Board Governance Committee and Compensation Search Subcommittee Chair Bill Heavener called the meeting to order at approximately 12:10 p.m., EDT, after Vice President, General Counsel and University Secretary Keith verified a quorum, with all members of the Governance Committee and of the Search Compensation Subcommittee present, other than Susan Cameron who was unable to attend.

Chair Heavener welcomed all members of the Committee and Subcommittee, and everyone present including via the internet live stream.

Chair Heavener welcomed Ray Cotton, who is a national expert in university presidential contracts and compensation, is representing the Board in connection with contracting with UF’s eventual next president, and joined by telephone.

**University of Florida Board of Trustees Governance Committee Members present:**
James W. (Bill) Heavener (Chair), C. David Brown, II, Carolyn Roberts, Juliet Roulhac, Steve Scott, David Thomas. Susan Cameron was unable to attend.

**University of Florida Presidential Search Compensation Subcommittee Members present:**
James W. (Bill) Heavener (Chair), Cammy Abernathy, Susan Cameron, David Guzick, Marc Heft, Keith Koenig, Thomas Kuntz, David Thomas.

Also present were Trustees David L. Brandon, Jason J. Rosenberg, Christopher T. Corr, Cory Yeffet; Search Committee Members Christina Bonarrigo, Vasudha Narayanan, Suzanne Norris, David Norton, Jack Payne, Lynda Tealer, and, Richard Yost; Special Assistant to the President and Board of Trustees Liaison TJ Villamil; Vice Presidents Jane Adams, Curtis A. Reynolds, Zina
Chair Heavener asked for a motion from a member of the Governance Committee to hold a joint meeting with the Compensation Search Subcommittee, which was made by Trustee Thomas and seconded by Trustee Roulhac. Chair Heavener asked for any discussion and hearing none, he asked all in favor of the motion and any opposed and the motion was approved unanimously.

Chair Heavener asked for a motion from a member of the Compensation Search Subcommittee to hold a joint meeting with the Governance Committee, which was made by David Thomas and seconded by Cammy Abernathy. Chair Heavener asked for further discussion and hearing none, he asked for all in favor of the motion and any opposed and the motion was approved unanimously.

Chair Heavener noted that the Search Subcommittee on Compensation received minutes of its July 8th joint meeting with the Governance Committee, which the Governance Committee approved at its September 4th meeting. Chair Heavener asked for a motion from a member of the Subcommittee to approve the July 8th minutes. Juliet Roulhac made a motion, which was seconded by David Thomas. Chair Heavener asked for further discussion and hearing none, he asked for all in favor of the motion and any opposed and the motion was approved unanimously.

Chair Heavener noted that the main subject of the meeting is review of the non-compensation provisions of the Draft Term Sheet. Chair Heavener noted the following:

- On July 8th, the Board and Search Committee approved the Mercer July 7, 2014 Report determining the current market range for peer presidential total compensation as a good basis for establishing total compensation for UF’s next president.
- At the same time, the Board and Search Committee authorized Board and Search Chair Steve Scott to set and configure total compensation of UF’s next president within the Mercer-determined market range.
- As noted in July, there is a $200,000 cap on the use of state funds for presidential compensation and the balance is privately funded.
- The focus of the meeting was on the non-compensation provisions of the Term Sheet.

Vice President Keith introduced Ray Cotton of Mintz Levin who is a preeminent national expert on university presidential contracts and compensation and joined by conference call. Mr. Cotton represented the UF Board of Trustees on the contract in 2004, when President Machen was recruited and again during the 2012 search. He is representing the Board in the 2014 search on the Term Sheet, which will be signed at the time the next President is elected by the Trustees; and he will represent the Board on the Contract that follows the Term Sheet. The August 27, 2014 Draft Term Sheet is an updated version of the Draft Term Sheet that was reviewed favorably by the Search Committee and Board Governance Committee in 2012. The
Term Sheet will need to be adapted and negotiated as Chair Scott recruits candidates for the president but it is intended to be customary, reasonable and fair in protecting the University as well as the president. Board and Search Chair Steve Scott has Board conferred authority to address the compensation provisions- within the Mercer - determined market range.

Ray Cotton then made an introduction and walked the Committee through the Term Sheet and informed the Committee that the Term Sheet is an outline of what will be on the contract. Mr. Cotton discussed the following:

- **#1 Position**: This is a straight forward recitation of the President’s position, recognizing that the President is also a Board officer but not a member of the Board. The intent to enter into a more detailed contract, consistent with the Term Sheet is noted.

- **#2 Term**: A 5-year initial term is planned. Presidents contracts’ initial terms can vary, but 5 years is not uncommon if a Board is hiring a President to accomplish longer term goals, which this Board seeks to do.

- **#3 Extension**: Board and Search Chair Steve Scott emphasized that the Board hopes the next President will want to commit to UF and will ultimately be able to serve for 10 years to lead the institution to achieve long-term preeminence goals. A decision on the extension would be made by the President and Board before the end of the initial term in the 5th year.

