



**UNIVERSITY OF FLORIDA BOARD OF TRUSTEES'  
COMMITTEE ON GOVERNANCE**

**MINUTES**

**March 31, 2016 Meeting**

**President's Room 215B, Emerson Alumni Hall**

**University of Florida, Gainesville, Florida**

**Time Convened: 3:35 p.m. EDT**

**Time Adjourned: 4:35 p.m. EDT**

**1.0 Verification of Quorum**

Committee Chair James W. Heavener asked Vice President, General Counsel and University Secretary Jamie Lewis Keith to verify a quorum. Ms. Keith confirmed a quorum with all members present.

**Committee Members Present:**

James W. Heavener (Chair), David L. Brandon, Rahul Patel, Steven M. Scott, David M. Thomas, Anita G. Zucker.

**Others Present:**

Trustee Morteza (Mori) Hosseini; W. Kent Fuchs, President; Winfred Phillips, Executive Chief of Staff; Joseph Glover, Provost and Senior Vice President for Academic Affairs; Charles Lane, Senior Vice President and Chief Operating Officer; David Guzick, Senior Vice President for Health Affairs and President of UF Health; Jack Payne, Senior Vice President for Agriculture and Natural Resources; Jamie Lewis Keith, Vice President, General Counsel and University Secretary; William Reeser, Chief Investment Officer, and Edward Kelly, Chief Operating Officer of the University Investment Corporation; Thomas Mitchell, Executive Vice President, and Karen Rice, Associate Vice President, Advancement Services, of the University of Florida Foundation, Inc.; Jane Adams, Vice President for University Relations; Brian Mikell, Chief Audit Executive; Michael Ford, Senior University Counsel; Janine Sikes, Assistant Vice President for Media Relations and Public Affairs; Melissa Orth, Senior Director, Government Relations; Sandy Mitchell, Senior Administrative Assistant; and other members of the University community and members of the media.

## **2.0 Call to Order and Welcome**

Committee Chair James Heavener called the meeting of the Committee on Governance to order at 3:35 p.m., EDT, and welcomed the Committee members and all those in attendance. He particularly welcomed new Committee member Rahul Patel, representatives of the University of Florida Investment Corporation, Chief Investment Officer William Reeser and Chief Operating Officer Edward Kelly, and representatives of the University of Florida Foundation, Inc., Executive Vice President Thomas Mitchell and Associate Vice President for Advancement Services Karen Rice.

## **3.0 Review and Approval of Minutes**

Committee Chair Heavener asked whether any Trustee wished to vote separately on minutes of each meeting to be approved. Hearing no such desire, he asked for a motion to approve the minutes of the December 17, 2015 and January 6, and 28 and February 9, 2016 committee meetings, which was made by Trustee Thomas and Seconded by Trustee Zucker. The Committee Chair asked for further discussion, after which he asked for all in favor of the motion and any opposed, and the motion was approved unanimously.

## **4.0 Action Items**

The Committee considered the following Action Items:

### **GV1. Amendment of IOM 07-21**

Upon being asked by the Committee Chair to present the action items, Ms. Keith stated that there were three related action items that needed to be acted on separately concerning the UF-affiliated entities that provide administrative, billing, collection, and third-party patient care support for the clinical practices of faculty in the Health Science Centers. She further stated that UF faculty have clinical practices to train residents and students, to maintain their skills needed to educate the next generation of health-care professionals and in association with their research. She stated that the action items are aimed at making the supporting entities as effective and efficient as possible, as well as providing the best UF expertise and oversight.

GV1 proposes a minor change to the Board's Internal Operating Memorandum (IOM) on Faculty Practice Plans, IOM 07-21. The Faculty Practice Plans are separate, tax-exempt corporations closely affiliated with UF and the UF college employing the faculty in the Practice Plan. Currently, the board of directors of a Faculty Practice Plan must include the UF Vice President for Business Affairs or his or her designee. The change would give the UF President the flexibility to appoint the Vice President for Business Affairs, Chief Operating Officer or Chief Financial Officer, or a designee of any of them, to the Practice Plan board of directors. This allows the officer with the time and the expertise that will be most helpful to be assigned to each Practice Plan board. The committee was asked to approve GV1 for recommendation to the full Board for its approval on the Consent Agenda. A summary of the specifics and a lined copy of the IOM were included in or

with the Committee Action Item in the Board's materials. Ms. Keith asked for any questions and of which there were none of substance.

Chair Heavener asked for a motion to approve Committee Action Item GV1, which was made by Trustee Thomas and Seconded by Trustee Scott. The Committee Chair asked for any further discussion, after which he asked for all in favor of the motion and any opposed, and the motion was approved unanimously.

#### GV2. Amendment of IOM 07-22

Ms. Keith explained that GV2 proposes that the same change made to the Faculty Practice Plan IOM in GV1, also be made to the Board's IOM on Health Services Support Organizations, IOM 07-22. Ms. Keith further explained that HSSOs are separate, tax-exempt corporations closely affiliated with UF and the college employing the faculty. She stated that they support faculty clinical practices by enabling them to make arrangements with other health care and managed care organization for high-quality, cost effective care to patients. The change would give the President the flexibility to appoint the Vice President for Business Affairs, Chief Operating Officer or Chief Financial Officer, or a designee of any of them to the HSSO board. A summary of the specifics and lined changes in the IOM were included in and with the Committee Action Item in the Board's materials. Ms. Keith asked for questions, of which there were none.

Chair Heavener asked for a motion to approve Committee Action Item GV2, which was made by Trustee Thomas and Seconded by Trustee Zucker. The Committee Chair asked for any further discussion, after which he asked for all in favor and any opposed, and the motion was approved unanimously.

#### GV3. and R16-167 Merger of University of Florida Jacksonville Healthcare, Inc., into University of Florida Jacksonville Physicians, Inc., and Certification of University of Florida Jacksonville Physicians, Inc. as a Health Service Support Organization

Ms. Keith continued and explained that GV3 concerns the merger of two support organizations to the faculty clinical practice in Jacksonville. The Jacksonville site of the College of Medicine (COM) has two separate, tax exempt entities that are closely affiliated with UF and support the Jacksonville-based faculty's clinical practice. One – University of Florida Jacksonville Physicians, Inc., (UFJPI)-is officially a Faculty Practice Plan and the other– University of Florida Jacksonville Healthcare, Inc. (UFJHI)-is officially an HSSO. The boards of directors of UFJPI and UFJHI are composed of the many of the same individuals. Both organizations provide administrative and other support for the COM clinical practice in Jacksonville. It is inefficient and confusing to have two separate entities, when a single entity could do everything that is being done by the two entities and the key individuals involved are the same. The post-merger Bylaws for UFJPI include all of the University of Florida oversight controls that are required by IOM 07-21 and IOM 07-22 and by the Board's 2007 principles for UF affiliates, as well as most of the enhanced principles that have been piloted with the University of Florida Foundation and the Cattle Enhancement Board Direct Support Organization (DSO) that the Board approved in February.

The Committee was asked to approve GV3 and R16-167 for recommendation to the full Board for its approval on the Consent Agenda. Ms. Keith asked for questions. Mr. Thomas asked whether the boards of directors of the two entities are identical. Ms. Keith noted that key members are the same; one board has more faculty membership and the surviving corporation would follow that model.

Chair Heavener asked for a motion to approve Committee Action Item GV3. and R16-167, which was made by Trustee Scott and Seconded by Trustee Brandon. The Committee Chair asked for any further discussion, after which he asked for all in favor and any opposed, and the motion was approved unanimously.

GV4. Amendment of IOM 01-1 as previously amended.

Ms. Keith continued and explained that GV4 amends IOM 01-1, which lists all of the University of Florida's close affiliates, to reflect the changes that have resulted from Board actions at the current and recent meetings:

- The amendment adds the Cattle Enhancement Board, Inc., the DSO that was certified by the Board on February 9, 2016;
- It is recommended that this IFAS-affiliated, research-oriented, DSO be classified as a category 2 affiliate, and this DSO is listed in category 2 in the proposed amendment of IOM 01-1. Other IFAS research oriented DSOs are in this category because they are relatively limited in scope, staff and funding, which is also anticipated for this DSO focused on research relevant to the Florida cattle industry;
- The amendment deletes UFJHI upon its merger into UFJPI;
- It denotes UFJPI as an HSSO, as well as retaining its current status as a faculty practice plan; and
- It deletes University Village Apartments, Inc., an entity originally formed to facilitate the HUD financing of University student housing, which is no longer needed because the promissory note for the financing has been paid, and the corporation has been dissolved.

Ms. Keith also noted that the amended IOM color codes the listed entities according to type: DSOs, HSSO, Faculty Practice Plans and other (the affiliated hospitals). She asked for questions, of which there were none.

Chair Heavener asked for a motion to approve Committee Action Item GV4, which was made by Trustee Zucker and Seconded by Trustee Thomas. The Committee Chair asked for any further discussion, after which he asked for all in favor and any opposed, and the motion was approved unanimously.

GV5. Disband the Strategic Initiates Committee and fold its Purpose into the Committee on Educational Policy and Strategic Initiatives

Ms. Keith continued and explained that GV5 is the last action item and is a proposal to disband the Board's Strategic Initiatives Committee, without losing the purpose of the Committee, which is to allow the Board to spend time focusing on a few important strategic initiatives for the University's future. The purpose would be retained by including it in an amended charter of the Educational Policy and Strategy Committee and renaming that Committee the Educational Policy and Strategic Initiatives Committee. The Committee was asked to approve GV5 for recommendation to the full Board for its approval on the Consent Agenda. Ms. Keith explained that this action would allow focused discussion of a few key strategies for UF when ready for updates, guidance and input, which is not necessary at every meeting. She asked for any questions. Members expressed support for this action.

Chair Heavener asked for a motion to approve Committee Action Item GV5, which was made by Trustee Thomas and Seconded by Trustee Zucker. The Chair asked for any further discussion, after which he asked for all in favor and any opposed to the motion, and the motion was approved unanimously.

## **5.0 Discussion/Informational Items**

### **5.1 Governance Oversight Reviews**

Committee Chair Heavener asked Ms. Keith to introduce the discussion items. Ms. Keith stated that as a part of its initiative for UF good governance oversight of UF affiliates, the Governance Committee met with the Chief Executive Officer or President of each Category 1 Affiliate from 2013-2015 and decided those meetings would be valuable to continue on a two- to three- year staggered cycle for each Category 1 affiliate. The University of Florida Investment Corporation (UFICO) and the University of Florida Foundation, Inc. are on a three-year cycle that begins with this meeting. Ms. Keith also noted that UF Trustee Bill Heavener is on the governing board of UFICO and UF Trustees Anita Zucker and Steven Scott are on the governing board of the Foundation. Each affiliate had 25 minutes for presentation and discussion.

#### **5.1.1 University of Florida Investment Corporation**

Ms. Keith introduced Chief Investment Officer Bill Reeser of UFICO and Chief Operating Officer Ed Kelly, to address UFICO's governance structure and some enterprise risk identification and management initiatives that it is pursuing. Bill Reeser noted that they were accompanied by UFICO's Director of Portfolio Research & Risk Brian Maudsley. These three representatives of UFICO presented an overview of the relationship and accountability of UFICO to the University and an in-depth summary of risk management initiatives, focusing on portfolio risk, alignment risk, and organizational risk. (The [detailed slides](#) were uploaded in Board Vantage for all Trustees and are incorporated in these minutes.)

