



Graduate Programs in Business
Warrington College of Business Administration
Fisher School of Accounting
John Kraft, Dean

100 Bryan Hall * P.O. Box 117150
Gainesville, Florida 32611-7150
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Tele: (352) 392-2397, Ext. 1217 * Fax (352) 392-2086

GENERAL FACULTY MEETING
AUGUST 27, 1998
3:30 - 4:30 P.M. ** 101BUS BUILDING
AGENDA
(PLEASE NOTE THE MEETING PLACE IS IN 101 BUS ~~NOT 102-BUS~~)

1. Minutes of the April 28, 1998 General Faculty Meeting (attachment 1)
2. Introduction of New Faculty Members by Academic Unit Head
3. Graduate Enrollment Update - Andy McCollough
4. Peer Group Update - John Kraft
5. Campaign Update (attachment 2) - Randy Talbot
6. Undergraduate Committee Proposed Curriculum Changes (attachment 3)
The Undergraduate Committee has approved the following course change and they have requested that it be presented for approval.

Change credits

GEB 4956

Credits: Change credits from 1-4 to 1-6

Informational Item

The FIRE department is changing the Preprofessional GPA requirement from 2.75 to 3.0.

7. Dean's Report
8. Other Business

GRADUATE FACULTY MEETING AGENDA

1. Minutes of the April 28, 1998 Graduate Faculty Meeting (attachment 1)

2. Graduate Committee (attachment 4)

The Graduate Committee has approved the following new courses and they have requested that these be presented for approval.

New Courses

ECO 7272

- Title: Economic Growth I
- Credits: Variable (1 to 2)
- Description: Introduction and overview of theoretical and empirical developments in the determinants of long-run standards of living.
- Prereq: ECO 7115, ECO 7415
- Coreq: ECO 7406

ECO 7273

- Title: Economic Growth II
- Credits: Variable (1 to 2)
- Description: Extensions of the theory and empirical analysis of economic growth with an emphasis on the micro foundations of growth
- Prereq: ECO 7272

FIN 5244

- Title: Debt & Money Markets
- Credits: 4
- Description: Financial markets; institutions and instruments associated with debt funds; the determinants of the general level and structure of interest rates.

FIN 5504

- Title: Equity and Capital Markets
- Credits: 4
- Description: Financial markets; institutions and instruments associated with equity funds; the mechanics and mathematics of stock prices; security analysis and factors influencing stock values.

3. MBA Committee (attachment 5)

The MBA Committee has approved the following new course and they have requested that it be presented for approval.

New Courses

FIN 5108

- Title: Personal Financial Management
- Credits: 2
- Description: Development of personal financial strategies needed to accumulate and retain wealth. Life style investing. Study of financial products, markets and institutions used for retirement planning.

4. Other Business



UNIVERSITY OF FLORIDA

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GENERAL FACULTY MEETING AUGUST 27, 1998 3:30 - 4:30 P.M. ** 101BUS BUILDING AGENDA

(PLEASE NOTE THE MEETING PLACE IS IN 101 BUS NOT 102-BUS)

1. Minutes of the April 28, 1998 General Faculty Meeting (attachment 1) ✓
2. Introduction of New Faculty Members by Academic Unit Head ✓
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7. Dean's Report
8. Other Business

DEANS



UNIVERSITY OF
FLORIDA

Graduate Programs in Business
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GENERAL FACULTY MEETING

APRIL 28, 1998

BUS 102 ** 1:00 P.M.

AGENDA

1. Minutes of February 24, 1998 (attachment 1)
2. Proposed Curriculum Changes (*support materials available for review in Dean's office*)

Undergraduate Committee:

The Undergraduate Committee has asked that the following curriculum changes be presented at the next Faculty Meeting for approval.

Change to Major Requirements

Change requirements for an undergraduate major in marketing from four courses to three courses, dropping the requirement for students to take an elective in addition to Consumer Behavior (MAR 3503), Marketing Research (MAR 4613) and Marketing Management (MAR 4806).

Change Preprofessional

Change Preprofessional GPA requirement for DIS Majors from 2.5 to 3.0

Change Credit

ECO 4970 Title: Honors Thesis Credits: Currently – 1-3 Change to – 1-4

Change Prerequisite

ISM 4421 Title: Knowledge-Based Systems in Business Prerequisites: Currently – ISM 3011 Change to – NONE

ISM 4220 Title: Introduction to Business Data Communications
Prerequisites: Currently – ISM 3011 and one of the following courses on procedural languages; CIS 3020, CGS 3403, CGS 2420, CGS 3460, or CGS 3462 Change to – One of the following courses on procedural CIS 3020, CGS 3403, CGS 2420, CGS 3460, or CGS 3462

REE 4103 Title: Real Estate Valuation
Pre/Corequisites: Currently – Prereq: FIN 3408 with a grade of C or higher — Change to – Corequisite: REE3043

Change Description

ECO 4905 Title: Individual Work
Description: For advanced students who need to supplement regular course work by individual studies under guidance. Economic majors may not use this course to fulfill requirements for the major.

