkins Loan program. This amount will ultimately be returned to the Federal Government should the University cease making Federal Perkins Loans or have excess cash in the loan program.

11. DISCRETELY PRESENTED COMPONENT UNITS DEBT ISSUES

Notes Payable – Florida International University Foundation, Inc.

On January 20, 2000, the Miami-Dade County Educational Facilities Authority (the Authority) issued \$13 million 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 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. The \$13 million 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, \$6.5 million, was synthetically fixed at 4.63 percent through February 1, 2015, by way of an interest rate swap agreement with a commercial bank. The bond proceeds were used to acquire, construct, and equip a multi-function support complex located on the Modesto A. Maidique campus and to pay issuance costs. As of June 30, 2021, the outstanding principal balance due under this note payable was \$1.1 million. For the year ended June 30, 2021, total interest incurred and paid was \$33,109.

Under the letter of credit agreement and 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 a commercial 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 bank converted the variable rate demand bonds into a five-year tax exempt qualified loan. After the initial five-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 percent of the one-month London Interbank Offered Rate (LIBOR) plus 1.68 percent. The bond maturity date of May 1, 2022, remains unchanged. On July 30, 2010, 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.

The aggregate maturity of the notes payable, as of June 30, 2021, is \$1,075,000 and is due within one year.

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Notes Payable – The Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. - Related Party Transaction

On August 27, 2010, the Health Care Network entered into a loan agreement totaling \$5,321,198 with the University 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 University clinical activities. In June of 2015 the Health Care Network renegotiated the loan agreement with the University and borrowed an additional \$3,015,652. In May 2021, the Health Care Network's Board of Directors voted to retire the loan effective July 1, 2021. As a result, the principal balance loaned by the University to Health Care Network of \$6,697,216 is classified as a short-term liability. Interest on the loan accrues at two percent simple interest.

Bonds Payable – FIU Athletics Finance Corporation

On December 1, 2009, the 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 the Trust Indenture. Repayments of the bonds will be payable from pledged revenues, which are all operating and nonoperating revenues. Principal payments for the bonds began March 1, 2010. Interest payments are made on a quarterly basis.

On December 21, 2016, the 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 authorizes 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 percent 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 percent of the three-month LIBOR plus 1.40 percent.

The bonds are secured by operating and nonoperating revenues as well as University athletic fees, not to exceed 5 percent of the total athletic fees collected. Total principal due at June 30, 2021, was \$24,315,000.

The 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 currently totals \$2,782,138 and is included in restricted investments.

Prior to the December 2016 reissuance, the Finance Corporation was required to maintain minimum deposits of \$1,000,000 with a bank. As part of the amendment on December 21, 2016, the 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 swap agreement 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.

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The aggregate maturities of these bonds as of June 30, 2021, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
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	1,825,000	849,284	2,674,284
2026	1,900,000	769,704	2,669,704
Thereafter	15,635,000	2,743,296	18,378,296
Total	\$ 24,315,000	\$ 7,352,505	\$ 31,667,505

12. DERIVATIVE FINANCIAL INSTRUMENTS – DISCRETELY PRESENTED COMPONENT UNITS

The Finance Corporation entered into derivative instruments (i.e., interest rate swap agreement) to reduce their exposure to market risks from changing interest rates. For interest rate swap agreements, the differential to be paid or received is accrued and recognized as interest expense and may change as market interest rates change. The interest rate swap agreement entered into by the Finance Corporation is discussed below.

FIU Athletics Finance Corporation

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

Terms. On December 22, 2009, the 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 above. Under the interest rate swap agreement, the Finance Corporation agrees to pay a fixed rate of 3.60 percent and receive a variable rate equal to 63.7 percent of the three-month LIBOR. The interest rate swap agreement has a maturity date of March 1, 2033.

Fair Value. As of June 30, 2021, the Finance Corporation interest rate swap agreement has a derivative liability of \$3,159,460 as included with reported other long-term liabilities in the statement of net position. The negative fair value was determined using 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, 2021.

As of June 30, 2021, the fair value of the Series 2007A ineffective interest rate swap agreement was \$1,137,929, which is included with reported other long-term liabilities. This interest rate swap agreement 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 agreement. Accordingly, the fair value of \$1,137,929 of the ineffective Series 2007A interest rate swap agreement is being amortized over the remaining life of the refunded Series 2009A bonds.

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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 Finance Corporation determined that it met the criteria of the synthetic instrument method. Therefore, the change in the fair value of the effective interest rate swap agreement is presented in the component units column of the statement of net position as a deferred outflow of resources in the amount of \$2,021,532.

Credit Risk. As of June 30, 2021, the Finance Corporation was not exposed to credit risk because the interest rate swap agreement had a negative fair value. However, should interest rates change and the fair value of the interest rate swap agreement become positive, the Finance Corporation would be exposed to credit risk in the amount of the derivative's fair value.

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 agreement are based on 63.7 percent of the three-month LIBOR rate, there is limited basis risk.

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 interest rate swap agreement may be terminated if: (i) the loan or other indebtedness in connection with which a transaction entered into by the 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 Finance Corporation, with or without the consent of the counterparty; or (ii) any credit support document expires, terminates, or ceases to be of full force and effect. Also, the interest rate swap agreement may be terminated or assigned by the Finance Corporation if the counterparty's long-term, senior, unsecured, unenhanced debt rating is withdrawn, suspended, or falls below at least two of the following: a) "Baa2" as determined by Moody's; or b) "BBB" as determined by Standard and Poor's; or c) "BBB" as determined by Fitch Ratings. As of June 30, 2021, the swap counterparty was rated in excess of the aforementioned requirements.

Swap Payments and Associated Debt. Using rates as of June 30, 2021, debt service requirements of the variable-rate portion of the debt and net swap payments, assuming current interest rates remain the same for their term, are as follows:

Fiscal Year Ending June 30	Variable-Rate Bond		Interest Rate Swap, Net	Total
	Principal	Interest		
2022	\$ 1,090,000	\$ 1,883,991	\$ (1,030,043)	\$ 1,943,948
2023	1,135,000	1,762,083	(963,392)	1,933,691
2024	1,185,000	1,635,141	(891,958)	1,928,183
2025	1,245,000	1,502,607	(821,527)	1,926,080
2026	1,300,000	1,363,363	(745,398)	1,917,965
Thereafter	10,890,000	5,089,404	(2,870,731)	13,108,673
Total	\$ 16,845,000	\$ 13,236,589	\$ (7,323,049)	\$ 22,758,540

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

13. RETIREMENT PLANS DEFINED BENEFIT PENSION PLANS

General Information about the Florida Retirement System (FRS)

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 121, Florida Statutes, also provides for nonintegrated, optional retirement programs in lieu of the FRS to certain members of the Senior Management Service Class (SMSC) employed by the State and faculty and specified employees in the State university system. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the University are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing multiple-employer defined benefit plans and other nonintegrated programs. An annual comprehensive financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services Web site (www.dms.myflorida.com).

The University's FRS and HIS pension expense totaled \$66,908,435 for the fiscal year ended June 30, 2021.

FRS Pension Plan

Plan Description. The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a DROP for eligible employees. The general classes of membership are as follows:

- *Regular Class* - Members of the FRS who do not qualify for membership in the other classes.
- *Senior Management Service Class (SMSC)* - Members in senior management level positions.
- *Special Risk Class* - Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or at any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of creditable service. Employees enrolled in the Plan may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost of living adjustments to eligible participants.

The DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS-participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

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Benefits Provided. Benefits under the Plan are computed on the basis of age, and/or years of service, average final compensation, and credit service. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on retirement plan and/or the class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

The following table shows the percentage value for each year of service credit earned:

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>% Value</u>
<i>Regular Class members initially enrolled before July 1, 2011</i>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
<i>Regular Class members initially enrolled on or after July 1, 2011</i>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
<i>Senior Management Service Class</i>	2.00
<i>Special Risk Class</i>	3.00

As provided in Section 121.101, Florida Statutes, if the member was initially enrolled in the Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is three percent per year. If the member was initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

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Contributions. The Florida Legislature establishes contribution rates for participating employers and employees.

Contribution rates during the 2020-21 fiscal year were:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (1)</u>
Florida Retirement System, Regular	3.00	10.00
Florida Retirement System, Senior Management Service	3.00	27.29
Florida Retirement System, Special Risk	3.00	24.45
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	16.98
Florida Retirement System, Reemployed Retiree	(2)	(2)

Notes: (1) Employer rates include 1.66 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06 percent for administrative costs of the Investment Plan.

(2) Contribution rates are dependent upon retirement class in which reemployed.

The University's contributions to the Plan totaled \$23,822,815 for the fiscal year ended June 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, the University reported a liability of \$270,111,316 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The University's proportionate share of the net pension liability was based on the University's 2019-20 fiscal year contributions relative to the total 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the University's proportionate share was 0.623216732 percent, which was a decrease of 0.012828371 from its proportionate share measured as of June 30, 2019.

For the year ended June 30, 2021, the University recognized pension expense of \$60,278,909. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 10,337,710	\$ -
Change of Assumptions	48,898,742	-
Net Difference Between Projected and Actual Earnings on FRS Plan Investments	16,082,687	-
Changes in Proportion and Differences Between University FRS Contributions and Proportionate Share of FRS Contributions	6,658,008	2,714,273
University FRS Contributions Subsequent to the Measurement Date	23,822,815	-
Total	\$ 105,799,962	\$ 2,714,273

The deferred outflows of resources related to pensions totaling \$23,822,815, resulting from University contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022.

