



**FLORIDA INTERNATIONAL UNIVERSITY  
BOARD OF TRUSTEES  
FINANCE AND FACILITIES COMMITTEE**

Wednesday, September 5, 2018  
8:45 am *\*approximate start time*  
Florida International University  
Modesto A. Maidique Campus  
Graham Center Ballrooms

**Committee Membership:**

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

**AGENDA**

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|--|--|
| 1. Call to Order and Chair's Remarks   | Leonard Boord                            |
| 2. Approval of Minutes   | Leonard Boord                            |
| 3. Follow-up from Previous Meeting   | Leonard Boord                            |
| 4. Action Items  |  |
| FF1. Approval of a Student Housing Agreement between the Florida International University Board of Trustees and University Bridge, LLC | Kenneth A. Jessell<br>Carlos B. Castillo |
| FF2. School of International and Public Affairs Phase II (SIPA-II)- Amendment to Prior Budget Approval                                 | Kenneth A. Jessell                       |
| 5. Discussion Items <i>(No Action Required)</i>  |  |
| 5.1 Marketing and Public Relations Report  | Sandra B. Gonzalez-Levy                  |
| 5.2 Financial Performance Review FY 2017-18  | Kenneth A. Jessell                       |
| 6. Reports <i>(For Information Only)</i>   |  |
| 6.1 Athletics Update   | Pete Garcia                              |
| 6.2 Business Services Report   | Aime Martinez                            |
| 6.3 Emergency Management Status Report   | Ruben D. Almaguer                        |
| 6.4 Facilities and Construction Update   | John Cal                                 |

**6. Reports** *(Continued...)*

**6.5 Foundation Report**

**Andre L. Teixeira**

**6.6 Safety and Environmental Compliance Report**

**Ruben D. Almaguer**

**6.7 Treasury Report**

**Benjamin Jarrell**

**7. New Business** *(If Any)*

**Leonard Boord**

**8. Concluding Remarks and Adjournment**

**Leonard Boord**

*The next Finance and Facilities Committee Meeting is scheduled for December 5, 2018*

**THE FLORIDA INTERNATIONAL UNIVERSITY  
BOARD OF TRUSTEES**

**Finance and Facilities Committee**

September 5, 2018

**Subject: Approval of Minutes of Meetings held: May 23, 2018 and June 6, 2018**

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**Proposed Committee Action:**

Approval of Minutes of the Finance and Facilities Committee meetings held on Wednesday, May 23, 2018 and Wednesday, June 6, 2018 at the FIU, Modesto A. Maidique Campus, Graham Center Ballrooms.

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**Background Information:**

Committee members will review and approve the Minutes of the Finance and Facilities Committee meetings held on Wednesday, May 23, 2018 and Wednesday, June 6, 2018 at the FIU, Modesto A. Maidique Campus, Graham Center Ballrooms.

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**Supporting Documentation:** Minutes: Finance and Facilities Committee Meetings, May 23, 2018 and June 6, 2018

**Facilitator/Presenter:** Leonard Boord, *Finance and Facilities Committee Chair*

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**FLORIDA INTERNATIONAL UNIVERSITY  
BOARD OF TRUSTEES  
FINANCE AND FACILITIES COMMITTEE  
MINUTES  
MAY 23, 2018**

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

The Florida International University Board of Trustees' Finance and Facilities Committee meeting was called to order by Committee Chair Leonard Boord at 9:50 am on Wednesday, May 23, 2018, at the Modesto A. Maidique Campus, Graham Center Ballrooms.

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

General Counsel Carlos B. Castillo conducted roll call of the Finance and Facilities Committee members and verified a quorum. Present were Trustees Leonard Boord, *Chair*; Justo L. Pozo, *Vice Chair*; Dean C. Colson; Marc D. Sarnoff; and Kathleen L. Wilson.

Trustees Cesar L. Alvarez and Natasha Lowell were excused.

Board Chair Claudia Puig, Trustees Gerald C. Grant, Jr., Michael G. Joseph, Jose L. Sirven, III, and Rogelio Tovar, and University President Mark B. Rosenberg also were in attendance.

**2. Approval of Minutes**

Committee Chair Boord asked that the Committee approve the Minutes of the meeting held on December 7, 2017. A motion was made and passed to approve the Minutes of the Finance and Facilities Committee Meeting held on Thursday, December 7, 2017.

Committee Chair Boord discussed follow-up items from the Board's April Retreat and requested a timeline detailing when the items will be presented to the Board.

**3. Discussion Items**

**3.1 Review of FIU Financial Statement Audit for Fiscal Year Ended June 30, 2017**

Senior Vice President and Chief Financial Officer Kenneth A. Jessell reported on the results of the State of Florida's Auditor General Financial Statements Audit for Fiscal Year ended June 30, 2017, explaining that the audit disclosed that the University's basic financial statements were presented fairly in all material respects in accordance with prescribed financial reporting standards. He stated that the audit results disclosed no instances of noncompliance or other matters that are required to be reported. He further noted that the audit did not identify any deficiencies in internal controls over financial reporting that were considered material weaknesses.

Sr. VP and CFO Jessell noted that the financial statements included the following component units of the University: FIU Foundation, Inc. and its subsidiaries; FIU Athletics Finance Corporation; and the FIU Academic Health Center Health Care Network/Faculty Group Practice. He explained that the financial activities of the FIU Research Foundation, Inc. are not included in the University's financial statements because total assets and operating revenues of the Research Foundation represent less than one percent of the total aggregate component units' assets and operating revenues. He presented balance sheet highlights in terms of the major components of changes in assets, liabilities, and net position as well as revenues and expenses.

### **3.2 Review of FIU Foundation, Inc. IRS Form 990 for Fiscal Year Ended June 30, 2017**

Sr. VP and CFO Jessell explained that recently, the State of Florida Auditor General completed Operational Audits at the University of Florida, University of South Florida, and the University and North Florida. He added that one comprehensive finding for all three universities related to greater oversight and review of the Direct Support Organizations by the boards of trustees. He stated that the FIU Foundation, Inc. Form 990 was prepared by James Moore and Co., P.L., the same firm that prepared the Audited Financial Statements of the FIU Foundation, Inc. He added that revenues, expenses, assets, liabilities and net assets tie to the Audited Financial Statements and that the differences in revenue and expenses are the result of the required adjustments for tax presentation.

In response to Trustee Marc D. Sarnoff's request for a description of the methods used for gift reporting, Sr. VP and CFO Jessell answered that Financial Accounting Standards are used by the FIU Foundation, Inc. and that there are differences between financial statement reporting and capital campaign or fundraising reporting. Committee Chair Boord requested a detailed discussion on the methods used for representation of gift commitments on the balance sheet for a future meeting of the Committee.

### **3.3 Financial Performance Review, Third Quarter FY 2017-18**

Sr. VP and CFO Jessell pointed out that the Financial Performance Review is now presented in accordance with Committee Chair Boord's request in terms of focusing on variances in revenues and expenses that are not timing related. Sr. VP and CFO Jessell presented the Financial Performance Review for the third quarter of 2017-18 and provided a summary of University revenues and expenditures. He reported that the University and direct support organizations' operating revenues were above estimates by \$35.5M (or 4 percent), which can be primarily attributed to higher student financial aid and research grant revenues. He added that these were offset by lower percentage of graduate and professional out-of-state students. He explained that operating expenses were above estimates by \$18.9M (or 2 percent), primarily due to higher sponsored research and unit research support expenses associated with additional grants and higher student financial aid expenses.

## **4. Reports**

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

## 5. New Business

*No new business was raised.*

## 6. Concluding Remarks and Adjournment

With no other business, Committee Chair Leonard Boord adjourned the meeting of the Florida International University Board of Trustees Finance and Facilities Committee on Wednesday, May 23, 2018 at 10:24 am.

Trustee Requests	Follow-up	Completion Date
1. <i>Trustee Leonard Boord discussed follow-up items from the Board's April Retreat and requested a timeline detailing when the items will be presented to the Board.</i>	<i>Senior Vice President and Chief Financial Officer Kenneth A. Jessell</i>	<i>September meeting</i>
2. <i>Trustee Leonard Boord requested a detailed discussion on the methods used for representation of gift commitments on the balance sheet.</i>	<i>Senior Vice President and Chief Financial Officer Kenneth A. Jessell</i>	<i>September/ December meeting</i>

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**FLORIDA INTERNATIONAL UNIVERSITY  
BOARD OF TRUSTEES  
FINANCE AND FACILITIES COMMITTEE  
MINUTES  
JUNE 6, 2018**

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

The Florida International University Board of Trustees' Finance and Facilities Committee meeting was called to order by Committee Chair Leonard Boord at 8:36 am on Wednesday, June 6, 2018, at the Modesto A. Maidique Campus, Graham Center Ballrooms.

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

Committee Chair Boord noted that multiple documents related to the follow-up items from the Board's April Retreat have been provided, adding that a prioritization schedule and timeline will be developed to detail when the items will be presented to the Board.

General Counsel Carlos B. Castillo conducted roll call of the Finance and Facilities Committee members and verified a quorum. Present were Trustees Leonard Boord, *Chair*; Justo L. Pozo, *Vice Chair (by phone)*; Cesar L. Alvarez; Dean C. Colson; Natasha Lowell; Marc D. Sarnoff; and Kathleen L. Wilson.

Board Chair Claudia Puig, Trustees Gerald C. Grant, Jr., Michael G. Joseph, Jose L. Sirven, III, and Rogelio Tovar, and University President Mark B. Rosenberg also were in attendance.

**2. Action Items**

**FF1. Proposed 2018-19 University and Direct Support Organizations (DSO) Operating Budgets**

In response to Committee Chair Boord's request, the Q&A exchange between individual Trustees and Senior Vice President and Chief Financial Officer Kenneth A. Jessell relating to the Proposed 2018-19 University and DSO Operating Budgets is being included as part of the Meeting's official record. (*Attachment A*)

Sr. VP and CFO Jessell presented the University and DSO Operating Budgets, totaling \$1,517.4M for Committee review. He explained that an increase in operating expenses of \$114.4K over the final 2017-18 budget was anticipated and described some of the major contributing factors, such as student financial aid, contracts and grants, auxiliary enterprises, and Education and General.

Sr. VP and CFO Jessell stated that FIU anticipates a top three ranking in terms of the 2018-19 Florida Board of Governors' Performance Funding Model, indicating that this represented a \$9.7M

“Top Three” one-time allocation and \$2.8M share of new \$20M state investment. In response to Committee Chair Boord’s inquiry, Sr. VP and CFO Jessell explained that the University will be making one-time investments in projects and programs aimed at improving opportunities for performance enhancement with a likely focus in technology, classroom improvements, research and start-up investments. Sr. VP and CFO Jessell mentioned that he and Provost and Executive Vice President Kenneth G. Furton will be reviewing critical investment requests to establish priorities for the one-time allocations. Committee Chair Boord requested the opportunity to review the approved critical investment allocations at the next regularly scheduled meeting.

Sr. VP and CFO Jessell provided a detailed summary of key aspects of each budget and added that authority for the University President to amend the budget is necessary to accommodate changes in circumstances. He also noted that the auxiliary budget included 2019-20 budgets for Parking and Transportation and University housing, the two areas that have bond indebtedness.

Committee Chair Boord requested that in addition to the adjustments reflected in terms of the Higher Education Price Index, that the Consumer Price Index also be included in future University and DSO Operating Budgets materials and presentations.

In response to Trustee Dean C. Colson’s inquiry, Sr. VP and CFO Jessell stated that Trustees can expect to receive information on how the University compares with other institutions within the State University System (SUS) in terms of state appropriations and tuition. Trustee Roger Tovar requested that the comparative analysis also include a breakdown to delineate state appropriations and tuition per FTE student.

University President Mark B. Rosenberg noted that the University does not support a tuition increase. He added that despite the \$1.5M rate increase from Florida Power and Light, the University has reduced its electric consumption and still leads that SUS in terms of driving efficiencies. President Rosenberg explained that FIU leads the state in terms of dual-enrollment and that dual-enrollment students do not pay tuition to the University.

Sr. VP and CFO Jessell explained that the State of Florida Auditor General has recommended that SUS boards of trustees consider and approve DSO use of university resources, noting that resources include employees who provide services to the DSO and space utilized by the DSO. He noted that the details relating to positions, total expenditures, and office space utilized were included in the budget materials. He added that in terms of the 2018-19 University and DSO Operating Budgets, \$6.9M of the \$15.2M in projected expenditures will be reimbursed by DSOs.

A motion was made and passed that the FIU Board of Trustees Finance and Facilities Committee recommend that the FIU Board of Trustees (the BOT) approve the FIU 2018-19 University and Direct Support Organizations Operating Budgets and authorize the University President to amend the budgets consistent with Legislative, Board of Governors’ and BOT directives and guidelines.

## **FF2. Proposed 2018-19 Fixed Capital Outlay Budget**

Sr. VP and CFO Jessell presented the University’s 2018-19 Fixed Capital Outlay Budget for Committee review, noting that the Fixed Capital Outlay Budget governs the University’s capital

expenditures during the year. He added that FIU's request for 2018-19 Capital Outlay Budget for Public Education Capital Outlay (PECO) projects totaled \$24,689,792 for critical deferred maintenance and phase I and II of the Engineering building. He explained that FIU's request for 2018-19 Fixed Capital Outlay Budget for Capital Improvement Trust Fund (CITF) projects totaled \$5,906,644 for the expansion of the Graham Center.

In response to the inquiry from Trustee Jose L. Sirven, III, Sr. VP and CFO Jessell noted that the Board of Trustees has the authority to amend the Fixed Capital Outlay Budget request.

A motion was made and passed that the FIU Board of Trustees Finance and Facilities Committee recommend that the FIU Board of Trustees (the BOT) approve FIU's 2018-19 Fixed Capital Outlay Budget and authorize the University President to amend the budget as necessary, consistent with Legislative, Florida Board of Governors', and BOT directives and guidelines.

**FF3. Request for Approval of Florida International University's 2019-20 Fixed Capital Outlay Legislative Budget Request, consisting of the five-year Capital Improvement Plan**

Sr. VP and CFO Jessell presented the request for approval of FIU's 2019-20 Fixed Capital Outlay Legislative Budget Request, consisting of the five-year Capital Improvement Plan, for Committee review, noting that the Fixed Capital Outlay Legislative Budget Request set forth the University's proposed capital expenditures during the next five years. He explained that an educational plant survey is required at least once every five (5) years for all public educational entities, including state universities. He presented FIU's 2019-20 request for Capital Outlay Budget for PECO-eligible projects for facilities infrastructure, engineering building, honors college, and science laboratory complex, which, as he explained, totaled \$63,600,000.

A motion was made and passed that the FIU Board of Trustees Finance and Facilities Committee recommend that the FIU Board of Trustees (the BOT) approve FIU's 2019-20 Fixed Capital Outlay Legislative Budget Request, consisting of the five-year Capital Improvement Plan and authorize the University President to amend the Legislative Budget Request as necessary, consistent with Florida Board of Governors' and BOT directives and guidelines.

**3. Reports**

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

In response to Trustee Sirven's inquiry, Sr. VP and CFO Jessell explained that bonding for the Activity and Service fee would not be a likely option given the current climate.

**4. New Business**

*No new business was raised.*

## 5. Concluding Remarks and Adjournment

With no other business, Committee Chair Leonard Boord adjourned the meeting of the Florida International University Board of Trustees Finance and Facilities Committee on Wednesday, June 6, 2018 at 10:09 am.

Trustee Requests	Follow-up	Completion Date
1. <i>Committee Chair Leonard Boord discussed follow-up items from the Board's April Retreat and requested a timeline detailing when the remaining items will be presented to the Board.</i>	<i>Provost and Executive Vice President Kenneth G. Furton/ Senior Vice President and Chief Financial Officer Kenneth A. Jessell</i>	<i>September meeting</i>
2. <i>Committee Chair Leonard Boord requested the opportunity to review the approved critical investment allocations at the next regularly scheduled meeting.</i>	<i>Provost and Executive Vice President Kenneth G. Furton/ Senior Vice President and Chief Financial Officer Kenneth A. Jessell</i>	<i>September meeting</i>
3. <i>Trustees Dean C. Colson and Roger Tovar requested a comparative analysis in terms of the State University System that also includes a breakdown to delineate state appropriations and tuition per FTE student.</i>	<i>Senior Vice President and Chief Financial Officer Kenneth A. Jessell</i>	<i>September meeting</i>
4. <i>Committee Chair Leonard Boord requested that in addition to the adjustments reflected in terms of the Higher Education Price Index, that the Consumer Price Index also be included in future University and DSO Operating Budgets materials and presentations.</i>	<i>Senior Vice President and Chief Financial Officer Kenneth A. Jessell</i>	<i>Ongoing</i>

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## Attachment A

### BOARD OF TRUSTEES BUDGET QUESTIONS AND ANSWERS

1. Page 6: Budget. How much of the Educational and General Budget is performance funding, both University investment and state investment?

**University investment is \$34 million; state investment is \$40 million, with approximately \$9.7 million one-time state investment due to reallocation of performance funds removed from universities ranked in the bottom three.**

2. Page 8: \$222,015 in Student Fee Income NET of uncollectable. How much is the uncollectable?

**Uncollectable amount is estimated at \$3.6 million. We budget 1.5 percent of gross tuition as uncollectable, or approximately 1.6 percent after waivers. We do make every effort to collect every receivable, including establishing payment plans for students and going to collections. We use three different collection agencies under state contract. We do not allow the release of transcripts or continued registration unless A/R is paid or repayment plan approved.**

3. Page 10: General revenues of \$231,793 for Actual, proposed is \$249,251 - Note 1: \$73.7 is performance funding. Can you disclose how much was performance-based funding for 2017-18? I want to compare our organic revenues versus the performance-based funding.

**For 2017-18, the state investment (new state funding) was \$27.5 million and the FIU investment (reallocated base FIU Funding) was \$30.8 million. For 2018-19, we will have a total of \$40 million in new state funding, an increase of \$12.5 million, which comes from \$2.8 million as our proportional share of the new \$20 million the Legislature added to performance funding PLUS \$9.7 one-time funding for being in the "Top 3" ranking (this is a redirection of the performance funding that did not go to the "Bottom 3" universities).**

4. Page 10: Waivers: Budget 17-18 \$36,229 Actual \$33,242. Who determines the amount of the waivers? Why are we forecasting an increase versus actual of 15%+?

**The Provost is delegated the authority to provide waivers under BOT regulation FIU-1113. Some waivers are defined by Florida Statute, such as High School Dual Enrollment students, State Employees, and veterans.**

**The increase for 2018-19 OVER ACTUAL is 6.5 percent (the 16 percent was budget to budget). The variance in Forecast 2017-18 to Budget 2017-18 is driven by the Waivers that were provided to the displaced students from Puerto Rico and the USVI as a result of Hurricane Irma.**

5. Page 12: Total Consolidated Auxiliary expenses: Salaries Budget 17-18 \$76,603 Actual \$83,791. Why the variance and explain how many more FTE? What drives this number? And why for 2018-19 we are asking for 17% more than the budget of 2017-18

**First, the numbers in yellow were reversed: Actual was \$76,603 v. budget \$83,791. We budget as if all positions are filled to ensure that the revenues can support the expenses. We did have a lot of unfilled positions in auxiliaries as well as University-wide and it is taking longer to fill given the tight labor market. We are budgeting a 7 percent increase in Budget for 2018-19 over 2017-18 to cover additional positions in Public Safety, Mental Health Counselors, Academic Auxiliaries, Controllers Office, and On-Line course designers. The revenues support these positions.**

6. Page 21: The lack of revenue share from Bayview--what is the expected forecast going forward and how much is it off by? What is driving the variance from forecast?

**Bayview Housing is a Public-Private Partnership housing project at the Biscayne Bay Campus. Under the model, net profits will be returned to the University. The occupancy is around 93 percent which is slightly below the goal of 95 percent, and they have had higher insurance expenses; hence, we have not received any profit returns. Our plan was to receive about \$700,000.**

7. Page 23: Intercollegiate Athletics—revenue of \$27 Million. How much comes from the Athletics Fee and is there other support for Athletics?

**The amount from the Athletics Fee is \$21.8 million, or 81 percent. Other support includes \$2 million in out-of-state waivers, \$800,000 in financial aid, and \$500,000 in Title IX state appropriated funding to support women's sports.**

8. Page 29: Student financial Aid. Is PELL limited to Undergraduate Students?

**PELL is usually awarded only to undergraduate students who have not earned a bachelor's or professional degree, although in some cases a student enrolled in a post-baccalaureate teacher certification program might receive a PELL grant.**

9. Page 32: FIU Foundation—How much of the cash contributions is new cash versus cash generated from prior pledges/Accounts Receivable?

**New cash is \$21 million. Cash from pledge payments (A/R) is \$10 million.**

10. Business Services Report--Bookstore: Online sales are eating into our sales, we booked a 16% commission? Do book sales drive other products? Can we become more competitive by reducing our fee?

**You are correct, and this is a national trend. It you walk into our bookstore, you will see that the real focus is on non-textbooks...clothing, merchandise, café, etc. Publishers are the drivers on the textbook prices. We do offer competitive guarantee match prices on books, and we are doing a lot of textbook rentals. It is important to note that the BOG, BOT and Legislature have been working hard to reduce textbook costs, and we are using a lot of e-books, partial chapter book materials, used books and other ways of lowering the price to students, including asking faculty to not change editions unless there are significant changes. The textbook publishing industry is getting on board. NOTE: The BOT approved Textbook Affordability report addresses the goal of reducing textbook costs.**

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**THE FLORIDA INTERNATIONAL UNIVERSITY**  
**BOARD OF TRUSTEES**  
**Finance and Facilities Committee**

September 5, 2018

**Subject: Approval of a Student Housing Agreement (“Agreement”) between the Florida International University Board of Trustees (“BOT”) and University Bridge, LLC (“Owner”)**

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**Proposed Committee Action:**

Recommend that the Florida International University Board of Trustees approve (1) a Student Housing Agreement (“Agreement”) with University Bridge, LLC (“Owner”); and (2) delegate authority to the University President, or designee, to execute the Agreement on behalf of the Florida International University Board of Trustees (“BOT”).

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**Background Information:**

On May 19, 2018, representatives from University Bridge, LLC (“Owner”), a Florida limited liability company, first approached the University with a request to enter into a Student Housing Agreement (“Agreement”) with the Florida International University Board of Trustees (“BOT”). The Agreement defines structures and roles that may allow the Owner to receive a property tax exemption and to qualify as a 501(c)(3) organization to enable the Owner to borrow tax-exempt debt proceeds for the design and construction of a residential housing facility (“Project”).

Under the terms of the Agreement, the Owner, at Owner’s sole cost and expense, will construct a 20 story, 886-unit, 1244-bed residential rental housing facility that will house FIU students, faculty and staff. The facility will be located at 740 S.W. 109<sup>th</sup> Avenue, Sweetwater, Florida 33174, just north of S.W. 8<sup>th</sup> Street and west of S.W. 109<sup>th</sup> Avenue and across the street from the MMC campus. The Project will cost approximately \$220 million financed via tax-exempt and taxable housing revenue bonds issued by the Capital Trust Agency.

FIU will not have any obligations or responsibilities related to the financing, design, development, construction, maintenance and/or operation of the Project, but the University will have certain rights in connection with such matters, which rights FIU may exercise in its sole discretion. For instance, FIU, in its discretion, will have the right to have a representative present at construction meetings and to receive copies of all monthly progress reports. Since the Project will serve FIU students, faculty, and staff, the Owner will have access to advertise to FIU students on FIU’s off-campus housing website, administered by a third-party vendor, similar to other off-campus housing projects. FIU may display materials for the Project and make student referrals to the Project once FIU’s on-campus housing is full. Additionally, the Owner may advertise the Project to FIU students, faculty and staff. The Owner will not lease, advertise or market the Project to FIU undergraduate first-year freshmen students.

The Owner, whose sole member is Atlantic Housing Foundation, Inc. (“AHF”), an entity organized under Section 501(c)(3) of the Federal Tax Code, will use net cash flows from the Project to further charitable activities. Each year FIU will receive housing scholarships to support a minimum of 20 beds for FIU students (which may include FIU veteran students and/or FIU need-based students).

Further, FIU may receive additional funds annually to support scholarships and academic programs, subject to the availability of revenues and net cash flows. If net income after debt service and payments to the City of Sweetwater is available, FIU will receive \$200,000 in scholarship/academic support funds prior to the payment of any asset management fees. FIU may also receive additional scholarship/academic support funds, initially projected at \$800,000, if net cash flows are available. Additionally, FIU will have the option to receive, at FIU’s sole discretion, title to the Project, including land and all improvements, at the end of the 40-year financing period or upon repayment of all indebtedness, whichever is sooner. FIU also has the option to require the Owner to remove or demolish the Project and restore the land to its original condition, at Owner’s sole expense. A Land Restoration Fund will be established with \$500,000 initial funding and increased annually from net cash flows to cover future demolition costs in the event FIU requires the demolition of improvements; these funds will be returned to the Owner if demolition is not required.

FIU may also receive a portion of excess cash flows that are generated by the project and distributed to AHF in fulfillment of its charitable purpose. AHF is willing to prioritize a portion (up to 50 percent) of any excess revenue that it may receive from the Project to fund projects/activities (the “FIU/AHF Projects”) that (i) are mutually beneficial to the University (and/or its surrounding community) and AHF, (ii) further AHF’s exempt purposes and (iii) are economically feasible in its commercially reasonable judgement. Each of these FIU/AHF Projects will be determined on a case-by-case basis, after consultation with the AHF board, and there can be no assurance that any minimum expenditure for the FIU/AHF Projects will be made.

FIU has held discussions with the Florida Division of Bond Finance (DBF) about the proposed Agreement since FIU has outstanding revenue bonds on University housing. Based upon DBF review of the proposed agreement, they do not believe the Agreement will have any ratings implications for FIU housing bonds.

The City of Sweetwater is supportive of the Agreement as the Project is important to the economic development of the City, as reflected in the August 16, 2018 letter from City Mayor Orlando Lopez. The City of Sweetwater Commission approved a Payment in Lieu of Taxes Agreement (“PILOT Agreement”) Resolution (Resolution No. 4434) with the Owner on June 13, 2018. The PILOT Agreement, approved pursuant to Resolution No. 4434, contained provisions that were problematic for FIU. At the request of FIU, the City Commission agreed to modify the PILOT Agreement to incorporate several provisions protective of FIU’s rights and

status as a state instrumentality. This Resolution was approved by the City Commission on July 16, 2018.

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**Supporting Documentation:**

1. Student Housing Agreement
2. Student Housing Agreement Discussion Points
3. University Bridge Apartments Project Summary
4. City of Sweetwater Resolution and Pilot Agreement between University Bridge, LLC, a Florida limited liability company, and the City of Sweetwater, Florida, a Florida municipal corporation
5. Letter of Support from Mayor of the City of Sweetwater, Orlando Lopez
6. Letter of Support from former Member of Congress, Patrick Murphy
7. Email from Ronald Bell regarding Distribution of Atlantic Housing Foundation Excess Cash Flows
8. Project Pro Forma Cash Flows 2020 to 2058
9. FIU Benefits Pro Forma Cash Flows 2020 to 2058
10. Moody's Rating Letter
11. Moody's Rating Report
12. Agenda item presentation
13. Brailsford & Dunlavey presentation

**Facilitator/Presenter:**

Kenneth A. Jessell  
Carlos B. Castillo

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## STUDENT HOUSING AGREEMENT

THIS STUDENT HOUSING AGREEMENT (this “**Agreement**”) is dated September \_\_, 2018, by and between UNIVERSITY BRIDGE, LLC, a Florida limited liability company having its principal address at c/o Atlantic Housing Foundation, Inc., 5910 N. Central Expressway, Suite 1310, Dallas, Texas 75206 (“**UB**”), and THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES (the “**University**”), acting by and through the undersigned duly authorized representatives. UB and the University are referred to herein collectively as the Parties and individually as a Party.

**WHEREAS**, the University is the largest university in South Florida, the second largest in Florida, and the fourth largest in the United States by enrollment. Total enrollment in Fall 2017 was 56,886 students, including 8,700 graduate students;

**WHEREAS**, the University belongs to the 12-university State University System of Florida and is one of Florida’s primary graduate research universities; and

**WHEREAS**, the University offers 191 programs of study with more than 280 majors in 23 colleges and schools with a wide range graduate programs, including architecture, business administration, engineering, law, and medicine; and

**WHEREAS**, despite offering no financial commitments to the Property (as defined below), the University recognizes that at present it lacks adequate on-campus housing for its large student population. The need for quality student housing on or proximate to the University’s main campus is projected to rise in future years, as the University’s enrollment grows. Currently, the University has the ability to house approximately 8% of its total enrollment on campus; and

**WHEREAS**, the sole member of UB is Atlantic Housing Foundation, Inc. (“**AHF**”), an organization exempt from federal income tax under Section 501(a) of the Internal Revenue Code of 1986 (as amended, the “**Code**”) as an organization described in Section 501(c)(3) of the Code, and which has as among its stated charitable purposes the acquisition, construction, rehabilitation and operation of student housing on a nonprofit basis; and

**WHEREAS**, UB is organized exclusively to further the stated charitable purposes of AHF and specifically for the purpose of planning, developing, financing, equipping, operating and maintaining a student housing facility and certain ancillary facilities as well as providing scholarships and other funds for other academic purposes exclusively for the benefit of the University in accordance with this Agreement (collectively, the “**Charitable Activities**”); and

**WHEREAS**, UB desires to assist the University in meeting the need for additional housing for University Students (as defined in Section 2(A)) by developing, financing, constructing, furnishing, equipping and operating a residential facility consisting of a 20-story, 886-unit, 1,244-bed residential tower to house students, faculty, and staff of the University (the “**Facility**”), which Facility will be located on a parcel of real property at 740 SW 109th Avenue in Sweetwater, Florida 33174 and which parcel is more particularly described on the attached **Exhibit A** (the “**Land**,” and together with the Facility, the “**Property**”); and

**WHEREAS**, UB, with assistance and input from the University, as provided herein, will implement housing educational programs and policies designed to serve the needs of the University Students; and

**WHEREAS**, UB expects to permanently finance the acquisition of the Land and the development, construction, furnishing and equipping of the Facility through the issuance by the Capital Trust Agency of its Student Housing Revenue Bonds (University Bridge, LLC – Student Housing Project) Series 2018, in the aggregate principal amount not to exceed \$225,000,000, fully amortizing and payable over forty (40) years (on a taxable and/or tax-exempt basis) (collectively, the “**UB Financing**”), pursuant to documents, agreements and instruments executed by UB in connection with the UB Financing (the “**Financing Documents**”); and

**WHEREAS**, the University will not be responsible for the payment of any amounts related to the development, construction, operation, maintenance or financing associated with the Property, including any agreement to lease or assign students to the Property; and

**WHEREAS**, the UB Financing will be designed so that it will have no impact on the balance sheet or credit capacity of the University; and

**WHEREAS**, UB will undertake the development, financing and operation of the Facility for the benefit of the University, and the University is willing to support the Facility under the terms and as expressly set forth in this Agreement; and

**WHEREAS**, UB is willing to make certain covenants and grant certain rights and privileges to the University in consideration for the University’s support of the development and operation of the Facility; and

**WHEREAS**, UB and the University desire to set forth herein their respective obligations to each other with regard to the development, operation and management of the Facility;

**NOW, THEREFORE**, in furtherance of the above, UB and the University agree as follows:

**1. Development and Construction of the Facility.**

The Facility will be constructed on approximately 1.7 acres and will be a 20-story, 886-unit, 1,244-bed residential tower to house University Students, faculty, and staff of the University located on the Land. UB will engage the services of University Bridge GP, LLC (the “**Developer**”) pursuant to a Development Agreement (the “**Development Agreement**”) to oversee and supervise the design, development, construction and completion of the Facility in accordance with detailed building plans and specifications as approved by UB (“**Plans and Specifications**”). UB will engage the services of Coastal Construction as General Contractor (the “**General Contractor**”), which shall work in collaboration with the Developer to construct, furnish and equip the Facility in accordance with the Plans and Specifications pursuant to a Construction Contract (the “**Construction Contract**”). The University shall have the right to have a University representative present at weekly, or other periodic progress meetings of the

Developer and General Contractor. Upon request, UB shall inform the University of any modifications to the Plans and Specifications that will materially affect the design of the Facility or any major building components of the Facility, and to the extent required by the University in writing, any such modifications shall be subject to the University's prior written consent, not to be unreasonably withheld, conditioned, or delayed. UB shall cause the Developer to use commercially reasonable efforts to commence construction of the Facility as soon as reasonably practicable in anticipation of or following the closing of the UB Financing, and to achieve substantial completion of the Facility by the target date of August 1, 2020, but by no later than August 15, 2020. Upon request, UB shall provide copies to the University of all monthly progress reports submitted to it by the Developer. To the extent reasonably possible, all construction activities shall be conducted in a manner so as to minimize any adverse impact to the immediately surrounding areas. As soon as reasonably practicable following substantial completion of the Facility, upon request, UB shall furnish, or cause to be furnished, to the University the following: (i) one complete set of final "as-built" plans and specifications of the completed improvements; and (ii) a certified "as-built" plat or survey prepared by a Florida registered land surveyor or professional engineer depicting to scale the location of the completed improvements, as the same shall have been constructed. If required in writing by the University, UB shall not enter into any (i) easements or other agreements encumbering title to the Property; or (ii) any other licenses or other agreements regarding the operation of the Facility; or (iii) any other agreements affecting the Property which are not terminable on thirty (30) days prior written notice or which require the payment of a fee or penalty upon termination, or the term of which agreement extends past the term of the UB Financing, without the prior written consent of the University.

## **2. Operation and Management of the Facility.**

(A) Student Housing Facility. The Facility shall be operated exclusively as a residential living-learning community for (i) lease to (A) full-time undergraduate sophomores, juniors and seniors and graduate students enrolled in the University's schools and programs (collectively, "**University Students**"), and (B) members of the faculty or staff of the University (together with the University Students, the "**Facility Residents**"), and (ii) customary ancillary supporting uses necessary to fulfilling the charitable purposes and objectives and the administration and maintenance of the Facility in accordance with the standards generally applicable to management and leasing of comparable first-class residential facilities in the Miami-Dade County, Florida area. UB shall lease the units in the Facility, or cause the units in the Facility to be leased by the Manager (as defined below) only to Facility Residents, it being understood that units in the Facility shall not be leased at any time to undergraduate first-year freshmen students, except as may be approved by the University in connection with housing scholarships for veterans or as otherwise approved by University, in either case, in the University's sole and absolute discretion. To the extent necessary to comply with applicable law, UB shall execute and record a declaration of covenants and restrictions (the "**Declaration**") at the closing of the UB Financing (as defined below) restricting the use of the Property to the uses expressly permitted in this Agreement at the closing of the UB Financing (as defined below), which declaration shall run with the land and, to the extent so required by the University in writing, shall not be amended, modified or revoked without the express written consent and approval of the University. The Declaration shall survive the payment of the UB Financing but shall expressly state therein that it is subject to modification or termination

by the University or by a Designated Transferee (as defined herein) who has taken title to the Property.

(B) Prohibited Uses. The Declaration, to the extent necessary, shall expressly prohibit the uses that would adversely affect the tax-exempt status of AHF and the UB Financing.

(C) Facility Manager. UB will engage Landmark Properties as the initial property manager (the “**Manager**”) to undertake, and be responsible for the management and operational activities of the Facility pursuant to the terms and conditions of a written management agreement (the “**Management Agreement**”), which Management Agreement shall require the Manager to operate and maintain the Facility in accordance with the terms of this Agreement and in accordance with the standards generally applicable to management and leasing of comparable first-class residential facilities in the Miami-Dade County, Florida area. Management fees shall be comparable to management fees paid to managers of similar properties in South Florida, and the terms of the Management Agreement shall not adversely affect the tax-exempt status of AHF or the UB Financing.

(D) Protocol for Leasing and Operations. UB and Manager shall at all times during the Term of this Agreement manage and operate the Facility in accordance with terms of the Leasing and Operations Protocol attached as **Exhibit B**.

(E) Leasing Priority. UB and Manager shall provide University Students with first priority for the rental of units at the Facility according to the following terms: for each Contract Year (as defined on **Exhibit B** hereto) during the Term of this Agreement, UB and the Manager shall provide University Students with the exclusive right to rent units at Facility until the April 30th immediately preceding such Contract Year. From and after the May 1st immediately preceding such Contract Year, UB may lease any rental units not previously rented by University Students to any member of the faculty or staff of the University, provided such use does not adversely impact the tax-exempt status of the UB Financing or AHF.

(F) Security. Owner is solely responsible for the cost of procuring, installing, maintaining, and monitoring the Facility’s security systems. At the request of UB, University is willing to provide recommendations regarding emergency management and related protocols. Upon University’s request to UB, representatives of FIU Housing and FIUPD shall be permitted access to all security cameras for purposes of inspection and retrieval of relevant surveillance footage as required for the performance of their investigative duties, which inspection and retrieval shall be conducted in accordance with all applicable laws.

(G) Marketing and Promotion. The University agrees that, subject to applicable regulations, policies and procedures of the University that are in effect from time to time (“**University Policies**”), the Facility will have access to advertise to University Students on the University’s off-campus housing website after payment of all applicable fees in effect at any such time. FIU Housing may display materials for the Facility once all on-campus housing is full. The University will, subject to University Policies, permit UB to advertise the Facility to University Students on University property, subject to the prior review and with prior written approval by the University of the location, form, quantity, and content of such advertising, and provided that UB shall not advertise or market the Facility to undergraduate first-year freshmen students.

