

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND AUDIT COMMITTEE

THURSDAY, 13 MARCH 2008
8:30 A.M.
FLORIDA INTERNATIONAL UNIVERSITY
UNIVERSITY PARK CAMPUS
GRAHAM CENTER 243
MIAMI, FL

MEMBERSHIP

KIRK LANDON, *CHAIR*
MIRIAM LÓPEZ, *VICE CHAIR*
BETSY ATKINS
BRUCE HAUPTLI
ALBERT MAURY
NOEL GUILLAMA-ALVAREZ, FOUNDATION BOARD OF DIRECTORS

AGENDA

- | | |
|---|-----------------------------|
| I. CALL TO ORDER | KIRK LANDON |
| II. APPROVAL OF MINUTES | KIRK LANDON |
| III. CHAIR'S REMARKS | KIRK LANDON |
| IV. FOLLOW-UP TO ITEMS FROM PREVIOUS MEETINGS | KIRK LANDON |
| V. ITEMS FOR COMMITTEE REVIEW | KIRK LANDON |
| A. ACTION ITEMS | |
| 1. APPROVAL OF FIU ATHLETICS FINANCE CORP. LINE OF CREDIT TO SUPPORT TEMPORARY CASH FLOW NEEDS RELATING TO FIU STADIUM CONSTRUCTION | VIVIAN A. SANCHEZ |
| 2. UNIVERSITY INVESTMENT POLICY STATEMENT | VIVIAN A. SANCHEZ |
| 3. CAPITAL IMPROVEMENT FEE PROJECT LIST | ROSA JONES
CHARLES SCURR |
| B. REPORTS (<i>FOR DISCUSSION - NO ACTION REQUIRED</i>) | |
| 4. OFFICE OF INTERNAL AUDIT REPORT | PYONG CHO
MANUEL SANCHEZ |

- | | |
|---|---------------------------|
| 5. SPONSORED RESEARCH REPORT | GEORGE WALKER |
| 6. CFO & ADMINISTRATION UPDATE | VIVIAN A. SANCHEZ |
| a. FINANCIAL PERFORMANCE UPDATE | |
| FINANCIAL STATEMENTS | |
| STATE BUDGET REDUCTION UPDATE | |
| BUDGET VARIANCE ANALYSIS - SECOND | |
| QUARTER 2007 | |
| b. INFORMATION TECHNOLOGY | |
| c. FACILITIES & CONSTRUCTION | |
| d. BUSINESS SERVICES | |
| 7. AUDIT UPDATE | JAMES BOND |
| C. REPORTS (<i>FOR INFORMATION ONLY</i>) | |
| 8. ATHLETICS UPDATE & WORKGROUP REPORT | PETE GARCIA |
| 9. FOUNDATION REPORT | NOEL GUILLAMA-
ALVAREZ |
| 10. TREASURY REPORT – UNIVERSITY INVESTMENT
COMMITTEE | JOHN M. MILLER |
| 11. ENVIRONMENTAL – REGULATORY & COMPLIANCE | JENNIFER MWASELA |
| 12. UNIVERSITY COMPLIANCE REPORT | LEYDA BENITEZ |
| VI. OTHER BUSINESS | KIRK LONDON |
| OFFICE OF INTERNAL AUDIT DISCUSSION OF AUDIT
PROCESSES | |
| VII. ADJOURNMENT | KIRK LONDON |

NEXT FINANCE AND AUDIT COMMITTEE MEETING
IS SCHEDULED FOR
JUNE 26, 2008

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

13 MARCH 2008

SUBJECT: FINANCE AND AUDIT COMMITTEE MEETING MINUTES, 15 NOVEMBER 2007

PROPOSED COMMITTEE ACTION:

Adopt the following Resolution:

RESOLVED that the minutes of the meeting of the Florida International University Board of Trustees' Finance and Audit Committee held on 15 November 2007, attached to this Resolution as Exhibit "A," are hereby approved.

EXHIBITS/SUPPORTING DOCUMENTS:

- EXHIBIT "A": 15 NOVEMBER 2007
FINANCE AND AUDIT COMMITTEE
MEETING MINUTES.

FACILITATOR/PRESENTER:

- COMMITTEE CHAIR KIRK LANDON

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**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES**



**FINANCE AND AUDIT COMMITTEE
MINUTES
15 NOVEMBER 2007**

I. Call to Order

The Florida International University Board of Trustees' Finance and Audit Committee meeting was called to order by Committee Chair Kirk Landon at 8:32 am on Thursday, 15 November 2007, in the University Park Graham Center Ballrooms, Miami, Florida.

The following attendance was recorded:

Present

Kirk Landon, *Chair*
Armando Guerra
Bruce Hauptli
Albert Maury

Excused

Miriam López, *Vice Chair*

Trustees Albert Dotson and Marbely Hernandez were also in attendance.

II. Approval of Minutes

Committee Chair Kirk Landon asked if there were any additions or corrections to the minutes of the 6 September 2007, Finance and Audit Committee meeting. Hearing none, the Committee adopted the following:

RESOLVED that the minutes of the meeting of the Finance and Audit Committee, held on 6 September 2007, and attached to this Resolution as Exhibit "A," are hereby approved.

III. Chair's Remarks

Committee Chair Landon welcomed Trustees and staff to the meeting and thanked them for their service and hard work. He also welcomed FIU Foundation Director Noel Guillama-Alvarez to the meeting.

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Committee Chair Landon recognized three individuals from the University's housing and custodial staff and thanked them for their quick responses and actions during a recent housing emergency. He noted that because of their hard work and dedication, the impact of the emergency was contained, ensuring the safety of the students.

IV. Follow-up to Items from Previous Meetings

Committee Chair Landon noted that he met with Vice President for External Relations Sandra Gonzalez-Levy to discuss initiatives in reaching out to past donors and requested she provide a report detailing these efforts to the Committee on an annual basis.

V. Items for Committee Review

A. Action Item

1. FIU Faculty Practice Plan

a. Bylaws

Founding Dean and Senior VP for Medical Affairs John Rock presented the FIU Faculty Practice Plan Bylaws and Bank Accounts for Committee review, noting that in order to undertake the faculty practice activities, the Board was asked to establish the Florida International University College of Medicine Health Care Network Faculty Group Practice.

After discussion, the Committee recommended the following Resolution for Board approval:

WHEREAS, in order to provide educationally oriented clinical practice settings and opportunities that are essential in the training of medical students; and

WHEREAS, these clinical practice activities by faculty generate income through fees collected and these fees must be regulated and processes developed for the orderly collection and distribution of such fees; and

WHEREAS, Florida universities, pursuant to Board of Regents Rule 6C-9.017 adopted by the Board of Governors in January, 2003, have been authorized to establish not-for-profit corporations for the handling of such fees; and

WHEREAS, the Florida International University College of Medicine Health Care Network Faculty Group Practice meets all of the requirements set forth in Rule 6C-9.017 for a Faculty Practice Plan;

NOW, THEREFORE, BE IT RESOLVED, that the Florida International University Board of Trustees hereby (i) approves the formation of the Florida International University College of Medicine Health Care Network Faculty Group Practice (the "Corporation"); (ii) approves the Bylaws of the Corporation, in the form attached as Exhibit "B"; and (iii) instructs the President to submit the Bylaws for approval at the next regularly scheduled Board of

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Governors meeting and to take all steps necessary to carry out the purpose of this Resolution.

Dean Rock presented the FIU College of Medicine Health Care Network Faculty Group Practice Bank Account for Committee review, noting that Bank of America was designated as the depository at which the not-for-profit corporation (the Florida International University College of Medicine Health Care Network Faculty Group Practice) may deposit the Corporation's funds.

After discussion, the Committee recommended the following Resolution for Board approval:

WHEREAS, the Florida International University College of Medicine Health Care Network Faculty Group Practice (the "Corporation") must designate the depositories at which its funds may be deposited and the signatories for accounts;

THEREFORE BE IT RESOLVED, that the following banking institution is hereby designated as the depository for the Corporation's funds;

- Bank of America, a national banking association located in Miami, Florida ("Bank"); and

BE IT FURTHER RESOLVED, that the Senior Vice President for Medical Affairs and Dean of the College of Medicine, the Chief Financial Officer, and their respective designees, are each individually authorized to take all actions necessary to open or close bank accounts at the designated depository; and

BE IT FURTHER RESOLVED, that any of the following persons are authorized to sign any and all checks, drafts and orders against any funds or accounts at any time of the Corporation at the Bank of America within the limits established by the Board of Trustees and the University President. However, all expenditures authorizations, regardless of type of transaction, will require the approval of any two of the individuals listed below, one of which shall be a University officer.

- Provost
- University Chief Financial Officer
- Executive Associate Dean of Finance and Administration for the University's College of Medicine
- President of the Board of the Corporation
- Assistant Vice President of Support Organizations

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2. University Tuition Fees Schedule Regulation FIU-1101 – Amendment Spring 2007-2008

CFO and Sr. Vice President for Administration Vivian Sanchez presented the revised University Tuition Fees Schedule Regulation FIU-1101 for Committee review, noting that the increase was necessitated as a result of the 27 September 2007 Board of Governors Meeting, where the Florida Board of Governors voted to raise Undergraduate Tuition effective Spring 2008, by five percent (5%).

Committee Chair Landon inquired as to how the proposed raise in Undergraduate Tuition was communicated to the student body. VP for Student Affairs and Undergraduate Education Rosa Jones noted that the proposed raise in Undergraduate Tuition was communicated to the student body in a series of articles in the University's periodical, the Beacon, as well as part of ongoing dialogue with the Student Government Association.

Trustee Marbely Hernandez noted that students valued the current services available to them and felt that the increase was well justified.

After discussion, the Committee recommended the following Resolution for Board approval:

WHEREAS, the Florida International University Board of Trustees (the BOT) is authorized to set tuition and fees for the University within the limits provided by law; and

WHEREAS, at the September 27, 2007 Board of Governors Meeting, the Florida Board of Governors voted to raise Undergraduate Tuition effective Spring 2008, by five percent (5%); and

AND WHEREAS, the Legislature has required that by November 21, 2007, each state university must submit a plan to the Board of Governors "specifying the amount and percent of the funds generated by the 5-percent tuition increase in the Spring 2008 term which will be used for need-based financial aid for Florida residents";

THEREFORE, BE IT RESOLVED, that the BOT approves the revised Tuition Fees Schedule FIU-1101 regulation attached as Exhibit "C" which reflects the increase in the Spring 2008 tuition and fees; and

BE IT FURTHER RESOLVED, that the BOT delegates authority to the University President to forward the Regulation to the Board of Governors for approval and to approve any subsequent amendments that are based on comments to the Regulation received from the Board of Governors and as a result of the regulation-making process; and

BE IT FURTHER RESOLVED, that the President report to the BOT at its next regularly scheduled meeting on any substantive change requested or made to the Regulation as a result of comments received from the Board of Governors and the regulation-making process; and

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BE IT FURTHER RESOLVED, that the BOT delegates authority to the University President to submit the Plan related to the need-based financial aid for Florida residents attached as Exhibit "D" to the Board of Governors for approval and to approve any subsequent amendments that are based on comments to the Plan received from the Board of Governors, and to report to the BOT at its next regularly scheduled meeting.

3. University Internal Audit Plan, 2007-2008

The University's Internal Audit Manager Manuel Sanchez presented the University Internal Audit Plan for 2007-2008 for Committee review and approval, noting that the Audit Plan included investigations, follow-ups and areas that were identified as a result of the risk assessment process.

After discussion, the Committee adopted the following Resolution:

WHEREAS, the Operating Procedures of the Florida International University Board of Trustees' (the BOT) Finance and Audit Committee Charter (the Charter) provides that the Committee shall review and approve the Office of Internal Audit's annual audit plan, as attached to this Resolution as Exhibit "E";

THEREFORE BE IT RESOLVED that the Florida International University Finance and Audit Committee adopt the 2007-2008 University Internal Audit Plan for the fiscal year ending June 30, 2008.

4. Florida International University Direct Support Organizations Financial Audits, 2006-2007

a. FIU Foundation Inc. Financial Audit 2006-2007

FIU Foundation Inc. Board of Directors Treasurer and Chair of the Finance and Audit Committee Noel Guillama-Alvarez presented the 2006-2007 Financial Audit for the FIU Foundation, Inc., noting that the results of the audit disclosed no instances of non-compliance or other matters that were required to be reported. He added that the FIU Foundation, Inc. Board of Directors approved the 2006-2007 Financial Audit on 25 October 2007.

After discussion, the Committee recommended the following Resolution for Board approval:

WHEREAS, pursuant to the Florida Administrative Code Section 6C8-6.100 (6), the Florida International University Foundation, Inc. (FIU Foundation, Inc.) must submit an independently conducted financial audit of its accounts and records, which has been approved by its governing board and recommended by the University President to the Florida International University Board of Trustees (the BOT) for review and approval; and

WHEREAS, the FIU Foundation, Inc. Board of Directors has approved the FIU Foundation, Inc. Financial Audit for 2006-2007 on 25 October 2007, attached hereto as Exhibit "F," and the University President is recommending its approval;

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THEREFORE, BE IT RESOLVED, that the BOT hereby approves the attached FIU Foundation, Inc. Financial Audit for 2006-2007 and authorizes the Executive Director of the FIU Foundation, Inc. to take all actions necessary pertaining to this Financial Audit, including filing the report with the Auditor General.

b. FIU Research Foundation, Inc. Financial Audit, 2006-2007

c. FIU Athletics Finance Corporation, Financial Audit, 2006-2007

Assistant VP FIU Foundation Inc. and Direct Support Organizations Aime Martinez presented the 2006-2007 Financial Audits for the FIU Research Foundation, Inc. and for the FIU Athletics Finance Corporation, noting that the audits disclosed no instances of non-compliance or other matters that were required to be reported and were subject to respective Board approval.

After discussion, the Committee recommended the following Resolution for Board approval:

WHEREAS, pursuant to the Florida Administrative Code Section 6C8-6.100 (6), the Florida International University Research Foundation, Inc. (FIU Research Foundation, Inc.) must submit an independently conducted financial audit of its accounts and records, which has been approved by its governing board and recommended by the University President to the Florida International University Board of Trustees (the BOT) for review and approval; and

WHEREAS, the FIU Research Foundation, Inc. Financial Audit for 2006-2007, attached hereto as Exhibit "G," has been submitted and the University President is recommending its approval, pending the approval of the FIU Research Foundation, Inc. Board of Directors;

THEREFORE, BE IT RESOLVED, that the BOT hereby approves the attached FIU Research Foundation, Inc. Financial Audit for 2006-2007 and authorizes the Executive Director of the FIU Research Foundation, Inc. to take all actions necessary pertaining to this Financial Audit, including filing the report with the Auditor General.

After discussion, the Committee recommended the following Resolution for Board approval:

WHEREAS, pursuant to the Florida Administrative Code Section 6C8-6.100 (6), the Florida International University Athletics Finance Corporation (FIU Athletics Finance Corp.) must submit an independently conducted financial audit of its accounts and records, which has been approved by its governing board and recommended by the University President to the Florida International University Board of Trustees (the BOT) for review and approval; and

WHEREAS, the FIU Athletics Finance Corp. Financial Audit for 2006-2007, attached hereto as Exhibit "H," has been submitted and the University President is recommending its approval, pending the approval of the FIU Athletics Finance Corp. Board of Directors;

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THEREFORE, BE IT RESOLVED, that the BOT hereby approves the attached FIU Athletics Finance Corp. Financial Audit for 2006-2007 and authorizes the Executive Director of the FIU Athletics Finance Corp. to take all actions necessary pertaining to this Financial Audit, including filing the report with the Auditor General.

Reports

5. Office of Internal Audit Report

University Internal Audit Manager Manuel Sanchez presented the Office of Internal Audit Report, providing updates on ongoing audits.

6. CFO Update and Administration Update

CFO Sanchez provided a University-wide budget summary. She noted that the Conference Committee on Higher Education finalized the proposed budget reductions on 5 October 2007 and provided an update on the budget reduction implications to the University.

7. Athletics Update

Athletic Director Pete Garcia presented an Athletics Update, focusing on fundraising efforts.

8, 9 and 11. Reports

Committee Chair Landon requested that the Foundation Report, the Treasury Report and the University Compliance Report provided in the agendas be accepted as written. There were no objections.

10. Environmental – Regulatory & Compliance

Associate VP for Risk Management & Environmental Health & Safety Jennifer Mwaisela presented the Environmental – Regulatory & Compliance Report, providing an update on the status of the fire safety concerns, which resulted from the 2007 Operational Audit.

VI. Other Business

The Finance and Audit Committee met with the University's senior management as mandated by the Committee's charter.

VII. Adjournment

With no other business, Committee Chair Landon adjourned the meeting at 10:18 am.

<i>Trustee Requests</i>	<i>Follow-up</i>	<i>Completion Date</i>
1. <i>Committee Chair Landon requested that the University research and analyze best practices for Faculty Practice Plans from other like Institutions.</i>	<i>Provost Berkman/ Dr. John Rock</i>	<i>March 2008</i>

Exhibit "A"

DRAFT

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2.	<i>Committee Chair Landon requested that the University identify the top ten (10) risks to the University and its reputation and assign someone to be in charge of each identified risk.</i>	<i>Cristina Mendoza/ Internal Audit Director</i>	<i>March 2008</i>
3.	<i>Committee Chair Landon requested that at the next regularly scheduled Finance and Audit Committee Meeting the Finance and Audit Committee meet separately with the University's Internal Audit Director.</i>		<i>March 2008</i>
4.	<i>Committee Chair Landon requested the University develop a plan on how and whom should perform operational audits.</i>	<i>Cristina Mendoza</i>	<i>March 2008</i>

Exhibits attached: "A," "B," "C," "D," "E," "F," "G," & "H"

*MB
11.26.07*

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

13 MARCH 2008

**SUBJECT: APPROVAL OF FIU ATHLETICS FINANCE CORP. LINE OF CREDIT TO
SUPPORT TEMPORARY CASH FLOW NEEDS RELATING TO FIU STADIUM
CONSTRUCTION**

PROPOSED COMMITTEE ACTION:

Recommend Board Adoption of the following Resolution:

WHEREAS, in April 2007, the FIU Athletics Finance Corporation (the “Corporation”), a direct-support organization of Florida International University (“University”), issued \$35 million in Capital Improvement Revenue Bonds to finance the construction of the FIU Football Stadium; and

WHEREAS, pursuant to the trust indenture and other bond documents, certain bond proceeds were placed into a fund for construction progress payments and the remaining funds were invested in the State Board of Administration Local Government Investment Program (“SBA”) to be withdrawn as construction progress payments became due; and

WHEREAS, the SBA program has managed over \$20 billion in governmental funds and for decades has served as a high-quality, low-cost vehicle for local governments and schools to invest surplus funds and short-term cash, and obtain competitive returns therefrom; and

WHEREAS, during late November, 2007, as a result of investor anxieties relating to the sub-prime mortgage market and other investment concerns, the SBA experienced tumultuous record activity as SBA participants withdrew 27% of the total assets invested in the pool in two days, causing the SBA to close the pool and suspend withdrawals in order to protect investors, safeguard assets and restore liquidity; and

WHEREAS, although the University successfully withdrew its working capital investments from the SBA and requested the withdrawal of the Corporation’s investments, the SBA closed the pool before the Corporation’s withdrawals could be completed, and as a result, over \$18 million in FIU Stadium bond proceeds cannot currently be withdrawn from the SBA; and

WHEREAS, the high degree of uncertainty in connection with the timing of SBA withdrawals create a short-term risk that the construction draws may exceed available cash, thereby requiring the Corporation to explore additional sources of liquidity; and

WHEREAS, in order to provide additional sources of liquidity for SBA participants, the SBA selected Wachovia Bank, N.A. (“Wachovia”) to offer a loan program tailored to the needs of local governments and schools, and

WHEREAS, through the Wachovia SBA Investor Loan Program, Wachovia has offered a line of credit to the Corporation on favorable terms that do not require the Corporation (or the University) to pledge any collateral beyond that originally pledged as part of the Corporation’s April 2007 bond issuance; and

WHEREAS, the Corporation’s Board of Directors is scheduled to approve the terms of the Wachovia Commitment Letter, attached hereto as Exhibit “B,” and made a part hereof (“Wachovia Commitment Letter”) on March 6, 2008; and

WHEREAS, the University administration recommends, as being in the best interests of the Corporation and the University, that the Corporation obtain the line of credit in an amount not-to-exceed \$14.6 million, pursuant to the terms set forth in the Wachovia Commitment Letter;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Trustees of Florida International University (“the BOT”) that the BOT (i) approves the Wachovia Commitment Letter and authorizes the Chairperson of the Corporation to execute same; and (ii) delegates to the Chairperson of the Corporation the authority to execute any loan agreements and documents related thereto.

BE IT FURTHER RESOLVED that the Corporation shall utilize the Wachovia line of credit for the limited purpose of meeting the Corporation’s temporary SBA-related cash flow needs in the event that the Corporation is unable to withdraw SBA funds to cover the current obligations related to the FIU Stadium Expansion Project.

LEGAL AUTHORITY:

This resolution is adopted pursuant to and in accordance with Section 1010.62(9) of the Florida Statutes and the April 2006 Board of Governors Debt Management Policy Guidelines, which authorize state universities and their direct-support organizations to obtain lines of credit intended to be used for temporary cash flow needs.

EXHIBITS/SUPPORTING DOCUMENTS:

- EXHIBIT “B”: WACHOVIA COMMITMENT LETTER
- ATTACHMENT 1: SUMMARY OF SHORT-TERM LINE OF CREDIT FOR FIU ATHLETICS FINANCE CORPORATION
- ATTACHMENT 2: SBA INVESTOR LOAN PROGRAM

FACILITATOR/PRESENTER:

- VIVIAN A. SANCHEZ

February 29, 2008

Mr. John Miller
Treasurer
Florida International University
University Park 523
11200 SW 8th Street
Miami, Florida 33199

Dear Mr. Miller:

Wachovia Bank, National Association (the "Bank") is pleased to submit the commitment described below to the FIU Athletics Finance Corporation (the "Corporation") subject to the following terms and conditions.

Borrower:	FIU Athletics Finance Corporation (the "Corporation")
Amount:	Not to exceed \$14,600,000
Facility:	Non-Revolving Line of Credit
Purpose:	To provide interim funds to cover current obligations related to the Stadium Project in anticipation of the State Board of Administration lifting the limit on withdrawals of stadium Bond Proceeds invested by the Corporation in the A Pool of the Local Government Investment Pool (LGIP).
Term:	To mature 364 days from closing. Principal and Interest will be fully due and payable at maturity or upon earlier prepayment. Interest on the outstanding balance of the loan will be calculated on a 30/360-day basis.
Security:	The Loan will be secured by amounts deposited into the LGIP Withdrawals Fund and a subordinate lien on the Pledged Revenues as defined in the April 1, 2007 Indenture (the "LGIP Pledged Revenues")

Exhibit "B"

Interest Rate: **Taxable Variable Rate:** One Month LIBOR plus 35 basis points, adjusted monthly.

LIBOR is that rate as shown on the Telerate System, page 3750. The Initial Rate will be based on LIBOR two business days prior to closing. LIBOR will be reset monthly on the first day of the month based on LIBOR two business day prior to the first day of the month.

Prepayment: The loan may be prepaid at anytime without penalty and must be repaid when withdrawals are made form the LGIP A Pool.

Conditions

1. The Corporation, by official action, shall approve entering into this commitment and the loan facility described herein.
2. The Corporation covenants to withdraw the Stadium Project Construction funds of the Corporation held in the A Pool portion of the LGIP (i) on each date when amounts therein are permitted to be withdrawn without penalty, in an amount equal to the full amount permitted to be withdrawn without penalty (or, if less, the amount necessary to repay in full the principal and interest on all outstanding Advances) and (ii) five Business Days prior to maturity, in an amount equal to such principal and interest due.
3. The Corporation covenants to create and establish a special separate fund in to which it will deposit proceeds from LGIP Withdrawals immediately upon receipt and shall apply such proceeds within five Business Days to the repayment of amounts advanced under the Note together with interest accrued on the amount repaid. If no amounts are outstanding and unpaid under the Note, amounts remaining on deposit in the fund may be withdrawn by the Corporation and applied for other lawful purposes.
4. Loan documents relating to this facility shall be prepared by counsel for the Bank. Closing will be conditioned upon receipt by the Bank of a standard opinion from Bank counsel as to the due authorization and enforceability of the documents and as to tax-exemption under state and federal law, and an opinion of the issuer's attorney as to litigation and other matters. The loan documents and such opinions shall be in form and content acceptable to the Bank. Documents must be available for review at least 2 business days prior to closing. Bank Counsel will charge a fee of \$4,500.00. All costs relating to the preparation of documents, including the Bank counsel fees, will be paid by the Corporation (whether or not the transaction closes).
5. The Corporation may not issue any additional debt secured by any portion of the Pledged Revenues.
6. Advances will be limited to six per month and shall be in the minimum amount of \$50,000.00. At the time of each advance the Corporation will provide evidence

satisfactory to the Bank of the amount of the Corporation funds held in the A Pool of the LGIP. Advances shall not exceed the amounts available to the corporation in Pool A of the LGIP.

7. On an ongoing basis, the Corporation agrees that it shall deliver to the Bank printed copies of, no later than 210 days of each fiscal year end, a Comprehensive Annual Financial Report, and a Current Year Operating Budget and Capital Improvement Plan as soon as it is completed, and any other such information as reasonably requested by Bank.
8. If the Bank chooses to waive any covenant, paragraph, or provision of this Commitment, or if any covenant, paragraph, or provision of this Commitment is construed by a court of competent jurisdiction to be invalid, it shall not affect the applicability, validity or enforceability of the remaining covenants, paragraphs or provisions.
9. This Commitment shall remain in full force and effect through 3:00 p.m., local time, March 31, 2008 at which time, if not accepted by execution of the acceptance clause below and mailed to the Bank at its 200 S. Biscayne Blvd., 15th Floor, Miami, Florida 33131, office to my attention, this Commitment shall expire and shall not be enforceable by either the Bank or the Corporation unless extended by the Bank in writing. Unless extended by the Bank in writing, this facility must close on or prior to April 30, 2008, after which this commitment shall expire.
10. The preceding terms and conditions are not exhaustive. Any final documents will include other covenants, terms and closing conditions as are customarily required by the Bank for similar transactions, generally including but not limited to a Cross Default with other debt, Default Rate of Prime +2%, Events of Default, Acceleration upon Default and waiver of jury trial. This Commitment Letter shall not survive closing.
11. The Corporation represents and agrees that all information provided to the Bank is correct and complete. No material adverse change may occur in, nor may any adverse circumstance be discovered as to, the financial condition of the Corporation prior to closing. The Bank's obligations under this Commitment are conditioned on the fulfillment to the Bank's sole satisfaction of each term and condition referenced by this Commitment.
12. This Commitment supersedes all prior Commitments and proposals with respect to this transaction, whether written or oral, including any previous loan proposals made by the Bank or anyone acting within its authorization. No modification shall be valid unless in writing and signed by an authorized Officer of the Bank. This Commitment is not assignable and no entity other than the Corporation shall be entitled to rely on this Commitment.