New Course

ECO 4730 Title: The Firm in the Global Economy
Credits: 4
Description: Integrated approach to the international operations and environment of the firm. The richness and diversity of the global business environment affect virtually all functional operations of firms. An overview of the patterns of international corporate strategies; international taxation and government policies affecting the firm in the global economy; exchange risk; working capital management; and foreign investment analysis.
Prereqs: ECO 3703, ECO 3704, and FIN 3408

3. Dean's Report
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MINUTES/GENERAL FACULTY MEETING
TUESDAY, APRIL 28, 1998 BUS 102 @ 1:00 PM

1. Minutes approved of 02/24/98 meeting.
2. Drs. Weitz, West, Brown, and Erenguc discussed curriculum changes. See attached agenda.

Mar 3503, MAR 4613, MAR 4806
ECO 4970
ISM 4421, ISM 4220
REE 4103
ECO 4905, ECO 4730

All changes were approved by majority vote.

3. Motion made and seconded to adjourn. Passed

GRADUATE FACULTY MEETING
04/28/98 BUS 102

1. Minutes approved of 02/24/98 meeting.
2. Drs. Weitz and Brown discussed curriculum changes proposed by Graduate Committee. See attached agenda.

MAR 7670, MAR 7626
REE 6092, REE 6206, REE 6208, REE 6705, REE 6707

All changes were approved by majority vote.

University of Florida Campaign
It's Performance That Counts
 Commitments as of June 30, 1998

Unit	Goal	Recorded to Date	Percent of Goal	Recorded Since Last Report
Architecture	17,000,000	9,304,185	54.7%	13,700
Athletics	21,775,000	28,914,856	132.8%	1,482,223
Business Administration	52,910,000	42,489,876	80.3%	129,429
Center for the Performing Arts	8,500,000	1,389,474	16.3%	143,744
Dentistry	6,500,000	2,666,577	41.0%	49,155
Education	11,800,000	4,245,148	36.0%	29,726
Engineering	38,436,000	16,649,460	43.3%	2,693,870
Fine Arts	4,250,000	2,433,418	57.3%	90,401
Florida Museum of Natural History	6,768,500	3,877,784	57.3%	25,929
Harn Art Museum	6,050,000	4,115,485	68.0%	-118,278
Health & Human Performance	2,100,000	1,162,602	55.4%	89,874
Health Center & Shands	23,187,500	10,910,558	47.1%	-82
Health Professions	2,050,000	1,056,589	51.5%	1,517
I.F.A.S.	54,125,000	26,415,930	48.8%	821,608
Journalism	13,100,000	17,088,238	130.4%	123,971
Law	27,500,000	15,068,510	54.8%	3,003,172
Liberal Arts & Sciences	30,240,000	25,126,740	83.1%	84,464
Libraries	5,000,000	722,712	14.5%	4,598
Medicine	67,560,000	75,389,494	111.6%	1,489,040
Miscellaneous*	63,723,000	69,574,889	109.2%	1,601,129
Nursing	4,100,000	1,852,522	45.2%	2,450
Pharmacy	12,325,000	8,070,484	65.5%	82,927
Student Affairs	6,100,000	2,070,454	33.9%	-1,121,509
Veterinary Medicine	14,900,000	7,055,040	47.3%	159,964
	\$500,000,000	\$377,651,025	75.5%	\$10,883,022

* Includes \$21,088,449 in Gator Boosters ticket related money, Latin American Studies, UF Unrestricted and other miscellaneous.

Run Date: 07/08/98

Proposals Likely to Close in FY99

Fisher School Building Proposals (5)		\$4,500,000
Fisher School Building Naming Gift		\$4,000,000
Financial Services Program/MBA Scholars		\$1,222,178
Masters Degree Program in Finance		\$1,750,000
Naming Center for Retail Education & Research		\$1,750,000
Public Policy Research Center Endowment		\$750,000
Ethics Term Program Fund		\$600,000
Accounting Endowment		\$250,000
MBA Scholarship		\$150,000
Total		\$14,972,178

Florida Department of Education
 Statewide Course Numbering System
Course Termination or Change Transmittal Form
 (See instructions on reverse side)

Form UCC
 Attachment #3

Part I: To Be Completed By the Institution or School District

Institution/District: University of Florida	District Code: 00	Institutional Code: 001535	Instructional Unit or Department: BUSINESS ADMIN-GENERAL
Terminate Current Course: Effective term (month/year): _____			CONTACT SHARON HAUGHTON
Current SCNS Course Identification:			
Discipline (SMA) _____ Prefix GEB Level 4 Course Number 4956 Lab Code _____ Contact Hour Base _____ or Head Count <input checked="" type="checkbox"/>			
Institution's Course Title: International Studies in Business			
Change Course As Indicated Below:			
Item to Change	Change From	Change To	
Reclassify: Pref, No., Lab Code	(See above)		
Level	(See above)		
Amount of Credit	1-4 credits	1-6 credits	
Contact Hour Base or Head Count			
Prerequisites/Corequisites			
Change Course Title:			
Change Course Description (Course syllabus must be attached.):			