(H) Information Technology. The University's information technology department has been participating in the design of the cable and internet services for the Property and intends to enter into an agreement for the provision of such services on an ongoing basis for the Property. The design has been conducted in a manner that will allow Facility Residents to connect directly to FIU's on-campus information technology network. Any agreement between the University and UB shall provide that all wiring for such services shall be a part of the Property and shall be owned wholly and exclusively by the owner of the Property.

### 3. **Net Cash Flow of Facility.**

(A) Notwithstanding anything in this Agreement to the contrary, and consistent with UB's agreement and commitment to operate and manage the Facility for the benefit of the University, UB hereby agrees that all "net cash flow" from operations of the Facility shall be used solely for the purpose of furthering the Charitable Activities, including funding a wide range of University scholarship programs and other academic purposes, with such programs including, but not being limited to, housing scholarships for veteran and need-based students, and helping AHF further its charitable purpose. "**Net cash flow**" means all revenues received by UB from the operation of the Facility on an annual basis, after payment of all operating expenses, the Housing Scholarships (as defined below), the FIU Support Funds (as defined below), management, asset management and administrative fees, including an AHF 501(c)(3) asset management and administrative fee (each of which must be reasonable and not adversely affect the tax-exempt status of AHF or the UB Financing), debt service for any outstanding debt obligations, and required reserves for the Facility due and payable on an annual basis and other obligations due and payable under the UB Financing Documents. The parties acknowledge and agree that the early repayment and retirement of the UB Financing would further the Charitable Activities by expediting the conveyance of title to the University pursuant to Section 7 below.

(B) Consistent with the foregoing, UB agrees that, for each year during which the Facility is in operation, UB will provide housing scholarships to support a minimum of 20 beds for University Students and/or University veteran students and/or University need-based students (the "**Housing Scholarships**"), it being understood that the Housing Scholarships are not dependent or contingent on the net cash flow of the Facility.

(C) Additionally, UB agrees that, for each year during which the Facility is in operation, UB will pay at least \$200,000 in cash to the University for student scholarships and other academic support (collectively, the "**FIU Support Funds**") from the available "adjusted net cash flow," which means all revenues received by UB from the operation of the Facility on an annual basis, after payment of all operating expenses, the Housing Scholarships (as defined below), management fee, debt service for any outstanding debt obligations, and required reserves for the Facility due and payable on an annual basis and other obligations due and payable under the UB Financing Documents other than payment of any asset management fees and the funding of the Land Restoration Account, it being understood that the FIU Support Funds shall be paid to the University prior to the payment of any asset management fees.

(D) Additionally, UB shall, on an annual basis and to the extent available, transfer any net cash flow to the University (to the extent acceptable by the University) to support the University's student housing acquisition, development, and operational activities or to further the

University's other academic purposes, in an amount equal to the "Additional FIU Support Funds" set forth in the pro forma attached hereto as **Exhibit C**.

(E) UB is willing to prioritize a portion (up to 50%) of any remaining "net cash flow" from the Project to fund projects/activities (the "**FIU/AHF Projects**") that (i) are mutually beneficial to the University (and/or its surrounding community) and AHF, (ii) further AHF's exempt purposes and (iii) are economically feasible in its commercially reasonable judgment. Each of the FIU/AHF Projects will be determined on a case-by-case basis, after consultation with the AHF board.

#### **4. Covenants of the University.**

(A) **Acknowledgment**. The University acknowledges that the University shall directly and substantially benefit from the development, operation and management of the Facility by UB and that the Facility will provide a welcomed addition to the housing supply available to the University Students, as well as further the University's educational purposes and objectives. The University further acknowledges that the cooperation of the University as set forth herein is essential for the cost-effective and efficient management and operation of the Facility by UB and that such cooperation is an important consideration and incentive in the decision by UB to undertake the financing and development of the Facility and the other obligations of UB in this Agreement. As a result, the University agrees that it shall exercise all reasonable efforts to uphold and preserve its cooperation with UB and association with the Facility as described herein, subject to the terms and conditions of this Agreement.

(B) **Reserved**.

#### **5. Covenants of UB.**

(A) **Board of Managers**. The management of the business and affairs of UB shall be vested in a Board of Managers ("**Board of Managers**") which shall consist of three (3) individuals ("**Managers**") to be appointed by the Governing Board of AHF. The Board of Managers shall include at least one (1) Manager selected from a list of candidates submitted by the University (in collaboration with Global City Development), each of whom has demonstrated a high level of experience and competence in the area of university housing and governance, higher education, and may be either an alumnus or have served on a University or a University-controlled affiliate board ("**Community Representatives**"), it being understood, however, that (i) no current member of the University's Board of Trustees shall be a Manager, and (ii) no person employed by the University at any such time shall be a Manager, unless approved in advance by the University in its sole and absolute discretion. In addition, one (1) Manager shall be from the Miami-Dade County, Florida community with some relation to the University if deemed necessary. The University, in collaboration with Global City Development, agree to submit a list of candidates for this position upon request of the Governing Board of AHF. The Governing Board of AHF shall not unreasonably withhold, delay or condition the appointment of a Community Representative recommended by the University. Specific provisions relating to the terms, duties, responsibilities, meetings and actions of the Board of Managers shall be addressed in the Operating Agreement of UB, a copy of which shall be provided to the University. Included in the responsibilities and duties of the Board of Managers will be deciding on the allocation of UB's "net cash flow" from the

Property for the University's programs. UB hereby acknowledges and agrees, and agrees to provide in the Operating Agreement of UB, that the Community Representatives shall stand in a fiduciary relationship to the University, and therefore each Community Manager shall act in good faith, with due regard to the interests of the University and shall comply with the fiduciary principles and law set forth in the Code of Ethics for Public Officers and Employees, Chapter 112, Part III, Florida Statutes, including, without limitation, with respect to conflicts of interests.

(B) Financing of the Facility: No University Liability for UB Financing. UB intends to obtain financing for the acquisition of the Land and paying the costs associated with the design, acquisition, development, construction, furnishing and equipping of the Facility, including the costs of obtaining UB Financing. UB will provide the University with copies of all the Financing Documents. To the extent so required by the University in writing, the University shall have the right to approve and/or comment on the Financing Documents.

Any modification, extension, refinancing, additional financing, assignment or substitution for the UB Financing shall not be adverse to the rights and interests of the University as set forth herein, and, to the extent required by the University in writing, shall be subject to the approval of the University, in its sole and absolute discretion. The documents evidencing the UB Financing shall contain provisions for reserve accounts to be set up to fund capital improvements, repairs and maintenance of the Facility and the replacement of furniture and furnishings used in the operation of the Facility, for the purpose of operating and maintaining the Facility in accordance with the standards generally applicable to management and leasing of comparable residential facilities in the Miami-Dade County, Florida area. Neither the University, nor any Direct Support Organization of the University ("DSO"), or affiliated entities (individually, a "University Party" and collectively, "University Parties") shall have any obligation at any time with respect to the payment of the UB Financing or any other financing for or related to the Property. The Trust Indenture and other Financing Documents shall provide for no recourse for the payment of the principal of, or premium, if any, or the interest on, or any other cost, expense or fee for or related to, the UB Financing, or for any claim based thereon or any agreement supplemental or collateral thereto, against the University, any University Party, or any trustee, member, director, officer or employee, past, present or future, of the University or of any University Party, or of any predecessor or successor corporation, as such, either directly, or through the University. Notwithstanding the foregoing, UB covenants and agrees that the University shall have the right, but the University shall not be obligated, in the event UB defaults under the UB Financing and has not cured the default, to cure such default within a reasonable time period and/or to acquire the Property and assume payment of the indebtedness represented by the UB Financing all on terms reasonably acceptable to the University; such decision to be made or not made in the University's sole and uncontrolled discretion. UB has no expectation or hope that the University would take ownership of the Land, Facility or Property for any purpose prior to the repayment in full of the UB Financing. None of the University Parties is a "sponsor" or a "promoter" of the Property, UB shall not treat any of the University Parties as a "sponsor" or a "promoter" of the Property, and UB shall use its best efforts to prevent such description from being included in any materials produced by AHF, UB, the Developer, the Manager, or any other party related to the Property.

(C) Reports to University. UB shall submit to the University for its review, the Annual Management Plan as approved by the Board of Managers. The Annual Management Plan shall include and set forth the following to the extent requested in writing by the University: (i) Annual Residence Life Program Plan; (ii) Annual Marketing and Leasing Plan; (iii) Annual Operating Budget; and (iv) Annual Capital Improvements Plan. In addition to the foregoing, UB shall provide to the University a copy of each year's annual financial audit of the Facility, as prepared and submitted by an independent accounting firm selected by UB.

(D) Insurance. UB shall deliver to the University certificates evidencing UB's insurance, or those providing insurance on behalf of UB, each with limits of liability as currently maintained by UB in accordance with the requirements of the Financing Documents and naming the University as an additional named insured.

(E) Amendments to Articles of Organization. Without the prior written consent of the University, UB shall not amend, alter or repeal any provision of its Articles of Organization in a manner that would jeopardize the UB Financing or the charitable purposes of the Property.

(F) Form of Ownership. UB will not re-subdivide the Property or convert the Property to any form of condominium or co-operative or other fractured form of ownership without the University's prior written consent, which may be granted or withheld in its sole discretion.

**6. Representations and Warranties of UB:** UB hereby represents and warrants that:

(A) UB is a limited liability company, duly organized, validly existing and in good standing under the laws of the State of Florida. UB has full power, right and authority to enter into and perform its obligations under this Agreement.

(B) The execution, delivery and performance of this Agreement by UB has been duly and properly authorized by all requisite action in accordance with applicable law and with the organizational documents of UB, and each person executing this Agreement on behalf of UB has the authority to execute and deliver this Agreement, to consummate the transactions contemplated hereby and to cause UB to perform its obligations hereunder.

(C) The execution and delivery of this Agreement and the performance of UB's obligations constitutes the legal, valid and binding obligation of UB, enforceable against it in accordance with its terms.

(D) UB is an entity that is disregarded for federal income tax purposes as a separate entity from its owner, AHF, which is an entity that is exempt from the payment of federal income tax under Section 501(a) of the Code, as an entity organized under Section 501(c)(3) of the Code, organized and operated exclusively for charitable purposes, and the execution and performance of this Agreement by UB is in furtherance of AHF's charitable purposes.

**7. Transfer of Legal Ownership of the Property.** Upon the repayment in full of the UB Financing (including any refinancing of same by UB, if any, such refinancing being subject to the University's prior written consent, in its sole and uncontrolled discretion, and in any event any such refinancing shall comply with the terms set forth in Section 5(B) hereof), all right, title, and



interest in and to the Property shall be conveyed from UB to a University Party (subject to the University's approval) or to another similarly situated charitable organization or entity exempt from the payment of federal income tax under Section 501(a) of the Code, as an entity organized under Section 501(c)(3) of the Code, organized and operated exclusively for charitable, educational, or scientific purposes, selected or designated by the University (a "**Designated Transferee**") and vest in the University Party or a Designated Transferee, as applicable, and the University Party or a Designated Transferee, as applicable, shall be the sole and absolute owner of the Property, free of any right, title, interest or estate of UB (and University may, upon written demand, require UB to promptly remove or demolish the Facility and all improvements made to the Facility and restore the Land to its original condition, at UB's sole expense). The right, title and interest in and to the Property transferred to the University Party or its Designated Transferee shall be conveyed free and clear of any liens and encumbrances (other than the PILOT Agreement and any other permitted encumbrances, provided, however, that liens, monetary judgments, notices of violation, and any title matters which can be cured and/or removed by the payment of a liquidated sum of money shall not be permitted encumbrances), and subject to no material and adverse title, survey or environmental matters. UB shall execute such documents, including, without limitation, general warranty deed, bill of sale, assignment of leases and rents, and other agreements as may be reasonably requested by the University Party to effectuate the conveyance, and to transfer all of UB's right, title and interest in and to the Property to the University Party or its Designated Transferee, or as would be required by a purchaser of a mixed-use project under commercially reasonable terms for no additional monetary or other consideration by the University. At the University Party's request, UB will provide an owner's policy of title insurance to the University Party, the premium for which shall be paid from the revenues of the Facility. For the purposes of this Section 7, the term "**Property**" shall include the Land, the Facility, and all furniture, fixtures, equipment, machinery, and furnishings used in connection with and located at the Facility; it being the intent that UB shall convey to the University Party or its Designated Transferee, all of UB's right, title and interest in and to all the Property. The foregoing provisions will be included in the Declaration to be recorded in the real estate records of Miami-Dade County, Florida, or at the request of the University, either this Agreement, or a separate agreement incorporating the foregoing provisions of this paragraph shall be executed and recorded in the real estate records of Miami-Dade County, Florida. Upon transfer of the deed to the Property to the University Party or its Designated Transferee, UB agrees to pay any applicable documentary stamp taxes that may be due, as well as the recording fees and any other costs that may be incurred by the University Party in connection with the transfer of the ownership of the Property to the University Party or its Designated Transferee.

To ensure that UB is able to promptly remove or demolish the Facility and all improvements made to the Facility and restore the Land to its original condition (the "**Land Restoration**") upon the demand of a University Party under this Section 7 and at UB's sole expense, UB shall cause the UB Financing to establish an account (the "**Land Restoration Account**") under the Financing Documents that will be funded from the "net cash flow" of the Project over the term of this Agreement solely for the purpose of financing the estimated cost of the Land Restoration as of the date of demand by the University Party. UB shall obtain an estimate of the cost of the Land Restoration as of the date of closing of the UB Financing (the "**Land Restoration Costs**") from a reputable third-party service provider experienced in such matters and obtain approval from the University of the estimate of such Land Restoration Costs. Upon the University's approval of the estimated Land Restoration Costs, which shall not be unreasonably withheld, UB shall fund the Land Restoration Account over the remaining term of this Agreement (assuming that the Agreement will terminate on the latest maturity date of the UB Financing and

any refinancing thereof) (the “**Funding Period**”) in the amount of the estimated Land Restoration Costs from the available “net cash flow” of the Project and any earnings generated in such Land Restoration Account, with the amount funded for the first funding year (which shall coincide with the calendar year) (the “**Initial Funding Amount**”) being \$500,000 and for each funding year thereafter, the amount funded shall be twelve times the excess of the Land Restoration Costs over the Initial Funding Amount divided by the number of remaining months in the Funding Period from the end of the first funding year adjusted for inflation from the end of the second funding year through the end of such funding year (the “**Inflation Adjustment Period**”) based on the rate of change in the Consumer Price Index, as determined by the U.S. Bureau of Labor Statistics, over such Inflation Adjustment Period. UB shall review the funding status of the Land Restoration Account from time to time and make adjustments to the rate of increase in the amount funded for any funding year to the extent necessary to ensure that the Land Restoration Account is not overfunded. The actual timing of any payment to the Land Restoration Account shall be at such time specified in the Financing Documents. UB shall provide the University with annual reports of the funding status of the Land Restoration Account as of the end of each calendar year during which this Agreement is in effect within 90 days after the end of each such calendar year. In the event the a University Party becomes the sole and absolute owner of the Property, free of any right, title, interest or estate of UB and does not demand completion of the Land Restoration before the termination of this Agreement under Section 8 below, any amount held in the Land Restoration Account shall be distributed to UB immediately upon the termination of this Agreement.

The University acknowledges that UB anticipates entering into a payment in lieu of taxes/payment for services agreement (the “**PILOT Agreement**”) pursuant to which UB will make annual payments of an amount specified therein to the City of Sweetwater, Florida (the “**City**”) beginning in the first operating year of the Facility, to offset additional costs to be incurred by the City in providing police, emergency and other essential services for the benefit of the Facility, and which PILOT Agreement shall provide that after a University Party takes title to the Property, University shall have the right to terminate the PILOT Agreement at any time thereafter regardless of whether it is operating the Facility as a residential community or for any other use. The University agrees that in the event title to the Property is conveyed to a University Party or a Designated Transferee pursuant to this Section 7, the University Party or Designated Transferee, as applicable, will take title to the Facility subject to such PILOT Agreement (without limiting the University Party’s ability, however, to terminate the PILOT Agreement immediately thereafter in accordance with the terms of the PILOT Agreement). A Designated Transferee will not challenge or otherwise contest the enforceability of such PILOT Agreement. Notwithstanding anything to the contrary set forth in this Agreement, (i) in no event shall the Designated Transferee be responsible for any liabilities under the PILOT Agreement existing as of the date of the transfer, or which accrue post-transfer but which relate to periods prior to the transfer, and (ii) in no event shall a University Party be responsible for any payments due under the PILOT Agreement or for any other obligations of UB thereunder unless expressly assumed by the University Party in writing in its sole and absolute discretion, nor shall this Agreement create, or be construed as, an obligation by the University Parties to pay ad valorem taxes to the City or any other governmental entity if the University Parties are not required to do so under Florida law.

**8. Term.** The term of this Agreement (the “**Term**”) shall commence from the date hereof and shall terminate upon the earliest of (a) 90 days following the execution of this Agreement if the UB Financing has not been closed and funded, (b) the date the Property has been conveyed to a University Party or a Designated Transferee pursuant to Section 7 above, or (c) the earliest date

on which all of the following events have occurred: (i) the UB Financing has been repaid, (ii) UB has made at least one attempt in writing to convey the Property to the University in accordance with Section 7 above, and (iii) (A) the University either (1) informs UB in writing that the University will not accept the Property and does not designate a Designated Transferee at the time of such written notice or (2) neither the University nor a Designated Transferee accepts the Property within 30 days of the University's receipt of UB's attempt in writing to convey the Property, or (B) UB reasonably determines, based on all the facts and circumstances, that the University does not want to accept the Property and has not provided UB with notice of the Designated Transferee within 30 days of the University's receipt of UB's attempt to convey the Property to the University. If the UB Financing is not obtained within 90 days from the date hereof, this Agreement shall be of no further force and effect as between the University and UB and neither of them shall have any obligation to the other under this Agreement.

## **9. Default; Remedies Upon Default.**

Default by UB. UB shall be deemed to be in default under this Agreement should it fail to keep, observe or perform any material covenant, agreement, term or provision of this Agreement to be kept, observed or performed by UB and such failure continues for a period of thirty (30) days after receipt by UB of written notice thereof by the University to UB, provided that UB shall not be deemed to be in default if the breach is not reasonably curable within thirty (30) days and UB has proceeded within such period to actively, diligently and in good faith begin to cure such breach and continues thereafter to do so, and provided further that such breach is cured no more than ninety (90) days after UB's receipt of the written notice described above. In the event of a default by UB as described above (which is not cured within any applicable cure period), the University shall be entitled to (i) bring an action for specific performance against UB and/or (ii) cure UB's default; and/or (iii) direct UB to transfer the Property to a Designated Transferee of the University. In either case, UB shall reimburse the University for all reasonable costs and expenses incurred by the University in bringing such action for specific performance or curing such default within ten (10) days after written demand from the University. Notwithstanding anything in this Agreement to the contrary, the University shall have no right to terminate this Agreement while the UB Financing is outstanding, except as expressly provided in Section 8 above or in this Section 9. Notwithstanding the foregoing provisions of this Section 9, in the event UB is in default under the Financing Documents, which is not cured within any applicable grace or cure period, and the lender/trustee under UB Financing undertakes to institute proceedings to foreclose or to otherwise obtain ownership of the Facility, in addition to any other rights and remedies the University may have hereunder, the University shall have the right to terminate this Agreement in such event upon written notice to UB. Notwithstanding the foregoing provisions of this Section 9, if a lender or any other party takes title to the Property or any portion thereof, in addition to any other rights and remedies the University may have hereunder, the University shall have the right to terminate this Agreement by providing written notice to UB and the party that takes title to the Facility or any portion thereof.

**10. Eminent Domain.** If all or a portion of the Property shall be taken by condemnation or other eminent domain proceedings pursuant to any law, general or special, by an authority having the power of eminent domain (a "**Condemning Authority**"), or is sold to a Condemning Authority under threat of the exercise of such power (in any such event, a "**Taking**"), any award or compensation payable in connection with such Taking shall be paid in the following priority: (i)

first, to satisfy any remaining repayment obligations under the UB Financing, up to the amount of any remaining indebtedness due to the holders of the UB Financing, and (ii) second, to the University. UB shall not have, and hereby waives, any right to any portion of any Taking award or compensation after repayment of the outstanding amounts due under the UB Financing; provided, the University, in its sole discretion, may direct that any such award or compensation be paid to UB for purposes of restoring the Facility or to otherwise further the purposes described in Section 3 above. All negotiations with the Condemning Authority and any settlements resulting from such Taking, and all major decisions by UB regarding the Taking shall require the prior written approval of the University.

## **11. Notices.**

(A) All notices and other communications required hereunder shall be in writing. Each such written communication shall be deemed to have been received: (i) upon personal delivery; (ii) on the second business day after its deposit for overnight delivery with a recognized overnight delivery service; (iii) if mailed, on actual receipt (but only if sent by registered or certified or U.S. Express mail, with return receipt requested, addressed to the other Party's address below:

(i) If to UB to:

University Bridge, LLC  
c/o Atlantic Housing Foundation, Inc.  
5910 N. Central Expressway, Suite 1310  
Dallas, Texas 75206  
Attn: President and CEO  
Tel: (469) 209-8903

With copies to:

Coats Rose, P.C.  
201 E. Fifth Street, Suite 1810  
Cincinnati, OH 45202  
Attn: Ronald A. Bell, Esq.  
Tel: (513) 830-0266

(ii) If to the University to:

Office of Finance and Administration  
The Florida International University Board of Trustees  
Modesto Maidique Campus  
11200 SW 8th Street, PC 523  
Miami, Florida 33191  
Attn: Chief Financial Officer

With copies to:

Office of the General Counsel  
The Florida International University Board of Trustees  
Modesto Maidique Campus  
11200 SW 8th Street, PC 523

Miami, Florida 33191  
Attn: General Counsel  
Fax: 305-348-3272  
E-mail: generalcounsel@fiu.edu

**12. Relationship of Parties.** Nothing herein shall be construed to characterize either Party as a partner, agent, or joint venturer of the other.

**13. Assignment.** UB shall not transfer, assign, pledge or hypothecate this Agreement or its rights, duties and obligations under this Agreement without the prior written approval of the University, in its sole and absolute discretion. The University shall not transfer, assign, pledge or hypothecate this Agreement or its rights, duties or obligations under this Agreement without the prior written approval of UB, in its sole and absolute discretion. Any such transfer, assignment, or pledge made in violation of the foregoing shall be null and void. Subject to the foregoing, this Agreement shall be binding upon the parties hereto and their permitted successors and assigns. By execution hereof, the Parties consent to the collateral assignment of this Agreement in favor of the UB Financing.

**14. Approvals.** Any approvals required under this Agreement of the University shall be in writing and must be specifically approved by an Authorized University Representative. Any approvals required under this Agreement of UB shall be in writing and must be specifically approved by the Board of Managers or its designated representative. For purposes of this Agreement, “**Authorized University Representative**” shall mean such individual communicated to UB by the University to serve as such Authorized University Representative. Notwithstanding anything contained in this Agreement to the contrary, UB acknowledges and agrees that the University’s obligations under this Agreement shall be subject to the University obtaining any and all approvals required by the State of Florida, including, without limitation, from the University Board of Trustees.

**15. Headings.** The headings used in this Agreement are for convenience only, and are not to be considered in connection with the interpretation or construction of this Agreement.

**16. Severability.** If any provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remaining provisions hereof, or the application of such provision to persons or circumstance other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

**17. Governing Law and Venue.** This Agreement shall be governed by and construed, enforced and interpreted in accordance with the laws of the State of Florida. Venue for any legal proceedings hereunder shall be limited solely to Miami-Dade County, Florida.

**18. Exculpation.** The officers, directors, members, managers, shareholders, governors, trustees and employees of each of UB and the University, as applicable, shall have no personal liability for the performance of any of UB’s or the University’s obligations contained in this Agreement.

**19. Counterparts.** This Agreement may be executed on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

**20. Indemnification.** UB shall, upon demand, indemnify, defend, hold harmless, and reimburse the University, and its officers, employees, contractors, and agents (the “**Indemnitees**”) from and against and for any and all losses, damages, claims, actions, investigations, liabilities, obligations, penalties, fines, suits, claims, demands, actions, costs, and expenses of any kind or nature (including reasonable architects’, engineers’, and attorneys’ fees), that may arise out of, relate to, result from or are imposed upon or asserted against Indemnitees by reason of the UB’s planning, developing, financing, occupancy, operation, maintenance, repair, replacement, alteration, and/or use of the Property. If University shall be required to defend any action or proceeding pursuant to this Section, University shall also be entitled to appear, defend, or otherwise take part in the matter involved, at its election, by counsel of its own choosing, and UB shall bear the cost of University’s defense, including attorneys’ fees. This Section shall survive the expiration or earlier termination of this Agreement.

**21. Sovereign Immunity.** This Agreement does not affect the immunities, exemptions and limitations of liability of the University under Florida Statute 768.28 and other applicable laws of the State of Florida. Nothing in this Agreement shall be deemed to affect the rights, privileges and immunities afforded University, the Florida Board of Governors and the State of Florida by law. Nothing herein shall be construed as consent by University to be sued by third parties in any manner arising out of this Agreement.

**22. FIU Logo/Marks.** This Agreement does not confer upon UB any rights to use the name, logos, marks and/or likeness of the University. UB must obtain University’s written permission prior to using the name, logos, marks and/or likeness of the University.

**23. Waiver of Jury Trial.** TO THE MAXIMUM EXTENT PERMITTED BY LAW, EACH OF THE PARTIES KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES THE RIGHT TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENT (WHETHER VERBAL OR WRITTEN), OR ACTION BETWEEN OR AMONG THE PARTIES OR ANY EXERCISE BY ANY PARTY OF ITS RESPECTIVE RIGHTS UNDER THIS AGREEMENT OR IN ANY WAY RELATING TO THE PROPERTY. THIS WAIVER IS A MATERIAL INDUCEMENT FOR THE PARTIES TO ENTER INTO THIS AGREEMENT. THIS WAIVER SURVIVES THE EXPIRATION OR TERMINATION OF THIS AGREEMENT.

**[SIGNATURES ON FOLLOWING PAGES]**

**IN WITNESS WHEREOF**, the parties have each caused this Student Housing Agreement to be duly executed on its behalf as of the date first above written and delivered to the other party.

**UNIVERSITY BRIDGE, LLC**, a  
Florida limited liability company

By: Atlantic Housing Foundation, Inc.,  
a South Carolina nonprofit  
corporation and its Sole Member

By: \_\_\_\_\_  
Michael N. Nguyen  
President & CEO

STATE OF TEXAS                    )  
  ) SS:  
COUNTY OF DALLAS            )

The undersigned, a Notary for the above state and county, hereby certifies that on this \_\_\_\_ day of August, 2018, before me personally appeared Michael N. Nguyen, as President & CEO of Atlantic Housing Foundation, Inc., a South Carolina nonprofit corporation (the “**Sole Member**”) and the sole member of University Bridge, LLC, a Florida limited liability company (the “**Company**”), who was known to me as the person and officer described in and who executed the foregoing instrument on behalf of the Sole Member and the Company, and who acknowledged that he held the position or title set forth in the instrument and certificate, he signed the instrument on behalf of the Sole Member and the Company by proper authority, and the instrument was the act of the Company for the purpose therein stated. He/she is personally known to me or who has produced a valid driver’s license as identification.

\_\_\_\_\_  
Notary Public, State of Texas  
Print Name: \_\_\_\_\_  
Commission No.: \_\_\_\_\_

My Commission Expires:

**THE FLORIDA INTERNATIONAL  
UNIVERSITY BOARD OF TRUSTEES**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

APPROVED AS TO FORM AND LEGALITY:

By: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

STATE OF FLORIDA                    )  
  ) SS:  
COUNTY OF MIAMI-DADE        )

The undersigned, a Notary for the above state and county, hereby certifies that on this \_\_\_\_ day of August, 2018, before me personally appeared \_\_\_\_\_, the \_\_\_\_\_ of Florida International University, on behalf of The Florida International University Board of Trustees, who was known to me as the person and officer described in and who executed the foregoing instrument on behalf of The Florida International University Board of Trustees and who acknowledged that he held the position or title set forth in the instrument and certificate, he signed the instrument on behalf of The Florida International University Board of Trustees by proper authority, and the instrument was the act of The Florida International University Board of Trustees for the purpose therein stated. He is personally known to me or who has produced a valid driver's license as identification.

\_\_\_\_\_  
Notary Public, State of Florida  
Print Name: \_\_\_\_\_  
Commission No.: \_\_\_\_\_

My Commission Expires:



## **LIST OF EXHIBITS**

**EXHIBIT A - DESCRIPTION OF THE LAND**

**EXHIBIT B - LEASING/OPERATIONS PROTOCOL**

**EXHIBIT C - FIU BENEFITS PROFORMA**

**EXHIBIT A**  
**DESCRIPTION OF THE LAND**

## **EXHIBIT B**

### **LEASING/OPERATIONS PROTOCOL**

At all times during the term of this Agreement, the Facility shall be operated under the following terms:

1. Leasing. The Manager will have full responsibility for leasing the residential units, as agent for and on behalf of UB. The Manager will execute all student housing leases with the Facility Residents on the then current form of rental contract approved by UB (“**Housing Rental Contract**”). UB and the Manager shall have sole responsibility with respect to the Housing Rental Contracts, including, without limitation, billing or collection of rent thereunder or enforcement of the provisions of such Housing Rental Contracts against any party thereto. If requested by the University in writing, UB will provide the copies of all Housing Rental Contracts to the University.
2. Staffing Requirements. UB shall cause the Manager to arrange for a sufficient number of capable employees to enable Manager to carry out its obligations and duties under the Management Agreement. All matters pertaining to the employment, supervision, promotion and discharge of such employees shall be the responsibility of Manager. At a minimum, the Manager shall employ the following personnel: (i) One general manager who is a full-time professional staff member, having experience in student personnel or a related field; (ii) one or more assistant managers whose responsibilities will assist the general manager in the overall operation of the Facility; and (iii) one or more maintenance personnel whose responsibilities will include daily grounds-keeping and common area cleaning, including interior and exterior common areas.
3. Emergency Procedures. UB shall cause Manager to establish emergency procedures for all residents of the Facility, including those residents with disabilities, in accordance with industry standards and applicable local and state ordinances, codes, rules, regulations and laws. Such emergency procedures shall be reviewed and updated as necessary.
4. Repairs and Maintenance; Inspections. UB shall cause the Facility to be maintained as a facility exclusively for University Students and faculty and staff of the University, in accordance with the standards generally applicable to management and leasing of comparable residential facilities in the Miami-Dade County, Florida area, and a decent, safe and sanitary condition and in a rentable and tenantable state of repair, and shall ensure that the Facility is compliant with all federal, state and local codes, ordinances, rules, regulations and laws. UB will cause all health, safety and code compliance inspection reports to be delivered to the Board of Managers for review and comment. The University shall be allowed to inspect the Facility annually, at its sole cost and expense, to confirm that the Facility is being properly maintained for its intended use.
5. Community Standards. The Facility shall be operated in not inconsistent with the purposes of the applicable Housing Community Standards, if any, as adopted and published from time to time by the University (the “**Community Standards**”). Each Housing Rental Contract shall require the resident to acknowledge and agree to follow the Community Standards.
6. Resident Complaints. UB and the Manager shall maintain and exercise businesslike relationships with the Facility Residents. UB will cause the Manager to receive, log in and respond

timely to all complaints from the Facility Residents. The Manager shall keep systematic records showing the complaints and the actions taken with respect to each complaint. Complaints of a material nature by Facility Residents shall be promptly reported to the Board of Managers, with an appropriate recommendation or an itemization of alternatives for review by the Board of Managers. The Manager will keep the Board of Managers apprised of the status of any investigation. The Manager shall be required to respond to such complaints as directed by the Board of Managers.

**EXHIBIT C**  
**FIU BENEFITS PROFORMA**

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## THE FLORIDA INTERNATIONAL UNIVERSITY

### BOARD OF TRUSTEES

#### Finance and Facilities Committee

September 5, 2018

#### STUDENT HOUSING AGREEMENT

##### DISCUSSION POINTS

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#### Background

- In May, representatives from University Bridge, LLC, approached FIU with a request to enter into a Student Housing Agreement associated with a 1244-bed residential rental student housing facility at 740 SW 109<sup>th</sup> Avenue
- University Bridge, LLC, is the owner of the Project
- Atlantic Housing Foundation, a 501 (c) (3) is the sole member of University Bridge, LLC
- Global City is the developer of the project
- Global City Principals: Brian Pearl and Diego Procel; background checks completed

#### Benefits to University Bridge, LLC

- By establishing a 501 (c) (3) with charitable purposes, as defined by the Student Housing Agreement, the student housing component of the project may be financed by tax-exempt debt and the entire project may be exempt from the payment of Ad Valorem property taxes (based upon the recent Crapo v. Provident Group-Continuum Properties, LLC Appellate decision February 8, 2018)
- Tax-exempt financing is estimated to save over \$50 million in interest over the 40-year term of the loan; Ad Valorem property tax savings is estimated to save approximately \$2.7 million annually. Note that University Bridge has agreed to a Payment in Lieu of Taxes for City of Sweetwater municipal taxes

#### Benefits to FIU

- At FIU's option, FIU will receive the land and improvements at the end of the 40-year financing period, or sooner if the debt is retired, free of encumbrances
- At FIU's option, owner will demolish improvements at end of term at owner's expense; owner has agreed to fund a Land Restoration Account under the financing agreement, funded with an initial contribution of \$500,000 and annually from net cash flows over the financing term;

Land Restoration Account balance returns to Owner if improvements are not demolished at end of financing term

- Land parcel of 1.7 acres was purchased for \$16.6M December 2016 excluding demolition of 33 existing condominium townhouses; improvement value of over \$175M
- FIU will receive a minimum of 20 housing scholarships/beds each year
- If net cash flows are available, FIU will receive annual FIU scholarships from net cash flows, initially estimated in project proforma as \$1 million per year, with \$200,000 of this amount paid to FIU prior to payment of the Developer's asset management fee

### FIU Risk

- FIU is not assuming any design, financing, development, operating, leasing, marketing, maintenance or any other obligations of the project
- Project financing will be designed so that it will have no impact on the balance sheet or credit capacity of FIU
- Florida Division of Bond Finance has indicated that they do not believe the Agreement will have any ratings implications for FIU housing bonds

### FIU Responsibilities

- FIU is allowing the project to advertise to FIU students on the University's off-campus housing website
- FIU will display materials for the project once FIU on-campus housing is full
- FIU will allow UB to advertise the project to University students, subject to University policies and upon prior review and written approval
- UB will not lease, advertise or market the project to undergraduate first-year freshman students except as approved by FIU
- FIU will provide a candidate or list of candidates for selection as a member of the Board of Managers of UB

### FIU Value Proposition

- Additional quality housing for the benefit of students who want an off-campus option as well as housing for faculty and staff
- Gift of land and improvements to FIU at conclusion of financing term
- FIU approval of any future financing
- Greater benefits and fewer responsibilities than comparable UF Agreement:
  - FIU included the additional housing scholarships to support a minimum of 20 beds



- FIU added language that FIU is not responsible to lease or assign students to the Property
- FIU added language that the Financing will be designed so that it will have no impact on the balance sheet or credit capacity of FIU
- FIU does not have the requirement to establish and oversee the implementation of the Residential Life Program in the facility nor do we agree to appoint a live-in director
- FIU did not agree to market the Facility as a University-affiliated housing option for students
- FIU did not agree to allow the project to use "Florida International University" in the name of the project
- FIU did not agree to undertake to build, operate or otherwise support any new Competing Facility until the project achieved debt service coverage ratio of 1.2 or other concessions on a new facility
- FIU did not agree to facilitate public transportation options between the facility and MMC
- FIU included language in the agreement that no current members of the Florida International University Board of Trustees or employees of FIU can serve on the Board of Managers of the owner, to further highlight that this is not a partnership or University project
- FIU included a provision that, at FIU's option, may require the owner to demolish the facility and restore the land to its original condition prior to transferring title of the land to FIU, including a Land Restoration Account to fund demolition costs if requested by FIU
- FIU strengthened the language relating to the condition of title of the property that can be conveyed to FIU, and added language that owner is responsible for all costs to transfer ownership of the property to FIU
- FIU strengthened its rights to terminate the Student Housing Agreement upon the owner's default
- FIU is not obligated to reimburse the owner for any expenses incurred by owner in the event of default by FIU
- FIU added an indemnification provision

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# PROJECT SUMMARY

## UNIVERSITY BRIDGE APARTMENTS

### PARTIES

- University Bridge, LLC: owner
- Atlantic Housing Foundation, Inc.: sole member of owner; 501(c)(3) organization
- Global City Development: developer
- Brian Pearl: principal of Global City Development
- Diego Procel: principal of Global City Development
- Capital Trust Agency: bond issuer
- City of Sweetwater
- Florida International University

### PROJECT

Residential facility consisting of a 20-story, 886-unit, 1,244-bed residential tower to house students, faculty, and staff of FIU (the “Facility”), which Facility will be located at 740 SW 109th Avenue, Sweetwater, Florida 33174

### FINANCING

The Capital Trust Agency will issue and lend to the owner the net proceeds of approximately \$300,000,000 of Student Housing Revenue Bonds (University Bridge, LLC Student Housing Project) Series A & B, payable over 40 years, and is authorized to finance the design, acquisition, construction, furnishing and equipping, and operation for charitable purposes, of the Facility

- Per bond counsel, “the \$300 million was a number used for the governmental approval and public hearing process - an outside maximum to assure that no step would have to be repeated because the actual number might be higher than the original number. If the bonds are sold with original issue premium, the total issue size might be around \$210 million. If sold at par, then \$225 million is a comfortable number. There are no other projects. Proceeds get used not only for construction, but for capitalized interest, funding a debt service reserve, paying costs of issuance, etc.”

