



Board of Trustees

Minutes

November 30, 2007

A regular meeting of the University of Florida Board of Trustees was held on Friday, November 30, 2007. The meeting was in President's Room 215B of Emerson Alumni Hall, University of Florida.

Chair Dianna Morgan called the meeting to order at 10:40 a.m. and a quorum was confirmed. Ms. Morgan began by welcoming all and turning over the meeting to President Machen to deliver the President's report.

Dr. Machen began by recognizing Commissioner Rodney Long in the audience, and acknowledged him as one of the great partners in our community. Commissioner Long was in attendance for the announcement of UF's new incubator partnership with Alexandria. This past week Dr. Cade, the inventor of Gatorade, passed away, a great loss of the University of Florida. Dr. Cade had a long history with the University of Florida and set the standard for faculty involvement in research. This is a great loss to the university and Dr. Cade will be missed. Dr. Machen introduced Matt Fajak, the new CFO who will be here permanently in January.

Dr. Machen continued noting it has been a good semester. He complimented the administration for the way it has handled a very difficult semester and has done so in a collegial manner; we have met our goals in every case. He noted UF is experiencing a record number of applications for admission, commenting that increasing price does not decrease demand. So far, SAT scores are 100 points higher than a year ago at this time. There was discussion regarding the state's economy and it is unclear about further budget cuts; Dr. Machen thinks the university is well positioned to manage economic down turns due to the Board's efforts and the efforts of the Vice Presidents and Deans. Lastly, he reflected on the current environment regarding searches for football coaches, UF's search about 3 years ago, and the fact that it is nice to be just an observer. Dr. Machen concluded by thanking everyone for helping the University of Florida and for a very good year; he is looking forward to 2008.

Chair Morgan then called for the committee reports, beginning with the Committee on Audit and Operations Review. Trustee Joelen Merkel began by noting all committee members were in attendance. The committee discussed the resolution for presidential authorities which had been approved at the June BOT meeting. The resolution provided for the President or his designee to review the audited financial statements of the direct support organizations and to report to the committee thereon. Accordingly, acceptance of the financial statements by the full board is no longer required and is no longer included on the consent agenda. The committee determined that the current summaries of audits and the financial information will still be compiled and presented to the audit committee.

Phil Ciano, Audit Supervisor for the Auditor General's Gainesville Office, updated the committee on four audits conducted by his office. He noted that the preliminary and tentative findings of the operational audit had been forwarded to each trustee. Chair Merkel commented that she had reviewed the responses prepared by the university for appropriateness and adequacy. Phil reported that the final report was released today with no changes. Phil advised the committee that the financial audit was progressing with an expected January 2008 completion and that an exit meeting has been scheduled for next week relating to both the annual financial audit and the research cluster for the federal financial assistance audit.

Nur Erencuc discussed the internal audits that were released since the last meeting along with the quarterly follow-up. She also gave an update on the construction audit which has just started and is scheduled to be completed by March 2008. Additionally, she updated the committee on the validation of the control self assessment project that was initiated during summer of 2007.

Brian Mikell updated the committee on the status of the implementation of quality assessment review recommendations noting cooperation throughout the university.

Phil Collis, associate director for Environmental Health and Safety, provided an update on the reporting required by the Department of Homeland Security on hazardous chemicals maintained by the university. He stated that the initial submission is due in January and will report the inventory of the university's listed chemicals. The meeting was adjourned.

Trustee Brown gave his report on the Committee on Educational Policy and Strategy. He began with the action items stating there were two tenure upon hires and both were being forwarded to the Board for approval. Next, the committee approved, for the Board's consent agenda, the regulation regarding tuition costs. The committee then discussed and approved for the Board's consent agenda the sun setting of certain degrees. These include a B.S. and Master level degrees in Engineering Science and graduate degrees in Engineering Mechanics. The new degree of LL.M. in Environmental and Land Use Law and the ratification of approved existing degree, LL.M. in Comparative Law were approved for forwarding to the Board. The next item on the committee's agenda was fees. The commission discussed the proposed transcript, distance learning and equipment fees at length and requested additional information be provided followed by a conference call in a few weeks. With respect to the local fees, a request was made for an increase of \$0.42 per credit hour for the activity and service fee, an increase of \$0.62 per credit hour for the student health fee, and an increase of \$0.62 per credit hour for the transportation fee. The committee unanimously approved the local fees for the consent agenda. An increase of \$0.40 per credit hour was requested for health fees such as health services, mental

health services, counseling, and psychological services for The New World School of the Arts and it was unanimously approved student was approved for the consent agenda.