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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2022	\$ 17,166,134
2023	25,375,220
2024	21,591,169
2025	12,641,603
2026	2,488,748
Total	\$ 79,262,874

Actuarial Assumptions. The total pension liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary Increases	3.25 percent, average, including inflation
Investment rate of return	6.80 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

The actuarial assumptions used in the July 1, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption.

The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1 %	2.2 %	2.2 %	1.2 %
Fixed Income	19 %	3 %	2.9 %	3.5 %
Global Equity	54.2 %	8 %	6.7 %	17.1 %
Real Estate (Property)	10.3 %	6.4 %	5.8 %	11.7 %
Private Equity	11.1 %	10.8 %	8.1 %	25.7 %
Strategic Investments	4.4 %	5.5 %	5.3 %	6.9 %
Total	100 %			
Assumed Inflation - Mean			2.4 %	1.7 %

Note: (1) As outlined in the Plan's investment policy

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Discount Rate. The discount rate used to measure the total pension liability was 6.80 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate used in the 2020 valuation was updated from 6.90 percent to 6.80 percent.

Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following table presents the University's proportionate share of the net pension liability calculated using the discount rate of 6.80 percent, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.80 percent) or 1 percentage point higher (7.80 percent) than the current rate:

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
University's Proportionate Share of the Net Pension Liability	\$ 431,322,378	\$ 270,111,316	\$ 135,467,136

Pension Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Annual Comprehensive Financial Report.

HIS Pension Plan

Plan Description. The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided. For the fiscal year ended June 30, 2021, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2021, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. The University contributed 100 percent of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The University's contributions to the HIS Plan totaled \$3,122,998 for the fiscal year ended June 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, the University reported a liability of \$63,843,336 for its proportionate share of the net pension liability. The current portion of the net pension liability is the University's proportionate share of benefit payments expected to be paid within one year, net of the University's proportionate share of the HIS Plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The University's proportionate share of the net pension liability was based on the University's 2019-20 fiscal year contributions relative to the total 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the University's proportionate share was 0.522884423 percent, which was an increase of 0.002886058 from its proportionate share measured as of June 30, 2019.

FLORIDA INTERNATIONAL UNIVERSITY**A COMPONENT UNIT OF THE STATE OF FLORIDA****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2021**

For the fiscal year ended June 30, 2021, the University recognized pension expense of \$6,629,526. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 2,611,579	\$ 49,251
Change of Assumptions	6,864,977	3,712,240
Net Difference Between Projected and Actual Earnings on HIS Plan Investments	50,973	-
Changes in Proportion and Differences Between University HIS Contributions and Proportionate Share of HIS Contributions	3,385,224	-
University HIS Contributions Subsequent to the Measurement Date	3,122,998	-
Total	\$ 16,035,751	\$ 3,761,491

The deferred outflows of resources totaling \$3,122,998 resulting from University contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2022	\$ 2,667,176
2023	1,946,080
2024	923,363
2025	1,255,255
2026	1,365,891
Thereafter	993,497
Total	\$ 9,151,262

Actuarial Assumptions. The total pension liability at July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary Increases	3.25 percent, average, including inflation
Municipal Bond Rate	2.21 percent

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018. This is a change from the prior year mortality assumption which was based on the Generational RP-2000 with Projection Scale BB tables.

While an experience study had not been completed for the HIS Plan, the actuarial assumptions that determined the total pension liability for the HIS Plan were based on certain results of the most recent experience study for the FRS Plan.

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Discount Rate. The discount rate used to measure the total pension liability was 2.21 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate used in the 2020 valuation was updated from 3.50 percent to 2.21 percent.

Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 2.21 percent, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.21 percent) or 1 percentage point higher (3.21 percent) than the current rate:

	<u>1% Decrease (1.21%)</u>	<u>Current Discount Rate (2.21%)</u>	<u>1% Increase (3.21%)</u>
University's Proportionate Share of the Net Pension Liability	\$ 73,800,048	\$ 63,843,336	\$ 55,693,797

Pension Plan Fiduciary Net Position. Detailed information about the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Annual Comprehensive Financial Report.

14. RETIREMENT PLANS DEFINED CONTRIBUTION PENSION PLANS

FRS Investment Plan

The SBA administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Annual Comprehensive Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. University employees already participating in the State University System Optional Retirement Program or DROP are not eligible to participate in the Investment Plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Service retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contributions, that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members.

Allocations to the Investment Plan member accounts during the 2020-21 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
Florida Retirement System, Regular	6.30
Florida Retirement System, Senior Management Service	7.67
Florida Retirement System, Special Risk Regular	14.00

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For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the FRS Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2021, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the University.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided in which the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The University's Investment Plan pension expense totaled \$6,023,997 for the fiscal year ended June 30, 2021.

State University System Optional Retirement Program

Section 121.35, Florida Statutes, provides for an Optional Retirement Program (Program) for eligible university instructors and administrators. The Program is designed to aid State universities in recruiting employees by offering more portability to employees not expected to remain in FRS for eight or more years.

The Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program, rather than the FRS, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing university contributes 5.14 percent of the participant's salary to the participant's account, 3.44 percent to cover the unfunded actuarial liability of the FRS pension plan, and 0.01 percent to cover administrative costs for a total of 8.59 percent, and employees contribute 3 percent of the employee's salary. Additionally, the employee may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the University to the participant's annuity account. The contributions are invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement.

The University's contributions to the Program totaled \$22,718,548 and employee contributions totaled \$13,781,107 for the 2020-21 fiscal year.

15. CONSTRUCTION COMMITMENTS

The University's major construction commitments at June 30, 2021, were as follows:

Project Description	Total Commitment	Completed to Date	Balance Committed
Parkview Housing Phase II	\$ 95,286,629	\$ 48,417,559	\$ 46,869,070
SIPA Building Phase II	33,463,958	5,120,159	28,343,799
World for Tropical Botany	6,759,279	1,088,392	5,670,887
Subtotal	135,509,866	54,626,110	80,883,756
Projects with Balance Committed Under \$3 Million	146,753,952	119,613,502	27,140,450
Total	<u>\$ 282,263,818</u>	<u>\$ 174,239,612</u>	<u>\$ 108,024,206</u>

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NOTES TO FINANCIAL STATEMENTS**JUNE 30, 2021****16. OPERATING LEASE COMMITMENTS - INCLUDES RELATED PARTY TRANSACTION WITH FOUNDATION**

The University leased building space under operating leases, which expire in 2034. These leased assets and the related commitments are not reported on the University's statement of net position. Operating lease payments are recorded as expenses when paid or incurred. Outstanding commitments resulting from these lease agreements are contingent upon future appropriations. Included in the annual payments below are the minimum payments required for the operating lease due to the Foundation as described in the Florida International University Foundation, Inc. related party transaction note following this note.

Future minimum lease commitments for noncancelable operating leases are as follows:

Fiscal Year Ending June 30	Amount
2022	\$ 5,631,300
2023	2,842,754
2024	2,125,347
2025	1,778,714
2026	1,688,240
2027-2031	5,820,817
2032-2034	3,744,144
Total Minimum Payments Required	\$ 23,631,316

17. OPERATING LEASE COMMITMENTS - RELATED PARTY TRANSACTIONS**Florida International University Foundation, Inc.**

On December 1, 1999, the former Board of Regents of the State University System of the State of Florida for and on behalf of the University entered into a ground lease agreement with the Foundation. Under this agreement, the Foundation leases from the University the grounds on which a multi-function support complex facility was built on the Modesto A. Maidique campus. The consideration required to be paid by the Foundation is \$10 annually. The ground lease will expire on December 31, 2024, or on the date the Foundation makes its final payment under a letter of credit agreement related to the financing of the facility. Total amounts paid to the Foundation under this agreement were \$1,834,138 for the year ended June 30, 2021.

On December 1, 1999, the former Board of Regents on behalf of the University also entered into a 20-year operating lease agreement with the Foundation for the facility. Under the terms of the operating lease, the University will pay the Foundation rent in the amount equal to all amounts due and payable by the Foundation under the letter of credit agreement, if any, and loan agreement related to the financing of the facility. The payments also include any costs of operating and maintaining the facility, in addition to amounts necessary to pay any unanticipated and extraordinary costs. The lease commenced during August 2002 when the facility became operational. The lease will terminate on May 1, 2022, which is the date of maturity of the loan agreement.

The facility under the above operating lease is not recorded as an asset on the statement of net position; however, the operational lease payments are recorded as expenses in the statement of revenues, expenses, and changes in net position when paid or incurred.

The Foundation expects to donate the facility to the University once the final payment is made under the letter of credit agreement, on May 1, 2022. The cost of the leased asset is \$13,325,539 and the net book value \$7,088,317.

Minimum future rentals as of June 30, 2021 are \$1,418,000 and are receivable within one year.