### STRUCTURE & FIU’S ROLE

- Owner and FIU to execute a Student Housing Agreement
  - Owner will construct the Facility at its sole cost and expense with a target substantial completion date of August 1, 2020
  - Owner will operate the Facility, at its sole cost and expense, exclusively as a residential living-learning community for lease to full-time undergraduate sophomores, juniors and seniors and graduate students enrolled in FIU’s schools and programs (“University Students”) and members of the faculty or staff of FIU; units will not be leased at any time to undergraduate first-year freshmen students, except as may be approved by FIU
  - Owner will have access to advertise to University Students on FIU’s off-campus housing website after payment of all applicable fees; FIU Housing may display materials for the Facility once all

on-campus housing is full; FIU will permit Owner to advertise the Facility to University Students on FIU property, provided that Owner shall not advertise or market the Facility to undergraduate first-year freshmen students

- Owner will implement housing educational programs and policies designed to serve the needs of the University Students
- Neither FIU, nor any DSO or affiliated entities of FIU (an “FIU Party”), shall be responsible for the payment of any amounts related to the development, construction, operation, maintenance or financing associated with the property, including any agreement to lease or assign students to the property
- Owner designed its financing so that it will have no impact on the balance sheet or credit capacity of FIU
- All “net cash flow” from operations of the Facility will be used solely for the purpose of furthering the “charitable activities” (i.e. planning, developing, financing, equipping, operating and maintaining a student housing facility), including funding a range of FIU scholarship programs
- For each year during which the Facility is in operation,
  - Owner will provide housing scholarships to support a minimum of 20 beds for University Students and/or University veteran students and/or University need-based students (not dependent or contingent on the net cash flows of the Facility)
  - Owner will pay at least \$200,000 in cash to the University for student scholarships and other academic support from the adjusted net cash flows (and these funds would be paid to the University prior to the payment of any asset management fees due to Owner or its affiliates)
  - Owner will transfer additional funds from available net cash flows to support the University’s student housing acquisition, development, and operational activities or to further the University’s other academic purposes in the amounts set forth in the pro forma
- Upon the repayment of the financing, Owner shall convey the property to an FIU Party (subject to FIU’s approval) or to another similarly situated charitable organization or entity exempt from the payment of federal income tax under Section 501(a) of the Code, as an entity organized under Section 501(c)(3) of the Code, organized and operated exclusively for charitable, educational, or scientific purposes, selected or designated by FIU
  - FIU may require Owner to remove or demolish the Facility and restore the land to its original condition, at Owner’s sole expense
    - At the closing of the financing Owner will establish a land restoration account with an initial balance of \$500,000, and annual amounts funded thereafter from net cash flow, to finance the estimated cost to restore the land if FIU requires demolition of the Facility at the time that title is conveyed to an FIU Party
- Owner will be managed by a Board of Managers
  - Board will include at least one (1) Manager selected from a list of candidates submitted by FIU in collaboration with Global City Development, provided that (i) no current member of the FIU Board of Trustees shall be a Manager, and (ii) no person employed by FIU at any such time shall be a Manager, unless approved in advance by FIU in its sole and absolute discretion
- The City of Sweetwater approved a payment in lieu of taxes agreement (the “PILOT Agreement”) with Owner pursuant to which Owner will make annual payments of an amount specified therein to the City of Sweetwater to offset additional costs to be incurred by the City in providing police, emergency and other essential services for the benefit of the Facility

- The in lieu payments will be secured by a mortgage lien on the property in favor of the City
- If title to the property is transferred to a University Party or a University Party otherwise acquires title to the property, it shall have the option to terminate the PILOT Agreement immediately and the City shall release the mortgage
- In no event shall a University Party be responsible for any payments due under the PILOT Agreement or for any obligations of the Owner thereunder unless expressly assumed by the University Party in writing in its sole and absolute discretion

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RESOLUTION NO. 4440

**A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF SWEETWATER, FLORIDA, MODIFYING THE FORM OF A PAYMENT IN LIEU OF TAXES AGREEMENT PREVIOUSLY APPROVED BY RESOLUTION IN JUNE, 2018, IN CONNECTION WITH A STUDENT RENTAL HOUSING FACILITY TO BE KNOWN AS UNIVERSITY BRIDGE; AND PROVIDING AN EFFECTIVE DATE.**

WHEREAS, on June 13, 2018 the City Commission adopted Resolution No. 4434 approving in Section 4 thereof a form of a Payment in Lieu of Taxes Agreement (“PILOT Agreement”) to be entered into by the City with University Bridge, LLC, a Florida limited liability company whose sole member is Atlantic Housing Foundation, Inc., a South Carolina nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code (the “Owner”); and

WHEREAS, the PILOT Agreement is to be entered into in connection with the acquisition, design, construction, installation and equipping by the Owner of an approximately 886-unit rental housing facility, containing approximately 1,244 beds, parking, commercial space and ancillary facilities for students and faculty of The Board of Trustees of Florida International University (the “University”), to be known as University Bridge, located at 740 SW 109<sup>th</sup> Avenue, Sweetwater, Florida 33174 (the “Facility”); and

WHEREAS, in connection with the proposed financing of the Facility by the Owner, the City, the Owner and the University have agreed on certain modifications to the form of PILOT Agreement previously approved on June 13<sup>th</sup>, relating primarily to the consequences of a potential acquisition of the Facility by the University in the future;

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF SWEETWATER, FLORIDA, THAT:**


Section 1. The modified form of PILOT Agreement between the City and the Owner, substantially in the form submitted to this meeting and attached hereto as **Exhibit A**, is hereby approved, with such insertions, modifications and changes as may be approved by the Mayor, and the Mayor and the City Clerk are hereby authorized and directed to execute the PILOT Agreement. The execution and delivery of the PILOT Agreement by the Mayor shall constitute conclusive evidence of the approval thereof. This supersedes the approval in Resolution No. 4434 of a prior form of PILOT Agreement. In all other respects the provisions of Resolution No. 4434 are hereby ratified and confirmed and are in full force and effect.

Section 2. This Resolution shall become effective upon its adoption by the City Commission and approval by the Mayor or if vetoed, upon its re-enactment by the City Commission as provided by the Charter of the City of Sweetwater.

Res # 4440

PASSED and ADOPTED this <sup>th</sup>16 day of July, 2018.

  
\_\_\_\_\_  
ORLANDO LOPEZ  
Mayor

  
\_\_\_\_\_  
JONIEL DIAZ  
Commission President and Vice Mayor

ATTEST:

  
\_\_\_\_\_  
CARMEN GARCIA, CITY CLERK

APPROVED AS TO FORM AND LEGAL SUFFICIENCY:

  
\_\_\_\_\_  
RAY GARCIA, CITY ATTORNEY

**VOTE UPON ADOPTION:**

JONIEL DIAZ, COMMISSION PRESIDENT  
IDANIA LLANIO, COMMISSION VICE PRESIDENT  
PRISCA BARRETO, COMMISSIONER  
MANUEL DUASSO, COMMISSIONER  
CECILIA HOLTZ-ALONSO, COMMISSIONER  
MARCOS VILLANUEVA, COMMISSIONER  
DAVID BORRERO, COMMISSIONER

Absent  
yes  
yes  
yes  
Absent  
yes  
no



**EXHIBIT A**  
**FORM OF PILOT AGREEMENT**

A-1

MIA 186594200v1

Res # 4440

## PILOT AGREEMENT

**THIS PAYMENT IN LIEU OF TAXES AGREEMENT** ("PILOT Agreement") is made effective as of the \_\_\_\_ day of \_\_\_\_\_, 2018 ("Effective Date"), by and between the CITY OF SWEETWATER, FLORIDA, a Florida municipal corporation ("City"), and UNIVERSITY BRIDGE, LLC, a Florida limited liability company, and its successors and assigns ("Owner").

### BACKGROUND/RECITALS

WHEREAS, Owner desires to design, acquire, construct, furnish, equip and operate for charitable purposes, a student housing facility and certain ancillary facilities for certain students and members of the faculty or staff of The Florida International University (the "University"), in an approximately 886-unit rental housing facility, containing approximately 1,244 beds, parking, commercial space and ancillary facilities, to be known as University Bridge, including all buildings, structures and improvements now or hereafter constructed thereon, and all fixtures, machinery, equipment, furniture, furnishings and other personal property hereafter attached to, located in, or used in connection with any such structures, buildings or improvements, and all additions, substitutions and replacements thereto, whether now owned or hereafter acquired (the "Student Housing Facility"), which site is located at 740 SW 109<sup>th</sup> Avenue, Sweetwater, Florida 33174 (the "Real Estate"), and described on **Exhibit "A"** attached hereto and incorporated in this PILOT Agreement (the "Real Estate", together with the "Student Housing Facility", the "Property"); and

WHEREAS, Owner's sole member is Atlantic Housing Foundation, Inc., a South Carolina nonprofit corporation ("Sole Member") as described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Code"), as amended, and exempt from federal income taxation under Section 501(a) of the Code, whose address is 5910 North Central Expressway, Suite 1310, Dallas Texas 75206; and

WHEREAS, Owner is an exempt entity for federal tax purposes because its Sole Member is an Exempt Organization and shall petition the Miami-Dade County Property Appraiser, or other proper authority, for an exemption of the requirement to pay ad valorem property taxes on the Property; and

WHEREAS, The Capital Trust Agency (the "Issuer") will issue its not to exceed \$300,000,000 aggregate principal amount of Student Housing Revenue Bonds (University Bridge, LLC Student Housing Project), Series 2018A, and Student Housing Revenue Bonds (University Bridge, LLC Student Housing Project), Taxable Series 2018B (collectively, and together with any refunding bonds or additional bonds issued on a parity therewith, the "Bonds") and is authorized to finance the design, acquisition, construction, furnishing and equipping, and operation for charitable purposes, of the Student Housing Facility by issuing revenue bonds and lending the proceeds thereof to Owner; and

WHEREAS, Owner has requested Issuer to provide funds to finance the cost of the Student Housing Facility through the issuance of the Bonds and has requested the City to

Res # 4440

approve the issuance of the Bonds after a public hearing held by the Mayor pursuant to the requirements of Section 147(f) of the Code; and

WHEREAS, Owner, in its request for such financing, has agreed to make payments in lieu of taxes ("PILOT") to the City to assist in offsetting the loss of ad valorem property tax revenues; and

WHEREAS, on \_\_\_\_\_, 2018, the City Commission authorized the City to enter into this PILOT Agreement and to include conditions that Owner (i) satisfactorily complete the construction of the Student Housing Facility, and (ii) provide the services to its tenants and to the University described in the Student Housing Agreement to be entered into prior to the issuance of the Bonds by and between the University and Owner (the "Student Housing Agreement"); and

WHEREAS, City and Owner have agreed that Owner will make payments to the City in lieu of the ad valorem real estate taxes pursuant to the terms of this PILOT Agreement; and

WHEREAS, the parties wish to set forth the terms and conditions for the PILOT Agreement; and

WHEREAS, the parties hereby agree pursuant to the terms and conditions set forth herein.

**NOW, THEREFORE**, in consideration of the foregoing premises, mutual covenants and the sum of Ten and 00/100 Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

## **AGREEMENT**

### **Section 1.     Payments in Lieu of Taxes.**

**Section 1.1**     Owner represents and warrants that its Sole Member is an organization described in Section 501(c)(3) of the Code and that it will use the Property for charitable purposes under the laws of the State of Florida. Owner shall petition the Miami-Dade County Property Appraiser, or other proper authority, for an exemption from the requirement to pay ad valorem property taxes on the Property, pursuant to such exemptions allowed by law.

**Section 1.2**     Commencing January 1 of the year after which a temporary certificate of occupancy or a permanent certificate of occupancy is issued to the Owner for the Student Housing Facility and Owner is granted the exemption described in Section 1.1 above, Owner shall pay to the City of Sweetwater an annual amount equal to 150% of the amount of municipal ad valorem real estate taxes that would have been payable by Owner on the Property if Owner were not an Exempt Organization, in lieu of ad valorem real estate taxes for the tax year in question for the first two years; provided, however, that said amount shall increase to 200% for years three through five and shall further increase to 300% for year six and thereafter; provided further, however, that the amount payable hereunder shall be reduced by the amount of any general municipal real estate taxes for the tax year in question that are otherwise payable by Owner as a result of Owner's ownership of the Property (the aforesaid annual amount, as reduced by any such general municipal real estate taxes, is referred to hereinafter as the "Annual Amount").

**Section 1.3** The Annual Amount payable by Owner with respect to the Property shall be determined with respect to the levy date of October 1, 2021 and each October 1 thereafter during the term of this PILOT Agreement and shall be payable on or before December 1 of each such calendar year, commencing with the first annual installment due and payable on or before December 1, 2021 (the “In Lieu of Payments”). The obligation of the Owner to pay the Annual Amount shall be subordinate to the obligations of the Owner with respect to the Bonds or any mortgage securing the Bonds.

**Section 1.4** If the In Lieu of Payment is not received by the City within thirty (30) days of the due date referenced in Section 1.3 herein, Owner shall pay to the City a late charge of one percent (1%) of the Annual Amount for each month the In Lieu of Payment is delinquent.

**Section 1.5** This PILOT Agreement shall remain in full force and effect, regardless of the Bond’s payment status, unless terminated pursuant to the provisions of Sections 3 or 4.4 herein.

**Section 1.6** Owner shall be liable for prompt payment of all In Lieu of Payments when due.

**Section 1.7** The parties agree that the payments pursuant to this PILOT Agreement shall be made in lieu of municipal ad valorem taxes and constitute partial consideration for the provision of municipal services and the approval by the City of the issuance the Bonds pursuant to the provisions of Section 147(f) of the Code.

**Section 2. Security for In Lieu of Payments - Grant of Mortgage Lien.**

**Section 2.1** The In Lieu of Payments and all subsequent penalties, interest and costs resulting from any delinquency shall be secured solely by (i) amounts deposited in the Surplus Fund created by, defined in and administered pursuant to the Trust Indenture for the Bonds for the purpose of paying the In Lieu of Payments, or such other available sources of Owner, which shall be subordinate to any payments required for the Bonds pursuant to the Trust Indenture for the Bonds and/or any mortgage securing the Bonds and (ii) a recordable mortgage lien on the Property in favor of the City, which mortgage lien shall be subordinate in all respects to the mortgage securing the Bonds (and any and all subsequent mortgages and other security documents securing the Bonds or any replacement financing thereof) and shall be evidenced by a mortgage to be recorded in the appropriate records of Miami-Dade County, Florida (the “PILOT Mortgage”). This PILOT Agreement and the obligations of Owner herein constitute a covenant running with the land, and shall be recorded in the appropriate records of Miami-Dade County, Florida as well. Upon the transfer of title of the Property to the University, a direct support organization thereof or affiliated entity (a “University Party”) in accordance with the terms of the Student Housing Agreement or if a University Party otherwise acquires title to the Property, and exercises its election to terminate this PILOT Agreement pursuant to Section 4.4 hereof, the PILOT Mortgage shall be discharged of record by the City at the Owner’s sole cost and expense.

**Section 2.2** The payment of the In Lieu of Payments is not subject to the Bonds (including any refunding bonds) being outstanding. Further, such payments shall be cumulative and shall continue until all payments due hereunder are paid.



### **Section 3.     Abatement; Termination.**

**Section 3.1**     Upon conveyance of fee title to the Property to an entity that does not qualify under Section 501(c)(3) of the Code, the In Lieu of Payments referenced in Section 1 herein shall abate; however, the Special Conditions contained in Section 5 herein shall remain in full force and effect. The obligation to make the In Lieu of Payments shall remain in abeyance until such time as the Property is again owned by an entity that does qualify under Section 501(c)(3) of the Code assuming all other conditions for ad valorem real estate tax exemption under applicable Florida law have also been met. Owner shall remain obligated for payment of the applicable pro rata amount of the In Lieu of Payments with respect to the Property up to the date when a purchaser either assumes the obligations hereunder or the payments referenced in Section 1 herein are terminated and the successor owner of the Property is obligated to pay real estate taxes.

**Section 3.2**     The parties hereto mutually agree that this PILOT Agreement shall be permanent and irrevocable unless modified or terminated as provided in section 4.4. Notwithstanding the foregoing, upon termination by court order or otherwise by operation of law, the payments referenced in Section 1 herein shall terminate; however, the Special Conditions in Section 5 herein shall remain in full force and effect so long as the Property constitutes a Student Housing Facility. Owner shall pay the applicable pro rata amount of the In Lieu of Payments to City up to the date of termination with respect to the Property.

**Section 3.3**     In the event that the Miami-Dade County Property Appraiser, or other proper governmental authority, determines the Property is ineligible for an ad valorem real estate tax exemption under applicable Florida law, the In Lieu of Payment, as stated in Section 1 herein, shall abate and Owner will be obligated to pay ad valorem taxes on the Property to the Miami-Dade County Tax Collector. The In Lieu of Payment shall remain in abeyance until such time as the Property is granted an exemption from ad valorem real estate taxes by the Miami-Dade County Property Appraiser, or other proper governmental authority, under applicable Florida law. Notwithstanding the Property's tax-exempt status, the Special Conditions contained in Section 5 herein shall remain in full force and effect so long as the Property constitutes a Student Housing Facility.

### **Section 4.     General Provisions.**

**Section 4.1     Captions; Incorporation and Exhibit.** The captions and headings of various Articles, Sections and Exhibit referenced herein are for convenience only and are not to be considered as defining or limiting in any way, the scope or intent of the provisions hereof. Notwithstanding the foregoing, each of the Recitals and the Exhibit referenced herein are incorporated and expressly made a part hereof.

**Section 4.2     Entire PILOT Agreement.** This PILOT Agreement constitutes the entire agreement of the parties, and all prior discussions, negotiations and document drafts are merged herein.

**Section 4.3     Notices.** Any notice, demand, request or other communication which any party hereto may be required or may desire to give hereunder shall be in writing, addressed as follows and shall be deemed to have been properly given if hand delivered (effective upon

delivery), if sent by reputable overnight courier, charges prepaid (effective the business day following delivery to such courier), or if mailed by United States registered or certified mail, postage prepaid, return receipt requested (effective three business days after mailing), and shall also be delivered by electronic correspondence:

If to Owner: University Bridge, LLC  
c/o Atlantic Housing Foundation, Inc.  
5910 North Central Expressway, Suite 1310,  
Dallas Texas 75206  
Attn: Michael N. Nguyen

If to City: City of Sweetwater  
500 SW 109<sup>th</sup> Avenue  
Sweetwater FL 33174  
Attn: Office of the Mayor

With a copy to: City Clerk  
City Attorney

or at such other address as the party to be served with notice may have furnished in writing to the party seeking or desiring to serve notice as a place for the service of notice. Notices given in any other manner shall be deemed effective only upon receipt.

**Section 4.4 Modification; Amendment; Waiver; Termination.** No modification, amendment, waiver or termination of this PILOT Agreement shall be valid unless the same has been authorized by an affirmative vote of sixty percent of voters participating in a duly noticed referendum forty (40) years after the commencement of In Lieu of Payments. However and notwithstanding any other provision to the contrary, if title to the Property is transferred to a University Party in accordance with the terms of the Student Housing Agreement or a University Party otherwise acquires title to the Property, it shall have the option to terminate this PILOT Agreement immediately and the parties hereto shall promptly sign a document evidencing said termination (to be recorded in the public records) as reasonably requested by the University Party.

**Section 4.5 Governing Law.** This PILOT Agreement shall be governed by and construed under the laws of the State of Florida and Miami-Dade County, Florida shall be the venue.

**Section 4.6 Time is of the Essence.** Time is hereby declared to be of the essence of this PILOT Agreement and of every part hereof.

**Section 4.7 Execution in Counterparts.** This PILOT Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

**Section 4.8 Severability.** If any provision of this PILOT Agreement is determined by a court having jurisdiction to be illegal, invalid or unenforceable under any present or future law, the remainder of this PILOT Agreement will not be affected thereby. It is the intention of the parties that if any provision is so held to be illegal, invalid or unenforceable, there will be added in lieu thereof a provision as similar in terms to such provision as is possible that is legal, valid and enforceable.

**Section 4.9 No Joint Venture.** Nothing contained in this PILOT Agreement will be construed to constitute Owner as a joint venturer with City or to constitute a partnership between Owner and City.

**Section 4.10 Authorization.** The persons executing and delivering this PILOT Agreement on behalf of the parties hereto represent and warrant to the other party that such person is duly authorized to act for and on behalf of said party, and execute and deliver this PILOT Agreement in such capacity as is indicated below.

**Section 4.11 Assignment/Successor.** This PILOT Agreement shall be binding upon City and Owner, and all successor, grantees or assignees of Owner with respect to the Property (or any portion thereof) which would otherwise be entitled to claim an exemption for ad valorem property taxes imposed on the Property provided, however, that the parties acknowledge and agree that in no event shall a University Party be responsible for any payments due hereunder or for any obligations of Owner hereunder unless expressly assumed by the University Party in writing in its sole and absolute discretion. Owner may assign this PILOT Agreement with City's approval, whose approval will not be unreasonably withheld.

**Section 4.12 Recording.** The Owner will cause, at its expense, this PILOT Agreement and any other instruments of further assurance to be promptly recorded, filed and registered.

**Section 4.13 Third Party Beneficiaries.** The University Parties shall be deemed to be third party beneficiaries of this Agreement solely with respect to the provisions of Sections 2.1, 4.4 and 4.11 in connection with a transfer of the Property to a University Party.

**Section 5. Special Conditions: Student Housing Facility Construction and Student Housing Agreement Services.**

**Section 5.1 Student Housing Facility Construction**

. Notwithstanding Owner's tax-exempt status, Owner hereby agrees to satisfactorily complete construction and equipping of the Student Housing Facility on the Property. Within 30 days of the Effective Date, Owner and the City will develop a schedule for completion of the Construction. The Construction shall be completed within two (2) years of the Effective Date ("Completion Date"). Owner shall submit an annual report to the City on each anniversary of the Effective Date ((or within thirty (30) days of termination of this PILOT Agreement) that documents the progress of completing the Construction. Owner shall notify the City in writing when all Construction has been completed. If Owner fails to complete the Construction on or before the Completion Date, the Annual Amount in Section 1.2 herein shall automatically be increased by ten percent (10%).

**Section 5.2 Student Housing Agreement Services**

. Notwithstanding Owner's tax-exempt status, Owner hereby agrees to provide student, faculty and staff housing services and services to the University, as particularly described in the Student Housing Agreement. If Owner fails to provide said services, the Annual Amount in Section 1.2 herein shall automatically be increased by fifty percent (50%). Owner shall submit an annual report to the City that documents the specific student, faculty and staff housing services and University services that have been implemented. The student, faculty and staff housing services and University services annual report shall be due with the PILOT payment or within thirty (30) days of termination of this PILOT Agreement.


*[Signature Pages Follow]*



IN WITNESS WHEREOF, the undersigned parties have caused the execution of this PILOT Agreement by their duly authorized officers as of the day, month and year first above written.

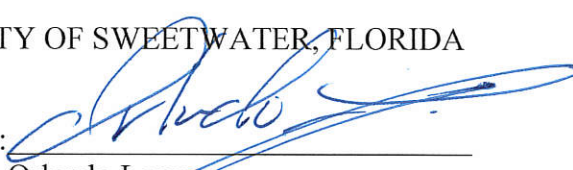
CITY:

Attest:

  
Carmen Garcia  
City Clerk

CITY OF SWEETWATER, FLORIDA

By:

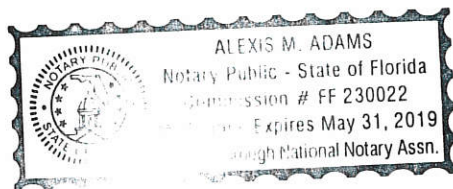
  
Orlando Lopez  
Mayor

Approved as to form:

  
Ray Garcia  
City Attorney

STATE OF FLORIDA  
COUNTY OF MIAMI-DADE

THE FOREGOING INSTRUMENT was acknowledged before me this 31 of July, 2018 by Orlando Lopez and Carmen Garcia as the Mayor and City Clerk, respectively, of the City of Sweetwater, who are personally known to me and who did not take an oath.



  
NOTARY PUBLIC State of Florida

Alexis M. Adams

Print Notary Name

My Commission Expires:

May 31, 2019  
Notary Public

**OWNER:**

Witnesses:

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

**UNIVERSITY BRIDGE, LLC**, a Florida  
limited liability company

By: Atlantic Housing Foundation, Inc., a South  
Carolina nonprofit corporation and its Sole  
Member

By: \_\_\_\_\_  
Michael N. Nguyen  
President and CEO

STATE OF TEXAS  
COUNTY OF DALLAS

Before me, a Notary Public within and for said State and County, duly commissioned and qualified, personally appeared \_\_\_\_\_, with whom I am personally acquainted (or proved on the basis of satisfactory evidence), and who upon oath acknowledged himself to be the President of Atlantic Housing Foundation, Inc., in its capacity as the sole member of University Bridge, LLC, a Florida limited liability company, and that he as such President, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the limited liability company President.

WITNESS my hand and Notarial Seal at office this \_\_ day of \_\_\_\_\_, 2018

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

**EXHIBIT A**

DESCRIPTION OF PROPERTY

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Mayor's Office

August 16, 2018

Florida International University  
Board of Trustees

Re: University Bridge, LLC.

Dear Trustees:

As mayor of the City of Sweetwater, I write to express my full and unqualified support and that of the City for the University Bridge Project and its ensuing bond issuance. My administration has enthusiastically supported this project since its inception and strongly urges the Board of Trustees to do the same.

The project will benefit both the City and FIU, and at the same time will be a very significant source of funds for non-for-profit causes. With FIU's help, the bond financing selected for this project will result in a substantial benefit for all involved, including scholastic scholarships, residences for scholarship recipients, and of course FIU's ownership of the building after 40 years.

Again, please be assured of my complete support for this project and that of the City as well. I urge the Board of Trustees to support this project for the good of the university, its student body, and the City.

Thank you for your attention to this matter.

Very truly yours,

Orlando Lopez  
Mayor  
City of Sweetwater

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August 23, 2018

Florida International University  
Board of Trustees

Re: University Bridge, LLC Private Bond Financing for the Development of the University Bridge Student Housing Project.

Dear Trustees:

I would like to express my support for the University Bridge Project and its private bond financing. I join Mayor Lopez of Sweetwater and our company, Coastal Construction who has enthusiastically supported this project and its sponsors Diego Procel, Brian Pearl of University City LLC - Global City Developments since its inception.

The project will be of great benefit to FIU by providing much needed student housing residences, and at the same time it will be a significant source of funds for non-for-profit causes that benefit the school, including scholastic scholarships, residences for scholarship recipients, and of course FIU's ownership of the building after the 40 year term of the bond.

Again, please be assured of my complete support for this project, I urge the Board of Trustees to support the Bond financing for the good of the university, its student body, and the community.

Thank you for your attention to this matter.

Very truly yours,

A handwritten signature in blue ink that reads "Patrick E. Murphy". The signature is fluid and cursive, with the first and last names being more prominent.

Patrick E Murphy  
Executive Vice President  
Former Member of Congress

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**ATLANTIC HOUSING FOUNDATION  
DISTRIBUTION OF EXCESS CASH FLOWS**

**From:** Ronald Bell [<mailto:rbell@coatsrose.com>]  
**Sent:** Thursday, August 16, 2018 12:03 PM  
**To:** Brian Pearl <[bpearl@globalcitycompanies.com](mailto:bpearl@globalcitycompanies.com)>  
**Cc:** Michael N. Nguyen ([mnguyen@atlantichousing.org](mailto:mnguyen@atlantichousing.org)) <[mnguyen@atlantichousing.org](mailto:mnguyen@atlantichousing.org)>  
**Subject:** University Bridge - AHF Commitment

Brian,

Please find below the commitment Atlantic Housing Foundation, Inc. ("**AHF**") is willing to make to Florida International University (the "**University**") in connection with the University Bridge Apartments (the "**Project**") financing.

AHF appreciates the support that University has provided so far in making the Project a reality. AHF understands that the University is requesting a percentage of the excess cash flow generated from the Project to be used to further the University's students and the University's surrounding community. Please note that AHF is a nonprofit corporation that is an IRC Section 501(c)(3) organization and is required to operate within the bounds of its exempt purposes as covered by its determination letter from the IRS and its organizational documents. As such, whenever AHF commits funds to a project, that project must adhere to principles that are consistent with these objectives. In that regard, all projects must be structured to avoid private inurement and private benefit, which if present could adversely affect our tax-exempt status under federal income tax law. As a result of these limitations, AHF cannot agree to blindly commit a particular percentage of our revenue from the Project to pursue activities that may be beneficial to the University or the community.

Nevertheless, AHF is committed to fulfilling its charitable and educational mission at the University and is grateful for University's support for the Project. Therefore, AHF is willing to prioritize a portion (up to 50%) of any excess revenue that it may receive from the Project to fund projects/activities (the "**FIU/AHF Projects**") that (i) are mutually beneficial to University (and/or its surrounding community) and AHF, (ii) further AHF's exempt purposes and (iii) are economically feasible in its judgment. Each of these FIU/AHF Projects will be determined on a case-by-case basis, after consultation with the AHF board, and there can be no assurance that any minimum expenditure for the FIU/AHF Projects will be made.

Thank you.

Regards,  
Ron

**Ronald A. Bell**  
*Director*

**COATS | ROSE**  
A PROFESSIONAL CORPORATION

PNC Center  
201 East 5<sup>th</sup> St., Suite 1810  
Cincinnati, OH 45202  
Direct: 513-830-0266 Fax: 513-672-0495  
[RBell@coatsrose.com](mailto:RBell@coatsrose.com)  
[www.coatsrose.com](http://www.coatsrose.com)

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Pro Forma Cash Flow

2020 to 2058

	Total	H2 2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Property Revenues	1,446,760,505	8,339,228	20,614,571	21,233,008	21,869,999	22,526,099	23,201,882	23,897,938	24,614,876	25,353,323	26,113,922	26,897,340	27,704,260	28,535,388	29,391,450	30,273,193	31,181,389	32,116,830	33,080,335	34,072,745	35,094,928
Property Expenses - Non FIU	-133,636,178	-903,016	-2,366,913	-2,414,657	-2,463,281	-2,512,800	-2,563,232	-2,614,590	-2,666,892	-2,720,154	-2,774,392	-2,829,623	-2,885,865	-2,943,134	-3,001,448	-3,060,826	-3,121,285	-3,182,844	-3,245,522	-3,309,337	-3,374,309
FIU Housing Scholarships	-18,249,189	-127,200	-262,032	-269,893	-277,990	-286,329	-294,919	-303,767	-312,880	-322,266	-331,934	-341,892	-352,149	-362,714	-373,595	-384,803	-396,347	-408,237	-420,484	-433,099	-446,092
Net Operating Income	1,294,875,138	7,309,012	17,985,626	18,548,459	19,128,728	19,726,969	20,343,731	20,979,581	21,635,104	22,310,902	23,007,596	23,725,825	24,466,246	25,229,541	26,016,406	26,827,564	27,663,757	28,525,749	29,414,329	30,330,309	31,274,526
Debt Service	-483,494,138	0	-12,673,625	-12,677,125	-12,725,875	-12,727,375	-12,728,625	-12,724,375	-12,724,625	-12,728,875	-12,726,625	-12,727,875	-12,727,125	-12,724,125	-12,728,625	-12,724,875	-12,724,025	-12,728,463	-12,727,400	-12,725,575	-12,727,463
NOI Post Debt Service	811,381,000	7,309,012	5,312,001	5,871,334	6,402,853	6,999,594	7,615,106	8,255,206	8,910,479	9,582,027	10,280,971	10,997,950	11,739,121	12,505,416	13,287,781	14,102,689	14,939,732	15,797,286	16,686,929	17,604,734	18,547,064
Property Taxes/PILOT Payment to City	-72,234,233		-309,364	-561,000	-748,000	-748,000	-1,122,000	-1,155,660	-1,190,330	-1,226,040	-1,262,821	-1,300,706	-1,458,397	-1,502,149	-1,547,213	-1,593,629	-1,641,438	-1,690,681	-1,741,402	-1,793,644	-1,847,453
FIU Support Funds	-7,800,000	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000
Other Asset Related Fees	-216,983,214	-4,000,000	-3,942,690	-3,726,395	-3,665,752	-3,795,854	-3,555,813	-3,660,084	-3,767,435	-3,877,958	-3,991,746	-4,108,896	-4,110,839	-4,231,458	-4,355,640	-4,483,494	-4,615,126	-4,750,650	-4,890,181	-5,033,838	-5,181,744
Additional FIU Support Funds	-109,855,683	-800,000	-800,000	-800,000	-1,300,000	-1,300,000	-1,300,000	-1,800,000	-1,860,000	-1,921,800	-1,985,454	-2,051,018	-2,118,548	-2,188,105	-2,259,748	-2,333,540	-2,409,546	-2,487,833	-2,568,468	-2,651,522	-2,737,067
Net for Other Charitable Activities	404,507,870	2,309,012	59,947	583,939	489,101	955,739	1,437,292	1,439,462	1,892,714	2,356,230	2,840,951	3,337,330	3,851,337	4,383,705	4,925,180	5,492,026	6,073,621	6,668,122	7,286,879	7,925,731	8,580,800
From Net for Other Charitable Activities																					
Minimum 15% of Total Remaining Benefiting FIU	60,676,181	346,352	8,992	87,591	73,365	143,361	215,594	215,919	283,907	353,435	426,143	500,600	577,701	657,556	738,777	823,804	911,043	1,000,218	1,093,032	1,188,860	1,287,120
Maximum 50% of Total Remaining Benefiting FIU	202,253,935	1,154,506	29,974	291,969	244,551	477,870	718,646	719,731	946,357	1,178,115	1,420,475	1,668,665	1,925,669	2,191,852	2,462,590	2,746,013	3,036,811	3,334,061	3,643,439	3,962,865	4,290,400
Donation of Building	814,817,622																				
Total FIU Benefit - At 15% of Remaining Benefiting FIU	1,011,398,674	1,473,552	1,271,024	1,357,484	1,851,355	1,929,690	2,010,513	2,519,686	2,656,787	2,797,501	2,943,531	3,093,509	3,248,398	3,408,374	3,572,120	3,742,147	3,916,936	4,096,288	4,281,984	4,473,480	4,670,279
Total FIU Benefit - At 50% of Remaining Benefiting FIU	1,152,976,428	2,281,706	1,292,006	1,561,862	2,022,540	2,264,199	2,513,565	3,023,498	3,319,237	3,622,181	3,937,864	4,261,575	4,596,366	4,942,671	5,295,933	5,664,356	6,042,704	6,430,131	6,832,392	7,247,486	7,673,559
Of Which Total Guaranteed Amount	833,066,811	127,200	262,032	269,893	277,990	286,329	294,919	303,767	312,880	322,266	331,934	341,892	352,149	362,714	373,595	384,803	396,347	408,237	420,484	433,099	446,092

	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058
Property Revenues	36,147,776	37,232,209	38,349,175	39,499,650	40,684,640	41,905,179	43,162,335	44,457,205	45,790,921	47,164,648	48,579,588	50,036,975	51,538,085	53,084,227	54,676,754	56,317,057	58,006,568	59,746,765	74,268,043
Property Expenses - Non FIU	-3,440,458	-3,507,803	-3,576,364	-3,646,162	-3,717,217	-3,789,551	-3,863,184	-3,938,139	-4,014,437	-4,092,101	-4,171,152	-4,251,614	-4,333,510	-4,416,864	-4,501,698	-4,588,037	-4,675,905	-4,765,328	-5,392,533
FIU Housing Scholarships	-459,475	-473,259	-487,457	-502,080	-517,143	-532,657	-548,637	-565,096	-582,049	-599,510	-617,496	-636,020	-655,101	-674,754	-694,997	-715,847	-737,322	-759,442	-782,225
Net Operating Income	32,247,843	33,251,147	34,285,355	35,351,408	36,450,280	37,582,971	38,750,513	39,953,969	41,194,435	42,473,037	43,790,940	45,149,341	46,549,473	47,992,609	49,480,060	51,013,173	52,593,341	54,221,996	68,093,285
Debt Service	-12,727,275	-12,724,488	-12,728,575	-12,723,488	-12,723,963	-12,723,950	-12,727,663	-12,724,050	-12,727,588	-12,726,963	-12,726,388	-12,724,813	-12,726,188	-12,724,200	-12,727,800	-12,725,413	-12,725,988	-12,727,950	-12,724,725
NOI Post Debt Service	19,520,568	20,526,660	21,556,780	22,627,921	23,726,318	24,859,021	26,022,851	27,229,919	28,466,847	29,746,075	31,064,552	32,424,528	33,823,286	35,268,409	36,752,260	38,287,761	39,867,353	41,494,046	55,368,560
Property Taxes/PILOT Payment to City	-1,902,877	-1,959,963	-2,018,762	-2,079,325	-2,141,705	-2,205,956	-2,272,134	-2,340,298	-2,410,507	-2,482,823	-2,557,307	-2,634,027	-2,713,047	-2,794,439	-2,878,272	-2,964,620	-3,053,559	-3,145,165	-3,239,520
FIU Support Funds	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000
Other Asset Related Fees	-5,334,024	-5,490,810	-5,652,235	-5,818,436	-5,989,556	-6,165,742	-6,347,142	-6,533,913	-6,726,215	-6,924,211	-7,128,072	-7,337,970	-7,554,087	-7,776,607	-8,005,721	-8,241,624	-8,484,519	-8,734,614	-8,992,122
Additional FIU Support Funds	-2,825,179	-2,915,935	-3,009,413	-3,105,695	-3,204,866	-3,307,012	-3,412,222	-3,520,589	-3,632,207	-3,747,173	-3,865,588	-3,987,556	-4,113,183	-4,242,578	-4,375,855	-4,513,131	-4,654,525	-4,800,161	-4,950,166
Net for Other Charitable Activities	9,258,487	9,959,952	10,676,370	11,424,464	12,190,190	12,980,312	13,791,352	14,635,118	15,497,918	16,391,868	17,313,585	18,264,975	19,242,968	20,254,785	21,292,411	22,368,385	23,474,751	24,614,106	37,986,752
From Net for Other Charitable Activities																			
Minimum 15% of Total Remaining Benefiting FIU	1,388,773	1,493,993	1,601,455	1,713,670	1,828,529	1,947,047	2,068,703	2,195,268	2,324,688	2,458,780	2,597,038	2,739,746	2,886,445	3,038,218	3,193,862	3,355,258	3,521,213	3,692,116	5,698,013
Maximum 50% of Total Remaining Benefiting FIU	4,629,244	4,979,976	5,338,185	5,712,232	6,095,095	6,490,156	6,895,676	7,317,559	7,748,959	8,195,934	8,656,793	9,132,488	9,621,484	10,127,393	10,646,206	11,184,193	11,737,375	12,307,053	18,993,376
Donation of Building																			814,817,622
Total FIU Benefit - At 15% of Remaining Benefiting FIU	4,873,427	5,083,187	5,298,325	5,521,445	5,750,538	5,986,716	6,229,562	6,480,953	6,738,943	7,005,463	7,280,122	7,563,323	7,854,729	8,155,550	8,464,714	8,784,235	9,113,060	9,451,718	826,448,025
Total FIU Benefit - At 50% of Remaining Benefiting FIU	8,113,898	8,569,170	9,035,055	9,520,008	10,017,104	10,529,825	11,056,535	11,603,244	12,163,215	12,742,617	13,339,876	13,956,064	14,589,768	15,244,725	15,917,058	16,613,170	17,329,222	18,066,655	839,743,388
Of Which Total Guaranteed Amount	459,475	473,259	487,457	502,080	517,143	532,657	548,637	565,096	582,049	599,510	617,496	636,020	655,101	674,754	694,997	715,847	737,322	759,442	815,599,847

