

**Committee on Governance Minutes
University of Florida
Board of Trustees
June 13, 2005**

Chair Mac McGriff called the meeting of the Governance Committee to order on June 13, 2005. All members were present. The minutes of the March meeting were approved.

Mr. McGriff stated that modifications should be made to Trustee Policy 01-1 regarding classification of UF component units for purposes of determining whether Trustees or designees of the Board of Trustees should serve as directors. Mr. McGriff noted that Shands Jacksonville Health Center, Inc., and Jacksonville Medical Center, Inc., were currently Category 1 corporations. However, these two corporations are subsidiaries of Shands Teaching Hospitals and Clinics, Inc., which is also a Category 1 corporation. Since the parent corporation's Board of Directors is responsible for oversight of the subsidiaries they did not need to have a Trustee serve on their Boards and therefore the subsidiaries should be re-designated to Category 3 corporations. Motion to that effect was made, seconded and passed unanimously.

Mr. McGriff then stated that the University of Florida Investment Corporation ("UFICO") had been formed as a DSO after Trustee Policy 01-1 was adopted and UFICO needed to be included in the designations of Policy 01-1. A motion was made to designate UFICO as a Category 1 Corporation. The motion was seconded and passed unanimously.

Mr. McGriff noted that the previously distributed Board materials contained a list of BOT members or designated representatives who held positions as directors of DSOs, HSSOs and other component units of UF. Mr. McGriff stated that board of director membership would be reviewed annually for all of the component units to verify compliance with Policy 01-1.

Mr. McGriff stated that the next item of business was consideration of a pay raise for President Bernie Machen. Mr. McGriff noted that the President's raise should be included in the normal policy review process but it had not. A motion was made to approve a 4% raise for President Machen to be retroactive to September, 2004. The motion was seconded and passed unanimously.

The committee discussed with President Machen the importance of the University President having control over the UF component units and that this would be accomplished if the President had the authority to approve and remove directors of the corporations. Mr. McGriff stated that he would be working with the University's General Counsel's Office and would report back to the committee at a future meeting.

Mr. McGriff reported that he and President Machen have had and will have additional discussions on the presidential evaluation process and the importance of clearly identifying the goals to be set. An outline of a revised Presidential Evaluation Process was presented to the committee. Mr. McGriff said that it seemed to make sense to establish Presidential goals on a fiscal year basis rather than the current calendar year basis since it is easier to gather data at the end of the fiscal year. Mr. McGriff suggested that the Presidential evaluation process should begin with the setting of Presidential goals before the start of the new fiscal year at the March BOT meeting. At the September meeting the Board would conduct the formal evaluation. At the December meeting the Board would consider the President's bonus which, if authorized, would be paid in January. The Committee then approved the Presidential goals for 2005 as well as the 2004-2006 three-year goals for President Machen.

The meeting was then adjourned.