FLORIDA INTERNATIONAL UNIVERSITY**A COMPONENT UNIT OF THE STATE OF FLORIDA****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2021****FIU Athletics Finance Corporation**

The University and the Finance Corporation entered into two 25-year ground sublease agreements dated April 1, 2007, rendering the rights to the Finance Corporation to issue a series of capital improvement bonds of which a portion of the proceeds, along with contributions from the University, was used to finance a stadium improvement project located on University premises. Under this agreement, the Finance Corporation prepaid to the University, for rental of the premises, 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:

Fiscal Year Ending June 30	Amount
2022	\$ 1,304,083
2023	1,304,083
2024	1,304,083
2025	1,304,083
2026	1,304,083
Thereafter	9,019,910
Total Minimum Payments Required	\$ 15,540,325

18. GIFT AGREEMENT - FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. - RELATED PARTY TRANSACTION

The Wolfsonian, Inc. (Wolfsonian), 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, or design and architectural arts. The Wolfsonian has been loaned 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. It encompasses furniture, sculpture, 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 promotes public education and awareness of the social, historical, technological, political, economic, and artistic material culture of Europe and America in the 1885-1945 period.

On July 1, 1997, the Foundation entered into a gift agreement (Agreement) with Mitchell Wolfson, Jr., the Wolfsonian, 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 to the Foundation, subject to a loan agreement made and entered into by the Wolfsonian and Mr. Wolfson, Jr. dated July 29, 1991. The loan agreement was extended through to July 2021, at which time it can be renewed for an additional period of ten years.

The Foundation has elected to exercise the option of not capitalizing the items that meet the definition of "collection" as prescribed by accounting principles generally accepted in the United States. Therefore, the fair value of the donated Collection of Decorative and Propaganda Arts is not reflected in the University's 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 temporarily or permanently restricted 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.

FLORIDA INTERNATIONAL UNIVERSITY

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JUNE 30, 2021

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

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. As a result of the Agreement, the University and Foundation have assumed all administrative functions and operating costs of the Wolfsonian.

The most significant of the obligations under the Agreement is for the University to provide the Wolfsonian with the same financial support from its general budget, as provided to other departments, and to continue the museum and educational activities and operations of the Wolfsonian. The University provided support of approximately \$2.6 million during the 2020-21 fiscal year for Wolfsonian expenses which included salaries, equipment, administrative expenses, insurance premiums for the art collection, and building security. In addition, the University provided support of approximately \$0.3 million during the 2020-21 fiscal year for utilities, repairs, and maintenance expenses for buildings used by the Wolfsonian.

19. RISK MANAGEMENT PROGRAMS

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Pursuant to Section 1001.72(2), Florida Statutes, the University participates in State self-insurance programs providing insurance for property and casualty, workers' compensation, general liability, fleet automotive liability, Federal Civil Rights, and employment discrimination liability. During the 2020-21 fiscal year, for property losses, the State retained the first \$2 million per occurrence for all perils except named windstorm and flood. The State retained the first \$2 million per occurrence with an annual aggregate retention of \$40 million for named windstorm and flood losses. After the annual aggregate retention, losses in excess of \$2 million per occurrence were commercially insured up to \$62.75 million for named windstorm and flood through February 14, 2021, and decreased to \$57.5 million starting February 15, 2021. For perils other than named windstorm and flood, losses in excess of \$2 million per occurrence were commercially insured up to \$162.25 million through February 14, 2021 and increased to \$167.5 million starting February 15, 2021; and losses exceeding those amounts were retained by the State. No excess insurance coverage is provided for workers' compensation, general and automotive liability, Federal Civil Rights and employment action coverage; all losses in these categories are completely self-insured by the State through the State Risk Management Trust Fund established pursuant to Chapter 284, Florida Statutes. Payments on tort claims are limited to \$200,000 per person, and \$300,000 per occurrence as set by Section 768.28(5), Florida Statutes. Calculation of premiums considers the cash needs of the program and the amount of risk exposure for each participant. Settlements have not exceeded insurance coverage during the past three fiscal years.

Pursuant to Section 110.123, Florida Statutes, University employees may obtain healthcare services through participation in the State group health insurance plan or through membership in a health maintenance organization plan under contract with the State. The State's risk financing activities associated with State group health insurance, such as risk of loss related to medical and prescription drug claims, are administered through the State Employees Group Health Insurance Trust Fund. It is the practice of the State not to purchase commercial coverage for the risk of loss covered by this Fund. Additional information on the State's group health insurance plan, including the actuarial report, is available from the Florida Department of Management Services, Division of State Group Insurance.

FLORIDA INTERNATIONAL UNIVERSITY

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JUNE 30, 2021

University Self-Insurance Program

The Florida International University College of Medicine Self-Insurance Program was established pursuant to Section 1004.24, Florida Statutes, on June 18, 2009. The Self-Insurance Program provides professional and general liability protection for the Florida International University Board of Trustees for claims and actions arising from the clinical activities of the College of Medicine faculty, staff, and resident physicians. Liability protection is afforded to the students of the College. The Self-Insurance Program provides legislative claims bill protection.

The University is protected for losses that are subject to Section 768.28, Florida Statutes, to the extent of the waiver of sovereign immunity as described in Section 768.28(5), Florida Statutes. The Self-Insurance Program also provides \$1,000,000 per legislative claims bills inclusive of payments made pursuant to Section 768.28, Florida Statutes; \$250,000 per occurrence of protection for the participants that are not subject to the provisions of Section 768.28, Florida Statutes; \$250,000 per claim protection for participants who engage in approved community service or act as Good Samaritans; and student professional liability coverage not to exceed a per occurrence limit of \$1,000,000 if such limits are required by an affiliated hospital or healthcare affiliate.

The Self-Insurance Program's estimated liability for unpaid claims at fiscal year-end is the result of management and actuarial analysis and includes an amount for claims that have been incurred but not reported.

Changes in the balances of claims liability for the Self-Insurance Program during the 2019-20 and 2020-21 fiscal years are presented in the following table:

<u>Fiscal Year Ended</u>	<u>Claims Liabilities Beginning of Year</u>	<u>Current Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Claims Liabilities End of Year</u>
June 30, 2020	\$ 213,201	\$ 35,285	\$ (219,215)	\$ 29,271
June 30, 2021	29,271	230,753	(34,167)	225,857

20. FUNCTIONAL DISTRIBUTION OF OPERATING EXPENSES

The functional classification of an operating expense (instruction, research, etc.) is assigned to a department based on the nature of the activity, which represents the material portion of the activity attributable to the department. For example, activities of academic departments for which the primary departmental function is instruction may include some activities other than direct instruction such as research and public service. However, when the primary mission of the department consists of instructional program elements, all expenses of the department are reported under the instruction classification. The operating expenses on the statement of revenues, expenses, and changes in net position are presented by natural classifications.

The following are those same expenses presented in functional classifications as recommended by NACUBO:

<u>Functional Classification</u>	<u>Amount</u>
Instruction	\$ 354,817,051
Research	170,375,701
Public Services	12,477,856
Academic Support	125,168,215
Student Services	69,099,265
Institutional Support	107,419,912
Operation and Maintenance of Plant	57,512,541
Scholarships, Fellowships, and Waivers	139,851,660
Depreciation	46,357,832
Auxiliary Enterprises	58,196,087
Total Operating Expenses	\$ 1,141,276,120

FLORIDA INTERNATIONAL UNIVERSITY**A COMPONENT UNIT OF THE STATE OF FLORIDA****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2021****21. SEGMENT INFORMATION**

A segment is defined as an identifiable activity (or grouping of activities) that has one or more bonds or other debt instruments outstanding with a revenue stream pledged in support of that debt. In addition, the activity's related revenues, expenses, gains, losses, assets, and liabilities are required to be accounted for separately.

The following financial information for the University's Housing and Parking facilities represents identifiable activities for which one or more bonds are outstanding:

Condensed Statement of Net Position

	Housing Facility Capital Improvement Debt	Parking Facility Capital Improvement Debt
Assets		
Current Assets	\$ 34,684,526	\$ 11,777,936
Capital Assets, Net	168,453,195	94,693,144
Other Noncurrent Assets	37,045,102	67,594
Total Assets	240,182,823	106,538,674
Liabilities		
Current Liabilities	7,464,558	3,794,083
Noncurrent Liabilities	149,639,882	48,295,139
Total Liabilities	157,104,440	52,089,222
Net Position		
Net Investment in Capital Assets	44,323,813	43,358,171
Restricted - Expendable	6,162,990	50,671
Unrestricted	32,591,580	11,040,610
Total Net Position	\$ 83,078,383	\$ 54,449,452

FLORIDA INTERNATIONAL UNIVERSITY

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

**Condensed Statement of Revenues, Expenses,
and Changes in Net Position**

	Housing Facility Capital Improvement Debt	Parking Facility Capital Improvement Debt
Operating Revenues	\$ 16,542,647	\$ 13,214,768
Depreciation Expense	(3,920,001)	(3,255,274)
Other Operating Expenses	(10,438,651)	(6,763,086)
Operating Income	2,183,995	3,196,408
Nonoperating Revenues (Expenses):		
Nonoperating Revenue	11,487,426	3,220,763
Interest Expense	(3,441,462)	(2,097,011)
Other Nonoperating Expenses	(2,580,155)	-
Net Nonoperating Revenues	5,465,809	1,123,752
Income Before Transfers	7,649,804	4,320,160
Net Transfers	2,963	(229,120)
Increase in Net Position	7,652,767	4,091,040
Net Position, Beginning of Year	75,425,616	50,358,412
Net Position, End of Year	\$ 83,078,383	\$ 54,449,452

Condensed Statement of Cash Flows

	Housing Facility Capital Improvement Debt	Parking Facility Capital Improvement Debt
Net Cash Provided (Used) by:		
Operating Activities	\$ 6,127,536	\$ 6,698,804
Noncapital Financing Activities	10,904,734	-
Capital and Related Financing Activities	27,950,470	(3,708,474)
Investing Activities	(46,701,873)	(1,578,654)
Net (Decrease) Increase in Cash and Cash Equivalents	(1,719,133)	1,411,676
Cash and Cash Equivalents, Beginning of Year	1,879,129	1,659,593
Cash and Cash Equivalents, End of Year	\$ 159,996	\$ 3,071,269

FLORIDA INTERNATIONAL UNIVERSITY**A COMPONENT UNIT OF THE STATE OF FLORIDA****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2021****22. DISCRETELY PRESENTED COMPONENT UNITS**

The University has four component units. As discussed in Note 1, the financial activities of the Research Foundation are not included in the component units' columns of the financial statements. The remaining three component units comprise one hundred percent of the transactions and account balances of the aggregate discretely presented component units' columns of the financial statements.