Intended Students (Mark all that apply.):			
<input type="checkbox"/> Undergraduate Nonmajors	<input type="checkbox"/> Graduate Students	<input type="checkbox"/> Other (specify):	
<input type="checkbox"/> Undergraduate Majors	<input type="checkbox"/> Honors Students	<input type="checkbox"/> Advanced Undergraduate	
Category of Instruction:	<input type="checkbox"/> Introductory	<input type="checkbox"/> Intermediate	<input type="checkbox"/> Advanced
Effective Term (month/year):	Department Contact and Telephone Number:		
Signature, Department Chair:	(Date)	Signature, College Dean:	(Date)
Signature, Graduate Dean (if applicable):	(Date)	Signature, Institutional Contact:	(Date)

Part II: Faculty Discipline Committee Representative Use Only

Approved Course Classification (Prefix, Number, Lab Code):	
If not the same as recommended by institution, please explain:	
SCNS Course Title (if new): _____	
Decade Title (if new): _____	
Century Title (if new): _____	
Signature, Faculty Discipline Committee Representative	Date

Part III: SCNS Staff Use Only

Signature	Date Entered	Correspondence Number
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Florida Department of Education
 Statewide Course Numbering System
New Course Transmittal Form
 (see instructions on reverse side)

Form UCC1
 Attachment #1

Part I: To Be Completed By the Institution or School District

Institution/District University of Florida	District Code: 00	Institutional Code: 001535	Instructional Unit or Department: Economics - Contact SHARON HAU
Add Course As Indicated Below:			
Recommended SCNS Course Identification: Discipline (SMA) _____ Prefix ECO Level 7 Course Number 272 Lab Code _____ Contact Hour Base X or Head Count _____			
Institution's Course Title: Economic Growth I			
Amount of Credit: Variable, 1 or 2		If Repeatable Credit or Variable Credit: _____ total repeatable credit allowed	
Instructor: Elias Dinopoulos		_____ minimum / _____ maximum credit within a semester	
Course Description (Course syllabus, grading criteria, and reading list must be attached.): The course provides an introduction and overview of theoretical and empirical developments in the determinants of long-run standards of living.			
Prerequisites: ECO 7115 & ECO 7415			
Corequisites: ECO 7406			
Intended Students (Mark all that apply.):			
<input type="checkbox"/> Undergraduate Nonmajors <input checked="" type="checkbox"/> Graduate Students <input type="checkbox"/> Other (specify): _____			
<input type="checkbox"/> Undergraduate Majors <input type="checkbox"/> Honors Students			
<input type="checkbox"/> Advanced Undergraduates			
Category of Instruction: <input type="checkbox"/> Introductory <input type="checkbox"/> Intermediate <input checked="" type="checkbox"/> Advanced Ph.D.			
List the department chair (by name & department) with whom you have cleared any question of possible duplication or infringement by this course. Each such chair must either sign the syllabus requested, indicate no concern over possible infringement, or make comments. Any lack of comments or signatures must be indicated.			
Effective Term (first term/year course will be offered): Fall 1999		Department Contact and Telephone Number: Carol T. West (392-0151)	
Signature, Department Chair: <i>Carol T. West</i>		Signature, College Dean:	
(Date) 6/3/98		(Date)	
Signature, Graduate Dean (if applicable):		Signature, Institutional Contact:	
(Date)		(Date)	

Part II: Faculty Discipline Committee Representative Use Only

Approved Course Classification (Prefix, Number, Lab Code):	
If not the same as recommended by institution, please explain:	
SCNS Course Title (if new): _____	
Decade Title (if new): _____	
Century Title (if new): _____	
Signature, Faculty Discipline Committee Representative	Date

Part III: SCNS Staff Use Only

Signature	Date Entered	Correspondence Number
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Jones Hywel. (1976), *An Introduction to Modern Theories of Economic Growth*. McGraw-Hill. Chapter 4, "The Neoclassical One-Sector Model of Growth".

Aghion and Howitt, Chapter 1, "Toward Endogenous Growth".

2. Human-capital and Economic Growth.

Lucas. Robert, (1988), "On the Mechanics of Economic Development", *Journal of Monetary Economics*, 22 (1): 3-42.

Lucas. Robert. (1990), "Why Doesn't Capital Flow from Rich to Poor Countries?". *American Economic Review*. May, 80, 2, 92-96.

3. Early Schumpeterian Growth Models

Dinopoulos, Elias, (1993), "Schumpeterian Growth Theory: An Overview", *Osaka City University Economic Review*, 29, 1-21.

Aghion and Howitt, Chapter 2, "The Schumpeterian Approach".

Romer, Paul, (1990), "Endogenous Technological Change", *Journal of Political Economy*, 98, S71-S102.

Grossman, Gene and Elhanan Helpman, (1991), *Innovation and Growth in the Global Economy*, MIT Press, Chapter 8, "Quality Ladders in the Theory of Growth".

