



Minutes
University of Florida
Board of Trustees Meeting
December 2, 2005

A regular meeting of the University of Florida Board of Trustees was held on Friday, December 2, 2005 at 11:45 a.m., in President's Room 215B of Emerson Alumni Hall, University of Florida.

Chairman Manny Fernandez called the meeting to order and verified a quorum.

Mr. Fernandez called upon President Machen to deliver the President's report. Dr. Machen reminded all that the December meeting is the introduction to the holiday season which includes final exams, graduation and a stressful time and that we all will celebrate eventually with days off. He reported that the Fall was exciting and that the big surprise was the extra freshmen enrollment. He commended the faculty, deans and colleges for making this work. Dr. Machen commented on the outpouring of support for victims of hurricanes and noted the institution did a noble job in helping those in distress from other institutions. He reminded the Board that when Katrina passed over South Florida, it caused \$1.9 million in damages to IFAS facilities. He spoke of the Eastside campus that opened this week and acknowledged Vice President Ed Poppell and Dean Khargonekar for their efforts. He continued by reporting that the Shands Board of Directors and administration have committed to a major development of the new cancer tower as part of the capital development plan for Shands and that this will make a major difference in health care research. Dr. Machen advised the Board that commitments to the \$150 million Faculty Challenge Initiatives have reached \$52 million after a year and a half. He noted the Board of Governors activities are very important to us and we have a

number of Trustees who are very involved. He stated he's still optimistic that devolution will be clearly delineated and noted that developments have been beneficial to the university in becoming more self-reliant and managing our own affairs. He thanked Carolyn Roberts for her leadership in that area. Dr. Machen closed by wishing on behalf of him and Mrs. Machen a happy holiday season and a successful new year.

Mr. Fernandez requested the committee chairs deliver their reports. Trustee Joelen Merkel delivered the report on the Committee on Audit and Operations beginning with the joint meeting of the audit and finance committees. She reported that Vice President Barrett gave an update on Bridges and stated progress has been made in resolving some of the most urgent issues:

- 1) Research Compliance – IFAS, Engineering and main campus Contracts & Grants offices are now using the same software system. A consultant has been hired and analyses will continue through December 2005. By September 2006, pre-award processing is expected to be integrated into the system.
- 2) Financials and Reporting – The timeliness of updates in the system has improved so that information is available daily.
- 3) Human Resources – HR will implement "People Admin" applicant-tracking software.

The costs associated with these initiatives will be determined when the gap analysis is completed. Vice President Poppell stated that Oracle has committed to continue software support for the next 10 to 13 years.

Mrs. Merkel continued with the report for the Audit and Operations Review Committee and noted the approval of the September 8th minutes. She then reported on the consent agenda item noting the committee received approximately 25 audited financial statements, all with unqualified opinions, or DSOs and other support organizations. A healthy discussion took place regarding the financial statements and audit results including an emphasis on comments raised by the independent auditors. The committee approved the acceptance of the audited financial statements for full Board approval noting that they appreciate receiving the audited statements as they are issued and expressing appreciation for the analysis by Finance & Administration.

Mrs. Merkel noted that Dr. Bill Properzio gave a report on hurricane recovery stating cost recovery was an ongoing process and that payments are still being received from the 2004 storms and to date, \$1.35 M has been collected. Estimates for the 2005 storm damage are still under review.

Nur Erenguc discussed changes to the audit plan for the current year. She was asked to look at Contracts and Grants in this period of transition. Nur said a Quality Assurance Review of OACR is due in 2006 to be in compliance with applicable standards and that a team is being assembled for that purpose.

Bob Miller reported on the Sarbanes Oxley Committee. He said the committee has submitted recommendations to Ed Poppell and when he discusses them with Dr. Machen, the audit committee will receive the report.

The Chairman reported that she has reviewed the investigations log and has nothing to report to the committee.