The following financial information is from the most recently available audited financial statements for the component units:

Condensed Statement of Net Position				
Direct-Support Organizations				
	Florida International University Foundation, Inc.	FIU Athletics Finance Corporation	Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc.	Total
Assets				
Current Assets	\$ 36,596,690	\$ 3,638,632	\$ 10,597,522	\$ 50,832,844
Capital Assets, Net	14,789,494	3,650	31,232	14,824,376
Other Noncurrent Assets	424,361,882	17,018,380	1,002,687	442,382,949
Total Assets	475,748,066	20,660,662	11,631,441	508,040,169
Deferred Outflows of Resources	-	2,197,984	-	2,197,984
Liabilities				
Current Liabilities	4,892,404	1,824,196	8,968,616	15,685,216
Noncurrent Liabilities	547,692	26,746,701	-	27,294,393
Total Liabilities	5,440,096	28,570,897	8,968,616	42,979,609
Net Position				
Net Investment in Capital Assets	13,171,584	3,650	31,232	13,206,466
Restricted Nonexpendable	191,376,258	-	-	191,376,258
Restricted Expendable	183,178,127	-	-	183,178,127
Unrestricted	82,582,001	(5,715,901)	2,631,593	79,497,693
Total Net Position	\$ 470,307,970	\$ (5,712,251)	\$ 2,662,825	\$ 467,258,544

FLORIDA INTERNATIONAL UNIVERSITY

A COMPONENT UNIT OF THE STATE OF FLORIDA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

**Condensed Statement of Revenues, Expenses,
and Changes in Net Position
Direct-Support Organizations**

	Florida International University Foundation, Inc.	FIU Athletics Finance Corporation	Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc.	Total
Operating Revenues	\$ 81,549,772	\$ 4,139,793	\$ 11,169,782	\$ 96,859,347
Depreciation Expense	(744,623)	(21,900)	(59,179)	(825,702)
Operating Expenses	<u>(43,227,979)</u>	<u>(1,871,957)</u>	<u>(5,676,362)</u>	<u>(50,776,298)</u>
Operating Income	<u>37,577,170</u>	<u>2,245,936</u>	<u>5,434,241</u>	<u>45,257,347</u>
Net Nonoperating Revenues (Expenses)				
Investment Income	87,296,896	458	5,056	87,302,410
Interest Expense	(33,109)	(1,020,320)	(140,965)	(1,194,394)
Other Nonoperating Revenues (Expenses)	<u>15,955,133</u>	<u>(1,000,000)</u>	<u>(3,211,041)</u>	<u>11,744,092</u>
Net Nonoperating Revenues (Expenses)	<u>103,218,920</u>	<u>(2,019,862)</u>	<u>(3,346,950)</u>	<u>97,852,108</u>
Increase in Net Position	<u>140,796,090</u>	<u>226,074</u>	<u>2,087,291</u>	<u>143,109,455</u>
Net Position, Beginning of Year	329,996,792	(5,938,325)	575,534	324,634,001
Adjustment to Beginning Net Position (1)	<u>(484,912)</u>	<u>-</u>	<u>-</u>	<u>(484,912)</u>
Net Position, End of Year	<u><u>\$ 470,307,970</u></u>	<u><u>\$ (5,712,251)</u></u>	<u><u>\$ 2,662,825</u></u>	<u><u>\$ 467,258,544</u></u>

Note: (1) Foundation implemented GASB Statement No. 84, Fiduciary Activities, which resulted in an adjustment to beginning net position. See Note 2, for additional details.

23. COVID-19 UNCERTAINTIES

As governments and businesses continue their efforts towards normalizing operations from the lasting effects of the COVID-19 pandemic, recovery is disproportionate globally and this presents a mixture of risks and challenges including economic uncertainty, disrupted supply chains promoted by staffing shortages, new hybrid working patterns influencing workforce recruitment and retention, and winding up of government financial support programs. These considerations, along with the continuing threat of new variants of the coronavirus emerging, present uncertainties that can have a potential impact on normalization efforts, business operations and economic recovery. Consequently, the University and its component units continue their vigilance of potential development in both the domestic and international landscape relative to the COVID-19 pandemic as the duration, resulting future economic impacts and lingering effects on University operations remain uncertain. The extent to which the pandemic impacts University operations going forward will depend on numerous evolving factors which cannot be reliably predicted at this time.

FLORIDA INTERNATIONAL UNIVERSITY
OTHER REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE TOTAL OTHER
POSTEMPLOYMENT BENEFITS LIABILITY

	<u>2020 (1)</u>	<u>2019 (1)</u>	<u>2018 (1)</u>	<u>2017 (1)</u>
University's Proportion of the Total Other Postemployment Benefits Liability	3.43 %	3.18 %	2.57 %	2.57 %
University's Proportionate Share of the Total Other Postemployment Benefits Liability	352,563,977	402,994,810	271,175,000	277,334,000
University's Covered Payroll	441,956,666	426,565,567	402,854,082	388,298,438
University's Proportionate Share of the Total Other Postemployment Benefits Liability as a Percentage of its Covered Payroll	79.77 %	94.47 %	67.31 %	71.42 %

(1) The amounts presented for each fiscal year were determined as of June 30.

Notes to Required Supplementary Information:

No assets are accumulated in a trust that meets the criteria in paragraph four of GASB Statement No. 75 to pay related benefits. The University's June 30, 2021, proportionate share of the total OPEB liability increased significantly from the prior fiscal year as a result of changes to assumptions as discussed below.

Changes in Assumptions. In 2021, amounts reported as changes of assumptions resulted from changes to the census data, a change to the discount rate, the removal of the excise tax that was scheduled to take effect in 2022, the use of actual claims information, an update in the trend rate, and an update to the mortality rate. Refer to Note 10 to the financial statements for further detail.

FLORIDA INTERNATIONAL UNIVERSITY
OTHER REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
FLORIDA RETIREMENT SYSTEM PENSION PLAN

	<u>2020 (1)</u>	<u>2019 (1)</u>	<u>2018 (1)</u>	<u>2017 (1)</u>
University's Proportion of the FRS Net Pension Liability	0.62%	0.64%	0.62%	0.58%
University's Proportionate Share of the FRS Net Pension Liability	\$270,111,316	\$219,045,078	\$186,930,731	\$172,260,097
University's Covered Payroll (2)	\$441,956,666	\$426,565,567	\$402,854,082	\$388,298,438
University's Proportionate Share of the FRS Net Pension Liability as a Percentage of its Covered Payroll	61.12 %	51.35 %	46.40 %	44.36 %
FRS Plan Fiduciary Net Pension as a Percentage of the FRS Total Pension Liability	78.85 %	82.61 %	84.26 %	83.89 %

(1) The amounts presented for each fiscal year were determined as of June 30.

(2) Covered payroll includes defined benefit plan actives, investment plan members, State university system optional retirement program members, and members in DROP because total employer contributions are determined on a uniform basis (blended rate) as required by Part III of Chapter 121, Florida Statutes.

Notes to Required Supplementary Information:

Change of Assumptions. The long-term expected rate of return was decreased from 6.90 percent to 6.80 percent.