Segerstrom, Paul. T.C.A. Anant and Elias Dinopoulos. (1990), "A Schumpeterian Model of the Product Life Cycle", *American Economic Review*. 80. 1077-91.

4. Scale Effects and Schumpeterian Growth.

Dinopoulos, Elias and Peter Thompson, (1998), "Scale Effects in neo-Schumpeterian Models of Growth", University of Houston, mimeo.

Jones, Charles, (1995a), "Time Series Tests of Endogenous Growth Models", *Quarterly Journal of Economics*, 110, 495-525.

Jones, Charles, (1995b), "R&D-based Models of Economic Growth", *Journal of Political Economy*, 103, 759-84.

Florida Department of Education
 Statewide Course Numbering System
New Course Transmittal Form
(see instructions on reverse side)

Form UCC1
 Attachment #4

Part I: To Be Completed By the Institution or School District

Institution/District University of Florida	District Code: 00	Institutional Code: 001535	Instructional Unit or Department: Economics
Add Course As Indicated Below: <i>(CONTACT SHARON HAUGHTON)</i>			
Recommended SCNS Course Identification: Discipline (SMA) _____ Prefix <u>ECO</u> Level <u>7</u> Course Number <u>273</u> Lab Code _____ Contact Hour Base <u>X</u> or Head Count _____			
Institution's Course Title: Economic Growth II			
Amount of Credit: Variable: 1 or 2		If Repeatable Credit or Variable Credit: _____ total repeatable credit allowed	
Instructor: James D. Adams		_____ minimum / _____ maximum credit within a semester	
Course Description (Course syllabus, grading criteria, and reading list must be attached.): The course covers extensions of the theory and empirical analysis of economic growth with an emphasis on the micro foundations of growth.			
Prerequisites: ECO 7272			
Corequisites:			
Intended Students (Mark all that apply.):			
<input type="checkbox"/> Undergraduate Nonmajors <input checked="" type="checkbox"/> Graduate Students <input type="checkbox"/> Other (specify): _____			
<input type="checkbox"/> Undergraduate Majors <input type="checkbox"/> Honors Students			
<input type="checkbox"/> Advanced Undergraduates			
Category of Instruction: <input type="checkbox"/> Introductory <input type="checkbox"/> Intermediate <input checked="" type="checkbox"/> Advanced <u>Ph.D.</u>			
List the department chair (by name & department) with whom you have cleared any question of possible duplication or infringement by this course. Each such chair must either sign the syllabus requested, indicate no concern over possible infringement, or make comments. Any lack of comments or signatures must be indicated.			
Effective Term (first term/year course will be offered): Fall 1999		Department Contact and Telephone Number: Carol T. West (392-0151)	
Signature, Department Chair: <i>Carol T. West</i>		Signature, College Dean:	
(Date) 6/3/99		(Date)	
Signature, Graduate Dean (if applicable):		Signature, Institutional Contact:	
(Date)		(Date)	

Part II: Faculty Discipline Committee Representative Use Only

Approved Course Classification (Prefix, Number, Lab Code):	
If not the same as recommended by institution, please explain:	
SCNS Course Title (if new): _____	
Decade Title (if new): _____	
Century Title (if new): _____	
Signature, Faculty Discipline Committee Representative	Date

Part III: SCNS Staff Use Only

Signature	Date Entered	Correspondence Number
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Economics 106 (1991): 407-444.

Barro, Robert J., and Xavier Sala-i-Martin. "Convergence." *Journal of Political Economy* 100 (1995): 223-251.

Bernard, Andrew B., and Charles I. Jones, "Technology and Convergence." *The Economic Journal* 106 (1996): 1037-1044.

Dinopoulos, Elias and Peter Thompson, "Reassessing the Empirical Validity of the Human-Capital Augmented Neoclassical Growth Model". *Journal of Evolutionary Economics*, forthcoming.

Mankiw, N. Gregory, David Romer, and David N. Weil. "A Contribution to the Empirics of Economic Growth," *Quarterly Journal of Economics* 107 (1992): 407-437.

2. Fertility and Economic Growth.

Becker, Gary S., and Robert J. Barro, "A Reformulation of the Economic Theory of Fertility," *Quarterly Journal of Economics* 103 (1988): 1-25.

Becker, Gary S., Kevin M. Murphy, and Robert Tamura, "Human Capital, Fertility, and Economic Growth," *Journal of Political Economy* 98 (1990): S12-S37.

Kremer, Michael, "Population Growth and Technological Change: One Million B.C. to 1990," *Quarterly Journal of Economics* 108 (1993): 681-716.

3. Growth Theory: Theme and Variations.

Becker, Gary S., and Kevin M. Murphy, "The Division of Labor, Coordination Costs, and Knowledge," *Quarterly Journal of Economics* 107 (1992): 1137-1160.

Kremer, Michael, "The O-Ring Theory of Economic Development," *Quarterly Journal of Economics* 108 (1993): 551-576.