After the presentation, Committee Chair Heaver thanked Bill Reeser, Ed Kelly and Brian Maudsley of UFICO and asked if there were any questions from the committee. There

were some questions and discussion to clarify UFICO organization and risk management processes and benchmarks.

Trustee David Thomas asked how UFICO evaluates models of no liquid assets. Ed Kelly responded that in private investments, evaluations are on an annual basis. He explained that UFICO relies on the manager marks and depends on the manager to review their evaluation policy.

Trustee Rahul Patel asked whether UFICO does its own evaluations. Ed Kelly responded that UFICO does not. He explained that UFICO relies on its managers' quarterly marks. UFICO does not rely on monthly marks.

Trustee David Thomas posed a question related to cyber security and expressed surprise that UF and the UF family of affiliates are somewhat fragmented on management of cyber security, especially in the health field. Ms. Keith responded that we are assessing insurance requirements of affiliates and some insurance requirements of UF in the insurance project that has been ongoing and reported to the committee, and there appear to be opportunities. Charlie Lane also stated that Chief Information Officer Elias Eldayrie will be taking steps to address this issue. He further stated that the topic does merit investigation and discussion and we will get back to the Committee with more information.

Committee Chair Heavener thanked Messrs. Reeser and Kelly and asked Ms. Keith to introduce the next presentation.

#### **5.1.2 University of Florida Foundation, Inc.**

Ms. Keith introduced Thomas Mitchell, University of Florida Foundation Executive Vice President and UF Vice President for Development and Alumni Affairs, and Karen Rice, Associate Vice President for Advancement Services for the UF Foundation. (The [detailed slides](#) were uploaded in Board Vantage for all Trustees and are incorporated in these minutes.)

Mr. Mitchell led the presentation providing an overview of the restructuring of the Foundation's governing board to position the Foundation to excel in both governance and development/advancement. Mr. Mitchell noted that the restructuring created (1) a fiduciary governing board of up to 23 members (presently 20), which focuses on good governance and alignment with UF's mission and priorities, and works closely with UF's leadership; and (2) a national outreach and engagement board, focusing on building UF support and raising philanthropy to UF as a priority, which is presently comprised of 159 members and has a target of 200 ambassadors for UF.

Jamie Keith continued the presentation and stated:

- The Foundation adopted amendments to its Bylaws in early March that clarified existing Foundation good governance policies and codified longstanding Foundation and Executive Vice President practices and statutory or policy requirements;
- Among the amendments are also enhancements to the Foundation’s governing board’s decision-making—and to UF governance oversight;
- The Foundation Bylaws include the 2007 UF governance oversight principles (such as UF President’s approval of the operating budget, approval of hiring of the CEO and requirement that the CEO report to the Foundation Board and UF President, approval of the Audit Committee Charter, and service on the Executive Committee, —and his authority to remove Foundation Board members for cause and the CEO for cause or unacceptable performance);
- The amended Bylaws pilot enhanced governance principles (that were also incorporated in the Cattle Enhancement DSO approved by this Board in February) by incorporating in the Foundation’s Bylaws a requirement for Foundation Board action and UF President ratification of a short list of Foundation decisions that can have a big impact on UF’s resources, reputation and mission-critical interests such as: (1) issuing bonds/incurred debt over a certain operating line of credit cap and establishing a capital budget; (2) creating spending caps for officers when acting without specific board authorization that are high enough to allow regular operations without board action, but set an appropriate threshold for requiring board action; (3) electing the board chair and vice chair; (4) establishing endowment distribution policies; (5) establishing asset allocation, acquisition and disposition policies, investment policies, and conflict of interest policies; and (6) amending the Bylaws or Articles of Incorporation.

These enhancements support the strength and success of the Foundation while ensuring that existing accountability to the University and existing good practices will be sustained regardless of what individuals may serve as UF President or Foundation Executive Vice President in the future. The Foundation has good board and accountability practices and willingly embraced the enhancements.

Next, Karen Rice presented the Foundation’s Risk Mitigation Initiative, which was tied to an initiative to review and update the Foundation’s policies. This initiative focuses on avoiding misuse of donor funds, fostering good experience and high quality of staff resources, avoiding and mitigating security breaches, minimizing reputational risks, and protecting against theft.

Tom Mitchell then asked if there were any questions. The committee members indicated support for the Foundation’s governance developments.

Committee Chair Heavener thanked Mr. Mitchell, Ms. Rice and Ms. Keith.

## **6.0 New Business**

The Committee did not have any new business to discuss, except that the Board dinner is at the recently renovated and expanded J. W. Reitz Union, an historic project in support of UF students' co-curricular experience, community-building, diversity and inclusion.

## **7.0 Adjourn**

Chair Heavener asked for a motion to adjourn, which was made by Trustee Thomas and Seconded by Trustee Zucker. The Chair asked for all in favor and any opposed, and the motion was approved unanimously. The University of Florida Board of Trustees' Committee on Governance adjourned its meeting at 4:35 p.m. EDT.





**UNIVERSITY OF FLORIDA BOARD OF TRUSTEES  
COMMITTEE ON GOVERNANCE  
EXECUTIVE SUMMARY  
MARCH 31, 2016**

The Committee will consider and act on the following Action Items:

GV1. The Committee will be asked to approve an amendment to the Board's Internal Operating Memorandum (IOM) for faculty practice plans to provide for the UF President to designate the University's Vice Presidential level Chief Operating Officer, Chief Financial Officer, or Business Affairs official, or a designee of any of them, as a member of a faculty practice plan board of directors, rather than limiting this designee to the Business Affairs official or his or her designee.

GV2. The Committee will be asked to approve an amendment to the Board's IOM for Health Services Support Organizations (HSSO) to provide for the UF President to designate the University's Vice Presidential level Chief Operating Officer, Chief Financial Officer, or Business Affairs official, or a designee of any of them, as a member of an HSSO board of directors, rather than limiting this designee to the Business Affairs official or his or her designee.

GV3. The Committee will be asked to approve the merger of University of Florida Jacksonville Healthcare, Inc. (UFJHI) into University of Florida Jacksonville Physicians, Inc. (UFJPI), and the certification of the surviving corporation, UFJPI, as an HSSO. The College of Medicine/Jacksonville faculty's clinical practice plan is functionally comprised of UFJHI and UFJPI, although UFJPI is the official practice plan and UFJHI is an HSSO. Practice plans provide billing and other support for UF faculty clinical practices, as authorized by a Board of Governors' regulation and UF Board IOM. HSSOs facilitate managed care and provide other support, as authorized by a statute and UF Board IOM. The same individuals are the directors and members of both entities and both entities support the faculty's clinical practice. Two entities aren't necessary; one will eliminate duplicative board meetings, record-keeping and other inefficiencies and sub-optimization.

GV4. The Committee will be asked to authorize amendment of the UF Board's IOM on UF affiliates to add (a) the recently Board-authorized Cattle Enhancement Board, Inc. Direct Support Organization (DSO) as a Category 2 Affiliate, (b) delete UFJHI (due to its merger into UFHPI, if the Board approves the merger) and reflect UFJPI's status as both a practice plan and HSSO (if the Board approves certification of UFJPI as an HSSO), (c) delete University Village

Apartments, Inc. (because it has been dissolved), and (d) color-code each affiliate to denote whether it is a DSO, faculty practice plan, HSSO, or other affiliate.

GV5. The Committee will be asked to approve disbanding the Strategic Initiatives Committee and folding its purpose into that of the Committee on Educational Policy and Strategy. It also provides for the Committee on Educational Policy and Strategy's charter to be amended accordingly and its name to be changed to the "Committee on Educational Policy and Strategic Initiatives." This will provide for the full Board to engage on issues of strategic focus for the University, without requiring the Committee on External Relations to forgo its own agenda. Also the Committee on Strategic Initiatives does not have business to conduct at every meeting of the Board and the President's Strategic Discussion provides another opportunity for Board engagement on strategic priorities.

The Committee will address the following Informational/Discussion Items:

After visits with all UF Category 1 (i.e., the most substantial, complex) affiliates, the Committee has endorsed a cycle of 2 or 3 year increments for governance oversight visits of these affiliates with the Committee. The University of Florida Foundation, Inc. and the University of Florida Investment Company (UFICO) will have their initial visits in their 3-year cycles, making presentations on governance and enterprise risk identification and management. The University of Florida Foundation's presentation will include the new fiduciary board and national board; enhanced UF governance principles that it piloted; and enterprise risk management initiatives. The UFICO presentation will include new initiatives in governance and enterprise risk management. Slides will be provided in the Committee's Appendix before the meeting.



UNIVERSITY OF FLORIDA BOARD OF  
TRUSTEES COMMITTEE ON GOVERNANCE  
COMMITTEE AGENDA

March 31, 2016

~3:55 p.m. EDT

Warrington Conference Room, Emerson Alumni Hall  
University of Florida, Gainesville, Florida

**Committee Members:**

James W. Heavener (Chair), David L. Brandon, Rahul Patel, Steven M. Scott, David M. Thomas,  
Anita G. Zucker

- 1.0 Verification of Quorum ..... Jamie Lewis Keith, VP/General Counsel, University Secretary
- 2.0 Call to Order and Welcome ..... James W. Heavener, Chair
- 3.0 Review and Approval of Minutes..... James W. Heavener, Chair  
[December 17, 2015](#)  
[January 6, 2016](#)  
[January 28, 2016](#)  
[February 9, 2016](#)
- 4.0 Action Items ..... James W. Heavener, Chair  
GV1. [Amendment of IOM 07-21](#)  
GV2. [Amendment of IOM 07-22](#)  
GV3. and R16-167 [Merger of University of Florida Jacksonville Healthcare, Inc., into](#)  
[University of Florida Jacksonville Physicians, Inc. and Certification of Health Service](#)  
[Support Organization](#)  
GV4. [Amendment of IOM 01-1](#)  
GV5. [Disband the Strategic Initiates Committee and Fold Its Purpose Into the](#)  
[Committee on Educational Policy and Strategic Initiatives](#)
- 5.0 Discussion/Informational Items ..... James W. Heavener, Chair

5.1	Governance Oversight Reviews	
5.1.1	University of Florida Investment Corporation .....	William Reeser, Chief Investment Officer, and Edward Kelly, Chief Operating Officer
5.1.2	University of Florida Foundation, Inc.....	Thomas J. Mitchell, Executive Vice President, and Karen Rice, Associate Vice President
6.0	New Business.....	James W. Heavener, Chair
7.0	Adjourn .....	James W. Heavener, Chair



**UNIVERSITY OF FLORIDA BOARD OF TRUSTEES  
COMMITTEE ON GOVERNANCE  
COMMITTEE ACTION ITEM GV1  
March 31, 2016**

**SUBJECT:** Amendment of Internal Operating Memorandum 07-21

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**BACKGROUND INFORMATION**

The University of Florida Board of Trustees Internal Operating Memorandum (IOM) 07-21 is the Board's policy regarding the establishment and operation of faculty practice plans. Currently, IOM 07-21 requires a faculty practice plan to include a provision in its bylaws or articles of incorporation that the faculty practice plan's board of directors shall include the Vice President for Business Affairs or designee. The Vice President and Chief Financial Officer is the designee on certain practice plan boards. The proposed amendment will allow the University President to designate the Vice Presidential level Chief Business Affairs official, Chief Financial Officer, or the Chief Operating Officer, or a designee of any of them, as the President determines most appropriate, to serve on any faculty practice plan board.