FLORIDA INTERNATIONAL UNIVERSITY
OTHER REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
FLORIDA RETIREMENT SYSTEM PENSION PLAN

	2016 (1)	2015 (1)	2014 (1)	2013 (1)
University's Proportion of the FRS Net Pension Liability	0.58%	0.57%	0.53%	0.38%
University's Proportionate Share of the FRS Net Pension Liability	\$ 145,845,435	\$ 73,303,925	\$ 32,080,257	\$ 65,503,841
University's Covered Payroll (2)	\$370,763,486	\$355,458,891	\$332,597,433	\$305,657,917
University's Proportionate Share of the FRS Net Pension Liability as a Percentage of its Covered Payroll	39.34 %	20.62 %	9.65 %	21.43 %
FRS Plan Fiduciary Net Pension as a Percentage of the FRS Total Pension Liability	84.88 %	92.00 %	96.09 %	88.54 %

FLORIDA INTERNATIONAL UNIVERSITY
OTHER REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF UNIVERSITY CONTRIBUTIONS -
FLORIDA RETIREMENT SYSTEM PENSION PLAN

	<u>2021 (1)</u>	<u>2020 (1)</u>	<u>2019 (1)</u>	<u>2018 (1)</u>
Contractually Required FRS Contribution	\$ 23,822,815	\$ 20,706,730	\$ 19,721,988	\$ 17,686,866
FRS Contributions in Relation to the Contractually Required Contribution	<u>(23,822,815)</u>	<u>(20,706,730)</u>	<u>(19,721,988)</u>	<u>(17,686,866)</u>
FRS Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's Covered Payroll (2)	\$449,423,678	\$441,956,666	\$426,565,567	\$402,854,082
FRS Contributions as a Percentage of Covered Payroll	5.30 %	4.69 %	4.62 %	4.39 %

- (1) The amounts presented for each fiscal year were determined as of June 30.
- (2) Covered payroll includes defined benefit plan actives, investment plan members, State university system optional retirement program members, and members in DROP because total employer contributions are determined on a uniform basis (blended rate) as required by Part III of Chapter 121, Florida Statutes.

Notes to Required Supplementary Information:

Change of Assumptions. The long-term expected rate of return was decreased from 6.90 percent to 6.80 percent.

FLORIDA INTERNATIONAL UNIVERSITY
OTHER REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF UNIVERSITY CONTRIBUTIONS -
FLORIDA RETIREMENT SYSTEM PENSION PLAN

	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>	<u>2014 (1)</u>
Contractually Required FRS Contribution	\$ 15,160,433	\$ 14,085,792	\$ 13,836,828	\$ 11,516,793
FRS Contributions in Relation to the Contractually Required Contribution	<u>(15,160,433)</u>	<u>(14,085,792)</u>	<u>(13,836,828)</u>	<u>(11,516,793)</u>
FRS Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's Covered Payroll (2)	\$388,298,438	\$370,763,486	\$355,458,891	\$332,597,433
FRS Contributions as a Percentage of Covered Payroll	3.90 %	3.80 %	3.89 %	3.46 %

FLORIDA INTERNATIONAL UNIVERSITY
OTHER REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
HEALTH INSURANCE SUBSIDY PENSION PLAN

	<u>2020 (1)</u>	<u>2019 (1)</u>	<u>2018 (1)</u>	<u>2017 (1)</u>
University's Proportion of the HIS Net Pension Liability	0.52%	0.52%	0.50%	0.49%
University's Proportionate Share of the HIS Net Pension Liability	\$ 63,843,336	\$ 58,182,613	\$ 53,094,937	\$ 52,274,414
University's Covered Payroll (2)	\$ 178,126,318	\$ 168,199,711	\$ 156,730,885	\$ 168,353,927
University's Proportionate Share of the HIS Net Pension Liability as a Percentage of its Covered Payroll	35.84 %	34.59 %	33.88 %	31.05 %
HIS Plan Fiduciary Net Pension as a Percentage of the HIS Total Pension Liability	3.00 %	2.63 %	2.15 %	1.64 %

(1) The amounts presented for each fiscal year were determined as of June 30.

(2) Covered payroll includes defined benefit plan actives, investment plan members, and members in DROP.

Notes to Required Supplementary Information:

Change of Assumptions. The municipal rate used to determine total pension liability decreased from 3.50 percent to 2.21 percent, and the active member mortality assumption was updated.

FLORIDA INTERNATIONAL UNIVERSITY
OTHER REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
HEALTH INSURANCE SUBSIDY PENSION PLAN

	<u>2016 (1)</u>	<u>2015 (1)</u>	<u>2014 (1)</u>	<u>2013 (1)</u>
University's Proportion of the HIS Net Pension Liability	0.48%	0.47%	0.45%	0.42%
University's Proportionate Share of the HIS Net Pension Liability	\$ 56,235,698	\$ 48,191,110	\$ 42,007,145	\$ 36,379,258
University's Covered Payroll (2)	\$147,667,524	\$140,089,301	\$130,882,051	\$118,388,264
University's Proportionate Share of the HIS Net Pension Liability as a Percentage of its Covered Payroll	38.08 %	34.40 %	32.10 %	30.73 %
HIS Plan Fiduciary Net Pension as a Percentage of the HIS Total Pension Liability	0.97 %	0.50 %	0.99 %	1.78 %

FLORIDA INTERNATIONAL UNIVERSITY
OTHER REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF UNIVERSITY CONTRIBUTIONS -
HEALTH INSURANCE SUBSIDY PENSION PLAN

	<u>2021 (1)</u>	<u>2020 (1)</u>	<u>2019 (1)</u>	<u>2018 (1)</u>
Contractually Required HIS Contribution	\$ 3,122,998	\$ 3,013,138	\$ 2,887,500	\$ 2,720,447
HIS Contributions in Relation to the Required HIS Contribution	<u>(3,122,998)</u>	<u>(3,013,138)</u>	<u>(2,887,500)</u>	<u>(2,720,447)</u>
HIS Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's Covered Payroll (2)	\$182,271,803	\$178,126,318	\$168,199,711	\$156,730,885
HIS Contributions as a Percentage of Covered Payroll	1.71 %	1.69 %	1.72 %	1.74 %

(1) The amounts presented for each fiscal year were determined as of June 30.

(2) Covered payroll includes defined benefit plan actives, investment plan members, and members in DROP.

Notes to Required Supplementary Information:

Change of Assumptions. The municipal rate used to determine total pension liability decreased from 3.50 percent to 2.21 percent, and the active member mortality assumption was updated.

FLORIDA INTERNATIONAL UNIVERSITY
OTHER REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF UNIVERSITY CONTRIBUTIONS -
HEALTH INSURANCE SUBSIDY PENSION PLAN

	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>	<u>2014 (1)</u>
Contractually Required HIS Contribution	\$ 2,587,349	\$ 2,473,222	\$ 1,806,322	\$ 1,539,022
HIS Contributions in Relation to the Required HIS Contribution	<u>(2,587,349)</u>	<u>(2,473,222)</u>	<u>(1,806,322)</u>	<u>(1,539,022)</u>
HIS Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's Covered Payroll (2)	\$ 168,353,927	\$ 147,667,524	\$ 140,089,301	\$ 130,882,051
HIS Contributions as a Percentage of Covered Payroll	1.54 %	1.67 %	1.29 %	1.18 %



Sherrill F. Norman, CPA
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The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

INDEPENDENT AUDITOR'S 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*

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, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated March 8, 2022, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the aggregate discretely presented component units, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University'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 University'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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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 University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, rules, 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 University'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 University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
March 8, 2022
Audit Report No. 2022-144





ANNUAL REPORT 2020-2021

FLORIDA INTERNATIONAL UNIVERSITY



Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

During the period January through December 2020, Dr. Mark B. Rosenberg served as President of Florida International University and the following individuals served as Members of the Board of Trustees:

Dean C. Colson, Chair from 7-1-20,	Michael G. Joseph through 1-30-20
Rogelio Tovar, Vice Chair from 7-1-20	Natasha Lowell
Claudia Puig through 6-30-20, Chair	Justo L. Pozo through 1-5-20
Dr. Jose J. Armas M.D., Vice Chair	T. Gene Prescott from 1-31-20
through 6-30-20	Dr. Joerg Reinhold ^a
Cesar L. Alvarez J.D.	Sabrina L. Rosell through 5-10-20 ^b
Leonard Boord	Marc D. Sarnoff
Gerald C. Grant Jr.	Alexandra Valdes from 5-11-20 ^b
Donna J. Hrinak from 1-6-20	

^a Faculty Senate Chair.

^b Student Body President.

The team leader was Barbara S. Coleman, CPA, and the audit was supervised by Hector J. Quevedo, CPA.

Please address inquiries regarding this report to Jaime N. Hoelscher, CPA, Audit Manager, by e-mail at jaimehoelscher@aud.state.fl.us or by telephone at (850) 412-2868.

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FLORIDA INTERNATIONAL UNIVERSITY

SUMMARY

This operational audit of Florida International University (University) focused on selected University processes and administrative activities and included a follow-up on findings noted in our report No. 2020-005. Our operational audit disclosed the following:

Finding 1: University personnel did not always timely prepare, review, and approve bank account reconciliations.

Finding 2: University procedures for assigning, monitoring, and ensuring the timely return of University property assigned to employees and students could be improved.

Finding 3: Some unnecessary information technology user access privileges existed that increased the risk for unauthorized disclosure of student social security numbers to occur. A similar finding was noted in our report No. 2020-005.

BACKGROUND

The Florida International University (University) is part of the State university system of public universities, which is under the general direction and control of the Florida Board of Governors (BOG). The University is directly governed by a Board of Trustees (Trustees) consisting of 13 members. The Governor appoints 6 citizen members, and the BOG appoints 5 citizen members. These members are confirmed by the Florida Senate and serve staggered 5-year terms. The Faculty Senate Chair and Student Body President also are members.

