

UF Governance Enhancement Standards -- Quick Reference Summary

I. Mission, Overview, Principles

A. University of Florida Governance Enhancement Mission Statement

1. **Overarching Mission:** To advance the University of Florida's stature and associated contributions, as summarized below by the University of Florida Board of Trustees (BOT) at its December 2016 meeting, through governance standards that foster good and appropriate Board governance, while also enabling the University President and his administration to operate and manage the University efficiently and effectively and to successfully pursue UF's priority goals.

"As the highest priorities of the University, the University of Florida Board of Trustees enthusiastically affirms its Endorsement and Commitment (1) to the University's Top 10 Public Research University Goals, the UF Metrics That Matter to measure progress toward these goals, and the Plan for achieving these goals, as presented by President Fuchs and his team at the Board's November 3, 2016 Retreat; and (2) to the Board of Governors' Performance Funding Metrics; and (3) to the dashboards for tracking progress against the Metrics That Matter and the Performance Funding Metrics, as presented by Provost Glover and favorably reviewed by the Board; and (4) to working with dedication, and to supporting the President and Senior Administration in working with dedication, to achieve these priorities."

University of Florida Board of Trustees, December 2, 2016

B. University of Florida Governance Enhancement Principles

1. **Effectiveness/Feasibility:** The governance enhancement standards (standards) are not intended to interfere with efficient operations. There is an intent to promptly revisit any standard that causes issues in practice to see if a change is warranted. The standards would also be reviewed promptly if experience reveals any gaps in good governance practices, and will be reviewed every 5 years for good governance in any event.
2. **Catch-All:** If any additional transaction or other matter of UF, any Affiliate (Direct Support Organizations/DSOs and Practice Plans/PP) or any Shands Entity--beyond ordinary business matters and not covered by the specified standards--would be considered material to UF and/or an Affiliate or Shands Entity, including its resources or reputation, or would generate significant media attention, the UF President or designee is expected to confer with the BOT Chair and to notify the BOT Vice Chair; if determined significant, this will be followed by notice to the Trustees. Also if any matter is expected to generate significant media attention outside of the ordinary course, the UF President is expected to notify all Trustees. The BOT Chair and President shall collaborate over time to support their mutual understanding of this expectation, recognizing that there are judgments involved for both of them and that health, safety and operational exigencies may require priority responses before these communications.

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3. **Delegation:** The UF BOT Chair and Vice Chair may delegate their roles under the standards to other Trustees, in consultation with the UF President. The UF President may delegate his roles under the standards to appropriate senior executives/managers with expertise in the relevant area (e.g., finance, construction).

4. **Shands Entities:** Shands Entities are not treated as generic Affiliates, and UF and Shands Entities have formulated good governance practices tailored for Shands Entities. **The objective is to increase information, without fundamentally changing the character of the Shands Entities or the UF and Shands Entities relationship that have resulted in an almost 40-year record of rating agencies, creditors and courts treating Shands Entities' and UF's/the state's assets, debts and liabilities as separate.** Tailored practices are: (1) related to Debt, see Exhibit B (previously approved by the UF BOT and reviewed favorably by the BOG and Cabinet) to the Full Governance Enhancement Chart (Full Standards Chart) and (2) enhanced communications with the UF BOT Chair and Vice Chair in advance of other major undertakings by Shands Entities leadership (see, e.g., Quick Reference Chart #2, #5, #6 below--advance communications with UF Board Chair and Vice Chair regarding Shands Entities' construction projects, goods and services agreements, and real estate transactions; Quick Reference Chart #7 below (and Exhibit B to the Full Standards Chart)--good governance practices on Shands Debt; see also, Quick Reference Chart #1 below (and Exhibits A and B to the Full Standards Chart)--on UF BOT ratification of UF Pres./designee's appointments to Shands Entities' boards; Quick Reference Chart #14—UF BOT approval of creation of a new entity by Shands; and principle 2 above--catch all).