**PROPOSED COMMITTEE ACTION**

The Committee on Governance is asked to approve for recommendation to the Board of Trustees for its approval on the Consent Agenda an amendment to the Board of Trustees' Internal Operating Memorandum (IOM) 07-21 to provide for the University President to designate the University's Vice Presidential level Chief Operating Officer, Chief Financial Officer, or Chief Business Affairs official, or a designee of any of them, as a member of any faculty practice plan board of directors, rather than limiting this designee to the Vice President for Business Affairs or designee, as shown on the attached redlined IOM 07-21.

**SIGNIFICANT POLICY ISSUES FOR COMMITTEE TO CONSIDER**

Board of Governors approval is not required.

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**Supporting Documentation Included:** IOM 07-21, redlined to show the amendment.

**Submitted by:** David S. Guzick, Senior Vice President for Health Affairs

**Approved by the University of Florida Board of Trustees, April 1, 2016.**

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Steven M. Scott, Chair

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W. Kent Fuchs, President and Corporate Secretary

## University of Florida Internal Operating Memorandum

No.: 07-21

Date: ~~April 1-November 30~~, 201607 (Supercedes No. 07-18 dated June 15, 2007)

Subject: Faculty Practice Plans

Authority: Section 1001.706(3)(d)4(36), F.S.  
[Board of Governors Regulation 9.017.](#)

Purpose: To establish procedures for the operation of Faculty Practice Plans

### I. Preliminary Statement

Florida Statutes Section 1001.74(36) provides that the state university boards of trustees are responsible for supervising the operation of Faculty Practice Plans, including Faculty Practice Plan Corporations, at the state universities. In order to implement this authority, the University of Florida Board of Trustees has adopted this operating memorandum to provide guidance with respect to the creation and operation of Faculty Practice Plans at the University of Florida. These standards are uniform minimum standards for the University's oversight of affiliated organizations and all affiliates should at least meet these standards. The University's Board of Trustees or their designee, the President, may have greater oversight and if there is greater University oversight already, this will not be changed.

### II. Basic Policy

The J. Hillis Miller Health Science Center at the University of Florida provides educationally oriented clinical practice settings and opportunities, through which faculty members provide health, medical and dental care and treatment to patients, including patients at hospitals, clinics, and other facilities as an integral part of their academic activities and their employment as faculty. Such faculty practice activities provide clinical practice opportunities and experiences essential for the training of students and postgraduate health professionals and for enhancing the skills and knowledge of faculty members who must teach and train medical and other health professional students. Participation in such faculty practice activities by members of the faculty of the University's colleges of medicine, dentistry, health professions, pharmacy, nursing, and veterinary medicine is vital to the University's educational mission and the faculty's maintenance of skills in the treatment and diagnosis of disease, patient management, clinical expertise, and medical judgment. Such participation is a necessary and essential part of their employment as faculty members.

Because faculty practice activities generate income from the cross section of patients served by faculty members, the colleges in the J. Hillis Miller Health Science Center are authorized to regulate and collect fees generated from faculty practice, and to develop and maintain Faculty Practice Plans for the orderly collection and distribution of such fees. The structure and activities of each Faculty Practice Plan must be consistent with, and supportive of, the objectives of the respective health center college, the Health Science Center, and the University. Each college shall have the authority and flexibility to use Faculty Practice Plan funds for the benefit of that respective college in furtherance of its educational, research, and service missions.

### **III. Faculty Practice Plan Requirements**

- A. BOT Responsibility. The BOT has an oversight responsibility for Faculty Practice Plans because they are supporting organizations of the University. In order to fulfill this responsibility, the BOT is requiring each Faculty Practice Plan to satisfy the requirements in this operating memorandum.
- B. Written Plan. Each Faculty Practice Plan shall have a written document which describes the college's policies and procedures pertaining to faculty practice activities and the resulting professional fees. The Faculty Practice Plan and any changes to the Plan must be approved by the relevant ("Dean"), the Senior Vice President for Health Affairs, and the President of the University. The approval authority granted in this memorandum may be delegated in writing to appropriate University of Florida employees. Any such delegations must be maintained in the Office of the Vice President and General Counsel.
- C. Incorporation. A Faculty Practice Plan shall include a Florida not-for-profit corporation incorporated pursuant to Chapter 617 of the Florida Statutes (Faculty Practice Plan Corporation). Each Faculty Practice Plan Corporation acts as an instrumentality of the Board of Trustees for the benefit of the Faculty Practice Plan for the respective college.
- D. Tax-Exempt Status. Faculty Practice Plan Corporations must be exempt from federal and state taxes and shall make appropriate application to the Internal Revenue Service and Florida Department of Revenue to be recognized as tax-exempt. Further, the corporation shall not take any action which would cause it to lose its tax-exempt status.



- E. Articles of Incorporation. In order to incorporate, a corporation must prepare and file articles of incorporation with the Florida Secretary of State. The content of the articles of incorporation is prescribed by Florida Statute section 617.0202 but generally must include the name of the organization, its initial street address, the name and address of each incorporator, and, most important, the purposes for which the corporation is organized. A Faculty Practice Plan's purpose must be wholly in support of University of Florida programs. Because the corporation is organized solely to support one or more of the public or charitable purposes of the University, the Faculty Practice Plan should qualify as a not-for-profit corporation under state law as well as be recognized as a tax-exempt charitable organization by the Internal Revenue Service. Faculty Practice Plan articles of organization should be prepared by or in consultation with the Office of the University's Vice President and General Counsel, and must be confirmed by that Office to be consistent with this internal operating memorandum. The Articles and amendments thereto must be ratified by the Dean of the college, the Senior Vice President for Health Affairs and the President of the University.
- F. Bylaws. The day-to-day governance of corporate affairs is provided in the corporation's bylaws. The bylaws must contain provisions dealing with election/appointment of directors, term of office, procedures for calling meetings, quorum requirements, voting, appointment of committees, the establishment and appointment of corporate officers, and indemnification and insurance. The bylaws may not contain any provisions inconsistent with the Faculty Practice Plan statute, rule, or this internal operating memorandum. Faculty Practice Plan bylaws should be prepared by or in consultation with the Office of the Vice President and General Counsel, and must be confirmed by that Office to be consistent with this internal operating memorandum. The Bylaws and amendments thereto must be ratified by the Dean of the college, the Senior Vice President for Health Affairs, and the President of the University.
- G. Specific requirements of Organizational Documents. In addition to general requirements for articles and bylaws each Faculty Practice Plan's articles and/or bylaws must contain the following provisions in addition to satisfying the general requirements set forth above:
1. A provision that the corporation's board of directors shall include the members required under the applicable provision of IOM 01-1 and shall also include the [University of Florida Chief Operating Officer, Chief Financial Officer, or](#) Vice President for

Business Affairs or a designee of any of them, as determined by the University President, the Senior Vice President for Health Affairs or designee and the Dean of the College or designee.

2. A provision that a director, other than an ex officio director, may be removed for any reason by a vote of at least a majority of the corporation's board of directors and any director may be removed for cause by the President of the University after consultation with the corporation's board of directors.
3. A provision that any committee member may be removed for any reason by a vote of at least a majority of the corporation's board of directors, and that any committee member may be removed for cause by the President of the University after consultation with the conflict-free members of the corporation's board of directors.
4. A provision that the board of directors shall appoint an Audit Committee and shall, in conjunction with the Audit Committee, adopt an Audit Committee Charter, which shall be approved by the President of the University, to provide for oversight of the integrity of financial reporting, internal controls and the independence and performance of the audit function by the corporation's independent auditors.
5. A provision that the corporation's chief executive officer (regardless of actual title) shall be selected by (or appointed only after approval of) the President of the University after consultation with the corporation's board of directors, and that the chief executive officer shall report to the President of the University or his/her designee and the corporation's board of directors.
6. A provision that the corporation's chief executive officer (regardless of actual title) may be removed for any reason by a vote of at least a majority of the board of directors and may be removed for cause or unacceptable performance by the President of the University after consulting with the corporation's board of directors.
7. A provision that as used in the bylaws:
  - (a) "For Cause" shall mean actions or omissions that may adversely affect or reflect on the interest and/or

reputation of the corporation or the University of Florida, as determined by the President of the University after consulting with the corporation's directors. Any such determination may be made by the President of the University and need not depend on the conclusion of any external determination or process.

(b) "Unacceptable Performance" means a persistent failure to fulfill duties of the position to high standards and in a manner that serves the best interest of the corporation and the University of Florida, as determined by the President of the University after consulting with the corporation's board of director's.

8. A provision that amendments to the articles of incorporation and/or bylaws require a vote of at least a majority of the members of the corporation (if entitled to vote) or of the members of the board of directors and that any such amendments shall not become effective until ratified by the President of the University as the designee of the Board of Trustees.
9. A provision that the President of the University or his/her designee confirms that the corporation's mission is to support one or more of the purposes of the University.
10. A provision that the President of the University shall have the power to: monitor and control the use of University resources by the Faculty Practice Plan Corporation; control the use of the University name by the corporation; and monitor the corporation's compliance with federal and state laws and rules. The Faculty Practice Plan Corporation must also have a policy on ethics and conflicts of interest.
11. A provision that the corporation shall comply with IOM 07-21 and any amendment thereto.
12. The foregoing provisions shall apply to all existing Faculty Practice Plan Corporations as well as any new Faculty Practice Plan Corporation.

#### **IV. Operations**

- A. Bank Account. Each Faculty Practice Plan Corporation must maintain a separate bank account into which all faculty practice fees are to be deposited, which shall be held and administered by the University or the Faculty Practice Plan Corporation.
- B. Budgets. Each Faculty Practice Plan Corporation shall adopt an annual budget which shall be recommended by the Dean of the college and the Senior Vice President for Health Affairs and approved by the University President or his/her designee not later than 60 days after the first day of the fiscal year. The President or his/her designee shall periodically, but not less than annually, make a report concerning the Faculty Practice Plans' approved budgets and financial performance to the BOT.
- C. Audits. Each Faculty Practice Plan Corporation shall annually have a financial audit of its accounts and records conducted by an independent certified public accountant. The audit shall be completed and, together with management's responses, shall be submitted to the President of the University or his/her designee for review not later than 3 months after the close of the corporation's fiscal year. The President or his/her designee shall periodically, but not less than annually, make a report concerning material results of the Faculty Practice Plans' audits to the BOT.
- D. Personnel Policies. Faculty Practice Plan Corporations with employees must have appropriate written personnel policies, including discrimination and sexual harassment policies.
- E. Purchasing. Faculty Practice Plan Corporations must adopt purchasing policies that establish good business practices and ensure that appropriate internal control over procurement activities is in effect. Thresholds should be established by policy that agree with the University's limits requiring quotes, bids, and other forms of competitive purchasing practices.
- F. Leasing. Any leases of real property entered into by a Faculty Practice Plan Corporation must be approved by University's Office of the General Counsel prior to execution. Any subleases of real property by the Faculty Practice Plan Corporation to the University must utilize a sublease agreement approved by University's Office of the General Counsel.
- G. Construction.