Wachovia Bank, National Association appreciates the opportunity to submit this Commitment to you and looks forward to your favorable response. Should you have any questions, please do not hesitate to contact me at (305) 789-4824.

Exhibit "B"

Best Regards,

WACHOVIA BANK, NATIONAL ASSOCIATION

Lance Aylsworth
Vice President

ACCEPTANCE

The above Commitment is hereby accepted on the terms and conditions outlined therein by authority of the Governing Board of the Corporation:

Closing Date: _____

By: _____ Date: _____

Its: _____

Florida International University

Short Term Line of Credit for Athletics Finance Corporation

In April 2007, the Athletics Finance Corporation issued debt in the amount of \$35 million to be used to construct the FIU Football Stadium. The debt was issued through Regions Bank and its subsidiary Morgan Keegan and Company. Proceeds of the loan were placed by Regions Bank, as trustee, into a restricted project fund to be drawn to fund construction as progress payments were due. The balance in the project fund was invested in the State Board of Administration Local Government Investment Program (SBA). The SBA program historically has been a well respected investment option for Florida local governments and schools to invest their short term cash with competitive returns and low fees. In November, the total invested statewide in this program exceeded \$20 billion.

In November, the SBA investment program began to experience liquidity and credit issues related to investments by the program in sub-prime and other risky investment vehicles. The University became concerned about these issues and in late November withdrew its working capital investments from this program. Unfortunately, the request to withdraw the Athletics Finance Corp. investments was made but the SBA restricted withdrawals before the transaction could be completed.

The SBA plan for managing out of this crisis was to split the investments into two components, the high grade investments (Fund A) and the problematic investments (Fund B). The investments in Fund B included downgraded securities and securities with limited liquidity. Fund A investments totaled 85% of the program at the time of the split.

As a result, the Athletics Finance funds were restricted from withdrawal, potentially delaying funding of construction and possibly delaying the completion of the stadium. In November, the Athletics Finance Corp investment in the SBA totaled \$34.8 million. Subsequent liquidity to the investors has resulted in the balance as of February 13 dropping to \$18.2 million, with the balance, after construction draws being invested in a Regions Bank short term fund that invests only in US Government issued or backed securities. All but \$409,000 of SBA funds are in investments that mature by the end of calendar year 2008, with the \$409,000 in variable rate investments with maturities on various later dates. Total Athletics Finance investment as of February 13 are as follows:

SBA Fund A	\$14,624,536
SBA Fund B	3,593,942
<u>Regions Treasury Fund</u>	<u>9,640,302</u>
Total	\$27,858,780

Attachment 1

Current valuations at the SBA have most investments valued at par, with the total portfolio valued at 98.9% of cost. Interest continues to be paid with a current yield of about 3.5%.

Based on a schedule of maturities in the SBA program, we anticipate receiving cash out of the SBA throughout 2008, and are projecting the liquidity will cover the construction project draws.

Nevertheless, there is uncertainty of the timing of these withdrawals and the construction payments, so there is the possibility that draws may exceed available cash in the short run. In anticipation of issues such as this one, the State negotiated a loan program with Wachovia Bank to provide liquidity to investors in the program that are experiencing liquidity needs. The loan program provides borrowing up to the balance in Fund A or currently \$14.6 million. Based on that balance, administration is recommending a line of up to \$14.6 million. The cost of the line is modest legal fees estimated at \$4,500 and interest cost on any borrowings of LIBOR plus 0.35% or currently 3.57%.

Attached is a summary of the SBA Investor Loan Program and the commitment letter from Wachovia for this loan.

SBA Investor Loan Program

The Program

The SBA Investor Loan Program is designed to provide access to cash to those investors with funds currently held in the SBA Local Government Investment Pool who need access to those funds for operations, debt service payments, project funding, etc.

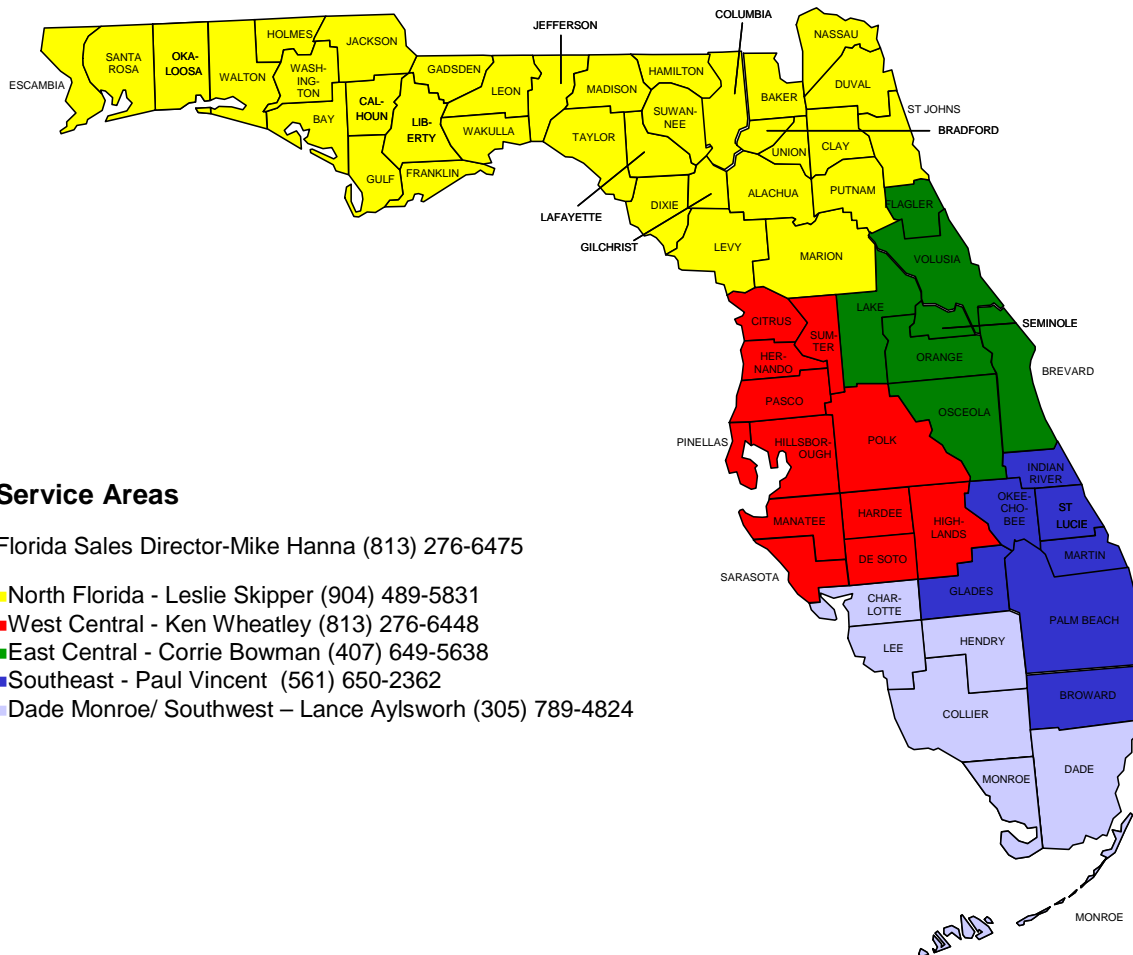
Terms and Eligibility

- Eligible borrowers will include all pool participants with the legal authority to borrow.
- Eligible borrowers may borrow up to 100% of their SBA LGIP pool “A” investment.
- Loans will be expected to be repaid as funds are withdrawn from the borrower’s SBA account. Borrowers will use all withdrawals or disbursements from the SBA LGIP to repay outstanding balances on the loan.
- The investor will provide a “Covenant to Budget and Appropriate” from legally available funds or a general obligation pledge (or other back-up security acceptable to the Bank) to back repayment in the event LGIP account balance(s) are not liquidated or liquidation proceeds are insufficient.
- The loan will be for an initial term of up to 364 days.
- Loans of \$1.0 million or more will be eligible for a conversion to a term loan 90 days in advance of maturity. Term loans would have a maturity of up to 10 years and be payable from a “Covenant to Budget and Appropriate” or general obligation pledge or other agreed upon repayment source. Conversion to a term beyond the expected term of the pool investment payout would require additional credit approval.
- Rates will vary based on whether the loan is tax-exempt, Bank Qualified (BQ) or Non-Bank Qualified (NBQ). It is expected most loans would be eligible to be issued as tax-exempt.
- Documentation would be streamlined, consisting of a resolution and note of the local government, closing certificate and opinion of borrower’s counsel as to borrowing authority.
- Credit approval will occur within 24-48 hours of receipt of an application in most cases.



- Most recent two years of CAFR's or equivalent.
- Verification of LGIP account balance(s).
- Other documents may be required based upon circumstances related to the individual borrower.

To apply or get more information on the SBA Investor Loan Program, please contact the **Wachovia Government Banking Relationship Manager in your market.**



Florida Sales Director-Mike Hanna (813) 276-6475

- North Florida - Leslie Skipper (904) 489-5831
- West Central - Ken Wheatley (813) 276-6448
- East Central - Corrie Bowman (407) 649-5638
- Southeast - Paul Vincent (561) 650-2362
- Dade Monroe/ Southwest – Lance Aylsworth (305) 789-4824

**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND AUDIT COMMITTEE MEETING**

13 MARCH 2008

SUBJECT: AMENDMENT TO THE INVESTMENT POLICY STATEMENT

PROPOSED COMMITTEE ACTION:

Recommend Board Adoption of the following Resolution:

WHEREAS, with the enactment of the Florida K-20 Education Code (Chapters 1000 through 1013, Florida Statutes), the Florida Legislature empowered The Florida International University Board of Trustees ("the BOT") with the powers previously held by the Florida State Board of Education; and

WHEREAS, Section 1011.42, Florida Statutes, consistent with the devolution of powers to individual local university boards, empowered the BOT with responsibility for management of the financial affairs of the University, including the acceptance, withdrawal and investment of University funds; and

WHEREAS, the BOT is an "institution" as defined in Section 1010.10, Florida Statutes (the "Act"); and

WHEREAS, the Act allows the University to invest its funds pursuant to a prudent investor standard and in accordance with all applicable laws, rules and regulations; and

WHEREAS, the University Investment Committee was created as an advisory committee and will take no action regarding University policies without adoption by the BOT; and

WHEREAS, the University's Investment Committee (the "Committee") has reviewed the proposed revisions to the Investment Policy Statement, attached as Exhibit "C", to allow the option to expand membership of the Committee to include up to two business community and other representatives that have specific expertise in investment and portfolio management, and that the need to expand membership of the Committee will be determined by the Chair of the Board of Trustees in consultation with the Chair of the Finance and Audit Committee and recommends the adoption of the revisions;

THEREFORE, BE IT RESOLVED that the BOT hereby approves the revised Investment Policy Statement attached to this Resolution as Exhibit "C."

EXHIBITS/SUPPORTING DOCUMENTS:

- EXHIBIT “C”: INVESTMENT POLICY STATEMENT

FACILITATOR/PRESENTER:

- VIVIAN A.. SANCHEZ

THE OPERATING FUNDS INVESTMENT POOL

OF

FLORIDA INTERNATIONAL UNIVERSITY

INVESTMENT POLICY STATEMENT

GOALS, POLICIES AND PROCEDURES

Adopted: June 29, 2005

Revisions: September 11, 2007

Revisions: March 14, 2008

Purpose and scope

This document will provide the framework for the investment management of Florida International University's operating funds investment pool (the "Fund"). Specifically, it will address:

- the general goals of the investment program
- the policies and procedures for the management of the Funds' assets
- investment guidelines (asset allocation)
- performance objectives

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

I. General Investment Goals and Objectives

The general investment goals are broad in nature to encompass the purpose of the Fund and its investments. They articulate the philosophy by which Florida International University Board of Trustees will manage the Fund's assets.

1. The overall goal of the Fund is to provide funds through a carefully planned and executed investment program necessary for regular expenses, capital expenditures and overall liquidity needs. There are both short term liquidity needs and longer term needs that allow for some incremental longer term growth of these assets. Specifically, the Fund's shall be managed with the following objectives:
 - a) Maintain the safety of the principal;
 - b) Maintain the necessary liquidity to ensure funds are available to support operational needs;
 - c) Obtain a reasonable return for a prudent level of risk
2. Florida International University seeks to produce a return on investment which is based on levels of operating liquidity needs and investment risk that are prudent and reasonable, given prevailing capital market conditions. While Florida International University recognizes the importance of the preservation of capital, it also adheres to the theory of capital market pricing which maintains that varying degrees of investment risk should be rewarded with compensating returns.

Policies and Procedures

Webster's Dictionary defines "policy" as a "plan or principle" and "procedure" as the "method" by which a task is accomplished. Together, the policies and procedures of the investment program guide its implementation and outline the specific responsibilities of the Board of Trustees (the "BOT"), the Investment Committee, and the internal staff for the Fund.

Therefore, it is the policy of Florida International University, that:

The investment of the assets of the Fund shall be based on a financial plan that will consider:

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

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

I. Governance

Board of Trustees (Audit and Finance Committee)

The Florida International University Board of Trustees is responsible for the oversight and approval of the overall investment policy of the operating portfolio. This oversight responsibility will include the final approval and any modifications to the Investment Policy of the University as written in the Investment Policy Statement (the "IPS"). This policy addresses specifics relating to:

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

Investment Committee

The Investment Committee recognizes that matters concerning the investment of the operating fund assets owned by the University merit serious attention and frequent consideration.

1. The Investment committee, at a minimum, will consist of: an individual designated by the Board of Trustees; the Chief Financial Officer of the

University; the Treasurer of the University; and a representative from University academics. In addition, up to two business community and other representatives with specific expertise in investment and portfolio management may be added to strengthen the Committee's capabilities. The need for adding members will be determined by the Chair of the Board of Trustees in consultation with the Chair of the Finance and Audit Committee.

The Investment Committee, with the guidance and recommendations of the consultant, is responsible for:

- directing all of its efforts toward the investment objectives stated in the IPS
- performing at least annually a review of the investment objectives stated in the IPS
- ensuring that the objectives stated in the IPS are practical and reflect the mission of the University
- hiring an investment consultant, subject to the approval of the Board of Trustees
- implementing and monitoring the asset allocation policy
- conducting an annual formal review of the investment structure
- developing an updated financial projection a minimum of every three years
- selecting and monitoring of qualified, competent Investment Managers
- terminating investment managers failing to maintain acceptable quantitative (e.g. risk/return profile) and/or qualitative (e.g. organizational changes) standards
- developing and reviewing the objectives and guidelines given to each specific investment manager
- meeting at least quarterly to review the results of the investment portfolios
- determining whether the investment objectives set forth herein are being met and whether the investment guidelines are being followed
- providing regular performance reports to the Board of Trustees

Staff

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

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

Investment Guidelines

Investment guidelines establish parameters for the Total Fund and for each investment manager to follow while implementing their respective investment strategies. Guidelines address asset allocation, restricted transactions, diversification, quality and turnover.

I. Asset Class/Category Characteristics

Cash Equivalents

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

Fixed Income

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

TIPS

Treasury Inflation Protected Securities are fixed income investments in which the principal is adjusted periodically based on changes in CPI. The purpose of the TIPS portfolio is to provide fixed income like returns with the additional diversification benefits of inflation protection.

Absolute Return

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

High Yield

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

REITS

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

U.S. Equity

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

International Equities

The purpose of the international equity portfolio is to provide exposure to equity in international developed equity markets. Exposure to international equities enhances returns of the combined equity portfolio while reducing return volatility.

II. Investment Pools

Total Combined Pool - This pool is the overall combined portfolio of the Operating Funds Investment Pool. In its entirety it is intended to satisfy the overall objectives and constraints set forth in the Investment Policy Statement herein.

The Total Combined Pool is divided into three distinct pools; each pool has a different investment time horizon, investment objective, and minimum and maximum asset class allocations.

Working Capital Pool – This pool is short-term in nature, and is intended to provide for the immediate normal operating requirements of Florida International University. This pool may include certain restricted funds and therefore, will comply with any state and /or federal regulations. It is expected that this fund in its entirety will be invested in The Florida State Treasury Investment Pool or a similar investment vehicle.

Reserve Pool – This pool encompasses a state mandated unencumbered reserve. This pool is intended to be invested over the medium-longer term, and will provide a stable and growing uncommitted resource.

Strategic Capital Pool – The cash needs of this portfolio are intermediate and long term in nature. Therefore, this pool is intended to be invested over the medium-term, and will provide returns commensurate with an intermediate term investment time horizon.

* Revenue Bonds will be outside of the purview of these investment pools and will be invested in compliance with all relevant federal and state laws.

III. Authorized Investments

Investment guidelines establish parameters for each investment manager to follow while implementing their respective investment strategies. The following information addresses authorized investments and restrictions at the overall asset class policy level. Each underlying manager will have a specific set of guidelines that may be more restrictive than those at the overall policy level.

US Equity Portfolios

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

Fixed Income – Investment Grade

Investment Guidelines - Investment Grade Fixed Income	
Authorized Investments:	Status
Fixed Income securities issued in the U.S. investment grade bond market	Authorized
Rule 144A securities with registration rights	Authorized
Non dollar securities and securities of issuers outside the U.S.	Authorized
U.S. Treasury, Agency, Eurodollar, and Swap financial futures	Authorized
Interest rate swaps	Authorized
Options on securities otherwise allowable under the guidelines	Authorized
Agency mortgage dollar rolls	Authorized
Cash vehicle through trustee	Authorized
Restrictions:	Guideline
Maximum invested in securities not paying in US dollars	10% of account market value
Maximum invested in issuers domiciled outside the US	10% of account market value
Maximum invested in non US dollar-denominated assets	10% of account market value
Cross-currency hedging	Prohibited
Rated by both S&P and Moody's (except US government and agency securities)	Required
Rated BBB-/Baa3 or higher at time of purchase	Required
Convertible securities and preferred stocks	Prohibited
Maximum position in securities not rated or rated BB+ /Ba1 or lower	5% of account market value
Collateralized securities must have a credit quality rated AAA by S&P and rated Aaa by Moody's	Required
Interest-only (IO) securities	Prohibited
Collateralized Bond Obligations, Collateralized Debt Obligations, and Collateralized Loan Obligations	Prohibited
Credit derivatives	Prohibited
Maximum per any one issuer	5% of account market value
Maximum duration exposure derived from futures, options or swaps	20%
Borrowing and/or lending of funds or securities	Prohibited
Leverage	Prohibited

Fixed Income – High Yield

Investment Guidelines - High Yield Fixed Income	
Authorized Investments:	Status
Registered high yield and Rule 144A, with registration rights, fixed income securities and debt obligations issued by public, corporate, and sovereign entities	Authorized
Securities issued or guaranteed by the US government, its agencies and instrumentalities	Authorized
Forward contracts on "eligible" securities	Authorized
Common stock, preferred stock and options or warrants to purchase common or preferred stock only where included in a unit with, or attached to, fixed income securities or upon conversion of a convertible security or exercise of a warrant or option or received in a reorganization	Authorized
Convertible securities and preferred stocks, if most of their value is attributable to their yield and other fixed income features	Authorized
Cash vehicle through trustee	Authorized
Restrictions:	Guideline
Maximum position in an individual security (excluding Government securities)	5% of account market value
Maximum position in any one issuer (excluding Government securities)	5% of account market value
Maximum position in Rule 144A, with registration rights, securities	5% of account market value
Maximum position in emerging market debt (corporate or sovereign debt of countries with credit rating BB+/Ba1 or lower)	5% of account market value
Purchase of securities on margin	Prohibited
Short sales	Prohibited
Securities lending	Prohibited
Employ leverage	Prohibited
Structured securities (e.g. ABS, CMBS, CDO) except for equipment trust certificates	Prohibited
Maximum position in equipment trust certificates	5% of account market value
Investment in direct real estate or real estate mortgage loans	Prohibited
Debt issued by corporate entities involved in real estate otherwise allowed under these guidelines	Permitted
Investment in commodities or commodity contracts	Prohibited
All securities at the time of purchase must be rated single-B or higher by both S&P and Moody's (securities issued w/o rating are exempt if one can be reasonably expected within one month of issuance)	Required
Maximum invested in securities not rated single-B or higher by both S&P and Moody's and any equity securities received into the account	5% of account market value

International Equity

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

Authorized Investments – Hedge Funds

As this asset class is intended to be representative of a broadly diversified hedge fund strategy intended to provide an “absolute return” in any market environment with low – intermediate level of risk. This strategy is expected to be implemented through a fund-of-funds investment vehicle. The organization managing the fund-of-fund vehicle must be registered with the SEC. Specific investment guidelines will be reviewed and approved by the Investment Committee prior to the implementation of such an investment vehicle.

Commingled Investment Vehicles and/or Mutual Funds

Investment may be made in commingled vehicles and or mutual funds in which a specified set of guidelines developed for a broad number of institutions are already predetermined. It will be expected that these portfolios be managed in a manner consistent with but not specific to the specified restrictions made in this section. These guidelines will be reviewed and approved by the Investment Committee prior to the implementation of such an investment vehicle.

IV. Asset Allocation Guidelines

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

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

V. Manager Selection

The Investment Committee, with the guidance and recommendations of the consultant, is responsible for the selection and continued monitoring of qualified, competent investment managers. The manner of procurement will be in compliance with University policy and Florida law.

VI. Performance Measurement & Evaluation

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

1. **Relative standards** are used to review the return and risk at both the Pool and individual manager level. The relative standards for the pool level will represent a target policy index that will be constructed from the relative market indices weighted by the Total Fund's target allocation to each asset class. Each individual investment manager will be evaluated relative to an appropriate benchmark. An appropriate benchmark is defined as an identifiable market index or a "normal" portfolio that is constructed to replicate the manager's investment style. Benchmarks for each investment manager are identified in the Individual Manager section of this document.
2. **Comparative standards** are used to evaluate the returns of both the pool and each of its asset class components.
3. **Objectives** are established to measure the long-term (3 to 5 years) results of the Total Pool and each investment manager. The Committee must recognize the limitations of reviewing results over short-term horizons; however, current performance can serve as an early indication of the Fund's progress toward meeting the more fundamental primary objectives.

The Fund' performance objectives can be divided into two components: objectives for the overall fund and objectives for the individual portfolio components. Both levels of objectives will be incorporated into quarterly reviews of the Fund's performance.

The performance objectives for each individual investment pool and the Total Combined Pool are detailed in **Appendix II – Performance Objectives**.

Appendix 1 – Asset Allocation Targets & Rebalancing Policy

Asset Allocation Guidelines

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

	Working Capital Pool	Strategic Capital Pool	Reserve Pool	Total Combined Pool
<u>% of Total</u>	30%	60%	10%	100%
Cash Equivalents	40.00	0.00	0.00	12.00
Short -Int. Fixed Income	60.00	0.00	0.00	18.00
Fixed Income (Inv. Grade)	0.00	30.00	30.00	21.00
TIPS	0.00	20.00	20.00	14.00
High Yield	0.00	5.00	5.00	3.50
<u>Total Fixed Income</u>	100.00	55.00	55.00	68.50
<u>Absolute Return</u>	0.00	20.00	20.00	14.00
<u>REITS</u>	0.00	5.00	5.00	3.50
U.S Equity	0.00	12.50	12.50	8.75
International Equity	0.00	7.50	7.50	5.25
<u>Total Equity</u>	0.00	20.00	20.00	14.00

Asset Allocation Ranges and Rebalancing Policy

Asset allocation refers to the strategic deployment of assets among the major classes of investments such as domestic equity, fixed income and cash equivalents. The asset allocation decision reflects the Fund's return requirements as well as the Fund's tolerance for return variability (risk) within the context of the expected liabilities of the fund. Asset allocation policy is widely recognized and accepted as the primary source of return and risk for the investment program. It is used for setting the parameters for long term risk and return in order to meet the Plan's long-term financial objectives. The Board of Trustees has adopted an asset allocation policy that identifies the strategic target weights to each of the major asset classes. The tables below highlights the general asset classes approved for investment, the strategic target weights and the allowable ranges around the target weights:

Working Capital Pool - The Florida State Treasury Investment Pool and the State Board of Administration Local Government Investment Pool ("SBA") are appropriate investment options for this pool and would not be subject to the following rebalancing ranges.

	<u>Target (%)</u>	<u>Minimum (%)</u>	<u>Maximum (%)</u>
Cash Equivalents	40	30	50
Short Term Fixed Income	60	50	70

Reserve Pool

	<u>Target (%)</u>	<u>Minimum (%)</u>	<u>Maximum (%)</u>
Cash Equivalents	0	0	5
Fixed Income	30	25	35
TIPS	20	15	25
Absolute Return	20	15	25
High Yield	5	2	8
REITS	5	2	8
International Equity	7.5	4.5	10.5
Domestic Equity	12.5	9.5	15.5

Strategic Capital Pool

	<u>Target (%)</u>	<u>Minimum (%)</u>	<u>Maximum (%)</u>
Cash Equivalents	0	0	5
Fixed Income	30	25	35
TIPS	20	15	25
Absolute Return	20	15	25
High Yield	5	2	8
REITS	5	2	8
International Equity	7.5	4.5	10.5
Domestic Equity	12.5	9.5	15.5

Total Combined Pool

	<u>Target (%)</u>	<u>Minimum (%)</u>	<u>Maximum (%)</u>
Working Capital Pool	30	25	93
Strategic Capital Pool	60	0	70
Reserve Pool	10	7	20

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

Appendix II – Performance Objectives

The performance objectives for the overall fund are threefold:

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

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

Individual portfolio components also have performance objectives reflecting the unique investment style of each category. The investment style and performance benchmarks are also shown in Table 1.