FIU Benefits Pro Forma – At Minimum 15%

2020 to 2058

	Total	H2 2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
FIU Housing Scholarships	18,249,189	127,200	262,032	269,893	277,990	286,329	294,919	303,767	312,880	322,266	331,934	341,892	352,149	362,714	373,595	384,803	396,347	408,237	420,484	433,099	446,092
FIU Support Funds (1)	7,800,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Additional FIU Support Funds (2)	109,855,683	800,000	800,000	800,000	1,300,000	1,300,000	1,300,000	1,800,000	1,860,000	1,921,800	1,985,454	2,051,018	2,118,548	2,188,105	2,259,748	2,333,540	2,409,546	2,487,833	2,568,468	2,651,522	2,737,067
Minimum 15% of Total Remaining Benefiting FIU (3)	60,676,181	346,352	8,992	87,591	73,365	143,361	215,594	215,919	283,907	353,435	426,143	500,600	577,701	657,556	738,777	823,804	911,043	1,000,218	1,093,032	1,188,860	1,287,120
Donation of Building (4)	814,817,622																				
	1,011,398,674	1,473,552	1,271,024	1,357,484	1,851,355	1,929,690	2,010,513	2,519,686	2,656,787	2,797,501	2,943,531	3,093,509	3,248,398	3,408,374	3,572,120	3,742,147	3,916,936	4,096,288	4,281,984	4,473,480	4,670,279

(1) Based on available cash flow, prior to asset management fees  
(2) Based on available cash flow, after property expenses  
(3) Other Charitable Activities Benefiting FIU and AHF  
(4) Assumes value of property growing at 3% per year from \$250 million

	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058
FIU Housing Scholarships	459,475	473,259	487,457	502,080	517,143	532,657	548,637	565,096	582,049	599,510	617,496	636,020	655,101	674,754	694,997	715,847	737,322	759,442	782,225
FIU Support Funds (1)	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Additional FIU Support Funds (2)	2,825,179	2,915,935	3,009,413	3,105,695	3,204,866	3,307,012	3,412,222	3,520,589	3,632,207	3,747,173	3,865,588	3,987,556	4,113,183	4,242,578	4,375,855	4,513,131	4,654,525	4,800,161	4,950,166
Minimum 15% of Total Remaining Benefiting FIU (3)	1,388,773	1,493,993	1,601,455	1,713,670	1,828,529	1,947,047	2,068,703	2,195,268	2,324,688	2,458,780	2,597,038	2,739,746	2,886,445	3,038,218	3,193,862	3,355,258	3,521,213	3,692,116	5,698,013
Donation of Building (4)																			814,817,622
	4,873,427	5,083,187	5,298,325	5,521,445	5,750,538	5,986,716	6,229,562	6,480,953	6,738,943	7,005,463	7,280,122	7,563,323	7,854,729	8,155,550	8,464,714	8,784,235	9,113,060	9,451,718	826,448,025

(1) Based on available cash flow, prior to asset management fees  
(2) Based on available cash flow, after property expenses  
(3) Other Charitable Activities Benefiting FIU and AHF  
(4) Assumes value of property growing at 3% per year from \$250 million

FIU Benefits Pro Forma – At Maximum 50%

2020 to 2058

	Total	H2 2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
FIU Housing Scholarships	18,249,189	127,200	262,032	269,893	277,990	286,329	294,919	303,767	312,880	322,266	331,934	341,892	352,149	362,714	373,595	384,803	396,347	408,237	420,484	433,099	446,092
FIU Support Funds (1)	7,800,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Additional FIU Support Funds (2)	109,855,683	800,000	800,000	800,000	1,300,000	1,300,000	1,300,000	1,800,000	1,860,000	1,921,800	1,985,454	2,051,018	2,118,548	2,188,105	2,259,748	2,333,540	2,409,546	2,487,833	2,568,468	2,651,522	2,737,067
Maximum 50% of Total Remaining Benefiting FIU (3)	202,253,935	1,154,506	29,974	291,969	244,551	477,870	718,646	719,731	946,357	1,178,115	1,420,475	1,668,665	1,925,669	2,191,852	2,462,590	2,746,013	3,036,811	3,334,061	3,643,439	3,962,865	4,290,400
Donation of Building (4)	814,817,622																				
	1,152,976,428	2,281,706	1,292,006	1,561,862	2,022,540	2,264,199	2,513,565	3,023,498	3,319,237	3,622,181	3,937,864	4,261,575	4,596,366	4,942,671	5,295,933	5,664,356	6,042,704	6,430,131	6,832,392	7,247,486	7,673,559

(1) Based on available cash flow, prior to asset management fees  
(2) Based on available cash flow, after property expenses  
(3) Other Charitable Activities Benefiting FIU and AHF  
(4) Assumes value of property growing at 3% per year from \$250 million

	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058
FIU Housing Scholarships	459,475	473,259	487,457	502,080	517,143	532,657	548,637	565,096	582,049	599,510	617,496	636,020	655,101	674,754	694,997	715,847	737,322	759,442	782,225
FIU Support Funds (1)	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Additional FIU Support Funds (2)	2,825,179	2,915,935	3,009,413	3,105,695	3,204,866	3,307,012	3,412,222	3,520,589	3,632,207	3,747,173	3,865,588	3,987,556	4,113,183	4,242,578	4,375,855	4,513,131	4,654,525	4,800,161	4,950,166
Maximum 50% of Total Remaining Benefiting FIU (3)	4,629,244	4,979,976	5,338,185	5,712,232	6,095,095	6,490,156	6,895,676	7,317,559	7,748,959	8,195,934	8,656,793	9,132,488	9,621,484	10,127,393	10,646,206	11,184,193	11,737,375	12,307,053	18,993,376
Donation of Building (4)																			814,817,622
	8,113,898	8,569,170	9,035,055	9,520,008	10,017,104	10,529,825	11,056,535	11,603,244	12,163,215	12,742,617	13,339,876	13,956,064	14,589,768	15,244,725	15,917,058	16,613,170	17,329,222	18,066,655	839,743,388

(1) Based on available cash flow, prior to asset management fees  
(2) Based on available cash flow, after property expenses  
(3) Other Charitable Activities Benefiting FIU and AHF  
(4) Assumes value of property growing at 3% per year from \$250 million

July 11, 2018

Mr. Cody Wilson  
Stifel Nicolaus & Company, Inc.  
2660 Eastchase Lane  
Suite 400  
Montgomery, AL 36117

Dear Mr. Wilson:

We wish to inform you that Moody's Investors Service has assigned a Ba2 rating to the Capital Trust Agency, Student Housing Revenue Bonds (University Bridge, LLC Student Housing Project) Series 2018A and \$3.9M Student Housing Revenue Bonds (University Bridge, LLC Student Housing Project) Taxable Series 2018B.

Credit ratings issued by Moody's Investors Service, Inc. and its affiliates ("Moody's") are Moody's current opinions of the relative future credit risk of entities, credit commitments, or debt or debt-like securities and are not statements of current or historical fact. Moody's credit ratings address credit risk only and do not address any other risk, including but not limited to: liquidity risk, market value risk, or price volatility.

This letter uses capitalized terms and rating symbols that are defined or referenced either in *Moody's Definitions and Symbols Guide* or *MIS Code of Professional Conduct* as of the date of this letter, both published on [www.moodys.com](http://www.moodys.com). The Credit Ratings will be publicly disseminated by Moody's through normal print and electronic media as well as in response to verbal requests to Moody's Rating Desk. Moody's related research and analyses will also be published on [www.moodys.com](http://www.moodys.com) and may be further distributed as otherwise agreed in writing with us.

Moody's Credit Ratings or any corresponding outlook, if assigned, will be subject to revision, suspension or withdrawal, or may be placed on review, by Moody's at any time, without notice, in the sole discretion of Moody's. For the most current Credit Rating, please visit [www.moodys.com](http://www.moodys.com).

Moody's has not consented and will not consent to being named as an expert under applicable securities laws, such as section 7 of the Securities Act of 1933. The assignment of a rating does not create a fiduciary relationship between Moody's and you or between Moody's and other recipients of a Credit Rating. Moody's Credit Ratings are not and do not provide investment advice or recommendations to purchase, sell or hold particular securities. Moody's issues Credit Ratings with the expectation and understanding that each investor will make its own evaluation of each security that is under consideration for purchase, sale or holding.

Moody's adopts all necessary measures so that the information it uses in assigning a Credit Rating is of sufficient quality and from sources Moody's considers to be reliable including, when appropriate, independent third-party sources. However, Moody's is not an auditor and cannot in every instance independently validate or verify information received in the rating process. Moody's expects and is relying upon you possessing all legal rights and required consents to disclose the information to Moody's, and that such information is not subject to any restrictions that would prevent use by Moody's for its ratings process. In assigning the Credit Ratings, Moody's has relied upon the truth, accuracy, and completeness of the information supplied by you or on your behalf to Moody's. Moody's expects that you will, and is relying upon you to, on an ongoing basis, promptly provide Moody's with all information necessary in order for Moody's to accurately and timely monitor the Credit Ratings, including current financial and statistical information.

Under no circumstances shall Moody's have any liability (whether in contract, tort or otherwise) to any person or entity for any loss, injury or damage or cost caused by, resulting from, or relating to, in whole or in part, directly or

July 11, 2018

Mr. Cody Wilson  
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indirectly, any action or error (negligent or otherwise) on the part of, or other circumstance or contingency within or outside the control of, Moody's or any of its or its affiliates' directors, officers, employees or agents in connection with the Credit Ratings. **ALL INFORMATION, INCLUDING THE CREDIT RATING, ANY FEEDBACK OR OTHER COMMUNICATION RELATING THERETO IS PROVIDED "AS IS" WITHOUT REPRESENTATION OR WARRANTY OF ANY KIND. MOODY'S MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH INFORMATION.**

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If there is a conflict between the terms of this rating letter and any related Moody's rating application, the terms of the executed rating application will govern and supercede this rating letter.

Should you have any questions regarding the above, please do not hesitate to contact the analyst assigned to this transaction, Dmitriy Plit at 212-553-7463.

Sincerely,

*Moody's Investors Service Inc*

Moody's Investors Service Inc.

## CREDIT OPINION

11 July 2018



### Contacts

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# University Bridge, LLC Student Housing Project (FL)

New issuer

## Summary

Our credit view of the Student Housing Revenue Bonds (University Bridge, LLC Student Housing Project) issued by the Capital Trust Agency, Florida rated Ba2 stable, incorporates sufficient projected debt service coverage on the bonds for the life of the bonds. The credit also incorporates very limited support for the proposed University Bridge student housing project from Florida International University.

On June 11, we assigned a Ba2 rating to approximately \$204.4M Capital Trust Agency Student Housing Revenue Bonds (University Bridge, LLC Student Housing Project) Series 2018A and approximately \$3.9M of Capital Trust Agency Student Housing Revenue Bonds (University Bridge, LLC Student Housing Project) Taxable Series 2018B bonds. The assigned rating incorporates the off-campus location of the project, and construction risk until the project is completed in time for the fall 2020 semester.

## Credit strengths

- » Strong current enrollment at the university supports adequate supply of potential tenants at the project
- » Premium amenities available to the residents of the project, compared with the competing housing facilities
- » Adequate debt service coverage projections until bond maturity

## Credit challenges

- » Very limited support for the project from the university. The university will primarily provide support marketing the project to students
- » Construction risk of the project
- » Off-campus location, although in close proximity to the university
- » Two new competing student housing projects are expected to become available to students in 2020

## Rating outlook

The rating outlook on the Series 2018A and Series 2018B bonds is stable given strong enrollment trends at the university, and the adequate projected debt service coverage on the bonds.

## Factors that could lead to an upgrade

- » Upgrade in the near term is unlikely, but successful completion of the project, and sustained occupancy coupled with sound debt service coverage levels would be credit positive in the longer term

## Factors that could lead to a downgrade

- » Delayed completion of the project, or failure to lease up at the projected rent and occupancy levels would be credit negative for the project
- » Decline in enrollment or reduced support for the project by the university

## Detailed credit considerations

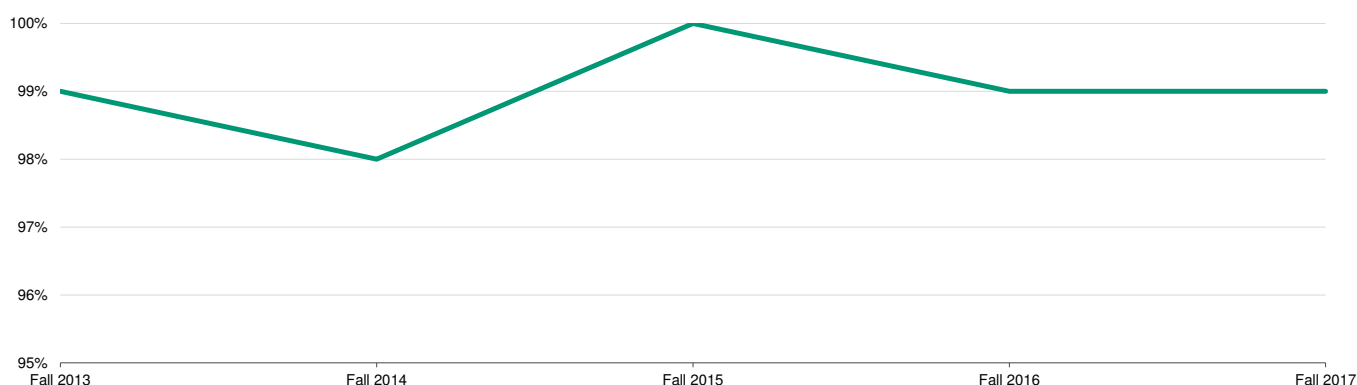
### Market position, construction and lease-up risk: limited support for the project from the university, partially mitigated by strong university enrollment

While FIU is not legally obligated to make debt service payments on the rated bonds, they will provide marketing support for the project, and allow university students residing at the project to access FIU's wireless network. Such limited support for the project from the university is partially mitigated by strong enrollment trends, and historical occupancy at the university's on-campus housing facilities. The university currently manages 3,159 on-campus beds with an average fall 2017 occupancy of 99%. Historical enrollment at the university has been strong; future enrollment trends, coupled with increased projected supply of available on-campus and off-campus housing, will drive the demand for the University Bridge project when it opens in time for the fall 2020 semester.

The University Bridge project, which is comprised of 1,244 beds, 648 parking spaces, and over 7,000 square feet of commercial space, will be located adjacent to the Modesto A. Maideque campus of Florida International University (FIU), rated Aa3 stable. FIU is a four-year public research university located in Miami, Florida. The university, founded in 1965, is part of 12-university State University System of Florida, offering over 190 programs of study in 23 colleges and schools.

Exhibit 1

**Strong overall fall occupancy at the on-campus housing facilities, with the most recent fall 2017 occupancy at 99%**



Source: FIU Annual Financial Information and Operating Data for FY June 30, 2017

Construction risk mitigants available to bondholders include payment and performance bond with liquidated damages, an independent third-party construction monitor, and six months post-construction capitalized interest deposit.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on [www.moodys.com](http://www.moodys.com) for the most updated credit rating action information and rating history.



**Financial position and performance: adequate financial performance expected until bond maturity in 2058.**

We expect the project to achieve adequate financial performance post initial lease up, primarily due to our expectation of continued demand for housing by students attending FIU. The project's premium location, and availability of top-of-the-market amenity package support such demand projections. Projected sound financial performance, however, is predicated upon the project achieving rent levels that are at a premium to the on-campus housing facilities.

Due to the 40 year term of the bonds, we also expect capital needs to escalate in the future. However, due to the on-going funding of the replacement and reserve fund, additional capital expenditures could be absorbed without materially eroding the expected debt service coverage on the bonds.

**Liquidity**

Moody's has reviewed various pro forma projections to assess sufficiency of project revenues to pay debt service on the outstanding bonds until maturity. Under a 3% growth in revenues and expenses and 8% vacancy assumption, debt service on the bonds is projected to remain above 1.20x until bond maturity.

Under a stress-case scenario of 0% growth in revenues and expenses and 8% vacancy until bond maturity, net operating income generated by the project remains sufficient to fully pay debt service on the Series 2018A and Series 2018B bonds until bond maturity.

**Legal framework, covenant and debt structure: fixed rate bond structure, and availability of rate covenants provide additional security to bondholders**

Legal covenants for the bonds include provisions for the borrower to retain a consultant if debt service coverage falls below 1.20x level. In addition, the project will maintain an operations and maintenance reserve fund, equal to six months of annual operating expenses.

Project revenues will constitute the primary source of revenue for the rated debt. The bond trustee will also have a security interest in various funds, such as the Bond Fund, Debt Service Reserve Fund, and the Repair and Replacement Fund, as provided by the indenture.

**Debt structure**

Fixed rate bonds with semi-annual debt service payments and final maturity in 2058.

**Debt-related derivatives**

None.

**Pensions and OPEB**

Not a material factor for this rating action.

**Ownership and management: project managed by Landmark Properties, an established manager of off-campus student housing communities**

As per the management agreement, with the initial term of three years, Landmark Properties will provide day to day management of the project. Landmark Properties will be responsible for the initial lease-up marketing efforts, and for the on-going collection of rental fees from students.

University Bridge project is owned by the borrower, University Bridge, LLC, the sole member of which is Atlantic Housing Foundation, Inc, a South Carolina non-profit corporation.

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Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

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# Finance and Facilities Committee MEETING

# Student Housing Agreement between the FIU Board of Trustees and University Bridge, LLC

# University Bridge Apartments Student Housing Agreement



- University Bridge, LLC (UB) is constructing an *Arquitectonica* designed 20 story, 886 unit, 1244 bed residential rental housing project located at SW 8 Street and SW 109 Avenue in the City of Sweetwater to house FIU students, faculty, and staff.
- The housing project has a total project cost of approximately \$220M and will be partially funded with proposed 40-year tax-exempt financing in the amount of \$200M; to date, the project has been funded with approximately \$30M of private funding.
- Project construction started June 2018 and completion is targeted for August 2020.
- In order to qualify for tax-exempt financing as well as a possible ad valorem property tax exemption, and to provide financial benefits to FIU, a Student Housing Agreement between FIU and UB is necessary to define structures, roles and responsibilities between the parties; otherwise, the project will be financed with traditional financing.



# University Bridge Apartments



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# FIU Responsibilities



- FIU has no obligations or responsibilities related to the financing, design, development, construction, maintenance, and/or operation of the project.
- FIU has the right to have a representative present at construction meetings and to receive copies of all monthly progress reports.
- FIU will allow access to UB to advertise the project to full-time FIU sophomore, junior, senior and graduate students on the FIU off-campus housing website, similar to other off-campus projects.
- FIU may display materials for the project once all on-campus housing is full.
- FIU will permit UB to advertise the project to full-time FIU non-freshman students on University property, subject to University policies and upon prior review and written approval of advertising materials.

# FIU Benefits



- 20 Housing Scholarships for FIU students: \$18.25M over 40 years
- \$200,000 annual scholarships/academic support, subject to payment of operating expenses, debt service and City of Sweetwater payment for taxes (PILOT): \$7.8M over 40 years
- \$800,000+ additional annual scholarships/academic support from available net cash flow: \$109.85M over 40 years.
- Conveyance of property (land and improvements) to FIU, at FIU's request, upon repayment of financing: \$350M+ at the end of 40 years\*.

\* *Assumed current improvement value of \$185M and land value of \$16M; 3 percent annual growth; 50 percent depreciation value of improvements over the 40 year period.*

# Other Important Considerations



- UB will not lease, advertise, or market the project to first year freshman students except as approved by FIU, unlike other off-campus housing.
- FIU will provide a candidate or list of candidates for selection as a member of the Board of Managers for the project.
- UB, at FIU's request, will demolish the improvements at the end of the 40 year financing period; a Land Restoration Fund will be established under the financing agreement, funded with an initial \$500,000 payment and then with annual payments from net cash flows over the financing term.
- FIU may benefit from up to 50 percent of net cash flows from UB otherwise available to Atlantic Housing Foundation, Inc., a 501 (c) (3) and sole member of UB, for charitable activities mutually beneficial to FIU and AHF.

# Other Important Considerations



- FIU approval is required for any refinancing or additional financing of the project.
- FIU has no restriction on building, operating or otherwise supporting any new competing on- or off-campus housing facility.
- Project financing has been designed so that it will have no impact on the balance sheet or credit capacity of FIU.
- Florida Division of Bond Finance has indicated that they do not believe the Student Housing Agreement will have any ratings implications for FIU housing bonds.
- Project provides opportunities for students, faculty and staff who want quality nearby off-campus housing.

# City of Sweetwater Benefits



- The City of Sweetwater and owner have entered into a Payment in Lieu of Taxes (PILOT) Agreement to ensure that the City will receive an annual payment greater than foregone City property taxes in the event the project is exempt from ad valorem taxes; estimated benefit of \$72M over the 40 year financing period, approximately \$40M more than estimated City taxes.
- City of Sweetwater Commission approved the PILOT Agreement on July 16, 2018.
- City of Sweetwater Mayor Orlando Lopez sent a letter to FIU dated August 16, 2018 expressing City support of the project and requesting BOT support of the proposed financing.

# University Bridge, LLC Benefits



- UB will be able to issue tax-exempt debt at a lower cost than traditional taxable financing; savings of approximately \$50M in interest over the 40 year financing period.
- UB may save approximately \$2.7M in annual property taxes net of the City of Sweetwater PILOT agreement if the owner is successful in its petition to Miami-Dade County Property Appraiser to be exempt from ad valorem taxes.
- UB Developer, Global City, will earn a developer profit and fee of \$16 million over the next two years and may earn \$145M over the 40 year financing period; Developer unconditionally guarantees the budget and schedule to the bondholders.

# Brailsford & Dunlavey



- Brailsford & Dunlavey was engaged by FIU to assess the private developer's financial assumptions, identify potential project risks, and create an understanding of potential value for the University.
- Brailsford & Dunlavey will be presenting their findings to the BOT.

# University Bridge, LLC



- Representatives from University Bridge, LLC, are present to address the BOT and to answer questions.



# Student Housing Agreement



- Questions?



# Finance and Facilities Committee MEETING





# Florida International University

University Bridge Apartments Due Diligence | Board of Trustees Meeting

September 2018



# 1 Introduction

## 2 Key Considerations

### 3 Potential Concerns / Risks

#### 4 Discussion of FIU Benefits







# Introduction



*Our mission is to make our clients the strongest owners possible throughout the development process.*

**500+**

Higher education clients

**1,200+**

College + University Projects

**\$35B+**

In completed higher education facilities

**550+**

Student housing projects

**25**

Years of experience in delivering campus life solutions





**Brad Noyes**

Executive Vice President

- ◆ Background in Architecture
- ◆ Background in Public Finance, Community Development, and Housing
- ◆ Oversees Higher Education Practice Group and P3 Advisory Practice Group



**Cassia Sookhoo**

Senior Associate

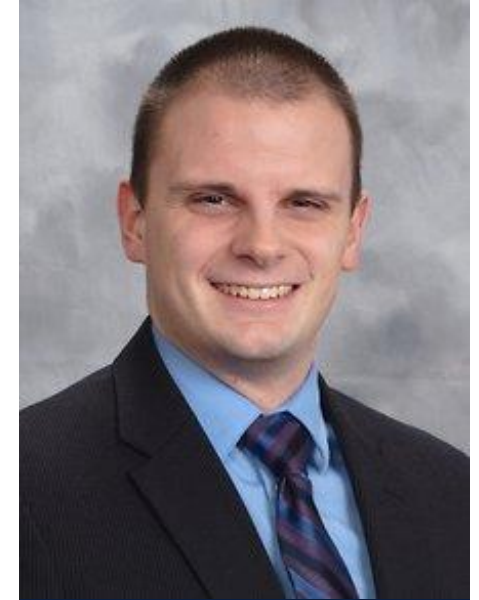
- ◆ Background in Public Private Partnerships and Municipal Real Estate Development
- ◆ Background in Public Finance, Community Development, and Housing
- ◆ Financial Modeling, Deal Structuring, and Risk Transfer



**Katie Karp**

Regional Vice President

- ◆ Background in Higher Education Administration & Market Analytics
- ◆ Focus on Planning and Implementation of Student Unions, Student Housing, Recreation Centers, and Mixed-use Development



**Brenden Kollar**

Project Manager

- ◆ Background in Architecture + Planning
- ◆ Focus on Planning of Student Housing, Unions, Recreation, and Experience in Implementing Student Housing + PK-12 Facilities





# Key Considerations



- ◆ This project requires minimal involvement from the University and creates favorable opportunities to capture some cash flows and other benefits through participation in the waterfall.
- ◆ Potential FIU Benefits
  - Housing Near Campus for FIU students Seeking Off-Campus Residency
  - Cash Flows for Scholarships / Academic Initiatives
  - Housing Scholarships
- ◆ Potential FIU Risks Associated with Achieving Benefits
  - Project Occupancy
  - Housing Demand
  - Legal, Credit, and Insurance
  - Construction Quality & Advertising

1

20 Bed Housing Scholarship Value  
NPV Discounted at 5%  
\$6.6 Million

2

\$200,000 Support Payment to FIU  
NPV Discounted at 5%  
\$3.4 Million

3

\$800,000 Additional Support  
Payment to FIU Discounted at 5%  
\$37.9 Million

4

Minimum of 15% of Total Remaining  
Benefiting FIU  
\$16.4 Million



# Potential Concerns / Risks



## Project Occupancy

- ◆ The market is dynamic with additional new student housing coming online in the next 2-3 years.
- ◆ 400 SW 107<sup>th</sup> Avenue, Sweetwater, FL 187 Apartments / ~550 beds – CA Ventures
- ◆ Thus the addition of 1,200+ beds may take time to absorb.
- ◆ Below the line items may be subject to occupancy risk.
- ◆ Occupancy of more than 90% is required to have enough cash flow for additional FIU support in base year required occupancy for maximum participation drops over time.
- ◆ Partial participation is available after 2025.

Revenue	2021		2025
	Base Year	90%	90%
Gross Potential Rent	20,614,571	20,614,571	23,201,882
Less: Vacancy Loss	(1,030,729)	(2,061,457)	(2,320,188)
Less: Bad Debt	(75,228)	(75,228)	(81,429)
<b>Net Rental Income</b>	<b>19,508,615</b>	<b>18,477,886</b>	<b>20,800,265</b>
Net Other Income	1,813,084	1,813,084	2,020,672
<b>Total</b>	<b>21,321,699</b>	<b>20,290,970</b>	<b>22,820,937</b>
<b>Operating Expenses</b>			
<b>Total</b>	<b>3,336,073</b>	<b>3,336,073</b>	<b>3,637,300</b>
<b>Net Operating Income</b>	<b>17,985,626</b>	<b>16,954,897</b>	<b>19,183,637</b>
Debt Service	12,673,625	12,673,625	12,728,625
<b>Income After Debt Service</b>	<b>5,312,001</b>	<b>4,281,272</b>	<b>6,455,012</b>
Property Taxes/Payments to City/Cap Reserves	531,418	531,418	1,362,358
<b>FIU Support Funds</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>
<b>Net After FIU Support Funds</b>	<b>4,580,583</b>	<b>3,549,854</b>	<b>4,892,654</b>
Other Asset Expenses Before Additional FIU Support Funds	3,720,636	3,720,636	3,315,455
<b>Net Available for Additional FIU Support Funds</b>	<b>859,947</b>	<b>(170,782)</b>	<b>1,577,199</b>
Planned Additional FIU Support Funds	800,000		1,300,000
<b>Actual Additional FIU Support Funds</b>	<b>800,000</b>		<b>1,300,000</b>
Deficit, if Any, of Additional FIU Support Funds	-		0
<b>Excess Funds</b>	<b>59,947</b>		<b>277,199</b>

## Housing Demand

- ◆ Project's unit mix introduces a higher percentage of studio, 1 bedroom, and 3 bedroom units compared to other student friendly properties near campus.
- ◆ Studio and 1 bedroom floorplans are best suited for upper division and graduate students.
- ◆ FIU students traditionally commute to campus and are price sensitive
- ◆ According to B&D's 2015 housing plan, 92% of students not living on campus indicated that affordability drives their housing decisions. The new project is priced higher than existing on-campus housing and in some cases comparable to or slightly higher than competitive off-campus properties.

	University Bridge	109 Tower	4th Street Commons
Studios	278	0	34
1BR	342	0	34
2BR	396	54	136
3BR	132	0	0
4BR	96	488	288
	1244	542	492

Unit Configuration and Rent Assumptions						
Unit Mix	# of Units	# of Beds	Monthly Rent	Total Rent by Unit	Total Rent by Year	
Studio	278	278	\$ 1,306	\$ 363,068	\$ 4,356,816	
1x1	342	342	\$ 1,476	\$ 504,792	\$ 6,057,504	
2x2	198	396	\$ 1,109	\$ 439,164	\$ 5,269,968	
3x3	44	132	\$ 1,033	\$ 136,356	\$ 1,636,272	
4x4	24	96	\$ 944	\$ 90,624	\$ 1,087,488	
<b>Total</b>	<b>886</b>	<b>1244</b>	<b>\$ 1,174</b>	<b>\$ 1,534,004</b>	<b>\$ 18,408,048</b>	

## Housing Demand

Unit Types and Rental Rates within 2 Miles of Campus

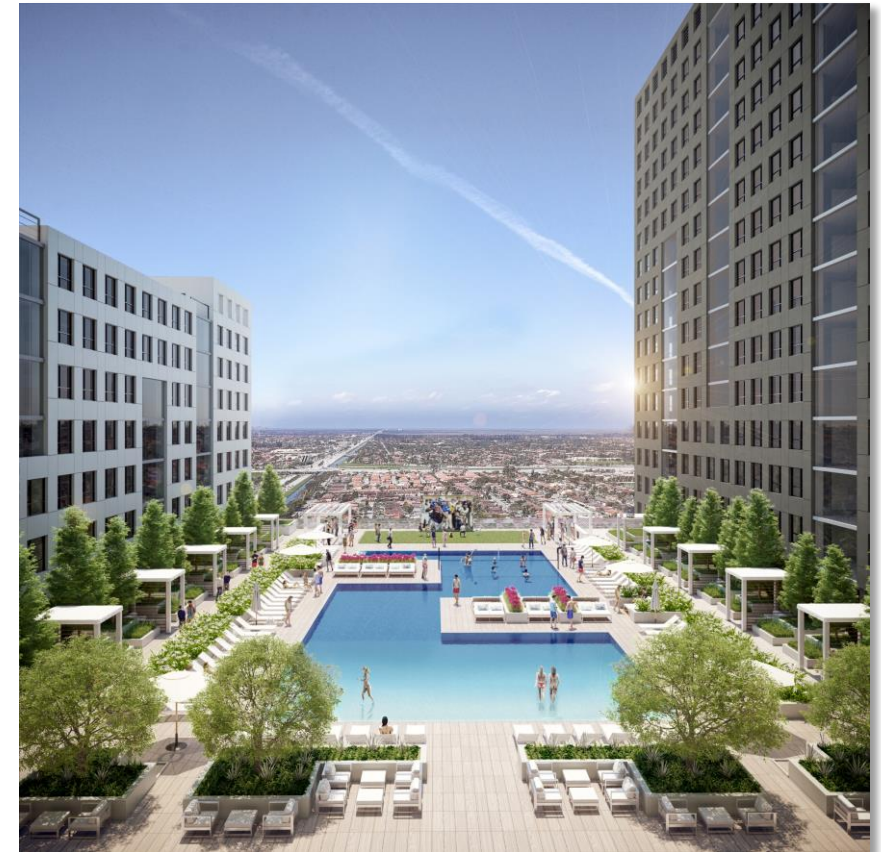
2018-2019 Rental Rates

Property				Unit Types/Average Rent									
Name	Occupancy	Distance From Campus (Miles)	Total # of Beds	Studio Rent Per Room	Studio SF	1-BR Rent Per Room	1-BR SF	2-BR Rent Per Room	2-BR SF	3-BR Rent Per Room	3-BR SF	4-BR Rent Per Room	4-BR SF
University Bridge	N/A	0.2	1,244	\$1,306	330	\$1,476	400	\$1,109	655	\$1,033	930	\$944	1150
109 Tower	99%	0.2	542	-	-	-	-	\$1,015	775	-	-	\$965	1,340
4th Street Commons	98%	0.2	492	\$1,524	420	\$1,594	588	\$1,019	766	-	-	\$919	1,220
<b>TOTALS &amp; AVERAGES</b>	<b>99%</b>	<b>0.2</b>	<b>2,278</b>	<b>\$1,524</b>	<b>420</b>	<b>\$1,594</b>	<b>588</b>	<b>\$1,017</b>	<b>771</b>	<b>N/A</b>	<b>N/A</b>	<b>\$942</b>	<b>1,280</b>

Property	Distance to FIU	Individual Leases	Private Bathroom	Pool	Private Patio/Deck	Fitness Center/Spa	Gated Community	Internet Access	Grills/Outdoor Space	In-Unit Laundry	Clubhouse/Gameroom	On-Site Laundry	Business Center	Storage Space	Utilities Included	Furnished
University Bridge	0.2	x	X	X	X	X	X	X	X	X	X	X	X	X	X	X
109 Tower	0.2	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
4th Street Commons	0.2	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
<b>Off-Campus Total</b>	<b>0.2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>2</b>

### Legal, Credit, and Insurance

- ◆ Terms of the agreement may pose potential legal/control risks.
- ◆ FIU's selection of 20 students for housing scholarships in the project may increase FIU's liability and student/parental expectations.
- ◆ Proposed legal structure creates potential ties to the property.
  - ◆ Projected \$200K annually for scholarship / academic initiatives may be seen as a financial interest in the project's viability.
  - ◆ Signing a housing agreement allowing for the acquisition of the asset may create a balance sheet issue in the future depending upon changing positions of the credit rating agencies.
- ◆ Because FIU's students will live in the property, owner should confirm adequate insurance coverage is sufficient for incidentals and liabilities.



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### Construction Quality & Advertising

- ◆ Property will meet required building construction, design, and safety standards as specified in local code.
- ◆ Advertising on institutional websites and placement into off-campus housing may create an indirect relationship between any property and the institution, and policy should be periodically reviewed.