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5. **Skeletal Quick Reference Chart of Enhanced Governance Standards & Approval or Communication Types* required before binding action. This Quick Reference Chart does not include all details, requirements or exceptions.**

(See the separate Full Standards Chart for the comprehensive provisions to implement.)

A: Full UF BOT approval

A/Gov.: UF BOT Governance Committee approval –or **A/FE:** UF Finance and Facilities Committee approval

B: UF Pres. approval (without BOT or Chair)

C: UF Pres. approval after UF BOT Chair concurs and UF BOT Vice Chair is notified

D: UF Pres. approval after conferring with UF BOT Chair and notifying UF BOT Vice Chair

E: UF Pres. and UF Trustee on Shands Entity Board/Member must vote in Shands Board majority for Shands Board action on debt to be effective

Information: To be given in advance to UF Pres., UF BOT Chair and Vice Chair

*When the UF Pres/BOT Chair must approve/concur in, confer on, or receive information about—or the UF BOT Vice Chair and Trustees are to receive notice respecting—an Affiliate matter, this is in their executive and service capacities in their role on behalf of the Affiliate to further its good governance. When the UF Pres. and/or UF BOT Chair and Vice Chair are to receive information from Shands Entities, this also is in their executive and service capacities for Shands Entities.

Advance concurrence of, conferring with, or information to the UF BOT Chair and advance notice to the Vice Chair are to be followed (but not necessarily before binding action) by notice to all Trustees (or presentation at a UF Board or committee meeting) even though not stated throughout. In receiving such notice, all Trustees act in their executive and service capacities. (These communications may be oral; that they occurred will be recorded.)

UF Pres./designee may provide approval by voting in favor as a member of an Affiliate Board, may approve in advance, or may ratify before an Affiliate Board vote becomes effective, as most convenient for the Affiliate.

UF Pres.’ vote in favor of an action on an Affiliate Board is UF Pres. approval.

Action	Type of Approval or Information
1. (a) UF Pres. Appointments to UF Category 1 Affiliate Boards and the Shands Entities’ Boards (UF Fnd, UF Research Fnd, UF Athletic Assoc., Boosters, UF Invest. Corp., UF Develop. Corp., Shands Entities) (b) Practice Plans will have a UF Pres. appointee.	A (ratification of Pres. appointments under 1(a) and (b))
2. (a) Capital Facilities Projects >\$2M or	UF— A (whether publicly or privately funded)

<p>(b) Any Capital Project Needing New State Appropriation Request or</p> <p>(c) Any Energy Savings Contract or</p> <p>(d) Facilities Project of >\$2M Scope Change Oder Increasing GMP >10% or Needing New State Appropriation Request</p> <p>--projects over applicable thresholds reported to the UF FF Comm. at its regular meetings and entered into central UF record.</p>	<p><u>A/FF</u> for Change Order</p> <p><u>Affiliate</u>—</p> <p><u>C</u> (if privately funded) or</p> <p><u>A</u> (if Energy Savings Contract or if bonded or if needing a state appropriation request)</p> <p><u>Shands Entities</u>—</p> <p><u>Information</u> (threshold TBD at or above UF’s threshold)</p>
<p>3. Capital Budget (stand-alone or as a category in operating budget)</p>	<p>UF—</p> <p><u>A</u></p> <p><u>Affiliate</u>—</p> <p><u>C</u> (if >\$10M capital budget-- or applies regardless of size of budget if Affiliate seeks approval of listed individual project of >\$2M as part of the budgeting process, rather than seeking project approval under #2)</p> <p><u>B</u> (if >\$2M - ≤\$10M capital budget)</p>
<p>4. Operating Budget</p>	<p>UF—</p> <p><u>A</u></p> <p><u>Affiliate</u>—</p> <p><u>B</u> (generally)</p> <p><u>C</u> (if the Affiliate seeks approval of a listed facilities project >\$2M as part of the budget process, rather than #2 project approval)</p>
<p>5. Goods and Services Transactions if Contract is</p> <p>(a) ≥\$10M total value & ≥\$2M/yr. av. (revenues in or payments due),</p> <p>or</p> <p>(b) >10 years & exclusive</p>	<p>UF—</p> <p><u>A/Gov.</u></p> <p><u>Affiliate</u>—</p> <p><u>C</u></p> <p><u>Shands Entities</u>—</p> <p><u>Information</u></p>

