



*Board of Trustees
Minutes
September 8, 2006*

A regular meeting of the University of Florida Board of Trustees was held on Friday, September 8, 2006 at 11:00 a.m., in President's Room 215B of Emerson Alumni Hall, University of Florida.

Chairman Manny Fernandez called the meeting to order and verified a quorum.

Mr. Fernandez called upon President Machen to deliver the President's report.

Dr. Machen noted his appreciation for everyone and that the news around the UF as we start the fall term is uplifting. New freshmen class numbers about 6700 or about 500 less than last year. With a stable enrollment we can adequately manage and deliver education that meets demands, and noted that this speaks well to the future. On Wednesday a reception was held to celebrate the Florida Opportunity Scholars, a new scholarship program UF has put together. The program was launched by Student Affairs with incredible success with mentors to help adjust to life at UF. It was funded as a result of the generosity of the state with matching money for the scholarships that UF raised its own money. The UF Athletic Association provided \$1M.

Dr. Machen stated he was pleased with the support from the Gator Nation and commented on the funding we need and that it will be coming from the private sector. With regard to Shared Faculty Governance, he noted that he and Danaya have a great relationship and the emphasis is on shared. He believes her agenda for the year is exactly right and stated they are both committed to ensure that the process is underway to see that this happens before the term is over. He next addressed the budget problem in CLAS commenting that it has had a lot of publicity and noted the board has been engaged. He commented that it is an unfortunate situation that they are in and that they are out of balance and that UF has looked to the dean and administration and faculty to come up with a plan to bring the budget in balance the needs of all of our colleges are seriously on point and we must find additional resources. There will be funds to reallocate as we get the budget back in line. Our new General Counsel, Jamie Keith, will be here by the middle of October and I look forward to having you all meet her and, if appropriate, we will try to arrange an opportunity for that to occur. Dr. Machen also welcomed the University of Central Florida Trustees to the weekend's game and related events.

Mr. Fernandez requested the committee chair reports. Trustee Joelen Merkel gave her report on the Committee for Audit and Operations and noted the attendance of David Brown, Courtney Cunningham and Al Warrington. She began by stating Vice President Barrett provided an update on the Bridges installation, noting significant improvement and he reported the software relating to personnel issues was serving the campus well with positive feedback. Regarding research contracts and grants, the cleaning up of accounts, negative balances and data has made substantial progress with appropriate emphasis on year end reporting. He also noted that grant billing in People Soft has begun for selected existing projects and for all new awards. Dr. Barrett also pointed out that attention is now being directed at upgrades to the system.

Regarding the Office of Audit and Compliance Review, discussion items included internal audits, quarterly follow-up, annual report highlights, the current year work plan, the quality assurance review scheduled for late January 2007 and the revised internal audit charter. A discussion about the effort reporting audit addressed the importance of accurate, complete and certified reporting. Effort reporting encompasses the allocation of time to funded projects and other academic activities and therefore is critical to UF's research mission. Opportunities for improvement were identified in the report.

The Chairman reported on the review performed by the OACR regarding the College of Liberal Arts and Sciences budget issue. The review letter, which is not final, includes recommendations addressing several issues identified to strengthen associated internal controls. Mrs. Merkel thanked Nur Erencuc and her colleagues for their prompt attention to the matter.

Ms. Erencuc advised the committee that presentations were made by three vendors for a 24/7 hotline, the recommendation for a final decision was made with an expected implementation date of January 1, 2007.

Dr. Properzio gave an environmental health and safety update and he noted that, an inspection of security related to select agents at UF's 2700 laboratories reflected no compliance issues. The requirements for UF's nine irradiator facilities have been addressed through enhanced security including background checks and computer based locks. Although an inspection has not occurred, he was confident that we met the requirements. Dr. Properzio also noted that due to concerns about highly enriched fuel in nuclear training reactors on university campuses, the federal government has removed that fuel from our reactor and will be replacing it with low enriched fuel, absorbing the cost of about one million dollars.

The chairman reported that she had reviewed the status of investigations reviewed by the Office of Audit and Compliance Review noting that nothing was of the nature to report to the full Committee.