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# Discussion of FIU Benefits

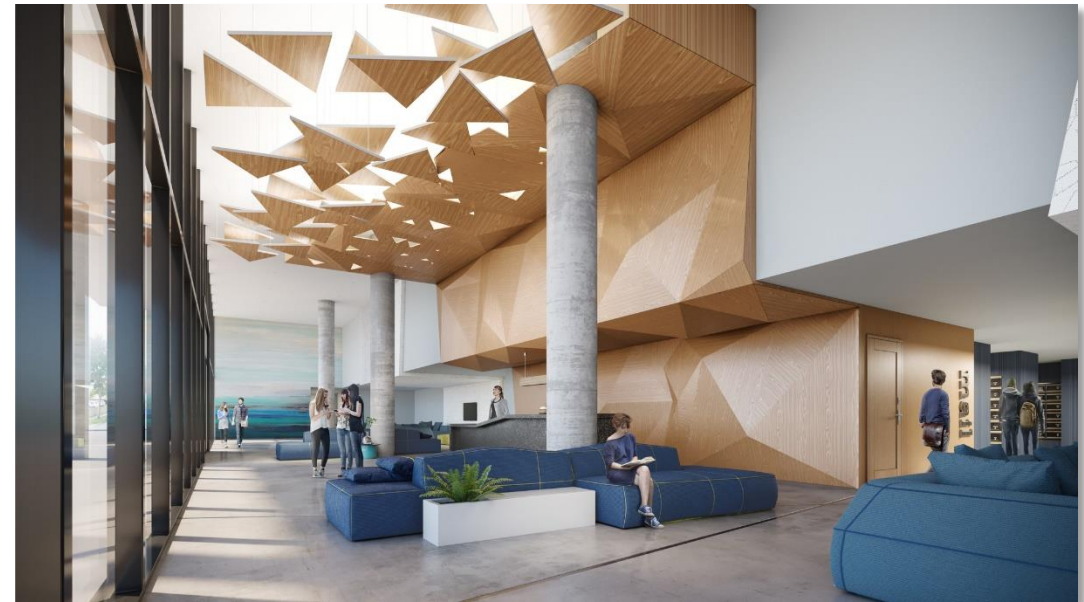


### Expressed Benefits

- ◆ Cost effective opportunity to alleviate student housing demand through Project
- ◆ Guaranteed rent-free housing for at least 20 beds per year within the Project for FIU to assign students as housing scholarships
  - ◆ Developer accounts for 20 beds in 5% vacancy calculation in the Project's pro forma
  - ◆ Annual payment to University after debt service, reserves, and all property expenses other than asset management fees.
  - ◆ FIU may receive at least \$200,000 per year as scholarship and academic support cash flows, if Project performs at minimal expectation
- ◆ Transfer of asset and property to University at the end of the 40-year term
  - ◆ Initial escrowed demolition reserve fund of \$500,000 plus annual contribution.

### Expressed Benefits

- ◆ Supplemental donation for use as scholarships / academic support (valued at \$800,000+) if Project maintains an adequate occupancy rate
- ◆ FIU may benefit from up to 50 percent of any remaining cash flows that are mutually beneficial to FIU and/or its surrounding community and Atlantic Housing Foundation, Inc. (“AHF”), that further AHF’s exempt purposes, and are economically feasible
- ◆ Assists in creating an attractive campus edge



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# Florida International University

University Bridge Due Diligence | Board of Trustees Meeting

September 2018



BRAILSFORD & DUNLAVEY

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**FIU** | FLORIDA  
INTERNATIONAL  
UNIVERSITY

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**THE FLORIDA INTERNATIONAL UNIVERSITY  
BOARD OF TRUSTEES**

**Finance and Facilities Committee**

September 5, 2018

**Subject: School of International and Public Affairs Phase II Building (SIPA-II)—  
Amendment to Prior Budget Approval**

---

**Proposed Committee Action:**

Recommend to the Florida International University Board of Trustees (the BOT) approval of the request to expand the size and budget of the School of International and Public Affairs Phase II Building (SIPA-II) from the currently approved budget of \$27.7 million to \$39.42 million to accommodate increases in construction costs, reduced PECO funding, and new programming space for FIU Online.

---

**Background Information**

***School of International and Public Affairs:*** The original program and construction budget for the School of International and Public Affairs Phase II Building (SIPA-II), as presented to the Board of Governors October 8, 2014, and initially approved by the BOT on June 3, 2015, was \$30 million. Planned funding for the facility was a \$15 million gift from the Steven J. Green, Dorothea Green, and Kimberly Green Family Foundation received on March 16, 2015, and \$15 million in Public Education Capital Outlay (PECO). The 2017-18 Florida Legislature appropriated \$12,701,439, for a total combined available funding of \$27,701,439.

SIPA-II includes department and program space, faculty offices, active learning classrooms, general classrooms, multi-purpose space, advising offices, executive education space, and career development space. SIPA aspires to be a globally recognized, top five school of international and public affairs, committed to innovative education with professional programs in global governance, human security, disaster preparedness, and risk management and corporate citizenship. SIPA serves over 5,000 students with 200 full-time faculty members and awards almost 2,000 baccalaureate, masters, and research doctoral degrees annually.

In order to construct the facility based on the programmatic needs of SIPA, the current cost estimate is \$33.89 million, leaving a funding deficiency of \$6.19 million. The budget deficiency is the result of higher construction costs (\$3.89 million) and reduced PECO funding (\$2.3 million). To cover the funding need, the Dean of the School of International and Public Affairs is embarking on an aggressive fundraising campaign. Full funding for the project will be needed by early 2021. To mitigate the risk of a funding gap, the construction program will allow for unfinished shell space that will be completed as funding becomes available.



***FIU Online:*** FIU Online is celebrating 20 years of program delivery and has experienced a significant growth of 72 percent over the past six years with even greater growth projected by 2025. As a result, FIU Online is hiring additional employees to support and sustain expanding operations. From 2011-12 to 2017-18, student credit hours have increased from 255,950 to 439,791, representing an average annual increase of 9.4 percent. During this same period, the percentage of student credit hours earned online has increased from 20 percent of total student enrollment to over 32 percent, and is expected to reach 50 percent by 2024-25. Currently, 79 degree programs are offered fully online, and this number will grow to 114 degree programs over the next two years.

To accommodate growth in online programs, FIU Online needs approximately 9,100 sq. ft. of additional space for technology services, instructional media, student tech support, success coach space, contact center space, and student computer lab space. As FIU Online increases online offerings, they continue to innovate and provide additional online student services and support structures to ensure online student success. This includes Instructional Designers who work with faculty on developing and designing engaging quality online courses. The estimated cost of this space is \$5.53 million. The FIU Distance Learning Fee of \$30.00 per credit hour includes \$2.25 per credit hour to support online facility needs, which generates approximately \$1.2 million per year. Currently, \$2.5 million in funding is available with a projected amount of \$6 million by June 30, 2021. These funds will support FIU Online space needs in the SIPA-II building.

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**Supporting Documentation:**      SIPA Phase II - Fundraising Plan  
   SIPA Phase II - Program Budget Summary  
   SIPA Phase II - presentation

**Facilitator/Presenter:**              Kenneth A. Jessell

## Fundraising Plan for SIPA II

Florida International University's Steven J. Green School of International and Public Affairs (Green School) aspires to be a globally recognized, top five school of international and public affairs, committed to innovative education with professional programs in global governance, human security, disaster preparedness, risk management, and global security. The Green School alone serves over 5,000 students with nearly 200 full-time faculty members. The eight departments and 20 interdisciplinary centers, institutes, and programs are scattered across the University's South Florida campuses. In Academic Year 2016-17, the Green School awarded 1,806 degrees (1,539 bachelor's, 238 master's, and 34 doctorates).

In 2015, Ambassador Steven J. Green and his family generously made a \$20 million transformative gift to name the School of International and Public Affairs. \$15 million was earmarked for the construction of the School's second building (SIPA II). In the summer of 2017, the State of Florida Legislature granted FIU \$12.7 million for building 2 of the Green School. These combined gifts have allowed the University to move forward with the planning, design, and construction of SIPA II.

This expansion gives the Green School the critically needed square footage to unite its students and faculty in an innovative teaching-learning environment. This new 84,800 square foot building set to be completed by 2020 will allow 11 departments and degree granting programs to move into consolidated space. The second building will significantly improve student success; active learning classrooms and better collaborative space along with imbedded advisors will increase its 4-year graduation rates by 2020. The collaborative space in the new building will create an environment most conducive to critical investigation of the biggest challenges facing our community and the world and will allow our students to solve problems in our state. Phase II will allow the Green School to offer intensive training to the local workforce in disaster mitigation and management, cybersecurity, and economic development.

Moreover, SIPA II will be the catalyst in helping the Green School achieve full membership in the prestigious Association of Professional Schools of International Affairs (APSIA). The association represents the top 35 schools of international and public affairs in the world. SIPA-II will allow for the physical space necessary for the Green School to centralize its operations, creating fertile ground for the kind of interdisciplinary teaching, research and outreach that makes the Green School stand out among other programs of its kind across the world.

## Fundraising Plan for SIPA II

### Campaign Goal

Our goal for the building campaign is \$10 million. This funding will be targeted to support naming opportunities in the new building and programs that will be housed there as well. We will be approaching existing donors and prospects including individuals, corporations, and foundations. The various naming opportunities along with the individuals we have identified are listed below.

### *Table of Gifts*

The following table reflects the numbers of prospective donors estimated, by giving level, as well as the number of gifts needed, to reach the \$10,000,000 goal.

Gift Level	Number of Prospects	Number of Gifts	Amount Raised	Cumulative Amount
\$2,500,000	5	1	\$2,500,000	\$2,500,000
\$1,000,000	10	3	\$3,000,000	\$5,500,000
\$500,000	12	4	\$2,000,000	\$7,500,000
\$250,000	16	4	\$1,000,000	\$8,500,000
\$100,000	20	7	\$700,000	\$9,200,000
\$50,000	30	10	\$500,000	\$9,700,000
\$10,000	40	10	\$100,000	\$9,800,000
Less than \$10,000	Many	Many	\$200,000	\$ 10,000,000

### Campaign Launch

The FIU Next Horizon Capital Campaign Leadership Summit is being held on November 29 and it will include FIU volunteers from all the various units and departments. The Green School groundbreaking ceremony could be the signature event of the day. Since it's the only building that is being constructed at this time, it would serve as a perfect example of the Next Horizon Capital Campaign. It would build momentum around our bricks and mortar campaign. This three-year effort reflects the (internal) timeline of the University's Next Horizon Capital Campaign.

Steven J. Green School of International and Public Affairs



## Fundraising Plan for SIPA II

### Campaign Timeline and Tasks

September 2018 through August 2022

Months	Tasks
August through September 2018	<p><u>Campaign Planning</u></p> <ul style="list-style-type: none"> <li>• Prospect identification (ongoing activity)</li> <li>• Prospect rating and prioritizing</li> <li>• Individualized prospect cultivation/solicitation plans prepared</li> </ul> <p><u>Establish Capital Campaign Timeline to include:</u></p> <ul style="list-style-type: none"> <li>• Quiet Phase (50%-70%) <ul style="list-style-type: none"> <li>▪ Groundbreaking</li> <li>▪ Press release</li> <li>▪ Public phase</li> <li>▪ Fundraising events</li> </ul> </li> </ul> <p><u>Case for Financial Support</u></p> <ul style="list-style-type: none"> <li>• Develop and test Case Statement for \$10 million goal <ul style="list-style-type: none"> <li>▪ Prepare other marketing materials</li> <li>▪ Architectural design rendering and PowerPoint</li> <li>▪ Naming opportunities identified and valued per FIU policy</li> <li>▪ Case Statement finalized</li> </ul> </li> </ul>

## Fundraising Plan for SIPA II

<p><b>October through November 2018</b></p>	<p><u>Campaign Steering Committee</u></p> <ul style="list-style-type: none"> <li>▪ Enlist members of SIPA Advisory Council, Foundation BOD and BOT</li> <li>▪ Current donors</li> <li>▪ Key Alumni</li> </ul> <p><u>Steering Committee Meeting</u></p> <ul style="list-style-type: none"> <li>▪ Orient Steering Committee</li> <li>▪ Select Co-Chairs</li> <li>▪ Establish Committee goal(s)</li> </ul> <p><u>Begin Quiet Phase Leadership Gift Cultivation with \$6 million goal</u></p> <ul style="list-style-type: none"> <li>▪ Groundbreaking Ceremony during Next Horizon Leadership Summit</li> <li>▪ Holiday message to top prospects</li> <li>▪ Begin Steering Committee and Dean's Council solicitations</li> <li>▪ Begin lead gift cultivation and solicitation</li> </ul> <p>Launch Staff and Faculty Ignite Campaign</p>
<p><b>December 1018 through January 2019</b></p>	<p><u>Continue Quiet Phase Leadership Gift Phase</u></p> <ul style="list-style-type: none"> <li>▪ Conclude Steering Committee and Dean's Council solicitations</li> <li>• Continue lead gift cultivation and solicitation</li> <li>▪ State of the World VIP event for donors and prospects</li> </ul> <p>Begin Corporations and Foundations Campaign Steering Committee Meeting</p>

## Fundraising Plan for SIPA II

<b>February through March 2019</b>	<p>Continue Quiet Phase Leadership Gift Campaign</p> <p>Begin Corporate and Foundation Campaign</p> <p>Begin implementation of Major Gift phase</p> <p>Conclude Staff and Faculty Campaign</p> <p>Steering Committee Meeting</p>
<b>April through May 2019</b>	<p>Continue Quiet Phase Leadership Gift Campaign</p> <p>Continue Major Gift Campaign</p> <p>Continue Corporate and Foundation Campaign</p> <p>Steering Committee Meeting</p>
<b>June through July 2019</b>	<p>Continue Quiet Phase Leadership Gift Campaign</p> <p>Continue Major Gift Campaign</p> <p>Continue Corporate and Foundation Campaign</p> <p><u>Begin Preparation for Phase II (Public Phase) of Campaign, including</u></p> <ul style="list-style-type: none"><li>▪ Goal-Setting and gift targeting for \$4 million goal</li><li>▪ Publicity and Promotions Plan and materials</li><li>▪ Kick-Off event planning</li></ul> <p>Steering Committee Meeting</p>

## Fundraising Plan for SIPA II

<b>August 2019</b>	<p>Conclude Phase I with minimum of \$6,000,000 gifted and pledged</p> <p>Host celebration for Quiet Phase Donors before public announcement</p>
<b>September 2019</b>	<p><u>Begin Phase II</u></p> <ul style="list-style-type: none"> <li>▪ Host Kick-Off announcement event</li> <li>▪ Report goals, objectives, and progress of the Campaign</li> <li>▪ Continue Leadership Gift Campaign</li> <li>▪ Continue Major Gift Campaign</li> <li>▪ Continue Corporate and Foundation Campaign</li> </ul> <p>Steering Committee Meeting</p>
<b>October 2019 through April 2022</b>	<p>Continue Phase II Solicitation</p> <p>Steering Committee Meeting</p>
<b>May through June 2022</b>	<p><u>Conclude public phase and all solicitation</u></p> <ul style="list-style-type: none"> <li>▪ Achieve or surpass \$4 million goal</li> <li>▪ Hold Campaign celebration event</li> </ul>



## Fundraising Plan for SIPA II

### CAPITAL CAMPAIGN OPPORTUNITIES

#### Building Components to Name

**SIPA Building** Amount: *\$15 million*

**Lobby** Amount: *\$5 million*

**Auditorium/Event Space** Amount: *\$ 2.5 million*

**Gaming Center** Amount: *\$2.5 million*

**Floors (total of 7)** Amount: *\$ 1 million (per floor)*

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Stephen J. Green School of International Public Affairs PHASE II - Program Budget Summary										7/16/2018
Facility/Space Type	Net Area (NASF)	Net to Gross Conversion	Gross Area (GSF)	*Shell Area (GSF)	*100% Built Area (GSF)	12/31/2019 Unit Cost (Cost/GSF)	*Shell (cost/GSF)	Construction Cost	FIU Online Construction Cost	*Construction Cost (Combination w/ shell space)
<b>Instructional Spaces</b>										
Classroom/Seminar Room	8,580	1.6	13,728	7,111	6,617	\$324.89	\$225.00	\$4,460,090		\$3,749,762
Teaching Laboratory				0	0	\$346.59	\$225.00	\$0		
<b>Academic Support</b>										
Study Space/Student Academic Support	3,601	1.6	5,762	2,985	2,777	\$328.35	\$225.00	\$1,891,926		\$1,583,460
Study Space/Student Support - FIU Online	2,000	1.6	3,200	0	3,200	\$328.35	\$225.00	\$1,050,720	\$1,050,720	\$1,050,720
Instructional Media - FIU Online	7,102	1.6	11,363	0	11,363	\$244.01	\$225.00	\$2,772,734	\$2,772,734	\$2,772,734
<b>Institutional Support</b>										
Office/Computer	28,453	1.6	45,525	23,582	21,943	\$338.75	\$225.00	\$15,421,526		\$12,739,091
Campus Support	3,300	1.6	5,280	2,735	2,545	\$310.02	\$225.00	\$1,636,906		\$1,404,372
<b>Totals</b>	<b>53,036</b>		<b>84,858</b>	<b>36,413</b>	<b>48,445</b>			<b>\$27,233,902</b>	<b>\$3,823,454</b>	<b>\$23,300,140</b>
Inflation Factor From 2019 to 2020 @ 3%								\$817,017	\$114,704	\$699,004
Total Construction - New								\$28,050,919	\$3,938,158	\$23,999,144
SCHEDULE OF PROJECT COMPONENTS								ESTIMATED COSTS		ESTIMATED COSTS
Basic Construction Cost										
1. a. Construction Cost (from above)								\$28,050,919	\$3,938,158	\$23,999,144
Add'l/Extraordinary Const. Costs										
b. Environmental Impacts/Mitigation								\$0		\$0
c. Site Preparation								\$500,000	\$70,196.60	\$500,000
d. Landscape/Irrigation								\$450,000	\$63,176.94	\$450,000
e. Plaza/Walks								\$1,000,000	\$140,393.19	\$1,000,000
f. Roadway and Parking Improvements (Driveways)								\$300,000	\$42,117.96	\$300,000
g. Parking spaces								\$200,000	\$28,078.64	\$200,000
h. Telecommunication and Security System								\$200,000	\$28,078.64	\$200,000
i. Electrical Service								\$100,000	\$14,039.32	\$100,000
j. Water Service								\$100,000	\$14,039.32	\$100,000
k. Sanitary Sewer								\$100,000	\$14,039.32	\$100,000
l. Chilled Water System								\$150,000	\$21,058.98	\$150,000
m. Storm Water System								\$100,000	\$14,039.32	\$100,000
n. Energy Efficient Equipment								\$25,000	\$3,509.83	\$25,000
Total Construction Costs								\$31,275,919	\$4,390,926	\$27,224,144
2. Other Project Costs										
a. Land/existing facility acquisition								\$0	\$0	\$0
b1. Professional Fees - A/E, Landscape DMS Fee Curve "Average Complexity" (D)								\$1,885,460	\$264,706	\$1,661,476
b2. Sustainability Certification Fees, Special/Add'l. Professional Services								\$78,190	\$10,977	\$68,060
b3. CM Fees -Pre-Construction								\$312,759	\$43,909	\$272,241
c. Fire Marshall Fees								\$78,190	\$10,977	\$68,060
d. Inspection Services - total								\$360,000	\$50,542	\$360,000
* On-site representation 56 weeks								-	-	
* Code inspections (Incl. Plan Review, Threshold, Bldg. Code)								-	-	
e. Insurance Consultant								\$31,276	\$4,391	\$27,224
f. Surveys & Tests								\$120,000	\$16,847	\$120,000
g. Permit/Impact/Environmental Fees								\$120,000	\$16,847	\$120,000
h. Artwork								\$100,000	\$14,039	\$100,000
i. Moveable Furnishings & Equipment @ +/- 10% (7% for Shell Combination)								\$2,804,605	\$393,747	\$1,685,673
j. Project Contingency 5%								\$1,971,000	\$276,715	\$1,674,287
k. Construction Service Reimbursement (\$900K discount deducted)								\$282,600	\$39,675	\$104,572
Total - Other Project Costs								\$8,144,080	\$1,143,373	\$6,261,594
<b>ALL COSTS 1+2</b>								<b>\$39,420,000</b>	<b>\$5,534,299</b>	<b>\$33,485,738</b>
<b>TOTAL PROJECT COST</b>								<b>\$39,420,000</b>	<b>\$5,534,299</b>	<b>\$33,485,738</b>

\* Shell Space calculated 52% @ \$225/GSF except FIU Online space will be fully built out

Available Funding (PECO - \$12,701,439; Private - \$15,000,000; FIU Online - \$5,534,299; SIPA - \$250,000) =

\$33,485,738

**SPACE LIST**

	# of Spaces	# of Occupants	Sq. Ft. per Occupant	Room NASF	Total NASF
<b>FIU ONLINE</b>					
<b>STUDENT SERVICES</b>					
<b>Contact Center Area</b>					
Private Office	1	1	120	120	120
Formal Huddle Rooms	2	4	30	120	240
Contact Center Seating	1	35	48	1,680	1,680
Fax/Copy/Printer/Mail Room	1	1	200	200	200
Informal Huddle Room (open plan)	1	8	25	200	200
				<b>Sub-Total</b>	<b>2,440</b> NASF
<b>Success Coach Area</b>					
Private Office	1	1	120	120	120
Success Coach Seating/Desk	1	8	48	384	384
Formal Huddle Room	1	4	30	120	120
Informal Huddle Room (open plan)	1	4	30	120	120
				<b>Sub-Total</b>	<b>744</b> NASF
<b>Technology Services Team Area</b>					
Technology Team Director Office	1	1	120	120	120
SSD and LMS Open Seating	1	16	48	768	768
Formal Huddle Room	1	4	30	120	120
Informal Huddle Room (open plan)	1	8	25	200	200
				<b>Sub-Total</b>	<b>1,208</b> NASF
<b>Student Support Area</b>					
Student Tech Support	1	6	48	288	288
				<b>Sub-Total</b>	<b>288</b> NASF
<b>Shared Spaces</b>					
Lobby/Reception	1	10	40	400	400
Formal Huddle Room	2	4	30	120	240
File/Storage Room	1	1	200	200	200
Kitchen/Pantry/Vending/Staff Lounge	1	24	28	672	672
Group Conference Room	1	24	25	600	600
Small Conference Room	1	6	25	150	150
Shower/Changing Rooms	2	1	80	80	160
				<b>Sub-Total</b>	<b>2,422</b> NASF
<b>Student Computer Lab and E-Sports Gaming Facility</b>					
Student Computer Lab and E-Sports	1	50	40	2,000	2,000
				<b>Sub-Total</b>	<b>2,000</b> NASF
				<b>FIU Online Sub-Total</b>	<b>9,102</b> NASF



**SPACE LIST**

	# of Spaces	# of Occupants	Sq. Ft. per Occupant	Room NASF	Total NASF
<b>GREEN SCHOOL</b>					
<b>DEPARTMENT OF POLITICS AND INTERNATIONAL RELATIONS</b>					
Faculty Office	35	1	105	105	3,675
Department Chairperson	1	1	150	150	150
Advisor Office	6	1	115	115	690
Post-Doctoral Assoc. & Visiting Scholar Office	4	1	105	105	420
Office Manager	1	1	120	120	120
Support Staff	3	2	70	140	420
Reception	1	1	180	180	180
Faculty /Staff Lounge	1	8	25	200	200
Conference/Seminar Room	1	30	22	660	660
				<b>Sub-Total</b>	<b>6,515</b> NASF
<b>DEPARTMENT OF MODERN LANGUAGES</b>					
Faculty Office	33	1	105	105	3,465
Department Chairperson	1	1	150	150	150
Advisor Office	1	1	115	115	115
Post-Doctoral Assoc. & Visiting Scholar Office	6	1	105	105	630
Office Manager	1	1	120	120	120
Support Staff	1	2	70	140	140
Reception	1	1	180	180	180
Faculty /Staff Lounge	1	6	25	150	150
Conference/Seminar Room	1	30	22	660	660
				<b>Sub-Total</b>	<b>5,610</b> NASF
<b>DEPARTMENT OF HISTORY</b>					
Faculty Office	25	1	105	105	2,625
Department Chairperson	1	1	150	150	150
Post-Doctoral Assoc. & Visiting Scholar Office	2	1	105	105	210
Office Manager	1	1	120	120	120
Support Staff	1	2	70	140	140
Reception	1	1	180	180	180
Faculty /Staff Lounge	1	6	25	150	150
Conference/Seminar Room*	0.5	30	22	660	330
				<b>Sub-Total</b>	<b>3,905</b> NASF

**SPACE LIST**

	# of Spaces	# of Occupants	Sq. Ft. per Occupant	Room NASF	Total NASF
<b>KIMBERLY GREEN LATIN AMERICAN AND CARRIBEAN CENTER</b>					
Director's Office	1	1	150	150	150
Leadership Team Office	4	1	120	120	480
Affiliated Faculty Office	5	1	105	105	525
Post-Doctoral Assoc. & Visiting Scholar Office	6	1	105	105	630
Research Associate Office	2	1	105	105	210
Executive Assistant	1	1	120	120	120
Office Manager	1	1	120	120	120
Support Staff	2	2	70	140	280
Cubicle Area for Research Assistants	6	1	64	64	384
Reception	1	1	180	180	180
Faculty /Staff Lounge	0.5	6	25	150	75
Conference/Seminar Room*	0.5	30	22	660	330
			<b>Sub-Total</b>	<b>3,484</b>	<b>NASF</b>
<b>CUBAN RESEARCH INSTITUTE</b>					
Director's Office	1	1	150	150	150
Assoc. Director Office	1	1	120	120	120
Affiliated Faculty Office	4	1	105	105	420
Post-Doctoral Assoc. & Visiting Scholar Office	2	1	105	105	210
Program Manager	1	1	120	120	120
Program Coordinator	1	1	115	115	115
Reception	1	1	180	180	180
Faculty /Staff Lounge	0.5	4	25	100	50
Conference/Seminar Room*	0.5	30	22	660	330
			<b>Sub-Total</b>	<b>1,695</b>	<b>NASF</b>
<b>JAFFER CENTER FOR MUSLIM WORLD STUDIES</b>					
Director's Office	1	1	150	150	150
Assoc. Director Office	1	1	120	120	120
Affiliated Faculty Office	4	1	105	105	420
Post-Doctoral Assoc. & Visiting Scholar Office	3	1	105	105	315
Program Coordinator	1	1	115	115	115
Faculty /Staff Lounge	1	4	25	100	100
Conference/Seminar Room*	0.5	30	22	660	330
			<b>Sub-Total</b>	<b>1,550</b>	<b>NASF</b>
<b>MODEL UNITED NATIONS PROGRAM</b>					
Director Office	1	1	150	150	150
Administrative Assistant Office	1	1	120	120	120
Simulation Training Lab (Use Prof. Ed Classroom)	0	12	25	300	0
			<b>Sub-Total</b>	<b>270</b>	<b>NASF</b>
<b>EUROPEAN AND EURASIAN STUDIES PROGRAM</b>					
Director Office	1	1	150	150	150
Affiliated Faculty Office	3	1	105	105	315
Program Manager	1	1	120	120	120
			<b>Sub-Total</b>	<b>585</b>	<b>NASF</b>
<b>VÁCLAV HAVEL PROGRAM FOR HUMAN RIGHTS AND DIGNITY</b>					
Director Office	1	1	150	150	150
Senior Fellows	3	1	120	120	360
			<b>Sub-Total</b>	<b>510</b>	<b>NASF</b>

**SPACE LIST**

	# of Spaces	# of Occupants	Sq. Ft. per Occupant	Room NASF	Total NASF	
<b>GREEN SCHOOL ADMINISTRATIVE SUITE</b>						
Dean's Executive Office	1	1	275	275	275	
Administrative Staff Office	22	1	120	120	2,640	
Cubicle Area for Interns, Student-Assistants and Temporary Staff	6	1	64	64	384	
Reception	1	1	180	180	180	
Executive Conference Room	1	30	22	660	660	
Faculty /Staff Lounge	1	6	25	150	150	
				<b>Sub-Total</b>	<b>4,289</b>	<b>NASF</b>
<b>EVENT VENUE</b>						
Multi-Purpose Room	1	250	11	2,750	2,750	
Catering Prep Space	1	1	275	275	275	
Storage Space for Tables and Chairs	1	1	275	275	275	
Shelter Supply Storage	0	1	200	200	0	
Green Room	0	1	120	120	0	
				<b>Sub-Total</b>	<b>3,300</b>	<b>NASF</b>
<b>PROFESSIONAL MA IN GLOBAL AFFAIRS (MAGA)/Professional &amp; Executive Education/Career Development</b>						
Administrative Leadership Office	4	1	115	115	460	
Program Coordinators	3	2	70	140	420	
MAGA Case Rooms	2	70	22	1,540	3,080	
Professional Ed Classrooms	2	30	22	660	1,320	
				<b>Sub-Total</b>	<b>5,280</b>	<b>NASF</b>
<b>GENERAL PURPOSE CLASSROOMS</b>						
Classrooms	1	70	22	1,540	1,540	
				<b>Sub-Total</b>	<b>1,540</b>	<b>NASF</b>
<b>STICKY SPACE</b>						
Seating/Gathering/Interaction Space in Public Areas	4	12	22	264	1,056	
				<b>Sub-Total</b>	<b>1,056</b>	<b>NASF</b>
<b>ADJUNCT FACULTY FLEXIBLE "HOTEL" SPACE</b>						
Central Area For about 200 Adjuncts Can Be With Grad Student Collaborative	4	15	30	450	1,800	
				<b>Sub-Total</b>	<b>1,800</b>	<b>NASF</b>
<b>GRADUATE STUDENT COLLABORATIVE SPACE SPACE</b>						
Central Area. Currently about 900 Grad Students, 1100 expected by 2023. Can Be Combined With Adjuncts.	9	100	2.828	283	2,545	
				<b>Sub-Total</b>	<b>2,545</b>	<b>NASF</b>
				<b>GREEN SCHOOL Sub-Total</b>	<b>43,934</b>	<b>NASF</b>
				Total NASF	<b>53,036</b>	Total NASF
				TOTAL BUILDING AREA	<b>84,858</b>	GSF** Factor = <b>1.6</b>

\* Fractional conference/seminar room shared with other users.

\*\*Grossing Factor Includes Public Circulation, Public Restrooms, Mechanical, Electrical, Custodial, Stairs, Elevators, Column and Wall Thicknesses, Etc.

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# Finance and Facilities Committee MEETING

# Steven J. Green School of International and Public Affairs Phase II Building Amendment to Prior Budget Approval

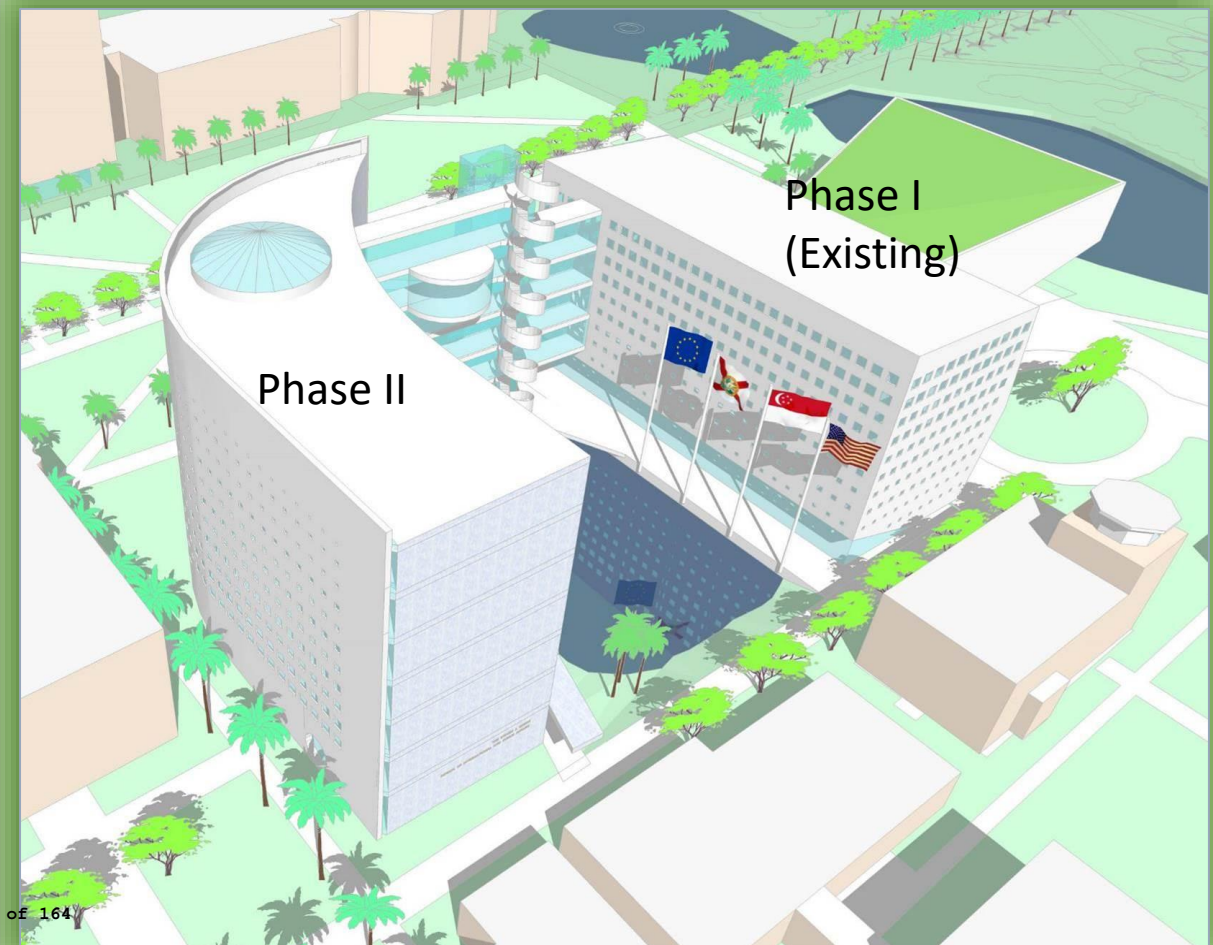
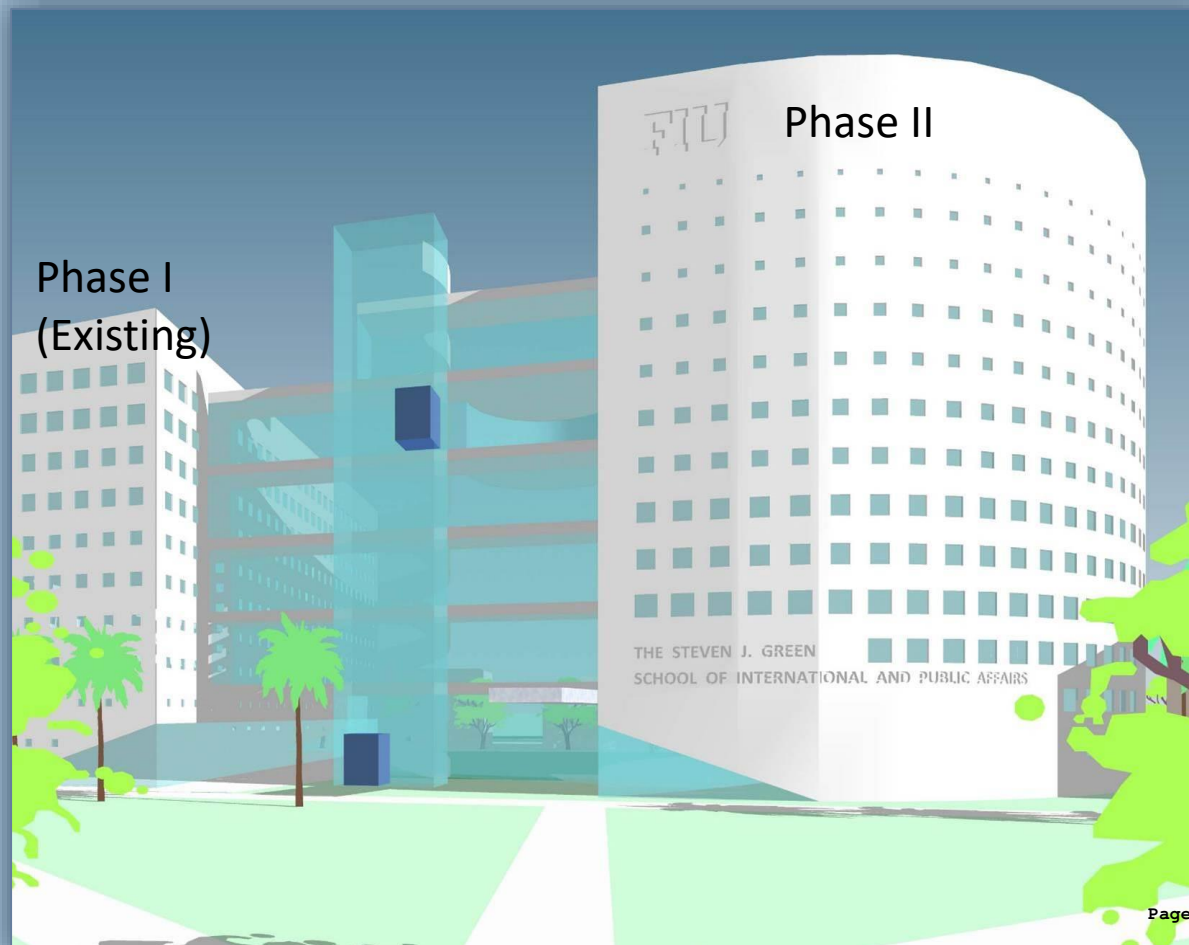
# Steven J. Green School of International and Public Affairs Building II



- The FIU School of International and Public Affairs Building II (SIPA-II) request was presented to the BOG October 8, 2014 with a project cost of \$30M, funded by a \$15M transformational gift from the Green Family Foundation (also funded was a \$5M endowment to support scholarships, lecture series and the Latin American and Caribbean Center) and \$15 million PECO.
- The 2017-18 legislative appropriation was \$12.7M and the BOT approved capital budget for the project was \$27.7M.
- To accommodate the PECO funding gap (\$2.3M), higher program and construction costs (\$3.9M), and 9,100 SF of space for FIU Online (\$5.5M), an additional \$11.7M in budget authorization is requested.



# Steven J. Green School of International and Public Affairs Building II





# Steven J. Green School of International and Public Affairs



- The FIU School of International and Public Affairs (SIPA) aspires to be a globally recognized, top five school of international and public affairs, committed to innovative education with professional programs in global governance, human security, disaster preparedness, and risk management and corporate citizenship.
- SIPA serves over 5,000 students with nearly 200 full-time faculty members through 8 departments and 20 interdisciplinary centers and institutes.
- SIPA awards approximately 2,000 baccalaureate, masters and research doctoral degrees annually in addition to almost 200 undergraduate and graduate certificates.