The committee moved to the discussion portion of the agenda. There was no discussion for the Pharmacy departmental name changes. The committee received an update on the Greek Strategic Plan as well as on the Career Services Center by director Wayne Wallace. There was no budget discussion. An admissions update was given by Assistant Provost Zina Evans who reported that changing the application deadline has appeared to not have any impact on the number of applications received. At the November 1st deadline, UF had received 24,800 applications. As of November 29th, the total number of applications received was 25,729. The application process closes on March 1st and they are anticipating close to 27,000 applications by that time. On February 15th, the decisions will be sent out and made available online for those students who applied November 1st or earlier. April 1st is the date all decisions will be mailed out and made available. Diversity is remaining constant: African-American and Asian applicants represent the same percentage as last year, Hispanics applicants are up 2 percentage points from last year, Caucasians applicants are down 2 percentage points from last year, but overall the diversity is holding strong. Gender is the same – 60% women. On average the applicant pool's average GPA and SAT is increasing with a 1203 SAT average based on 25,000 applications. Current reports are not showing any problems from changing the National Merit policy. Discussion was held regarding the B.S. in Computer Science – The BOG requested to decrease this degree's credit hours to 120 from 126 and the college provided information on how that decrease is going to be made. The committee asked that further information be provided at the next meeting to explain what triggered this request from the BOG and how the BOG is able to make this request.

Trustee Alfonso next presented the report of the Committee on External Relations. All committee members were present. The minutes of the September External Relations Committee meeting were approved and the committee's discussion began with an update on the results of the special session of the Florida Legislature. UF recurring revenues were reduced by \$22.1 million, or 3.6 percent. Chairman Alfonso and Trustee Brown noted that the state has not seen revenue shortages like the one we are facing in many years.

During special session, the legislature also approved a 5 percent tuition increase effective January 2008, an automatic annual tuition increase based on the consumer price index and a 5 percent technology fee for fall 2009.

A discussion followed on the outlook for the next fiscal year, with trustees noting that the budget will be very tight. Members then reviewed a list of projects for which UF will seek funding, depending upon the availability of state funds. High priorities include increased base funding for UF as well as funding for the medical school, Florida Opportunity Scholarships and graduate student health insurance. The committee discussed a public relations campaign to communicate the success of Florida Opportunity Scholars program. The committee was briefed on the proposed legislative agenda for the FY 08-09.

The committee also discussed the legislature's desire for UF to assume management control of the state owned historic buildings in St. Augustine and the need for funding to develop a master plan for the area and to renovate the buildings.

The federal update began with the report that UF received \$6.6 million in the Defense Appropriations bill, with additional earmarks pending. A committee discussion on alternative sources of private funds for UF research followed, with trustees asking that Paul Robell and Win Phillips be consulted on the potential of seeking funding from private foundations, such as the Gates Foundation. Staff was asked to research foundations and present a strategy at the March meeting for accessing funds from these sources. The committee also discussed the importance of increasing focus on Washington, DC, noting that to date, most efforts have been directed at the state legislature, not federal.

Committee members reviewed the regular presentation on media coverage and were briefed on new holiday card initiative that will save an estimated \$25,000 in printing and postage. This initiative is the first step in the print certification and consolidation program that was discussed in the September meeting. Several samples of the electronic cards were shown.

As a follow up to the last committee meeting, trustees reviewed a presentation comparing UF tuition to SEC schools and AAU peer institutions.