Trustee Carlos Alfonso gave his report on the Educational Policy and Strategy Committee and began by stating that they reviewed and approved the minutes. The tenure upon hire candidates were exceptionally qualified and the committee approved recommending the cases for approval by the full BOT. The Regulation the committee approved was a tuition clean up.

He then stated that the committee had an extensive discussion on the National Merit Guidelines. The committee did pass the guidelines. Trustee Alfonso then discussed the National Merit (NM) handout given to all trustees that shows UF compared with peer universities and what UF is doing now and the proposal for Fall 2007. Trustee Alfonso discussed how UF classifies NM designated as finalist or scholar and commented that NM Corporation awards \$2,500 to each scholar and the scholar can take that award to any school they choose to attend. Additionally, Trustee Alfonso mentioned that 70% of UF's National Merits are in-state. He also stated that the committee plans to have Admissions closely monitor the quality of the in-coming class to see if there is any significant change. Another interesting point is that another 1,000 students qualify but do not receive NM funding. Trustee Fernandez stated that UF must continue to monitor quality and communicate with the External Relations Committee to be sure the message gets out. Trustee Alfonso closed by stating that the savings from changing the NM award amount will not be realized for a few years.

Trustee Alfonso reported to the board that the Student Government Tuition Survey results should be ready by the next board meeting. The goal of the survey is to show the implications of tuition and to give student perspectives and wants of services.

Then Trustee Alfonso briefly discussed the Admissions Update and handout all the trustees received and thanked Admissions for giving them such a clear and thorough breakdown of the admission data.

He concluded with mentioning the following:

- The Florida Opportunity Scholars is a great program.
- Sorority and Fraternity Affairs – all but 4 houses have signed on or are about to sign on for installing sprinkler systems.
- NCAA Certification – UF's report was so well-done that the NCAA is sending fewer visitors for the site visit and the visitors are staying fewer days.

Trustee Cunningham delivered his report of the Committee on External Relations. All members of the committee were present and proceeded with a presentation by Vice President Patricia Telles-Irvin on a University of Florida/University of Georgia/City of Jacksonville effort to improve safety for the UF-Georgia football game. Representatives from the three organizations have met to develop plans, which include a marketing campaign at UF prior to the game to promote safety awareness among students and the designation of a Student Safety Zone near Jacksonville Landing for students to get information and assistance. Dr. Telles-Irvin was joined by representatives from the Jacksonville Sheriff's Office and the University Police Department, who discussed increased law enforcement presence for the game weekend. Chairman Cunningham and Trustee O'Connell suggested that students be provided with information on where to call for assistance. Examples include wrist bands and programmed cell phones.

The Committee review government relations activities, beginning with an alternative energy forum which was sponsored by U.S. Senator Mel Martinez and Congressman Adam

Putnam and hosted by UF in August. The forum focused on ethanol and featured information on IFAS research.

UF also participated in Speaker-designate Marco Rubio's idearaisers, hosting two events on campus. The first was a health care idearaiser and the second was a student sponsored event. Trustee Brown added that the program has tremendous potential since it will be adopted by not only Speaker Rubio, but the following two Speakers of the House – Ray Sansom and Dean Cannon.

President Machen is planning legislative visits on September 18, 20 and 25. Meetings have been confirmed with Reps. Rubio, Sansom, Rivera and Flores and Senators Pruitt and Gaetz. Additional meetings will be scheduled over the next few days. Trustees are encouraged to attend these meetings if possible.

The committee reviewed the media coverage report, which this quarter included a New York Times article on manatee research articles about UF's new organic farming program, and print and broadcast stories on the Burnham Institute's expansion into Florida.

The new UF logo and guidelines for its use were discussed by the committee. The purpose of the guidelines, which apply to university publications, ads and other marketing communications, is to provide a consistent look to be associated with the university.

Joe Hice gave the excellent presentation that you just saw on the new football spot and the radio spot that will be broadcast in football coverage and sports shows. Joe also demonstrated UF's new video pod casting capabilities and said UF is the only university to offer it.