**TABLE 1 -
Five-Year Performance Objectives**

Methodology

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

Target Portfolio Weight	x	Representative cash equivalent portfolio
Target Portfolio Weight	x	Investment grade fixed income index
Target Portfolio Weight	x	TIPS index
Target Portfolio Weight	x	Absolute return benchmark
Target Portfolio Weight	x	High yield fixed income index
Target Portfolio Weight	x	REIT Index
Target Portfolio Weight	x	Broad U.S equity index
<u>Target Portfolio Weight</u>	<u>x</u>	<u>International equity index</u>
100%		Total Fund Benchmark

Total Combined Pool -objectives (net of all fees and costs)

Relative to asset allocation targets, index weighted by:

30%	x	Florida State Treasury Investment Pool (91 Day Treasury Bill)
21%	x	Lehman Aggregate Bond Index
14%	x	Lehman TIPS Index
14%	x	CPI + 3.25% (<i>Absolute Return benchmark</i>)
3.5%	x	ML High Yield Master II Index
3.5%	x	Wilshire REIT Index
8.75%	x	Dow Jones Wilshire 5000 Index (US Equity broad market)
<u>5.25%</u>	x	<u>MSCI EAFE (int'l developed markets)</u>
100%		Total Combined Pool Benchmark

Working Capital Pool -objectives (net of all fees and costs)

Relative to asset allocation targets, index weighted by:

<u>100%</u>	x	Florida State Treasury Investment Pool and/or Cash Equivalents
100%		Working Capital Pool Benchmark

Strategic Capital Pool -objectives (net of all fees and costs)

Relative to asset allocation targets, index weighted by:

30%	x	Lehman Aggregate Bond Index
20%	x	Lehman TIPS Index
20%	x	CPI + 3.25% (<i>Absolute Return benchmark</i>)
5%	x	ML High Yield Master II Index
5%	x	Wilshire REIT Index
12.5%	x	Dow Jones Wilshire 5000 Index (US Equity broad market)
<u>7.5%</u>	x	<u>MSCI EAFE (int'l developed markets)</u>
100%		Strategic Capital Pool Benchmark

Reserve Pool -objectives (net of all fees and costs)

Relative to asset allocation targets, index weighted by:

30%	x	Lehman Aggregate Bond Index
20%	x	Lehman TIPS Index
20%	x	CPI + 3.25% (<i>Absolute Return benchmark</i>)
5%	x	ML High Yield Master II Index
5%	x	Wilshire REIT Index
12.5%	x	Dow Jones Wilshire 5000 Index (US Equity broad market)
<u>7.5%</u>	x	<u>MSCI EAFE (int'l developed markets)</u>
100%		Reserve Pool Benchmark

2. Relative to capital market assumptions:

(Wilshire's published assumptions, 2007)

	<u>Expected Return (%)</u> <u>(inflation at 2.25%)</u>
Cash Equivalents	3.00
Fixed Income	5.25
TIPS	5.00
Absolute Return	7.75
High Yield	6.75
REITs	5.75
U.S Equity	8.25
International Equity	8.25

3. Relative to inflation:

Total Combined Pool - 3.5% in excess of Consumer Price Index

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

13 MARCH 2008

**SUBJECT: CAPITAL IMPROVEMENT FEE TRUST FUND (CITF) LEGISLATIVE BUDGET
REQUEST, 2008-2009**

PROPOSED COMMITTEE ACTION:

Recommend Board Adoption of the following Resolution:

WHEREAS, the Board of Governors, on January 24, 2008, approved an allocation from the Capital Improvement Fee Trust Fund (CITF) for inclusion in the 2008-09 Legislative Budget Request (LBR); and

WHEREAS, the FIU portion of the CITF is \$17,703,456 and the Chair of the Board of Trustees must submit to the Board of Governors a list of projects to be funded by the CITF for inclusion in the 2008-09 Legislative Budget Request by February 29, 2008; and

WHEREAS, the list of projects to be funded by the CITF must be approved by each University's Board of Trustees at the first meeting held after the submittal due date of February 29, 2008 but no later than April 15, 2008;

THEREFORE, BE IT RESOLVED that the Florida International University Board of Trustees (the BOT) approves the Florida International University 2008-09 Capital Improvement Fee Trust Fund (CITF) Legislative Budget Request, proposed project list attached to this resolution as Exhibit "D" and prepared pursuant to Sections 1010.62; 1010.86, 1013.74, Florida Statutes; and

BE IT FURTHER RESOLVED that the BOT authorizes the University President to amend the 2008-2009 Capital Improvement Fee Trust Fund (CITF) Legislative Budget Request to adjust to changing circumstances not-to-exceed 15% for each year and that any changes made will be further reported to the Board of Trustees at the next board meeting.

BE IT FURTHER RESOLVED that the BOT authorizes the University Administration to take all actions necessary to implement this Resolution.

BACKGROUND INFORMATION:

LEGAL AUTHORITY:

1010.86 F.S. establishes the authority for administration of the Capital Improvement Fee Trust Fund. Section **1010.62 F.S.** establishes the authority for revenue bonds and debt for the Capital Improvement Fee Trust Fund.

EXPLANATION FOR PROPOSED BOARD ACTION:

The Board of Governors allocates, on a periodic basis, funds collected for the **Capital Improvement Fee Trust Fund (CITF)**. CITF funds are collected from student fees. The last distribution was in 2005-06 and FIU received \$12,663,527 at that time.

At the January 24, 2008 meeting, the Board of Governors approved an allocation from the CITF for 2008-09 which had not been expected until 2009-10. The 2008-09 allocation for FIU is \$17,703,546.

The Board of Governors requested that the Chair of the Board of Trustees for each University forward a list of projects by February 29, 2008. Project list approval by each University's Board of Trustees must be obtained no later than April 15, 2008.

The CITF Project List includes a series of projects that address priority university needs. The list is developed in consultation with the Student Government Association.

EXHIBITS/SUPPORTING DOCUMENTS:

- EXHIBIT "D": SUMMARY OF CAPITAL IMPROVEMENT FEE PROJECT LIST
- ATTACHMENT 3: TRANSMITTAL LETTER

FACILITATOR/PRESENTER:

- ROSA JONES
- CHARLES SCURR

STATE UNIVERSITY SYSTEM
Summary of Capital Improvement Fee Projects for 2008-2009
2008-2009 Fixed Capital Outlay (FCO) Legislative Budget Request

Florida International University

Project Name	Total Project Cost
Pharmed Arena	
- Expansion and Renovation of the East Wing to include a New Lobby, Reception Area and Restrooms	5,000,000
Student Meeting and Recreation Areas	
- Biscayne Bay Campus Improvements including the Wolfe University Center Second Floor Renovation, New Playing Field and Courts	1,500,000
- Graham Center Expansion	5,703,456
- Stadium/Student Meeting Rooms	5,500,000
Total	\$ 17,703,456

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Florida International University

Board of Trustees

February 29, 2008

Mark B. Rosenberg
Chancellor
State University System of Florida
325 W. Gaines Street
Tallahassee, FL 32399

Dear Dr. Rosenberg

The purpose of this letter is to transmit the Florida International University Capital Improvement Fee Trust Fund (CITF) Project List for inclusion in the 2008-09 Legislative Budget Request. The enclosed CITF Project List will be presented for approval at the Board of Trustees Meeting on March 14, 2008.

The projects included on the list address priority University needs. The list has been developed in consultation with the Student Government Association.

We applaud your efforts and those of the Board of Governors in advancing the CITF funding in 2008-09. We look forward to working with you on a successful legislative session.

Sincerely,

A handwritten signature in black ink, appearing to read "DRP", followed by a horizontal flourish.

Mr. David R. Parker
Chairman, FIU Board of Trustees
Enclosure

CC: FIU Board of Trustees
Dr. Mitch Maidique, FIU President

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

13 MARCH 2008

SUBJECT: OFFICE OF INTERNAL AUDIT REPORT

PROPOSED COMMITTEE ACTION:

None. Discussion item.

EXHIBITS/SUPPORTING DOCUMENTS:

- INTERNAL AUDIT REPORT

FACILITATOR/PRESENTER:

- PYONG CHO
- MANUEL SANCHEZ

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Office of Internal Audit Status Report

BOARD OF TRUSTEES

March 13, 2008

Office of Internal Audit Status Report

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Training and Seminars Update



Executive Summary – Office of Internal Audit Status Report

Board of Trustees

Finance and Audit Committee

February 15, 2008

The report details the current status of the Office of Internal Audit, which includes audits, investigations, and follow-up activities during this reporting period. As of February 15, 2008, we have issued the following audit reports: **Review of IT Resources in Student Affairs Health Departments** (Report No. 07/08-01); **Review of University Computer Procurements and Related Purchases** (Report No. 07/08-02); and **Review of Management Actions to Prior Audit Recommendations** (Report No 07/08-03). In addition, the following audits were in progress: **Security over University Wireless Access Points; Construction – Minor Projects; Review of Consultant Expenses; Student Fee – On-line Courses; and Controls over University Vehicle Usage.**

As for investigations, we completed and closed three investigations that were included in our audit plan. The remaining investigation included in our audit plan is completed, but the report is pending some legal comments. Also, an additional complaint was received during this reporting period.

In addition, the report includes a summary of the current status of management's implementation of 69 prior recommendations from internal and external audits. Our current implementation rate is 72 percent as compared with 65 percent reported at the last Finance and Audit Committee Meeting.

Finally, the report includes a recap of completed training hours for the current fiscal year through February 15, 2008 by each auditor.

With respect to staffing, we hired Antonio Alvarez III on November 19, 2007 as our Information Technology Auditor. He previously worked at the FIU-College of Law as an Information Technology Coordinator, prior to that he held various positions at the University Technology Services.

If you have any questions prior to the meeting, please feel free to contact me at (305) 348-6967.

Pyong Cho
Interim Audit Director

**FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT
AUDITS AND REVIEWS**

As of February 15, 2008, the status of our audit and review activities is as follows:

<u>Audits and Reviews</u>	<u>Status</u>
1. Review of IT Resources in Student Affairs Health Departments	Completed/report issued
2. Review of University Computer Procurements and Related Purchases	Completed/report issued
3. Review of Management Actions to Prior Audit Recommendations	Completed/report issued
4. Audit of Security Over University Wireless Access Points	Completed/report pending
5. Audit of Construction – Minor Projects	Field work in progress
6. Review of Consultant Expenses	Completed/report pending
7. Review of Student Fee – On-line Courses	Completed/report pending
8. Controls Over University Vehicle Usage	Planning in progress

**FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT**

INVESTIGATIONS

During this reporting period, we have received a new allegation in the area of the College of Engineering. As of February 15, 2008, the status of our investigative activities is as follows:

<u>Investigation/Responsible Executive</u>	<u>Status</u>
1. College of Business Administration Complaint - Executive Dean Elam	Completed/report pending – addressing legal review comments
2. Facilities Complaint - CFO & Senior VP Sanchez	Completed/Closed
3. Grade Change Complaint - VP Webb	Completed/Closed
4. Additional Metropolitan Center Complaint - Provost & Executive VP Berkman	Completed/Closed
5. College of Engineering Complaint - Interim Dean Mirmiran	Field work in progress

**FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT**

FOLLOW-UP STATUS REPORT - INTERNAL AUDITS

The following summarizes the current status of audit issues from prior internal audit reports as of January 2008.

Note: Items bolded in status column (Yes or No) were due for implementation this period.

Report	Audit Issue(s)	Responsible Executive/Director	Status	Revised Due Date	Original Due Date
Access Controls Over PS Student Records Module* Report Issued: Feb. 23, 2006	1. Logging User Access (Rec. #2.1)	Sanchez/Yao/Grillo	No	03/08	12/06
Access Controls Over PS Financial Aid Module* Report Issued: May 5, 2006	1. Intrusion Prevention (Rec. #2.1)	Sanchez/Yao/Grillo	No	07/08	07/06
Access Controls Over PS Student Financials Module* Report Issued : June 30, 2006	1. Basic Computer Security Awareness (Rec. #5)	Sanchez/Yao/Granto	No	04/08	10/06
Allegations Against the Director of Enterprise Technology Support Services Report Issued: July 7, 2006	1. Purchasing Rule – Gift (Rec. #3.3)	Sanchez/Millspaugh	No	04/08	09/06
Student Administration Oracle Databases* Report Issued: Dec. 19, 2006	1. Client Network Security (Rec. # 2.1) 2. Data Access (Rec. #5.1) 3. Data Access (Rec. #5.2) 4. Network Access Security (Rec. #6.3)	Sanchez/Yao/Grillo	No No Yes No	07/08 Pending N/A 04/08	04/07 04/07 06/07 07/07
Audit of University Health Services-Patient Information Systems* Report Issued: Feb. 28, 2007	1. Security Awareness ((Rec. #13) 2. Physical Security (Rec. #18) 3. Oracle Audit Trails (Rec. # 21) 4. Oracle Patches (Rec. #24) 5. Disaster Recovery (Rec. #25) 6. Vendor Service Agreements (Rec. #26)	Jones/Dollinger	No Yes Yes Yes Yes Yes	02/08 N/A N/A N/A N/A N/A	06/07 10/07 04/07 09/07 09/07 04/07
Audit of the Contracts & Grants Expenditures (Other Than Payroll) Report Issued: March 21, 2007	1. Indirect/Direct Costs (Rec. #3.2)	Walker/Barabino	No	07/09	06/07
Allegations Against the Associate Director of Purchasing Services Report Issued: May 25, 2007	1. Credit Checks (Rec. #2.3)	Sanchez/Cuesta-Gomez	No	06/08	12/07
Audit of the University-Wide Computer Workstation Security Report Issued: June 19, 2007	1. Computer Workstation Security (Rec. #1, #2)	Sanchez/Yao	Yes (2)	N/A	08/07&12/07
Audit of Counseling & Psychological Services Center - Patient Information Systems* Report Issued: July 5, 2007	1. File Encryption (Rec. #2) 2. Database Server (Rec. #10) 3. Host Based Intrusion Detection Systems (Rec. #12) 4. Physical Security (Rec. #16) 5. Data Backup Procedures (Rec. #17) 6. Disaster Recovery (Rec. #18) 7. System Administration Resources (Rec. #19)	Jones/Nowell	No Yes No Yes No No No	03/08 N/A 03/08 N/A 03/08 03/08 Pending	09/07 01/08 01/08 01/08 01/08 01/08 Pending

Report	Audit Issue(s)	Responsible Executive/Director	Status	Revised Due Date	Original Due Date
Audit of the University's Change Orders for Major Construction Projects Report Issued: July 9, 2007	1. A/E Errors and Omissions (Rec. #1.2) 2. Classification of Change Orders (Rec. #4)	Sanchez/Cal/ Berenguer	No Yes	08/08 N/A	09/07 11/07
Audit of the Harvest, Tidal, & TouchNet Oracle Databases Report Issued: July 24, 2007	1. Secure Shell (Rec. #2) 2. Oracle Patches (Rec. #6) 3. Oracle Audit Trails (Rec. #8.1 & #8.2)	Sanchez/Yao/Grillo	Yes Yes Yes (2)	N/A N/A N/A	10/07 09/07 08/07
Audit of the University Foundation-Unrestricted Fund Expenses Report Issued: July 30, 2007	1. Alcoholic Beverages Purchases (Rec.#2.1 & #2.2) 2. Gift Policies (Rec. #3.1 & #3.2)	Sanchez/Martinez	Yes (2) Yes (2)	N/A N/A	10/07 10/07&01/08
Allegations Against Business Services-Aramark Meal Cards Report Issued: October 1, 2007	1. Use of Meal Cards (Rec. #1.1) 2. Monitoring Food Quality (Rec. #1.2) 3. Review of Meal Card Transactions (Rec.#1.3) 4. Consultant Agreements (Rec. #1.4) 5. Purchase Order Split (Rec.#2.1) 6. Purchase Order Split (Rec. #2.2) 7. Competitive Solicitations (Rec. #3.1 & #3.2) 8. Invoice Process (Rec. #3.3) 9. Collections (Rec. #3.4) 10.Disciplinary Action (Rec. #4)	Sanchez/Townsend Sanchez/Millspaugh Sanchez/Townsend Sanchez/Millspaugh Sanchez/Townsend Sanchez/Cuesta-Gomez	Yes Yes Yes Yes Yes Yes Yes Yes Yes	N/A N/A N/A N/A N/A N/A N/A N/A N/A	09/07&12/07 12/07 10/07 04/08 10/07 10/07 07/08 10/07 10/07 10/07
Allegations of Improper Grade Changes Report Issued: October 8, 2007	1. Disciplinary Action (Rec. #1) 2. Audit Log (Rec. #2.1) 3. Access to the Enrollment Panel (Rec. #2.2) 4. Network & Application Access Logs (Rec. #2.3)	Berkman/Webb Sanchez/Yao Berkman/Webb Sanchez/Yao	Yes Yes Yes Yes	N/A N/A N/A N/A	10/07 10/07 10/07 10/07
Allegations Against the Director of the Metropolitan Center Report Issued: October 24, 2007	1. Conflict of Interest (Rec. #1.1) 2. Outside Activity Form (Rec. #1.2) 3. Business Relationship (Rec. #1.3) 4. Competitive Solicitations (Rec. #1.4) 5. Invoice Process (Rec. #2.1) 6. Proper Contracts (Rec. 2.2) 7. Payroll Procedures (Rec. #3) 8. Travel Expenses (Rec. #4) 9. Salary Charges (Rec. #5.1 & 5.2) 10. Misuse of P-Card (Rec. #6.1) 11. Disciplinary Action (Rec. #6.2) 12. Employee vs. Independent Contractor (Rec. #7) 13. Disciplinary Action (Rec. #8) 14. Outside Activities (Rec.#9)	Berkman/Moore	Yes Yes Yes Yes Yes Yes Yes Yes Yes (2) Yes Yes Yes Yes Yes Yes	N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A	10/07 10/07 10/07 10/07 10/07 10/07 10/07 10/07 10/07 10/07 11/07 10/07 10/07 10/07
Additional Allegations At the Metropolitan Center Report Issued: October 26, 2007	1. Nepotism Policy (Rec. #1) 2. Consulting Agreement (Rec. #2.1) 3. Collection of Excess Payments (Rec. #2.2) 4. Proper Classification of Grant Workers (Rec. #3)	Berkman/Moore	Yes Yes Yes Yes	N/A N/A N/A N/A	10/07 10/07 11/07 10/07
Review of IT Resources in Student Affairs Health Departments Report Issued: Nov. 13, 2007	1. Evaluation of IT needs and consolidation of IT resources and security.	Berkman/Jones	N/A	N/A	04/08

Report	Audit Issue(s)	Responsible Executive/Director	Status	Revised Due Date	Original Due Date
Review of University Computer Procurements and Related Purchases Report Issued: Nov. 28, 2007	1. Evaluation of current computer acquisition and related purchases.	Executive Management	N/A	N/A	Pending

**FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT**

FOLLOW-UP STATUS REPORT - PEOPLESFT FINANCIALS SYSTEM AUDIT

The following summarizes the current status of audit issues from the State Auditor's PeopleSoft Financials System Audit (Report #2007-006) as of January 2008.

Note: Items bolded in status column (Yes or No) were due for implementation this period.

Report	Audit Issue/Recommendation	Responsible Executive/Director	Status	Revised Due Date	Original Due Date
Finding No. 1: University Governance of IT**	A University-level governance model should be adopted to create a centralized authority for managing and securing enterprise data. Written procedures should be initiated to address areas with consistent enterprise application to support the confidentiality, availability and integrity of information resources. For 8 action plans, 7 implemented and 1 outstanding. (1 Due)	Sanchez/Yao	No	Pending	07/07
Finding No. 6: Environmental Controls**	The University should implement and maintain environmental controls to ensure the safety of data center resources from environmental hazards.	Sanchez/Yao	No	07/08	06/07

**FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT**

FOLLOW-UP STATUS REPORT - STATEWIDE FEDERAL AWARDS AUDIT

The following summarizes current status of audit issues from the State Auditor's Federal Awards Audit (Report #2007-146) as of January 2008.

Note: Items bolded in status column (Yes or No) were due for implementation this period.

Audit Issue/Recommendation (Finding Number)	Responsible Executive/Director	Status	Revised Due Date	Original Due Date
1. The institution should implement procedures that allow for employees' unused leave to be readily identified to the Federal grants on which the employees worked throughout their employment at the institution so that costs related to unused leave payments to terminated employees can be allocated to all appropriate Federal grants. (FA 06-113)	Walker/Barabino	No	07/08	07/07

Explanatory Notes to Follow-up Status Report

- Explanation of status column – Yes = implemented; No = not fully implemented; N/A = not due for implementation this period.
- For those recommendations noted in bold as **No** (not fully implemented) in the status column of this schedule, the "Management Responses to Outstanding Audits Issues" section details management's current action plan.
- * in the report column – means that management's responses on outstanding audit issues due by January 2008 were reported separately to the Finance and Audit Committee, since they were confidential and exempt from public records by Florida Statutes.
- ** in the report column – means that management's responses on outstanding audit issues due by January 2008 were reported separately to the Finance and Audit Committee, since they were related to Information Technology, a sensitive area. However, these findings were reported by the State Auditor to the public.
- N/A in the revised due date column – revised due date is not applicable because the recommendation was either implemented or was not due during this reporting period.

Follow-up Status Report Summary

Total number of audit issues due for implementation as of January 2008: **69**

Total number of audit issues completed as of January 2008: **50**

Implementation rate: **72%**

**FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT**

MANAGEMENT RESPONSES TO OUTSTANDING AUDIT ISSUES

January 2008

Allegations Against the Director of Enterprise Technology Support Services

1. Audit Issue: **Purchasing Rule – Gift** (Recommendation #3.3)

Status: Partially Implemented

Recommendation:

Purchasing Services should disseminate the University Purchasing rule regarding the acceptance of gifts from current or potential vendors to the entire University community on a periodic basis.

Action Plan to Complete:

The overall policy has far reaching implications beyond Purchasing and is extremely involved thus the reason for the time period it has taken. The Purchasing portion has been completed. The Office of Legal Counsel and University Compliance have completed their review. The policy will be taken to the Operations Committee and Executive Committee for approval.

New Target Date: April 30, 2008

Audit of the Contracts & Grants Expenditures (Other than Payroll)
--

1. Audit Issue: **Indirect/Direct Costs** (Recommendation #3.2)

Status: Not Implemented

Recommendation:

OSRA should establish periodic monitoring procedures to ensure that indirect costs (office supplies, postage, local telephone costs and memberships) are not directly charged to Federal projects unless they meet the exceptional circumstances outlined in the OMB Circular A-21.

Action Plan to Complete:

Grant expenditures are reviewed to determine if costs are allowable during the grant close out process. Grants with detail invoicing terms are reviewed to determine if costs are allowable as part of the billing process. Projects that do not have an approved exemption are not provided a budget for office supplies and the financial system will not expenses to this account code when a budget does not exist. The use of vendor reports proved to be a very labor intensive process that could not be accomplished with the current staffing levels. The PeopleSoft grants suite will provide automated mechanism for reviewing expenditures on a monthly basis prior to billing and draw down requests being completed. The PeopleSoft grants suite will be implemented in July 2009.

New Target Date: July 1, 2009

**FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT**

**MANAGEMENT RESPONSES TO OUTSTANDING AUDIT ISSUES
January 2008**

Allegations Against the Associate Director of Purchasing Services
--

1. Audit Issue: **Credit Checks** (Recommendation #2.3)
Status: Partially Implemented

Recommendation:

After consultation with the Office of the General Counsel, consideration should be given to perform credit checks on candidates requiring background checks. This will provide some comfort regarding the financial stability of an individual assigned to a sensitive position.

Action Plan to Complete:

Major portion of the benchmark has been completed. However, in order to ensure we have captured what is the best practice, we would like to incorporate several other institutions. Information and analysis will then be presented to the University's CFO to determine if this process is feasible and if so, shall present it to the President's Office for review and further recommendation. This will be completed by June 30, 2008.

New Target Date: June 30, 2008

Audit of the University's Change Orders for Major Construction Projects
--

1. Audit Issue: **A/E Errors and Omissions** (Recommendation #1.2)
Status: Not Implemented

Recommendation:

The Department should consider requesting reimbursement for additional costs incurred due to errors and omissions by the A/E for the Law School and Lakeview Housing projects since final payments have not been rendered by FIU.

Action Plan to Complete:

Lakeview Project: Department has consulted and coordinated approach with the Office of the General Counsel (OGC). Due to the relatively small amount of Architect/Engineer (A/E) errors and omissions (0.06% and 1.12% amounting to \$22,406 and \$46,048, respectively), it was judged that pursuing this through legal means would exceed the amount to be recovered. Therefore, the department is pursuing a reimbursement through direct negotiations.

Law School Project: Again, the department consulted and coordinated its approach with OGC and determined that due to the amount of errors and omissions that the A/E has committed (1.8% and 1.0% amounting to \$558,147 and \$44,629, respectively), the A/E will be placed on notice of the University's intent to collect reimbursement either through them directly or through legal action.

New Target Date: August 29, 2008

**FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT**

**MANAGEMENT RESPONSES TO OUTSTANDING AUDIT ISSUES
January 2008**

State Auditor's Statewide Federal Awards Audit

1. Audit Issue: **Charging Federal Grants for Leave Payouts** (Recommendation #FA 06-113)
Status: Not Implemented

Recommendation:

The institution should implement procedures that allow for employees' unused leave to be readily identified to the Federal grants on which the employees worked throughout their employment at the institution so that costs related to unused leave payments to terminated employees can be allocated to all appropriate Federal grants.

Action Plan to Complete:

A proposal was submitted to the Department of Health and Human Services, Division of Cost Allocation, to establish a fringe benefit rate that would be applied as a percentage of salaries charge to grants and contracts. The proposed fringe benefit rate is currently being negotiated with an anticipated agreement date in April 2008 and the rate will take affect July 1, 2008.

New Target Date: July 1, 2008

**FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT**

TRAINING AND SEMINARS UPDATE

The following is an update on continuing professional education (CPE) obtained by each auditor through February 15, 2008. All CPE topics are directly related to critical functions of our Office. Below is a recap of completed CPE hours for the current fiscal year by auditor.

Pyong Cho	41 hours
Manny Sanchez	35 hours
Albert Mayungbe	40 hours
Tenaye Arneson	1 hour
Antonio Alvarez	N/A

DATE	ATTENDED CPE	HOURS	AUDITOR
07/08-11/07	IIA International Conference	17	Manny Sanchez
07/16/07	NACUBO Webcast	2	Manny Sanchez
07/15-20/07	18 th Annual ACFE Fraud Conference	40	Albert Mayungbe
07/15-20/07	18 th Annual ACFE Fraud Conference	40	Pyong Cho
10/09/07	Annual RSM McGladrey – Seminar	8	Manny Sanchez
10/20/07	FIU Center for Accounting	8	Manny Sanchez
12/06/07	ACUA Webinar	1	Pyong Cho
12/06/07	ACUA Webinar	1	Tenaye Arneson

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

13 MARCH 2008

SUBJECT: OFFICE OF SPONSORED RESEARCH REPORT

PROPOSED COMMITTEE ACTION:

None. Discussion Item.

EXHIBITS/SUPPORTING DOCUMENTS:

- SPONSORED RESEARCH REPORT

FACILITATOR/PRESENTER:

- GEORGE WALKER

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FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES

FINANCE AND AUDIT COMMITTEE

OFFICE OF RESEARCH REPORT

OFFICE SPONSORED RESEARCH ADMINISTRATION (OSRA)

MARCH, 2008

I. Introduction

In this semi-annual report to the Board of Trustees we focus on two areas. One is the quality of service to the faculty in the area of research administration. In this area there is considerable progress and thus the report generally is good news. The other area presents a review of the applications, awards, and expenditures of faculty engaged in research over the past six months, compared with the same time period last year. In this case, the results do not show continued growth, but in fact a decline. While much of the difference is a result of timing of award notices, there is still an important challenge to be met. We must hire and retain more highly productive research faculty. While this is primarily a responsibility of Colleges and Schools, the entire University is investing and cooperating so that we can meet this important challenge.