Trustee Dianna Morgan delivered the report of the Committee on Educational Policy and Strategy. She noted the Committee held a pre-meeting on 11/18 by teleconference. Ms. Morgan reported that the committee recommends for approval the following items found on the consent agenda for full Board approval: two tenure upon hire candidates; three new degree programs, the DNP (Doctor of Nursing Practice), an M.S. with a major in Real Estate, and a B.S. in Landscape and Nursery Horticulture; the approved rewrite of the Student Honor Code and the approval of the new and the repeal of the old honor system for the College of Law. In addition, the committee recommends for approval, the proposed Domestic Partner Benefits. She noted the Committee continues to endorse the process for addressing the academic learning compacts, which will be presented to the Board of Governors in December. In addition, the committee presents for BOT approval the Tuition Principles, guiding principles that the Committee recommends be used as a filter anytime we are evaluating tuition or fee adjustments. The committee endorsed the proposed increases in the transportation and athletic fees per credit hour. Ms. Morgan noted our successful athletics programs help to keep these fees low and thanked Jeremy Foley for his efforts. During the committee meeting, the following name changes and new departments were discussed: the Department of Infectious Diseases & Pathology (formerly Department of

Pathobiology) and the Department of Educational Administration & Policy (formerly Department of Educational Leadership, Policy & Foundations) and the new department, the Department of Community Dentistry & Behavioral Science. An update was given on the NCAA certification process as well as on the Greek initiatives. The committee heard about the Florida Opportunity Scholarship Program and recognized it as another important tool in bringing diversity to our student body. It was decided that an update on the admissions director search and data on freshman class will be given at the next meeting. Trustee Tanzer presented UF productivity data which helps to better understand student-faculty ratio. Finally, the committee endorsed the administration's decision to suspend the international student fee.

Trustee Courtney Cunningham delivered the report of the Committee on Facilities in the absence of Chair Roland Daniels. Mr. Cunningham noted that Ed Poppell and Carol Walker presented revisions to the CIP and the Committee recommended the approval of these revisions. Mr. Poppell also reported that the University has only received \$1.3M of its Hurricane request for IFAS from last year and that another request for this year's hurricanes will exceed \$1M, and he observed that IFAS is struggling with these loses and lack of FEMA funding. Mr. Poppell continued by reporting on the UFF's acquisition of the Bell South Building and recommends that the title be transferred to the Board of Trustees and noted the building will be renovated to house the Office of the Vice President for Human Resources.

Next, Linda Dixon gave a report on the Campus Master Plan, 2005-2015, and noted that informal public information sessions were conducted on November 16 and 22, 2005. Ms. Dixon reported the university will hold two public hearings to receive public comment and to submit the master plan update to the city, county and other state agencies for review with the first public hearing being scheduled for December 14. The second public hearing will be held in conjunction with this Board's meeting on March 31, 2006 as required by law.

Trustee Kim Tanzer requested that the Board remember to not increase student enrollment without an increase in faculty positions in future planning.

The Committee recommends approval to authorize the university to commence the Campus Master Plan for 2005-2015 update adoption process on the consent agenda.

Mr. Poppell presented four naming requests to the committee: Norman Haslip Hall, Myron “Mac” Varn Graduate Housing, Jim and Alexis Pugh Hall, and the L.E. “Red” Larson Dairy Science Building.

Associate Vice President Joe Joyce reported as an informational item on discussions to develop the Treasure Coast Education Research and Development Park in St. Lucie County which will house businesses, non-profit corporations and governmental. The location for the complex will require a long-term ground lease between the University and the School Board of St. Lucie. The parties are currently in the process of drafting a memorandum of understanding and seeking funds for facilities for both the School Board and IFAS.

Ms. Walker presented an update on the current construction projects, reporting that there were two projects with budget changes: Proton Therapy Facility and Ustler Hall. Additional funds were provided to allow for an increase in project scope and all projects are proceeding as indicated in the status report. Ms. Walker also reported that a survey was sent to the universities by the Board of Governors regarding increasing costs of construction projects. UF submitted 6 projects for consideration of additional funding due to material and labor cost escalation. The request totaled \$25M and will be incorporated in the BOG request if it goes to the Special Session next week. It is uncertain whether the BOG's request will be heard.

Ms. Walker reported that 650 plus letters have been sent to alumni of the School of Architecture who are currently working in the State of Florida encouraging their consideration of project opportunities at UF and its sites around the State. She also posted an announcement on the facilities website to report changes that have occurred in the UF's selection process over the last several years. Mr. Gene Herring reported on his discussions with peer institutions around the state. Ms. Walker also announced that UF is hosting an open house today to bring together small and minority businesses with our campus service contractors to discuss opportunities for work at UF.

Trustee Daniels and Mr. Poppell reported on the successful open house for the Eastside Campus this week which houses the Bridges Group and departments of the College of Engineering. The renovations and new construction on the campus received great community support.

Mr. Poppell reported that the Public Service Commission has announced a 35% increase in utilities for fuel adjustments together with a 24% price increase. The utility impact to UF will be \$7M annually.

