



*Board of Trustees  
Minutes  
June 15, 2007*

A regular meeting of the University of Florida Board of Trustees was held on Friday, June 15, 2007 at 11:00 a.m., in President's Room 215B of Emerson Alumni Hall, University of Florida.

Chairman Manny Fernandez called the meeting to order and confirmed a quorum. Mr. Fernandez began by introducing and welcoming new Trustees Rick Yost and Ryan Moseley and commented on the tradition of fabulous people they follow and his confidence in their ability to live up to previous standards.

Mr. Fernandez turned the meeting over to President Machen to deliver the President's report.

Dr. Machen began by stating that the actions of the university never stop even though this is the last month of the fiscal year. He noted we have a dynamic institution year round. He commented on the outstanding Florida Opportunity Scholars program and is excited about the class coming in that Fall and gave a reminder of the reception in September. He continued by saying the emerging pathogens initiative has taken shape and the recently-hired director will be here soon and a new building will be under way soon. This is a new opportunity for this university in dealing with emerging pathogens.

Dr. Machen publicly acknowledged Interim Dean of CLAS Joe Glover and he is very encouraged by Dr. Glover's managing of the budget. Dr. Machen stated the university hopes to begin a search in the Fall for the new dean. He also stated there has been another increase by faculty in bringing in research funds and development is counting on a big month in June and anticipates being better than last year. He reminded the Trustees of the Capital Campaign September 28<sup>th</sup> launch. Dr. Machen continued by stating The Florida Tomorrow Brochure is a good example of the background work done. There is every reason to think this will be a successful campaign.

With regard to Athletics, it has been a storied year for UF. We made history this year with men's football and basketball. There are a number of championships our

program brought home. This will be a high mark to exceed. We are lucky to have kept Billy Donovan and his family in Gainesville. Lastly, in conjunction with the celebration in April, a Gainesville Police officer was tragically killed – Lt. Corey Dahlem. In the early Fall, the University will create a memorial on campus for Lt. Dahlem. It will be a special recognition plaque and hopefully you will all be able to attend. The University Athletic Association has asked to fund this memorial. Thank you for a great year and I am looking forward to a good year next year.

Chairman Fernandez then requested the committee reports beginning with the Audit and Operations Review Committee. Trustee Joelen Merkel noted the two consent agenda items on their agenda. The acceptance of the audit report for Florida Leadership and Education Direct Support Organizations for the year ended December 31, 2006 and the acceptance of the three year audit plan for 2007-2010. After discussion, both items were accepted for full Board approval.

The Indirect Cost Recovery audit was discussed in detail. It reported instances of disbursements of IDC funds that were without consistent and clear documentation that such expenditures were research related, as required by the state statute. Action plans developed through the audit will be implemented by the Division of Sponsored Research to confirm that expenditures of these funds are consistent with the intent of the statute.

The Gap analysis of the UF Audit Committee and Internal Audit practices to the SUAC developed best practices white paper was presented by Nur Erenguc. She noted that UF's practices were substantially in conformity with those best practices. The Chair and Nur will present exceptions to such best practices at the next Committee meeting.

Phil Ciano, representing the Office of the Auditor General, provided an update on the various audits underway by his office. An operational audit performed every other year is expected to be completed by the end of the summer. Responding to questions, Phil noted that there were no significant issues to be brought to the attention of the Committee. Phil noted that the Federal Financial Assistance and Florida Bright Futures audits were underway along with the preliminary work on the financial audit for the year ending June 30, 2007. He expects to complete his financial audit fieldwork by mid December with issuance of the report in January.

Nur advised the committee of a Control Self Assessment initiative that included electronic surveys of 178 questions to 239 campus units covering internal controls in nine major areas. A summary report reflecting and analyzing the responses from 84% of the units will be distributed prior to the next committee meeting. The audit plan includes a follow-up audit of the survey results.

Nur also advised the committee of the effort to identify best practices and develop a compliance framework for the University of Florida focusing on key enterprise risks.

Dr. Properzio reiterated his discussion of emergency response communication that was more fully discussed at the Finance Committee meeting and responded to comments and questions from the committee members.

Trustee Alfonso delivered his report on the Committee on Educational Policy and Strategy. The Committee approved the prior committee minutes. Next the committee discussed the tenure upon hire cases. After discussion, the committee approved the tenure upon hire cases, annual tenure cases, University of Florida Regulations, the discontinuation of the CIS major within the BSBA program in the college of Business Administration and the Ph.D. in Epidemiology, the Ph.D. in Biostatistics, and the Ph.D. in Nutritional Sciences, the LBR, and the Baby Gator rate changes.

