

MINUTES
COMMITTEE ON GOVERNANCE
NOVEMBER 30, 2006

The Committee on Governance met on November 30, 2006. Trustee Dianna Morgan was absent. The meeting was called to order and the minutes from the meeting on September 7, 2006 were approved as submitted.

Paul Robell, Vice President for Development and Alumni Affairs, made a presentation to the Committee on the purposes, organization and operations of The University of Florida Foundation and The University of Florida Alumni Association.

Trustee Powell said that he would like to discuss the relationship between the UFF Board of Directors and in particular it's Audit and Finance Committees and UFICO with respect to the management of UFF investment assets by UFICO. Trustee Powell noted that the UFICO Board of Directors included a UF Trustee (himself), UF President Machen, UF Vice President for Development and Alumni Affairs and UF Vice President for Finance and Administration. Trustee Powell said that he thought this should give the UFF Board comfort in knowing that UFICO was being overseen by persons who would be keeping the interests of UFF protected. Chairman McGriff suggested that consideration should be given to the idea of developing instructions to both the UFF and UFICO Boards regarding the relationships between them with respect to investment oversight. Chairman McGriff also suggested that consideration might be given to creating an *ex officio* director position on UFICO's Board for a member of the UFF Board. President Machen said he thought this might be a transitional problem complicated by the potential legal responsibility of a Board member of a DSO/Component Unit. Chairman McGriff asked Vice President and General Counsel Jamie Keith to make a presentation to the committee at its next meeting on the issues of DSO/Component Unit governance and relationships of the DSO Boards of Directors both with the University and with each other and, in particular, the responsibility for investment oversight.

The Committee then discussed the proper role of the Board committees with respect to the financial oversight of the University and its component units. As an example, Chairman McGriff noted that the Finance Committee has concern about its role in the budget review process for the component units. Chairman McGriff described the process of Finance and Administration employees reviewing proposed budgets in relation to prior activities and reporting significant variations to the Finance Committee. The same process works for the annual audits that each DSO/Component Unit is required to have prepared. They are reviewed by the Finance and Administration with a report going to the Audit Committee. Trustee Daniels suggested that Chairman McGriff meet with President Machen to discuss the financial oversight in more detail and then report back to the Committee. In response, President Machen said that he will be proposing additional financial reporting measures at the full Board meeting which contemplated University administrators taking on more responsibility for reporting. In addition, consideration

should be given to redefining the idea of the Governance Committee and the University's administration regarding oversight responsibility.

Mr. McGriff asked if President Machen thought the DSO/Component Unit review process should continue once all of the Component entities had been reviewed. Dr. Machen said that he thought the mission had been accomplished and that the focus going forward should be on the oversight responsibility process.

Chairman McGriff advised the Committee that the Presidential Assessment and bonus recommendation process was continuing and that he would be scheduling a meeting with President Machen and Tom Ingram, after which the Committee would meet by conference call to finalize the Committee's findings and recommendations.

Chairman McGriff next advised the Committee that the Presidential short and long-term goals were included in the consent agenda. Chairman McGriff suggested that in the future President Machen should address the shared governance concept as part of his submission of long-term goals.

The Committee next discussed the need to identify possible appointees to DSO Boards of Directors. Chairman McGriff stated that in his opinion most DSO's were in the best position to determine who might serve on their Boards and each DSO should be encouraged to identify candidates for future Board positions.

Vice President and General Counsel Jamie Keith gave the committee a status report on the delegations of authority review. Chairman Manny Fernandez noted that this was an important project and thanked the General Counsel for her report.

The Committee then discussed the need to develop a process to identify future Trustees. Chairman Fernandez suggested that the General Counsel make efforts to identify approaching vacancies on the Board. The Committee would identify individuals to recommend for appointment to vacant positions, keeping in mind the need for geographical representation and that potential appointees should include people who can help the University.

The meeting then adjourned.