1. All construction funded by the Faculty Practice Plan Corporation on the University campus in Gainesville, including new facilities, renovations, remodeling and repairs, must comply with University of Florida policies and rules.
2. Construction of new facility or that adds square footage to an existing facility on the University campus in Gainesville, or any construction of a facility or additional square footage to an existing facility off-campus, for which plant operations and maintenance funding will be requested from the state, shall not be funded by the Faculty Practice Plan Corporation without the prior approval of the University's Board of Trustees.

History: New 9-11-2004. Revised 6-15-2007; 11-30-2007. Technical Amendment 2-25-2010. [Revised 4-1-2016.](#)

FacultyPracticePlansOperMemo



**UNIVERSITY OF FLORIDA BOARD OF TRUSTEES  
COMMITTEE ON GOVERNANCE  
COMMITTEE ACTION ITEM GV2  
March 31, 2016**

**SUBJECT:** Approval of an Amendment to Internal Operating Memorandum 07-22

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**BACKGROUND INFORMATION**

The University of Florida Board of Trustees Internal Operating Memorandum (IOM) 07-22 is the Board's policy regarding the establishment and operation of health services support organizations (HSSO). Currently, IOM 07-22 requires an HSSO to include a provision in its bylaws or articles of incorporation that the HSSO's board of directors shall include the Vice President for Business Affairs or designee. The Vice President and Chief Financial Officer is the designee on the board of University of Florida Jacksonville Healthcare, Inc., UF's HSSO. The proposed amendment will allow the University President to designate the Vice Presidential level Chief Business Affairs official, Chief Financial Officer, or the Chief Operating Officer, or a designee of any of them, as the President determines most appropriate, to serve on any HSSO board.

**PROPOSED COMMITTEE ACTION**

The Committee on Governance is asked to approve for recommendation to the Board of Trustees for its approval on the Consent Agenda an amendment to the Board of Trustees' Internal Operating Memorandum (IOM) 07-22 to provide for the University President to designate the University's Vice Presidential level Chief Operating Officer, Chief Financial Officer, or Chief Business Affairs official, or a designee of any of them, as a member of any Health Services Support Organization board of directors, rather than limiting this designee to the Vice President for Business Affairs or designee, as shown on the attached redlined IOM 07-22.

**SIGNIFICANT POLICY ISSUES FOR COMMITTEE TO CONSIDER**

Board of Governors approval is not required.

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**Supporting Documentation Included:** IOM 07-22, lined to show the amendment.

**Submitted by:** David S. Guzick, Senior Vice President for Health Affairs

**Approved by the University of Florida Board of Trustees, April 1, 2016.**

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Steven M. Scott, Chair

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W. Kent Fuchs, President and Corporate Secretary

## University of Florida Internal Operating Memorandum

No.: 07-22

Date: [April 1](#)~~November 30~~, 2016~~07~~ (Supercedes No. 07-19 dated June 15, 2007)

Subject: Health Services Support Organizations

Authority: Section 1004.29, F. S.  
[Board of Governors Regulation 9.011.](#)

Purpose: To establish procedures for the establishment and operation of  
University of Florida Health Services Support Organizations

### I. Preliminary Statement

Florida Statutes Section 1004.29 provides for the establishment of health services support organizations (HSSOs) by state universities. Such organizations have the ability to enter into, for the benefit of the university's health center, arrangements with other entities as providers in other integrated health care systems or similar entities. To the extent required by law or rule, HSSOs shall become licensed as insurance companies, pursuant to Chapter 624, Florida Statutes, or be certified as health maintenance organizations, pursuant to Chapter 641, Florida Statutes.

Section 1004.29, Florida Statutes, also provides that each HSSO shall have sole responsibility for its acts, debts, liabilities, and obligations and that in no event shall the state or the university have any responsibility for such acts, debts, liabilities, and obligations. Section 1004.30, Florida Statutes, provides for the confidentiality of certain HSSO records and information.

In order to implement these statutory provisions, the Board of Trustees of the University of Florida has adopted this Internal Operating Memorandum to provide guidance with respect to the establishment and operation of HSSOs, and, when necessary, the termination of HSSO status at the University of Florida. These standards are uniform standards for the University's oversight of affiliated organizations and all affiliates should at least meet these standards. The University's Board of Trustees or their designee, the President, may have greater oversight and if there is greater University oversight already, this will not be changed.



## II. Creation

- A. **BOT Responsibility.** The BOT has an oversight responsibility for HSSOs because they are supporting organizations of the University. In order to fulfill this responsibility, the BOT is requiring each HSSO to satisfy the requirements in this operating memorandum.
- B. **Purpose.** An HSSO may be established if necessary to provide clinical practice settings and opportunities in support of the teaching, research, and service missions of the J. Hillis Miller Health Science Center at the University of Florida.
- C. **Incorporation.** Pursuant to statute, an HSSO must be a Florida not-for-profit corporation organized under the provisions of Chapter 617 of the Florida Statutes.
- D. **Tax-Exempt Status.** A University HSSO must also be exempt from federal and state taxes. Exemption from federal taxation is not automatic even though the corporation is organized under the state's not-for-profit statute. A HSSO must qualify as a tax-exempt organization (typically referred to as a "501(c)(3) organization") by making application to the Internal Revenue Service. This is done by filing an Application for Recognition of Exemption (Form 1023) and is discussed further in section III.B.3.
- E. **Articles of Incorporation.** In order to incorporate, a corporation must prepare and file articles of incorporation with the Florida Secretary of State. The content of the articles of incorporation is prescribed by Florida Statute section 617.0202 but generally must include the name of the organization, its initial street address, the name and address of each incorporator, and, most important, the purposes for which the corporation is organized. A HSSO's purpose must be wholly in support of University of Florida J. Hills Miller Health Science Center programs. Because the corporation is organized solely to support one or more of the public or charitable purposes of the University, the HSSO should qualify as a not-for-profit corporation under state law as well as be recognized as a tax-exempt charitable organization by the Internal Revenue Service. HSSO articles of organization should be prepared by or in consultation with the Office of the University's Vice President and General Counsel, and must be confirmed by that Office to be consistent with this internal operating memorandum.
- F. **Bylaws.** The day-to-day governance of corporate affairs is provided in the corporation's bylaws. The bylaws must contain provisions dealing with election/appointment of directors, term of office, procedures for

calling meetings, quorum requirements, voting, appointment of committees, the establishment and appointment of corporate officers, and indemnification and insurance. The bylaws may not contain any provisions inconsistent with the HSSO statute, or this internal operating memorandum. HSSO bylaws should be prepared by or in consultation with the Office of the Vice President and General Counsel, and must be confirmed by that Office to be consistent with this internal operating memorandum.

G. Specific Requirements of Organizational Documents. In addition to the general requirements for articles of incorporation and bylaws, each HSSOs articles and/or bylaws must contain the following provisions, in addition to satisfying the general requirements set forth above:

1. The provisions required in Florida Statute Section 1004.29.
2. A provision that the corporation's board of directors shall include the members required under the applicable provision of IOM 01-1 and shall also include the [University of Florida Chief Operating Officer, Chief Financial Officer](#), Vice President for Business Affairs or [a designee of any of them, as determined by the University President](#), the Senior Vice President for Health Affairs or designee and the relevant Dean ("Dean") or designee.
3. A provision that a director, other than an ex officio director, may be removed for any reason by a vote of at least a majority of the corporation's board of directors and any director may be removed for cause by the President of the University after consultation with the corporation's board of directors.
4. A provision that any committee member may be removed for any reason by a vote of at least a majority of the corporation's board of directors, and that any committee member may be removed for cause by the President of the University after consultation with the conflict-free members of the corporation's board of directors.
5. A provision that the Board of Directors shall appoint an Audit Committee and shall, in conjunction with the Audit Committee, adopt an Audit Committee Charter, which shall be approved by the President of the University, to provide for oversight of the integrity of financial reporting, internal controls and the independence and performance of the audit function by the corporation's independent auditors.

6. A provision that the corporation's chief executive officer (regardless of actual title) shall be selected by (or appointed only after approval of) the President of the University after consultation with the corporation's board of directors, and that the chief executive officer shall report to the President of the University or his/her designee and the corporation's board of directors.
7. A provision that the corporation's chief executive officer (regardless of actual title) may be removed for any reason by a vote of at least a majority of the board of directors and may be removed for cause or unacceptable performance by the President of the University after consulting with the corporation's board of directors.
8. A provision that as used in the bylaws:
  - (a) "For Cause" shall mean actions or omissions that may adversely affect or reflect on the interest and/or reputation of the corporation or the University of Florida, as determined by the President of the University after consulting with the corporation's directors. Any such determination may be made by the President of the University and need not depend on the conclusion of any external determination or process.
  - (b) "Unacceptable Performance" means a persistent failure to fulfill duties of the position to high standards and in a manner that serves the best interest of the corporation and the University of Florida, as determined by the President of the University after consulting with the corporation's board of director's.
9. A provision that amendments to the articles of incorporation and/or bylaws require a vote of at least a majority of the members of the corporation (if entitled to vote) or of the members of the board of directors and that any such amendments shall not become effective until ratified by the President of the University as the designee of the Board of Trustees.
10. A provision that the President of the University or his/her designee confirms that the corporation's mission is to support one or more of the purposes of the University.

11. A provision that the President of the University shall have the power to: monitor and control the use of university resources by the HSSO; control the use of the University name by the HSSO; and monitor the HSSOs compliance with federal and state law and rules. The HSSO must also have a policy on ethics and conflicts of interest.
12. A provision that the corporation shall comply with IOM 07-22 and any amendments thereto.
13. The foregoing provisions shall apply to all existing HSSOs as well as any organization established as an HSSO.

### **III. Approval Process**

A. Approval Authority. In order to be established as a HSSO, an organization must submit required documentation (as set forth hereafter) for review and approval. The following approvals are required:

1. The Dean(s) under whose auspices the HSSO will function.
2. Senior Vice President for Health Affairs.
3. Vice President for Business Affairs.
4. President.
5. Board of Trustees.
6. Vice President and General Counsel's office for the purpose of confirming consistency with this internal operating memorandum.

B. Required Submissions.

1. Articles of Incorporation
2. Bylaws
3. IRS Form 1023. The IRS grants tax-exempt status retroactive to the date of incorporation if it approves the application. A proposed HSSO must complete the Form 1023 for submission as part of the approval process, but will not be required to have

actually received its tax-exempt determination letter in order to be approved.

4. Policy on ethics and conflicts of interest.
5. Audit Committee Charter
6. Names and qualifications of proposed initial members of the board of directors, initial members of all board committees and initial Chief Executive Officer.
7. Policy on records, which shall be consistent with the provisions of Section 1004.30, Florida Statutes.
8. Business Plan. The Business Plan must contain at least the following:
  - a. A statement of the specific purpose(s) for which the HSSO is organized and how it will benefit the University's J. Hillis Miller Health Science Center.
  - b. A statement of how the HSSO intends to use University facilities, property, personal services and/or the name of the University.
  - c. The names of, with biographical information, its initial board of directors.
  - d. The names of, with biographical information, its initial officers.
  - e. A proposed operating budget for the first two full years of corporate activity.
  - f. A balance sheet.
  - g. A detailed statement of proposed fund raising activities, if any.