II. Quality of Service

From November 2006 through 2007, the Office of Research embarked on long-term efforts to improve services to FIU's research community. During the first year the focus has been on three areas: a) determining the level of satisfaction and needs of FIU's research community through a survey, b) improving the efficiency of setting-up new incoming grants, and c) implementing a new electronic system (InfoEd) for grant submissions. More recently, in cooperation with College/School Deans, there have been research development efforts focusing on increasing funded-research in the University through hiring new faculty as well as increasing interdisciplinary research collaboration among already successful researchers.

Below we present the results of the survey, describe improvements in setting-up new accounts and InfoEd, describe ongoing efforts in research developments, and summarize plans and goals for improvement in the upcoming year based on findings from the survey and communication with our research community. We begin with a brief summary of the efforts and accomplishments, and follow with a more detailed report.

Summary of Efforts, Accomplishments, and Future Plans

1. Setting-up New Grant Accounts

Delays in setting-up accounts for new projects were identified as a major area in need of improvement last year. We have made major improvements in this area, but have also learned that our goals should differ between grants and contracts, as well as between Federal and non-Federal grants. Our goal is to have the accounts set-up for 80% of grants within 5 working days of receiving the award, and 95% within 10 working days. For contracts, the goal is for 60% within 5 working days, and 70% within 10 working days.

The improvements illustrated below required major structural changes in personnel efforts. We also received important assistance from the Controller's Office. Our performance has been as follows:

- Marked improvements were made throughout the past year. In November 2006, 31.8% of new project accounts were set-up within five (5) days, and 40.9% with ten (10) days. We now have one full year of performance tracking. The average number of days to set-up new project accounts has been reduced from 26.6 in November 2006 to 3.5 for grants and 6.3 for contracts in November 2007. By May 2007, 60% of accounts were set-up within 5 days, and about 68% within 10 days. In the month of November 2007 we surpassed our goal of 95% for 10-working days for grants (100% were completed), and 70% goal for contracts (72% were completed). We also surpassed the 5-day goal for grants (100%), but were below the 60% goal for contracts (42%).

2. Implementation of InfoEd Grants Submission System

Federal agencies are transitioning grant submission and management functions to an electronic format, with NIH leading the way. We have worked on the development of a "system-to-system" approach for grant submissions using InfoEd. During this past year, we:

- Completed the development of this new system,
- Conducted simulated tests of the system,
- Conducted internal training of Pre-Award staff in the Office of Research,
- Determined that due to the numerous ongoing changes in the grants.gov system, the deployment of InfoEd's Proposal Development module will be conducted on a phased method, initiating it sequentially through Colleges and Centers,
- Trained grant staff at the Stempel School of Public Health, the first College to begin using the system,
- Attempted the first live use of the system with proposals from the Stempel School. This failed, and as planned, we used a back-up approach,
- On February 5, 2008 we conducted the first successful live use of the system with a proposal from the School of Social Work.

Now that we have had a successful submission, we will begin a phased deployment of the system. In addition to responding to the needs for electronic grant submission, this new system will improve our services by: a) maintaining data in the system which researchers can update and use in repeated grant submissions, b) making the internal approvals of grant submissions paperless and faster, and c) allowing more rapid setting-up of new project budgets since they will be in the electronic submission system.

3. Creation of Grants Budget Page for Principal Investigators

The survey conducted by the Office of Research in 2007, as well as communications with the research community, indicated that the major Post-Award service problem for our researchers is related to difficulties managing and understanding their project budgets in the PeopleSoft system. This is partially caused by not having the Grants Module of PeopleSoft, and the fact that in the current system, many budget lines from the researcher's budget are collapsed into single categories. This has had the effect of forcing PIs to separately track their budgets with their own spreadsheets; which eventually does not match the budget on PeopleSoft. To resolve this

important issue, the Office of Research has been working during the past 8 months with staff at UTS to develop a “Budget Page” that is easily understood by PIs, and that maintains the budget lines of the original grant proposal. We expect this new tool to be in place by the end of March 2008.

4. Changes to the “Grants and External Award Management” System

Another area of major concern for research faculty and those involved in the management of graduate student support in the colleges has been continued difficulties with payments to graduate students supported through grants. We have collaborated with UTS, Financial Aid, the Controller’s Office, and College administrators to make needed changes to the “Grants and External Award Management” system, which is used for payments of graduate students supported through grants. The new system is in place and appears to be working well. We will monitor its performance and address needed changes as they arise.

5. Identification of New Areas for Improvement

Through the survey of researchers conducted this past year we have identified the following four areas for improvements in 2008:

a. Timely Billing and Financial Reports for Existing Grants

- Our goal is to complete all financial reports and billing within the timeframe required by the funding agency. We have incorporated this into the development of the InfoEd electronic grant submission system. Therefore, beginning in March 2008 we will begin tracking performance in this area in the same manner that we have with the setting-up of new grants.

b. Personnel Hiring for Grant-Funded Projects

- During 2008, the Associate Vice President for Research will work with HR and a Research Faculty Advisory Committee to identify challenges in this area and recommend to the Vice President for Research necessary changes.

c. System for Payments of Grant Project Participants

- During 2008, the Associate Vice President for Research will work with HR and a Research Faculty Advisory Committee to identify challenges in this area and recommend to the Vice President for Research necessary changes.

d. Response Time to Telephone Inquiries to the Office of Research

The survey indicated that 47.4% of inquiries to the Office of Research were returned within 24 hours, and that 84.2% were returned within 3 days. The results also indicated that there were too many inquiries for which responses took more than three days (15.8%). Our goal is to return 80% of inquiries within 24 hours, and 100% within 48 hours. To do this, we have implemented staff trainings, and beginning in March 2008, we will send a short 5-6 question survey to all faculty that contact the Office of Research to ascertain the promptness and quality of our service. This will be in addition to our annual survey, and will allow us to regularly monitor our performance.

Plans to Address Deficiencies and Make Improvements

The table below provides a list of the major challenges identified in the survey and the plans to address them. Since we have had the preliminary findings for some time, some of the plans for improvements and changes are already underway. It is important to note that the implementation

of the InfoEd “system-to-system” electronic grant submission will facilitate addressing several of the challenges listed below.

Plans to Address Deficiencies and Make Improvements		
Challenges	Possible Solutions	Approach and Timing
1. PIs inability to understand the status of budgets in their grants.	<ul style="list-style-type: none"> Changes in the formatting of grant budgets on PantherSoft so that it reflects the categories that exist in the budget created by the PI. Using new budget formats, provide monthly or quarterly reports e-mailed to PIs consisting of a simple table summarizing status of the grant’s budget. 	<ul style="list-style-type: none"> A team from Post-Award has been working with IT for several months to create budget reports that: <ul style="list-style-type: none"> Accurately reflect the budget categories PIs have in their original grant proposal, Contemporaneously indicates budget expenditures to PIs, and Allows PIs to easily access the budget reports The original goal was to have the new Budget Reports system in place by October, 2007. While it has taken longer than expected, we anticipate that it will be ready by the end of March, 2008.
2. Difficulties with unexplained budget transfers.	<ul style="list-style-type: none"> Partially addressed by solution to #1 above. Reduce delays in setting-up grant contracts in the Colleges. Reduction of budget exemptions (which is already occurring). Reductions of erroneous account codes in purchasing. 	<ul style="list-style-type: none"> Better coordination with College Post-Award administrators in processing PI and Co-I contracts. Train purchasing staff regarding account codes (this will also be addressed under solutions to #1 above, and with “Research Advisory Committee” below).
3. Difficulties in hiring personnel.	<ul style="list-style-type: none"> Coordinate personnel hiring between HR and Office of Research. 	<ul style="list-style-type: none"> Create a “Research Advisory Committee” of experienced researchers and project coordinators to meet with Office of Research, HR, and College grant administrators to determine obstacles in grant personnel hiring. Once changes are made, train project coordinators on new procedures. Track effectiveness of new procedures.
4. Difficulties with participant payments.	<ul style="list-style-type: none"> Develop a participant compensation system for FIU, in collaboration with Controller’s Office. 	<ul style="list-style-type: none"> The Office of Research will gather information on approaches used at other Florida universities, as well as outside of Florida. A new system will be developed by the end of the Summer 2008 semester.
5. Lack of knowledge regarding Effort Reporting, equipment purchases and no-cost extensions.	<ul style="list-style-type: none"> Train PIs and grant administrators. Train College and Department grant administrators. Ongoing communication with PIs, grant administrators and College grant administrators. 	<ul style="list-style-type: none"> Pre-Award and Post-Award will meet with first time awardees at the time of award being received. This was implemented in the Spring 2008 Semester. Mandatory meeting of grant’s coordinator (when hired) with Office of Research Post-Award to review grant’s needs. Quarterly meeting of College grant administrators with Associate Vice President for Research.
6. Return time for telephone inquiries to Office of Research.	<ul style="list-style-type: none"> Train Office of Research personnel to ensure quick response (e.g., all staff must regularly check messages, as well as at the start and end of the day). 	<ul style="list-style-type: none"> Train front desk staff. Front desk will have daily list of Office of Research staff not in office with designated back-up so that they can redirect callers who need immediate assistance.

Plans to Address Deficiencies and Make Improvements		
Challenges	Possible Solutions	Approach and Timing
	<ul style="list-style-type: none"> Set-up monitoring system to ensure prompt responses. 	<ul style="list-style-type: none"> By the end of February 2008, the Office of Research will begin regular electronic satisfaction surveys of individuals that have contacted the Office of Research via telephone.
7. Timeliness of financial reports.	<ul style="list-style-type: none"> Begin tracking financial reports' timeliness and due dates. 	<ul style="list-style-type: none"> By March 2008, the Office of Research will begin tracking and reporting deadlines and timing of financial reports for all new grants entered into InfoEd.
8. Improving level of satisfaction with Pre-Award.	<ul style="list-style-type: none"> Satisfactorily address items 1 to 7 above. Ongoing training of Office of Research staff. Continue to create climate within Office of Research staff of high expectations for performance with ongoing assessment, feedback, and rewards for performance. 	<ul style="list-style-type: none"> Implement items recommended above.
9. Improving level of satisfaction with Post-Award.	<ul style="list-style-type: none"> Satisfactorily address items 1 to 7 above. Ongoing training of Office of Research staff. Continue to create climate within Office of Research staff of high expectations for performance with ongoing assessment, feedback, and rewards for performance. 	<ul style="list-style-type: none"> Implement items recommended above.
10. Difficulties with payments to graduate students.	<ul style="list-style-type: none"> Solution has already been implemented: Changes were made to the "Grants and External Award Management" system. This was done in collaboration among UTS, Office of Research, Financial Aid, and the Controller's Office. 	<ul style="list-style-type: none"> Tracking of new system will be done by Office of Research through contacts with PIs that support graduate students through grants and through regular survey. Necessary changes will be made based on ongoing evaluation.

III. Sponsored Research Review: July- December

The tables and figures presented below reflect the externally funded sponsored activity managed by OSRA for the first six months of fiscal years 2007 and 2008. The data is summarized by major activities, applications, awards, and expenditures. The comparison of applications and awards for the first six months of fiscal years 2007 and 2008 reflects a decrease in activity that can be attributed to the following conditions: 1) delays by sponsors in issuing awards, 2) increased emphasis on quality of applications, 3) decrease in available funding from major sponsors, 4) faculty attrition, and 5) lack of new faculty hires. The short term effect of these conditions may result in a minimal growth in research over the next two years. The University research enterprise is retooling to meet the demands of the future by directing resources toward quality proposals, collaborative projects, strategic areas of research, quality graduate programs, competitive faculty start up packages, gap funding for current research faculty, and implementation of grants management tools. The successful retooling will position the research enterprise to accomplish double digit growth by the year 2010.

Grant awards from external sponsors for fiscal year 2008 have decreased in comparison to the awards received last fiscal year. A major factor in the decrease in awards booked to date is the unusual delay in the issuance of awards from sponsoring agencies. For Example, negotiations are under way for two major awards with the Department of Energy (DOE) and United States Agency for International Development (USAID) for \$5 million and \$4.2 million, respectively; in previous years these awards were received in the first half of the fiscal year. The awards received (\$37.5 million) for the period of January 2007 to June 2007 (table 3) compared to the **estimated (\$48 million)** in awards for January 2008 to June 2008 would result in a 28 % increase in awards for the period. We anticipate an approximately 5 percent decrease in awards for the entire fiscal year 2008. Expenditures for the first six months of fiscal year 2008 decreased by 3 percent in comparison to the first six months of fiscal year 2007. An estimated growth of 2 to 3 percent in grant expenditures is projected for fiscal year 2008. The Post-Award staff will be reviewing grant balances for all active grants and contacting the departmental administrative staffs to assist in establishing expenditure plans. This increased assistance with expenditure plans will eliminate budget exceptions and provide an organized spending of grant funds.

As referenced above in the “Summary of Efforts, Accomplishments, and Future Plans”, the management tools (Info Ed) utilized for submitting grant applications electronically are in place, and are being implemented in each college. The entire University will be part of the system-to-system grant application submission process by December 2008. The University has successfully submitted several system-to-system applications, and has the capability of responding to the application submission needs of all sponsors. One component of the management tools is a budget interface that will provide investigators with a valuable process for planning grant expenditures, and a systematic method for accumulating costs for grant applications. The tools developed for application submissions will greatly enhance the services provided to the faculty in the preparation of grant applications.

The introduction of a system-to-system application process along with the implementation of the PeopleSoft grants suite will provide the start-to-finish infrastructure for effective management of grants which will translate into enhanced services provided by the Office of Research. The enhanced services provided by research administration staff will decrease the administrative burden on faculty, and provide the administrative support required to expand the research enterprise. The research faculty hires planned for the College of Medicine will make a significant contribution to the future growth of the University’s overall research productivity. Investments in gap funding and faculty start ups are critical in order to achieve research growth and improvements in the grants administration system will provide an effective means to manage the growth.

Table 1—Comparison of Applications Submitted

College/School/Center/Division	July - December 2006			July - December 2007			% change
	Direct	Indirect	Total	Direct	Indirect	Total	
Academic Affairs	\$2,129,087	\$451,844	\$2,580,931	\$4,196,558	\$238,617	\$4,435,175	72%
Applied Research Center (ARC)	\$4,432,739	\$1,009,411	\$5,442,150	\$1,402,469	\$556,340	\$1,958,809	-64%
Center for Internet Augmented Research and Assessment (CIARA)—UTS	\$702,847	\$24,659	\$727,506	\$112,506	\$22,494	\$135,000	-81%
College of Architecture & the Arts	\$606,109	\$0	\$606,109	\$109,917	\$0	\$109,917	-82%
College of Arts & Sciences	\$8,426,786	\$2,241,690	\$10,668,476	\$15,780,484	\$4,449,246	\$20,229,730	90%
College of Business	\$1,236,655	\$254,127	\$1,490,782	\$349,555	\$140,778	\$490,333	-67%
College of Education	\$4,722,169	\$418,782	\$5,140,951	\$4,680,366	\$889,336	\$5,569,702	8%
College of Engineering & Computing	\$36,610,980	\$7,074,887	\$43,685,867	\$34,344,411	\$6,894,375	\$41,238,786	-6%
College of Law	\$103,516	\$0	\$103,516	\$0	\$0	\$0	N/A
College of Medicine	\$2,636,452	\$879,746	\$3,516,198	\$2,774,998	\$1,109,998	\$3,884,996	10%
College of Nursing & Health Sciences	\$2,782,091	\$201,181	\$2,983,272	\$2,295,292	\$436,451	\$2,731,743	-8%
College of Social Work, Justice, & Public Affairs	\$7,907,898	\$2,443,558	\$10,351,456	\$1,196,556	\$147,726	\$1,344,282	-87%
Division of Student Affairs	\$1,644,291	\$125,232	\$1,769,523	\$1,249,924	\$92,410	\$1,342,334	-24%
Division of University Advancement	\$125,000	\$0	\$125,000	\$185,000	\$0	\$185,000	48%
Honors College	\$25,000	\$0	\$25,000	\$0	\$0	\$0	N/A
International Hurricane Research Center (IHRC)	\$935,813	\$138,991	\$1,074,804	\$2,970,205	\$895,857	\$3,866,062	260%
Minority Biomedical Research Support (MBRS)	\$0	\$0	\$0	\$4,331,066	\$498,197	\$4,829,263	N/A
School of Hospitality & Tourism Management	\$38,665	\$1,162	\$39,827	\$0	\$0	\$0	N/A
School of Journalism & Mass Communication	\$567,027	\$146,328	\$713,355	\$46,000	\$0	\$46,000	-94%
Southeast Environmental Research Center (SERC)	\$4,447,174	\$1,077,906	\$5,525,080	\$3,995,884	\$987,853	\$4,983,737	-10%
Stempel School of Public Health	\$9,076,009	\$3,282,631	\$12,358,640	\$3,147,961	\$896,938	\$4,044,899	-67%
TOTAL	\$89,156,308	\$19,772,135	\$108,928,443	\$83,169,152	\$18,256,616	\$101,425,768	-7%
Effective indirect cost rate	22%			22%			

Table 2—Comparison of Awards Received

College/School/Center/Division	July - December 2006			July-December 2007			% change
	Direct	Indirect	Total	Direct	Indirect	Total	
Academic Affairs	\$1,723,730	\$101,116	\$1,824,846	\$3,109,933	\$190,253	\$3,300,186	81%
Applied Research Center (ARC)	\$4,032,888	\$1,500,928	\$5,533,816	\$1,818,858	\$710,135	\$2,528,993	-54%
Center for Internet Augmented Research and Assessment (CIARA)—UTS	\$3,820,913	\$333,859	\$4,154,772	\$980,995	\$85,721	\$1,066,716	-74%
College of Architecture & the Arts	\$297,071	\$909	\$297,980	\$129,463	\$0	\$129,463	-57%
College of Arts & Sciences	\$5,987,154	\$1,187,563	\$7,174,717	\$4,207,018	\$776,093	\$4,983,111	-31%
College of Business Administration	\$343,610	\$23,890	\$367,500	\$314,815	\$25,185	\$340,000	-7%
College of Education	\$2,350,362	\$160,807	\$2,511,169	\$2,960,149	\$260,290	\$3,220,439	28%
College of Engineering & Computing	\$4,292,132	\$767,309	\$5,059,441	\$4,260,936	\$672,585	\$4,933,521	-2%
College of Law	\$126,669	\$0	\$126,669	\$112,149	\$0	\$112,149	-11%
College of Medicine	\$0	\$0	\$0	\$501,948	\$171,416	\$673,364	N/A
College of Nursing & Health Sciences	\$2,084,896	\$359,633	\$2,444,529	\$819,639	\$157,677	\$977,316	-60%
College of Social Work, Justice & Public Affairs	\$5,886,001	\$747,784	\$6,633,785	\$3,858,465	\$686,469	\$4,544,934	-31%
Division of Finance & Administration	\$144,146	\$0	\$144,146	\$19,507	\$0	\$19,507	-86%
Division of Student Affairs	\$1,654,514	\$76,614	\$1,731,128	\$1,394,977	\$80,474	\$1,475,451	-15%
Division of University Advancement	\$0	\$0	\$0	\$92,620	\$0	\$92,620	N/A
Honors College	\$25,000	\$0	\$25,000	\$0	\$0	\$0	N/A
International Hurricane Research Center (IHRC)	\$1,474,140	\$89,732	\$1,563,872	\$2,028,708	\$193,327	\$2,222,035	42%
School of Hospitality & Tourism Management	\$25,000	\$0	\$25,000	\$0	\$0	\$0	N/A
School of Journalism & Mass Communication	\$0	\$0	\$0	\$128,875	\$21,133	\$150,008	N/A
Southeast Environmental Research Center (SERC)	\$3,440,162	\$641,552	\$4,081,714	\$3,484,203	\$653,093	\$4,137,296	1%
Stempel School of Public Health	\$2,915,548	\$894,640	\$3,810,188	\$1,856,931	\$682,893	\$2,539,824	-33%
TOTAL	\$40,623,936	\$6,886,336	\$47,510,272	\$32,080,189	\$5,366,744	\$37,446,933	-21%
Effective indirect cost rate	16.95%			16.72%			

Table 3—Six Month Awards Analysis

College/School/Center/Division	Jul - Dec 2006	Jul-Dec 2007	Jan - Jun 2007	Jan - Jun 2008
Academic Affairs	\$1,824,846	\$3,300,186	\$1,496,759	
Applied Research Center (ARC)	\$5,533,816	\$2,528,993	\$4,914,443	
Center for Internet Augmented Research and Assessment (CIARA)—UTS	\$4,154,772	\$1,066,716	\$32,373	
College of Architecture & the Arts	\$297,980	\$129,463	\$59,993	
College of Arts & Sciences	\$7,174,717	\$4,983,111	\$8,171,088	
College of Business Administration	\$367,500	\$340,000	\$276,569	
College of Education	\$2,511,169	\$3,220,439	\$1,618,097	
College of Engineering & Computing	\$5,059,441	\$4,933,521	\$10,161,493	
College of Law	\$126,669	\$112,149	\$140,000	
College of Medicine	\$0	\$673,364	\$2,652,494	
College of Nursing & Health Sciences	\$2,444,529	\$977,316	\$1,792,719	
College of Social Work, Justice & Public Affairs	\$6,633,785	\$4,544,934	\$2,372,177	
Division of Finance & Administration	\$144,146	\$19,507	\$0	
Division of Student Affairs	\$1,731,128	\$1,475,451	\$110,814	
Division of University Advancement	\$0	\$92,620	\$179,437	
Honors College	\$25,000	\$0	\$0	
International Hurricane Research Center (IHRC)	\$1,563,872	\$2,222,035	\$1,978,420	
Minority Biomedical Research Center	\$0	\$0	\$986,886	
School of Hospitality & Tourism Management	\$25,000	\$0	\$0	
School of Journalism & Mass Communication	\$0	\$150,008	\$93,000	
Southeast Environmental Research Center (SERC)	\$4,081,714	\$4,137,296	\$2,515,991	
Stempel School of Public Health	\$3,810,188	\$2,539,824	\$3,194,672	
TOTAL	\$47,510,272	\$37,446,933	\$42,747,425	

Table 4—Major Funding Sources

Contracts and Grants Awarded by Major Funding Sources				
Source	Award Direct Costs	Award F&A	Amount	Percent
July 2006 — December 2006				
Federal Government	\$29,076,623	\$6,106,762	\$35,183,385	74%
State & Local Government	\$7,485,456	\$559,602	\$8,045,058	17%
Private/Other Sources	\$4,061,857	\$219,972	\$4,281,829	9%
Total	\$40,623,936	\$6,886,336	\$47,510,272	100%
July 2007 — December 2007				
Federal Government	\$21,923,206	\$4,549,841	\$26,473,047	71%
State & Local Government	\$5,399,298	\$413,407	\$5,812,705	15%
Private/Other Sources	\$4,757,685	\$403,496	\$5,161,181	14%
Total	\$32,080,189	\$5,366,744	\$37,446,933	100%

Table 5—Expenses by College/School/Center/Division

Expenses by College/School/Center/Division	July - December 2006			July-December 2007			% change
	Total Costs	F&A	Total Exp.	Total Costs	F&A	Total Exp.	
ABR/MBRS	\$1,389,374	\$435,064	\$1,824,437	\$1,519,213	\$474,019	\$1,993,232	9%
Academic Affairs	\$1,623,429	\$192,470	\$1,815,899	\$1,810,849	\$148,251	\$1,959,099	8%
Applied Research Center (ARC)	\$3,492,828	\$1,086,622	\$4,579,449	\$2,654,563	\$908,864	\$3,563,427	-22%
CIARA—UTS *	\$2,528,952	\$94,894	\$2,623,846	\$1,197,142	\$112,358	\$1,309,500	-50%
College of Architecture & the Arts	\$195,476	\$1,912	\$197,389	\$172,247	\$531	\$172,778	-12%
College of Arts & Sciences	\$4,584,257	\$1,173,321	\$5,757,578	\$4,995,584	\$1,177,141	\$6,172,725	7%
College of Business Administration	\$392,626	\$55,469	\$448,095	\$318,761	\$36,135	\$354,896	-21%
College of Education	\$2,561,645	\$148,723	\$2,710,369	\$2,124,813	\$130,425	\$2,255,239	-17%
College of Engineering & Computing	\$4,820,824	\$976,161	\$5,796,985	\$5,374,266	\$1,105,695	\$6,479,961	12%
College of Law	\$469,097	\$0	\$469,097	\$160,253	\$0	\$160,253	-66%
College of Medicine	\$18,089	\$7,236	\$25,324	\$270,102	\$107,313	\$377,415	N/A
College of Nursing & Health Sciences	\$1,556,188	\$76,234	\$1,632,421	\$1,066,234	\$112,292	\$1,178,527	-28%
College of Social Work, Justice, & Public Affairs	\$2,355,918	\$501,798	\$2,857,716	\$3,655,419	\$445,547	\$4,100,966	44%
Division of Finance & Administration	\$75,950	\$0	\$75,950	\$69,716	\$0	\$69,716	-8%
Division of Student Affairs	\$868,249	\$39,916	\$908,165	\$884,700	\$31,738	\$916,438	1%
Division of University Advancement	\$34,869	\$0	\$34,869	\$0	\$0	\$0	N/A
Honors College	\$325	\$0	\$325	\$2,962	\$0	\$2,962	N/A
International Hurricane Research Center (IHRC)	\$1,632,986	\$178,860	\$1,811,846	\$1,645,076	\$150,201	\$1,795,277	-1%
Office of Research	\$186,582	(\$385)	\$186,198	\$338,476	\$0	\$338,476	82%
School of Hospitality & Tourism Management	\$0	\$0	\$0	\$12,499	\$0	\$12,499	N/A
School of Journalism & Mass Communication	\$104,113	\$27,049	\$131,162	\$62,257	\$0	\$62,257	-53%
Southeast Environmental Research Center (SERC)	\$2,751,483	\$831,260	\$3,582,744	\$3,020,898	\$722,269	\$3,743,166	4%
Stempel School of Public Health	\$2,833,633	\$993,299	\$3,826,932	\$2,379,217	\$713,248	\$3,092,465	-19%
TOTAL	\$34,476,895	\$6,819,901	\$41,296,796	\$33,735,247	\$6,376,027	\$40,111,274	-2.87%

* includes expenses for external services

Table 6

F&A Expensed/Returned July 1, 2007 through December 31, 2007		
School/College/Center/Division	Total Expensed	Total Returned
ABR/MBRS	\$474,019	\$132,222
Academic Affairs	\$201,571	\$29,711
Applied Research Center (ARC)	\$908,864	\$269,643
Center for Internet Augmented Research and Assessment (CIARA)—UTS	\$112,358	\$31,070
College of Architecture & the Arts	\$531	\$0
College of Arts & Sciences	\$1,126,306	\$309,230
College of Business Administration	\$36,135	\$3,732
College of Education	\$130,425	\$1,553
College of Engineering & Computing	\$1,105,695	\$271,073
College of Medicine	\$107,313	\$107,313
College of Nursing & Health Sciences	\$112,292	\$22,644
College of Social Work, Justice, & Public Affairs	\$445,547	\$87,500
Division of Student Affairs	\$29,252	\$0
International Hurricane Research Center (IHRC)	\$150,201	\$33,175
School of Journalism & Mass Communication	\$0	\$0
Southeast Environmental Research Center (SERC)	\$722,269	\$162,408
Stempel School of Public Health	\$713,248	\$208,053
TOTAL	\$6,376,027	\$1,669,327

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

13 MARCH 2008

SUBJECT: CFO & ADMINISTRATION UPDATE

PROPOSED COMMITTEE ACTION:

None. Discussion item.