# Steven J. Green School of International and Public Affairs Budget Increase Request



- SIPA is requesting additional budget authority of \$6.2M to cover the initial reduced PECO funding and additional construction costs.
- The Dean of SIPA is developing an aggressive fundraising campaign for the additional funds, which will not be needed until early 2021.
- To mitigate the risk of a funding gap, the construction program will allow for unfinished shell space that will be completed in the future as funding becomes available.

# FIU Online Space Request



- FIU Online is celebrating 20 years of program delivery and has experienced a 72 percent increase in enrollment over the past six years, from 255,950 SCH to 439,791 SCH, which represents an average annual increase of 9.4 percent.
- By 2025, is it expected that approximately 50 percent of student enrollments will be online, up from 32 percent today.
- To accommodate the growth in online enrollments and provide online students with resources for success, FIU Online needs additional space for technology services, instructional media, student tech support, success coaches, a contact center, and a computer lab.

# FIU Online Budget Increase Request



- FIU Online space of 9,100 NSF has a project cost of \$5.53M.
- The Distance Learning Fee of \$30.00 per credit hour includes \$2.25 per credit hour to support online facility needs, which generates approximately \$1.2M per year.
- Currently, \$2.5M in funding is available and this amount is projected to be \$6M by 2021 when the funds are needed.

- Questions?



# Finance and Facilities Committee MEETING



# EXTERNAL RELATIONS, STRATEGIC COMMUNICATION AND MARKETING

Overview

September 5, 2018

Sandra Gonzalez-Levy  
Senior Vice President

## Executive Summary

The Division of External Relations, Strategic Communication and Marketing (ER) promotes and stewards the FIU brand. The Senior Vice President leads a team of 60 full-time professionals. The division has primary responsibility for the marketing and communication functions of the University through earned, owned and paid media. It works with colleagues in many of the units to meet unit-specific, as well as University-wide objectives. With the advent of our “account manager model” over the past few years, there has been a tendency toward greater collaboration between the units and the central team. However, many units still have significant autonomy.

This report provides an overview of the Division of External Relations, Strategic Communication and Marketing, including some benchmarking. It also provides a summary of marketing activities, some of which are managed independently from ER. In fact, 80 percent of FIU marketing dollars are being spent outside of the division, including three quarters of a million dollars on retaining three private marketing and public relations firms.

Prepared at the request of the FIU Board of Trustees, this report presents an opportunity to evaluate the effectiveness of current marketing efforts and understand how that investment can be further leveraged going forward.

Attached is a summary of the University’s marketing and public relations expenditures, including total personnel and non-personnel expenditures.

### External Relations, Strategic Communication and Marketing areas of expertise

- Branding and marketing communications
- Community relations
- Protocol and special events
- Design services
- Digital communications and web design
- Media relations
- Speech writing
- Crisis communication
- news.fiu.edu
- Photo and video production
- Social media
- Account management



The vast majority of the exposure ER brings to the FIU brand comes from content marketing through owned media (websites, social media, publications) and earned media, i.e., news media coverage. A good media story can generate millions of dollars' worth of coverage based on advertising equivalent rates.

### **Account managers**

Several members of the team are account managers. An account manager is a member of the team that leverages the resources of the division to address the marketing and communication objectives of individual units. They lead strategic communications and ensure alignment with University priorities, identify stories, help create multi-media content, write press releases and reach out to media. These account managers have dual reporting lines to their dean or vice president and the senior vice president for External Relations. Units that have dedicated account managers are:

- College of Arts, Sciences & Education (CASE), team of 4
- College of Engineering and Computing, team of 3
- Division of Engagement, 1 person
- Division of Student Affairs, 1 person
- Herbert Wertheim College of Medicine, team of 2
- Robert Stempel College of Public Health and Social Work, team of 2
- Steven J. Green School of International and Public Affairs, team of 2
- Office to Advance Women, Equity & Diversity, 1 person

Units that do not have account managers implement hybrid solutions that sometimes include having an internal marketing/communication team, as is the case with the College of Business and the College of Communication, Architecture + the Arts (CARTA).

### **Working with other units**

External Relations sets the brand standards and policies for FIU and maintains collaborative relationships with most units, while operationally, oversight and financial control remain with the unit. In addition to collaborative efforts with External Relations, several units engage private firms to assist with their marketing and communications (including but not limited to):

- Division of Advancement (Stinghouse)
- Nicole Wertheim College of Nursing and Health Sciences (rbb Communications)
- The Wolfsonian-FIU, The Jewish Museum of Florida, The Frost Museum (News Travels Fast)
- College of Business and the Food Network and Cooking Channel South Beach Wine and Food Festival (SOBE) have their own marketing and communication teams that work in collaboration with ER

## How we tell the FIU story

### *Central Services (No Cost)*

- Press release review (required) and distribution
- Marketing and communications consulting
- Brand management (required)
- Social media consulting
- Multimedia support for FIU News and press releases
- Recruitment consulting
- Communications support for strategic goal content
- Media training
- Event consulting

### *Auxiliary Services (Cost Associated)*

- Editorial services
- Collateral development/printing
- design services
- Websites
- Video/photography/multimedia projects
- Ads on social networks

## Division Resources

- **\$4.5 million in E&G funds (state appropriation)**

\$1.5 million of the E&G budget is funded via “Critical Investments,” which include 20 positions and other major initiatives such as the FIU Magazine and ADA compliance for University websites. Critical Investment allocations are reviewed annually. FIU has a dedicated budget of \$250,000 to market the FIU brand. The bulk of this goes to pay for the sign on our Brickell building and other signage.

- **\$2 million in auxiliary funds**

The auxiliaries include graphic design services, the production of promotional videos, campus billboards, and a third of the royalties from the sales of FIU merchandise. The revenue is re-invested in 15 salaries, equipment purchases, maintenance, and support for projects such TEDxFIU, and small social media ad buys to boost key posts.

- **\$134,000 in DSO/Foundation funds (gifts raised)**

The DSO funds are used primarily for President’s Council programming, scholarships and faculty awards. A small portion is used to support community outreach through participation (purchase of tables) in chambers and other business organizations.

- Working with the President’s Council, External Relations raised more than \$1.3M for Fostering Panther Pride (assistance for former foster and homeless students) and First Generation Scholarships. (2016-2018)
- Before adopting Fostering Panther Pride, ER raised a total of \$550,000 for First Generation scholarships. (2011-2015)

## Brand History

- 2008 Best in Class Campaign – Most Valedictorians ever at FIU
- 2008-09 Brand Study (conducted by STAMATS). First comprehensive brand research to assess brand perception and image. Stakeholders surveyed:
- Campus stakeholders (employees, students, alumni, business and community leaders, major donors)
  - Prospective students and parents
  - Development of new logo
- 2010-2011 Worlds Ahead Campaign (internal and local)
- Brand launch events (Internal)
  - Brand attributes (vibrant, location, community engaged, entrepreneurship, international)
  - Statement and tagline
  - Brand video (internal)
  - HR component in orientation
  - Student orientation component
  - Admissions communications
  - Campus billboards, banners and display advertising
  - Local TV campaign
  - Airport signage
  - 2010 PSA spot
  - Magazine issue
  - Bus wraps
  - Faculty campaign – series of Miami Herald ads
  - Worlds Ahead website (profiles, features)
  - Quarterly QuickView publication launched
  - Worlds Ahead Faculty Award (rebranded)
- 2011 Brand Study to compare pre and post Worlds Ahead campaign results
- Undergraduate students: Greater percentage are willing to recommend FIU without any reservations
  - Employees: An increased likelihood to recommend FIU and an increased number indicating it is “definitely” a good place to work
  - Business/community leaders: More likely to hire FIU grads today than just three years ago
  - FIU moved the mark in developing its “global” perception – an indication the brand messaging is on target

- 2011-2014 Initiatives
- TEDxFIU
  - PR Newswire strategy
  - Brand videos: History of FIU, Day in the Life
  - 2012 PSA spot, 2015 PSA spot
  - Quarterly QuickView publication established for influencers
  - Feature videos (research, special projects, etc.)
  - Chronicle Campus Viewpoint
  - Social media academic reputation focus
- 2014 Initiatives
- Expand FIU Campaign - \$750,000, 3-month local
  - Campaigns resulted in 65 percent voter approval for FIU expansion
- 2017-Present Initiatives
- Next Horizon (Advancement)
  - Preeminent programs
  - Student Success/Finish in 4/Metrics
  - Our Success is Your Success (10 years of accomplishments)

## Earned and Owned media highlights

Below is a summary of the audience reached and advertising equivalence for one of the top stories over the past few years. One successful media story can provide the equivalent of the division's budget in ad equivalence.

Top Media Stories		
Story	Audience	Ad Value
Wall of Wind (2012)	113,602,350	\$13,853,525
Aquarius (2013)	117,279,196	\$9,057,734
Dr. Marty/Ebola (2014)	293,617,792	\$3,427,928
Dogs and Drones (2015)	321,255,810	\$3,727,450
Zika (2016)	391,234,860	\$3,094,458
Hurricane Irma (2017)	1,058,548,512	\$11,486,948
<b>TOTAL</b>	<b>2,295,538,520</b>	<b>\$44,648,043</b>

\* Audience numbers come to us from TV EYES, PR Newswire and Meltwater. They do not represent unique viewers/visitors. Ad Value is calculated based on industry standards: reach (# of visitors to a site per month) x \$0.37 (value per unique visitor) x 2.5% (standard margin of visibility)

Below is a summary of audiences reached through FIU-owned media (FIU Magazine, news.fiu.edu) and social media.

Channel	2015	2016	2017
FIU News page views	995,000	1,200,000	1,300,000
Visits to FIU.edu website	10,157,000	10,234,000	10,790,000
FIU Magazine circulation	450,000	450,000	450,000
Social likes, comments, shares	1,300,000	4,500,000	3,800,000
Video views on YouTube and Facebook	780,000	1,120,000	1,400,000
Website projects	19	22	24
Designed communication pieces	210	220	230
Special Events: groundbreakings, parades, commencements	45	49	58

\*2016 Engagement was higher due to the viral success of one of our Worlds Ahead graduates (Joseph Sanchez). This is also the model we followed in 2017 to maintain high engagement levels.

## Benchmarks and Trends in Higher Ed Marketing

According to research surveys of both private and public U.S. universities, paid advertising reached an all-time high of a \$1.65 billion in 2016 representing a surge of 18.5% over 2015 expenditures and an increase of 22% since 2013, (*Educational Marketing Group, 2016*). Generally, success or ROI is measured by indicators such as enrollment, as well as measures of engagement and reputation via brand research surveys (*The Chronicle of Higher Ed, 2015*).

Institutional benchmarks based on 2016-2017 budgets

- The **University of Florida** has a **\$2.5** million budget for a “peer marketing” campaign aimed at improving reputation and rankings. This budget is up from \$1.2 million the previous year and it does not include staff, student recruitment or individual units’ marketing efforts.
- **Arizona State University’s** marketing budget is a function of its overall budget: The Hub’s (in-house marketing and PR firm, similar to ER at FIU) total budget, including salaries, is 5 percent of total university revenue from all sources. Paid media spending (excluding ASU Online) is .25 percent of the total university budget. Given a total university budget of \$2.5 billion, the total budget for the division is right around \$125 million, and the paid advertising expenditure hovers around **\$6.5** million.

According to Educational Marketing Group, public and private nonprofit institutions typically spend anywhere from 1.5–6.0 percent of the institution’s annual operating budget on marketing. Over the past three years, FIU has invested approximately 3 percent of the university’s budget on marketing.

**Florida International University**  
**Review of Marketing and Public Relations Expenditures**  
**Total Non-Personnel and Personnel Expenditures**

Executive Area	2016	2017	2018	Percent of Total 2018
<b>Academic Affairs</b>	<b>11,824,043</b>	<b>13,483,398</b>	<b>13,585,244</b>	<b>58%</b>
Academic and Career Success	583	10,500	729	0%
Chaplin School of Hospitality & Tourism Management	1,895,447	1,898,045	1,888,563	8%
College of Arts, Sciences, & Education	617,877	757,960	940,204	4%
College of Business	2,152,759	2,056,327	2,184,540	9%
College of Communication, Architecture, + Arts	366,949	326,540	367,895	2%
College of Engineering and Computer Science	436,542	596,938	608,914	3%
College of Law	174,226	119,436	177,436	1%
Enrollment Services	154,423	611,891	349,747	1%
FIU Online	2,644,843	3,236,693	3,119,297	13%
Health Affairs	5,369	36,208	29,050	0%
Herbert Wertheim College of Medicine	570,969	704,999	589,633	3%
Museums	849,096	835,799	654,608	3%
Nicole Wertheim College of Nursing and Health Sciences	519,495	319,252	538,121	2%
Office of Research and Economic Development; UGS	281,535	537,036	655,352	3%
Office of the Provost	585,847	540,947	668,191	3%
Robert Stempel College of Public Health & Social Work	83,320	352,798	124,267	1%
Steven J. Green School of International and Public Affairs	257,662	279,163	304,806	1%
The Honors College	54,304	16,061	57,786	0%
University Libraries	172,795	246,803	326,105	1%
<b>Advancement</b>	<b>508,978</b>	<b>884,116</b>	<b>1,082,240</b>	<b>5%</b>
<b>Division of Finance</b>	<b>527,504</b>	<b>467,089</b>	<b>572,017</b>	<b>2%</b>
<b>Division of IT</b>	<b>1,093,904</b>	<b>973,719</b>	<b>1,046,194</b>	<b>4%</b>
<b>Engagement</b>	<b>126,280</b>	<b>228,241</b>	<b>211,775</b>	<b>1%</b>
<b>External Relations</b>	<b>4,568,810</b>	<b>4,477,284</b>	<b>4,611,156</b>	<b>20%</b>
<b>Facilities</b>	<b>66,999</b>	<b>86,468</b>	<b>133,959</b>	<b>1%</b>
<b>General Counsel</b>	<b>705</b>	<b>1,720</b>	<b>450</b>	<b>0%</b>
<b>Governmental Relations</b>	<b>182,939</b>	<b>247,189</b>	<b>244,443</b>	<b>1%</b>
<b>Human Resources</b>	<b>192,956</b>	<b>215,123</b>	<b>188,070</b>	<b>1%</b>
<b>Athletics</b>	<b>302,042</b>	<b>640,159</b>	<b>780,126</b>	<b>3%</b>
<b>Operations and Safety</b>	<b>66,844</b>	<b>26,297</b>	<b>19,928</b>	<b>0%</b>
<b>Regional Academic Locations</b>	<b>100,080</b>	<b>151,349</b>	<b>131,703</b>	<b>1%</b>
<b>Student Affairs</b>	<b>973,774</b>	<b>925,292</b>	<b>840,633</b>	<b>4%</b>
<b>Total</b>	<b>20,535,859</b>	<b>22,807,445</b>	<b>23,447,938</b>	<b>100%</b>
<b>Elimination of Intra-Company Activity</b>	<b>(1,719,065)</b>	<b>(2,387,964)</b>	<b>(1,957,094)</b>	
<b>Total Adjusted Marketing and PR Personnel and Non-Personnel Expenditures</b>	<b>18,816,793</b>	<b>20,419,481</b>	<b>21,490,844</b>	

**Notes:**

-FIU has a decentralized marketing model where marketing strategies and funding are allocated, managed and executed at the unit level.

-Personnel expenditures identified using Communications and External Relations Job Family and certain positions in the Information Technology Job Family (Job Families are grouped jobs which involve work of the same very broad nature or purpose).

- Non-Personnel expenditures include 1) all marketing and advertising as reflected in the general ledger, 2) marketing and public relations services provided internally by External Relations as part of the decentralized model at FIU, 3) and professional services through outside providers.

**Florida International University**  
**Review of Marketing and Public Relations Expenditures**  
**Total Non-Personnel Expenditures**

<b>Executive Area</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>Percent of Total 2018</b>
<b>Academic Affairs</b>	<b>6,382,965</b>	<b>6,987,198</b>	<b>6,471,247</b>	<b>65%</b>
Academic and Career Success	583	10,500	729	0%
Chaplin School of Hospitality & Tourism Management	447,010	538,074	577,450	6%
College of Arts, Sciences, & Education	382,800	315,081	377,210	4%
College of Business	1,300,743	1,062,698	1,077,249	11%
College of Communication, Architecture, + Arts	118,016	108,297	134,805	1%
College of Engineering and Computer Science	270,735	263,390	246,896	2%
College of Law	131,069	115,877	84,552	1%
Enrollment Services	104,719	557,234	289,750	3%
FIU Online	1,606,252	1,843,416	1,634,203	16%
Health Affairs	5,369	36,208	29,050	0%
Herbert Wertheim College of Medicine	353,556	368,280	220,825	2%
Museums	377,634	380,283	300,587	3%
Nicole Wertheim College of Nursing and Health Sciences	462,530	255,032	530,390	5%
Office of Research and Economic Development; UGS	148,724	244,430	206,188	2%
Office of the Provost	443,278	407,301	473,974	5%
Robert Stempel College of Public Health & Social Work	32,328	334,951	124,267	1%
Steven J. Green School of International and Public Affairs	157,518	139,621	152,191	2%
The Honors College	36,827	2,942	5,119	0%
University Libraries	3,274	3,584	5,811	0%
<b>Advancement</b>	<b>178,894</b>	<b>434,574</b>	<b>503,426</b>	<b>5%</b>
<b>Division of Finance</b>	<b>308,692</b>	<b>242,298</b>	<b>290,446</b>	<b>3%</b>
<b>Division of IT</b>	<b>271,169</b>	<b>136,769</b>	<b>234,493</b>	<b>2%</b>
<b>Engagement</b>	<b>48,245</b>	<b>54,835</b>	<b>5,568</b>	<b>0%</b>
<b>External Relations</b>	<b>1,706,570</b>	<b>1,495,023</b>	<b>1,464,933</b>	<b>15%</b>
<b>Facilities</b>	<b>15,043</b>	<b>33,650</b>	<b>29,965</b>	<b>0%</b>
<b>General Counsel</b>	<b>705</b>	<b>1,720</b>	<b>450</b>	<b>0%</b>
<b>Governmental Relations</b>	<b>9,260</b>	<b>45,934</b>	<b>13,302</b>	<b>0%</b>
<b>Human Resources</b>	<b>135,426</b>	<b>110,094</b>	<b>94,263</b>	<b>1%</b>
<b>Athletics</b>	<b>128,941</b>	<b>341,702</b>	<b>307,171</b>	<b>3%</b>
<b>Operations and Safety</b>	<b>66,844</b>	<b>26,297</b>	<b>19,928</b>	<b>0%</b>
<b>Regional Academic Locations</b>	<b>100,080</b>	<b>151,349</b>	<b>131,703</b>	<b>1%</b>
<b>Student Affairs</b>	<b>439,225</b>	<b>433,196</b>	<b>345,384</b>	<b>3%</b>
<b>Total</b>	<b>9,792,061</b>	<b>10,494,638</b>	<b>9,912,281</b>	<b>100%</b>

**Florida International University**  
**Review of Marketing and Public Relations Expenditures**  
**Total Personnel Expenditures**

<b>Executive Area</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>Percent of Total 2018</b>
<b>Academic Affairs</b>	<b>5,441,078</b>	<b>6,496,200</b>	<b>7,113,996</b>	<b>53%</b>
Academic and Career Success	-	-	-	0%
Chaplin School of Hospitality & Tourism Management	1,448,437	1,359,971	1,311,113	10%
College of Arts, Sciences, & Education	235,078	442,879	562,994	4%
College of Business	852,016	993,629	1,107,291	8%
College of Communication, Architecture, + Arts	248,934	218,243	233,090	2%
College of Engineering and Computer Science	165,807	333,548	362,017	3%
College of Law	43,157	3,560	92,883	1%
Enrollment Services	49,704	54,657	59,997	0%
FIU Online	1,038,591	1,393,276	1,485,094	11%
Health Affairs	-	-	-	0%
Herbert Wertheim College of Medicine	217,413	336,720	368,808	3%
Museums	471,462	455,517	354,021	3%
Nicole Wertheim College of Nursing and Health Sciences	56,966	64,220	7,731	0%
Office of Research and Economic Development; UGS	132,811	292,606	449,164	3%
Office of the Provost	142,569	133,646	194,217	1%
Robert Stempel College of Public Health & Social Work	50,991	17,847	-	0%
Steven J. Green School of International and Public Affairs	100,144	139,542	152,615	1%
The Honors College	17,477	13,119	52,667	0%
University Libraries	169,521	243,219	320,294	2%
<b>Advancement</b>	<b>330,084</b>	<b>449,541</b>	<b>578,814</b>	<b>4%</b>
<b>Division of Finance</b>	<b>218,812</b>	<b>224,791</b>	<b>281,571</b>	<b>2%</b>
<b>Division of IT</b>	<b>822,735</b>	<b>836,951</b>	<b>811,700</b>	<b>6%</b>
<b>Engagement</b>	<b>78,035</b>	<b>173,406</b>	<b>206,207</b>	<b>2%</b>
<b>External Relations</b>	<b>2,862,240</b>	<b>2,982,262</b>	<b>3,146,223</b>	<b>23%</b>
<b>Facilities</b>	<b>51,956</b>	<b>52,819</b>	<b>103,994</b>	<b>1%</b>
<b>General Counsel</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>
<b>Governmental Relations</b>	<b>173,679</b>	<b>201,255</b>	<b>231,141</b>	<b>2%</b>
<b>Human Resources</b>	<b>57,529</b>	<b>105,029</b>	<b>93,806</b>	<b>1%</b>
<b>Athletics</b>	<b>173,101</b>	<b>298,457</b>	<b>472,955</b>	<b>3%</b>
<b>Operations and Safety</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>
<b>Regional Academic Locations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>
<b>Student Affairs</b>	<b>534,549</b>	<b>492,097</b>	<b>495,249</b>	<b>4%</b>
<b>Total</b>	<b>10,743,798</b>	<b>12,312,807</b>	<b>13,535,657</b>	<b>100%</b>



**Florida International University**  
**Review of Marketing and Public Relations Expenditures**  
**Total Full Time Equivalents (FTE)**

<b>Executive Area</b>	<b>2016 FTE</b>	<b>2017 FTE</b>	<b>2018 FTE</b>	<b>Percent of Total 2018</b>
<b>Academic Affairs</b>	<b>75</b>	<b>85</b>	<b>88</b>	<b>53%</b>
Academic and Career Success	-	-	-	0%
Chaplin School of Hospitality & Tourism Management	20	18	16	9%
College of Arts, Sciences, & Education	3	5	7	4%
College of Business	11	12	13	8%
College of Communication, Architecture, + Arts	4	4	4	2%
College of Engineering and Computer Science	3	5	5	3%
College of Law	1	0	1	1%
Enrollment Services	1	1	1	1%
FIU Online	13	18	18	11%
Health Affairs	-	-	-	0%
Herbert Wertheim College of Medicine	3	4	5	3%
Museums	7	6	5	3%
Nicole Wertheim College of Nursing and Health Sciences	1	1	0	0%
Office of Research and Economic Development; UGS	2	3	5	3%
Office of the Provost	2	2	2	1%
Robert Stempel College of Public Health & Social Work	1	0	-	0%
Steven J. Green School of International and Public Affairs	1	2	2	1%
The Honors College	0	0	1	1%
University Libraries	2	3	4	3%
<b>Advancement</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>3%</b>
<b>Division of Finance</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>2%</b>
<b>Division of IT</b>	<b>12</b>	<b>12</b>	<b>11</b>	<b>7%</b>
<b>Engagement</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>1%</b>
<b>External Relations</b>	<b>33</b>	<b>33</b>	<b>35</b>	<b>21%</b>
<b>Facilities</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>1%</b>
<b>General Counsel</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>
<b>Governmental Relations</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>1%</b>
<b>Human Resources</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>1%</b>
<b>Athletics</b>	<b>3</b>	<b>5</b>	<b>8</b>	<b>5%</b>
<b>Operations and Safety</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>
<b>Regional Academic Locations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>
<b>Student Affairs</b>	<b>9</b>	<b>8</b>	<b>8</b>	<b>5%</b>
<b>Total</b>	<b>144</b>	<b>156</b>	<b>167</b>	<b>100%</b>

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**Florida International University**  
**Financial Summary Overview <sup>1</sup>**  
**FY 2017-18**

	Year To Date June 2018						
	Budget	Current Year Actual	Variance				
			\$		%		
(\$ in millions)							
<b>Revenue / Receipts</b>							
<b>University</b>							
Educational and General (net) <sup>2</sup>	\$	532.2	\$	536.2	\$	4.0	1%
University		481.9		485.5		3.5	1%
College of Medicine		50.3		50.7		0.4	1%
FIU Self-Insurance Program		0.5		0.3		(0.2)	-40%
Auxiliary Enterprises		220.4		227.0		6.6	3%
Intercollegiate Athletics		27.2		28.4		1.2	4%
Activities and Service		20.3		21.0		0.7	3%
Technology Fee		10.3		10.8		0.5	5%
Board Approved Fees		0.4		0.4		-	0%
Contracts and Grants		127.3		146.9		19.6	15%
Student Financial Aid		163.4		204.3		40.9	25%
Concessions		0.9		0.9		-	0%
<b>Direct Support Organizations</b>							
FIU Athletic Finance Corp		3.9		4.1		0.2	5%
FIU Foundation Inc.		32.4		35.6		3.2	10%
FIU Health Care Network		7.2		8.4		1.2	17%
FIU Research Foundation		0.0		0.0		(0.0)	-67%
Interfund Adjustments <sup>3</sup>		(5.8)		(6.2)		(0.4)	7%
<b>Total Operating Revenues</b>	<b>\$</b>	<b>1,140.6</b>	<b>\$</b>	<b>1,218.1</b>	<b>\$</b>	<b>77.5</b>	<b>7%</b>
University: Treasury (net) & Contracts & Grants		3.2		8.8		5.6	175%
FIU Foundation Inc.		12.0		19.0		7.0	58%
<b>Total Investment Revenues</b>	<b>\$</b>	<b>15.2</b>	<b>\$</b>	<b>27.8</b>	<b>\$</b>	<b>12.6</b>	<b>83%</b>
<b>Total Revenues / Receipts</b>	<b>\$</b>	<b>1,155.8</b>	<b>\$</b>	<b>1,245.9</b>	<b>\$</b>	<b>90.1</b>	<b>8%</b>
<b>Expenses</b>							
<b>University</b>							
Educational and General (net)	\$	532.2	\$	490.3	\$	41.9	8%
University		481.9		445.1		36.8	8%
College of Medicine		50.3		45.2		5.1	10%
FIU Self-Insurance Program		0.5		0.2		0.3	60%
Auxiliary Enterprises		198.0		196.3		1.7	1%
Intercollegiate Athletics		25.9		28.6		(2.7)	-10%
Activities and Service		20.6		18.2		2.4	12%
Technology Fee		10.5		10.3		0.2	2%
Board Approved Fees		0.4		0.4		-	0%
Contracts and Grants		122.8		138.7		(15.9)	-13%
Student Financial Aid		163.6		204.5		(40.9)	-25%
Concessions		0.9		0.7		0.2	22%
<b>Direct Support Organizations</b>							
FIU Athletic Finance Corp		2.1		2.3		(0.2)	-10%
FIU Foundation Inc.		33.4		40.0		(6.6)	-20%
FIU Health Care Network		5.4		5.5		(0.1)	-2%
FIU Research Foundation		0.0		0.0		0.0	29%
Interfund Adjustments <sup>3</sup>		(5.8)		(6.2)		0.4	-7%
<b>Total Expenses</b>		<b>1,110.5</b>		<b>1,129.8</b>		<b>(19.3)</b>	<b>-2%</b>
Principal Payment of Debt <sup>4</sup>		8.3		8.8		(0.5)	-6%
<b>Change in Net Assets (incl. Investments)</b>	<b>\$</b>	<b>37.0</b>	<b>\$</b>	<b>107.3</b>	<b>\$</b>	<b>70.3</b>	<b>190%</b>
<b>Change in Net Assets (excl. Investments)</b>	<b>\$</b>	<b>21.8</b>	<b>\$</b>	<b>79.5</b>	<b>\$</b>	<b>57.7</b>	<b>265%</b>

**Florida International University**  
**Financial Summary Overview <sup>1</sup>**  
**FY 2017-18 as of June 2018**

**Financial Highlights:**

**Real      Timing**

**Operations - By Fund and Direct Support Organization**

**Educational and General Variance: Revenues \$4M, Expenses \$41.9M**

**I. University (ex-College of Medicine) Variance: Revenues \$3.5M, Expenses \$36.8M**

**Revenues**

**State Appropriations:**

Additional pass through distribution from the State to cover higher risk management insurance premium and employer retirement contribution changes	0.1	-
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**Tuition:**

Undergraduate base: student credit hour enrollment is on target; net tuition revenues are above plan due to higher non-resident enrollment of 231 FTE or 9.2%	1.8	-
FIU Fully Online: student credit hour enrollment on target; higher net tuition revenues mainly due to better than planned non-resident enrollment	0.4	-
Dual Enrolled: student credit hour enrollment is above target by 126 FTE or 9.6%; positive revenue variance from unbudgeted revenues from in-state fee for on-campus dual enrolled students - tuition for off campus, dual enrolled students is waived by statute	0.2	-
Shorelight Enrollment: 46.4% or 126 FTE higher than budgeted enrollment	1.7	-
Tuition differential: above target due to less Florida Prepaid plan exclusions than anticipated	0.5	-
Graduate and Professional: student credit hour enrollment below target, net tuition revenues driven further below target by lower than budgeted Grad II non-resident enrollment	(4.5)	-
Other: Mainly, significantly lower bad debt charges due to better collections and higher than planned excess hour fee revenues, offset by higher out-of-state waivers for undocumented and disaster-relief students	3.2	-

**Total Revenues Variance**

	<b>\$ 3.5</b>	<b>\$ -</b>
--	---------------	-------------

**Operating Expenses:**

**Position Salaries and Benefits:**

**Savings:**

- Net Realized Salary Float - Year-to-date budget from vacant administrative positions for which budgets are returned centrally, \$0.7M
- Vacancies in faculty, administrative, and staff positions, \$10.4M, one-time savings due to parental, sabbatical, and medical leave paid out of fringe benefit pool, \$4.7M, and lower than budgeted salaries, \$2.4M, offset by unbudgeted positions (\$9.6M), and higher than budgeted notice payouts, overtime, and shift differential, (\$0.9M)
- Budgeted placeholder for benefits pass-throughs and salary-related initiatives \$5.2M

	12.9	-
--	------	---

**Timing:**

	-	-
--	---	---

**Sub-Total Position Salaries and Benefits**

	<b>12.9</b>	<b>-</b>
--	-------------	----------

**Other Expenses:**

**Savings:**

- Variance due to net savings in contractual expenses paid out of carry forward, \$5.0M, and budgeted placeholders for utility increases and other contingencies which were not utilized this year, \$3.8M
- Minor repairs and maintenance projects that were budgeted in full but will be completed in FY 2018-19, \$4.2M, projects funded with World Class Faculty and Scholar Program and Professional and Graduate Degree Excellence Program which will also be completed in FY 2018-19, \$5.5M, lower spending on special appropriations, \$1.5M, and other in-unit savings, \$4.0M

	24.0	-
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**Timing:**

	-	-
--	---	---

**Sub-Total Other Expenses**

	<b>24.0</b>	<b>-</b>
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**Total Operating Expenses Variance**

	<b>\$ 36.8</b>	<b>\$ -</b>
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**II. College of Medicine Variance: Revenues \$0.4M, Expenses \$5.1M**

Enrollment is on target, however net tuition revenues are above plan due to a credit to bad debt expense; this is as a result of a reduction to the bad debt reserve caused by better collections.

	\$ 0.4	\$ -
--	--------	------

Expenses are below target mainly due to vacant full-time and part-time positions and savings from personnel temporarily funded with grants \$4.3M, and savings in travel, materials and supplies, building rental, and contracts and subscriptions services remaining to be paid, \$0.7M.

	\$ 5.1	\$ -
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**Florida International University**  
**Financial Summary Overview <sup>1</sup>**  
**FY 2017-18 as of June 2018**

**Financial Highlights:**

**Real      Timing**

**FIU Self-Insurance Program Variance: Revenues \$-0.2M, Expenses \$0.3M**

Revenues are below target due to less investment earnings and transfers required to cover anticipated premium costs.	\$	(0.2)	\$	-
Less than anticipated expenses.	\$	0.3	\$	-

**Auxiliary Enterprises Variance: Revenues \$6.6M, Expenses \$1.7M**

Revenues are above target due to higher than anticipated sales in the Panther Tech store, higher media and network services, higher distance learning fee revenues, higher summer housing occupancy and conference rentals, and greater student health fee revenues due to students in fully online programs now charged the health fee effective Summer 2018 semester. These positive gains are reduced by lower enrollment in market rate programs across several colleges and schools, lower Parking revenues due to less citations and the university closure as a result of Hurricane Irma, lower Shared Services fee collections, absence of revenue share from Bayview Student Housing P3, and lower than expected revenues in Business Services (Bookstore, Vehicle Services, Food Services, and Retail Operations).	\$	6.6	\$	-
--	----	-----	----	---

Expenditures are below budget primarily due to lower program costs tied to lower enrollment in the academic auxiliaries, delays in projects across Parking, Student Health Services, and Business Services, contractual services and gasoline savings in Parking due to contract renegotiation, savings in interest payment on parking bonds, vacant positions across several auxiliaries, and savings in facilities Construction Services Fee (CSR) expenses. These are offset by higher expenses in the PantherTech store commensurate with higher sales and higher than anticipated hardware and software support service costs.	\$	1.1	\$	0.5
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**Intercollegiate Athletics Variance: Revenues \$1.2M, Expenses \$-2.7M**

Revenues are above target primarily as a result of an additional reimbursement from FIU Foundation in support of construction and per diem expenses, and greater Conference USA / NCAA revenue.	\$	1.2	\$	-
---	----	-----	----	---

Expenditures are above budget mainly due to higher travel expenses to take the football team and other student athletes to Alabama to avoid Hurricane Irma, additional game guarantee for University of Massachusetts game, Gasparilla Bowl expenses, replacement and repairs expenses due to Hurricane Irma, facilities and athletic equipment replacement and upgrades, and team uniform upgrades. These are offset by lower scholarship expenses as other aid resources are utilized.	\$	(2.7)	\$	-
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**Student Activity and Service Variance: Revenues \$0.7M, Expenses \$2.4M**

Revenues are higher than target mainly due to higher activity and service fee revenue from higher than budgeted student credit hour enrollment and lower bad debt allocation. Additionally, higher than anticipated orientation program revenues and Summer Fest tickets sales, and unbudgeted student activity revenues contribute to the favorable variance.	\$	0.7	\$	-
--	----	-----	----	---

Expenses are below target primarily due to delays in planned Student Government projects, savings related to vacant positions in student centers and spaces and campus life, lower orientation expenses due to cancelled programs, and lower spending across various student clubs and organizations.	\$	2.4	\$	-
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**Technology Fee: Revenues \$0.5M, Expenses \$0.2M**

Revenues are higher than target mainly due to higher than budgeted student credit hour enrollment and lower bad debt charges.	\$	0.5	\$	-
---	----	-----	----	---

Expenses are below target mainly due to technology infrastructure expenditures budgeted under operating expenses but recorded under capital expenses and project delays resulting from changes in specifications and timelines, offset by higher than anticipated equipment purchases.	\$	(0.1)	\$	0.3
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**Board Approved Fees: Revenues \$0M, Expenses \$0M**

Expenses are below budget due to timing of payments to the bar prep course vendors who have not yet invoiced FIU.	\$	-	\$	0.0
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**Contracts and Grants Variance: Revenues \$19.6M, Expenses \$-15.9M**

**Sponsored Research:**

The favorable variance in revenues is mainly due to higher than budgeted federal grant revenues and unbudgeted private revenues, offset by lower other private project revenues.	\$	16.7	\$	-
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**Florida International University**  
**Financial Summary Overview <sup>1</sup>**  
**FY 2017-18 as of June 2018**

**Financial Highlights:**

**Real      Timing**

Expenditures are above budget commensurate with higher than projected revenues combined with higher than expected commitments against Facilities and Administrative (F&A) returns spent by the colleges, units, centers, and researchers.

\$ (16.4) \$ -

**External Contracts:**

Revenues are above plan primarily from higher incidental revenues from clinical activities in the College of Medicine, higher DSO reimbursements from unexpected inflows in several colleges and revenues from the Ratcliffe Art and Design Incubator, unanticipated revenue in the Athletics Opportunity Fund, and increased demand for University Police for services at events external to the university, offset by lower contractual revenue for the Wolfsonian-FIU Museum.

\$ 2.9 \$ -

Expenses are below budget and are generated mainly by savings across several College of Medicine external contract programs, offset by higher than budgeted DSO Reimbursements in the College of Law, and higher expenses associated with the colocation network in the Center for Internet Augmented Research and Assessment (CIARA).

\$ 0.6 \$ -

**Student Financial Aid Variance: Revenues \$40.9M, Expenses \$-40.9M**

Student financial aid revenue is above target due to higher Florida Student Assistance Grant (FSAG) and First Generation Matching Grant (FGMG) allocations from the state and higher Pell and Bright Futures awards. More students are receiving Pell awards and a change in legislature whereby the Bright Futures Florida Academic Scholar award now covers 100% of tuition and fees and \$300 per semester was not included in the budget for all cohorts. Unbudgeted revenues from private and donor-related scholarships also contribute to the favorable variance.