(It should be noted that items e, f and g are required inclusions in Form 1023).

#### **IV. Operations**

- A. Organizational Document Amendments. The BOT has delegated to the President of the University the authority to review and approve amendments to a HSSO's articles of incorporation or bylaws. The President may further delegate this authority in writing. The HSSO must submit the amendments to the President for review. An amendment shall not become effective until approved by the President or the President's designee.
- B. Fiscal Year. The corporation shall observe a fiscal year of July 1 – June 30 unless approval for a different fiscal year has been granted during the approval process.
- C. Budgets. Each HSSO shall prepare an annual budget using either a cash or accrual basis. HSSO budgets shall be prepared in the format attached to this policy and shall include:
1. Estimated revenues delineated by source of funds.
  2. Budgeted expenditures for the construction of physical facilities by project.
  3. Budgeted expenditures for salaries, wages and benefits of HSSO employees.
  4. Budgeted transfers of HSSO assets to the University for the purpose of funding salary supplements, compensation and benefits to be provided to University faculty and staff.
  5. All other budgeted expenditures and transfers classified in a manner appropriate for the mission and purpose of the HSSO.
  6. A schedule of the names of the governing board members and their dates of service. The board members appointed by the Board of Trustees and the President shall be identified.
- D. Budget Approval. Proposed budgets shall be received and approved by the HSSOs governing board and submitted to the President of the University or his/her designee for approval not later than 60 days after the first day of the fiscal year to which the proposed budget pertains. The President or his/her designee shall periodically, but not less than annually, make a report concerning the approved HSSOs' budgets and financial performance to the BOT.
- E. Supplemental Notification. Whenever the governing board of a HSSO proposes to make or becomes aware of a material or significant change

to any item contained in budget awaiting approval or in an approved budget, it shall immediately notify the President of the University or his/her designee of the change, together with a complete explanation for the change and impact that such change may have on the HSSOs operations.

- F. Annual Audits. Each HSSO shall annually have a financial audit of its accounts and records conducted by an independent certified public accountant. The audit shall be completed and, together with management's responses, shall be submitted to the President of the University or his/her designee for review not later than three months after the close of the corporation's fiscal year. The President or his/her designee shall periodically, but not less than annually, make a report concerning material results of the HSSOs' audits to the BOT.
- G. Florida Retirement System and Salary Supplements.
1. Full or part-time employees of HSSOs may not participate in the State of Florida Retirement System. Other fringe benefits available to University of Florida employees may be made available to HSSO employees if allowed by law and approved by the University of Florida Board of Trustees.
  2. Salary supplements provided for University of Florida employees must be approved by the President of the University or his/her designee. Salary supplements will be paid using the University of Florida payroll process.
  3. Prior to increasing the salary or changing the salary source for an individual who receives compensation from a HSSO fund source that does not contribute to the Florida Retirement System (FRS) and from a fund source that does contribute to FRS, the university shall request a written analysis from the Division of Retirement, Florida Department of Management Services, or other appropriate state agency, if the proposed change in salary increases the proportion of the total salary that is paid from state funds. This analysis, assessing the potential impact of such action on FRS, shall be provided to the President prior to the President's approval of the change in salary. If the change in salary results in a significant fiscal impact on the FRS, an assessment payable to the FRS may be required.
- H. Personnel Policies. HSSOs with employees must have appropriate personnel policies, including discrimination and sexual harassment policies.

- I. Purchasing. HSSOs must adopt purchasing policies that establish good business practices and insure that appropriate internal control over procurement activities is in effect.
- J. Insurance. HSSOs shall follow good business practices and all applicable legal requirements to obtain appropriate insurance protection in amounts sufficient to adequately protect the assets of the HSSO.
- K. Leasing. Any leases of real property entered into by an HSSO must be approved by University's Office of the General Counsel prior to execution. Any subleases of real property by the HSSO to the University must utilize a sublease agreement approved by University's Office of the General Counsel.
- L. Construction.
  - 1) All construction funded by the HSSO on the University campus in Gainesville, including new facilities, renovations, remodeling and repairs, must comply with University of Florida policies and rules.
  - 2) Construction of new facility or that adds square footage to an existing facility on the University campus in Gainesville, or any construction of a facility or additional square footage to an existing facility off-campus, for which plant operations and maintenance funding will be requested from the state, shall not be funded by the HSSO without the prior approval of the University's Board of Trustee.

**V. Periodic Review.**

Not less frequently than every five years, the Senior Vice President for Health Affairs shall certify to the President in writing that the HSSO continues to meet all criteria for being considered a HSSO pursuant to applicable statutes and this operating memorandum and that the corporation's continued status as a HSSO is in the best interest of the University.

**VI. Termination of HSSO Status.**

At any time the President of the University may recommend to the BOT that an organization's status as an HSSO be terminated. Such a recommendation shall be based on a determination that the organization or the organization's



status as a HSSO no longer serves the best interests of the University and/or that the functions of the HSSO can be accomplished within the existing University framework. In addition, the administrative dissolution of the corporation by the Florida Secretary of State, if not immediately reinstated, or the denial or revocation of tax-exempt status of the corporation by the Internal Revenue Service, or the persistent failure to materially comply with applicable laws, rules or this operating memorandum shall constitute grounds for termination of HSSO status.

Any recommendation for termination of HSSO status shall include a plan for the disposition of the corporation's assets and liabilities.

History: New 9-11-2004. Revised 6-15-2007; 11-30-2007. Technical Amendment 2-25-2010. [Revised 4-1-2016.](#)

HSSO Operating Memorandum



**UNIVERSITY OF FLORIDA BOARD OF TRUSTEES  
COMMITTEE ON GOVERNANCE  
COMMITTEE ACTION ITEM GV3  
March 31, 2016**

**SUBJECT:** Merger of University of Florida Jacksonville Healthcare, Inc. into University of Florida Jacksonville Physicians, Inc. and Certification of Health Services Support Organization

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**BACKGROUND INFORMATION**

The Committee will be asked to approve the merger of University of Florida Jacksonville Healthcare, Inc. (UFJHI) into University of Florida Jacksonville Physicians, Inc. (UFJPI), and to approve the certification of the surviving corporation, UFJPI, as a Health Services Support Organization (HSSO). The College of Medicine-Jacksonville faculty's clinical practice plan is functionally comprised of UFJHI and UFJPI, although UFJPI is the official practice plan and UFJHI is an HSSO. Practice plans provide billing and other support for UF faculty clinical practices, as authorized by Board of Governors (BOG) Regulation §9.017 and University of Florida Board of Trustees Internal Operating Memorandum (IOM) 07-21. HSSOs are statutorily authorized to enter into arrangements with other health care organizations and managed care organizations for the delivery of high-quality, cost-effective care to patients, as authorized by §1004.29, Florida Statutes, and UF Board IOM 07-22. The same individuals are the directors and members of both entities, and both entities support the faculty's clinical practice. Two entities aren't necessary; one will eliminate duplicative board meetings, record-keeping and other inefficiencies. Providing for the surviving faculty practice plan, UFJPI, to also be certified as an HSSO—because UF's HSSO, UFJHI, will merge into UFJPI and no longer exist—will preserve existing flexibility after the merger.

UFJPI fulfills all requirements to be a faculty practice plan and fulfills (or through amendment of its organizational documents will fulfill) all requirements to be an HSSO.

**PROPOSED COMMITTEE ACTION**

The Committee on Governance is asked to approve for recommendation to the Board of Trustees for its approval on the Consent Agenda this GV3 and Resolution R16-167, authorizing: (1) the merger of University of Florida Jacksonville Healthcare, Inc. (UFJHI) into University of

Florida Jacksonville Physicians, Inc. (UFJPI) and certification of the surviving corporation, UFJPI, as a Health Services Support Organization, and the associated Resolution R16-167 (attached); and (2) the President of the University, the Senior Vice President for Health Affairs, or a designee of either of them at or above the vice president or dean level, acting singly, to approve and execute all documents, make all filings, and take any other actions that such person deems appropriate and in the best interest of the University to effect the merger of UFJHI into UFJPI and UFJPI's status as a faculty practice plan and health services support organization.

**SIGNIFICANT POLICY ISSUES FOR COMMITTEE TO CONSIDER**

Board of Governors approval is not required.

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**Supporting Documentation Included:** Resolution R16-167; UFJPI amended Articles of Incorporation and Bylaws (subject to any finalization by the UF President, UF Senior Vice President for Health Affairs, or designee, as authorized); Articles of Merger; Plan of Merger.

**Submitted by:** David S. Guzick, Senior Vice President for Health Affairs

**Approved by the University of Florida Board of Trustees, on April 1, 2016.**

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Steven M. Scott, Chair

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W. Kent Fuchs, President and Corporate Secretary



*The Foundation for The Gator Nation*

**UNIVERSITY OF FLORIDA BOARD OF TRUSTEES RESOLUTION**

**Number:** R16-167  
**Subject:** Merger of University of Florida Jacksonville Healthcare, Inc. into University of Florida Jacksonville Physicians, Inc. and Certification of a Health Services Support Organization  
**Date:** April 1, 2016

**WHEREAS**, University of Florida Jacksonville Physicians, Inc. ("UFJPI"), a Florida not for profit corporation organized under the provisions of Chapter 617, Florida Statutes, is the official clinical faculty practice plan established in support of the University of Florida College of Medicine – Jacksonville pursuant to Florida Board of Governors Regulation §9.017 and University of Florida Board of Trustees Internal Operating Memorandum 07-21;

**WHEREAS**, University of Florida Jacksonville Healthcare, Inc. ("UFJHI") is a Florida not for profit corporation organized under the provisions of Chapter 617, Florida Statutes, and established as a Health Services Support Organization (HSSO) in support of the University of Florida College of Medicine – Jacksonville pursuant to Florida Statutes §1004.29 and University of Florida Board of Trustees Internal Operating Memorandum 07-22;

**WHEREAS**, UFJHI's certification as an HSSO, under Florida Statutes §1004.29, provides flexibility to the College of Medicine – Jacksonville faculty practice plan to enter into arrangements with other health care organizations and managed care organizations for the delivery of high-quality, cost-effective care to patients;

**WHEREAS**, UFJHI and UFJPI are both not for profit corporations that share a common mission of providing practice management services in support of the University of Florida College of Medicine – Jacksonville, but as two corporations present inefficiencies and duplication of service;

**WHEREAS**, the merger of UFJHI into UFJPI will strengthen the ability of the combined entity to serve the University of Florida College of Medicine – Jacksonville by streamlining service delivery, eliminating any potential for duplication and waste, including duplicative board and committee meetings and record-keeping, and by addressing other sub-optimization created by the existence of two corporations; and

**WHEREAS**, certification of the surviving corporation, UFJPI, as an HSSO will allow the University of Florida College of Medicine – Jacksonville faculty practice to retain the flexibility of an HSSO, and UFJPI fulfills all of the requirements of a faculty practice plan and fulfills, or through approval of the amendment of its organizational documents will fulfill, the requirements for establishment and certification as an HSSO;

**NOW, THEREFORE**, The University of Florida Board of Trustees resolves that (1) the merger of UFJHI into UFJPI is approved; (2) UFJPI, as the surviving entity, is hereby certified as a university health services support organization (HSSO) and may use University property, facilities and services; and (3) the President of the University, the Senior Vice President for Health Affairs of the University, or a designee of either of them at or above the vice president or dean level, acting singly, is authorized to approve and execute all documents, make all filings, and take any other actions that such person deems appropriate and in the best interest of the University to effect the merger of UFJHI into UFJPI and UFJPI's status as a faculty practice plan and an HSSO.