The BOG establishes the powers and duties of the Trustees. The Trustees are responsible for setting University policies, which provide governance in accordance with State law and BOG Regulations. The University President is selected by the Trustees and confirmed by the BOG. The University President serves as the Executive Officer and the Corporate Secretary of the Trustees and is responsible for administering the policies prescribed by the Trustees for the University.

FINDINGS AND RECOMMENDATIONS

Finding 1: Bank Account Reconciliations

Effective internal controls require that reconciliations of bank account balances to general ledger control accounts be performed on a timely, routine basis and be reviewed and approved by supervisory personnel. Timely performed bank account reconciliations provide for prompt detection and correction of unrecorded and improperly recorded transactions or other errors and provide reasonable assurance that assets agree with recorded amounts. The reconciliations also promote the efficient and economic management of cash resources.

Pursuant to University policies¹ and procedures, bank account reconciliations must be performed and reviewed and approved by supervisory personnel at least monthly, and any discrepancies identified must be investigated, documented, and corrected. At June 30, 2020, the University's general ledger showed a cash in bank balance of \$10.1 million and, for the 2020 calendar year, the University maintained 21 bank accounts. Certain Controller Office personnel prepared 224 monthly bank account reconciliations² while others in that Office reviewed and approved the reconciliations.

As part of our audit, we selected for examination 13 bank account reconciliations and noted that 4 reconciliations were completed 38 to 91 days, or an average of 59 days, after the bank statement dates and 2 of the 13 reconciliations were reviewed and approved 40 and 41 days, respectively, after the reconciliations were completed. In response to our inquiries, University personnel indicated that bank account reconciliations were mainly delayed because of the challenges and adjustments experienced by University personnel when transitioning to a remote work environment beginning in March 2020 due to the COVID-19 pandemic. In addition, University personnel indicated that one bank account could not be accessed online, and often bank statements were untimely delivered to staff or delivered to the incorrect University location. Also, according to University personnel, the transition of most of the bank accounts to a new bank, staffing shortages, staff turnover, and training of new staff during COVID-19 added to the delays. However, except for the one account that was not accessible online, University personnel did not explain why responsible University personnel did not access available account information directly online to timely complete and review and approve the reconciliations.

While the reconciliations did not identify any significant unreconciled items, untimely bank account reconciliations increase the risk that transaction errors or misappropriations that may occur will not be timely detected and resolved.

Recommendation: University procedures should be enhanced to ensure that University personnel document timely reconciliations of bank account balances to general ledger control accounts and supervisory review and approval of the reconciliations. To promote the timely bank account reconciliations, supervisors should encourage use of available online account information.

Finding 2: Tangible Personal Property Assignments

Effective accountability over University tangible personal property assigned to employees and students includes procedures for assigning, monitoring, and ensuring the timely return of the property to the University. To promote and evidence such accountability, accurate, detailed records documenting property assignment, monitoring, and return procedures should be maintained and training to ensure staff understand the procedures should also be documented.

University procedures³ require each department head or supervisor to complete a clearance form to account for the return of University property assigned to employees who separate from employment or transfer at least 10 days, or as soon as feasibly possible, before the individual leaves University

¹ University Policy No. 1110.010 – *Cash Controls*.

² Monthly reconciliations were performed for active accounts and, for the 28 months that certain accounts had no activity, reconciliations were not performed.

³ University Procedure 1710.280a, *Separation from Employment/Transfer Clearance Procedure*.

employment or transfers. In addition, University management implemented procedures⁴ at the start of the COVID-19 pandemic to assign, monitor, and ensure the timely return of laptops and computer peripherals (devices) loaned to students. These procedures require students to complete an online form to request the devices and for the University to maintain records of the loaned devices. Students are allowed to keep the devices through the end of the term or request to use the devices for an additional term. While University staff are required to follow up with students who did not request to keep the devices for the additional term, University procedures did not establish when University staff should follow-up to confirm the prompt return of the devices and timely reassignment for the next term.

According to University records, during the 2020 calendar year, the University assigned 849 property items to 632 employees and loaned 518 property items to 276 students. To evaluate accountability over these items, we examined University records supporting 62 property items assigned to employees, including 25 selected items assigned to 18 employees who subsequently separated from University employment, and 94 selected property items loaned to 30 students. We found that accountability over these property items could be enhanced as:

- Property records for 33 items, such as laptops, monitors, and other computer devices, did not accurately identify who was assigned the property. Specifically, property records for 23 of the items listed the names of 23 different employees, but only showed a total of 6 employee identification (ID) numbers. According to University personnel, the 23 items were in the possession of the 23 employees whose names were listed in the property records; however, because the employee ID numbers were not correctly matched to the assigned items, the records for the 23 property items inaccurately listed the items as assigned to 6 employee ID numbers.

Property records for the other 10 items indicated that the items were assigned for off-campus use, but the records did not identify who was assigned the property. In response to our inquiries, University personnel indicated that, due to oversights, property records were not promptly updated to show that the 10 property items were not assigned to employees for off-campus use but were used by student assistants on campus.

- Property records for 11 items, such as a computer set, docking stations, and monitors, assigned to 5 individuals who had separated from University employment did not identify a return date as of the June 2021 date of our inquiry. The average number of days from the respective employment separation dates and the date of our inquiry was 219 days. According to University personnel, the property records had not been properly updated and 2 of the items were returned by the employees' separation dates and another property item was returned 10 days after the employee's separation date. University personnel indicated that the remaining 8 property items were returned during the period of June through September 2021, which was well after the applicable employees' separation dates.
- Records for 5 property items, including laptops and a computer set, assigned to 5 employees showed a return date that was 13 to 87 days, an average of 29 days, after the employees separated from University employment. University personnel indicated that the 5 employees untimely returned the property items due to various oversights.
- The Library maintains electronic records to track device assignments; however, although we requested, University records were not provided to demonstrate that the 30 students included in our tests completed the online request form required to authorize the property assignments. In addition, 14 of the 30 students did not return 45 property items, such as laptops and other computer devices, until 61 to 425 days, an average of 196 days, after the last day of the term.

⁴ CASE – Student Temporary Laptop Request and Tracking Process.

Also, the 14 students either graduated or did not enroll in the subsequent term. In response to our inquiry, University personnel indicated that, although University procedures require students to request devices through an online form, the devices were assigned without the students completing the online form. In addition, due dates for the return of the devices were revised to a subsequent term without verifying that the students had enrolled in that term.

Although we requested, University records were not provided to evidence that University personnel had been trained to understand the required procedures for assigning, monitoring, and ensuring the timely return of University tangible personal property. Absent appropriate training and compliance with University-established property assignment procedures, there is an increased risk that accountability over property assignments will be diminished and assigned property items may not be returned.

Recommendation: The University should enhance accountability over tangible personal property assignments to ensure that University-established procedures are followed. Such enhancements should include appropriate training to ensure that property records properly identify who is assigned the property items and that students complete the online request form to establish and authorize the property assignments. The enhanced accountability should also ensure that property items are returned by employees before they separate from University employment and by students at the end of the current term, unless the students request and obtain approval to use the property for an additional term.

Finding 3: Information Technology User Access Privileges – Student Information

The Legislature has recognized in State law⁵ that social security numbers (SSNs) can be used to acquire sensitive personal information, the release of which could result in fraud against individuals or cause other financial or personal harm. Therefore, public entities are required to provide extra care in maintaining the confidential status of such information. Effective controls restrict employees from accessing sensitive personal information unnecessary for their assigned duties and provide for documented, periodic evaluations of employee access privileges to help prevent personnel from accessing sensitive personal information inconsistent with their responsibilities.

According to University personnel and records, the University established a unique identifier, other than the SSN, to identify each student. However, the University collects and uses SSNs pursuant to State law for various purposes, such as to register newly enrolled students, comply with Federal tax reporting requirements, and other Federal and State requirements related to financial and academic assistance. Designated University officials and personnel are provided access to sensitive personal student information to perform an administrative, supervisory, or instructional responsibility that serves a legitimate education purpose.

As of October 19, 2021, the University enterprise resource planning (ERP) system contained the SSNs of 779,513 students, including 451,363 former, 245,846 prospective, and 82,304 current students, and 250 University employees had access to former and current student SSNs. University personnel indicated that personal information of prospective students who do not enroll within 1 year is automatically deleted.

⁵ Section 119.071(5)(b), Florida Statutes.

Our examination of University records supporting the access privileges of the 250 employees, including the September 2020 evaluations⁶ of the employees' access privileges to student SSNs, and University responses to our inquiries, disclosed that, while the employees had legitimate educational purposes for accessing current student SSNs, neither the evaluations nor other University records documented justification for all 250 employees to have access to former student SSNs. The 250 employees with such access included, for example, a Systems Analyst I, Admission Assistant, Enrollment Service Trainer III, and a Junior Help Desk Analyst, none of whom needed access to former student SSNs to perform their duties. In response to our inquiry, University personnel agreed that all 250 employees did not need such access and noted that further efforts would be necessary to document those who needed the access privileges and to remove the privileges from those who did not.

The existence of unnecessary access privileges increases the risk of unauthorized disclosure of former student SSNs and the possibility that the information may be used to commit fraud against former University students. A similar finding was noted in our report No. 2020-005.

Recommendation: To ensure access to personal information of former students is properly safeguarded, the University should ensure that employees are restricted from accessing this information unless such access is required for their assigned duties.