EXHIBITS/SUPPORTING DOCUMENTS:

- CFO & ADMINISTRATION UPDATE
 - a. FINANCIAL PERFORMANCE UPDATE
 - FINANCIAL STATEMENTS
 - STATE BUDGET REDUCTION UPDATE
 - BUDGET VARIANCE ANALYSIS - SECOND QUARTER 2007
 - b. INFORMATION TECHNOLOGY
 - c. FACILITIES & CONSTRUCTION
 - d. BUSINESS SERVICES

FACILITATOR/PRESENTER:

- VIVIAN A. SANCHEZ

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CFO & Administration Update

FINANCIAL PERFORMANCE

Financial Statements

Financial Statements for the period ending December 31st are included in this Board book, following this update report.

State Budget Reduction

The State of Florida's economy has experienced a serious economic downturn that has had a significant effect on the State's revenue collections.

- The Florida Legislature held a Special Session this past October to reduce the current fiscal year's General Revenue budget by nearly \$1 billion due to lower than budgeted revenues. As a result, FIU's recurring General Revenue appropriation from the State was reduced by \$7.8 million or 3.6 percent.
- Subsequent to this reduction, the State's Revenue Estimating Conference met in November 2007 and lowered the revenue forecast again by another \$1 billion for the current fiscal year. In addition, the November and December revenue collections for the State were below this revised estimate by another \$100 million. These lowered revenue forecasts have led the Governor's office to hold back on the cash distributions to State agencies by another 4 percent. For FIU the impact of this hold back, if ratified by the Legislature this session, is another reduction of \$8.5 million for the current fiscal year. The most recent information would not institute the entire 4 percent but rather an additional 2 percent cut or \$4.2 million.
- This additional 2 percent cut would bring the total recurring reductions in FY 2007-08 to \$11.8 million.

The State is now looking at an additional \$2 billion shortfall for next fiscal year. In the Governor's budget recommendation for FY 2008-09 issued in January, the FIU College of Medicine was fully funded and no further cuts to the State University system were suggested. While the final impact on the State University System will be determined by the Legislature during the current session, it is possible that further reductions up to 10 percent or \$19.8 million can occur.

Budget Variance Analysis – Q2 FY07/08

As part of the Administration's plan to provide the FIU Board of Trustees with greater financial transparency, this packet contains financial results for the period ending December 31, 2007. A full report analyzing FIU's performance will be presented at the meeting.

FLORIDA INTERNATIONAL UNIVERSITY
Budget vs. Actual - All Funds
For the Period Ending - December 31, 2007

(Dollars in Millions)	Year To Date				
	Budget	Actual	Variance		
			\$		%
Revenues					
Education and General	\$ 204.4	\$ 199.8	\$ (4.6)		-2%
Auxiliary Enterprises	76.3	76.7	0.4		0%
Sponsored Research	43.8	39.9	(3.9)		-9%
Student Scholarships	45.2	50.2	5.0		11%
Concessions	0.2	0.2	(0.1)		-23%
Intercollegiate Athletics	12.9	11.6	(1.3)		-10%
Activities & Service	8.7	8.2	(0.5)		-6%
FIU Foundation Inc.	20.2	13.8	(6.4)		0%
FIU Research Foundation Inc.	0.0	1.8	1.8		0%
Interfund Adjustments	7.8	7.8	0.0		0%
Total Operating Revenues	\$ 419.5	\$ 409.9	\$ (9.6)		-2%
Expenses					
Education and General	\$ 174.1	\$ 155.7	\$ (18.4)		-11%
Auxiliary Enterprises	49.5	46.5	(2.9)		-6%
Sponsored Research	42.1	40.0	(2.0)		-5%
Student Scholarships	33.0	33.2	0.1		0%
Concessions	0.2	0.2	(0.0)		-15%
Intercollegiate Athletics	9.9	9.5	(0.5)		-5%
Activities & Service	8.4	7.6	(0.8)		-10%
FIU Foundation Inc.	7.9	7.0	(0.9)		0%
FIU Research Foundation Inc.	0.1	1.9	1.8		0%
Interfund Adjustments	7.8	7.8	0.0		0%
Total Operating Expenses	\$ 333.1	\$ 309.4	\$ (23.7)		-7%
Principal Payment of Debt	1.6	1.6	0.0		0%
Change in Net Assets	\$ 84.8	\$ 98.9	\$ 14.1		17%

General Notes

The financials presented above reflects the state budgeting methodology which differs from full accrual Financial Statements. The following have the most significant impact:

- *Depreciation of Assets: For budgeting purposes equipment purchases are fully expensed in their acquisition year, therefore depreciation is not included in the budget.*
- *Unrealized gains and losses: The investment results are recognized as revenues in the budget however GASB accounting principles require that it be recorded as an expense.*
- *Interfund transfers have been included resulting in higher revenue and expenses by fund allowing for an individual fund performance analysis. The interfund adjustments above eliminate this double counting. However, interfund transactions such as tuition funded by scholarships and auxiliary services provided to other units have not been eliminated.*

COLLEGE OF MEDICINE

The Florida International University College of Medicine hosted the Liaison Committee on Medical Education (LCME) from November 18th through the 20th of 2007. The three member team conducted an assessment of our planning and preparedness to admit students in 2009. The successful site visit resulted in a favorable draft report made available in late December noting the strengths of FIU's planning efforts. On February 5, 2008, the University was notified by the Secretariat of the LCME of their Board recommendation for preliminary accreditation approval. A Press Conference was hosted announcing this decision on February 6, 2008 with campus, community leaders and local press members.

The College of Medicine executed an Affiliation Agreement with Miami Children's Hospital in December which includes a commitment of a \$ 2 Million endowed Chair of Pediatrics. Plans are underway to recruit for this clinical chair in concert with this important community hospital partner. Affiliation agreements with Mt. Sinai Hospital and Mercy Hospital have also been executed with FIU and the College of Medicine.

Facilities and spaces have been completed in the HLS II Building and the Green Library to house the College of Medicine faculty, staff, library, student teaching and classrooms.

The Assistant Dean for Student Affairs and Director of Admissions and Records began work in the Office of Student Affairs in the College on January 2, 2008 to begin to put the necessary systems in place for recruiting and accommodating students. Recruitment materials have been written with support from the Office of External Relations. Preliminary schedules of student recruitment events are scheduled for the Spring.

Working in conjunction with University Technology Services, the College operations teams began to create the data center. Software systems selection has been completed to process student applications via interfaces with PantherSoft and American Medical College Applications System of the AAMC and Curriculum management systems for the medical faculty and students. Due diligence on the selections, legal review, and contracting discussions will be completed by April.

INFORMATION TECHNOLOGY

New Student PantherMail

FIU's new student email system, Panthermail, went live January 28, 2008. Over 52,000 student email accounts were transferred to the new email system. By February 1, five days after the new Panthermail was turned on, 9,985 students had activated their email accounts and begun to use the new Panthermail. The new Panthermail service, provided by using Google hardware and software at no cost to the University, offers a number of new email features, such as:

- Increased email storage space (100 MB to 6 GB or 60 times additional storage)
- Students may keep their FIU email accounts even after they graduate from FIU
- Customizable portal service with FIU logo

- Maintain FIU email address and identity (i.e., student@fiu.edu)
- No advertisement in the email for active FIU students
- Offer life-time FIU email accounts and services to alumni

FACILITIES

The following is an update of major construction projects:

Projects Complete

- Wolfe University Center (BBC) - Recreation Center is complete and in use. Dining Area shell also complete.
- Graduate School of Business – User occupied building in November 2007 and classes started January 2008. Ribbon-cutting ceremony held February 9, 2008. Contractor working off punch list. Once punch-list complete, final Certificate of Occupancy (CO) can be issued – anticipated in March 2008.

Projects Substantially Complete

- Frost Art Museum – Temporary Certificate of Occupancy (TCO) was issued on January 31, 2008. User to move in mid-February 2008. Contractor working off punch list.

Projects Under Construction

- Football Stadium – Project on schedule and within budget for base stadium contract. Partial completion scheduled for the first home game in September 2008, to include visitor and referee fieldhouse. Completion of home fieldhouse to follow.
- Wolfe University Center (BBC) - Food Court “build out” scheduled for completion in summer 2008 -- currently on budget and schedule.

Projects Under Design

- International Studies – Continues in advanced schematic design phase due to architect’s problems in meeting design criteria within budget. Project is undergoing revisions for cost control purposes. User is agreeable with program adjustments and bid strategies.
- College of Nursing and Health Sciences – Design Development has begun, project on schedule for completion date of December 2009 and within budget. Construction Manager contract is being negotiated.
- Parking Garage 5/Public Safety – Architect selected. Contract negotiation in progress.
- Parking Garage 6 – Program completed. Architect/Design build selection in-process.
- Housing “Main Street” Project- Program completed. Architect/Design build selection in-process. Infrastructure implications are under review with the assistance of a civil engineering consultant. Retail study in-process with completion expected end of March 2008. Upon completion, the retail study findings will be incorporated into the design for the Main Street Project.

- International Hurricane Research Center – Program completed. Architect selection in-process.
- HLS III – Program in final development.

BUSINESS SERVICES

Copier Changes

In an effort to support the President's Climate Commitment initiative, Business Services has begun the implementation of an "Automatic" double-sided copying system. The default for each administrative copy machine will be set to produce double-sided copies resulting in benefits for the departments as well as the environment. All departments were asked to use, at a minimum, 30% recycled paper in all copier machines. Our goal is to have this project fully instituted in all administrative areas by February 28, 2008.

Vending

Business Services has identified new vending areas and requested the installation of additional machines. Healthy options, such as organic products, are being researched as additions to our vending options.

Food Services

Aramark, in collaboration with the Office of Strategic Development and the Office of Business Services will deliver a five-year food service study for the University using the Aramark Market Match™ process. This process will provide a detailed plan for food service concepts, facilities and locations on all campuses by segmenting and assessing the needs of the university community. The objective is to provide enhanced services for the University community while concurrently augmenting revenue generating streams to be reinvested in the University.

The project consists of two phases as follows: Phase 1 expected to be completed by the end of March, will include a detailed assessment of the market through in-depth market research and segmentation based on campus culture, traffic behavior, building amenities and usage. The end result will be a conceptual recommendation of style of service at different geographic locations within University Park in line with the University's Master Plan. Phase 2 will seamlessly continue with analyzing the Biscayne Bay Campus and determine the specific concepts, financials and design of each facility, University wide. The entire project is expected to be completed by the end of the fiscal year.

HUMAN RESOURCES

Recruitment of Critical Positions

The Search and Screen Committee for the Vice President of Human Resources reconvened in November to explore additional candidates. Two finalists were identified and interviewed by the search committee. Follow-up interviews were also conducted by various members of leadership at the University. The search process is in the final stage of selection and expected to be completed by the end of April 2008.

The University continues to actively search for a Vice President of Advancement. The Search and Screen Committee identified one candidate who decided not to pursue our consideration of him for the position. In the meantime, in order to strengthen FIU's operations, Sandra Gonzalez-Levy hired Phoenix Philanthropy Group as a consultant to provide operational support to Advancement and the search is expected to resume sometime later this year.

The University recently said farewell in October, 2007 to three long term employees who dedicated most of their careers, if not all, to building FIU. However, FIU is fortunate to have found three outstanding people to fill their roles:

- John Miller as University Treasurer
- John Cal as Associate Vice President of Facilities Management
- Evelyn Rodriguez as Director of Benefits Administration

John Miller as University Treasurer, replaces Alex Zyne, who started working at FIU in 1972 as a printing equipment operator and finished his career as AVP Real Estate Development/University Treasurer. For over 15 years, Mr. Miller has served as Vice President and Treasurer for two prominent non-profit health care organizations. After earning his undergraduate degree in business at the University of Virginia, he took his first job in commercial banking.

After gaining 10 years business experience in a variety of positions in banking, pharmaceuticals and insurance fields, Mr. Miller began working for MedStar Health, a Maryland-based non-profit health-care provider. In 2001, Mr. Miller took over as Vice President and Treasurer for Baylor Health Care System in Dallas, Texas, where the non-profit has seen its endowment grow from \$600 million to over \$1.5 billion under his supervision. His financial experience includes corporate and municipal finance, employee benefits, and insurance as well as investment portfolio management.

John Cal replaces Victor Citarella, who finished his career as Associate Vice President of Facilities Management after more than 10 years of service with FIU. Mr. Cal brings more than 20 years of military and corporate experience in operations, facilities and real estate management. He earned a bachelor's degree of science in Engineering from West Point and a master's degree in Public Administration from Harvard University. His work experience ranges from helping transfer authority of the Panama Canal to managing facilities that include two million square-feet of commercial office space for a Miami-based management company.

Silvia Covas, the Director of Benefits Administration in the Human Resources Division, retired on October 31, 2007 after serving FIU for 30 years. During that time, she shaped many of the faculty and staff benefits now in place, guided thousands of employees in making decisions about the benefits that directly affect their families and along the way won the A&P Employee of the Year in 1997.

Evelyn Rodriguez, who began with FIU in November, 2007, replaces Silvia Covas as the Director of Benefits Administration. Ms. Rodriguez brings with her a depth of HR experience specifically in the academic research and health care fields. She also served as a Human Resources Specialist in the airline and banking industries. She most recently comes to us from Miami Children's Hospital, where she has served since 2004 as the Benefits Manager for approximately 2,600 employees.

Payroll Transition Project Update

We recently completed two critical milestones with the new payroll system as we move closer to concluding our one year cycle after "GO LIVE". The two key events were the 2008 Benefits Open Enrollment and 2007 Year End processing. The 2008 Benefits Open Enrollment allowed all of our benefits earning employees to either continue or change their previous year benefits elections. The 2007 Year End Processing includes the generation of employees W2's for tax filing. We are in the process of finalizing Phase II, which is the final phase of the project. Key deliverables are "9 over 12" that will give our 9 month faculty the option to be paid over a 12 month period, the on-line automation of appointment processing to improve and streamline the process for Graduate Assistant, Adjuncts and Temporary Employees, the ability to track Faculty Tenure, Accreditation and Appointment information and Encumbrance Reporting. Phase II is schedule to be completed by March of 2008.

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FLORIDA INTERNATIONAL UNIVERSITY
(EXCLUDING COMPONENT UNITS)
STATEMENT OF NET ASSETS
In Thousands (Unaudited)

	Six Months Ended 12/31/2006	Six Months Ended 12/31/2007	Change	Notes
ASSETS				
Current Assets:				
Cash & Cash Equivalents	\$ 4,333	\$ 2,525	\$ (1,808)	1
Investments	143,105	185,627	42,522	1
Accounts Receivables, Net	87,413	63,383	(24,030)	2
Due from State and Component Units	121,992	181,491	59,499	3
Loans & Notes Receivables	229	342	113	
Inventories	223	312	89	
Other Current Assets	1,074	181	(893)	
Total Current Assets	358,369	433,861	75,492	
Noncurrent Assets:				
Restricted Cash & Cash Equivalents	2,155	15,173	13,018	1
Restricted Investments	20,381	33,419	13,038	1
Loans & Notes Receivable	1,764	1,757	(7)	
Depreciable Capital Assets	483,106	517,560	34,454	4
Non-Depreciable Capital Assets	78,343	74,937	(3,406)	5
Other Noncurrent Assets	963	871	(92)	
Total Noncurrent Assets	586,712	643,717	57,005	
TOTAL ASSETS	\$ 945,081	\$ 1,077,578	\$ 132,497	
LIABILITIES				
Current Liabilities:				
Accounts Payable & Accrued Liabilities	\$ 33,312	\$ 41,441	\$ 8,129	6
Due to State and Component Units	8,640	6,776	(1,864)	7
Deferred Revenue	95,337	156,089	60,752	8
Long-Term Liabilities-Current Portion	8,570	8,735	165	9,10
Total Current Liabilities	145,859	213,041	67,182	
Noncurrent Liabilities:				
Bonds-Revenue Certified Payable	132,356	126,162	(6,194)	9
Capital Leases Payable	2,176	2,875	699	
Compensated Absences Payable	24,622	26,176	1,554	10
Total Noncurrent Liabilities	159,154	155,213	(3,941)	
TOTAL LIABILITIES	305,013	368,254	63,241	
NET ASSETS				11
Invested In Capital Assets, Net Of Related Debt	434,500	465,819	31,319	
Restricted for Expendable:				
Debt Service	362	19	(343)	
Loans	3,349	3,360	11	
Capital Projects	25,084	27,691	2,607	
Other Restricted Net Assets	23,737	36,790	13,053	
Unrestricted	153,036	175,645	22,609	
TOTAL NET ASSETS	640,068	709,324	69,256	
TOTAL LIABILITIES AND NET ASSETS	\$ 945,081	\$ 1,077,578	\$ 132,497	

FLORIDA INTERNATIONAL UNIVERSITY
(EXCLUDING COMPONENT UNITS)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
In Thousands (Unaudited)

	Six Months Ended 12/31/2006	Six Months Ended 12/31/2007	Change	Notes
OPERATING REVENUES				
Student Tuition and Fees	\$ 121,576	\$ 124,661	\$ 3,085	12
Scholarship allowance	(22,285)	(23,451)	(1,166)	
Student Tuition and Fees, net of Allowance	99,291	101,210	1,919	
Federal Grants and Contracts	33,491	30,903	(2,588)	
State and Local Grants and Contracts	4,501	5,873	1,372	
Nongovernmental Grants and Contracts	4,649	4,132	(517)	
Sales and Services of Auxiliary Enterprises	48,377	54,864	6,487	
Other Operating Revenues	8,677	4,958	(3,719)	
Operating Revenues	198,986	201,940	2,954	
OTHER REVENUES FROM STATE AND CERTAIN FINANCIAL AID SOURCES				
State Appropriations	100,335	113,315	12,980	13
Financial Aid Nonoperating Revenues	38,208	41,464	3,256	14
Other Revenues	138,543	154,779	16,236	
Total Revenues	337,529	356,719	19,190	
OPERATING EXPENSES				
Compensation and Employee Benefits	156,777	177,600	20,823	15
Other Operating Expenses:				
Scholarships and Fellowships	20,405	19,212	(1,193)	
Other Operating Expenses	14,758	14,264	(494)	16
Contractual Services	17,712	15,790	(1,922)	17
Depreciation Expense	15,938	16,496	558	4
Materials and Supplies	8,913	10,160	1,247	
Utilities and Communications	7,410	7,458	48	
Repairs and Maintenance	5,873	5,412	(461)	
Travel Expenses	3,523	4,299	776	
Insurance Expenses	2,205	4,092	1,887	21
Other Operating Expenses	96,737	97,183	446	
Total Operating Expenses	253,514	274,783	21,269	
Income before Other Non-operating items	84,015	81,936	(2,079)	
OTHER NON-OPERATING REVENUES (EXPENSES)				
Capital Appropriations	17,550	17,667	117	18
Investment Income	3,309	8,765	5,456	19
Net Unrealized Gains/(Losses) on Investments	5,175	(2,315)	(7,490)	19
Capital Grants, Contracts and Donations	478	642	164	
Interest on Asset-Related Debt	(3,313)	(3,231)	82	
Other Nonoperating Revenues (Expenses)	(44)	1,705	1,749	
Total Non Operating Revenues (Expenses)	23,155	23,233	78	
Increase in Net Assets	107,170	105,169	(2,001)	
Net Assets, Beginning of the Year	532,898	604,155	71,257	
Net Assets, Period ended	640,068	709,324	69,256	

**FLORIDA INTERNATIONAL UNIVERSITY
(EXCLUDING COMPONENT UNITS)
STATEMENT OF CASH FLOWS
In Thousands (Unaudited)**

	Six Months Ended 12/31/2006	Six Months Ended 12/31/2007	Change
CASH FLOWS FROM OPERATING ACTIVITIES			
Tuition and Fees	\$ 58,440	\$ 79,430	\$ 20,990
Grants & Contracts	41,617	40,797	(820)
Sales & Services of Auxiliary Enterprises	38,902	47,632	8,730
Sales & Services of Educational Departments	1,603	1,494	(109)
Interest on Loans Receivable	19	31	12
Other Operating Receipts	(3,091)	(6,982)	(3,891)
Payments to Employees	(153,744)	(180,968)	(27,224)
Payments to Suppliers for Goods and Services	(60,828)	(63,732)	(2,904)
Payments to Students for Scholarships & Fellowships	(20,405)	(19,212)	1,193
Net Loans Issued to Students	1,066	(76)	(1,142)
Net Cash Used by Operating Activities	<u>(96,421)</u>	<u>(101,586)</u>	<u>(5,165)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
State Appropriations	99,137	113,315	14,178
Operating Subsidies and Transfers	(900)	(2,072)	(1,172)
Net Change in Funds Held for Others	(537)	15,774	16,311
Other Nonoperating Receipts	38,208	41,490	3,282
Other Nonoperating Expenses	(167)	(110)	57
Net cash Provided by Noncapital Financing Activities	<u>135,741</u>	<u>168,397</u>	<u>32,656</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Appropriations	62,325	86,719	24,394
Capital Subsidies and Transfers	(56,603)	(65,465)	(8,862)
Other Receipts for Capital Projects	417	2,310	1,893
Capital Gifts and Grants	478	476	(2)
Proceeds from Capital Debt and Lease Obligations	1,542	318	(1,224)
Purchases of Capital Assets	(42,106)	(33,560)	8,546
Principal Paid on Capital Debt and Lease	(916)	(857)	59
Interest Paid on Asset Related Debt and Lease	(3,312)	(3,231)	81
Net Cash Used by Capital and Related Financing Activities	<u>(38,175)</u>	<u>(13,290)</u>	<u>24,885</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Investments, Net	(4,335)	(49,094)	(44,759)
Investment Income	3,248	8,691	5,443
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>(1,087)</u>	<u>(40,403)</u>	<u>(39,316)</u>
NET INCREASE IN CASH AND EQUIVALENTS	58	13,118	13,060
Cash and Cash Equivalents, Beginning of Year	6,430	4,580	(1,850)
Cash and Cash Equivalents, Period ended	<u>\$ 6,488</u>	<u>\$ 17,698</u>	<u>\$ 11,210</u>

**FLORIDA INTERNATIONAL UNIVERSITY
(EXCLUDING COMPONENT UNITS)
STATEMENT OF CASH FLOWS (Continued)
In Thousands (Unaudited)**

	Six Months Ended 12/31/2006	Six Months Ended 12/31/2007	Change	Notes
Reconciliation of Net Operating Loss to Net Cash used by Operating Activities:				
Operating Loss	(53,329)	(72,844)	(19,515)	20
Net Operating Loss to Net Cash Used by Operating Activities:				
Depreciation Expense	15,938	16,496	558	
Change in Assets and Liabilities:				
Accounts Receivable	(60,768)	(38,322)	22,446	
Loans & Note Receivable, Net	1,066	(76)	(1,142)	
Contracts and Grants Receivable	(1,025)	(112)	913	
Interest Receivable		(3)	(3)	
Inventories	14	1	(13)	
Other Assets	(493)	216	709	
Accounts Payable	(1,154)	(2,472)	(1,318)	
Salaries and Wages Payable	2,415	(4,955)	(7,370)	
Deposits Payable	(8)	3	11	
Compensated Absences Payable	618	1,587	969	
Deferred Revenue	305	(1,105)	(1,410)	
Net cash used by Operating Activities	<u>\$ (96,421)</u>	<u>\$ (101,586)</u>	<u>\$ (5,165)</u>	

FLORIDA INTERNATIONAL UNIVERSITY
NOTES TO THE UNAUDITED DECEMBER 31, 2007 STATEMENTS

- 1 Cash and investments are classified as either restricted or non-restricted based on the fund type that contains the balances. The net cash and investment position for the University was \$236.7 million at December 31, 2007 compared to \$170.0 million at December 31, 2006. The \$66.7 million increase is mainly attributed to collection in accounts receivables related to the timing of the Spring semester payment deadlines from one year to the next, increased sales and services of auxiliaries including revenues from the new Lakeview Housing complex and increases in the State and Capital appropriations. The cash balance as of December 31, 2007 is substantially larger due to the timing of our payroll funding when compared to prior year.

Investments, both restricted and unrestricted, are comprised of the following (in thousands):

	As of 12/31/2006	As of 12/31/2007
Investment Type:		
Internally managed funds:		
Bank of America Governmental Reserve Fund	\$ -	\$ 101,404
State Treasury Special Purpose Investment Pool	62,404	100
State Board of Administration	20,639	72
Subtotal of Internally managed funds	<u>83,043</u>	<u>101,576</u>
Externally managed funds:		
Fixed Income Grade Core	31,260	36,009
Treasury Inflation-Protected Securities Index	7,692	24,297
Fund of Funds	7,998	23,454
S&P 500 Index	9,740	10,834
International Equities	4,220	8,656
Bond Mutual Funds	8,274	5,896
Real Estate Investment Trusts	8,455	5,165
US Equities	2,804	3,159
Subtotal of Externally managed funds	<u>80,443</u>	<u>117,470</u>
Total Investments	<u>\$ 163,486</u>	<u>\$ 219,046</u>

- 2 Accounts receivable is comprised of the following balances (in thousands):

	As of 12/31/2006	As of 12/31/2007
Accounts Receivable from students and others	77,529	59,788
Contracts & Grants Receivable	20,189	16,475
Interest Receivable	661	576
Less: Allowance for Uncollectible accounts	(10,966)	(13,456)
Accounts Receivable, Net Total	<u>\$ 87,413</u>	<u>\$ 63,383</u>

The decrease in accounts receivable from students and others is mainly attributable to the timing of the last day to pay fees for the Spring semesters with the current year deadline being sooner than prior year. The decrease in Contracts and Grants receivables of \$3.7 million is attributable to continuing emphasis on billing and collection activity by the sponsored research office.