Adopted this 1<sup>st</sup> day of April, 2016, by the University of Florida Board of Trustees.

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Steven M. Scott, Chair

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W. Kent Fuchs, President and Corporate Secretary



**UNIVERSITY OF FLORIDA BOARD OF TRUSTEES  
COMMITTEE ON GOVERNANCE  
COMMITTEE ACTION ITEM GV4  
March 31, 2016**

**SUBJECT: Amendment of Internal Operating Memorandum 01-1**

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**BACKGROUND INFORMATION**

The Board's Internal Operating Memorandum 01-1, as previously amended (IOM) organizes the University's close affiliates as Category 1, 2 or 3, with a requirement that Category 1 affiliates include a University Trustee or former Trustee on their governing boards, that Category 2 affiliates include at least a representative of the University's Board of Trustees (who may or may not be a Trustee) on their governing boards, and that Category 3 affiliates include at least a representative of the President on their governing boards. The Board has authorized the President to make the appointments, and he does so in consultation with the Board Chair. The categories relate to the nature, scope, scale and complexity of, and the related exposure created by, the affiliate's activities, assets and resources. Due to the creation, dissolution, and anticipated merger of certain affiliates, the IOM warrants further amendment as follows:

1. Add the Cattle Enhancement Board, Inc., an Institute of Food and Agricultural Sciences (IFAS) mission- and research-oriented, University direct-support organization (DSO), which was certified by the Board at its February 9, 2016 meeting. It is recommended that this DSO be classified as a category 2 affiliate. Other IFAS research-oriented DSOs are in this category, because they have relatively limited scope, staff and funding. The Cattle Enhancement Board is anticipated to have a relatively limited level (a few million dollars) of research dollars, limited staff and focus on research relevant to the Florida cattle industry.
2. Delete University of Florida Jacksonville Healthcare, Inc. (UFJHI), a Health Services Support Organization (HSSO) that facilitates managed care and also supports the University's faculty clinical practice in Jacksonville. Also denote University of Florida Jacksonville Physicians, Inc. (UFJPI) as an HSSO, as well as retaining its current denoted status as a faculty practice plan for billing and other support of faculty clinical practice in Jacksonville. At its March 31, 2016 meeting, the Committee on Governance will be asked to approve GV3, which recommends to the Board that it authorize the merger of

UFJHI into UFJPI. The merger is proposed because the same individuals serve on both entities' boards of directors and both entities support the faculty's clinical practice in Jacksonville; two corporations are unnecessary and inefficient. By operation of law, UFJHI will no longer exist upon its merger into UFJPI, and should be removed from the IOM. These changes are conditioned on the Board's approval of GV3 of March 31, 2016.

3. Delete University Village Apartments, Inc., an entity originally formed to facilitate the HUD financing of University student housing. The promissory note for this financing has been paid, and the corporation was dissolved and should be removed from IOM 01-1.

4. Denote what type of entity each affiliate is. While the IOM categorizes the affiliates, it does not presently note what type of entity each is. Color-coding each affiliate listed in the IOM denotes whether it is a DSO, Faculty Practice Plan, HSSO, or other affiliate.

### **PROPOSED COMMITTEE ACTION**

The Committee on Governance is asked to approve for recommendations to the Board of Trustees (Board) for its approval on the Consent Agenda, amendments of Board Internal Operating Memorandum 01-1, as previously amended (IOM), to: (a) add the Cattle Enhancement Board, Inc. to the IOM as a Category 2 affiliate, (b) delete University of Florida Jacksonville Healthcare, Inc. from the IOM and add Health Services Support Organization status to University of Florida Jacksonville Physicians, Inc.'s denoted faculty practice plan status in the IOM (conditioned on the Board's approval of GV3 of March 31, 2016), (c) delete University Village Apartments, Inc. from the IOM, and (c) color-code each affiliate listed in the IOM to denote whether it is a Direct Support Organization, Faculty Practice Plan, Health Services Support Organization, or other affiliate, all as shown on the attached lined copy of the IOM.

### **SIGNIFICANT POLICY ISSUES FOR COMMITTEE TO CONSIDER**

None. Board of Governors approval is not required.

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Supporting Documentation Included: See attached IOM 01-1, as amended, lined to show the changes.

Submitted by: David S. Guzik, Senior Vice President for Health Affairs, President of UF Health  
Jamie Lewis Keith, Vice President, General Counsel and University Secretary

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Steven M. Scott, Chair

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W. Kent Fuchs, President and Corporate Secretary

## University of Florida Internal Operating Memorandum

Number: 01-1

Subject: Service of Trustees on Direct Support Organizations, Health Services Support Organizations, and Other Affiliated Corporate Boards

Date: September 7, 2001. Revised March 17, 2009; June 11, 2010; March 17, 2011; September 21, 2012; April 3, 2015; June 4, 2015; April 1, 2016.

The University of Florida Board of Trustees, in consultation with the University President, determines whether Trustees or non-Trustee representatives of the Board of Trustees should serve on the boards of University of Florida Direct Support Organizations, Health Services Support Organizations or other affiliated corporations.<sup>1</sup> Although Trustees need not always serve as directors on University-affiliated boards, the nature and scope of certain boards warrants Board of Trustees participation. University representation, including Trustee service on such boards, shall meet the following minimum oversight requirements (which have been the intent and application of this IOM since its inception):

DSO = ● FPP = ● HSSO = ● Other = ●

### **1. University of Florida Direct Support Organizations, Health Services Support Organizations or other affiliated boards that should include a University of Florida Trustee or former Trustee<sup>2</sup> as a member.**

University of Florida Foundation, Inc. ●  
The University Athletic Association, Inc. ●  
Gator Boosters, Inc. ●  
University of Florida Research Foundation, Inc. ●  
Shands Teaching Hospitals and Clinics, Inc. ●  
Shands Healthcare, Inc.<sup>3</sup> ●

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<sup>1</sup> The BOT previously delegated authority to the University President generally to make all appointments to affiliates' boards. (Affiliates include Direct Support Organizations, Health Services Support Organizations, as well as non-DSO affiliates.) The BOT reserved the right to approve *creation* of all affiliates and, as always if desired, to act in any particular case. [BOT Resolutions R07-37 (part I. O and II. P and the accompanying summary chart) and R08-44 (giving UFICO the same treatment as other DSOs).] Florida 2003 Statutes, 1004.28(3) and 1004.29(4), authorize--but do not require--the Chair of the Board of Trustees to appoint a representative to each DSO or HSSO board of directors and executive committee. (These statutes do not apply to *non*-DSO affiliates.) Consequently, to implement this IOM, the BOT approves the categorization of each affiliate as a Category 1, 2 or 3 affiliate and the President generally makes all appointments to *non*-DSO affiliate boards---as well as to DSO and HSSO boards if the Chair opts to give effect to the BOT Resolutions, rather than exercising the Chair's discretionary statutory authority to make an appointment.

<sup>2</sup> Added by BOT Action Agenda Item GV1 on June 4, 2015; Appointments of Former Trustees made to Category One Affiliates prior to this change are ratified by the Board's action.



Shands Jacksonville Healthcare, Inc.<sup>4</sup> ●  
Shands Jacksonville Medical Center, Inc.<sup>4</sup> ●  
University of Florida Investment Corporation<sup>5</sup> ●  
University of Florida Development Corporation<sup>6</sup> ●

**2. University of Florida Direct Support Organizations, Health Services Support Organizations or other affiliated boards that should include a designated non-Trustee representative of the University of Florida Board of Trustees as a member.**

Citrus Research and Development Foundation, Inc.<sup>7</sup> ●  
Citrus Research and Education Foundation, Inc. ●  
Florida 4-H Club Foundation, Inc. ●  
Florida Foundation Seed Producers, Inc. ●  
GatorCare Health Management Corporation<sup>8</sup> ●  
Southwest Florida Research and Education Foundation, Inc. ●  
Treasure Coast Agricultural Research Foundation, Inc. ●  
University of Florida Leadership and Education Foundation, Inc. ●  
Florida Clinical Practice Association, Inc. (College of Medicine) ●  
University of Florida Jacksonville Physicians, Inc.<sup>9</sup> ●  
~~University of Florida Jacksonville Healthcare, Inc.~~  
University of Florida Alumni Association, Inc. ●  
The University of Florida Law Center Association, Inc. ●  
UF Historic St. Augustine, Inc.<sup>10</sup> ●  
~~Cattle Enhancement Board, Inc.<sup>11</sup>~~ ●

**3. Other boards that should include a designee of the University President as a member with a report of such designees to the Board of Trustees.**

University of Florida College of Nursing Faculty Practice Association, Inc. ●  
University of Florida College of Pharmacy Faculty Practice Association, Inc. ●  
Faculty Associates, Inc. (College of Dentistry) ●  
Florida Health Professions Association, Inc. ●  
University of Florida Health Care Education Insurance Company, Inc. ●  
Florida Veterinary Medicine Faculty Association, Inc.<sup>10</sup> ●

<sup>3</sup> Creation of new non-DSO affiliate approved by BOT R09-50, January 14, 2009. Pursuant to BOT R09-61, September 11, 2009, creation will be done at an appropriate time determined by the UF President.

<sup>4</sup> Recategorized pursuant to BOT Action Agenda Item GV1, April 3, 2015.

<sup>5</sup> Categorized pursuant to BOT Action Agenda Item 5.13, June 14, 2005

<sup>6</sup> DSO approved by BOT Action Agenda Item GV1, March 17, 2011.

<sup>7</sup> DSO approved by BOT Action Agenda Item GV2, March 17, 2009.

<sup>8</sup> DSO approved by BOT Action Agenda Item GV , September 21, 2012

<sup>9</sup> University of Florida Healthcare, Inc., an HSSO, was merged into University of Florida Jacksonville Physicians, Inc. pursuant to BOT Action Agenda Item GV-1, April 1, 2016

<sup>10</sup> DSO approved by BOT Action Agenda Item GV1, June 11, 2010

<sup>11</sup> DSO approved by BOT Action Agenda Item GV-1, February 9, 2016

Faculty Clinic, Inc.<sup>10</sup> ●

| ~~University Village Apartments, Inc.<sup>-10</sup>~~

History: New 09-07-2001. Revised 03-17-2009; 06-11-2010; 03-17-2011; 09-21-2012; -  
| 04-03-2015; 06-04-2015; 04-01-2016.