The advertising schedule for the year was presented and includes cable television in 11 Florida markets, print ads in opinion leader publications, outdoor billboards and airport dioramas in Florida and a new license plate to be launched in January. Chairman Cunningham suggested that the billboard with the message about UF research reaching the whole state to be changed to UF research reaching the whole world. He also suggested that UF reach out to minority groups by advertising in minority media outlets.

In addition, the university has begun a new faculty-staff-student communications effort with the weekly publication of the newsletter "Inside UF" in the Alligator.

Under Old Business, Steve McClain, Assistant Athletic Director of Sports Information for the University Athletic Association, provided an overview of media coverage and the department's operations.

Under New Business, Vice President Jane Adams outlined plans to commemorate the 100th anniversary of the University of Florida in Gainesville. There will be a ceremony on September 22nd, recognizing community leaders during half time of the game on September 23rd, placement of banners along University Avenue and the production of cable spots to run on Cox over a 12 month period.

Trustee Dianna Morgan delivered her report and began by noting all members were present. She continued stating that the minutes from the last committee meeting were approved as submitted. Trustee Morgan said the committee agreed to revise the agenda. Action item 2.g., "Approval of UF Foundation Loan" was removed from both the committee agenda and the Board of Trustee consent agenda. The proposed Investment Policy was approved by the committee. Next, the Operating Budget for 2006-07 was approved by the committee. The sources and uses of the carry forward budget category were explained by Vice President Poppell. She continued by saying the proposed Guiding Principles of Financial Management were discussed and approved by the committee subject to the addition of "employees report deviations from the Principles of financial Management" as the last principle. The request to name the new field house on the football practice field the "L. Gale Lemerand Football Support Facility" was approved. Another agenda item approved by the committee was the UF/IFAS plan for demolition and replacement of buildings at Belle Glade, Immokalee and Jay. The committee continued with the following discussion agenda items. The quarterly financial statements as of June 30, 2006 were presented and briefly discussed and efforts will continue to incorporate more fully accrued data into the quarterly statements in a timely manner. The construction update was presented to the committee. Discussions ensued regarding the costs of some scheduled projects and the desire of several trustees to provide additional funding for human resources at the same generous level that new construction is funded by the state. A suggestion was made to address with the Board of Governors the issue of human resource funding in comparison to construction.

The committee was briefed on upcoming employee raises of 3% across the board and a 1.5% merit pool and was informed that the FICA Special Pay Plan would be implemented in November 2006, resulting in savings to both employees and the university.

The Campus Development Agreement has been negotiated between the university, city and county. This agreement has been submitted to the Board of Governors who are in the process of obtaining spending authority from the state in order to fund the city and county the agreed upon amounts.

A PECO/Courtelis Match Program update was presented to the committee.

The committee then received a report in accordance with UF Internal Operating Memorandum 04-9 regarding Direct Support Organization Budgets. 12 of the 13 DSOs had submitted in a timely manner their 2006-2007 budgets to the university for review. The university is conducting the reviews and has contacted the one entity that has not submitted. The committee will be informed of any issues the university might have at the conclusion of the budget review.

Two university employees were then recognized for outstanding work. Marty Wertz is a Superintendent of Grounds at the university. Marty and his crew help to keep the grounds, courtyards and brick walls/planters looking great everyday. Lt. Robert Wagner of the university police department was then recognized for his work in helping our police department receive

both national and state accreditation. We are one of the few university police departments in the nation to receive such accreditation.

Mike Smith then presented to the committee a review of the UFICO investment performance in the past 2005-2006 fiscal year. Investment results were very good over the 2 year history of UFICO. These investment performance updates will be presented to the committee at their March and September meetings every year.