Murphy, Kevin M., Andrei Shleifer, and Robert W. Vishny, "The Allocation of Talent: Implications for Growth," *Quarterly Journal of Economics* 106 (1991): 503-530.

4. Microfoundations of Growth: Ideas.

Aghion and Howitt, Chapter 7, "Market Structure," Chapters 13 and 14, "Organizing R&D".

Cohen, Wesley M., and Daniel A. Levinthal, "Innovation and Learning: the Two Faces of R&D,"

Florida Department of Education
 Statewide Course Numbering System
New Course Transmittal Form
 (see instructions on reverse side)

Form UCC1
 Attachment #4

Part I: To Be Completed By the Institution or School District

Institution/District University of Florida	District Code: 00	Institutional Code: 001535	Instructional Unit or Department: Finance, Insurance & Real Estate
Add Course As Indicated Below:			
Recommended SCNS Course Identification:			
Discipline (SMA) _____ Prefix <u>FIN</u> Level <u>5</u> Course Number <u>244</u> Lab Code _____ Contact Hour Base <u>04</u> or Head Count _____			
Institution's Course Title: Debt and Money Markets			
Amount of Credit: 04		If Repeatable Credit or Variable Credit: _____ total repeatable credit allowed	
Instructor:		_____ minimum / _____ maximum credit within a semester	
Course Description (Course syllabus, grading criteria, and reading list must be attached.): Financial markets; institutions and instruments associated with debt funds; the determinants of the general level and structure of interest rates.			
Prerequisites:			
Corequisites:			
Intended Students (Mark all that apply.):			
<input type="checkbox"/> Undergraduate Nonmajors <input checked="" type="checkbox"/> Graduate Students <input type="checkbox"/> Other (specify): _____			
<input type="checkbox"/> Undergraduate Majors <input type="checkbox"/> Honors Students			
<input type="checkbox"/> Advanced Undergraduates			
Category of Instruction: <input type="checkbox"/> Introductory <input checked="" type="checkbox"/> Intermediate <input type="checkbox"/> Advanced			
List the department chair (by name & department) with whom you have cleared any question of possible duplication or infringement by this course. Each such chair must either sign the syllabus requested, indicate no concern over possible infringement, or make comments. Any lack of comments or signatures must be indicated.			
Effective Term (first term/year course will be offered): Spring 1999		Department Contact and Telephone Number: Priscilla Kenney 2-0153	
Signature, Department Chair: <i>Mel D. Bryant</i>		Signature, College Dean:	
(Date) 8-13-98		(Date)	
Signature, Graduate Dean (if applicable):		Signature, Institutional Contact:	
(Date)		(Date)	

Part II: Faculty Discipline Committee Representative Use Only

Approved Course Classification (Prefix, Number, Lab Code):	
If not the same as recommended by institution, please explain:	
SCNS Course Title (if new): _____	
Decade Title (if new): _____	
Century Title (if new): _____	
Signature, Faculty Discipline Committee Representative	Date

Part III: SCNS Staff Use Only

Signature	Date Entered	Correspondence Number

Detailed Course Outline

Part 1: Introduction to Debt and Money Markets

Lecture 1

Overview of Financial Assets and Capital Markets

- Financial Assets
- Capital Markets
 - ◆ Debt versus Equity Markets
 - ◆ Debt versus Money Markets
 - ◆ Purpose of Capital Markets

Livingston: Chapter 1

Instruments of the Money Markets: Chapter 1

Lecture 2

Taxonomy of Debt and Money Market Instruments (overview of security types)

- Some Distinguishable Features
 - ◆ Issuer
 - ◆ Maturity
 - ◆ Riskiness
 - ◆ Marketability
 - ◆ Taxation
 - ◆ Options

Livingston: Chapter 5 (skip pg. 98), Chapter 11 (pgs. 253-264)

Instruments of the Money Markets: Chapters 2, 4, 5, 6, 7, 8, 9, 10, 11 (these readings are optional)

Security Market Microstructure

- Primary Market versus Secondary Market
 - ◆ Primary Market Debt Issuing Procedures
 - ◆ Secondary Market Structure

Livingston: Chapter 6 (particular emphasis on pgs. 119-131), Chapter 5 (pgs. 99-101)

Instruments of the Money Markets: Chapter 7

Part 2: Interest Rates

Lectures 3-4

Interest Rate Concepts

- Time Value
 - ◆ Future Value
 - ◆ Present Value
- Yields
- Interest Rates versus Returns

Livingston: Chapter 10, 11 (pgs. 264-273)

Part 4: Managing Bond Risk**Lectures 9-13**

Determinants of Bond Risk

- Reinvestment Rate Risk
- Price Risk
- Default Risk
- Call Risk
- Inflation and Yields
- Taxes and Yields

Reinvestment Rate Risk and Price Risk

- Interest Rate Risk
- Duration
- Convexity
- Immunization
- Interest Rate Futures, Options and Swaps
- Other Specialized Financial Instruments (financial engineering)