\$ 40.9 \$ -

Student financial aid expense is above budget mainly due to higher FSAG, Pell, Bright Futures, and FGMG disbursements, and new, unbudgeted donor-related (e.g. Braman Family Completion Scholarship) and private scholarships.

\$ (40.9) \$ -

The slightly negative change in net assets of \$58K is \$18K better than anticipated and is primarily due to timing of Pell awards as they are typically disbursed in advance of receipt of funds from the federal government, offset by timing of institutional aid which will be disbursed in Summer 2018 in the next fiscal year.

**Concessions Variance: Revenues \$0M, Expenses \$0.2M**

Lower operating revenues due to less vending machine sales commissions resulting from generally lower demand for vending products, credit card reader issues, and university closure for several days due to Hurricane Irma.

\$ 0.0 \$ -

Expenditures are lower than budget largely due to savings from unallocated reserves, lower than anticipated spending on various events, unspent contingencies in vending operations, and lower repairs and maintenance expenses on the vending machines.

\$ 0.2 \$ -

**FIU Athletic Finance Corp Variance: Revenues \$0.2M, Expenses \$-0.2M**

Operating revenues are above budget due to a contribution from the Foundation to ensure sufficient debt service coverage and unbudgeted naming rights revenue, offset by the loss of rental income from the Miami FC soccer team not having a spring season this year and lower season ticket sales.

\$ 0.2 \$ -

Total expenses are above budget due to higher than planned football game security costs and other game day related expenses.

\$ (0.2) \$ -

**FIU Foundation Inc. Variance: Revenues \$3.2M, Expenses \$-6.6M**

The favorable variance in operating revenues is due to higher cash contributions mainly from gifts across several colleges, university-wide scholarships and programs, Student Access and Success, Academic Affairs, and building funds.

\$ 3.2 \$ -

Foundation operating expenses are above target mainly due to greater scholarship support and higher than budgeted expenses associated with Athletics capital improvement projects and unbudgeted expenses on new projects opened in the year, offset by less support due to vacant positions.

\$ (6.6) \$ -

**FIU Health Care Network Variance: Revenues \$1.2M, Expenses \$-0.1M**

**Florida International University**  
**Financial Summary Overview <sup>1</sup>**  
**FY 2017-18 as of June 2018**

**Financial Highlights:**

**Real      Timing**

Operating revenues are higher than budget due to more enrolled students and resulting higher fee income from the international student programs and unbudgeted revenue from the IMAMU international conference.

\$      1.2    \$      -

The increased enrollment in the international student programs resulted in additional expenditures for contracted services for preceptors and affiliates in addition to unbudgeted university-wide salary increases and bargaining unit bonuses.

\$      (0.1)    \$      -

**FIU Research Foundation Variance: Revenues \$0M, Expenses \$0M**

Unfavorable variance of \$20K is due to less than anticipated royalty revenues.

\$      (0.0)    \$      -

Expenses are lower than budget by \$7K, as a result of less expenses than anticipated.

\$      0.0    \$      -

**Net Investment Returns: \$12.6M**

University Treasury investments fiscal year-to-date returns are 4.3% or \$15.7M. The \$8.3M of net investment revenues are \$5.1M above plan and comprised of \$30.7M of investment income and \$15.0M of unrealized losses offset by \$7.4M of investment fees and Treasury operating expenses. Additionally, there is \$0.5M of unbudgeted investment income and unrealized gains in Contracts & Grants related to a National Institutes of Health grant invested as an endowment with the Foundation.

Foundation investments fiscal year-to-date gains are 6.9% or \$19.0M, generating a positive variance of \$7.0M. Investment returns for the full fiscal year were budgeted at 5.0%, or \$12.0M.

**Principal Payments of Debt: \$-0.5M**

Unbudgeted payment for MRI machine.

\$      (0.5)    \$      -

**Notes:**

<sup>1</sup> *The financials presented above reflect the state budgeting methodology which differs from full accrual financial statements. The following have the most significant impact:*

- *Depreciation of Assets: For budgeting purposes equipment purchases are fully expensed in their acquisition year, therefore depreciation is not included in the budget.*
- *Unrealized gains and losses: The investment gains / losses are recognized as revenues in the budget however GASB accounting principles require that it be recorded as a non-operating revenue / expense.*

<sup>2</sup> *E&G revenues include State Funding and Tuition and are net of waivers, uncollectible amounts and 30% Financial Aid need-based amounts per Florida Board of Governors (BOG) regulation. Any differences between E&G Revenues and Expenses will be funded from prior year balances carried forward.*

<sup>3</sup> *Interfund transfers have been included resulting in higher revenues and expenses by fund allowing for an individual fund performance analysis. The interfund adjustments eliminate this double counting. However, interfund transactions such as tuition funded by scholarships and auxiliary services provided to other units have not been eliminated. Since revenues and expenses are equal, the interfund adjustments are the same for both.*

<sup>4</sup> *Principal payment of debt reflected above per Florida Board of Governors (BOG) requirement that debt service payments be shown on a cash basis.*



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**THE FLORIDA INTERNATIONAL UNIVERSITY**  
**BOARD OF TRUSTEES**  
**Finance and Facilities Committee**  
**September 5, 2018**

**Reports** *(For Information Only – no action required)*

Pete Garcia, Executive Director of Sports and Entertainment

**Fundraising Report**

<b>FIU Foundation, Inc.</b> <b>Unaudited Preliminary Recap</b> <b>Through the Period Ended June 30, 2018 (in thousands)</b>			
	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
Revenues	\$1,384	\$1,288	(\$96)

- Unfavorable to budget due to \$100,000 gift budgeted for 17-18 that was received and credited in June of 16-17.

**Athletics Finance Corporation**

<b>FIU Athletics Finance Corporation</b> <b>Unaudited Preliminary Recap</b> <b>Through the Period Ended June 30, 2018 (in thousands)</b>			
	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
Revenues	\$3,885	\$3,653	(\$232)
Expenses	\$2,132	\$2,364	(\$232)

- Year-to-date Net Income including debt service was \$464,000 unfavorable to budget.
  - Primary drivers include:
    - Main driver of revenue variance was Miami FC not playing the spring season due to a league affiliation issue.
    - Main drivers of expense variance were related to higher than anticipated maintenance, game management, and financial fees and interest charge expenses.
- The debt coverage covenant requirement is forecasted to be met for the period ending June 30, 2018.

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**THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES**  
**Finance and Facilities Committee**  
**September 5, 2018**

BUSINESS SERVICES REPORT AS OF JUNE 30, 2018

**NEW SERVICES AND HIGHLIGHTS**



**Chartwells - New Dining Vendor:** FIU Office of Business Services recently completed a competitive solicitation (ITN) for Food Services on the Modesto A. Maidique campus (MMC) and Biscayne Bay campus (BBC). The award was given to Chartwells Higher Education, a division of Compass Group. Chartwells, a nationwide organization, is the leader in customized on-site dining in the state of Florida with 14 higher education accounts. Many changes are coming to both MMC and BBC. Chartwells commenced operations on both campuses in August and will also be handling stadium concessions. The first year of operations will see a very small amount of changes as a result of the short time frame transition prior to the beginning of Fall semester.



**Graham Center Food Hall** – The food hall formerly known as the Fresh Food Company, now **8th Street Campus Kitchen**, has received a facelift with some new colors and branding. More importantly, the changes were very well received by the athletes whom are currently the only ones using the facility prior to the grand opening on August 17, 2018. Other locations and changes include PG5 with the Crepe King and a new pizza option replacing Papa John's.

**Faculty Club** – The Faculty Club will feature a revised menu as well as individual table service and outdoor seating. Look for an enhanced dining experience.

***Finance and Administration***

11200 SW 8<sup>th</sup> Street \* DC 121 \* Miami, FL 33199 \* Tel: (305) 348-2187 \* Fax: (305) 348-2832 \* Web: [obs.fiu.edu](http://obs.fiu.edu)



**BBC** – There will be a minor refresh at BBC in 2018 to include Burger 305 and the first of its kind Chick-Fil-A food truck. The truck will also be at MMC for home football games and major events.



**PANTHÈRE**  
Catering

**Stadium** – Chartwells will be bringing major changes to the stadium experience. In addition to catering the Suites and Stadium Club, they have acquired the rights to all concession sales. For the 2018 season, they will be bringing in a mobile kitchen to prepare the food directly at the stadium thus ensuring freshness and quality. Chartwells will also be expanding product offerings for concessions to provide greater variety at affordable pricing.



**Looking Ahead** – MMC will have many new food concepts and venues including a major renovation of the Graham Center food courts. Such new brands coming in 2019 will be Panera Bread, Chipotle, Burger 305, Pincho Factory, American Taproom, Neapolitan Express (Pizza), Halal Guys, and The Egg Shoppe.

**BBC** – The food court will be refreshed in 2019 to add The Egg Shoppe and Wolfe Sandwich Shoppe (replacing Subway).

**Stadium** – Chartwells will be building a catering kitchen directly inside the Riccardo Silva Stadium. The kitchen will be used for catering to the Suites and Stadium Club and will provide a training table for Athletics to use year-round. This will enhance the quality of food and level of service, not only to the suites but service to the athletes.

**FIU Preferred Catering** - The University recently completed a competitive solicitation for Catering Services in order to develop a list of authorized caterers . A select committee was formed to identify a variety of providers whose service offerings, cuisine, and business models were best suited to meet the diverse needs of the FIU community, at large. The caterers offer a range of services, from small breakfast menus to large formal events. A total of 18 caterers will be making services available to the FIU community. The full list may be found at [shop.fiu.edu](http://shop.fiu.edu).

## **First** **Vehicle Services**

FIU Vehicle Services was recently awarded as being one of the top 100 Fleets in America at number 66. Vehicle Services received the same award last year coming in at number 82. This award represents all fleets not just those unique to universities. Among university fleets, FIU ranked number two.



FIU has recently launched a Central Reservation System allowing anyone to book space on all available venues on campus. This encompasses all venues, large or small and is open to anyone inside or outside of FIU. As part of the offerings, OBS has 19 venues that it controls and makes available for rental. All of the OBS venues can be previewed at [shop.fiu.edu](http://shop.fiu.edu) through shopVenues as well as a complete list of space campus-wide at [reservespace.fiu.edu](http://reservespace.fiu.edu).



**Tropical Smoothie Café**, re-opened after a substantial refresh in the newly expanded Recreation Center. Fourth quarter sales of \$170K and \$534K for FY 17-18 are attributed to its popularity and convenient location. Additional outdoor seating was provided to activate the entire area in addition to a “cafecito” walk-up window constructed to service those customers. The project was very favorably received by students, faculty, and staff.

## QUICK FACTS



Business Services operates 55 food and retail venues, beverage and snack vending, FIU One Card Program, fleet services, multi-use facilities, property management and advertising. All information on food and retail including hours of operation may be found at [shop.fiu.edu](http://shop.fiu.edu) and on the FIU Mobile App under the “Places” link.

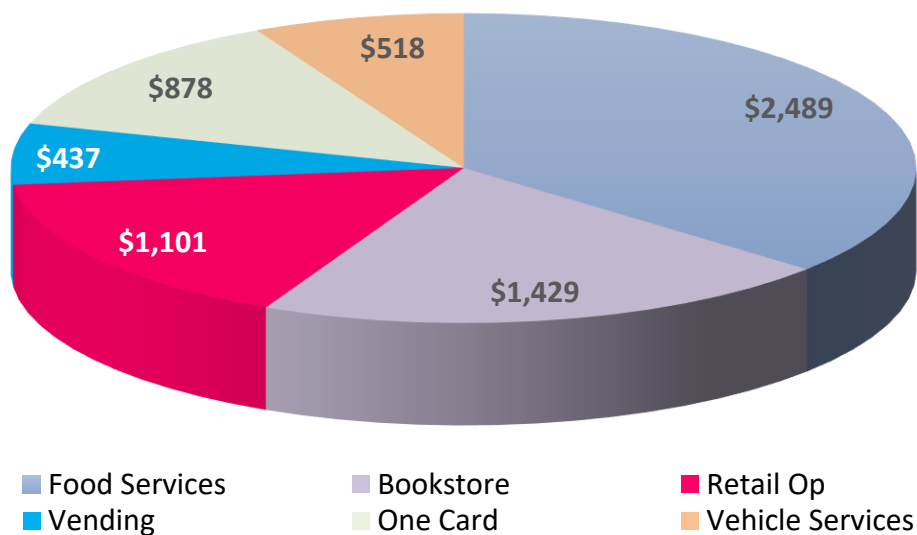
### Revenue:

For the fiscal year ended June 30, 2018, Business Services managed sales of \$39M from operations, representing \$7.5M in revenue to FIU (\$5.8M in Commissions and \$.53M in Grants).

### Investments:

During FY 18-19, Business Services is committed to invest approximately \$7M to improve and expand existing facilities, expand service offerings and increase indoor and outdoor seating to help foster affinity and retention at FIU. Our commitment also extends to contribute over \$1.7M to fund University initiatives, provide scholarships, underwrite student services and support FIU facilities.

**YTD FIU Operating Revenues by Business Segment**  
For the period ended Jun. 30, 2018 (in \$000s)



### Finance and Administration

11200 SW 8<sup>th</sup> Street \* DC 121 \* Miami, FL 33199 \* Tel: (305) 348-2187 \* Fax: (305) 348-2832 \* Web: [obs.fiu.edu](http://obs.fiu.edu)



## FOOD SERVICES

Through the four quarters ended June 30, 2018, \$23.6M in Food Services sales have generated commissions of \$2.5M, up 1% as compared to the prior year. Aramark ended food service operations at FIU on August 3, 2018. The operations ended the year 1% ahead of prior year sales. Mainly attributable to the strong openings of Sergio's Cuban Kitchen, and Tropical Smoothie Café.



**Vicky Café** ended FY 17-18 with sales of \$970K, translating to \$63K in commissions for the four quarters ended June 30, 2018. Vicky's performance contributed to the fourth quarter's success with sales of \$173K.



**Café at EC** (Engineering Center) continues to outpace both prior year and planned sales, despite the mandatory closure attributed to Hurricane Irma. The Café ended FY 17-18 with sales of \$473K translating to \$66K in commissions for the four quarters ended June 30, 2018, and outperformed prior year sales by 24%. The addition of the La Carreta on the first floor is a large contributing factor to the Café's success.

**Fall 2018** – Changes are in discussion for the Café@EC to refresh their locations. Upstairs the Café will be adding a pizza offering as well as smoothies. Downstairs at La Carreta, the premises will also be refreshed to provide a more functional and distinctive look and feel.

## VENDING

Through the four-quarter period ended June 30, 2018, \$1.37M in Vending sales have generated commissions of \$432K, down \$81K or 16% as compared to the same period last year. The variance is mainly due to Hurricane Irma's mandatory campus closure and card-reader connectivity issues (post Hurricane Irma) resulting from a down cell-phone tower near BBC. All vending machine card-readers depend on this signal for credit card transactions. The outage impacted sales far beyond the time of campus closure as the machines were unable to read credit cards until the tower was operational. All machines, beverage and snack, are being updated with equipment to mitigate the effects that a weak signal would have on sales.



**Pepsi Co.** sales of \$687K for the fiscal year ended June 30, 2018, represent an 18% decline compared to the prior year mainly due to mandatory campus closure in the wake and aftermath of Hurricane Irma. There are 137 machines across MMC, BBC and EC.



**Right Choice Vending** sales of \$629K for the fiscal year ended June 30, 2018, represent a 13% decline compared to the prior year mainly due to mandatory campus closure in the wake and aftermath of Hurricane Irma. There are 101 machines across MMC, BBC and EC serving snack, food, coffee and ice cream. Within this product mix, food and ice cream outperformed both the prior year and plan.

## RETAIL OPERATIONS



Through fiscal year ended June 30, 2018, retail sales have generated \$1.12M from license fees and commissions.

### Highlights:

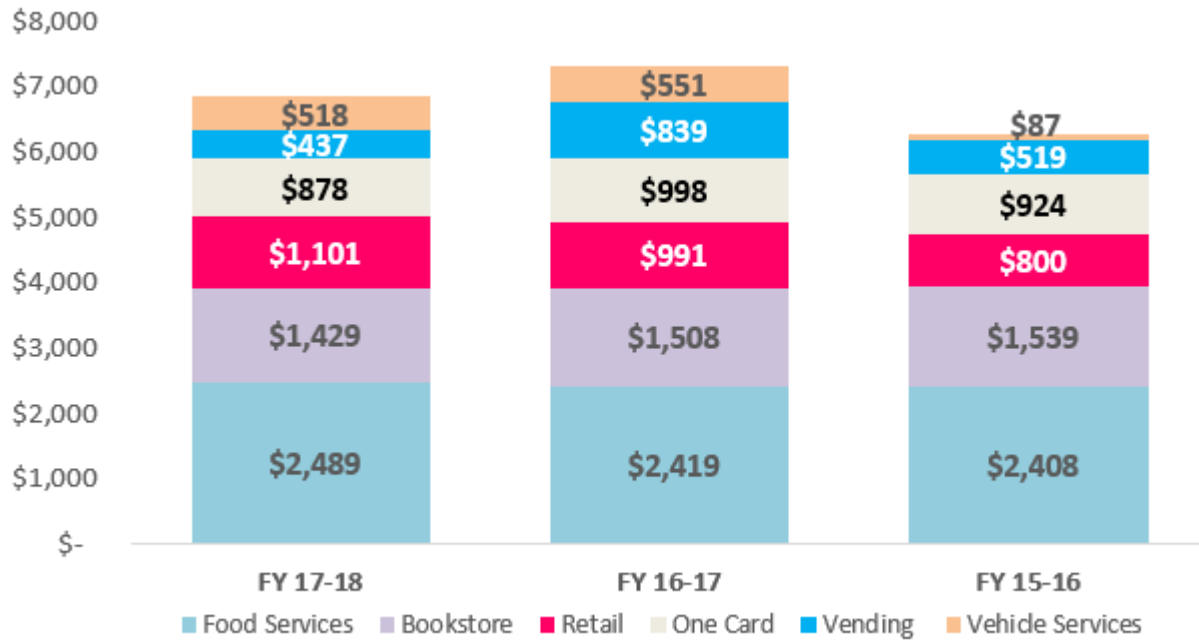
**GT Eco Carwash** applies its mist technology (0.675gal versus 75gal water per wash) to keep its sustainability status in water conservation. Sales commissions of \$32K outpaced the prior year by 32% partially attributable to a tiered commission structure.

**Ricoh @ FIU** located in the Graham Center provides the easiest way for users to access, pay and print in a completely self-serve environment offering enhanced mobile and cloud capabilities. Commissions of \$44.5K rose 10% as compared to the prior year. There are 33 machines serving MMC, BBC, EC, Brickell and FIU@I-75 and they have just renewed for another five-year term with the University.

**Pharmabox** sales from two (2) machines located in the Green Library and the Graham Center generated \$10.5K in commissions for the fiscal year ended June 30, 2018. Advil liqui-gels, clear Band-Aids, and Vicks Dayquil Cold&Flu gel caps are their top-selling items. We are exploring opportunities for expanding to other locations including BBC.

**Retail Property Management** through retail rental agreements with 15 internal and external users, \$930K in rental income and \$13K in event revenue across MMC and BBC has been generated. We are exploring opportunities for PG-6 expansion at this time, scheduled to be complete in 2019.

## 3-YEAR COMPARISION OF YEAR-TO-DATE FIU REVENUE



**Note:** Vehicle Services was not under Business Services in FY 15-16; therefore, figures available FY 16-17 date.



**THE FLORIDA INTERNATIONAL UNIVERSITY  
BOARD OF TRUSTEES  
Finance and Facilities Committee  
September 5, 2018**

**EMERGENCY MANAGEMENT STATUS REPORT AS JULY 19, 2018**

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**Report** *(For Information Only – no action required)*

**Training and Exercises**

In preparation for the 2018 hurricane season, table top exercises were conducted with University Deans and their alternates, Emergency Operations Center alternate staff, regional academic locations staff as well as other University units.

Over 200 students, faculty and staff signed up to be an FIU disaster volunteer. Multiple trainings were conducted and additional future trainings have been scheduled.

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**THE FLORIDA INTERNATIONAL UNIVERSITY**  
**BOARD OF TRUSTEES**  
**Finance and Facilities Committee**  
**September 5, 2018**

**FACILITIES AND CONSTRUCTION UPDATE AS OF JULY 20, 2018**

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**Report** *(For Information Only – no action required)*

**Projects Completed**

- **Satellite Chiller Plant Expansion (BT-834)** - \$7.7M Public Education Capital Outlay (PECO). A/E – SGM; CM – Poole & Kent. The \$7.6M initial phase of construction to complete the building with two chillers and two cooling towers was completed in February 2013. The \$7.7M of additional funding for Phase II added two generators, two additional chillers, two additional cooling towers, and the supporting equipment to complete the original project scope. Space will still be available for a fifth and final chiller/cooling tower set when that capacity is needed. Substantial completion for the project was achieved on March 8, 2018 with punch list and final commissioning, including testing of the back-up generators, was completed in July 2018. FIU now has a “365: 24 X 7” capability to produce chilled water for HVAC at critical buildings. *(Since this project has been completed, this entry will be removed from future Board of Trustees reports).*

**Recreation Center Expansion (BT-903)** - \$26.7M Capital Improvement Trust Fund (CITF), Housing Auxiliary Fund, and Student Government Association (SGA) project budget. A/E – HKS; CM – Moss Construction (67,487 gsf). Funding spanned five (5) years of CITF allocations. The project expanded the existing facility into Parking Lot #8 and included an indoor basketball/volleyball gym, a weight training room, additional locker rooms, exterior basketball courts, sand volleyball courts, and a mezzanine level jogging track. The expansion more than doubled the previous capacity of 50,765 gsf. \$2.6M in additional funding was provided in May 2017 to renovate and expand Tropical Smoothie and refurbish the locker rooms in the existing Rec Center. Tropical Smoothie opened on October 30, 2017 to the public and the grand opening of the entire facility was held on December 4, 2017. The Tropical Smoothie exterior canopy, a long-lead item requiring additional design and modification to the existing curtainwall, was installed in June 2018. *(Since this project has been completed, this entry will be removed from future Board of Trustees reports).*



## **Projects under Construction**

- **University City Prosperity Project (UCPP) (BT-904)** - \$14.7M TIGER Grant project budget; multiple funding sources. Design/Build Team - MCM+FIGG. The project consisted of urban design and infrastructure improvements along SW 109th Avenue between SW 6th Street and SW 10th Street, including a new pedestrian bridge over SW 8th Street, complete streets, and other pedestrian-oriented transit access improvements. These infrastructure improvements aimed to support the synergistic integration of FIU and the adjacent City of Sweetwater. Most importantly, the pedestrian bridge intended to provide a safe way to reconcile pedestrian and vehicular traffic. Tragically, on Thursday, March 15, 2018, the main bridge section collapsed, only five days after its placement across US 41. The cause for the collapse, which killed six people and injured nine more, is still being investigated by the National Transportation Safety Board (NTSB). Their work will need to be completed before conclusions can be reached. FIU is a party to the NTSB investigation and has been cooperating fully in this effort. In addition, on March 19, 2018, Florida Governor Rick Scott directed the Florida Department of Transportation Secretary to suspend the payment of all federal funding for the bridge pending the completion of the NTSB investigation. FIU is exploring options with the Federal Highway Administration (HWA) and the Florida Department of Transportation (FDOT) to preserve the remaining TIGER Grant funding. In addition, FIU is working with FDOT and MCM to secure the project site, close-out open permits whenever possible, and return the maintenance of the US 41 Right-of-Way to FDOT.
- **Multi-Purpose Practice Fields (BT-916)** - \$9.4M; multiple funding sources. A/E - Stantec; CM - Moss Construction. The project installed two (2) full-sized practice fields, one natural grass and the other artificial turf, and a 3,500 gsf scalable multi-purpose field support facility. It also includes a faculty-designed wetlands expansion south of the preserve. The artificial turf field was completed and turned-over for use in late July 2017 while the grass field was completed in early July and turned-over for use in September after successful sod establishment. The baseball stadium batter's eye, practice field kicking nets, play clocks and scoreboards have been installed and the walking track is complete. All work in the Preserve was finished at the end of January 2018. The field support building (FSB) achieved Temporary Certificate of Occupancy (TCO) on March 9, 2018. The additional FSB canopy, exterior lighting elements, decorative eyebrows, and surrounding landscaping have been installed with additional lighting under the canopy to be completed by the end of July.

## **Projects in Design**

- **Frost Museum of Science Batchelor Environmental Center at FIU (BT-913) (Phase II)** - \$1.8M privately funded project budget. A/E – MC Harry & Associates; CM – Stobs Brothers Construction. To date, \$200K has been received for Phase II design services. Combined with Phase I funding already received, \$2.4M of the \$5M commitment has been released to FIU. Phase II will be a classroom and lab building (approximately 3,000 gsf), with the remaining animal holding areas to be added at a future date when additional grant funding is received by the Frost Museum. The \$1.3M equipment budget for the project was reduced to increase the Phase II construction budget to \$1.1M for the building only; the budget will require an additional contribution of \$245,719 from the Frost Museum. Transfer of the project funding balance will be necessary once agreement is reached on the GMP to proceed with construction. 95% Construction Documents have been submitted for review. The project is on hold pending resolution of gift agreement terms and new program requirements. Delivery date: TBD. *(No change from previous report).*
  
- **International Center for Tropical Botany (BT-914) at The Kampong** - \$5.0M privately funded project budget. A/E – MC Harry; CM – Thornton Construction. The project will construct a new approximately 12,000 gsf facility on a site immediately adjacent to the National Tropical Botanical Garden (NTBG) property in Coconut Grove to house educational, lab, and office spaces. Programming was formally approved August 28, 2015 and the project went into design development based on the program criteria at that time. The warrant package submitted in June 2016 was revised and resubmitted on September 29, 2017 addressing all comments from the City of Miami Zoning and Planning Department. The revised submittal was accepted and approval has been placed on hold pending resolution of community concerns raised during several outreach meetings regarding building size, height, parking and site lighting. This effort is required to avoid an appeal of the warrant by the community. Subsequently, one of the neighboring property owners proposed adjustments to the building's aesthetic design as part of a gift agreement to the University. The architect and project team have determined these changes are possible within the current project budget, including the proposed additional gift. A draft of the gift agreement is under review. While negotiations continue with the donor, a revised warrant package was resubmitted to the City on July 6, 2018 incorporating the latest changes to the project to prevent the City from cancelling the warrant application due to inactivity. Completion of the warrant process, design phase, and construction start is contingent upon finalizing the gift agreement with the donor and a separate agreement with the neighbors addressing their concerns. Negotiations with all parties are ongoing. Delivery date: TBD.

- **Parkview II Housing (BT-892)** - \$66.5M bond proceed and Housing Auxiliary funded project budget. A/E – Perkins+Will; CM – TBD. The project includes construction of a new 656 private bedroom style residence hall on the Modesto A. Maidique campus. The planning effort began on April 26, 2017 with a kick-off program committee meeting. Underground utility infrastructure and roadway modifications will be assessed to determine additional cost impacts. The program was approved on September 27, 2017. Perkins+Will was selected as the architect, and at the request of the University, is exploring alternate, more economical project sites. The advertisement for the Construction Manager has been posted and the selection committee will meet to short-list candidates on August 2, 2018. Target delivery date per the approved program is April 2020 which will most likely not be met as the start of the design phase has been delayed for site selection.
  
- **PG-5 Emergency Operations Center Expansion (BT-923)** - \$5.5M E&G-CF, Auxiliary, and Treasury funded project budget. A/E – PGAL; CM – TBD. The proposed expansion will utilize approximately 9,000 square feet of space on the second floor of PG-5 adjacent to the existing space utilized by Public Safety and Emergency Management to provide a large emergency operations center, food storage and service operations, equipment storage, offices, conference rooms, and meeting breakout rooms. Additionally, approximately 2,500 square feet of the existing space will be reconfigured to provide a locker room, showers, sleeping space, laundry service space, and offices that are needed during emergency events when occupied on a continuous basis, not only by Public Safety and Emergency Management personnel but also FIU essential personnel from Facilities, Information Technology, External Relations, FIU Health, Environmental Health & Safety, Parking and Transportation, Finance and Administration, and Business Services. Programming is complete and PGAL has been selected as the architect, pending contract execution. The design phase and CM selection will begin in late July. Delivery date: December 2019.

### **Projects in Planning Stage**

- **Hotel, Conference and Alumni Center** – Public-Private Partnership (P3) project. Developer/Operator - TBD; Architect - TBD; CM –TBD. Award to the successful Invitation to Negotiate respondent is pending Florida Board of Governors, Division of Bond Finance, and Board of Trustees of the Internal Improvement Trust Fund approval, and the conclusion of negotiations resulting in fully executed Operating and Sublease agreements. *(No change from previous report).*
  
- **School of International and Public Affairs (SIPA) Phase II (BT-887)** - \$39.45M project consisting of \$12,701,439 PECO funding, \$15,000,000 private donation, \$250,000 SIPA cash contribution, and \$5,534,299 FIU Online contribution (current shortfall: \$5,964,262). A/E – TBD; CM – TBD. The project includes classrooms,

conference facilities, offices, language and technology labs, negotiation and mediation facilities, experimental teaching space for SIPA, and offices and student technical support spaces for FIU Online. PECO funding for the project was received in June 2017 with the condition that all private funds be expended before any PECO monies. The timing of the private construction donation is still pending. Options to cover the budget shortfall are being analyzed. The final program is under review for an 84,858 gsf building encompassing 48,445 gsf of built-out space, including 14,563 gsf fully-funded by FIU Online, leaving 36,413 gsf of shell space for future build-out when additional funding is received. Delivery date: TBD.

- **Engineering Building (Phase I and II) (BT-919)** - \$150.0M PECO and privately funded project budget. A/E - TBD; CM - TBD. The project to build a new engineering building on the Modesto A. Maidique Campus will include classrooms, teaching labs, study space, research labs, offices, and computer and instructional media spaces. To date, \$10M in FY 17-18 PECO funding has been received with another \$20,641,537 authorized for FY 18-19. Pre-programming efforts are currently taking place. *(No change from previous report)*
- **PG-6 Classroom and Retail Expansion (BT-924)** - \$3.0M E&G and Auxiliary funded preliminary project budget. A/E - MCHarry/Alleguez; CM - TBD. The project will convert 15,425 gsf of parking garage space in PG-6 to weather-tight conditioned space for a 1,250 sf classroom and 4,240 sf active learning classroom, 6,635 sf of circulation area, 1,435 sf of unfinished retail space to support the future Miami-Dade County bus terminal, 935 sf of restrooms and 930 sf of storage. 100% construction documents were completed through a previous minor project and CM selection is scheduled for late September pending FIU Board of Trustees approval. Delivery date: August 2019.

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**FIU FOUNDATION, INC.**

**FINANCIAL STATEMENTS RECAP**

**June 30, 2018**

**FIU FOUNDATION, INC.**  
**Recap of Statement of Activities \***  
**For the Period Ended June 30, 2018**  
*(In Thousands of Dollars)*

	12-Month Period			FY Annual	
	2017-18 Budget	2017-18 Actuals	Fav (Unfav) Variance	2017-18 Budget	2016-17 Actuals
<b>REVENUES:</b>					
Cash Contributions	\$ 29,344	\$ 32,671	\$ 3,327 [1]	\$ 29,344	\$ 32,578
Estimated Investment Returns, Net of Fees	11,968	18,966	6,998 [2]	11,968	29,336
MARC Building	1,687	1,740	53	1,687	1,779
Foundation Subsidiaries	212	317	105	212	518
Unrestricted Annual Revenues	1,063	849	(214)	1,063	886
<b>TOTAL REVENUES</b>	<b>44,274</b>	<b>54,543</b>	<b>10,269</b>	<b>44,274</b>	<b>65,097</b>
<b>EXPENSES:</b>					
<u>University Programs:</u>					
Scholarships & Programs	21,611	30,809	(9,198) [3]	21,611	24,226
Building Funds	1,750	408	1,342	1,750	316
<b>TOTAL UNIVERSITY PROGRAMS EXPENSES</b>	<b>23,361</b>	<b>31,217</b>	<b>(7,856)</b>	<b>23,361</b>	<b>24,542</b>
<u>Operational:</u>					
MARC Building	471	508	(37)	471	464
Foundation Subsidiaries	266	305	(39)	266	1,044
Administrative & Fundraising	9,272	7,925	1,347 [4]	9,272	6,127
<b>TOTAL OPERATIONAL EXPENSES</b>	<b>10,009</b>	<b>8,738</b>	<b>1,271</b>	<b>10,009</b>	<b>7,635</b>
<b>TOTAL EXPENSES</b>	<b>33,370</b>	<b>39,955</b>	<b>(6,585)</b>	<b>33,370</b>	<b>32,177</b>
<b>EXCESS REVENUES OVER EXPENSES</b>	<b>\$ 10,904</b>	<b>\$ 14,588</b>	<b>\$ 3,684</b>	<b>\$ 10,904</b>	<b>\$ 32,920</b>

\*These financial statements recaps reflect expenses on an accrual basis and receipts on a cash basis, with the exception of investment returns.

- [1] The favorable variance of \$3.3 million in cash contributions was a result of a successful fundraising year. Our fundraising resulted in a higher level of giving to the following areas: Academic Affairs; Building Funds; Chaplin School of Hospitality Management; College of Law; College of Communication, Architecture + The Arts; Nicole Wertheim College of Nursing and Health Sciences; College of Engineering and Computing; Stempel College of Public Health and Social Work; and Student Access and Success.
- [2] The favorable variance of \$7.0 million in investment returns is based on a budgeted return for the fiscal year of 5% and an actual return fiscal year-to-date of 6.9%.
- [3] The unfavorable variance of \$9.2 million in scholarship and program expenses is mainly comprised of expenses for Athletic capital improvement projects that were greater than budgeted and unbudgeted expenses on new accounts opened throughout the year.
- [4] The favorable variance of \$1.3 million in administrative and fund-raising is primarily due to the timing of budgeted expenses and the salary savings on unfilled positions. The ability to attract promising talent, with a solid understanding of the Advancement profession and a proven track record of results is challenging. It is an extremely competitive field.

\*Please note that the enclosed financial statements recap and notes as of June 30, 2018 are preliminary. Additional invoices for FY 2017-18 expenses and final investment earnings pertaining to this fiscal year may need to be recorded.