The committee meeting continued with a report on two recommendations of the Campus Cost Reduction and Efficiency Committee that have been discussed in prior committee meetings. They are the consolidation of print jobs with the negotiation of contracts with preferred vendors and the conversion of many print publications to electronic distribution. Each recommendation is estimated to generate savings of approximately \$500,000 per year.

Chairman Alfonso concluded the meeting by noting that the committee should reconvene before the next meeting in order to monitor progress on the private funding initiative.

Trustee Warrington presented the report of the Committee on Finance and Facilities. Trustee Warrington noted the minutes of the Finance and Facilities Committee Meeting of September 13, 2007 were approved.

Vice President Poppell presented information to support a proposed Board of Trustees resolution approving the borrowing by the University of Florida Foundation of a principal amount not to exceed \$15,450,000 and requesting the Board of Governors to approve the issuance of such debt. The loan will be on behalf the University of Florida to construct an administrative office building on the East Campus of the University. After discussion regarding the interest rate applicable to the 30 year loan, the committee requested that the resolution be modified to state the loan will bear interest in the amount specified in the loan term sheet. The committee voted to approve the resolution as modified.

The amended Operating Budget for 2007-08 was approved by the committee as presented.

The committee next approved a request to rename Building 473 (Heat Plant II) the Lacy Rabon Chilled Water Plant.

Agenda discussion items were then brought before the committee.

The Quarterly Financial Reports as of September 30, 2007 were reviewed by the committee.

The committee was informed that this past Monday the university submitted a response to the Auditor General for the preliminary findings of the operational audit for the fiscal year ended June 30, 2007. The final audit report was issued by the Auditor General yesterday, November 29th.

The committee was updated on the university's progress preparing the annual financial report for the fiscal year ended June 30, 2007. All deadlines for submittal to the Auditor General have been met and the audited statements are expected to be issued by January 31, 2008.

An update of the Capital Improvement Plan and the Facility Enhancement Challenge Grant was then presented to the committee. Assistant Vice President Carol Walker also briefed the committee on the status of several construction projects currently underway. Both the Nanoscale Research Facility and Pugh Hall are nearing completion and occupancy should occur early next year.

Regarding the proposed fee increases, Trustee Brown has provided this report to the board so I will not repeat it.

Vice President Robell presented background information regarding the potential for a columbarium at the university. A columbarium provides a location on campus for the perpetual storage of the ashes of alumni or friends of the university. Several universities nationwide have implemented columbaria and it is anticipated that a number of alumni would be interested in such an opportunity. A possible location would be in the Medicinal Gardens next to Lake Alice. The committee felt the concept was a good idea and inquired as to the cost to participants. Mr. Robell said that would be market driven but would be in the range of \$3,000 to \$5,000 per niche.

A presentation on Housing and Residence Education (Housing) facilities was provided to the committee by Norb Dunkel, Director of this auxiliary. Housing has 7,569 undergraduate students living in 40 separate residence halls. Approximately 1,700 graduate students and families and 300 children reside in five graduate and family housing villages.

Housing spends approximately \$3.75 million per year on capital enhancement projects. Facilities are regularly updated, sprinkled, enhanced and refurbished. Two residence halls each summer receive this treatment.

Mr. Dunkel also provided information on the resident faculty in residence halls which began seven years ago. There are now five faculty members living in residence halls to provide tutoring and counseling to students. The program has been shown to improve the GPA of students, increase graduation and retention rates and improve respect for faculty.

The committee asked about Housing's Greek House management program. Mr. Dunkel reported that one fraternity is currently participating and that the program is working well. Housing intends to offer the program to other Greek houses as desired.

Mr. Frank Phillips of Facilities Planning and Construction then gave the committee a presentation on the university's space analysis. Space formula has been developed by the state's Department of Education to compute the need for space in E&G, IFAS and Health Science Center operations. The formula has many components taken into consideration, such as student

FTE's, student disciplines, library holdings, the number of faculty and staff as well as other variables.

The current space analysis of the university was shared with the committee and there was discussion regarding the existing shortfall of teaching lab space and how the new Chemistry building would help to alleviate this deficit.