PRIOR AUDIT FOLLOW-UP

The University had taken corrective actions for findings included in our report No. 2020-005 except that Finding 3 was noted in report No. 2020-005 as Finding 9.

OBJECTIVES, SCOPE, AND METHODOLOGY

The Auditor General conducts operational audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

We conducted this operational audit from March 2021 through November 2021 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This operational audit focused on information technology resources and related controls; carryforward balances; investment income allocation; direct support organizations; student fees; textbook affordability; compensation, construction, other expenses; and other processes and administrative activities.

For those areas, our audit objectives were to:

- Evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned

⁶ The evaluations were conducted by the Information Technology and Enrollment Service Department personnel.

responsibilities in accordance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines.

- Examine internal controls designed and placed in operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, reliability of records and reports, and safeguarding of assets, and identify weaknesses in those controls.
- Determine whether management had taken corrective actions for findings included in our report No. 2020-005.
- Identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

This audit was designed to identify, for those areas included within the scope of the audit, weaknesses in management's internal controls significant to our audit objectives; instances of noncompliance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines; and instances of inefficient or ineffective operational policies, procedures, or practices. The focus of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management. Professional judgment has been used in determining significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

As described in more detail below, for those programs, activities, and functions included within the scope of our audit, our audit work included, but was not limited to, communicating to management and those charged with governance the scope, objectives, timing, overall methodology, and reporting of our audit; obtaining an understanding of the program, activity, or function; identifying and evaluating internal controls significant to our audit objectives; exercising professional judgment in considering significance and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable assurance of the overall sufficiency and appropriateness of the evidence gathered in support of our audit findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

Our audit included transactions, as well as events and conditions, occurring during the audit period of January 2020 through December 2020 and selected University actions taken prior and subsequent thereto. Unless otherwise indicated in this report, these records and transactions were not selected with the intent of statistically projecting the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

An audit by its nature does not include a review of all records and actions of management, staff, and vendors and, as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, waste, abuse, or inefficiency.

In conducting our audit, we:

- Reviewed applicable laws, rules, University policies and procedures, and other guidelines, and interviewed University personnel to obtain an understanding of applicable processes and administrative activities.

- Reviewed University information technology (IT) policies and procedures to determine whether the policies and procedures addressed certain important IT control functions, such as security access, systems development and maintenance, user authentication, and disaster recovery.
- Evaluated University procedures for maintaining and reviewing employee access to IT data and resources. We examined access privileges to selected critical functions within the finance and human resources applications during the audit period for 30 of the 1,243 total users, respectively, to determine the appropriateness and necessity of the access privileges based on the selected users' job duties and user account functions and whether the access prevented the performance of incompatible duties. We also examined the administrator account access privileges granted and procedures for oversight of administrator accounts for the network, operating system, database, and application to determine whether these accounts had been appropriately assigned, managed, and monitored.
- Evaluated University procedures for protecting the sensitive personal information of students, including social security numbers. Specifically, we examined University records supporting the access privileges of the 250 employees who had access privileges to the sensitive personal information of current and former students during the audit period to evaluate the appropriateness of and necessity for the access privileges based on the employees' assigned job responsibilities.
- Evaluated Trustees security policies and University procedures for the audit period governing the classification, management, and protection of sensitive and confidential information.
- Evaluated the appropriateness of the University's comprehensive IT disaster recovery plan during the audit period and determined whether it had been recently tested.
- Reviewed operating system, database, network, and application security settings to determine whether authentication controls were configured and enforced in accordance with IT best practices.
- Determined whether a written, comprehensive IT risk assessment had been established for the audit period to document the University risk management and assessment processes and security controls intended to protect the confidentiality, integrity, and availability of data and IT resources.
- Determined whether a comprehensive IT security awareness and training program was in place for the audit period.
- Examined University records to determine whether the University had developed an anti-fraud policy and procedures for the audit period to provide guidance to employees for communicating known or suspected fraud to appropriate individuals. Also, we examined University records to determine whether the University had implemented appropriate and sufficient procedures to comply with its anti-fraud policy.
- From the population of 19,298 course sections offered during the audit period, examined University records supporting textbook adoptions offered during the audit period to determine whether the University textbook affordability procedures complied with Section 1004.085, Florida Statutes.
- Determined whether the University maintained a minimum carryforward balance of at least 7 percent of its State operating budget and prepared a spending plan for balances in excess of the 7 percent minimum balance as required by Section 1011.45, Florida Statutes.
- Examined University records to determine whether bank account reconciliations were timely prepared, reconciled, and approved.
- From the population of 425,913 electronic funds transfers (EFTs) and payments totaling \$785.7 million during the audit period, examined University records supporting 30 selected EFTs and payments totaling \$13.5 million to determine whether the EFTs and payments were adequately supported and properly authorized.

- Determined whether the Trustees established investment policies and procedures as required by Section 218.415, Florida Statutes, and whether University investments during the audit period complied with those policies and procedures. Also, determined whether investment income was properly allocated to the funds that generated the income.
- Examined University records to determine if investment accounts maintained during our audit period, were timely reconciled to financial institution records and if statutorily required investment information was presented timely to the Trustees.
- Examined University records to determine whether student receivables were properly authorized, adequately documented, and properly recorded. Specifically, from the population of 56,513 student receivables totaling \$176.4 million as of December 31, 2020, examined documentation relating to 30 selected student receivables totaling \$473,250.
- Examined University records to determine whether the 852 uncollectible accounts receivable totaling \$736,600 and written off during the audit period were properly approved.
- Examined University records to determine whether accountability over the 849 and 518 property assignments to 632 employees and 276 students, respectively, was appropriate and in accordance with University policies and procedures and good business practices. Specifically, we selected for examination University records supporting 62 property items assigned to employees, including records for 25 selected items assigned to 18 employees who subsequently separated from University employment, and records for 94 selected property items loaned to 30 students.
- Analyzed payments from tuition differential fees collected during the audit period to determine whether the University assessed and used tuition differential fees in compliance with Section 1009.24(16)(a), Florida Statutes.
- From the population of 66,750 and 19,734 students enrolled in credit and non-credit courses, respectively, examined University records for 30 selected students to determine whether student tuition and fees totaling \$53,492 were accurately calculated, properly assessed, paid, and correctly recorded in accordance with University policies and Board of Governors regulations.
- From the population of 2,533 distance learning courses with fee revenue totaling \$223,140 during the audit period, examined University records supporting 30 selected distance learning courses with distance learning fee revenue totaling \$2,220 to determine whether distance learning fees were assessed, collected, and separately accounted for in accordance with Section 1009.24(17), Florida Statutes.
- Examined University records to determine whether the University intercollegiate athletic programs were self-supporting.
- From the population of compensation payments totaling \$552.3 million made to 13,958 employees during the audit period, selected payments totaling \$308,040 made to 30 employees and examined the related payroll and personnel records to determine the accuracy of the rate of pay, the validity of employment contracts, whether the employees met the required qualifications, whether performance evaluations were completed, the accuracy of leave records, and whether supervisory personnel reviewed and approved employee reports of time worked.
- From the population of 41 employment contracts with severance pay provisions, examined 18 employee contracts to determine whether the provisions complied with Section 215.425(4)(a), Florida Statutes. In addition, from the population of 58 employees who received severance pay totaling \$548,371 during the audit period, we examined University records for 22 selected employees paid severance pay totaling \$346,078 to determine whether the severance pay complied with State laws and University policies.
- Evaluated University policies and procedures for obtaining personnel background screenings to determine compliance with Section 1012.915, Florida Statutes.

- Examined University records to determine whether selected expenses were reasonable, correctly recorded, adequately documented, for a valid University purpose, properly authorized and approved, and in compliance with applicable laws, rules, contract terms, and University policies; and whether applicable vendors were properly selected. Specifically, from the population of expenses totaling \$143.3 million for the audit period, we examined University records supporting:
 - 30 selected payments for general expenses totaling \$4.3 million.
 - 30 selected payments for contractual services totaling \$3.7 million.
 - 30 selected payments for unexpended plant expenses totaling \$9.4 million.
- Examined purchasing card (P-card) records for 20 of the 42 cardholders who separated from University employment during the audit period to determine whether the University timely canceled the cardholders' P-cards.
- Examined University records supporting the payments totaling \$11.7 million, made during the audit period, from the University to its direct-support organizations (DSOs) to determine whether the transactions were as described in Section 1004.28(1)(a)2. and (2), Florida Statutes.
- Examined University records to determine whether the Trustees had prescribed by regulation, pursuant to Section 1004.28(2)(b), Florida Statutes, the conditions with which the DSOs must comply in order to use University property, facilities, and personal services and whether the Trustees documented consideration and approval of anticipated property, facilities, and personal services provided to the DSOs and the related costs.
- Reviewed University policies and procedures related to identifying potential conflicts of interest. We also reviewed Department of State, Division of Corporations, records; statements of financial interest; and University records to identify any potential relationships that represented a conflict of interest with vendors used by the University.
- From the population of nine major construction projects in progress during the audit period with audit period expenses totaling \$18.5 million, selected payments totaling \$18.2 million for four major construction projects and examined University records to determine whether the University's process for selecting design professionals and construction managers complied with State law; the selection process of subcontractors was adequately monitored; the Trustees had adopted a policy establishing minimum insurance coverage requirements for design professionals; design professionals provided evidence of required insurance; construction funding sources were appropriate; and payments were made in accordance with contract terms and conditions, University policies and procedures, and provisions of applicable State laws and rules.
- From the population of expenses totaling \$71.2 million during the audit period from student user fees, determined whether the use of athletics, financial aid, health, and student activities fees complied with applicable State laws, Board of Governor regulations, and University policies.
- From the population of 267 non-Federal grants totaling \$29.8 million during the audit period, examined University records for 10 selected non-Federal grants totaling \$5.9 million to determine whether payments were made in accordance with grant terms and conditions.
- Determined whether the process for selecting collection agencies was appropriate.
- Determined whether the University had an approved ethics policy that prohibited the receipt of gifts from vendors.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.