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	(threshold TBD at or above UF's threshold)
<p>6. (a) Real Estate Full Title,</p> <p>(b) Easements (grant) >25 yr. (except utilities, access near road),</p> <p>(c) Leases >10 yrs. or >50K sf or >\$10M NPV lease payments</p> <p>--All transactions reported to UF SVP/COO or UFDC in advance of binding action for central record-keeping and transactions over applicable thresholds reported to the UF FF Comm. at its regular meetings.</p>	<p>UF—</p> <p style="text-align: center;"><u>A</u></p> <p>Affiliate—</p> <p style="text-align: center;"><u>C</u></p> <p>Shands Entities— Information (threshold TBD at or above UF's threshold)</p>
<p>7. Debt (including Energy Savings Contracts, P3 transactions)</p>	<p>UF—</p> <p style="text-align: center;"><u>A</u></p> <p>Affiliate—</p> <p style="text-align: center;"><u>A</u></p> <p>Shands Entities— <u>E / Exhibit B</u> (Shands Debt Bullets)</p>
<p>8. Compensation of All UF VPs (whether direct report to the Pres. or not) & All UF Pres. Exec. Direct Reports (initial and when changed)</p> <p>(Also the General Counsel is hired and fired by the UF Pres. but has an appropriate reporting relationship and ultimate accountability to the UF BOT as the University; and the Chief Audit Executive and Compliance Officer have BOG Reg.-specified reporting relationships to the UF Pres. and BOT Audit and Compliance Comm.)</p>	<p>UF—</p> <p style="text-align: center;"><u>C</u></p> <p>(C here means BOT Chair concurrence—also can't finalize hiring unless BOT Chair concurs in initial comp.)</p>
<p>9. Firing/Non-renewal of Any UF VP (whether direct report to the Pres. or not) or Exec. Direct Report to UF Pres.</p>	<p>UF—</p> <p style="text-align: center;"><u>D</u></p>
<p>10. Hiring, Firing, Initial and Changed Compensation of:</p> <p>(a) UF Pres. and</p> <p>(b) Affiliate CEO/Pres. (e.g., Athletic Director and UFICO CEO/Chief Investment Office)</p>	<p>UF—</p> <p style="text-align: center;"><u>A</u></p> <p>Affiliate—</p> <p style="text-align: center;"><u>D</u></p> <p>Shands Entities— Shands Board approves (Shands Board follows</p>

	<p>IRS market justification requirements for comp. and UF Pres./designee is on comp. committee)</p>
<p>11. Hiring, Firing of Affiliate Other “Disqualified Person” (not CEO)</p> <p>(e.g., Head Football and Basketball Coaches; UFICO COO and investment leadership--senior exec. with institution-wide effect/influence or compensated primarily by revenues from an area s/he controls per IRS definition)</p>	<p>Affiliate—</p> <p>Advance notice to UF Pres., BOT Chair and Vice Chair required</p>
<p>12. Initial Total Compensation and Upon Change Total Compensation with Change of:</p> <p>(a) Affiliate other Disqualified Persons (not CEO) (e.g., Head Football and Men’s Basketball Coaches, UFICO COO, investment leaders)(regardless of comp. amount) and</p> <p>(b) Any Other Affiliate Employee with \geq\$1M/yr. av. comp. (Baseball Coach)</p>	<p>Affiliate—</p> <p><u>D</u></p>
<p>13. Research and IP Agreements</p>	<p>UF—</p> <p><u>B</u> (generally)</p> <p><u>A</u> (for any required outside debt or creation of a new entity or request for new appropriation)</p> <p><u>A</u> (for facilities construction or real estate transaction over applicable threshold)</p> <p>Affiliates—</p> <p>Affiliate CEO approves (generally)</p> <p>But <u>A</u> (for any required Affiliate outside debt or new entity creation or request for new appropriation)</p> <p>But <u>C</u> (for any required Affiliate facility construction or real estate transaction above applicable threshold)</p>
<p>14. (a) Creation of New Entity, Affiliate, Subsidiary,</p>	<p>UF—</p>