Trustee David Brown presented the report of the Committee on External Relations in absence of Chair Courtney Cunningham, who attended by phone. Trustee Brown began by noting the approval of the past minutes. He noted University Relations gave a presentation which began with a legislative recap, including tuition differential. While the university's priority was passage of the academic enhancement program, which would have added a \$1,000 per year fee to the cost of attending UF, the legislature passed an alternative that would allow UF to charge a tuition differential 40% above the standard state tuition. The bill is pending the Governor's review, but he has announced his intentions to veto the measure. The Governor also vetoed the 5% tuition increase for all SUS universities.

The committee also received an update on legislative funding, including the PECO list, matching gifts and Courtelis matching grants, all of which were funded at our requested levels.

IFAS received \$20 million to build an ethanol research and demonstration plant, and UF was provided two \$5 million appropriations for faculty and research enhancements. Florida Opportunity Scholars was not funded this year. UF received approximately \$5 million in funding for education and research projects.

The legislature also approved a bill to transfer 32 historic buildings from the City of St. Augustine to UF. The legislature is expected to fund the buildings in next year's budget.

An effort to encourage emerging companies using university technology was approved during the session. It provides nearly \$30 million in venture capital funds for these companies as well as \$4 million in grants to universities to help technology transfer efforts.

On the federal level, Congress is just beginning to consider appropriations bills, and leadership has indicated that earmarks will not be added to the bills into late in the process.

Vice President Adams introduced new Assistant Vice President of Community Relations Susan Crowley. She is responsible for developing and implementing community relations strategies, managing local government relations, and directing the Combined Campus Campaign in support of United Way.

The committee received an update on media coverage of UF for the quarter and on the marketing communications plan, including television, radio and print ads. New television and radio ads are in final production and will be aired during the upcoming football season.

Associate Vice President Joe Hice also briefed the committee on a recent effort to streamline and improve Admissions materials. He reported that the number of publications has been reduced, resulting in a significant savings.

The members also had a follow up discussion from their last meeting regarding electronic communications. In response to the committee's interest in replacing print publications with electronic communications, Joe Hice announced that a consultant has been retained to help the university evaluate UF's print and electronic communications and develop a strategy to increase efficiency and make better use of electronic communications. Committee members discussed a timeline for the project, stressing the need for urgent action. The committee requested a preliminary plan for review in 45-60 days.

Chris Brazda gave a presentation to the committee on the public relations campaign for Florida Tomorrow.

Trustee Dianna Morgan delivered the report of the Committee on Finance and Facilities. The minutes of the previous meeting were approved. The committee approved the University's final operating budget for 2006-07 and preliminary operating budget for the 2007-08 fiscal years. The committee noted that the budget presented was a revenue budget rather than an operating budget, but that they understood the need to approve the budget as presented in order for the University to obtain spending authority for this year's appropriations.

The Spending Plan for PECO, Courtelis Facilities Enhancement Challenge Grant, Maintenance/Repair/Renovation/Remodeling funds, General Revenue and Reallocation of Capital Improvement Trust Funds was approved as presented.

The committee approved the two facility namings as presented. The new football complex (also known as the "football front door project") at Ben Hill Griffin Stadium will be named the James W. 'Bill' Heavener Football Complex. The to be established graduate school of business in the Warrington College of Business shall be named the Hough Graduate School of Business.

The committee approved the proposed University Athletic Association Bond Resolution which authorizes and requests the Board of Governors to approve the issuance

of tax-exempt bonds not to exceed \$15 million. Athletic Director Jeremy Foley informed the committee that the sale of bonds should not exceed \$10 million because of the level of donations received to help fund construction costs.

Agenda discussion items were brought before the committee.

The committee reviewed the Quarterly Financial Report as of March 31, 2007. It was explained the data presented for March 31, 2007 and June 30, 2006 was fully accrued, however, the comparative data as of March 31, 2006 had been prepared on a cash basis.

The committee reviewed the Facility Project Status Report.

The committee was provided with an update on the university's intention to place investments with the University of Florida Investment Corporation (UFICO). The University's investment committee has approved an investment of \$10 million with UFICO in the first quarter of the 2007-08 fiscal year.

The committee discussed a matter that was a topic of the Governance Committee. At the September 2007 Finance and Facilities committee meeting, recommendations will be presented regarding how the University may implement a socially responsible investment policy.

Vice President Poppell provided the committee with an update on the University's current insurance coverage and the insurance carriers providing these policies. The committee asked how the University evaluates risks and determines how to best mitigate such exposure. Mr. Poppell explained that the University uses the State of Florida's Division of Risk Management to assist in evaluating risk and coverage. The University also has a risk manager on staff in the Environmental Health and Safety Division.

The committee next received a brief report from University of Florida Police Chief Linda Stump. Chief Stump provided some background information on the UF police Department. The department currently has 90 sworn officers that provide coverage for over 20 million square feet of space on campus. The department is accredited by both state and national agencies and is in the process of receiving an international accreditation. The department does a good job of planning and preparing for emergency response to a wide range of possible events. There is a Critical Incident Response Team which has special training to prepare for a variety of instances.