**UNIVERSITY OF FLORIDA BOARD OF TRUSTEES  
COMMITTEE ON GOVERNANCE  
COMMITTEE ACTION ITEM GV5  
March 31, 2016**

**SUBJECT:** Disband the Strategic Initiates Committee and Fold Its Purpose Into the Committee on Educational Policy and Strategic Initiatives

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**BACKGROUND INFORMATION**

The Committee on Strategic Initiatives was created in July 12, 2012 to address a limited number of high priority strategic initiatives important to the University's advancement. Most of the topics that have been addressed by the Committee are of interest to the full Board of Trustees, effect the core mission of UF, and benefit from the full Board's discussion. This has been accommodated by holding joint meetings of the Committee on Strategic Initiatives with the Committee on External Relations. However, that has diminished the time that External Relations has to address its agenda. Also, the Strategic Initiatives Committee does not always have business to conduct and the President's Strategic Discussion provides another opportunity for Board engagement on strategic priorities. Consequently, creating a segment of the meeting of the Committee on Educational Policy and Strategy to address these kinds of matters is a more efficient approach, even if it means slightly extending the Committee on Educational Policy and Strategy's meetings on occasion. The Committee on Governance is being asked to recommend to the Board of Trustees for approval on its Consent Agenda that the Committee on Strategic Initiatives be disbanded, that its purpose be incorporated into the purpose of the Committee on Educational Policy and Strategy, and that this Committee be renamed the Committee on Educational Policy and Strategic Initiatives.

**PROPOSED COMMITTEE ACTION**

The Committee on Governance is asked to recommend to the Board of Trustees for action on the Consent Agenda that (1) the Committee on Strategic Initiatives be disbanded and that its purpose be incorporated into the purpose of the Committee on Educational Policy and Strategy; (2) the Charter of the Committee on Educational Policy and Strategy be amended to incorporate the additional responsibility of "focused consideration of a few strategic initiatives that are important for the University's advancement, contributions and future strength," and (3) the Committee on Educational Policy and Strategy's name be changed to the Committee on Educational Policy and Strategic Initiatives and its charter be revised as shown on the attached lined document.

**SIGNIFICANT POLICY ISSUES FOR COMMITTEE TO CONSIDER**

Board of Governors approval is not required.

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**Supporting Documentation Included:** Educational Policy and Strategy Charter, redlined to show the amendment. (Attached.)

**Submitted by:** Steven M. Scott, Chair  
W. Kent Fuchs, President  
Joseph Glover, Provost and Senior Vice President for Academic Affairs

**Approved by the University of Florida Board of Trustees, April 1, 2016.**

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Steven M. Scott, Chair

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W. Kent Fuchs, President and Corporate Secretary



### Committee on Educational Policy and Strategic Initiatives

The Educational Policy and Strategy Committee shall be responsible for reviewing and recommending to the Board policies relating to:

- Overseeing the implementation of the University of Florida strategic plan;
- Focused consideration of a few strategic initiatives that are important for the University's advancement, contributions and future strength;
- Educational policy and the educational objectives of the University, academic planning, instruction and research;
- Recruitment and retention of faculty, including academic freedom, tenure, and academic responsibility;
- Undergraduate and graduate students, including student admissions, student conduct, student aid and assistance, student tuition and fees, campus environment, and University programs that seek to enhance the educational experiences for all students;
- Degrees, colleges, departments, and programs.

It shall make recommendations to the Board on these and other matters referred to it by the Board. It shall make reports to the Board.

# APPENDIX

**Note:** For direct access to individual documents in the Appendix (without scrolling) go to the Agenda and click on the blue links, or go to the bookmarks (upper left hand corner on the iPad or upper right hand corner on the computer).



**UNIVERSITY OF FLORIDA BOARD OF TRUSTEES  
COMMITTEE ON GOVERNANCE  
COMMITTEE MINUTES**

**Meeting/Telephone Conference Call Meeting  
December 17, 2015**

**Campus Location: 123 Tigert Hall, University of Florida, Gainesville, Florida**

**Time Convened: 11:01 A.M. EST**

**Time Adjourned: 11:05 A.M. EST**

**1.0 Verification of Quorum**

Committee Chair James W. (Bill) Heavener asked Vice President, General and University Secretary Jamie Lewis Keith to verify a quorum. Ms. Keith confirmed a quorum with all members present except Trustee Christopher Corr.

**University of Florida Board of Trustees Committee on Governance Members Present:**

James W. Heavener (Chair), David L. Brandon, Susan M. Cameron, Steven M. Scott, David M. Thomas, Anita G. Zucker. Trustee Christopher T. Corr was unable to attend.

**Others Present:**

Trustees Paul Davenport, Charlie Edwards, Joselin Padron-Rasines, Rahul Patel and Jason Rosenberg; W. Kent Fuchs, President, Joseph Glover, Provost and Senior Vice President for Academic Affairs, Jamie Lewis Keith, Vice President, General Counsel and University Secretary; Angel Kwolek-Folland, Associate Provost for Academic Affairs; William Connellan, Provost's Office-Director/lead labor negotiator; Kim Baxley, Director, Employee Relations; Ryan Fuller, Senior University Counsel for Employment and Labor; Becky Holt, Executive Assistant.

**2.0 Call to Order and Welcome**

Committee Chair Heavener called the meeting to order at 11:01 a.m. EST, and welcomed all Governance Committee members, all Trustees, and everyone else in attendance.

### **3.0 Review and Approval of Minutes**

Committee Chair Heavener asked for a motion from a member of the Governance Committee to approve the minutes of the December 3, 2015 committee meeting, which was made by Trustee Brandon and Seconded by Trustee Zucker. The Committee Chair asked for further discussion, after which he asked for all in favor of the motion and any opposed, and the motion was approved unanimously.

### **4.0 Action Items (Consent)**

Chair Heavener asked Joe Glover to present GV1, the ratification of the proposed amendments to the Collective Bargaining Agreement with the Graduate Assistants United.

Provost Joe Glover explained that the Graduate Assistants United (GAU) represents research and teaching assistants, an employee role for the graduate students. On December 14<sup>th</sup>, GAU ratified the compensation-related changes to their Collective Bargaining Agreement with the UF Board of Trustees. The GAU-member graduate assistants will receive \$50 of relief from student fees and a \$430 across-the-board salary raise, which together equate to an average 2.5% salary increase, consistent with what has been offered to all UF employees. The Governance Committee is being asked to approve ratification of these changes and recommend that the full Board do so on its Consent Agenda.

Committee Chair Heavener asked for a motion from a member of the Governance Committee to approve Action Item GV1, which was made by Trustee Brandon and Seconded by Trustee Zucker. The Committee Chair asked for further discussion, after which he asked for all in favor of the motion and any opposed and the motion was approved unanimously.

### **5.0 Discussion/Informational Items**

There were no discussion items for the Committee.

### **6.0 New Business**

There was no new business for the Committee.

### **7.0 Adjourn**

Committee Chair Bill Heavener asked for a motion to adjourn, which was made by Trustee Brandon and Seconded by Trustee Cameron. The Chair asked for all in favor and any opposed to the motion, which was approved unanimously and the University of Florida Committee on Governance adjourned at 11:05 a.m. EST.





**UNIVERSITY OF FLORIDA BOARD OF TRUSTEES  
and  
UNIVERSITY OF FLORIDA GOVERNANCE COMMITTEE  
JOINT MEETING  
MINUTES  
January 6, 2016  
123 Tigert Hall, University of Florida, Gainesville, Florida**

**Time Convened: 3:00 p.m. EST**

**Time Adjourned: 3:26 p.m. EST**

**1.0 Verification of Quorum**

Board Chair, Steve M. Scott, asked Vice President, General Counsel and University Secretary Jamie Lewis Keith to verify a quorum. Ms. Keith confirmed a quorum with all Trustees present.

**2.0 Call to Order and Welcome**

Board Chair Scott called the meeting to order at 3:00 p.m. EST and welcomed all Trustees and everyone in attendance at the meeting. He noted that this was a joint meeting, requiring votes of the Committee on Governance and of the Board of Trustees to meet jointly.

Governance Committee Chair James W. Heavener asked only members of the Committee to respond and vote first. He asked for a motion to hold a joint meeting, which was made by Trustee Cameron and Seconded by Trustee Zucker. The Committee Chair asked for further discussion, after which he asked for all in favor of the motion and any opposed, and the motion was approved unanimously.

Board Chair Scott asked for a motion from any Trustee to hold a joint meeting, which was made by Trustee Zucker and Seconded by Trustee Brandon. The Board Chair asked for further discussion, after which he asked for all in favor of the motion and any opposed, and the motion was approved unanimously.

**University of Florida Board of Trustees Members Present:**

Steven M. Scott (Board Chair), David L. Brandon, Susan M. Cameron, Charles B. Edwards, Christopher T. Corr, Paul W. Davenport, James W. Heavener, Joselin Padron-Rasines, Robert G. Stern, Rahul Patel, Jason J. Rosenberg, David M. Thomas, Anita G. Zucker

**Governance Committee Members**

James W. Heavener (Committee Chair), David L. Brandon, Susan M. Cameron, Christopher T. Corr, Steven M. Scott, David M. Thomas, Anita Zucker

**Others Present:**

W. Kent Fuchs, President, Joseph Glover, Provost and Senior Vice President for Academic Affairs, and Jamie Lewis Keith, Vice President, General Counsel and University Secretary; Angel Kwolek-Folland, Associate Provost for Academic Affairs, William Connellan, Provost's Office-Director/lead labor negotiator, Kim Baxley, Director, Employee Relations, Ryan Fuller, Senior University Counsel for Employment and Labor.

**3.0 Minutes**

There were no minutes brought before the Committee or Board of Trustees.

**4.0 Executive Session**

At 3:03 p.m., Committee Chair Heavener announced that the meeting would go into executive session to discuss collective bargaining and will then reconvene in public session.

At 3:24 p.m., Committee Chair Heavener resumed the public session.

**5.0 Action Item**

There were no action items for the Committee or the Board of Trustees.

**6.0 Adjourn**

Board Chair Scott asked Committee Chair Heavener to handle adjournment of the Committee on Governance.

Committee Chair Heavener asked Committee on Governance members for a motion to adjourn the Committee's meeting, which was made by Trustee Brandon and Seconded by Trustee Cameron. He asked for all in favor and any opposed and the motion was unanimously approved. The Committee adjourned at 3:25 p.m. EST.

Board Chair Scott asked Board members for a motion to adjourn the Board meeting, which was made by Trustee Cameron and Seconded by Trustee Zucker. He asked for all in favor and any opposed and the motion was approved unanimously. The University of Florida Board of Trustees adjourned at 3:26 p.m. EST.



**UNIVERSITY OF FLORIDA BOARD OF TRUSTEES  
COMMITTEE ON GOVERNANCE  
IMPASSE RESOLUTION HEARING MEETING  
MINUTES**

**January 28, 2016**

**President's Room 215B, Emerson Alumni Hall**

**University of Florida, Gainesville, Florida**

**Time Convened: 9:02 a.m. EST**

**Time Adjourned: 10:27 a.m. EST**

**1.0 Verification of Quorum**

Acting Committee Chair David M. Thomas asked Vice President, General Counsel and University Secretary Jamie Lewis Keith to verify a quorum. Ms. Keith called the roll and confirmed a quorum with all members present.

**Committee Members present:**

David M. Thomas (Acting Chair), David L. Brandon, Susan M. Cameron, Christopher T. Corr, James W. Heavener, Steven M. Scott, and Anita G. Zucker.