The aging of the December 31, 2007 receivables is shown in the following table including the amounts and percentages contained in the allowance for uncollectible accounts:

Type	Aging	%	Allowance	%
Students & others (a):				
Within one year	49,892,788	83.4%	1,435,871	2.9%
One to two years	2,440,539	4.1%	1,913,113	78.4%
Older than two years	7,454,546	12.5%	7,132,302	95.7%
	<u>\$ 59,787,873</u>		<u>\$ 10,481,286</u>	
Contracts & Grants :				
Active Grants (c)	\$ 12,019,722	73.0%	-	0.0%
3 to 12 months	1,582,106	9.6%	553,737	35.0%
One to two years	588,289	3.6%	441,217	75.0%
Older than two years	2,284,705	13.9%	1,713,529	75.0%
	<u>\$ 16,474,822</u>		<u>\$ 2,708,483</u>	
Interest (b):				
Within one year	288,063	50.0%	4,610	1.6%
One to two years	8,028	1.4%	6,021	75.0%
Older than two years	280,446	48.6%	255,971	91.3%
	<u>\$ 576,537</u>		<u>\$ 266,602</u>	
Total	<u><u>\$ 76,839,232</u></u>		<u><u>\$ 13,456,371</u></u>	

(a) Aging based on term

(b) Aging based on interest due date

(c) Active grants are defined as those grants whose end date is greater than 90 days prior to the reporting period. No allowance is taken on these grants.

- 3 Due from State and component units is largely comprised of amounts due from the State for construction related projects. The amounts by project name at December 31, 2007 can be found on the attached schedule (page 11).
- 4 Depreciable capital assets is comprised of the following balances (in thousands):

	As of 12/31/2006	As of 12/31/2007
Buildings	\$ 526,101	\$ 569,570
Furniture & equipment	135,194	139,988
Library Resources	85,818	93,955
Property under Cap. Lease & Improvements	6,827	8,410
Infrastructure & Other Improvements	10,138	13,837
Other Fixed Assets	2,353	2,484
Less: Accumulated Depreciation	(283,325)	(310,684)
Depreciable Capital Assets Total	<u><u>\$ 483,106</u></u>	<u><u>\$ 517,560</u></u>

Capital assets increased this fiscal year primarily driven by capitalization of completed buildings such as the Graduate School of Business for \$25 million, UP Central Utility Plant Sub Station for \$8.9 million and Wolfe University Center for \$4.3 million. Additional amounts were capitalized for completed building such as the Law School Building of \$1.8 million and Pharmed Arena of \$1.4 million.

- 5 Non-Depreciable capital assets is comprised of the following balances (in thousands):

	As of 12/31/2006	As of 12/31/2007
Land	\$ 28,390	\$ 28,390
Construction in Progress	46,962	43,382
Certain works of art & historical treasures	2,991	3,165
Non-Depreciable Capital Assets Total	\$ 78,343	\$ 74,937

- 6 Accounts payable and accrued liabilities is comprised of the following balances (in thousands):

	As of 12/31/2006	As of 12/31/2007
Accrued Salaries & Wages	\$ 13,798	\$ 16,115
Construction Contracts Payable	8,768	5,360
Deposits Payable	8,370	16,071
Accounts Payable	2,376	3,895
Accounts Payable & Accrued Liabilities Total	\$ 33,312	\$ 41,441

- 7 Due to State and component units primarily includes \$5.0 million and \$6.8 million due to FIU Research Foundation, Inc. as of December 31, 2007 and 2006, respectively. The balance also includes building and capital improvement fees collected from students and amounts due to the State for unemployment compensation.
- 8 Deferred revenues largely relate to funding for construction projects due from the State but not yet authorized for spending. Once the spending authority is granted to the University, the revenues are recognized. Deferred revenues also consist of grant payments made to FIU in advance of performing the research. As of December 31, 2007, these balances were \$146.3 million and \$4.3 million, respectively. See the attached schedule (page 11) for a listing of projects which comprise the \$146.3 million. In addition, this line item contains the deferred stadium rental income of \$5.3 million at December 31, 2007 related to the payments made during the construction of the football stadium.
- 9 Amounts represent the long term portion of local bonds issued for parking and housing complexes and revenue certificates bonds payable issued by the State for construction projects. Bond payments are made twice a year in December and June. In December 2007, interest totaling \$2.6 million was paid related to student housing and parking bonds and \$476,113 related to Academic and Student Services facilities revenue certificate bonds. Principal payments are made once a year, in June.

Bond Type and Series	Amount of Original Issue	Amount Outstanding (1)	Interest Rates (Percent)	Maturity Date To
Student Housing and Parking:				
1995 Parking Garage I	\$ 7,780,000	\$ 4,479,990	4.90-5.375	2016
1998 Housing II	26,525,000	22,689,622	4.30-6.30	2028
1999 Parking Garage II	7,530,000	5,446,570	4.70-5.625	2019
2000 Housing III	14,605,000	12,507,166	4.50-5.75	2025
2002 Parking Garage III	22,915,000	18,938,897	2.75-4.60	2022
2004 A Lakeview Housing & 1993 Refunding	53,915,000	50,655,447	4.00-5.00	2034
Total Student Housing and Parking Bonds	133,270,000	114,717,692		
Academic and Student Services Facilities:				
1997A	4,360,924	3,578,591	4.50-5.00	2016
1998	5,643,367	4,205,818	4.00-5.00	2023
2001	5,566,922	4,710,765	4.00-5.00	2026
2003 A	5,049,124	3,068,530	5.00	2013
2005A	2,257,296	2,074,265	3.625-4.125	2022
Total Academic and Student Services	22,877,633	17,637,969		
Total Current and Noncurrent	\$ 156,147,633	\$ 132,355,661		
Current Bonds and Revenue Certificates		\$ 6,193,169		
NonCurrent Bonds and Revenue Certificates		\$ 126,162,492		

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

- 10 This amount represents the university's liability related to compensated absences for unused annual and sick leave earned by its employees. The current portion at December 31, 2007 is \$1.4 million.
- 11 Total net assets increased by \$69.3 million. The increase resulted mainly from the increases in capital projects and restricted scholarship funds. The unrestricted net asset balance is comprised mainly of net assets for the operating funds such as Educational and General, Auxiliary, Activity and Service, Athletics, and the Unrestricted Sponsored Research funds. Net Assets Invested in Capital Assets, Net of Related Debt is the largest component of net assets which totaled \$465.8 million and consists of capital assets, less accumulated depreciation and is reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction or improvement of these assets. The restricted net assets consist of debt service held for the retirement of debt, capital project for the construction, renewal and replacement of net assets restricted loans, scholarships and research funds. The increase of \$15.3 million in Restricted Net Assets is mainly attributable to financial aid for scholarships and loans and the funding of additional capital projects underway.
- 12 Student tuition and fees includes undergraduate and graduate tuition for in-state and out of state students, athletic fees, student activity fees and health fees. Student tuition and fees have been earned and recorded while associated expenses for providing services have not been fully incurred. Student tuition and fees is comprised of the following balances (in thousands):

	Six Months Ended		Six Months Ended	
	12/31/2006	%	12/31/2007	%
Undergraduate Studies	\$ 66,355	54.6%	\$ 63,813	51.2%
Graduate Studies	22,536	18.5%	25,972	20.8%
Law	2,400	2.0%	3,427	2.7%
Financial Aid Fees	4,561	3.8%	4,610	3.7%
Student Activity Fees	7,855	6.5%	7,711	6.2%
Athletic Fees	9,435	7.8%	10,275	8.2%
Health Fees	4,435	3.6%	4,350	3.5%
Other Registration Fees	3,571	2.9%	3,848	3.1%
Other Fees	428	0.4%	655	0.5%
Student Tuition and Fees Total	\$ 121,576		\$ 124,661	

- 13 State appropriations represent funding received from the State of Florida. The 2007 amount is comprised of the following components (in thousands):

	Six Months Ended	Six Months Ended
	12/31/2006	12/31/2007
State Appropriations:		
General Revenue	\$ 96,541	\$ 107,274
Educational Enhancement	1,677	1,162
Student Financial Assistance	919	919
Risk Management Insurance	1,198	1,325
Medical School	-	2,635
State Appropriations Total	\$ 100,335	\$ 113,315

- 14 Financial aid non-operating revenues are associated with the Pell, Bright Futures, FSAG and SEOG financial aid programs. These revenues are required to be classified as non-operating revenues because they represent nonexchange transactions.

- 15 Compensation and employee benefits is comprised of the following (in thousands):

	Six Months Ended	Six Months Ended
	12/31/2006	12/31/2007
Compensation and Employee Benefits:		
Permanent Salaries	\$ 101,555	\$ 114,025
Temporary Salaries	28,163	32,549
Social Security Matching	7,604	8,463
Retirement Benefits	10,371	11,758
Employee Benefits and Salary Assessments	9,084	10,805
Compensation and Employee Benefits Total	\$ 156,777	\$ 177,600

- 16 Other operating expenses are comprised of charges coded to a miscellaneous account, bad debt expense for allowances recorded for uncollectible amounts, food products purchased, auxiliary overhead charges, rental of facilities, certain software licenses, athletic guarantees and equipment purchased below our capitalization threshold.

- 17 Contractual services is comprised of the following (in thousands):

	Six Months Ended 12/31/2006	Six Months Ended 12/31/2007
Professional Services	\$ 5,967	\$ 5,583
Grant subcontracts	6,136	4,693
Consulting Services	2,277	1,554
Contractual Services	1,308	1,508
Promotional and other Advertising	669	867
Non-capitalized construction services	597	673
Legal Fees & Services	333	415
Employment Advertising	99	129
Entertainment Services	222	184
Information Tech. Services	31	45
Other contractual services	73	139
Contractual Services Total	\$ 17,712	\$ 15,790

- 18 Capital appropriations are revenues recognized once the State authorizes spending on construction projects. See the attached schedule for a listing of projects which comprise the \$17.7 million.

- 19 Investment income includes interest and dividends paid on investments held and realized gains/losses from the sale of investments. The University's interest and dividend earnings was \$3.0 million for the six months ended December 31, 2006 compared with \$4.9 million for the six months ended December 31, 2007. In addition, net realized gains on sale of investments increased by \$3.7 million when compared to prior year.

Net unrealized gains/losses on investments represent the change in the fair market value as of December 31, 2007 of long-term investment holdings. The decrease from prior year is attributable to the realization of certain gains as mentioned above and the impact of a volatile financial market in the first and second quarter of 2007.

- 20 The operating loss shown on the Statement of Cash Flows excludes State appropriations and certain non-operating financial aid revenues as is required by GAAP which were reclassified for management reporting purposes on the Statement of Revenues, Expenses and Changes in Net Assets.
- 21 The increase noted in insurance expense from prior year is mainly attributable to the E&G Casualty insurance premium of \$1.3 million being paid in the first quarter of 2007 while the prior year premium of \$1.2 million was paid in the third quarter of 2006.
- 22 Certain balances for December 31, 2006 have been restated from prior reports provided in order to allow for comparability to December 31, 2007.

FLORIDA INTERNATIONAL UNIVERSITY
DUE FROM STATE, DEFERRED REVENUES AND CAPITAL APPROPRIATIONS
AS OF DECEMBER 31, 2007

	A	B	A - B	C	A - C	D	B - D
Project Name	Appropriation	Authorized Encumbrance Cumulative	Deferred Revenues	Receipts	Due From State and Component Units	Authorized Encumbrance Prior Year	Current Year Revenues
Science Classroom Building	38,000,000	-	38,000,000	-	38,000,000	-	-
College of Law	37,855,135	37,559,066	296,069	37,524,341	330,794	37,087,401	471,665
Utility, infrastructure and capital renovation, roofs	29,000,000	22,000,000	7,000,000	13,700,000	15,300,000	19,500,000	2,500,000
Graduate School of Business	28,225,621	26,135,219	2,090,402	22,744,136	5,481,485	21,197,986	4,937,233
Graduate Classroom Building	23,300,000	-	23,300,000	-	23,300,000	-	-
Social Science Building	22,849,971	3,000,000	19,849,971	239,474	22,610,497	3,000,000	-
Molecular Biology, University Park	20,468,243	5,000,000	15,468,243	250,000	20,218,243	5,000,000	-
Health Science Lab	19,000,000	-	19,000,000	-	19,000,000	-	-
Frost Art Museum	15,434,064	14,064,737	1,369,327	13,147,680	2,286,384	11,611,195	2,453,542
International Hurricane Center	15,000,000	-	15,000,000	-	15,000,000	-	-
Remodeling, renovation, maintenance and repair, and site improvement	13,578,810	13,578,810	-	7,520,782	6,058,028	10,443,787	3,135,023
Football Stadium/ Field House Expansion	6,675,000	6,675,000	-	2,667,521	4,007,479	2,675,000	4,000,000
Public Safety Building	3,131,025	150,000	2,981,025	150,000	2,981,025	150,000	-
FIU Training Room	1,563,527	1,563,527	-	1,561,565	1,962	1,563,527	-
Satellite Chiller Plant	1,110,000	-	1,110,000	-	1,110,000	-	-
IHRC Wall of Wind	608,063	169,193	438,870	169,193	438,870	-	169,193
Hospitality Management & Tourism - BBC	300,000	-	300,000	-	300,000	-	-
Athletics Academic Support Center	100,000	100,000	-	50,000	50,000	100,000	-
Engineering Center Lab	55,000	-	55,000	-	55,000	-	-
Subtotal	276,254,459	129,995,552	146,258,907	99,724,692	176,529,767	112,328,896	17,666,656
Non-construction related amounts			9,830,410		4,961,504		-
Balance per Financial Statement			156,089,317		181,491,271		17,666,656

Steps of Construction Funding:

- A) Step 1: Appropriation - Receive Appropriation authority from the State - ACCOUNTING: Recognize Receivable as Due From State and increase in liabilities as Deferred Revenue.
- B) Step 2: Request authority to spend - President submits request to spend encumbered funds Due From State for the project - ACCOUNTING: Recognize revenue for the project and reduce deferred amount.
- C) Step 3: Drawdown funds - Request funds to be transferred from State to FIU bank account - ACCOUNTING: Increase cash and reduce amount due from State.

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

13 MARCH 2008

SUBJECT: AUDIT UPDATE

PROPOSED COMMITTEE ACTION:

None. Discussion item.

EXHIBITS/SUPPORTING DOCUMENTS:

- AUDIT UPDATE

FACILITATOR/PRESENTER:

- JAMES M. BOND

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Audit Update

EXTERNAL AUDIT UPDATE

As of early February, the State Auditor General's office is wrapping up the four audits; Federal Awards audit (A-133 and A-21), follow-up from prior IT Operational Audit, Operational Audit, and the Financials audit for the fiscal year ended June 30, 2007. The final reports, with management's response, will be distributed directly to all Board members by the Auditor General's office. The follow-up to these items will be reported to the Board by FIU's Internal Audit until the items are resolved. A summary of these audits is discussed below:

Federal Awards Audit: Only three deficiencies were reported (compared to seven in the prior year) with two of these items being resolved subsequent to the audit period. The only outstanding item reported by the auditors is the pending revision of our Disclosure Statement (DS-2) to the Federal government. The Office of Sponsored Research Administration is coordinating this revision in conjunction with the on-going negotiation of our F&A rate proposal.

Follow-up procedures for the previously issued IT Operational audit: The auditors did note significant improvements overall in the findings they had reported previously. However, full resolution to four of the non-confidential findings was deemed to still be outstanding. These items are reported in the current year's Operational audit discussed below. In addition, the auditors noted that resolution to certain confidential findings was also pending and these items will be discussed separately with the Board members.

Financial Statement Audit for the Fiscal Year ended June 30, 2007: Field work has been concluded. To date, no audit adjustments have been communicated to management, absent a couple of reclassification entries for financial statement presentation. Although the audit opinion and internal control letter has not been issued yet, it is expected, based on the auditors communication with management, that these reports will be unqualified with no material weaknesses.

Operational Audit for the Fiscal Year ended June 30, 2007: The Operational audit findings, including the follow-up items from the IT Operational audit, are summarized in the following chart.

SUMMARY OF OPERATIONAL AUDIT FINDINGS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

The following summarizes the findings noted in the Preliminary and Tentative Findings document received from the State of Florida Auditor General's (AG) Office on February 6, 2008. The final document, with management's response, will be published approximately 45 days from this date. A copy of the full report was mailed to all Board members by the AG office.

Audit Issue(s)/Recommendation	Responsible Exec./Director
Finding No. 1: The University's controls over parking citation receivables needed improvement.	Sanchez/Foster
Finding No. 2: Tests disclosed that tangible personal property records were not always complete and accurate.	Sanchez/Bond
Finding No. 3: Test of tangible personal property deletions disclosed several instances in which survey forms, used to document the reasons for deletions, were not properly completed.	Sanchez/Bond
Finding No. 4: Bonus payments to two employees exceeded the limit established by the Board of Governors.	Sanchez/Barba
Finding No. 5: The University needed to enhance its procedures for documenting the process of competitively selecting vendors. Also, the University's competitive procurement threshold exceeded the limit established by the Board of Governors.	Sanchez/ Millspaugh
Finding No. 6: Payments for professional services were not always evidenced by written agreements or purchase orders executed prior to the dates services were rendered.	Sanchez/ Millspaugh/Bond
Finding No. 7: Purchasing card accounts for former employees were not always timely cancelled upon termination.	Sanchez/ Millspaugh
Finding No. 8: The University did not, of record, adequately monitor cellular telephone (cell phone) usage to determine personal calls made and any needed reimbursements. As such, the University was required to, but did not, report to the Internal Revenue Service the value of cell phone services as income for employees.	Yao/Drake
Finding No. 9: Vehicle usage logs were not always complete, and did not include evidence of supervisory review.	Sanchez/Cal
Finding No. 10: The University had not implemented adequate procedures to assess the reasonableness of fuel consumption of University vehicles.	Sanchez/Cal
Finding No. 11: The University did not always timely correct deficiencies noted in fire safety inspection reports.	Mendoza/ Mwaisela
Finding No. 12: There was a need for improved University-level governance of the PeopleSoft financials system and the enterprise data contained therein.	Yao/Grillo
Finding No. 13: Improvements were needed in certain security controls within the overall operations of the application and the supporting network environment at the University.	Yao/Granto
Finding No. 14: The University needed to enhance its procedures to ensure that terminated employees' access to data files and information technology resources is timely removed.	Yao/Granto
Finding No. 15: Environmental control improvements were needed at the University's Data Center.	Yao/Grillo

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

13 MARCH 2008

SUBJECT: ATHLETICS UPDATE & WORKGROUP REPORT

PROPOSED COMMITTEE ACTION:

None. Discussion Item.

EXHIBITS/SUPPORTING DOCUMENTS:

- ATHLETICS UPDATE & WORKGROUP REPORT

FACILITATOR/PRESENTER:

- PETE GARCIA

Athletics Update

FUNDRAISING UPDATE

The Golden Panther booster club is in its second year after being re-launched in the middle of the 2006/07 fiscal year. The Living Scholar Program was added this year. Athletics has seen an acceleration of donations and favorable response to these programs. Based upon the FIU Foundation, Inc. Income Statement Recap – Operational Funds provided by the FIU Foundation, Inc. Controller's Office, Athletics is ahead of budget for the seven months ended January 31, 2008 by \$133k. See below table.

FIU Foundation, Inc. Income Statement Recap – Operational Funds For the period ending January 31, 2008

	2007-08 YTD Actual	2007-08 YTD Budget	Variance	2007-08 Full Yr Budget	2006-07 YTD Actual	2006-07 Full Yr Actual
Revenue	\$349k	\$216k	\$133k	\$502k	\$218k	\$439k

Future success will in large part be dependent on the involvement and promotion of the Athletics Program by University leaders including, but not limited to, the University Board of Trustees and FIU Foundation Board Members. Your support is appreciated.

STADIUM REVENUE UPDATE

The stadium sales initiative has been launched. Below is a table showing progress towards Stadium revenues.

	YTD Actual		Target	
	Qty	\$	Qty	\$
Sky Suites*	5	\$176,700	14	\$414,210
Sponsorship sales	n/a	\$0	n/a	\$180,980
Club Seats	171	\$ 15,903	420	\$ 42,000
Season tickets	1,426	\$ 94,888	2,900	\$240,550
Net fund-raising		<u>\$78,400</u>		<u>\$289,000</u>
Sub-Total		\$365,891		\$1,166,740
Club seats packaged with Suite				\$ 48,000
RFP net of \$90k, 3 suites				\$404,000
Naming rights net of suite & club seats				\$845,500
BOA contract				\$155,000
Conference Revenue				\$300,000
Vending/pouring contract				\$200,000
Student Fees				\$655,000
Net expenses				<u>\$(331,240)</u>
Net Income before debt service				\$3,443,000

* Three contracts in progress for an additional Suite, total value of \$100k

**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES**



**ATHLETICS WORKGROUP
MINUTES
TUESDAY, 29 JANUARY 2008**

I. CALL TO ORDER

The Florida International University Board of Trustees' Athletics Workgroup meeting was called to order on Tuesday, 29 January 2008 by Workgroup Chair Albert Dotson at 9:06 a.m., in the University Park Pharmed Arena Athletics Conference Room 201B, Miami, Florida.

The following attendance was recorded:

Present:

Albert Dotson, *Chairperson*
Jorge Arrizurieta
Albert Maury

Trustee Bruce Hauptli was also in attendance.

II. CHAIRMAN'S REMARKS

Workgroup Chair Dotson welcomed everyone in attendance to the first meeting of the Athletics Workgroup. He also welcomed FIU Foundation Director Carlos de Céspedes.

III. ITEMS FOR WORKGROUP REVIEW

1. Athletics Update

Athletic Director Pete Garcia presented the athletics update, focusing on the academic achievements of the student athletes.

2. Marketing Plan

a. Revenue Goals

b. Marketing Strategies

- **Outline Implementation & Timeline**
 - Athletics
 - Stadium

AD Garcia introduced the Marketing Plan for Workgroup review. Director of Sports Marketing John O'Meara presented the Marketing Plan for the Athletics department and for the Football Stadium, delineated priorities and strategic issues and provided an outline of implementation and timeline. Associate VP for Athletics Alex Duque provided a financial summary, focusing on the marketing plan revenue goals.

Trustee Arrizurieta noted that there was corporate interest in a banking Request for Proposal (RFP) and inquired as to the RFP process.

3. Athletics Workgroup Meetings Schedule

Workgroup Chair Dotson led the discussion in the Athletics Workgroup Meetings Schedule, recommending that the Workgroup's schedule should consist of meetings to be held approximately every two (2) months.

IV. OTHER BUSINESS

AD Garcia advised the workgroup of his concern that Athletics has lost \$200,000.00 a year for the past two (2) years from Coca-Cola as part of the vending pouring rights agreement that has expired because renegotiation has been delayed.

V. ADJOURNMENT

With no other business, the meeting of the Florida International University Board of Trustees' Athletics Workgroup was adjourned on Tuesday, 29 January 2008, at 11:08 a.m.

<i>Trustee Requests</i>	<i>Follow-up</i>	<i>Completion Date</i>
1. <i>Workgroup Chair Dotson requested that moving forward, all agenda items and reports submitted to the Workgroup include an Executive Summary.</i>	<i>Athletic Director Pete Garcia</i>	<i>April 2008</i>
2. <i>Workgroup Chair Dotson requested that the University's Athletics Department evaluate and analyze the possible production of a weekly publication notifying the University community of upcoming athletics events.</i>	<i>Athletic Director Pete Garcia</i>	<i>March 2008</i>
3. <i>Workgroup Chair Dotson requested that the Athletics Director provide regular reports/updates to all of the Workgroup members.</i>	<i>Athletic Director Pete Garcia</i>	<i>Feb. 2008</i>
4. <i>Workgroup Chair Dotson requested that the University's senior management evaluate and analyze the current Request for Proposal (RFP) process to see how Athletics can benefit from the purchasing power of the University. Examples would be current Office Max and Beverage Pouring rights.</i>	<i>CFO Vivian Sanchez</i>	

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

13 MARCH 2008

SUBJECT: FIU FOUNDATION REPORT

PROPOSED COMMITTEE ACTION:

None. Discussion Item.

EXHIBITS/SUPPORTING DOCUMENTS:

- FIU FOUNDATION, INC. - FINANCIAL STATEMENTS RECAP & INVESTMENT SUMMARY, DECEMBER 31, 2007

FACILITATOR/PRESENTER:

- NOEL GUILLAMA-ALVAREZ

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FIU FOUNDATION, INC.