The committee then recognized two university employees for their outstanding service. Jeff Chenery is an Assistant Director of the Stephen C. O'Connell Center. Jeff is responsible for hiring and training a student work force of over 350 individuals. Jeff provides technical support for a wide range of activities both inside the O'Connell Center and around campus. From concerts to basketball games, from Gator Growl to commencement ceremonies Jeff and his staff exceed expectations and provide excellent service. Jeff was a student employee of the O'Connell Center in 1995 and returned to

work at the Center not long after his graduation. As such, he is a long time member of the O'Connell Center "family."

Amanda Jobes is an Assistant Controller in Finance and Accounting. Amanda is currently responsible for the accounting of all capitalized property of the University as well as construction accounting. The University has over 96,000 pieces of equipment that must be inventoried each fiscal year by Amanda and her staff. Recently Amanda has instituted changes in the manner in which obsolete University property is disposed. These changes have eliminated a significant load of toxic materials to landfills. Prior to her current duties, Amanda prepared the cost analysis that obtained the University a one percent increase in our Federal indirect cost rate. This increase was negotiated using data prepared by Amanda and staff, and this has resulted in an additional \$1 million of indirect cost recoveries annually for the University.

Trustee McGriff gave the report of the Committee on Governance. The committee met at 10:00, 2:45 and also by phone on 5/30 and he thanks all those for arriving early allowing the committee to address issues on the agenda. The committee addressed the presidential authorizations and approved. The committee next discussed the desired Standard for Affiliated Organizations and the revisions to the Internal Operating Memoranda for the DSOs, HSSOs and Faculty Practice Plans and suggested that the provision in the DSO IOM for submitting audit reports to the President be changed from 6 months to 3 months. The committee forwards these to the Board for approval.

Trustee McGriff noted that the committee considered the proposed change to the Board Bylaws providing that a Chair and Vice Chair be elected at the Board meeting preceeding July 1 and assuming office by July 1. The committee next raised the issue of Board perks relative to the Federal Government's concerns about those in not-for-profits. After discussion the consensus was that the Board does not receive any of the types of benefits that could pose concerns and complies with state ethics laws.

Next, Trustee Powell, in his capacity as Chairman of UFICO, discussed the concept of socially responsible investing during the committee meeting. He stated that in making investment decisions the UF and UFICO investment policies were considered and he questioned whether the Governance Committee should be giving UFICO direction regarding investments. President Machen noted that some people were likely to ask whether UF has a policy regarding investments and the best approach was to consider the merits of a particular investment at the time it is being considered rather than attempt to have broad policies regarding investments.

At the request of Trustee McGriff during the committee meeting, Board Chair Fernandez outlined the process for the election of the Board Chair and Vice Chair. Trustees Morgan and McGriff left the room while the remaining committee members discussed Trustee Morgan for Chair and Trustee McGriff for Vice Chair and unanimously approved their recommendation to the Board. The committee then met in closed session for a report on labor negotiations.

With that we move to consent agenda.

Chairman Fernandez moved to the consent agenda and asked for a motion. The motion was approved.

Chairman Fernandez stated he had the pleasure of reading two resolutions. Dr. Machen mentioned the tremendous success of our athletic programs. Chairman Fernandez read into the minutes the resolution regarding the football team and next the resolution regarding the basketball team. Both were approved.

Chairman Fernandez next directed the Board to the election of the Chair and Vice Chair noting that the Chair will appoint new committees and chairs before the next regular meeting. The Governance Committee put forward a recommendation that Dianna Morgan be Chair of the Board for the next two years. The discussion was open to other members of the Board. Trustee Warrington moved for approval and it was approved. The committee nominated W. A. "Mac" McGriff as Vice Chair. Trustee Warrington moved for approval and the motion was approved.

Chair Fernandez then requested to make a few comments. He began by noting the importance of the University's Gala Campaign Kick-off ceremony on 9/28 and certainly expected fellow Trustees to be there. He commented on 2006-07 as an incredible year for the University of Florida. The press extensively covered the athletic situation and as Dr. Machen mentioned the women's tennis team, gymnastics and volleyball should be recognized. In addition to athletics, the academic side of this university continues to impress. We have an exceptional class coming in this Fall. Lastly, obviously today's presentation by Dr. Machen on the budget and Tallahassee is rather disappointing. This is the time we should be investing in higher education, not pulling back. It is time to build momentum. We are going to be dealt a hand that we will deal with. We've been there before and we've been able to come through and we'll do it again. Carolyn Roberts is a great friend of the University and we owe her thanks. I want to publicly recognize what Dr. Machen has done walking the halls and what Vice President Jane Adams and her staff have done.

Go Gators.