Two University employees were then presented for recognition by the committee. Mr. Danny Grant, supervisor of the Plumbing Shop of the Physical Plant Division and Mr. Fred Batie, director of University Mail Services.

Trustee Powell reported on the Committee on Governance. The committee held a conference call on October 24th to review and approve presidential goals and yesterday met to review the presidential assessment. Mr. Powell stated that he will make a motion later in the meeting stating that after reviewing the presidential assessment the committee recommend the approval of Dr. Machen's bonuses. We reviewed the desired standards for DSO, HSSO and FPP and approved the reappointment of the Messrs. Banks and Davis, whose terms have expired, to the UFICO board. The committee moved to a closed session to review labor relations and is supportive of each of the teams. Powell reported that the university has reached agreement with AFSCME on all reopeners for 07-08 and AFSCME has ratified the contract. In addition, Powell reported that the university and the police union, PBA, have reached agreement on a new 3 year contract. The contract has been ratified by the union. The Governance Committee recommends Board approval on both of these consent agenda items.

Trustee Manny Fernandez delivered the report of the Committee on Resources. The Resource Committee held its first official meeting yesterday and Mr. Fernandez reported that Kyle Cavanaugh and his team, and the committee, did a tremendous job and worked really hard. Kyle delivered a presentation on the initial work of the Campus Cost Reduction and Efficiency Task Force. The Task Force partnered with an external consulting firm and seven items have been recommended for savings: transcript charge, residency requirement for eligible graduate students, enhanced direct deposit monitoring and implementation of a debit pay card, establishment of a university motor pool and consolidation of motor pool maintenance, moving most publications from print to electronic, and streamline the number of print vendors. Also introduced was phase two of the program that has significantly more savings, as much as \$10-15M; the committee has charged Kyle with engaging the outside firm in looking for other revenue and cost reduction strategies throughout the entire university. Specifically, this means looking at other areas across the enterprise. The Cost Reduction Task Force will be assessing those opportunities over the next few months. The committee will work through this and come to a consensus. The committee is encouraged and pleased with Dr. Machen's leadership. We realize many actions that come to this committee are actions that the board will not need to approve and have been appropriately delegated to the committees. The meeting was kicked off with some opening recommendations from President Machen that reinforced the importance of the groups work and the scope of the committee.

The committee engaged in a broad discussion regarding looking at potential significant revenue opportunities including such items as Flat Rate Tuitions, percentage of out of state undergraduates and graduate student fees.

The committee plans to explore these and other opportunities with the firm.

Chair Morgan directed the board's attention to the revised consent agenda and brought their attention to two other revisions noting a request for withdrawal of consent agenda items 5.5 and 5.14. Consent agenda item 5.5 will be voted on separately and 5.14 has been removed for further review and will be brought to the board at a later date. Also included in 5.14 are the fees regarding the New World School of the Arts and those will be voted on today. A motion regarding the consent agenda was requested and approved.

Trustee Powell spoke regarding Consent Agenda Item 5.5. He stated the Governance Committee approved the payment of the bonuses in Dr. Machen's contract and noted that both Dr. Machen's short and long-term goals were met and his performance was regarded as outstanding and the Governance Committee recommends approval of those. A motion was heard and passed with the exception of one nay vote by Trustee Warrington.

Chair Morgan asked for new business and as there was none, directed the Board to a public appearance requested by Brandon Sack and John Surrency who addressed the board regarding socially responsible investing.

Chair Morgan noted we are clearly moving into a period that we need to continue to do more with less. She noted that she maintains her optimism and appreciates the work the cabinet and Dr. Machen have done and continue to do, and the work that the Resource Committee is doing. This is so important to us. We've all heard the themes of the faculty and students' reactions to the faculty compensation and the student advising, and we will continue to look at these in our cost reduction efforts. In tough times, great organizations step up and do great work and I feel encouraged by the people sitting around this table and this can continue to be a great time to be a Florida Gator. Have a great holiday and see you at the retreat in February. Thank you.