Florida International University Foundation Preliminary Performance Summary As of June 30, 2018										
Asset Class/Manager	Market Value (\$000s)	% of Total Managed Assets	Long-Term Policy Target	Long-Term Policy Ranges	Current Month	Calendar Year to Date	Fiscal Year to Date	Ann. Trailing 3- Years	Ann. Trailing 5- Years	Ann. Since Inception
GMO Global Equity Asset Allocation	5,423	2.0%			-2.6	-4.0	6.8	6.2	---	5.4
Indus Markor Master Fund	1,946	0.7%			-0.1	8.7	27.0	7.2	---	8.8
Kiltearn Global Equity Fund	11,794	4.3%			-0.7	-4.3	2.1	6.3	---	3.9
Maverick Long Fund, Ltd	10,856	3.9%			1.7	7.3	12.5	7.0	---	9.6
Vanguard Total World Stock Index	8,974	3.2%			-0.6	-0.1	11.1	8.5	---	7.4
<b>Global Public Equity</b>	<b>38,993</b>	<b>14.1%</b>	<b>11.5%</b>	<b>5.0%-25.0%</b>	<b>-0.2</b>	<b>0.1</b>	<b>8.7</b>	<b>6.7</b>	<b>---</b>	<b>7.2</b>
D.E. Shaw Core Alpha Extension	12,142	4.4%			0.3	3.6	17.8	13.6	---	12.2
Sirios Focus Fund	11,228	4.1%			0.8	2.0	11.8	7.6	---	8.6
HHR Titan Offshore	6,784	2.4%			3.5	14.6	19.2	10.2	---	8.5
Vanguard Russell 1000 Value Index ETF	3,274	1.2%			0.2	-1.8	---	---	---	-2.0
<b>U.S. Public Equity</b>	<b>33,428</b>	<b>12.1%</b>	<b>13.5%</b>	<b>6.0%-35.0%</b>	<b>1.1</b>	<b>4.5</b>	<b>14.9</b>	<b>10.3</b>	<b>12.4</b>	<b>5.5</b>
Vanguard FTSE Dev. Markets	968	0.3%			-1.7	-2.8	7.0	5.7	---	4.4
AKO European Master Fund	11,168	4.0%			1.6	8.7	12.7	12.4	---	12.0
Cevian Capital II	5,368	1.9%			-0.8	-0.9	3.1	6.2	---	6.8
Buena Vista Asian Opp. Fund	6,362	2.3%			-2.8	-0.8	14.1	6.1	---	6.1
Kabouter International Opps. Fund II	6,251	2.3%			-2.6	-0.6	12.2	11.7	---	12.4
<b>Non-U.S. Developed Public Equity</b>	<b>30,117</b>	<b>10.9%</b>	<b>8.5%</b>	<b>4.0%-25.0%</b>	<b>-0.8</b>	<b>2.5</b>	<b>10.9</b>	<b>9.5</b>	<b>11.1</b>	<b>3.6</b>
DFA Emerging Markets Value	7,827	2.8%			-5.4	-7.2	5.7	6.0	---	3.6
Somerset Emerging Markets	4,070	1.5%			-3.4	-9.1	1.3	5.8	---	3.7
Polunin Developing Countries Fund	5,066	1.8%			-5.9	-10.2	2.7	5.3	---	3.3
<b>Emerging Markets Public Equity</b>	<b>16,963</b>	<b>6.1%</b>	<b>4.0%</b>	<b>0.0%-15.0%</b>	<b>-5.1</b>	<b>-8.6</b>	<b>3.7</b>	<b>5.7</b>	<b>4.3</b>	<b>4.4</b>
<b>Total Public Long Equity</b>	<b>119,500</b>	<b>43.2%</b>	<b>37.5%</b>	<b>18.0%-70.0%</b>	<b>-0.7</b>	<b>0.5</b>	<b>10.2</b>	<b>8.3</b>	<b>10.4</b>	<b>4.8</b>
<i>Global Private Equity</i>	29,241	10.6%	20.0%	0.0%-34.0%	---	---	---	---	---	---
<b>Total Public &amp; Private Equity</b>	<b>148,741</b>	<b>53.7%</b>	<b>57.5%</b>	<b>45.0%-70.0%</b>	<b>-0.6</b>	<b>1.0</b>	<b>10.4</b>	<b>9.1</b>	<b>11.3</b>	<b>5.1</b>
Valinor Capital Partners	3,281	1.2%			0.5	3.3	7.3	-0.4	---	5.0
Blue Harbour Strategic Value	2,210	0.8%			-1.3	-11.2	-6.5	-2.4	---	0.1
Roystone Master Fund	2,606	0.9%			-0.4	-1.2	1.6	-0.7	---	3.1
Fir Tree	3,394	1.2%			0.5	-2.2	-0.6	-3.9	---	-2.4
Pelham Long/Short Fund Ltd	3,459	1.2%			-3.0	5.2	10.5	6.7	---	7.8
Highfields Capital	4,295	1.6%			2.6	2.8	1.3	2.6	---	2.6
Matrix Capital Offshore Fund Ltd	2,972	1.1%			1.6	9.1	14.2	---	---	12.2
<b>Hedge Funds (Growth Objective)</b>	<b>22,216</b>	<b>8.0%</b>	<b>---</b>	<b>0.0%-15.0%</b>	<b>-0.1</b>	<b>1.4</b>	<b>4.4</b>	<b>0.9</b>	<b>---</b>	<b>3.6</b>
Brahman Capital Partners	1,971	0.7%			-2.2	2.3	3.5	-4.3	---	-1.7
Naya Offshore Fund	3,281	1.2%			7.0	15.7	25.7	9.8	---	9.8
Janchor Pan-Asian Fund	3,963	1.4%			-3.2	-1.0	12.0	---	---	12.2
Kensico Offshore II	4,302	1.6%			-3.1	-2.4	1.9	---	---	4.2
Pennant Windward Fund Ltd	451	0.2%			0.0	10.6	---	---	---	11.0
Indus Asia Pacific Side Pocket	30	0.0%			0.0	-11.5	-10.7	-12.3	---	-11.9
<b>Hedge Funds (Blended Objective)</b>	<b>13,999</b>	<b>5.1%</b>	<b>---</b>	<b>0.0%-15.0%</b>	<b>-0.7</b>	<b>3.0</b>	<b>9.6</b>	<b>3.0</b>	<b>5.4</b>	<b>5.0</b>
Davidson Kempner	4,063	1.5%			0.6	2.1	4.2	5.1	---	4.8
Scopia PX Funds	3,207	1.2%			1.6	0.7	5.1	-1.3	---	1.5
GMO Systematic Global Macro Fund	3,845	1.4%			-0.3	5.5	10.5	---	---	7.0
ISAM Systematic Trend	1,904	0.7%			-1.3	-13.1	-3.8	---	---	-10.0
FORT Global Offshore Fund, SPC	2,082	0.8%			1.2	0.4	---	---	---	4.1
Luxor - SPV	199	0.1%			1.7	-1.9	13.9	---	---	12.0
Kynikos Opportunity Fund - Holdback	254	0.1%			---	---	---	---	---	---
<b>Hedge Funds (Diversifying Objective)</b>	<b>15,555</b>	<b>5.6%</b>	<b>---</b>	<b>0.0%-15.0%</b>	<b>0.4</b>	<b>0.1</b>	<b>5.3</b>	<b>-0.1</b>	<b>---</b>	<b>0.5</b>
<b>Total Hedge Funds</b>	<b>51,770</b>	<b>18.7%</b>	<b>17.5%</b>	<b>10.0%-30.0%</b>	<b>-0.1</b>	<b>1.5</b>	<b>6.1</b>	<b>1.1</b>	<b>3.7</b>	<b>4.5</b>
Parametric Global Defensive Equity	2,752	1.0%			-0.0	-0.3	5.8	---	---	8.1
Renaissance RIEF	3,930	1.4%			1.2	1.4	8.4	---	---	13.3
<b>Other Diversifying Investments</b>	<b>6,682</b>	<b>2.4%</b>	<b>---</b>	<b>0.0%-30.0%</b>	<b>0.7</b>	<b>0.7</b>	<b>7.5</b>	<b>8.3</b>	<b>7.7</b>	<b>8.0</b>
<b>Total Diversified Growth</b>	<b>58,452</b>	<b>21.1%</b>	<b>17.5%</b>	<b>10.0%-40.0%</b>	<b>0.0</b>	<b>1.4</b>	<b>6.2</b>	<b>1.7</b>	<b>4.0</b>	<b>4.5</b>
Van Eck Global Hard Assets	2,267	0.8%			-1.2	-0.9	17.0	-1.5	---	-5.2
SPDR Gold ETF	5,173	1.9%			-3.6	-4.0	0.5	1.8	---	0.8
Harvest MLP Income Fund	3,874	1.4%			-1.1	2.9	0.1	-5.4	---	-1.5
GMO Climate Change Fund	2,942	1.1%			-1.9	---	---	---	---	-1.9
<b>Public Inflation Sensitive</b>	<b>14,256</b>	<b>5.1%</b>	<b>2.0%</b>	<b>0.0%-12.5%</b>	<b>-2.5</b>	<b>-1.3</b>	<b>3.5</b>	<b>-1.3</b>	<b>-1.6</b>	<b>-1.6</b>
<i>Private Inflation Sensitive</i>	8,538	3.1%	8.0%	0.0%-20.0%	---	---	---	---	---	---
<b>Total Inflation Sensitive</b>	<b>22,794</b>	<b>8.2%</b>	<b>10.0%</b>	<b>5.0-20.0%</b>	<b>-1.6</b>	<b>2.0</b>	<b>8.2</b>	<b>4.6</b>	<b>1.9</b>	<b>0.0</b>
Fidelity Intermediate Treasury Bond	35,497	12.8%			0.0	-1.7	-1.7	---	---	-1.4
StoneCastle C A Managed	5,057	1.8%			0.1	0.7	---	---	---	1.1
Cash in Transition	275	0.1%			---	---	---	---	---	---
SunTrust Cash	6,101	2.2%			0.1	0.7	1.2	0.6	---	0.5
<b>Total Deflation Sensitive</b>	<b>46,930</b>	<b>16.9%</b>	<b>15.0%</b>	<b>9.0%-30.0%</b>	<b>0.1</b>	<b>-0.8</b>	<b>-0.7</b>	<b>0.4</b>	<b>1.4</b>	<b>5.0</b>
<b>Total Managed Assets Net of CA Fees</b>	<b>276,916</b>	<b>100.0%</b>	<b>100.0%</b>	<b>---</b>	<b>-0.4</b>	<b>0.7</b>	<b>7.2</b>	<b>5.6</b>	<b>7.5</b>	<b>4.7</b>
Foundation Enterprise Holdings I	574	---			---	---	---	---	---	---
Foundation Enterprise Holdings V	1,021	---			---	---	---	---	---	---
Student Managed Investment Fund	348	---			0.7	4.8	16.9	7.2	7.6	6.1
SunTrust Balanced Annuity Account	161	---			-0.2	0.2	4.8	1.3	-0.2	3.6
StoneCastle	989	---			0.1	0.7	1.2	0.7	---	0.6
IR&M Short Fund	3,140	---			0.0	-0.0	0.2	0.8	---	0.9
Archstone Offshore	37	---			0.0	-1.8	0.2	-0.4	2.3	3.1
State of Florida Treasury Fund	1,232	---			0.0	0.3	0.6	0.3	---	0.3
IVA Worldwide Fund	1,879	---			-0.2	-1.3	---	---	---	3.5
Foundation Directed Investments - Cash in Transition	245	---			---	---	---	---	---	---
<b>Foundation Directed Investments</b>	<b>9,628</b>	<b>---</b>			<b>0.0</b>	<b>0.1</b>	<b>1.2</b>	<b>0.8</b>	<b>1.5</b>	<b>3.3</b>
<b>Total Assets Net of CA Fees</b>	<b>286,544</b>	<b>---</b>			<b>-0.4</b>	<b>0.7</b>	<b>6.9</b>	<b>5.4</b>	<b>7.3</b>	<b>4.6</b>
<b>Notes:</b>										
1. Funds available for investment in the Wells Fargo operating account have been deployed to the investment portfolio as of December 31, 2013.										
2. Private Investments' trailing performance represents time-weighted quarterly returns. Data represents NAVs and performance through March 31, 2018, updated with cashflows through the most recent period.										

Florida International University Foundation  
Preliminary Performance Summary  
As of June 30, 2018

Asset Class/Composite	Market Value (\$000s)	% of Total Managed Assets	Long-Term Policy Target	Long-Term Policy Ranges	Current Month	Calendar Year to Date	Fiscal Year to Date	Ann. Trailing 3-Years	Ann. Trailing 5-Years	Ann. Since Inception
Global Public Equity	38,993	14.1%	11.5%	5.0%-25.0%	-0.2	0.1	8.7	6.7	---	7.2
U.S. Public Equity	33,428	12.1%	13.5%	6.0%-35.0%	1.1	4.5	14.9	10.3	12.4	5.5
Non-U.S. Developed Public Equity	30,117	10.9%	8.5%	4.0%-25.0%	-0.8	2.5	10.9	9.5	11.1	3.6
Emerging Markets Public Equity	16,963	6.1%	4.0%	0.0%-15.0%	-5.1	-8.6	3.7	5.7	4.3	4.4
<b>Total Public Equity</b>	<b>119,500</b>	<b>43.2%</b>	<b>37.5%</b>	<b>18.0% - 70.0%</b>	<b>-0.7</b>	<b>0.5</b>	<b>10.2</b>	<b>8.3</b>	<b>10.4</b>	<b>4.8</b>
<i>Global Private Equity</i>	29,241	10.6%	20.0%	0.0%-34.0%	---	---	---	---	---	---
<b>Total Public &amp; Private Equity</b>	<b>148,741</b>	<b>53.7%</b>	<b>57.5%</b>	<b>45.0%-70.0%</b>	<b>-0.6</b>	<b>1.0</b>	<b>10.4</b>	<b>9.1</b>	<b>11.3</b>	<b>5.1</b>
Total Hedge Funds	51,770	18.7%	17.5%	10.0%-30.0%	-0.1	1.5	6.1	1.1	3.7	4.5
Other Diversifying Investments	6,682	2.4%	---	0.0%-30.0%	0.7	0.7	7.5	8.3	7.7	8.0
<b>Total Diversified Growth</b>	<b>58,452</b>	<b>21.1%</b>	<b>17.5%</b>	<b>10.0%-40.0%</b>	<b>0.0</b>	<b>1.4</b>	<b>6.2</b>	<b>1.7</b>	<b>4.0</b>	<b>4.5</b>
<b>Total Inflation Sensitive</b>	<b>22,794</b>	<b>8.2%</b>	<b>10.0%</b>	<b>5.0%-20.0%</b>	<b>-1.6</b>	<b>2.0</b>	<b>8.2</b>	<b>4.6</b>	<b>1.9</b>	<b>0.0</b>
<b>Total Deflation Sensitive</b>	<b>46,930</b>	<b>16.9%</b>	<b>15.0%</b>	<b>9.0%-30.0%</b>	<b>0.1</b>	<b>-0.8</b>	<b>-0.7</b>	<b>0.4</b>	<b>1.4</b>	<b>5.0</b>
<b>Total Managed Assets Net of CA Fees</b>	<b>276,916</b>	<b>100.0%</b>	<b>100.0%</b>	<b>---</b>	<b>-0.4</b>	<b>0.7</b>	<b>7.2</b>	<b>5.6</b>	<b>7.5</b>	<b>4.7</b>
<b>Total Assets Net of CA Fees</b>	<b>286,544</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>-0.4</b>	<b>0.7</b>	<b>6.9</b>	<b>5.4</b>	<b>7.3</b>	<b>4.6</b>

Florida International University Foundation Preliminary Performance Summary As of June 30, 2018						
Asset Class/Manager	5/31/2018 Market Value (\$000s)	June Contributions (\$000s)	June Withdrawals (\$000s)	June Net Cash Flow (\$000s)	Net Investment Gain/(Loss) (\$000s)	6/30/2018 Market Value (\$000s)
<b>Global Public Equity</b>						
GMO Global Equity Asset Allocation	6,555	---	(1,000)	(1,000)	(132)	5,423
Indus Markor Master Fund	1,948	---	---	---	(2)	1,946
Kiltearn Global Equity Fund	11,880	---	---	---	(85)	11,794
Maverick Long Fund, Ltd	10,672	---	---	---	184	10,856
Vanguard Total World Stock Index	9,095	---	(67)	(67)	(55)	8,974
<b>U.S. Public Equity</b>						
D.E. Shaw Core Alpha Extension	12,108	---	---	---	34	12,142
First Eagle U.S. Equity Fund	---	---	---	---	0	---
Sirios Focus Fund	11,139	---	---	---	90	11,228
Vanguard Russell 1000 Value Index	3,267	---	---	---	7	3,274
HHR Titan Offshore	6,554	---	---	---	230	6,784
<b>Non-U.S. Developed Public Equity</b>						
Vanguard FTSE Dev. Markets	996	---	(12)	(12)	(17)	968
AKO European Master Fund	10,989	---	---	---	179	11,168
Cevian Capital II	5,411	---	---	---	(43)	5,368
Buena Vista Asian Opp. Fund	6,545	---	---	---	(183)	6,362
Kabouter International Opps. Fund II	6,419	---	---	---	(168)	6,251
<b>Emerging Markets Public Equity</b>						
DFA Emerging Markets Value	8,278	---	---	---	(451)	7,827
Somerset Emerging Markets	4,212	---	---	---	(142)	4,070
Polunin Developing Countries Fund	5,384	---	---	---	(318)	5,066
<b>Total Global Private Equity</b>	<b>29,482</b>	<b>---</b>	<b>(241)</b>	<b>(241)</b>	<b>0</b>	<b>29,241</b>
<b>Hedge Funds (Growth Objective)</b>						
Valinor Capital Partners	3,321	---	---	---	(40)	3,281
Blue Harbour Strategic Value	2,239	---	---	---	(30)	2,210
Roystone Master Fund	2,617	---	---	---	(11)	2,606
Fir Tree	3,379	---	---	---	15	3,394
Pelham Long/Short Fund Ltd	3,567	---	---	---	(108)	3,459
Highfields Capital	4,185	---	---	---	111	4,295
Matrix Capital Offshore Fund Ltd	2,925	---	---	---	47	2,972
<b>Hedge Funds (Blended Objective)</b>						
Brahman Capital Partners	2,016	---	---	---	(45)	1,971
Naya Offshore Fund	3,065	---	---	---	215	3,281
Janchor Pan-Asian Fund	4,093	---	---	---	(129)	3,963
Kensico Offshore II	4,439	---	---	---	(137)	4,302
Pennant Windward Fund Ltd - SP and Cash Reserve	452	---	(0)	(0)	(0)	451
Indus Asia Pacific Sidepocket	30	---	---	---	0	30
<b>Hedge Funds (Diversifying Objective)</b>						
Davidson Kempner	4,038	---	---	---	25	4,063
Kynikos Opportunity Fund	---	---	---	---	0	---
Kynikos Opportunity Fund - Holdback	254	---	---	---	0	254
Scopia PX Funds	3,157	---	---	---	51	3,207
GMO Systematic Global Macro Fund	3,856	---	---	---	(11)	3,845
ISAM Systematic Trend	1,929	---	---	---	(25)	1,904
FORT Global Offshore Fund, SPC	2,057	---	---	---	25	2,082
Luxor Capital Partners - SPV	196	---	---	---	3	199
Luxor - Holdback	---	---	---	---	0	---
<b>Other Diversifying Investments</b>						
Parametric Global Defensive Equity	2,752	---	---	---	(0)	2,752
Renaissance RIEF	3,882	---	---	---	48	3,930
<b>Public Inflation Sensitive</b>						
Van Eck Global Hard Assets	2,295	---	---	---	(28)	2,267
SPDR Gold ETF	5,367	---	---	---	(194)	5,173
Harvest MLP Income Fund	3,917	---	---	---	(43)	3,874
GMO Climate Change	---	3,000	---	3,000	(58)	2,942
<b>Private Inflation Sensitive</b>	<b>7,537</b>	<b>1,412</b>	<b>(410)</b>	<b>1,002</b>	<b>0</b>	<b>8,538</b>
<b>Total Deflation Sensitive</b>						
Fidelity Interim Treasury Bond Index Fund	35,482	---	---	---	14	35,497
SunTrust Cash	7,767	5,201	(6,877)	(1,676)	10	6,101
StoneCastle C A Managed	5,050	---	---	---	7	5,057
Cash Pending	1,062	3,172	(3,958)	(787)	0	275
<b>Total Managed Assets</b>	<b>277,860</b>	<b>12,784</b>	<b>(12,567)</b>	<b>217</b>	<b>(1,161)</b>	<b>276,916</b>
Foundation Enterprise Holdings I	574	---	---	---	0	574
Foundation Enterprise Holdings V	1,008	13	---	13	0	1,021
Student Managed Investment Fund	346	---	---	---	2	348
SunTrust Balanced Annuity Account	163	---	(1)	(1)	(0)	161
StoneCastle FICA Program	3,285	---	(2,300)	(2,300)	4	989
IR&M Short Fund	3,139	---	---	---	1	3,140
Archstone Offshore	37	---	---	---	0	37
State of Florida Treasury Fund	1,248	2	(18)	(16)	(0)	1,232
IVA Worldwide Fund	1,995	---	(111)	(111)	(4)	1,879
Other Alternatives - Cash Pending	245	---	---	---	0	245
<b>Total Assets</b>	<b>289,900</b>	<b>12,799</b>	<b>(14,998)</b>	<b>(2,199)</b>	<b>(1,158)</b>	<b>286,544</b>

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**THE FLORIDA INTERNATIONAL UNIVERSITY**  
**BOARD OF TRUSTEES**  
**Finance and Facilities Committee**  
September 5, 2018

**SAFETY AND ENVIRONMENTAL COMPLIANCE REPORT AS OF JULY 16, 2018**

**Report** *(For Information Only – no action required)*

**Issue #1: Regulatory Inspection for Industrial Waste Management**

**Agency:** Miami-Dade Regulatory Economic Resources (RER)

**Status:** On June 12, 2018, the Miami-Dade RER performed an inspection of the FIU Industrial Waste Permits (IW5) for the Modesto A. Maidique Campus. The inspectors inspected two areas - central utilities and the Viertes Haus (VH) photography lab. In central utilities, the inspector reviewed the water treatment chemical storage area. In the VH photography lab, the inspector reviewed chemical storage and usage, and disposal for the silver recovery unit.

**Findings:** No major non-conformances were observed during the time of the inspection. No Notice of Violation was issued.

**Issue #2: Stormwater Management Program Annual Report and Permit Renewal**

**Agency:** Florida Department of Environmental Protection (FDEP)

**Status:** On March 6, 2018, EH&S submitted the Year 4 Annual Report and Notice of Intent (NOI) renewal, required under the General Permit for Discharge of Stormwater for Phase II Municipal Separate Storm Sewer Systems.

**Findings:** EH&S received general comments and required improvements from the FDEP Division of Water Resource Management on June 11, 2018. EH&S is in the process of addressing the comments which will be submitted along with the required documentation for their review and approval by the required response date in August.

**Issue #3: Indoor Air Quality Concerns – Academic Health Center 1 and 2 (Ongoing)**

**Agency:** Florida Department of Health, Epidemiology Division

**Status:** As a result of mold and particulate matter presence in various components of the ventilation system in AHC2, a project to conduct 100% remediation of the A/C ducts and variable air volume boxes was executed and completed on July 9, 2018. The project was done in collaboration with the FIU Facilities Management Department, the Herbert Wertheim College of Medicine (HWCOM), the College of Arts, Sciences & Education, and EH&S. A third party quality review of the remediation work was completed as per the project plan and EH&S with the working team are in the process of evaluating the results of the quality inspection reports. A formal communication will be forwarded to all occupants announcing the project closeout.

A similar approach will be executed for AHC1 starting in mid-July.

**Findings:** As of July 16, 2018, EH&S continues to work with HWCOM, the College of Arts, Sciences & Education, Human Resources, Facilities Management and the Florida Department of Health to address the identified concerns and air quality issues pertaining to AHC2.



**THE FLORIDA INTERNATIONAL UNIVERSITY**  
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**Finance and Facilities Committee**  
September 5, 2018

**TREASURY REPORT** (For quarter ending June 30, 2018)

**Report** (For Information Only – no action required)

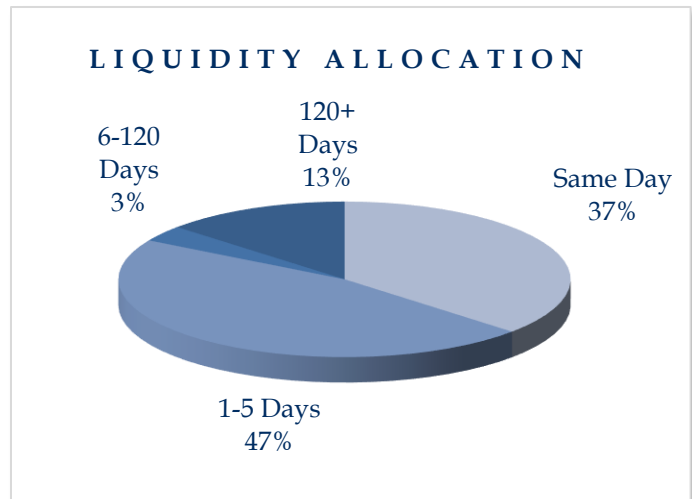
**OVERVIEW**

The University's total liquidity position of \$357.5 million was 2.3 times the University's debt position of \$155.6 million at the end of FY 2018. Including direct support organization ("DSO") debt, the liquidity to total debt ratio was 1.9 times. These results are better compared to the end of FY 2017, where the liquidity to University debt and the liquidity to total debt ratios were 2.0 times and 1.7 times, respectively.

**LIQUIDITY**

**Real Days Payable**

At the end of FY 2018, \$297.9 million, or 83.3 percent, of the liquidity position was accessible within 5 business days (see *Liquidity Allocation* chart for detail). At the end of FY 2018, the University had 66 real days payable<sup>1</sup> ("RDP") versus 43 RDP at the end of FY 2017. The increase in RDP was due to the re-balancing of the portfolio into lower risk (higher liquidity) investments and higher cash inflows.



**Sources**

The University started the fiscal year with \$98.1 million in cash balances<sup>2</sup>. Total FY 2018 inflows (state and operational) were \$1,208.0 million as compared to \$1,116.2 Million for FY 2017. On average, \$4.6 million flowed into the University each business day in FY 2018 and \$4.3 million in FY 2017.

**Uses**

FY 2018, the University used \$1,164.9 million as compared to \$1,107.0 million in the same period last fiscal year. The FY 2018 velocity cash outflow was \$4.5 million per day and \$4.2 million in FY 2017. The University ended FY 2018 with \$141.7 million in cash balances.

**Stress Tests/Performance Simulations**

<sup>1</sup> Real Days Payable represents the available balance of liquid funds divided by the average cash outflows of the University. The calculation uses the available balance in the University's bank accounts plus the market value of investments that are accessible within 5 business days as its balance of liquid funds.

<sup>2</sup> Cash includes Working Capital Pool assets and cash balances in the concentration bank account.



The University Office of the Treasurer (“Treasury”) analyzes the effect of negative market performance on its liquidity position through both value-at-risk (VAR) analysis and Monte Carlo simulation analyses.

VAR analysis completed quarterly, estimates the maximum potential loss during a specific time period at a given level of confidence. VAR uses the historical behavior of each asset class over various time horizons (five years, ten years, full history). Our VAR analysis predicts that there is a five percent probability that the portfolio (as of the end of FY 2018 ending balance) could have unrealized losses of up to \$8.8 million and one percent probability of up to \$18.6 million of unrealized losses within a twelve-month period.

At the end of FY 2018, the Monte Carlo analysis, generated by a bottom decile performance for fixed income investments, translated into median 1.1 percent, or \$4.1 million, in unrealized losses. Liquidity, as measured by 5-day accessibility, would drop to 71.4 percent, or \$255.2 million, of the total current available cash and investment balances. RDP would fall to 57 days based on current fiscal year outflows.

The scenario with the bottom decile equity performance generates a median 0.9 percent, or \$3.3 million, in unrealized losses. Liquidity, as measured by 5-days accessibility, would drop to \$293.5 million or 82.1 percent of the total current available cash and investment balances. RDP would drop slightly to 65 days based on fiscal year outflows in this stress scenario.

Bottom decile of overall portfolio performance represents a 2.0 percent loss, or \$7.1 million, and a projected drop in liquidity to \$244.2 million or 68.3 percent of the total current available balances. Furthermore, RDP would drop to 54 days.

### Forecast and Budget

Actual balances at the end of FY 2018 were 12.9 percent higher than the rolling forecast, 8.8 percent higher than the budget, and 7.8 percent higher than prior year. For the next quarter, the University should experience an increase in the cash and investment balances due to the timing of the University’s Fall enrollment period. The balances are expected to slowly decline through FY 2Q 2019 and will begin to increase (again) as Spring 2019 enrollment progresses.

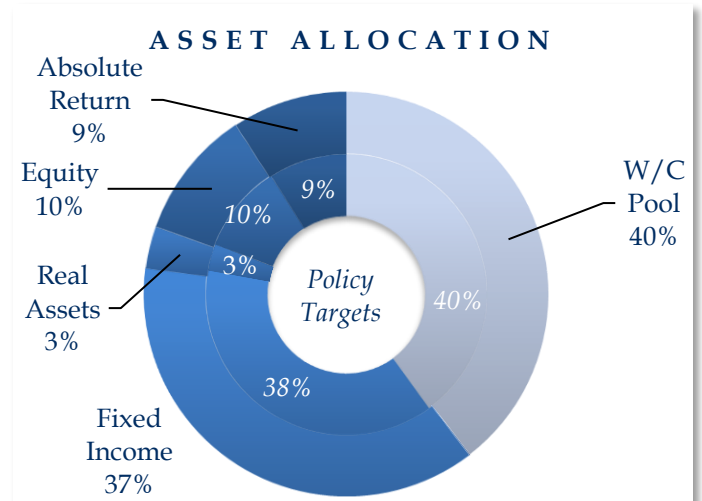
## INVESTMENTS

### Composition

Asset allocations at the end of FY 2018 remained within policy guidelines (See *Asset Allocation* chart for quarter end detail).

At the end of FY 2018, the market value of the University’s operating funds portfolio and cash was \$357.5 million. This balance reflects a decrease of (\$10.4) million or (2.8) percent, from the previous quarter and reflects the quarter-to-quarter seasonal decrease in net cash flows. The total portfolio market value was \$25.9 million higher than the market value at the end of FY 2017.

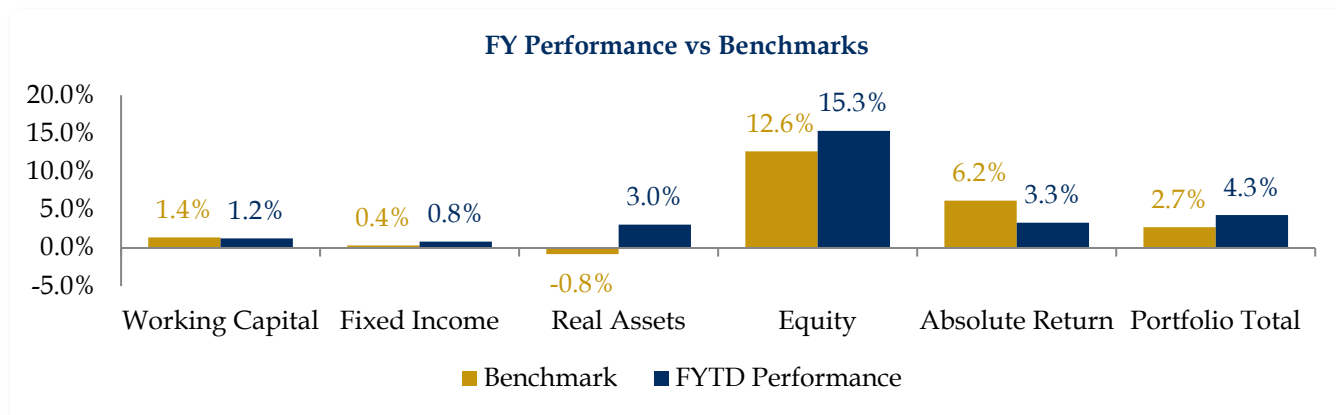
The increase was due to strong investment performance and higher net cash flows.



### Performance

FIU’s operating portfolio continues to outperform the State Treasury investment pool (“SPIA”), returning 4.1 percent since inception versus the SPIA’s 2.5 percent for the same period. At the end of FY 2018, the portfolio returned 4.3 percent. This compares unfavorably to a 5.3 percent return at the end of FY 2017. The variance was mostly the result of the portfolio rebalance to the lower risk profile. The Strategic Capital and Reserve Pools returned 1.5 percent while the Working Capital Pool gained 1.2

percent. Returns from the SPIA totaled 1.8 percent at the end of FY 2018 (see *FY Performance vs. Benchmarks* chart for additional performance detail by asset class).



The Working Capital Pool was flat to the benchmark and the Strategic and Reserve Pool exceeded the benchmark by 2.3 percent. All asset classes met or exceeded their benchmarks with the exception of Absolute Return that had a return of 3.3% (vs 6.2% benchmark).

## DEBT

### Total Outstanding

The University and DSOs ended FY 2018 with \$188.0 million in outstanding debt versus \$196.9M million at the end of FY 2017. The weighted average interest rate for the University and DSO issuances was 4.2% percent.

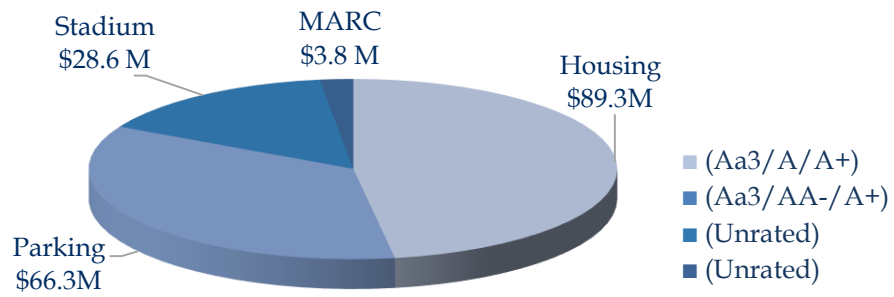
### Bond Refunding

The University and the Athletics Finance Corporation (AFC), has refunded/modified all eligible outstanding bond series. The refundings/modification are projected to save the University and AFC \$10.1 million in interest expense over the term of the issuances. As of June 30, 2018, \$3.1 million of interest savings have been realized from the refunding/modification activities. The University and AFC are expected to save an additional \$0.7 million in interest expense in Fiscal Year 2019 and \$3.0 million over the next 5 years.

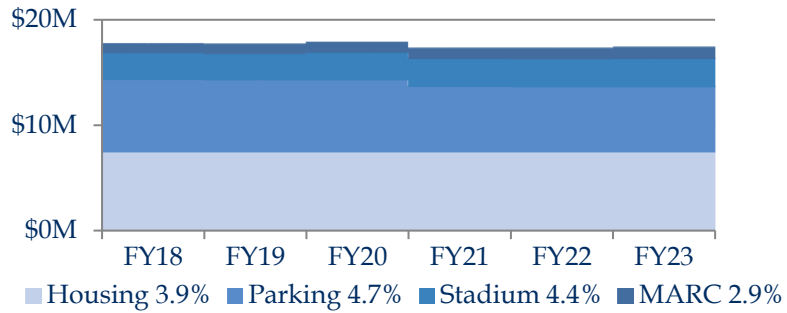
### Rating Agency Reviews

Standard & Poor's and Moody's rating agencies completed their ratings reviews of the University in June. Both agencies affirmed their respective ratings for the University's Housing and Parking systems (S&P- Housing A, Parking AA-) (Moody's - Housing Aa3, Parking Aa3). The University anticipates that the Rating Agencies will make an additional review of the Housing System in late Fall or early Spring in order to issue bonds for the construction of the approved housing project.

### OUTSTANDING DEBT



### ANNUAL DEBT SERVICE



Period Ending June 30, 2018

**OVERVIEW**

Liquidity/University Debt	2.30
Liquidity/Total Debt	1.90

**Liquidity Position**

Cash + W/C Pool	\$	141,686
Strategic + Reserve Pools		215,770
<b>Total</b>	<b>\$</b>	<b>357,455</b>

**Debt Position**

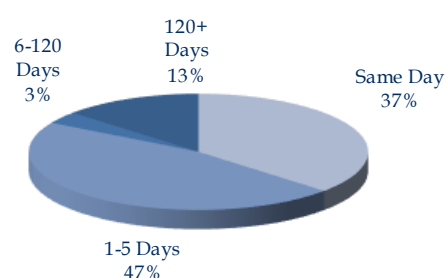
University Debt	\$	155,590
DSO Debt		32,400
<b>Total</b>	<b>\$</b>	<b>187,990</b>

**LIQUIDITY**
**Availability**

Same Day	\$	131,358
1-5 Days		166,563
6-120 Days		12,090
120+ Days		47,444
<b>Total</b>	<b>\$</b>	<b>357,455</b>

**Real Days Payable (<5 Days)**

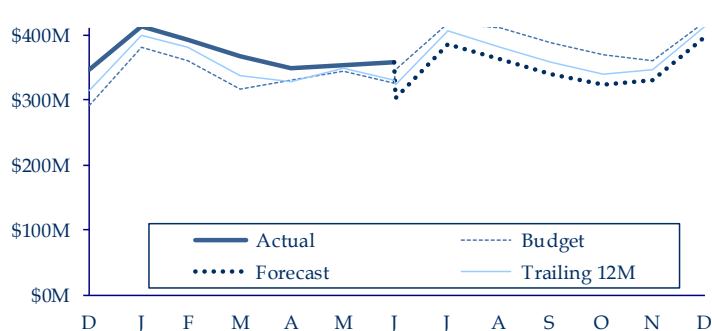
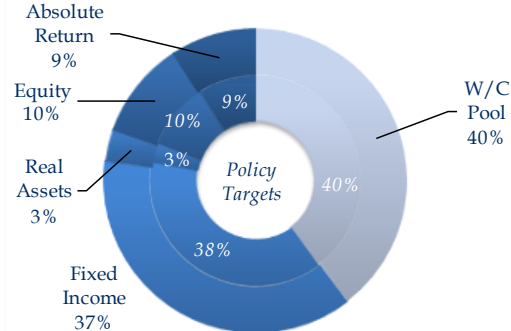
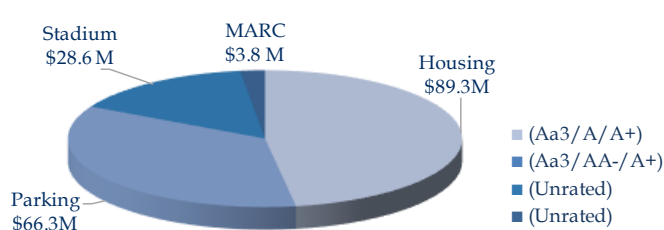
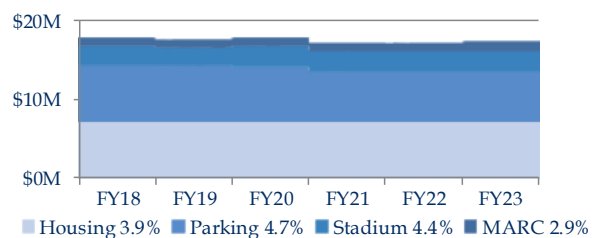
MTD Outflows	73
QTD Outflows	68
YTD Outflow	66

**LIQUIDITY ALLOCATION**

**LIQUIDITY SOURCES AND USES**

Sources	MTD	QTD	YTD
Opening W/C Pool Balance	\$ 137,483	\$ 151,480	\$ 98,050
Opening Cash Balance	649	553	536
From State	31,368	91,476	357,215
From Operations	57,769	181,851	850,804
Uses	MTD	QTD	YTD
To Payroll	(44,267)	(141,825)	(604,734)
To Operations	(30,568)	(94,520)	(324,378)
To Students	(10,749)	(47,329)	(235,809)
<b>Cash + W/C Pool</b>	<b>\$ 141,686</b>	<b>\$ 141,686</b>	<b>\$ 141,686</b>

**INVESTMENTS**

Cash + W/C Pool	Balance	FYTD	Last 1Y
W/C Pool	\$ 141,401	1.2%	1.2%
Cash	285	0.0%	0.0%
Strategic + Reserve Pools			
Fixed Income	133,681	0.8%	0.8%
Real Assets	12,063	3.0%	3.0%
Equity	37,031	15.3%	15.3%
Absolute Return	32,994	3.3%	3.3%
<b>Total</b>	<b>\$ 357,455</b>	<b>5.5%</b>	<b>5.5%</b>

**CASH + INVESTMENTS FORECAST**

**ASSET ALLOCATION**

**DEBT**
**OUTSTANDING DEBT**

**ANNUAL DEBT SERVICE**


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