**FINANCIAL STATEMENTS RECAP
& INVESTMENT SUMMARY**

December 31, 2007

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FIU FOUNDATION, INC.
Preliminary Financial Statements Recap
Through Period Ending December 31, 2007

(In Thousands of Dollars)

	2007-08 6-month Actuals	2007-08 6-month Budget	Variance		2007-08 Annual Budget	2006-07 6-month Actuals	2006-07 Total Year Actuals
RECEIPTS:							
<u>Contributions:</u>							
University-Wide Scholarships/Programs	\$348	\$180	\$168	[1]	\$313	\$1,093	\$655
Endowments	\$7,965	\$11,067	(\$3,102)	[2]	\$11,287	\$4,148	\$4,936
Building Funds	\$800	\$403	\$397	[3]	\$6,649	\$1,094	\$2,667
Colleges, Schools & Centers	\$2,054	\$1,882	\$172	[4]	\$3,185	\$1,728	\$3,858
Athletics Operations	\$313	\$186	\$127	[5]	\$502	\$187	\$439
Alumni Membership	\$137	\$77	\$60	[6]	\$215	\$72	\$187
Annual Fund	\$155	\$284	(\$129)	[7]	\$444	\$506	\$648
Total Contributions	\$11,772	\$14,079	(\$2,307)		\$22,595	\$8,828	\$13,390
<u>Other Revenues:</u>							
MARC Building - Rental Income	\$789	\$788	\$1		\$1,575	\$788	\$1,598
Estimated Investment Returns	\$1,269	\$5,344	(\$4,075)	[8]	\$10,083	\$9,871	\$18,531
Administrative Fee	\$0	\$0	\$0		\$0	\$0	\$2,703
TOTAL RECEIPTS	\$13,830	\$20,211	(\$6,381)		\$34,253	\$19,487	\$36,222
EXPENSES:							
<u>Operational:</u>							
Annual Fund	\$214	\$302	\$88	[9]	\$437	\$174	\$285
Administrative Reserve	\$638	\$938	\$300	[10]	\$1,814	\$668	\$1,659
Total Operational Expenses	\$852	\$1,240	\$388		\$2,251	\$842	\$1,944
<u>University Programs:</u>							
University-Wide Scholarships/Programs	\$264	\$520	\$256	[11]	\$648	\$759	\$918
Building Funds	\$2,011	\$2,649	\$638	[12]	\$2,649	\$3,545	\$4,546
Colleges, Schools & Centers	\$3,371	\$2,741	(\$630)	[13]	\$4,927	\$2,562	\$5,824
MARC Building	\$285	\$443	\$158	[14]	\$884	\$226	\$805
Athletics	\$88	\$223	\$135	[15]	\$400	\$117	\$164
Alumni Programs	\$109	\$76	(\$33)	[16]	\$162	\$35	\$124
General Reserve	\$11	\$15	\$4		\$30	\$9	\$23
Administrative Fee	\$0	\$0	\$0		\$0	\$0	\$2,703
Total University Program Expenses	\$6,139	\$6,667	\$528		\$9,700	\$7,253	\$15,107
TOTAL EXPENSES	\$6,991	\$7,907	\$916		\$11,951	\$8,095	\$17,051
Excess of Receipts over Expenses	\$6,839	\$12,304	(\$5,465)		\$22,302	\$11,392	\$19,171

NOTES:

- [1] Donations of \$145,000 in excess of what was expected were received in support of the First Generation Scholarship program. In addition, some pledge payments due in the previous fiscal year were received in the current fiscal year.
- [2] The State Legislature made changes to how it awards State matches; it will be provided in increments instead of one lump sum. As such, \$1.1 million in budgeted State matching funds remains outstanding. In addition, a \$2.5 million endowed gift expected for the College of Medicine has not yet been received.
- [3] Donations mainly in support of the Art Museum, Business Building and Construction Management Building were collected earlier than anticipated.
- [4] A \$100,000 unbudgeted donation in support of the Disabilities Resource Center was received. The additional variance is a result of early collection of several smaller gifts by various colleges, school and centers.
- [5] There has been a continued acceleration of collection of expected donations primarily driven by higher levels of participation in the Panther Club and Living Scholars programs.
- [6] Revenues collected from the alumni calling campaign have been greater than expected.
- [7] The Annual Giving call center was closed for 2 weeks during the winter holiday. As a result, revenues associated with the direct mail piece dropped in early December was processed in January. In addition, reminder notices are being sent to all Board members with outstanding dues balances.
- [8] Upon the recommendation of Consulting Services Group (CSG) and further reduction by the Board's Investment Committee, investment returns were budgeted at 7.5% for the 2007-08 fiscal year. Based on historical returns for our current asset allocation, a 4.1% return was budgeted for the 6-month period ended December 31st. Current fiscal year-to-date gains total 0.8%.
- [9] The 2007-08 expense budget for the Annual Giving program was approved by the Board in September 2007. The Annual Giving campaign was not rolled out until after the budget was approved resulting in a lag in terms of actualized expenses.
- [10] Transfers for salaries in the amount of \$40,000 have not yet been made to the university. Also, implementation costs for a treasury workstation have not yet been incurred because the project is being reevaluated. In addition, budgeted consultant expenses for University Advancement have not yet been incurred. Finally, some donor relations events have been delayed.
- [11] First Generation Scholarship awards were budgeted at \$258,000 based on expected matching funds. Since only 50% of the match was received, \$129,000 in scholarships were awarded. In addition, there were several scholarships with university balances from previous years that did not require the budgeted amounts be transferred to the university.
- [12] Building Fund expenses are budgeted based on expected matching funds from the Courtelis program. Included in the Building Funds expense budget was \$300,000 in equipment funds for Hospitality Management, which also qualifies for this type of match, however the expense was made out of a Hospitality Management account, not a Building Fund account. In addition, an excess of \$300,000 budgeted for the IHRC Wall of Wind will remain unspent because expenses associated with this facility were funded by Sponsored Research instead.
- [13] The unbudgeted \$100,000 gift made to the Disability Resource Center was used to award scholarships (unbudgeted). In addition, an excess of \$265,000 in expenses for the Biomedical Engineering program budgeted for the second half of the fiscal year were incurred in the first. Finally, several colleges and schools awarded scholarships for the Spring in December instead of January as budgeted.
- [14] The University has not yet billed the Foundation for MARC building utility and custodial expenses incurred in the half of the year.
- [15] New Marketing, Sponsorship and Fundraising staff were hired later than anticipated, therefore related expenses will be incurred later in the year.
- [16] Some alumni program expenses have been incurred earlier than expected.

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Florida International University Foundation, Inc.
Preliminary Performance Summary as of
December 31, 2007

Fund/Manager/Inception Date

	Market Value	% Allocation	Target Allocation	Current Month 12/01/07 12/31/2007	Trailing 3 Months 10/1/2007 12/31/2007	Calendar YTD 2007 12/31/06 - 12/31/2007	Fiscal YTD 6/30/07 - 12/31/2007	Trailing 1 Year 12/31/2006 12/31/2007	Trailing 3 Year 12/31/2004 12/31/2007	Trailing 5 Year 12/31/2002 12/31/2007	Since Investment Inception
Total Fund (6/30/00)	\$137,142,390	100.0%	100.0%	-0.3%	-0.1%	8.2%	0.8%	8.2%	9.0%	11.6%	4.7%
Total Fund Composite				-0.4%	-0.9%	4.6%	0.1%	4.6%	7.5%	10.5%	3.2%
+/- Benchmark				0.2%	0.8%	3.5%	0.7%	3.5%	1.5%	1.2%	1.5%
Total Equity Accounts (6/30/00)	\$68,222,386	49.7%	50.0%	-0.6%	-1.9%	9.2%	-0.5%	9.2%	11.6%	17.6%	4.4%
Total Equity Composite				-1.0%	-3.7%	3.5%	-3.6%	3.5%	9.9%	15.8%	1.4%
+/- Benchmark				0.4%	1.8%	5.7%	3.2%	5.7%	1.7%	1.8%	3.0%
Total Fixed Income Accounts (6/30/00)	\$28,851,249	21.0%	18.0%	0.3%	2.2%	6.2%	4.4%	6.2%	4.5%	4.5%	6.0%
Total Fixed Income Composite				0.3%	2.0%	5.8%	3.9%	5.8%	4.4%	4.0%	5.7%
+/- Benchmark				0.0%	0.3%	0.4%	0.4%	0.4%	0.2%	0.5%	0.3%
Total Alternative Investments (3/1/02)	\$40,068,754	29.3%	32.0%	0.4%	1.9%	9.4%	0.8%	9.4%	9.0%	9.3%	8.6%
Total Alternative Composite				0.1%	2.1%	6.9%	4.9%	6.9%	5.9%	7.8%	5.8%
+/- Benchmark				0.3%	-0.2%	2.5%	-4.0%	2.5%	3.2%	1.6%	2.9%

Florida International University Foundation, Inc.
Preliminary Performance Summary as of
December 31, 2007

<i>Fund/Manager/Inception Date</i>	Market Value	% Alloc.	Target Alloc.	Current Month 12/01/07 12/31/2007	Trailing 3 Months 10/1/2007 12/31/2007	Calendar YTD 2007 12/31/06 - 12/31/2007	Fiscal YTD 6/30/07 - 12/31/2007	Trailing 1 Year 12/31/2006 12/31/2007	Trailing 3 Year 12/31/2004 12/31/2007	Trailing 5 Year 12/31/2002 12/31/2007	Since Investment Inception
<i>Domestic Equity Managed Accounts</i>											
Atalanta Sosnoff Large Cap Growth (3/1/06)	\$17,341,703	12.6%	12.5%	-0.8%	0.2%	13.9%	7.6%	13.9%	N/A	N/A	13.6%
Russell 1000 Growth Index				-0.4%	-0.8%	11.8%	3.4%	11.8%	8.7%	12.1%	10.5%
Wedge Capital Large Cap Value QVM (12/29/06)	\$15,473,315	11.3%	12.5%	-0.4%	-4.2%	4.5%	-4.8%	N/A	N/A	N/A	4.5%
Russell 1000 Value Index				-1.0%	-5.8%	-0.2%	-6.0%	-0.2%	9.3%	14.6%	-0.2%
Advisory Research Small Cap Value (6/1/01)	\$7,796,308	5.7%	5.0%	0.5%	-3.9%	-0.2%	-8.6%	-0.2%	11.1%	19.3%	14.3%
Russell 2000 Value				-0.9%	-7.3%	-9.8%	-13.1%	-9.8%	5.3%	15.8%	10.9%
IronBridge Small Cap Core Equity (12/2/03)	\$7,724,087	5.6%	5.0%	-0.9%	-4.3%	10.6%	-1.6%	10.6%	9.4%	N/A	11.9%
Russell 2000 Small Cap Index				-0.1%	-4.6%	-1.6%	-7.5%	-1.6%	6.8%	16.3%	9.6%
<i>International Equity Managed Accounts</i>											
Julius Baer International Equity Fund (12/2/03)	\$12,152,037	8.9%	7.5%	0.6%	1.7%	18.7%	3.7%	18.7%	22.5%	N/A	24.0%
MSCI EAFE Index				-2.3%	-1.7%	11.6%	0.5%	11.6%	17.3%	22.1%	19.4%
ING International Value A (6/1/01)	\$7,734,937	5.6%	7.5%	-2.8%	-1.2%	7.9%	-1.6%	7.9%	15.1%	22.6%	11.4%
MSCI EAFE Index				-2.3%	-1.7%	11.6%	0.5%	11.6%	17.3%	22.1%	10.5%
TOTAL EQUITY INVESTMENTS	\$68,222,386	49.7%	50.0%								
<i>Core Fixed Income Managed Accounts</i>											
Seneca Enhanced Core Fixed (6/1/01)	\$9,835,850	7.2%	7.5%	0.2%	2.5%	6.3%	5.3%	6.3%	4.4%	4.8%	5.7%
Lehman Brothers Aggregate Index				0.3%	3.0%	7.0%	5.9%	7.0%	4.6%	4.4%	5.7%
Hillswick Asset Management (6/1/01)	\$5,394,724	3.9%	2.5%	-0.1%	4.6%	9.1%	8.8%	9.1%	5.1%	4.7%	6.5%
Lehman Brothers Aggregate Index				0.3%	3.0%	7.0%	5.9%	7.0%	4.6%	4.4%	5.7%
Brandywine Global Opp Bond (1/1/08)	\$3,500,000	2.6%	2.5%								
<i>Common Fund & Gift Annuity Accounts</i>											
Common Fund Short Term Bond (6/1/85)*	\$9,494,567	6.9%	5.0%	0.3%	2.2%	6.8%	3.2%	6.8%	5.3%	3.8%	5.4%
90 Day T-Bills				0.3%	1.0%	4.7%	2.2%	4.7%	4.2%	3.0%	4.8%
SunTrust Balanced Annuity Account (10/22/03)	\$626,108	0.5%	0.5%	0.2%	-0.1%	7.0%	2.7%	7.0%	5.2%	N/A	6.7%
70% Lehman Aggregate / 30% S&P 500				0.0%	1.1%	6.7%	3.8%	6.7%	5.8%	N/A	6.6%
TOTAL FIXED INCOME INVESTMENTS	\$28,851,249	21.0%	18.0%								
<i>Alternative Investments</i>											
Crystal Associates Topaz Fund (3/1/02)	\$11,075,959	8.1%	5.5%	-0.3%	-0.2%	2.9%	-3.8%	2.9%	6.9%	8.7%	8.8%
Lehman Brothers Aggregate Index				0.3%	3.0%	7.0%	5.9%	7.0%	4.6%	4.4%	5.2%
Ironwood Partners (03/01/04)	\$9,063,323	6.6%	5.5%	0.7%	1.8%	10.4%	1.1%	10.4%	9.4%	N/A	8.9%
Lehman Brothers Aggregate Index				0.3%	3.0%	7.0%	5.9%	7.0%	4.6%	4.4%	0.8%
Ironwood Partners (NDM Gift) (08/01/05)	\$2,432,048	1.8%	N/A	0.7%	1.9%	10.5%	1.3%	10.5%	N/A	N/A	10.4%
Lehman Brothers Aggregate Index				0.3%	3.0%	7.0%	5.9%	7.0%	4.6%	4.4%	4.4%
Collins Capital (3/1/07)	\$4,736,248	3.5%	5.5%	1.4%	6.5%	N/A	8.3%	N/A	N/A	N/A	18.4%
Titan Advisors (3/1/07)	\$4,511,176	3.3%	5.5%	0.9%	3.0%	N/A	5.0%	N/A	N/A	N/A	13.0%
50% S&P 500/ 50% Leh Agg				-0.2%	-0.2%	6.4%	2.3%	6.4%	6.7%	8.7%	5.8%
Citigroup Global RE Alpha Fund (1/1/08)	\$3,500,000	2.6%	2.5%								
Bank Liquid Commodities Fund (1/1/08)	\$3,500,000	2.6%	2.5%								
DTC Private Equity (\$5 Million Commitment)	\$1,250,000	0.9%	5.0%								
TOTAL ALTERNATIVE INVESTMENTS	\$40,068,754	29.3%	32.0%								
TOTAL FUND	\$137,142,390	100.0%	100.0%								

*These are short-term liquid funds

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

13 MARCH 2008

SUBJECT: TREASURY REPORT

PROPOSED COMMITTEE ACTION:

None. Discussion Item.

EXHIBITS/SUPPORTING DOCUMENTS:

- TREASURY REPORT - UNIVERSITY
INVESTMENT COMMITTEE

FACILITATOR/PRESENTER:

- JOHN M. MILLER

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Board of Trustees Treasury Report March 13, 2008

University Investment Committee Meeting

The University Investment Committee met on December 20, 2007 to approve a modification to the Investment Policy and to approve a change in the manager responsible for the investment of the Working Capital Pool.

The Committee modified the Governance section of the Investment Policy to allow for the option to include up to two business community and other representatives with specific expertise in investment and portfolio management. This option was made to bring more depth and expertise into the Committee.

The other issue considered by the Committee was a change in the manager for the Working Capital Pool. Historically the Florida State Board of Administration managed this pool through its Local Government Investment Pool. In November, this Pool began to experience credit and liquidity issues due to investments in certain sub-prime and other problematic investments. A decision was made to move the Working Capital Pool to a manager whose guidelines precluded these types of investments and the Committee approved the selection of Bank of America's Columbia Reserves Fund, a similar investment vehicle.

In addition, the Committee reviewed responses to the revised small cap equity manager RFP which had responses from 11 firms. After analysis, the Committee voted unanimously to appoint Penn Capital Management as the small cap equity manager, and instructed Purchasing to negotiate the contract. Subsequently during negotiations, it became apparent that Penn Capital answered the RFP erroneously and did not qualify for the engagement (Penn did not carry liability insurance as required in the RFP). Management is reviewing the original responses to the RFP and will recommend a second firm at the next Investment Committee meeting.

Investment Performance December 31, 2007

For the six months ended December 31, 2007, the University Operating Pool had a positive return of 1.9%, below its benchmark return of 2.9%. Negative returns across all equity accounts were offset with positive returns in fixed income, cash and alternative accounts, in line with market conditions.

The biggest contributors to the negative relative performance were Boston Company International during the first quarter (terminated in September) and Lotsoff Small Cap Equity. Lotsoff's negative return of 14.0% exceeded the loss of its benchmark (7.5%), continuing a trend of negative performance since the inception of this account. The Investment Committee approved closing this relationship and it is in the process of being terminated. On the positive side, the allocation to Treasury Inflation Protected Securities (TIPS) through Northern Trust returned 9.9% for the six months reflecting the flight to treasuries and general strength in high grade fixed income.

Strong University seasonal cash flow helped increase the Pool balance by \$46.6 million to \$219.1 million for the six months ended December 31, 2007.

Florida International University Performance Summary as of December 31, 2007

<i>Fund/Manager/Inception Date</i>	Market Value	% Allocation	Target Allocation	Current Month (11/07-12/07)	Trailing 3 Months (9/07-12/07)	Fiscal YTD (6/07-12/07)	Trailing 1 Year (12/06-12/07)	Since Inception
Total Combined Pool (3/31/06)	\$219,118	100.0%	100.0%	-0.1%	0.6%	1.9%	4.4%	5.6%
Benchmark Index				0.2%	1.0%	2.9%	5.4%	6.5%
+/- Benchmark				0.1%	-0.4%	-1.0%	-1.0%	-0.9%
<u>CASH EQUIVALENTS</u>	\$101,568	46.4%	30.0%	0.3%	0.9%	2.2%	4.8%	5.0%
91-Day Treasury Bill				0.3%	1.1%	2.4%	5.0%	5.0%
+/- Benchmark				0.0%	-0.1%	-0.3%	-0.2%	0.0%
Total Combined Pool less Cash Equivalents (3/31/06)	\$117,550	53.6%	70.0%	-0.4%	0.4%	2.0%	4.5%	7.0%
Benchmark Index				0.4%	1.0%	3.3%	5.6%	7.4%
+/- Benchmark				0.0%	-0.6%	-1.3%	-1.1%	-0.4%

Florida International University
Performance Summary as of
December 31, 2007

<i>Fund/Manager/Inception Date</i>	Market Value	% Allocation	Target Allocation	Current Month 3941700.0%	Trailing 3 Months (9/07-12/07)	Fiscal YTD (6/07-12/07)	Trailing 1 Year (12/06-12/07)	Since Investment Inception
<u>CASH EQUIVALENTS</u>	\$101,568	46.4%	30.0%	0.3%	0.9%	2.2%	4.8%	5.0%
91-Day Treasury Bill				0.3%	1.1%	2.4%	5.0%	5.0%
+/- Benchmark				0.0%	-0.2%	-0.2%	-0.2%	0.0%
SPIA Account	\$100	0.0%	15.0%	0.6%	1.4%	2.5%	4.7%	4.9%
91-Day Treasury Bill				0.3%	1.1%	2.4%	5.0%	5.1%
+/- Benchmark				0.3%	0.3%	0.1%	-0.3%	-0.2%
SBA-LGIP Account	\$64	0.0%	15.0%	0.0%	0.5%	1.9%	4.7%	4.9%
91-Day Treasury Bill				0.3%	1.1%	2.4%	5.0%	5.1%
+/- Benchmark				-0.3%	-0.6%	-0.5%	-0.4%	-0.2%
Bank of America Columbia Treasury Reserves	\$101,404	46.3%	15.0%	0.3%				
91-Day Treasury Bill				0.3%				
+/- Benchmark				0.0%				
<u>DIVERSIFIED FIXED INCOME COMPOSITE</u>	\$66,202	30.2%	38.5%	0.0%	4.1%	6.5%	8.2%	7.4%
Benchmark Index				0.1%	3.3%	6.1%	7.7%	7.4%
+/- Benchmark				-0.1%	0.8%	0.4%	0.5%	0.0%
Prudential Core Fixed (11/30/07)	\$36,009	16.4%	21.0%	0.2%	--	--	--	--
Lehman Brothers Aggregate Index				0.3%	--	--	--	--
+/- Benchmark				-0.1%				
BlackRock HY Bond (3/31/06)	\$5,897	2.7%	3.5%	0.3%	-0.7%	-1.3%	2.9%	6.7%
ML High Yield Master II				0.2%	-1.2%	-0.9%	2.1%	6.1%
+/- Benchmark				0.1%	0.6%	-0.3%	0.8%	0.6%
Northern Trust TIPS (6/30/06)	\$24,297	11.1%	14.0%	-0.3%	5.1%	9.9%	11.8%	9.3%
Lehman U.S. TIPS Index				-0.2%	5.0%	9.7%	11.6%	9.2%
+/- Benchmark				-0.2%	0.1%	0.2%	0.1%	0.1%
<u>HEDGE FUNDS</u>								
Aetos Alternatives Mgmt. (3/31/06)	\$23,587	10.8%	14.0%	0.6%	2.3%	1.0%	8.5%	7.7%
CPI + 3.25%				0.2%	1.5%	2.4%	7.3%	5.8%
+/- Benchmark				0.4%	0.8%	-1.4%	1.2%	1.9%
<u>REIT's</u>								
Urdang REIT (6/30/06)	\$5,165	2.4%	3.5%	-5.5%	-12.5%	-8.4%	-13.9%	2.0%
NAREIT Equity				-5.0%	-12.7%	-10.4%	-15.7%	0.6%
+/- Benchmark				-0.5%	0.2%	2.0%	1.8%	1.5%
<u>DOMESTIC EQUITY COMPOSITE</u>	\$13,940	6.4%	8.8%	-0.9%	-4.4%	-4.1%	2.1%	2.9%
DJ Wilshire 5000				-0.6%	-3.2%	-1.8%	5.6%	8.8%
+/- Benchmark				-0.3%	-1.2%	-2.3%	-3.6%	-6.0%
Northern Trust S&P 500 (6/30/06)	\$10,834	4.9%	7.0%	-0.7%	-3.3%	-1.3%	5.5%	12.3%
S&P 500				-0.7%	-3.3%	-1.3%	5.5%	12.3%
+/- Benchmark				0.0%	0.0%	0.0%	0.0%	0.0%
Lotsoff Small Cap (3/31/06)	\$3,106	1.4%	1.8%	-1.7%	-8.0%	-14.0%	-10.1%	-8.8%
Russell 2000				-0.1%	-4.6%	-7.5%	-1.6%	1.3%
+/- Benchmark				-1.6%	-3.4%	-6.4%	-8.6%	-10.1%
<u>INTERNATIONAL EQUITY COMPOSITE</u>	\$8,656	4.0%	5.3%	-2.3%	-1.6%	-2.0%	7.4%	14.1%
Northern Trust EAFE (9/30/07)	\$8,656	4.0%	5.3%	-2.3%	-1.6%	--	--	--
MSCI EAFE Index (N)				-2.3%	-1.8%	0.4%	11.2%	15.4%
+/- Benchmark								
Total Combined Pool less Cash Equivalents (3/31/06)	\$117,550	53.6%	70.0%	-0.4%	0.4%	2.0%	4.5%	7.0%
Benchmark Index				-0.4%	1.0%	3.3%	5.6%	7.4%
+/- Benchmark				0.0%	-0.6%	-1.3%	-1.1%	-0.4%

MEMBERSHIP

Kirk Landon, Chair, BOT Finance & Audit Committee

Vivian A. Sanchez, CFO & Senior Vice President, Finance & Administration

John M. Miller, University Treasurer

Dr. William Welch, Department Chair & Professor for Finance,
College of Business Administration

CONSULTANT

Marc Friedberg, Vice President, Wilshire & Associates

OTHER STAFF

Tony Vu, Treasury Manager

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

13 MARCH 2008

SUBJECT: ENVIRONMENTAL – REGULATORY AND COMPLIANCE

PROPOSED COMMITTEE ACTION:

None. Discussion Item.

EXHIBITS/SUPPORTING DOCUMENTS:

- ENVIRONMENTAL COMPLIANCE STATUS REPORT, MARCH 2008
- SAFETY COMPLIANCE STATUS REPORT, MARCH 2008
- FIRE CODE COMPLIANCE UPDATE
- CORRECTIVE ACTION STATUS REPORT FOR OPEN FIRE SAFETY CITATIONS UNDER CONTRACT FOR COMPLETION

FACILITATOR/PRESENTER:

- JENNIFER MWAISELA

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FIU BOT FINANCE & AUDIT COMMITTEE REPORTS

Division of University Counsel, Audit & Compliance
Department of Risk Management & Environmental Health & Safety

Environmental Compliance Status Report

Safety Compliance Status Report

Fire Code Compliance Update

February 2008

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ENVIRONMENTAL COMPLIANCE STATUS REPORT

Agency:	Department of Environmental Resources Management (DERM)
Issue:	Petroleum Products Storage Tank Inspections
Status:	<p>On December 05, 2007, FIU was issued two compliance citations by DERM. Monthly inspections and inventory reconciliation are required for petroleum products storage tanks.</p> <p>No penalties were issued as all other records were in order. Past compliance performance and the exigent circumstances were taken into consideration. These citations will be remedied by April 15, 2008</p>
Agency:	Department of Environmental Protection (DEP)
Issue:	Annual Stormwater Permit Report
Status:	<p>On February 07, 2008, the Department of Environmental Health & Safety negotiated an administrative settlement with the Department of Environmental Protection on the late submission of the Annual Stormwater Management Report.</p> <p>No penalties were issued. The next filing deadline is June 10, 2008.</p>
Agency:	Department of Energy (DOE)
Issue:	Annual Report for Use of Alternative Fuel
Status:	<p>On February 12, 2008, the Department of Environmental Health & Safety requested an extension until March 14, 2008, to prepare and submit the annual report on the University's use of alternative fuel and the purchase and use of alternative fuel vehicles.</p>
Agency:	Department of Homeland Security (DHS)
Issue:	Chemicals of Interest "Top Screen Report"
Status:	<p>On November 19, 2007, the Department of Homeland Security issued a new regulation requiring all facilities, including universities, to conduct comprehensive enterprise wide chemical inventories and determine and report on the quantities of a number of listed "chemicals of interest", which DHS flagged as potentially dangerous in the hands of terrorists. The response deadline was January 19, 2008.</p>

Recognizing that universities use and store vast quantities of chemicals, and that not all universities are able to take advantage of an enterprise-wide chemical inventory management system, DHS included the accommodation in the regulation for universities to request an extension. FIU requested such an extension. The due date for submitting the “Top Screen Report” is March 22, 2008.

Of 365 locations that purchase, use and store chemicals University-wide, the department of Risk Management & Environmental Health & Safety has received responses and chemical inventories from 80% of the individuals contacted. EH&S expects to be in receipt of 95% of responses by February 25, 2008. Data verification and validation will be carried out between February 25, 2008, and March 6, 2008. EH&S has set a project completion date of March 12, 2008.