Trustee Tanzer reported on President Machen's plans to decrease energy costs on campus through sustainability initiatives.

Trustee Al Warrington gave the report of the Committee on Finance and began with reporting that Mike Smith, Director of UFICO gave a presentation on the organization, asset allocation and performance of UFICO. Mr. Warrington acknowledged Mike Smith and Trustee Powell for their efforts regarding UFICO. Mr. Warrington noted the staff briefed the committee on issues currently facing the university, such as the utilities increase by Progress Energy for January 2006, and noted that it will impact utilities cost for the university by a 35% fuel adjustment and a 2.4% base adjustment resulting in \$7 million in unfunded utility costs; the hurricane recovery – funds are very slow for last years' hurricane and the university has only received about \$1.3M in cash so far of the \$5.5M needed; continued construction cost escalation – submitted request for six projects totaling approximately \$25M. He noted the staff also briefed the committee on the student fee increase for the A&S, Health and Transportation Access, effective Fall 2006. He reported that committee reviewed the Draft Annual financial Report as well as the Quarterly Financial Report. The Committee also received an update on Bridges by Dr. Barrett who reported that significant progress has been made in each of the targeted areas of Contracts & Grants, Reporting, Human Resources and Training. Trustee Warrington noted that efforts are underway to improve issues at the dental clinic DSO.

Trustee Mac McGriff gave his report on the Committee on Governance. He summarized the meeting by noting that the committee received and accepted the presidential evaluation conducted by consultant Tom Ingram. He noted both Dr. Machen and the committee members were comfortable with the process and found that it met the needs of the board and the president. The committee also approved the award of the bonus provided in the president's contract. Next, the board approved a minor

change to the board bylaws by adding a provision limiting public appearances to five minutes in accordance with the board's prior practice. Another subject the committee discussed was board evaluation. It is the committee's hope that Mr. Ingram can assist between now and the retreat in February to obtain feedback on board effectiveness. The committee will develop a baseline of information from the board's two previous self-evaluations, and the evaluation will be built from there. Mr. McGriff reported there was a good discussion of the board committee structure, in particular the merging of the Finance and Facilities Committees and the merging of Governmental Relations and Public Relations into a new committee called External Affairs. The committee supports these changes as natural progressions, and further supports the concept to move collective bargaining issues from Finance to Governance in order to ensure even distribution of work loads. The revised committees will be sent to all trustees so the full board can take action on the issue at its next meeting. The chair will be making some changes in committee memberships to enhance trustee development and accommodate the new structure.

Mr. Fernandez noted that the committee changes will be approved at the retreat and the committees will take effect at the next board meeting.

Trustee Carlos Alfonso gave the report of the Committee on Government Relations. He noted that Vice President Jane Adams recapped the 2006 Legislative Agenda, which includes numerous public policy issues as well as budget requests. The committee discussed UF's top priorities which include: Bright Scholars, DSO Bonding, Emerging Pathogens, Graduate Student Health Insurance, Matching Gifts, PECO, Salary Increases, Tuition Devolution, and UPL and noted there will be a special session next week. Two major issues affecting UF include the continuation of the Physician Upper Pay Limit and the level of funding under the Hospital Low Income Program for Shands.

Following an extensive search, the Committee has identified Barbour Griffith and Rogers as the new Washington public affairs firm. Dan Murphy and Bill Viney, two of the firm's principals with whom UF will work, were introduced to the committee. They will be return to campus to meet with UF Administration and others on December 12. Chairman Fernandez suggested they attend the BOT Retreat in February. The firm will be responsible for developing a strategic plan, maximizing our federal support, representing UF on public policy issues, and enhancing UF's visibility in Washington, D.C.

The committee received a status report on our federal appropriations for the fiscal year beginning last October 1. Some appropriation bills are still pending, but UF has received to date approximately \$20 million in earmarks. Vice President Adams then provided an update on the Government Relations Advisory Committee. Carlos LaCasa, former Chair-House Appropriations Chairman, was named chairman and Randy Roberts, of Publix, was named co-chairman.

Trustee Cynthia O'Connell summarized the Committee on Public Relations noting that Associate Vice President Joe Hice recapped the media exposure for Fall 2005 reporting that UF is receiving a volume of media hits consistent with peers like the University of Michigan and UNC, and we have new print media audiences including National Geographic. Trustee Merkel noted that we were also in the Wall Street Journal. Mrs. O'Connell continued by reporting the new license design which was submitted to the state has been unveiled and it is anticipated it will be ready in March 2006 with a campaign designed to launch the tag.