Livingston: Chapters 13, 17, 18, 23 (pgs. 602-606), 19 (options will be covered thoroughly in Part 5)
Instruments of the Money Markets: Chapters 13, 14 (options will be covered thoroughly in Part 5)

Lecture 14

Default Risk

- Financial Distress
- Ratings
- Risk Structure of Interest Rates
 - ◆ Yield Spreads and Default Premia
 - ◆ Junk Bonds

Livingston: Review Chapter 21

Lecture 15

Call Risk

- Introduction to Bonds with Embedded Options (covered in Part 5)
 - ◆ Characteristics and Purpose of Callable Bonds

Livingston: Chapter 20 (Callable Bonds will be covered thoroughly in Part 5)

Inflation

- Inflation and Yields

Livingston: Review Chapter 2 (pgs. 27-32)

Taxes

- Tax Treatment of Bonds
- Taxes and Yields

Livingston: Chapter 22

- Arbitrage Conditions
 - ♦ Covered Interest Parity
 - ♦ Purchasing Power Parity
- Other Models of Exchange Rate Determination

Livingston: Chapter 15

Lectures 24-25

Hedging Exchange Rate Risk

- Currency Forward Contracts
- Currency Futures Contracts
- Currency Option Contracts
- Currency Swaps

Livingston: Review Chapters on Futures (17, 18 pg. 468), Options (19), Swaps (23 pgs. 602-606)

Political Risk

- Expropriation

Part 7: Stockholder versus Bondholder Conflicts

Lectures 26-28

Agency Theory

Default Risk

Information Asymmetries

Post-Contractual Opportunism and Bond Covenants

Livingston: Review Chapter 21

Final Exam

University of Florida
Warrington College of Business Administration

FIN 5504
Equity and Capital Markets

Instructor: Jason Karceski

Office: 308 Business Admin.

Office hours: 4 - 5:30 on T, R

Final exam time: See last syllabus page

Home page: <http://bear.cba.ufl.edu/karceski/fin5504k>

Email: karcesjj@dale.cba.ufl.edu

Office telephone: 846-1059

Fax: 392-0301

Secretary: 392-0153 (321 BUS)

Course Overview and Objectives

FIN 5504 provides an in-depth discussion of fundamental principles related to equity securities and options for both institutional and individual investors. Objectives of this class include understanding

- (a) how security markets function,
- (b) what influences a stock's rate of return, and
- (c) how to develop investment strategies.

Though we consider the viewpoint of corporate investment professionals and institutional equity money managers at times, the primary focus in this course centers on *personal* financial decisions related to picking stocks and/or equity mutual funds. With the general trend towards defined contribution pension plans in the U.S., most of us will be forced to choose from an array of investments including stocks, bonds, money market funds, and mutual funds. One ancillary goal of this course is that you be able to understand and critically evaluate investment advice from brokers and the financial press.

Course Prerequisites

Prior to taking this course, you must be familiar with (a) the structure of basic financial statements, (b) basic statistics such as mean, variance, standard deviation, correlation, and covariance, (c) MS Excel (or equivalent) since there will be some spreadsheet work, and (d) how to access web pages.

Required Textbooks and Materials

The required text for this class is:

Bodie, Kane, and Marcus, *Essentials of Investments*, Third Edition, Irwin, 1998.

You are also required to purchase a FIN 5504 course packet from Target Copy. The packet includes the following items:

- (a) Class notes
- (b) Solutions to old homeworks, quizzes, projects and exams
- (c) Articles from the financial press

Press Clippings

During most classes, I will ask you to read an article during the break. We will usually discuss these right after the break, and I encourage you to pay attention to these digressions. When you read these articles, try to apply some of the concepts that we cover in class to these real-world situations.

Financial Calculator

You need a calculator of some sort, preferably a financial one.

The Wall Street Journal

I strongly urge you to read *The Wall Street Journal* (at least the articles on the front page of Section C-Money and Investing, and the "Fund Track" column which is usually on the second to last page in section C). There are usually only 4 or 5 articles per day, and you should focus on those relating to stocks and investment advice in general. There will be at least one question on each exam relating to a recent WSJ article.

borrowed) will not earn (or be charged) any interest. All cash dividends should be automatically added to your cash account, not reinvested in stocks. You are permitted to purchase stocks on margin. The initial margin is 0.90 (this means that the maximum initial value of the stocks in your portfolio is \$111,111.11), and the maintenance margin is 0.70 (only checked on the rebalance date—Oct. 30).

Each student is responsible for maintaining the current value of his or her portfolio (no teams are allowed). You may find the 'portfolio manager' function at investor.msn.com helpful in keeping track of your holdings. The prices at which stocks can be initially bought or sold are the closing prices on Sept. 4 as reported in *The Wall Street Journal* on the next business day.

How will this project be graded? You will get an A for the investment game (the 1% listed under **Grading**) if you correctly compute and turn in your initial investment selection, portfolio updates, and portfolio rebalance forms by their respective due dates, shown below.

