

MINUTES
COMMITTEE ON GOVERNANCE
SEPTEMBER 7, 2006

The Committee on Governance met on September 7, 2006. All members were present. The meeting was called to order and the Minutes from the meeting on June 15, 2006 were approved as submitted.

Chairman Manny Fernandez addressed the Committee regarding the appointment of Trustees to the Board. The Chairman reminded the Committee that the process of recommending the appointment of Trustees had been delegated to the Committee and he reviewed the appointment and re-appointment process with the Committee. The Chairman suggested that as part of this on-going process the Committee develop procedures to identify prospective Trustees. The Committee Members agreed that this was an important item and assured the Chairman that they would begin to develop procedures to identify and determine the interest of individuals who might be appointed as Trustees.

The Committee's role in component unit oversight was discussed. Chair McGriff advised the Committee that University of Florida Investment Corporation (UFICO) would be reviewed by the Finance Committee and that the Finance Committee would submit a report of their review to the Governance Committee. The Chair then recommended that the review process resume at the December Committee meeting and recommended that University of Florida Foundation, Inc. and University of Florida Alumni Association, Inc. be reviewed during the December meeting. The Committee members concurred.

Committee Member Morgan observed that the University's internal auditor should be involved in component unit reviews. Chair McGriff agreed and noted that the Finance and Audit Committees were involved in reviewing the budgets and audits, respectively, of the component units and that the University's office of Audit and Compliance Review worked with the Audit Committee in the audit review of the component units. Chair McGriff noted that while the Finance and Audit Committee had been delegated particular responsibilities, the general oversight of the component units remained with the Committee and that this oversight included verification that the delegated responsibilities had been met. In response to a question by Committee Member Daniels Chair McGriff advised that the general oversight responsibility of the Committee was to validate the existence and the organizational structure of each of the component units including the compliance with the BOT's directive that all board members of the component units serve at the pleasure of the University President.

The Committee next discussed goals to be set for President Machen. Committee Member Morgan proposed that the President evaluation process include short and long-term goals rather than the one and 3-year models that had been employed in prior evaluations and that a mechanism be developed to separately review an annual cost-of-living adjustment for the President's base salary. President Machen suggested that

proposed Presidential goals and the evaluation process be tied closer to implementing the UF Strategic Plan and that initially the emphasis be on Shands Hospital and the Shands Health Care System, a review and recommendation to improve the financial reporting system to provide timely and meaningful financial information for the BOT and that a system be devised for communications between Trustees and UF administration. After discussion, it was decided that the Chair and President Machen would develop one-year and long-term goals and then refer them to the Committee for discussion and approval.

Chair McGriff noted that the Legislature had approved a 3% pay raise for state and university employees and, as in prior years, the President's base salary should be increased to reflect this increase.. The Committee concurred.

Chair McGriff advised the Committee that Tom Ingram was working on a concept of a "Presidential and BOT Coalition" which would be presented at a future meeting, most likely the BOT retreat in February, 2007.

The Committee then adjourned.