**Others Present:**

Trustees Paul W. Davenport, Rahul Patel, Jason J. Rosenberg, and Robert G. Stern; W. Kent Fuchs, President; Joseph Glover, Provost and Senior Vice President for Academic Affairs, Charles Lane, Senior Vice President and Chief Operating Officer, Jamie Lewis Keith, Vice President, General Counsel and University Secretary; Ryan Fuller, Senior University Counsel for Employment and Labor, Michael Mattimore, Esq. and Mark L. Bonfanti, Esq. of Allen, Norton & Blue, P.A., counsel for the University of Florida; Angel Kwolek-Folland, Associate Provost for Academic Affairs, William Connellan, Provost's Office-Director/lead labor negotiator, Kim Baxley, Director of Employee Relations; Candi Churchill, Service Unit Director, United Faculty of Florida, John Biro, Agnes Leslie, and Raul Sanchez, Representatives for the United Faculty of Florida; Janine Sikes, Assistant Vice President for Media and Public Relations, Melissa Orth, Senior Director, Government Relations, Becky Holt, Executive Assistant, Sandy Mitchell, Senior Administrative Assistant; and other members of the University community and members of the media.



## **2.0 Call to Order and Welcome**

Acting Committee Chair David Thomas called the meeting of the Committee on Governance to order at 9:02 a.m. EST, welcoming all present and noting the importance of the matter before the Committee. Acting Committee Chair Thomas summarized the process for the hearing, as set forth on the agenda:

- One person may speak on behalf of each side—with each side having 20 minutes to present its position and 10 minutes for rebuttal;
- Only the Committee will ask any questions; and
- There is no public comment.

Neither representative had any questions about the process. Next, Acting Committee Chair Thomas asked Candi Churchill, Representative for United Faculty of Florida to present on behalf of the United Faculty of Florida.

## **3.0 Presentation of United Faculty of Florida Position**

Ms. Candi Churchill, representative for United Faculty of Florida (UFF) was acknowledged by Acting Committee Chair Thomas, and presented the position of the United Faculty of Florida (UFF) to the Committee. UFF's slides are incorporated in these minutes. The UFF submitted a written proposed order and copies were reviewed by each Committee member.

Ms. Churchill presented UFF's slides. Among other points, she expressed UFF's agreement with the Special Magistrate's Report and Recommendation entered December 28, 2015, took issue with the accuracy of the University Administration's cost and funding positions, presented peer institution salary information and cost of living and inflation information, addressed Administration raises, expressed that the faculty do not feel valued, expressed UFF's position that certain funding sources should be used for the raises, and asked the Committee to recommend to the Board of Trustees that it accept the Special Magistrate's recommendation and award to the UFF in-unit faculty, a 2.75% across-the-board increase in addition to a 2.5% merit wage increase. Ms. Churchill asked that the increases be effective in accordance with Article 24.2 of the Collective Bargaining Agreement.

## **4.0 Presentation of University of Florida (UF) Administration Position**

Mr. Michael Mattimore, representative for the University of Florida Administration was acknowledged by Acting Committee Chair Thomas, and presented the University Administration's position to the Committee. The University Administration's slides are incorporated in these minutes. The University Administration submitted a written proposed action and copies were reviewed by each Committee member.

Mr. Mattimore presented the University Administration's slides. Among other points, Mr. Mattimore quoted President Fuchs' position highly valuing the faculty, longstanding and new, in

and out of the bargaining unit, and noted that, while UFF represents only in-unit faculty, the University needs to consider the whole faculty, of which two-thirds are not represented by the union. He addressed the needs served by non-recurring funds, the annual depletion of nonrecurring funds that would result if they were used to fund the union's request, a history of faculty raises, comparisons of UF faculty raises to the CPI, tuition and state funding available to UF as compared with those of peer institutions, and average UF faculty salaries as compared with those of other Florida state institutions and AAU institutions. Mr. Mattimore compared the cost of the University Administration's proposed 2.5% merit pool wage increase, applied to the whole faculty (\$19,430,032) to the cost of UFF's proposed 2.75% across-the-board increase and the 2.5% merit wage increase, applied to the whole faculty (\$40,995,753), and asked the Committee to recommend to the Board of Trustees that it accept the University Administration's position to provide a merit pool wage increase of 2.5%, effective January 1, 2016.

## **5.0 United Faculty of Florida Rebuttal**

Acting Chair Thomas asked Candi Churchill to present the United Faculty rebuttal. Ms. Churchill asked for time to prepare, and Acting Committee Chair Thomas noted the importance of the matter at hand and provided a 10-minute period for this purpose. In her rebuttal, Ms. Churchill took issue with many of the University Administration's positions, reiterated some of UFF's key points, and thanked the Committee.

## **6.0 University of Florida Administration Rebuttal**

Acting Chair Thomas thanked Ms. Churchill and asked Michael Mattimore to present the University of Florida Administration's rebuttal. Mr. Mattimore highlighted key points and thanked the Committee.

## **7.0 Submission of Proposed Orders**

The United Faculty of Florida and University of Florida Administration both submitted Proposed Orders for the Committee to review.

## **8.0 Deliberations**

Having reviewed all of the written materials submitted by the parties and the Special Magistrate's report, Acting Chair David Thomas and the Committee began their deliberations.

## **9.0 Action on Committee's Recommended Order to Resolve the Impasse**

Acting Chair David Thomas asked the Committee if there were any discussion.

Board Chair Steven Scott made substantial comments including, among other points, on the Board's commitment to the faculty and students, a review of the economic downturn and the

actions the University took to address needs and responsibly manage its finances, the limited sources of funding for the University, the need to increase faculty endowments and support faculty activities with adequate facilities, and the importance of not applying finite non-recurring funding to significant annually recurring obligations.

Acting Committee Chair David Thomas expressed that the Committee has taken the impasse issues very seriously; that the journey to the top 10 involves many challenges that we need to address strategically and responsibly; and that the State priority to keep costs of education down and the limited availability of funding to the University have impacts, but that the University has aspirations and will continue to work toward them.

After all comments were made, Acting Committee Chair Thomas asked for a motion. Board Chair Steven Scott made a motion to accept the University Administration's recommended action and order, which reads:

"The Committee on Governance recommends to the University of Florida Board of Trustees that the collective bargaining impasse, declared on or about August 6, 2015, between the University of Florida and the United Faculty of Florida on Section 24.4(c) of the Collective Bargaining Agreement be resolved by adopting the University's proposal of a 2.5% merit pool wage increase for faculty in the bargaining unit effective January 1, 2016, to be distributed per the Collective Bargaining Agreement."

This motion was seconded by Trustee Christopher Corr. The Acting Chair asked if there was any further discussion, and after hearing none, he asked for all in favor of the motion and any opposed to it. The motion was unanimously approved.

#### **10.0 Close/Adjourn Hearing Meeting of Governance Committee**

Acting Committee Chair David Thomas asked for a motion to adjourn the hearing meeting, which was made by Trustee Corr, and seconded by Trustee Zucker. The Acting Chair asked for all in favor and any opposed, and the motion was approved unanimously. The University of Florida Committee on Governance adjourned at 10:27 a.m. EST.



**UNIVERSITY OF FLORIDA BOARD OF TRUSTEES**

**COMMITTEE ON GOVERNANCE**

**COMMITTEE MINUTES**

**February 9, 2016**

**Conference Call/Meeting**

**123 Tigert Hall, University of Florida, Gainesville, Florida**

**Time Convened: 4:02 P.M. EST**

**Time Adjourned: 4:09 P.M. EST**

**1.0 Verification of Quorum**

Committee Chair James W. Heavener asked Jamie Lewis Keith, Vice President, General Counsel and University Secretary to verify a quorum. Ms. Keith confirmed a quorum with all members present.

**Committee Members Present:**

James W. Heavener (Committee Chair), David L. Brandon, Susan M. Cameron, Christopher T. Corr, Steven M. Scott, David M. Thomas, and Anita G. Zucker.

**Others Present:**

W. Kent Fuchs, President; Trustees Paul W. Davenport and Joselin Padron-Rasines; Jack Payne Senior Vice President for Agriculture and Natural Resources; Jamie Lewis Keith, Vice President, General Counsel and University Secretary; Janine Sikes, Assistant Vice President for Media Relations and Public Affairs; Michael Ford, Senior University Counsel; Colt Little, Associate University Counsel; Melissa Orth, Senior Director, Government Relations; Becky Holt, Executive Assistant; and other members of the University community and members of the media.

**2.0 Call to Order and Welcome**

Committee Chair Heavener called the meeting of the Committee on Governance to order at 4:02 p.m. EST, welcoming all present.



### **3.0 Review and Approval of Minutes**

No minutes were brought to the Committee for approval.

### **4.0 Action Items (Consent)**

The Committee considered the following Action Items:

GV1. and R16-162 Certification of Cattle Enhancement Board, Inc., as a Direct Support Organization

Jack Payne, Senior Vice President for Agriculture and Natural Resources provided an overview of GV1. And R16-162, noting that:

- The Florida Cattlemen's Association and IFAS anticipate the Florida Legislature's enactment this year of a budget with as much as \$2 million for cattle enhancement research.
- The Legislature would like funding to be provided to a new University of Florida Direct Support Organization (DSO) dedicated to research by IFAs and others supporting the cattle industry.
- IFAS' mission includes support of the cattle industry through research and education programs and service to the industry, all of which are served by the DSO proposal.
- The funding mechanism is favored because it will allow funding of multi-year research projects. Funding through the Florida Department of Agriculture and Consumer Services (FDACS), is subject to annual appropriation, making funding of multi-year research uncertain.
- The proposed DSO, the Cattle Enhancement Board, Inc., would be modeled after a similar DSO created in 2009 for research supporting the citrus industry.

Next, Committee Chair Heavener asked Vice President, General Counsel and University Secretary Jamie Lewis Keith to provide some background on DSO requirements and governance controls. Ms. Keith pointed out the following:

- The requirements for creation of a DSO have been fulfilled, except for certain corporate and tax filings, which will be made upon authorization by the Committee and Board, and the business plan, which the proposed Committee and Board action requires be done and approved by the President or designee before research funding is awarded.
- The Action Item details the 15-member Board's composition, which includes two members appointed by the UF President or designee, but is dominated by industry representatives.
- UF will not have controlling seats on the Board. However there are robust governance controls in the Bylaws including "reserve powers" for key actions (called Priority Actions) that must be ratified by the UF President to become effective. These governance controls will protect UF's interests and reputation.

- The 2007 UF Board-endorsed DSO governance principles are incorporated in the DSO Bylaws.
- The DSO will pay at least the minimum indirect cost fee for UF's administration and support of the research, which is currently 12%.
- The Committee and Board are being asked to approve Action Item GV1 and Board Resolution R16-162 to certify the Cattle Enhancement Board, Inc. as a DSO and to authorize the President or his designee to make filings, finalize documents, and approve the business plan, for the creation of the DSO.

Committee Chair Heavener asked if any Trustees had any questions. There were no questions. He then asked for a motion to approve Committee Action Item GV1 and R16-162 for recommendation to the full Board for its approval on the Consent Agenda, which was made by Trustee Brandon and seconded by Trustee Zucker. The Committee Chair asked if there was any discussion, after which he asked all in favor and any opposed. The motion was approved unanimously.

## **5.0 Discussion/Informational Items**

## **6.0 New Business**

The Committee did not have any discussion items or new business.

## **8.0 Adjourn**

Committee Chair Heavener asked for a motion to adjourn the meeting from a member of the Governance Committee, which was made by Trustee Cameron and Seconded by Trustee Zucker. The Committee Chair asked for all in favor and any opposed, and the motion was approved unanimously. The University of Florida Committee on Governance adjourned its meeting at 4:09 p.m. EST.