Trustee Mac McGriff presented his report of the Committee on Governance and noted all members were present. He commented on Chairman Fernandez' visit with the committee to reinforce board membership and succession and there was a good discussion. The Committee next reviewed the component unit oversight process and agreed to ask the UF Foundation to report at the December board meeting, Shands in March and then to start over in June with those already reviewed. The Committee discussed that it has a process that is excellent as the Finance and Facilities Committee reviews the budget and Audit and Operations Review reviews the audited statements and that UFICO reports to the Finance and Facilities Committee in September and March of each year. The Committee believes it is overseeing the DSOs and developing the right policies and procedures. With regard to Consent Agenda Item 5.11, the Committee asked that it be removed today. The President presented a new form of goals and we have not finished fine tuning and will present those in a few weeks. We talked about the evaluation process for the President's assessment of the past year which will be like last year, and reached an agreement with Tom Ingram to provide additional services and provide presidential evaluation and he will work separately with us. The Committee then had a closed session to discuss the collective bargaining agreement with Vice President Kyle Cavanaugh updating the status of negotiations. There are new articles and those, along with GAU and AFSCME, are being recommended to the board for approval. We heard a report of the current status of negotiations with the public union and UFF.

Dr. Machen then asked to speak regarding a gift from Provost Fouke for the Trustees. Dr. Fouke then presented the Trustees with two literary works.

Dr. Machen then mentioned to the Trustees that each of them have the latest version of the strategic work plan drafted August 15th and noted that faculty have worked with him and spent considerable time putting this together. The Faculty Senate has had a special session to discuss this and he commends it to the board for review and will be in touch in the next month or so for input.

Chair Fernandez stated he understood from Trustee McGriff that the Committee on Governance is recommending that items 5.7 and 5.11 be removed from the consent agenda. Trustee McGriff moved for approval and the motion was approved. Chair Fernandez then directed the board to the consent agenda as amended. The consent agenda was approved as amended.

Trustee John Boyles commented on consent agenda item 5.12 and is grateful to the board.

Trustee Merkel commented about the new National Merit guidelines and applauded the efforts to be in-line with peers. She also though, noted the significance of the cuts and that it warranted closely watching the effect on student quality and numbers of National Merit students. Chairman Fernandez noted that the administration did a good job presenting the National Merit information and that there are some risks with it that must be monitored.

Chair Fernandez asked for new business and request to appear.

Mr. Powell stated he appreciated the comments made by Trustees Boyles and Wright and noted that whether we agree on all points, it is certainly a healthy process. And as to his new-found role as co-campaign manager, he wanted to say thank you to Dr. Machen and Vice President Paul Robell for the fantastic job accomplished this year in raising the amount for the endowment. Kicking off a campaign with that kind of momentum is fantastic and it is a real milestone for the University to reach a \$1B in endowment funds. He also challenges all of his colleagues on this board and everyone in the room to come up with ideas for strategies to raise the money over these next years. Money is the issue, if we're going to be great university, we have to raise money.

Mr. Fernandez began his comments with the campaign. First, I want to thank Dr. Machen for his role in the Faculty Challenge. He also noted that faculty salaries and benefits have been a focus of the Board for a long time and he stressed the importance of merit components to salary. The faculty and students have been in the forefront of this board since 2001. He stated he would like to echo the sentiments about the Florida Opportunity Scholars and how fabulous that program has been so far. It is a dream come true and that it's too bad that many of you could not travel to Gainesville earlier to see 438 kids there that would have never been here without that. You have copies of the next draft of the strategic plan and each of you will be contacted to give Dr. Machen and Trustee Wright your input. I have been very proud being a part of this board and part of that has been because of a tremendous amount of governance that this board has exercised throughout. This board has done a tremendous job in the governance process. The way this board, the administration, Vice President Poppell, Nur Erengic, Provost Fouke and Dr. Machen acted during the CLAS process is a perfect example of how the board is to handle these situations. It did not go unnoticed at the Board of Governors' meeting and speaks highly to the way we are governing this board.

Mr. Fernandez continued by noting that, regarding tuition differentiation, this next session becomes very critical and Dr. Machen and his staff have done a great job in this area. Brian Beach was able to get a little data with a professor of the Warrington School of Business that brought up something to me that made a lot of sense. If we have a \$1B endowment and that endowment could fuel only new professors and benefits and new scholars, it would be the same as a \$1000 increase in tuition. \$1,000 increase in tuition is equal to the next level of \$1B. The average person can never put this together. For us to be great we need to send this message. We have to be able to do this.

The meeting was adjourned at 12:00.