Board and Search Chair Steve Scott noted that UF expects to advance in the top ten goals within five years--but for UF to realize all the promise that UF currently has for the future will likely take 10 years. Ideally, UF will recruit a distinguished academic, who is also a leader, accomplished fundraiser, and experienced administrator who is interested in that kind of commitment. UF will have an opportunity in the fifth year to confirm we have made great progress and we are on the right course before making the second five-year commitment. Board and Search Chair Steve Scott challenged the Board whether they are ready to take the challenge of recruiting a president who reflects both practical and operational abilities as well as academic distinction and move-up.

Mr. Cotton continued the discussion as follows:

- **#4 Annual Base Salary and Annual Deferred Base Salary**: These provisions are the basic salary provisions and will be negotiated. The final numbers will depend on the qualifications and circumstances of the individual. A portion of currently earned base salary is deferred to the end of the 5th year of service for longevity. Annual increases on a going forward basis are tied to an assessment of prior performance and performance metrics.
Vice President Keith stated that we are clear as required by law, Section 215.425, Florida Statutes, that these and all compensation provisions total the market compensation for the President’s current services—which will be within the Mercer range.

Mr. Cotton continued the discussion:

- **#5 Short and Long Term Goals for UF**: The President is charged to develop a strategic plan for UF, working with the Deans, and tied to long and short term goals. This is to be done on a schedule determined by the Governance Committee in consultation with the President. This process would include Faculty Senate support and approval by the Board of the Strategic Plan. The Board will also set performance goals for UF that the President will pursue and that will be tied to scheduled annual base salary increases. These are typically developed by the Board in consultation with the President.

Vice President Keith noted that responding to the comments of Search Subcommittee on Compensation member Tom Kuntz, who is also the Board of Governors Vice Chair, the examples of performance metrics that are referenced in the Term Sheet and tied to scheduled salary increases, include the following:

1. short and long term metrics tied to UF’s goal of becoming a top 10 public AAU research university in national rankings, as well as;
2. UF performance metrics proposed and approved by the UF Board; and
3. UF-specific and system-wide performance metrics proposed and approved by the Board of Governors. It is a comprehensive set attached to the Term Sheet.

Mr. Cotton continued the discussion:

- **#6-10 addresses standard benefits and customary executive benefits that are part of compensation.**

- **#11 Faculty Rank and Tenure**: Provides for tenure in the president’s academic discipline’s department and allows the president to assume faculty duties at the end of the presidency, as long as the end is not “for cause”.

The initial first post-presidency assignment is subject to approval the Board Chair and notice to the Governance Committee. Search and Board Chair Scott asked that this assignment be approved by two Trustees designated by the Board Chair (which may include the Board Chair).

Mr. Scott resumed, noting that there is no compensation for the faculty appointment during service as President and, after stepping down, salary as a tenured faculty member is at the level of the highest paid faculty member in the department.
• **#12 Sabbatical:** Provides for a Sabbatical (with the term to be negotiated and inserted in the Term Sheet) upon completion of five years as president at the president’s last base salary. This can be monetized in a lump sum payment if the presidency is extended.

A second sabbatical is provided at the end of the extended term if the extension is at least 5 years, but cannot be monetized.

• **#13 Housing and #14 Parking:** Housing and parking are to be provided; the president will be required to live in the new Dasburg President’s House on campus.

• **#15 Transition Expenses:** Reimbursements for moving and UF-business-related expenses in the transition are provided- and **#18 Legal Fees:** to negotiate the Term Sheet and Contract are provided.

• **#16 Other Terms:** Flags the need to be open to particular needs of a candidate.

• **#17 Travel and Entertainment Expenses:** Provides for reimbursement of the president’s business expenses, including for a spouse or partner when benefiting UF.

Vice President Keith noted that the Term Sheet provides for the Board Chair or designee to review the President’s expenses. She further stated that based on a suggestion of Trustee Rosenberg that more than one Board member share the responsibility, the Term Sheet will provide for two Trustees designated by the Board Chair to share the responsibility. Vice President Keith also noted that there are terms to instead use an outside expert such as an outside auditor. Board and Search Chair Steve Scott expressed support for this check and balance. He also recommended that at least two Trustees approve any outside activity.

Based on comments by Trustee Roulhac Vice President Keith noted that paragraphs 3 and 4 will be clarified on the points that accrued deferred compensation will be payable at the end of the first five-year term and the terms for any extension period will be decided at the time the amendment to extend the term is negotiated.

Vasudha Narayanan asked a question relating to Section 11, which is clarification of how tenure would be conferred and whether a tenure it will be voted by the faculty in the normal process. Vice President Keith responded that tenure will go through the normal tenure upon hire process and may be granted by the Trustees after going through the process.