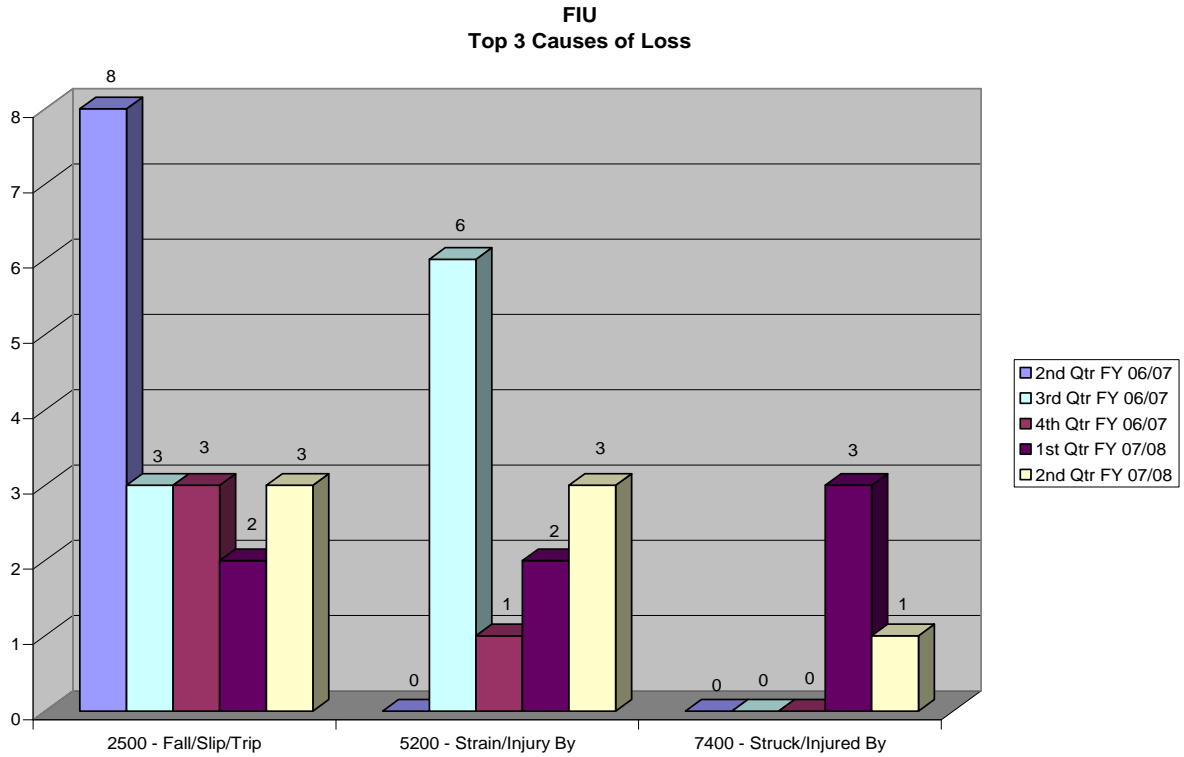
Agency: Environmental Protection Agency (EPA)
Issue: Emergency Planning and Community Right-To-Know (EPCRA) Report

Status: The Emergency Planning and Community Right-To-Know Act (EPCRA) of 1986 requires facilities meeting certain criteria to register with the State Emergency Response Commission (SERC) for Hazardous Materials. FIU meets reporting criteria and reports are due by March 1, 2008.

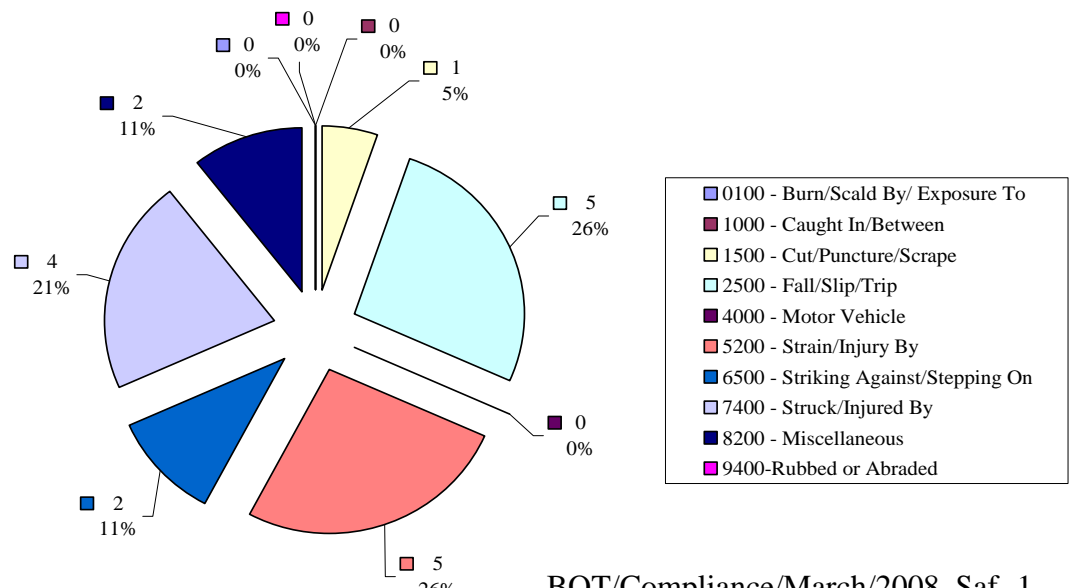
In addition, the University is required to submit an annual chemical inventory report (Tier Two Form) to the SERC, the Local Emergency Planning Committee (LEPC), *and* the local fire department by the March 1 deadline. EH&S will use the information gathered from the DHS “Top Screen” Project to complete the Tier Two Report and hazardous chemical inventory report due March 1, 2008.

SAFETY COMPLIANCE STATUS REPORT

Employee Injury Data: FY 2007-2008



**FIU Totals Cause of Losses (Frequency)
Year-to-Date**



Agency: Division of Risk Management
 Issue: Annual Loss Prevention Survey – Deadline February 15, 2008

Status: As required by Florida Administrative Code 69H-2.007, EH&S submitted the FIU 2008 Safety Program Evaluation on February 14, 2008. The assessment addresses six core components of a comprehensive safety program:

- (1) Written safety programs for various operations
- (2) Safety policies and guidelines
- (3) Use of safety committees and employee participation
- (4) Training and safety awareness activities
- (5) Recordkeeping
- (7) Accident and injury investigation and follow-up
- (6) Structured safety inspection program

The University's comprehensive safety program includes all the components covered by this survey.

Agency: Various
 Issue: Employee Safety Training – Year to Date Training Data

Status: **Six-hundred and eight** employees and graduate research assistants completed online safety training courses. The top five courses most frequently requested are:

COURSE NAME	COMPLETIONS
Laboratory Safety	127
Bloodborne Pathogens Exposure Control	87
Fire Safety	51
Hazard Communication	40
Personal Protective Equipment	39
Radiation Safety	36

Five-hundred and thirty-two employees and graduate research assistants attended and completed class-room/field safety training courses. The top five courses with highest attendance are:

COURSE NAME	ATTENDANCE
Golf Cart Operator Safety	208
CPR/AED/First Aid	115
Hands-On Fire Extinguisher Use	56
Hands-On Radiation Safety	25
Research Boating Safety	23

2007 OPERATIONAL AUDIT FINDING FIRE SAFETY COMPLIANCE STATUS REPORT

The State Auditor, as part of the 2007 Operational Audit, selected ten Fire Marshal building inspection reports for review. The audit finding was as follows:

“It is our understanding that the fire safety inspection reports reviewed that were completed during the 2006-2007 fiscal year had 66 previously uncorrected deficiencies of which 59 deficiencies remained uncorrected for over one year and 7 remained uncorrected for over two years.”

In response to the 2007 Operational Audit Finding reported at the FIU BOT Finance & Audit Committee meeting on November 15, 2007, the Chair Trustee Kirk Landon, requested Trustee Albert Maury to monitor the progress and corrective actions to be taken on the findings.

On January 29, 2008, the Associate Vice President for Risk Management & Environmental Health & Safety, Jennifer Mwaisela-Rose, met with Trustee Maury. Trustee Maury endorsed the following as recommendations for consideration by the committee, to improve fire safety code compliance and prevent repeat violations:

1. A meeting with the AVP of Facilities Management to assure that all open and outstanding repeat violations, which are the responsibility of the Facilities Management Department are on target for completion by June 30, 2008; and to discuss a mechanism that could be put in place to afford a priority level response for violations issued by the State Fire Marshal. In lieu of the meeting, the Director of Construction and Minor Projects for Facilities Management, submitted the status report titled Corrective Action Status Report for Open Fire Safety Citations under Contract for Completion, herewith attached.
2. Establish “Building Safety Teams” comprised of a representative (Safety Captain) from each department in various University buildings.
 - a. Provide basic training for these individuals on conducting general safety inspections, and hold each team responsible to monitor occupant safety practices within their department and common spaces within the building. Employing this team concept is expected to complement the efforts of the Fire Safety Officer who is now responsible for fire safety code compliance in 119 facilities.
 - b. Identify a mechanism, such as the Annual FIU Employee Recognition Program and an appropriate *Performance Based Incentive* such as Spot Awards, to recognize and reward the Safety Captains for preventing repeat violations that are due to occupant practices

- c. Investigate leasing storage facilities that departments would pay to use to eliminate or reduce storage challenges they face.
3. Publicize the statutory records retention requirements to assist departments in identifying items that *need* to be stored and those that should be discarded.
4. Limit the number of notices and warnings provided to building occupants. Provide a first and last notice only for the same violation. Work with the Provost's Office and Vice Presidents directly, to motivate Deans, Directors and Department Heads to take required corrective actions.
5. Establish a goal for the remainder of 2007-2008 to target all repeat violations.

Goal: Realize a 66% reduction in the total number of repeat violations issued by the State Fire Marshall in Fiscal Year 07-08, compared to FY 06-07. There were 150 repeat violations issued in FY 2006

Target There will be no more than 50 repeat violations in FY 2007-2008, and no more than 20% of these violations will be due to occupant practices

Status:

- a. To date, 40 buildings have been inspected by the State Fire Marshal.
- b. There were 37 repeat violations issued between July 2007 and January 2008.
- c. There were 238 new violations issued between July 2007 and January 2008.
- d. Of the 37 repeat violations, 29% are due to occupant practices.
- e. Of the 238 new violations, 48% were due to building occupant practices. Note: Twenty-four of these involved the improper use of extension cords, and 56 were associated with improper storage.

The attached table shows a breakdown of repeat violations by building

Fire Safety Citations Report per Building

Building	FY 2006-2007		FY 2007-2008	
	New Citations	Repeat Citations	New Citations	Repeat Citations
Academic One	7	1	- ¹	-
Academic Two	3	0	-	-
Architecture -Administration	1	1	-	-
Architecture Lecture Hall	0	0	-	-
Architecture Model Shop	3	2	-	-
Architecture Gallery/Studio	0	0	-	-
Aquatic Center	0	2	-	-
Athletic Training Fitness Ctr.	0	0	-	-
Baseball Stadium/Softball Press Box	1	2	0	3²
Bay Vista Housing	0	0	34	0
Biology/Ecology Lab NO8	0	0	-	-
Campus Support Complex Office	4	0	-	-
Campus Support Complex Shops	1	1	-	-
CEAS	18	15	-	-
Central Receiving BBC	0	0	1	0
Central Utilities BBC	0	0	-	-
Central Utilities UP	1	0	-	-
Chemistry & Physics	0	0	-	-
Children's Learning Center	0	0	-	-
Children's Trailer (MO5)	1	1	-	-
College of Education	0	0	-	-
College of Health	2	1	-	-
Deuxieme Maison	5	0	-	-
Duplicating Center	0	0	-	-
ECS	2	1	-	-
East 1 UP Housing Storage E1	1	0	0	0
Everglades Hall	2	0	23	1
Football Stadium (FIUS-32)	3	0	-	-
Gazebos (1-6) (GZ)	0	0	-	-
Graham Center	20	24	144	9 ³
Greek House 1	2	2	-	-
Greek House 2	0	0	-	-

¹ (-) Indicates not yet inspected for FY 2006-2007. New Fire Marshals assigned to UP and BBC in Fall '07

² Facilities Condition – Permit & Electrical

³ Seven of these nine violations are in tenant occupied spaces

Building	FY 2006-2007		FY 2007-2008	
	New Citations	Repeat Citations	New Citations	Repeat Citations
Green Library	9	0	19	1
GPA/Pharmed Arena	4	10	0	7 ⁴
Ground Support SO4	0	0	1	0
Health & Life Sciences 1	0	0	-	-
Health & Life Sciences 2	0	0	-	-
Health & Wellness Ctr	1	0	-	-
Hospitality Management	19	16	18	9 ⁵
Info Booth BBC	0	0	0	0
Info Booth UP	0	0	-	-
Kovens Conference Ctr	2	10	-	-
Labor Center	0	0	-	-
Lakeview Housing North	0	0	24	0
Lakeview Housing South	0	0	23	0
Law School	0	0	-	-
Library	4	5	-	-
MARC	3	0	-	-
Ecology Lab/Marine Science/ Biology	2	1	2	0
OE	19	2	-	-
OU	5	0	-	-
Outdoor Recreation/Ministry BBC	0	0	3	0
Panther Hall	7	5	45	1
Parking Garage 1 (Gold)	1	1	-	-
Parking Garage 2 (Blue)	1	0	-	-
Parking Garage 3	2	0	-	-
Parking Garage 4	1	0	-	-
PDC Admin BBC	0	1	-	-
Performing Arts Complex	6	0	-	-
Physical Plant	0	1	4	0
Plant Support	0	0	0	0
Primera Casa	15	2	-	-
Public Safety BBC SO2	0	0	3	0
Public Safety UP	0	0	-	-
Public Safety Trailer UP	0	0	-	-
Recreation Ctr. UP	4	0	0	0
Ryder Business Bldg	2	0	-	-

⁴ Two of these seven violations are due to occupant behavior

⁵ Related to the placement of equipment: Fire suppression nozzles need to be centered above cooking surfaces. If the equipment is moved for cleaning of from everyday handling, they shift out of alignment with nozzles. Facilities Management has established a contract to install additional nozzles in one of these locations. Floor markings will be used to identify proper location so that equipment can be properly positioned at all times.

Building	FY 2006-2007		FY 2007-2008	
	New Citations	Repeat Citations	New Citations	Repeat Citations
Soccer Field	0	0	-	-
Student Health Center BBC N06	0	0	-	-
T-1	0	0	-	-
T-2	0	0	1	0
T-3	0	0	-	-
T-4	0	0	-	-
T-5	0	0	-	-
T-6	0	0	-	-
T-7	0	0	1	0
T-8	0	0	-	-
Trailer 1 BBC	0	0	0	0
Trailer 3 BBC	0	0	2	0
Trailer 5 BBC	0	0	-	-
Trailer 7 BBC	0	0	-	-
University House	0	0	-	-
Univ. Park Housing A	1	0	1	1 ⁶
Univ. Park Housing B	1	0	4	0
Univ. Park Housing C	1	0	5	0
Univ. Park Housing D	1	0	8	0
Univ. Park Housing E	1	0	0	1
Univ. Park Housing F	1	0	10	0
Univ. Park Housing G	0	0	7	0
Univ. Park Housing H	1	0	7	0
Univ. Park Housing J	1	0	10	0
Univ. Park Housing K	0	0	13	0
Univ. Park Housing L	1	0	9	0
Univ. Park Towers	13	6	56	0
Viertes Haus	2	4	-	-
W1 – Sculpture	2	2	-	-
W1A Tire Storage	0	0	-	-
W1C – Ceramics	0	0	-	-
W-2 Motor Pool/Chemical Storage Grounds	3	3	-	-
W3 - Facilities Management Storage/Key Bank	0	0	-	-
W5	0	0	-	-
W6 - Dance Studio	0	0	-	-
W6 A,B C (Dugout 3 & 4)	0	0	-	-
W7 – Surplus	0	0	-	-
W9 – Art Studio	0	0	-	-

⁶ Inoperative emergency lighting in the lobby and meeting room, first cited on 8/3/06.

Building	FY 2006-2007		FY 2007-2008	
	New Citations	Repeat Citations	New Citations	Repeat Citations
W10 – Art	0	0	-	-
W10A - ROTC Classroom	1	1	-	-
W10B - PantherSoft Trailer 1	0	0	-	-
W 10C PantherSoft 2	0	0	-	-
W10T ROTC Trailer	0	0	-	-
Wellness Ctr PO9	0	0	-	-
Wertheim Performing Arts Ctr	0	6	25	4 ⁷
Wolfe University Ctr	13	17	0	0
Wolfsonian	3	4	-	-
Wolfsonian Annex	8	0	-	-
Women's Softball/Tennis Complex	0	0	-	-
Total	238	150	503	37

⁷ Five violations are listed; however, one item related to approval of building plans is under query as condition was verified as completed. Two of the remaining four violations are due to occupant practices.

**CORRECTIVE ACTION STATUS REPORT FOR OPEN FIRE SAFETY CITATIONS
UNDER CONTRACT FOR COMPLETION**

ORIGINAL INSPECT. DATE	BLDG.	2nd. CITATION DATE	DESCRIPTION	STATUS UPDATE ¹
02-07-06	WUC	04-19-07	Suppression System	Facility redesign and relocation to new food court scheduled for completion Fall '08
02-07-06	WUC	04-19-07	Suppression System	
02-17-05	HM	02-28-07	Food Demo Lab Suppression System	Design 95% complete. Installation will be completed by 05/08
02-14-06	HM	02-28-07	Food Demo Lab Suppression System	
02-14-06	HM	02-28-07	Fire Separation Magnetic Doors Holders - Five Doors	Project Completion Date: 05/08
02-17-05	Library (BBC)	02-28-07	Fire Sprinkler Heads Trim Piping	Project Completion Date: 04/08
02-14-06	KCC	02-28-07	Occupancy Load Signage	Project Completion Date: 03/08
02-14-06	KCC	02-28-07	Occupancy Load Signage	
02-14-06	KCC	02-06-07	Fire Separation Magnetic Doors Holders	Project Completion Date: 5/08
05-18-05	WLF Museum	03-14-07	Fire Alarm	Project Completion Date: 06/08 DoolyMack Contractor
05-18-05	WLF Museum	03-14-07	Sprinkler System	
06-24-05	WLF Museum	03-14-07	Exits	

¹ Provided by Facilities Management 02/14/08

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

13 MARCH 2008

SUBJECT: UNIVERSITY COMPLIANCE PROGRAM REPORT

PROPOSED COMMITTEE ACTION:

None. Discussion Item.

EXHIBITS/SUPPORTING DOCUMENTS:

- UNIVERSITY COMPLIANCE OFFICE
PROGRAM REPORT

FACILITATOR/PRESENTER:

- LEYDA BENITEZ

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MEMORANDUM

University Compliance Office

To: The Florida International University
Board of Trustees Finance and Audit Committee

From: Leyda Benitez
University Compliance Officer

Subject: University Compliance Program Report

Date: February 20, 2008

The University Compliance Office respectfully submits this report to the Finance and Audit Committee of the Florida International University Board of Trustees on the status of compliance initiatives since my last report to this Committee dated October 16, 2007. I thank you for the opportunity to update the Board on these important University matters.

I. Executive Summary:

- A. Since the last report to the Board, the University Compliance Office continues to focus on education and training efforts.
- A presentation on the impact of export controls on university operations was held in December in collaboration with the Office of Research.
 - A more expansive presentation on ethics and compliance to be provided to new employees during orientation has been developed and will be launched in the next few weeks.
 - Additional education and training sessions on ethics and requirements for State of Florida employees under the Florida Code of Ethics for Public Officers and Employees and applicable University policies will be held.
- B. Two follow up items requested by Chair Kirk Landon during the last meeting of this Committee have been thoroughly researched: institutional legal high risk areas and a proposed methodology for the conduct of operational audits.

- C. Implementation of the University's ethics and compliance reporting helpline is near completion.

II. Description and status of most recent institutional compliance initiatives undertaken by or through the University Compliance Office:

1. Report on University High Risk Areas and Proposed Methodology for Operational Audits: At its November 15, 2007 meeting, Finance and Audit Committee Chair Kirk Landon requested a report on two separate, yet related topics namely:

Committee Chair Landon requested that the University identify the top ten (10) risks to the University and its reputation and assign someone to be in charge of each identified risk.

Committee Chair Landon requested the University develop a plan on how and whom should perform operational audits.

The University Compliance Officer has worked on gathering and studying information and documentation in order to create this report. The focus has been on institutional high risks from a legal and compliance standpoint.

2. Internal Audit Director Search and Screen Committee: At the request of the Vice President and General Counsel Cristina L. Mendoza, the University Compliance Officer currently serves as the Chair of this important search committee. The committee has met on two occasions, November 28, 2007 and January 24, 2008. The committee assisted in the development of the job description, determined where to advertise the position and developed evaluation and screening criteria. At its last meeting, the Committee evaluated the applications received to date and made a preliminary evaluation regarding the initial four (4) candidates to be interviewed. The University Compliance Office is in the process of setting up these initial interviews.
3. Extended Compliance Presentation for New Florida International University Employees: The University Compliance Office has developed a more extensive ethics and compliance presentation to be provided to new employees and those employees who are transitioning from temporary to permanent full or part-time employment. With a total of thirty (30) minutes now allotted to a presentation on compliance issues, new employees will soon receive more specific information on the State of Florida Code of Ethics for Public Officers and Employees, conflicts of interest, information technology security and the confidentiality of student education records. This extended presentation is under review and should be ready for implementation within the next three (3) weeks.

4. Implementation of the Department of Homeland Security's Final Rule on the Chemical Facility Anti-Terrorism Standards, 6 CFR Part 27: Assisted in the development of an implementation plan to assure the University's compliance with these standards. Becoming effective as of November 20, 2007 with the Department of Homeland Security's publication of the final list of chemicals of interest, the standards require that the University conduct an assessment of the specified chemicals it possesses and to submit a preliminary screening, (referred to as a "Top-Screen"), if the University possesses any of the specified chemicals at or above the Screening Threshold Quantity ("STP"). As provided for by the regulations, Florida International University requested an extension of time to conduct the required assessment which was granted. The date for compliance with the standards is March 22, 2008. Jennifer Mwaisela, Associate Vice President for Risk Management and Environmental Health and Safety, is heading this effort on behalf of the University.
5. Academic Affairs Policies and Procedures: The second phase of the process to transition Academic Affairs policies to the University Policies and Procedures Library is underway. Headed by Vice Provost Kenneth Johnson, numerous policies and procedures are being reviewed with the appropriate representatives in order to ensure that they capture and represent current practice and standards. As review is finalized, policies and procedures will be transitioned over to the University Policies and Procedures Library. This project is ongoing with an expected completion date of June 30, 2008.
6. Export Controls Presentation and Roll-Out of Software Compliance Tool: As a collaborative effort with the Office of Research, Associate Director Diana Oliva and the University Compliance Officer did an extensive presentation on "U.S. Export Controls Impact on University Operations" on December 12, 2007. Representatives from key areas within the University impacted by these federal regulations were invited and attended this presentation. Areas represented included Admissions, Applied Research Center, Controller's, Engineering & Computing, Human Resources, International Students, International Studies, Purchasing, Risk Management and Environmental Health and Safety and University Technology Services. This is a first of several presentations to be offered on export controls to key constituents within the University. The presentation also included a demonstration on the Visual Compliance software which is a tool to assist on export controls compliance. This tool is currently in use by the Office of Research. Deployment of this tool to any additional university units or departments will be done through a formal process requiring approval from either the Office of Research (for research purposes) or the University Compliance Office (for other, non-

research related purposes such as Human Resources, International Studies, etc.)

III. Current status of other previously reported compliance initiatives:

7. Conflict of Interest in Research Policy and Centralized Disclosure Process: The Conflict of Interest in Research Policy is almost finalized and then due to be presented to the Operations Committee and the President's Staff for approval. The electronic process for centralized disclosures is being developed and should be completed for deployment in the 2008 Fall Term.
8. EthicsPoint, Inc. Implementation: The ethics and compliance reporting helpline for the University is close to being implemented. The University Compliance Officer has received the administrative training necessary in order to oversee this service. The system is ready to go into a testing phase which will last no more than four (4) weeks after which the service will be made available to the University community.
9. Health Insurance Portability and Accountability Act and related Privacy and Security regulations ("HIPAA"): Implementation of HIPAA at the institution is ongoing. HIPAA Privacy and Security policies and procedures, Notice of Privacy Practices and forms are under review. The HIPAA Committee has met on at least two (2) occasions to discuss HIPAA education and training. HIPAA security training for University Health Services personnel is ongoing. Projected time line for completion of this project is May 31, 2008.
10. Information Technology Security Policies and Procedures: As a follow up to the last report submitted to this Committee, the following information technology security policies and procedures have been approved by the Operations Committee and the President's Staff:
 - i. Application Software Purchasing, Licensing and Use
 - ii. Data Stewardship
 - iii. Sharing Access to IT Resources; Password Management
 - iv. System and Application Management
 - v. Password Management Guidelines
 - vi. Blocking Guidelines

Several important university and information technology policies and procedures are at various stages of development, review or implementation including:

- vii. ECommerce policy
- viii. Electronic Records Retention
- ix. Payment Card Industry Data Security Standard (PCI DSS)

- x. Responsibilities for Network and/or System Administrators
- xi. Wireless Policy
- xii. Media Sanitation Procedures

Projected time line for completion of these policies and procedures is June 30, 2008.

11. Jessica Lunsford Act Compliance: The working group comprised of representatives from the Office of Research, Division of Human Resources and the University Compliance Officer must meet at least once more to finalize the implementation of an improved process to assure the early identification of those Florida International University employees who are considered “vendors” to the School District requiring criminal background screening and clearance. The projected time line for the full implementation of this improved process is May 31, 2008.
12. Leave Time Proportional Allocation Work Group: As a follow up to the last report to this Committee, a working group consisting of representatives from Academic Affairs, Controller’s, Human Resources, Office of Financial Planning, Office of Research and University Technology Services continues to develop the methodology for the proportional allocation of leave time for those employees whose wages are paid in whole or in part out of a federal contract or grant. At this time, this initiative is led by the Office of Research Associate Vice President Joseph Barabino who has presented a fringe benefit rate to the Division of Cost Allocation of the U. S. Department of Health and Human Services. The implementation date of the fringe benefit rate is projected for July 1, 2008.
13. Mandatory Training (OSHA) Requirements for Employees: The task force addressing mandatory training requirements for employees consisting of representatives from the Division of Human Resources, Academic Affairs, Risk Management and Environmental Health and Safety (EHS) met and developed a proposal for streamlining the identification of new employees or those employees transferring to a new department who are required to receive specialized training under federal and state laws. Implementation of this initiative is contingent upon one additional staff member who will be hired within EHS to oversee the entire process of identification and completion of training requirements. It is expected that this position will be filled by no later than March 2008 which provides for an anticipated completion date for this initiative of April 30, 2008.
14. Purchasing: A proposed Ethics in Purchasing and Gift Policy has been drafted with significant study and benchmarking against policies and practices in place at other universities within the State University System. The policy has been reviewed and approved by the Office of the General

Counsel. The policy is under review by senior leadership and is to be presented to the Operations Committee and President's Staff for approval. Expected completion date for this matter is April 30, 2008.

15. Reporting Individual Designation and Criteria: The analysis of those individuals Florida International University should designate as reporting individuals under Florida law and who must therefore file public statements of financial interests with the State of Florida Commission on Ethics has been completed. The most current list of reporting individuals was submitted to the Florida Commission on Ethics for the current year. The Division of Human Resources and University Compliance Officer will work on an announcement to be sent out to all reporting individuals so as to inform them and assist them with instructions regarding the filing requirements. This collaborative effort between the University Compliance Office and the Divisions of Human Resources and Academic Affairs is now concluded.

I respectfully submit this report to the Finance and Audit Committee of the Florida International University Board of Trustees in anticipation of the meeting scheduled to take place on March 13, 2008. I welcome your questions, comments and concerns. Thank you.

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