<p>Merger</p> <p>(Involves control or ownership interest. N/A to collaboration-style affiliation agreements)</p> <p>(b) Amendment of Affiliate’s or Shands Entity’s Corp. Articles of Organization</p> <p>(c) Amendment of Affiliate’s Bylaws</p>	<p style="text-align: center;"><u>A</u></p> <p>Create New Entity, Affiliate, Subsidiary or Merger</p> <p>Affiliate—</p> <p style="text-align: center;"><u>A</u></p> <p>Create New Entity, Affiliate, Subsidiary, or Merger, or Amend Affiliate Articles</p> <p style="text-align: center;"><u>C</u></p> <p>Amend Affiliate Bylaws</p> <p>Shands Entities—</p> <p style="text-align: center;"><u>A</u></p> <p>Create New Entity, Affiliate, Subsidiary, or Merger, or Amend Shands Entity Articles</p>
<p>15. Investments</p> <p>(a) Investment decisions are made by UFICO experts under policies established by an expert UFICO Board on which the UF BOT Chair or Vice Chair (or more expert other Trustee) serves and (b) Transactions of entities in which UFICO or its affiliate invests (via stock/equity, limited partner or non-managing member interest, fund investment or equivalent investment manager investing an account, and the like)—are not UFICO transactions and are not subject to the standards in this Chart.</p>	<p>UF—</p> <p style="text-align: center;"><u>A</u></p> <p>(for investment policy for operating funds in excess of those required to meet current expenses, IOM 06-15, implementing 1011.42 Florida statutes)</p> <p>UFICO—</p> <p><u>Reports required to UF BOT Fin./Fac. Comm. required at all regular meetings.</u></p> <p>Also, UF Pres. may remove CEO for “unacceptable performance” after conferring with UFICO Board or rep. and D applies too.</p>
<p>16. Legal/Admin. Enforcement Claims Settlements</p>	<p>UF and Affiliate—</p> <p style="text-align: center;"><u>B</u></p> <p>(Settlement of Claims ≤\$750K)</p> <p style="text-align: center;"><u>D</u></p> <p>(Settlement of Claims >\$750K to ≤\$1M)</p> <p style="text-align: center;"><u>C</u></p> <p>(Settlement of Claims >\$1M)</p>

6. **Effect of UF or Affiliate Involvement:** Whenever UF and/or Affiliate(s) are parties to a transaction (e.g., goods and services or real estate) that triggers an approval threshold under the standards—and an outside, non-UF family member is also a party—the relevant approvals must be obtained and advance notice provided as a prerequisite to UF and/or the Affiliate(s) entering into a binding contract or taking a binding action. Where a Shands Entity is also a party to such a transaction (of UF and/or Affiliate(s) with a non-UF family member), UF and/or the Affiliate(s) still must satisfy the approval and notice prerequisites to their respective

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participation, even though the standards call for the Shands Entity to only provide information in connection with its participation. Intra-UF-family goods and services and real estate transactions over a threshold are not subject to approvals under the standards, but must satisfy other requirements specified (Chart #5 and #6). These requirements include, e.g., reporting real estate transactions to a central UF record in advance, and reporting to the UF BOT Finance and Facilities Committee at its regular meetings. (“Intra-UF-family” means any combination of UF, Affiliate(s), and Shands Entit(ies).)