Board and Search Chair Steve Scott commented that spouses who are faculty members where they presently are and seek appointment at UF would need to be disclosed and go through the normal hiring and tenure process.

Senior Vice President Payne asked if there was a provision addressing paying spousal salary? Mr. Cotton stated that paragraph 16 could address special needs, but spousal hiring and salary
would be handled in a separate document if needed, addressing salaries, responsibilities and duties, and reporting lines. He further commented that many public and private institutions do not compensate a president’s spouse for the substantial role he or she plays in support of the university and president, unless the spouse is also employed in a regular position.

Mr. Cotton continued the discussion:

- **#19 Termination For Cause:** from all capacities at UF (including as a tenured professor) for (1) conviction or no contest for any felony or for a misdemeanor involving moral turpitude or misuse or misappropriation of UF or affiliate funds—by majority vote of the Governance Committee; (2) same, but arrest and charge—by majority vote of the full Board; (3) material failure to perform duties, after notice and opportunity to cure; material breach of fiduciary duty; committed fraud or act of moral turpitude reflecting negatively on UF; or reckless or willful commission of other misconduct or gross negligence that harms or seriously threatens to harm UF reputation, interests, assets—with a finding by majority vote of the full Board. The president gets an opportunity to provide information to the Board before it acts, if possible.

- **#20 Termination Without Cause:** by the Board with 60 days’ notice; the president may assume tenured faculty duties.

- **#21 and #22 Termination On Death or Permanent Disability:** The disability insurance policy defines the period of inability to perform that constitutes “permanent”.

- **#23 Resignation/Notice Requirement:** Allows the President to resign on 180 days’ notice or, if approved by the Board Chair, a shorter period.

- **#24 Outside Activities:** Allows outside activities approved by the Board Chair consistent with the Florida Ethics Law and UF policies; prohibits service that would interfere with or conflict with duties as president; and limits concurrent service on for profit boards to no more than two.

Board and Search Chair Steve Scott recommended that not only the Chair approve. He instructed that at least two members of the Board of Trustee approve outside activities.

Mr. Cotton continued the discussion:

- **#25 Indemnification:** UF indemnifies the president to the extent permitted by law and university policies.

- **#26 Dispute Resolution:** Requires mediation, then (if not resolved) binding arbitration of contract disputes.
• #27 Upon election of the President by the Board of Trustees, the hiring of the President, and any reappointment, is subject to approval of the Board of Governors as required by law.

Chair Heavener noted that the Board and Search Chair Steve Scott has the authority to set and configure total compensation within the Mercer range—so these provisions will be developed as needed in negotiations. Board and Search Chair Steve Scott will need some flexibility to further develop, change, and add to the non-compensation terms. Chair Heavener noted it would be helpful if Board and Search Chair Steve Scott had the authority to further develop, change, and add to the non-compensation terms, with guidance from outside expert counsel that changes are reasonable in the market and it is in UF’s interest to agree to them.

Jamie Keith reviewed the following summary of consensus with the Governance Committee and Search Subcommittee on Compensation and noted that the changes identified during the discussion include:

• #17: Review of the president’s expenses will be by two Trustees or an outside consultant (e.g., accountant) who does not report to the president and are designated by the Board Chair.
• #3 and #4: It will be clarified that accrued deferred compensation will be payable at the end of the first five-year term and the terms for any extension period will be decided at the time the amendment to extend the term is negotiated.
• #24: Outside activities of the president will be subject to approval by two Trustees designated by the Board Chair.

Board and Search Chair Steve Scott has the authority to set and configure total compensation within the Mercer-determined market range, there are additional (non-compensation) provisions as well.

The Board Governance Committee and Search Subcommittee on Compensation were asked to express a general consensus on (1) the appropriateness of the other (non-compensation) subjects addressed in the Term Sheet and (2) the Board and Search Chair being given the flexibility and authority by the Board to negotiate, further develop and change the non-compensation provisions of the Term Sheet within the scope of subjects covered; and to include any additional subjects provided that the Chair receives confirmation from outside counsel to the Board that the changes and additions are reasonable in the market and in the interests of UF to enter into. The final Term Sheet will be brought to the Board for final ratification at the time the next President is elected.

Subcommittee Chair Bill Heavener asked for a show of consensus by the Search Subcommittee on Compensation members to make this recommendation to the full Search Committee and Board.

Trustee Dave Thomas moved support of the recommendation by the Search Subcommittee on Compensation members and Professor Marc Heft seconded the motion. After asking for
discussion, all in favor and any opposed, the Subcommittee unanimously made the recommendation. Governance Chair Bill Heavener then asked for the same motion, which was made by Trustee Juliet Roulhac and seconded by Trustee Scott. With no further discussion, the motion was approved unanimously.

Chair Heavener asked for a motion to adjourn, which was made by Trustee Thomas and seconded by Trustee Roulhac. The Chair asked for all in favor, any opposed and the motion was approved unanimously. The meeting adjourned at 1:00 p.m.