1. Initial portfolio holdings (using closing prices on 9/4) due by beginning of class on 9/8
2. Updated portfolio value (using closing prices on 9/17) due by 9:30 AM on 9/21
3. Updated portfolio value (using closing prices on 10/29) due by 9:30 AM on 11/2
4. Portfolio purchases and sales with accompanying updated portfolio holdings (using closing prices on 10/30) due by 9:30 AM on 11/2
5. Updated portfolio value (using closing prices on 12/3) due by 9:30 AM on 12/7

I don't think this bookkeeping will take much effort. Students who don't turn in all updates will get a zero for this grade component and forfeit their chance to earn bonus points on all exams. The penalty for making a significant error in these updates will be a \$15,000 fine of "play" money.

Speaking of which, students can earn bonus points towards both midterms and the final by posting superior portfolio performance. Total returns will be computed over three overlapping periods: (1) from the close on 9/4 to the close on 9/17, (2) from the close on 9/4 to the close on 10/29, (3) and from the close on 9/4 to the close on 12/3. The top nine students with the highest portfolio returns over each period will receive 2 points added to their score on Midterm #1, Midterm #2, and the Final Exam, respectively. In addition, I will be playing the game, and all students with higher portfolio values than mine at the end of each period will receive 2 points added to their exam scores.

Since this is the first year I've done this, I reserve the right to change the rules if the need arises, but I will give everybody equal notification of any rule changes. Feel free to suggest any rule changes you think are appropriate.

Core Concepts

As we move through the material in class, I will point out what I consider to be the core concepts of FIN 5504. We will keep a running list of these on the FIN 5504 home page. These are some of the essential (but not the only) things you should know after taking this class. After we cover any given core concept in class, you will be responsible for it from that point forward (on any exams, quizzes, etc.). Please pay close attention to the core concepts and review them periodically—I'll be hitting them hard throughout class discussions and exams.

FIN 5504 WWW Home Page

Please make sure that you can access the class home page on a regular basis (if you can't, please see me). The home page will include the following features at appropriate times:

- (a) class announcements
- (b) syllabus and schedule (updated/changed as required),
- (c) students' current grade look-up,
- (d) homework assignments,
- (e) solutions to graded homework problems,
- (f) material that will be covered on quizzes,
- (g) core concepts, and
- (h) useful finance links.

Contacting the Professor

Please feel free to come by during my office hours. Outside of office hours, you must call or send an e-mail to me a few days beforehand to set up an appointment to see me. You can also call me at home for emergencies (real emergencies, folks) or very quick questions (less than two or three minutes).

Florida Department of Education
Statewide Course Numbering System
New Course Transmittal Form
(see instructions on reverse side)

Form UCC1
Attachment #

Part I: To Be Completed By the Institution or School District

Institution/District University of Florida	District Code 00	Institutional Code 001535	Instructional Unit or Department Finance, Insurance & Real Estate
Add Course As Indicated Below:			<i>(CONTACT - SHARON HAUGHTON)</i>
Recommended SCNS Course Identification:			
Discipline (SMA) _____	Prefix <u>FIN</u>	Level <u>5</u>	Course Number <u>108</u> Lab Code _____ Contact Hour Base <u>02</u> or Head Count _____
Institution's Course Title: Personal Financial Management			
Amount of Credit: 02	If Repeatable Credit or Variable Credit: _____ total repeatable credit allowed _____ minimum / _____ maximum credit within a semester		
Instructor:			
Course Description (Course syllabus, grading criteria, and reading list must be attached.): Development of personal financial strategies needed to accumulate and retain wealth. Life style investing. Study of financial products, markets and institutions used for retirement planning.			
Prerequisites:			
Corequisites:			
Intended Students (Mark all that apply.):			
<input type="checkbox"/> Undergraduate Nonmajors	<input checked="" type="checkbox"/> Graduate Students	<input type="checkbox"/> Other (specify):	
<input type="checkbox"/> Undergraduate Majors	<input type="checkbox"/> Honors Students		
<input type="checkbox"/> Advanced Undergraduates			
Category of Instruction: <input type="checkbox"/> Introductory	<input checked="" type="checkbox"/> Intermediate	<input type="checkbox"/> Advanced	
List the department chair (by name & department) with whom you have cleared any question of possible duplication or infringement by this course. Each such chair must either sign the syllabus requested, indicate no concern over possible infringement, or make comments. Any lack of comments or signatures must be indicated.			
Effective Term (first term/year course will be offered): Fall 1999	Department Contact and Telephone Number: Priscilla Kenney 2-0153		
Signature, Department Chair: <i>Mitch D. [Signature]</i>	(Date) 8-13-98	Signature, College Dean:	(Date)
Signature, Graduate Dean (if applicable):	(Date)	Signature, Institutional Contact:	(Date)

Part II: Faculty Discipline Committee Representative Use Only

Approved Course Classification (Prefix, Number, Lab Code):	
If not the same as recommended by institution, please explain:	
SCNS Course Title (if new): _____	
Decade Title (if new): _____	
Century Title (if new): _____	
Signature, Faculty Discipline Committee Representative	Date

Part III: SCNS Staff Use Only

Signature	Date Entered	Correspondence Number
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GOAL: The goal of Personal Financial Management is to provide instruction in how to accumulate and preserve personal wealth. Students will learn how to apply this material by completing a self-study personal financial management project.¹

FORMAT: A lecture and discussion format is followed.