- Prepared and submitted for management response the findings and recommendations that are included in this report and which describe the matters requiring corrective actions. Management's response is included in this report under the heading **MANAGEMENT'S RESPONSE**.

AUTHORITY

Section 11.45, Florida Statutes, requires that the Auditor General conduct an operational audit of each University on a periodic basis. Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is fluid and cursive, with the first name "Sherrill" and last name "Norman" clearly legible, and "F." as a middle initial.

Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE



OFFICE OF FINANCE & ADMINISTRATION

March 16, 2022

Sherrill F. Norman, CPA
Auditor General
State of Florida
Claude Denson Pepper Building G74
111 West Madison Street
Tallahassee, FL 32399-1450

Dear Ms. Norman,

Enclosed are Florida International University's responses to the preliminary and tentative findings and recommendations for the Operational Audit of Florida International University for the calendar year ended December 31, 2020. The University will implement the recommendations identified during the audit in accordance with the enclosed schedule of responses.

We appreciate the thoroughness and professionalism of your staff in completing the operational audit. The resulting recommendations will assist FIU in improving our operations and safeguarding our resources.

If you have any questions or need additional information, please do not hesitate to contact me at amartin@fiu.edu or 305-348-2101 at your convenience.

Sincerely,

A handwritten signature in blue ink, appearing to read "Aime Martinez", with a stylized flourish at the end.

Aime Martinez, CPA
Interim Chief Financial Officer and Vice President for Finance and Administration

cc: Kenneth A. Jessell, Ph.D., Interim President
Elizabeth M. Bejar, Ph.D., Interim Provost, Executive Vice President, and COO

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FLORIDA INTERNATIONAL UNIVERSITY
Responses to Preliminary and Tentative Findings
Operational Audit – Calendar Year 2020

Finding 1: Bank Account Reconciliations

Recommendation: University procedures should be enhanced to ensure that University personnel document timely reconciliations of bank account balances to general ledger control accounts and supervisory review and approval of the reconciliations. To promote the timely bank account reconciliations, supervisors should encourage use of available online account information.

The university concurs with this recommendation. The university recognizes the importance of maintaining adequate procedures for the timely reconciliation of bank account balances to the general ledger and has adopted internal practices and processes to ensure the accuracy and completeness of bank transactions and reconciliations. In addition, for banking related operations and transactions, FIU has always maintained segregation of duties between the Controller's and Treasury Offices as an internal control to prevent fraud.

Notwithstanding established practices and procedures, there were significant factors during Fiscal Year 2020 that caused delays in the completion of bank reconciliations selected during the period audited:

- There were challenges experienced during the transition to a remote work environment as a result of the COVID-19 pandemic. During this period, as staff turnover occurred, recruiting and training of new staff in the remote environment was slower than normal. Additionally, the limited staff resources available were shifted to focus on concurrent major projects and priorities, such as the university's transition of banking partners and fiscal year-end preparations.
- At the time, the bank reconciliation team consisted of four staff positions, yet due to staff turnover, the workload was managed between two staff positions, one of which was a new employee under remote environment training. The preparation of bank reconciliations and review was strategically assigned to available staff to ensure the high activity, higher risk bank accounts were prioritized for timely completion. Consequently, the untimely reconciliations noted in the audit pertained to the low activity, minimal risk bank accounts.
- There was one bank account for which online access had not been created previously for staff to access bank statements; therefore, paper statements were

being delivered to an incorrect office location causing delays in obtaining the statements for reconciliation purposes.

While unforeseen circumstances may cause unusual delays in the reconciliation process, the University will continue enhancing its practices and procedures by implementing the following measures:

- Internal manuals, training guides and/or procedure documents will be updated to require clearly documenting the initial preparation and review dates of the bank account reconciliations which must be within the 45-day time period from the month end.
- Online access to all bank accounts by appropriate staff and supervisors has been established to avoid delays in obtaining bank statements and other bank activity information needed for timely completion of reconciliations.

Finding 2: Tangible Personal Property Assignments

Recommendation: The University should enhance accountability over tangible personal property assignments to ensure that University-established procedures are followed. Such enhancements should include appropriate training to ensure that property records properly identify who is assigned the property items and that students complete the online request form to establish and authorize the property assignments. The enhanced accountability should also ensure that property items are returned by employees before they separate from University employment and by students at the end of the current term, unless the students request and obtain approval to use the property for an additional term.

The university concurs with this recommendation. All items noted in the finding have been accounted for, and equipment returned during an employee's separation has been collected and documented.

As a result of the audit process, departmental policies and procedures have been implemented in accordance with the existing university policies and procedures such as Policy 1710.280 Separation from Employment, and Policy 1710.125 Exit Reviews, that were established to ensure proper retrieval of university assets at separation and the university's property manual that direct departments to catalog their attractive property and mark them as university property.

Departments will ensure that all property assignment records are updated promptly at the time of check out, the property assignments are documented correctly, and devices

are returned before separation. Departments have been working with various areas such as their respective Human Resource, Technology Support, and Supervisors to assess, prepare, and conduct enhanced training and ensure all devices are documented and returned timely. Also, existing property assignment records have been reconciled to ensure all documentation is accurate.

For student employees, a secondary review of the Panther IDs entered on check-out forms will be performed to ensure this matches the person that is receiving the device. At separation, a form is signed by the supervisor to ensure equipment checked out to student employees is collected at separation.

In addition, the University Libraries took steps to enhance the accountability over tangible property assignments under their purview. They completed migration to the new Integrated Library System (ALMA) in July 2021, which maintains records at the device/item level and provides linkage to the student record. Then as of the Fall 2022 semester, they returned to pre-pandemic circulation periods for laptops and tech devices. This means that most devices circulate for 4-hour periods and automatic extensions, as was the case during the pandemic when most of the instruction was delivered remotely, are not granted.

In the case of overdue, lost, or damaged items, the associated charges are transferred to PantherSoft Financials. This setup incentivizes students to return the borrowed devices, otherwise, they are prevented from registering for a future term, or from receiving their diploma if they are graduating.

Regarding the online request form referenced, this form did not exist prior to the pandemic in March 2020. It was created solely as a reservation system in consultation with Academic Support Services to facilitate getting the very limited number of available laptops into the hands of students with the greatest need. As the demand eased and with the return to shorter circulation periods, the Libraries returned to the pre-pandemic practice of first-come, first-served for the pool of laptops that circulate for 4-hour periods. Students wishing to check out a 4-hour laptop present their FIU OneCard at the Circulation Desk, and the transactions are entered in ALMA. For semester-long laptop loans, students are required to complete an online form, the due date is set to the end of the semester, and no automatic extensions are granted.

All departments noted in the finding will be in full compliance by July 31, 2022.

Finding 3: Information Technology User Access Privileges – Student Information

Recommendation: To ensure access to personal information of former students is properly safeguarded, the University should ensure that employees are restricted from accessing this information unless such access is required for their assigned duties.

The university concurs with this recommendation. Oracle PeopleSoft provides certain data security policies that can apply full, partial, or no masking to sensitive data fields, depending on the security roles of the operator. These security policies are applied globally to predefined sensitive fields on a page, regardless of what data they display. In other words, Oracle/PeopleSoft does not take into consideration whether the data being displayed in a standalone field belongs to a former student or not before applying its masking rule. Nevertheless, FIU is working with Oracle to determine if there are any alternative ways to perform conditional masking based on relationship to institution (or a definition-based population) and will review whatever potential solution Oracle recommends. In addition, FIU has reached out to other SUS universities that use Oracle/PeopleSoft to inquire about their experience with restricting data for former students.

We reiterate, we have implemented, based on Audit General recommendations, a formal process to request, review, approve and audit access to SSN data, both partial and full SSNs. This functionality provides FIU with greater insight and security, and has greatly reduced our overall risk by only providing this access to persons with justification to effectively and efficiently fulfill their operational process(es). FIU will continue to investigate if other third-party software could have this capability and potentially implement a solution should one become available. We will need until June 30, 2022 to complete a more comprehensive investigation with the vendor (Oracle/PeopleSoft) and research other options that may assist in implementing the audit's recommendations. If the vendor cannot provide a holistic solution and FIU cannot find an alternative way to provide the layer of security recommended by the end of June, FIU will update the approval process to verify if an individual needs access to current and former student SSNs, verify that the requestor's job description requires access to the full SSN view and notify the individuals with access that they are only allowed to view current student SSNs.