The Public Relations goals and strategies were recapped and include:

- 1) Execute initial phases of the branding effort, " The University of Florida: Foundation for the Gator Nation." All materials have been well received.
- 2) Increase effectiveness of university-wide marketing and public relations efforts including our Branding efforts for the "Foundation for the Gator Nation." This effort will be tied into the roll out of the capital campaign.
- 3) Develop strategy to improve communications with faculty and administration. Using the Digest in print form will be part of this strategy. BOT O'Connell noted it was important to have a launch strategy for this for maximum exposure.
- 4) Enhance university's public affairs capabilities.
- 5) Evaluate, monitor, and improve website.

Trustee O'Connell noted it was important to put these goals in a timeline.

Gator Day will be April 5, 2006 and the plan is to have the Trustees follow a similar format to last year with scheduled meetings with legislators.

Our communications plan was updated to coincide with our public relations goals and strategies. Bowl game advertising was discussed. There is value to having TV spots run. Trustee Alfonso suggested we do another take-away insert for the game. University Relations will work closely with

the UAA. Chairman O'Connell requested that we have an updated crisis communications plan to present at the next committee meeting.

Chairman Fernandez commented on a great job by all and moved to the consent agenda. Mr. Fernandez asked for a motion to approve, noting the removal of consent agenda items 5.1 and 5.6. Trustee Warrington moved approval. The motion was adopted.

Mr. Fernandez noted a change to 5.1, the Minutes, which did not reflect the following comment by Trustee Tanzer: "Trustee Tanzer expressed concern about the larger than expected freshman class, stating that while new funding has been received, in some cases the additional students stretch faculty resources." With that change, Mr. Fernandez called for a motion of approval. Trustee Warrington moved approval. The motion was adopted.

Next Mr. Fernandez asked that Consent Agenda 5.6 regarding Domestic Partners Benefits be moved to the discussion agenda. Mr. Fernandez called for a motion to approve the Consent Agenda, with the exception of Item 5.6. Trustee McGriff moved approval and the motion was adopted. Mr. Fernandez next called for discussion of Item 5.6. Trustee Warrington requested to speak noting that it was his belief that the proposal is immoral, unethical, unscriptural and believes illegal in Florida even though he understands this will be funded with foundation monies. He stated that there are donors who will share his view and called for a roll call vote noting his intent to vote against it. He then called for a roll call vote and the motion was passed 11-1.

Mr. Fernandez told Trustee Warrington that he appreciated his thoughts. Trustee Powell requested a comment on the legality. Vice President Pam Bernard stated that President Machen asked for her review of the question on whether or not going forward is a violation of law and it has been determined that is no legal prohibition that would prevent the Board from going forward.

Chairman Fernandez called for a vote of the Board. After a survey of votes was taken, the motion was adopted by all Trustees with the exception of Trustee Warrington.

Mr. Fernandez thanked Trustee Warrington for expressing his thoughts.

Mr. Fernandez noted that there were no public appearances requested and, therefore, he would move to his closing remarks. Mr. Fernandez gave accolades to the administration for the continued amount of success that takes place at the University of Florida, noting it is not an easy job and has many constraints and commented on the tremendous strides being taken. Mr. Fernandez reminded all of the February 16 and February 17 annual retreat and noted it would be moved to Jacksonville. He reported that changes to the committees that Trustee McGriff spoke of will be discussed at the retreat. He asked that Trustee Powell give a report to the Board at the next meeting regarding UFICO.

Mr. Fernandez congratulated Trustee Goldberg on his election to the Board of Governors. He reported we are progressing with the diversity issues and dealing with the issues of financial aid for the economically disadvantaged of the State of Florida. Each Trustee will have the opportunity to be personally involved. The key to the success of the program is what will happen over the next 12 months in Tallahassee as part of the legislative process and what will happen to in-state as well as out-of-state and graduate tuition. Trustee Tanzer continues to remind the Trustees that we have the lowest tuition in the country and that the gap continues to get wider and wider. Discussion ensued that we not only have to concern ourselves about tuition increases but also about the way dollars are spent. Mr. Fernandez wished happy holidays to each and every one and a wonderful holiday season and then indicated he would see the Trustees in Jacksonville in February.

Meeting adjourned at 12:30 p.m.

J. Bernard Machen
Secretary

Brian Beach
Assistant Secretary