REQUIRED READINGS: A number of articles from the Wall Street Journal and other financial trade press are assigned for each course section. In addition, students will complete Personal Financial Fact Finding, The American College, 1992

OTHER READINGS: Students who wish to do some background reading should look at both an investment text and a risk management and insurance text. For starters, I suggest: Bodie, Kane and Marcus, Essentials of Investments, 3rd Edition and Rejda, Principles of Risk Management and Insurance, 6th edition

GRADING: The course grade will depend upon completion of the Personal Financial Fact Finding book and the preparation of a comprehensive personal financial plan based upon the responses contained in the Fact Finding book.

¹ Individual privacy concerns will be addressed by permitting students to transform sensitive personal data if they so desire. The transformation will alter the absolute value of the data but preserve the mathematical relationships.

Attachment A

Evaluation of the Comprehensive Personal Financial Plan

Students will submit two documents for grading. First, the Fact Finding book will be submitted and it will be evaluated on the basis of completeness and reasonableness of responses. Second, each student will prepare a comprehensive personal financial plan based upon the information contained in the Fact Finding book. The format of the Plan will be as follows:

- A. **Executive Summary (one page limit)** Summary of the individual's current financial situation and a projected outcome if no change is made. The outcome will be expressed in terms of the probability the individual's goals can be realized. This will be followed by recommended changes in the plan in the areas of savings rates, asset allocation, insurance portfolio, estate plans and tax status.
- B. **Statement of Goals and Assumptions** Include a statement of each goal arranged in order of priority - be specific in the goal statement. Economic assumptions should be explicit (e.g. long run inflation will be x%, long run return on the recommended portfolio will be y%).
- C. **Cash Flow Analysis (pro forma)**
- D. **Income Tax Analysis (2 or 3 most recent years)** Examine earned and unearned income including the breakdown between interest, dividends, capital gains (short and long)
- E. **Balance Sheet Analysis** Apply usual techniques such as the breakdown between real or financial assets and liquidity. Classify liabilities as long or short term and their APR.
- F. **Investment Portfolio Allocation** Breakdown the portfolio according to real or financial assets. The latter should be further broken down by cash or c.e.'s, bonds, equities, etc. Be sure to include both after-tax accounts as well as all retirement accounts.
- G. **Risk Management** Evaluate asset and insurance adequacy in the event of premature death, disability and sickness. Look at property-liability coverage for catastrophic occurrences such as hurricane, flood, liability (personal and business).
- H. **Retirement Planning** Examine wealth levels at projected ages. Integrate the effects of social security, pensions, and retirement accounts.
- I. **Estate Planning** This should deal with asset ownership, estate taxes, asset distribution (e.g. beneficiary selection) as well as the order in which assets are liquidated.

Note. It is recommended that financial planning software be used to complete this analysis. Many financial institutions provide this software over the Internet at no cost. Output from these programs can be attached as an Appendix to elaborate on and support the narrative in the above sections.



Graduate Programs in Business
Warrington College of Business Administration
Fisher School of Accounting
John Kraft, Dean

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GENERAL FACULTY MEETING
THURSDAY, AUGUST 27, 1998
3:30 PM - BUS 101
MINUTES

1. Minutes of April 28, 1998 General Faculty Meeting approved.
2. New faculty was introduced by Gary Koehler for DIS; Ginny Maurer for Management; Carol West for Economics
3. Randy Talbot gave an update of the Capital Campaign.
4. Dr. McCollough explained the new money/credit hours decisions.
5. Dr. McCollough led a discussion on the U.F. Bank.
6. Dean Kraft gave an update on Peer Groups and Quality Index. He also thanked BEBR for the \$100,000 which was given back to the College.
7. John Hall explained the Undergraduate proposed curriculum changes which were then voted on.

GEB 4956 passed
FIRE Change GPA from 2.75 to 3.0 passed

8. Dean Kraft announced the CIBER Grant for the next 3 years
8. Motion made and seconded to adjourn. Passed

GRADUATE FACULTY MEETING
08/27/98 BUS 101

1. Minutes of April 28, 1998 approved.
2. Graduate Committee proposals for new courses:

September 8, 1998

Page 2

ECO 7272 passed
ECO 7273 passed
FIN 5244 passed
FIN 5504 passed

MBA: FIN 5108 deleted

3. Dr. McCollough discussed Alumni Fellowships.
4. Dean Kraft discussed the TIP and PEP awards, renaming of the Business Building, the Accounting Building, a new MBA Building, and renovation of Matherly Hall.
5. Motion made and seconded to adjourn. Passed