



***Board of Trustees***  
***Minutes***  
***March 14, 2008***

A regular meeting of the University of Florida Board of Trustees was held on Friday, March 14, 2008, 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 welcoming new Trustees Danny Ponce and Steve Scott and suggested they continue to utilize the cabinet to help them learn more about the University of Florida. He commented that he thought enough had been said about the fiscal situation and that we are waiting for signals from the Legislature about the budget and the fiscal implications of transfer students and notifications will be made before the end of April.

Chair Morgan called for the committee reports, beginning with the Committee on Audit and Operations Review. Trustee Joelen Merkel began by noting their committee meeting was attended in full. With the understanding that Dr. Properzio had a presentation to make at the Educational Policy and Strategy concurrent meeting, he was moved to the top of the agenda. He discussed the final phase of the site assessment for the 34<sup>th</sup> Street landfill. He gave a brief background and history, stating that nothing large scale was revealed through the various studies conducted and that with the completion of the final assessment filed, closure strategies with the DEP are expected to be discussed within three or four months.

The minutes of the November meeting were approved and the internal audits and the quarterly follow-up reviewed results were discussed. Nur Eregunc informed us that the issuance of the UF Internal Control report was delayed as an action item as plans are still being developed. Follow-up review results did not generate any reportable concerns.

Brian Mikell gave an update on the 2007-08 audit plan revisions and discussed the project hour shortage of 2000 hours due to position vacancies and hours spent on projects exceeding planned hours. The revised plan maintains the total number of audit projects planned for the year and was initiated with the consideration to minimize the

impact on risk driven audit coverage. Reductions were applied to advisory projects and audit projects that were not yet started.

Joe Cannella reported on the progress of the construction audit, identifying its scope and objectives, and stated that the audit was essentially completed with the report expected to be issued prior to our next meeting. The audit is being performed by RSM McGladrey, a firm with expertise in this area and an initial assessment did not reveal significant findings and supported the good processes and procedures adopted by the Office of Facilities Management.

Nur advised the committee that the revised audit committee charter that was discussed at the December committee meeting had been approved at the Governance Committee meeting.

Phil Ciano, the field supervisor for the office of the Auditor General, presented the financial audit for the year ending 2007, noting it was issued in January 2008 and commented on the exemplary cooperation from Finance and Accounting. He stated the report included one issue regarding enhancing procedures to ensure that contracts and state grants receivable are properly supported and reported. Vice President Ed Poppell reminded the committee that contracts and grants reporting is not yet fully implemented within PeopleSoft. He stated that the full integration of active contracts and grants to PeopleSoft by June 30, 2008 is the goal expected to be attained.

The committee approved the consent agenda item to accept the audited financial statements.

Phil Ciano stated the internal control system was adequate and effective and advised the committee that the State of Florida federal financial assistance audit had been completed and is available on the Auditor General's web site. The comments applicable to UF were discussed at a previous audit committee meeting.

Trustee O'Connell gave the report on the Committee on Educational Policy and Strategy. The full committee was present and all consent agenda items were approved. Of note, Regulation 6C1-4.007 Confidentiality of Students Records was removed from the consent agenda. All other regulations were approved as were the degree updates, housing rental rates, honorary degree, and the Capital Improvement Trust Fund projects for the consent agenda. Trustee O'Connell then highlighted two of several presentations: Assistant Provost and Director of Institutional Planning and Research, Dr. Marie Zeglen, gave a presentation on Enrollment Tracking System (ETS) which provides daily tracking of enrollments by student credit hours (SCH), FTE, college and department levels to provide help with dynamic course management. Dr. Zeglen also demonstrated the Enrollment Cube which provides easy access to historical data on SCH and FTE which gives flexibility in selecting and combining data; and Director of Academic Technology, Dr. Fedro Zazueta, gave a presentation on the 2008 E-Learning Initiative which was developed to provide 20 exemplary online courses by Spring 2009. The types of courses should meet general education requirements, provide flexibility in high demand areas,

provide an option for unmet registration demands, reduce lost revenue due to students transferring the credits in, and provide long-term sustainability. These courses will be fully online so they could be taught over the summer as well as during the fall and spring semesters. The request for proposals has been sent to the faculty for courses to consider. A committee is in the process of being selected and will be responsible for review of the proposals and final selection of which courses will be funded.

Next, Trustee Alfonso presented the report of the Committee on External Relations. The committee approved the November minutes and the meeting began with an update on the progress of three Cost Reduction and Efficiency Committee Initiatives, which are the consolidation of printing contracts, conversion of print documents to electronic communications and negotiated contracts with vendors. The committee was informed that the University is in the process of reducing the number of printers from 170 to 20 by negotiating contracts that provide reduced prices which will be a substantial savings.

Regarding electronic communications, the committee was informed that campus communicators have written criteria for the types of publications that should be converted to electronic newsletters. Under these criteria, 120 of the campus' 150 publications should be converted. It was noted that the committee has been encouraging the University to develop new policies on the number of print communications, their look and their conversion to electronic format.

The committee received an update on the branding campaign, with information on print ads, TV and radio spots and airport delays and a briefing on the state budget situation, which worsened this week with news that an additional \$3 billion must be cut. Potential areas of funding are the energy and economic stimulus packages the legislature is considering. UF is requesting \$5M for venture capital for the Innovation Center project, \$6M in funding for the Orlando building for UF/Burnham research partnership. UF's highest legislative priority is funding for the College of Medicine. Dean Bruce Kone and President Machen have been meeting with legislators on campus and in Tallahassee to pursue this funding. Other priorities are matching gifts and planning money for the St. Augustine buildings.

Finally, the committee discussed a bill to amend the state constitution. The amendment would reduce the membership and the terms of the Board of Governors and give the legislature the authority to determine the responsibilities of the Board of Governors and Trustees. It would also create an elected Commissioner of Education. On the federal level, UF representatives have been meeting with members of Congress on the university's earmark requests. The process is just beginning and it is uncertain whether earmarks will be approved this year.

The committee was reminded that Gator Day would not occur this year, but the entire Board is encouraged to contact Government Relations if they are available to meet with legislators on an individual basis during the month of April. In lieu of a Gator Day reception, Florida Blue Key and Cindy O'Connell will host an event at her home on

March 26<sup>th</sup>. The legislature has requested that Tim Tebow come to the Capitol to be recognized in late April.

In response to questions from trustees at the last meeting, Foundation staff presented information on funding from private foundations.

A motion was made and unanimously passed to implement the recommendation of the cost reduction task force regarding electronic communications by July 1, 2008.

Trustee Warrington reported on the Committee on Finance and Facilities. The minutes of the November 29, 2007 meeting were approved and the following action items were presented to the committee and approved: 2007-08 amendment to the operating budget; operating budget for Transportation and Parking auxiliary; naming of the Chemistry Building the Harry H. Sisler Hall in recognition of the outstanding contributions of Professor Sisler; sale of a parcel of land located in Orange County that is part of the UF/IFAS Mid-Florida Research and Education Center, proceeds of an estimated sale price of \$1.1M to be deposited in the UF/IFAS Relocation and Construction Trust Fund; various University of Florida regulation changes regarding the increase to parking decal prices and fines for parking violations; and a resolution in support of the lease of a portion of the campus to Alexandria Real Estate Equities, Inc. for the purpose of developing a life science and technology facility on the site.

The following discussion items were brought before the committee: the Annual Financial Report of the University for the FY ended June 30, 2007; the Quarterly Financial Reports as of December 31, 2007; a briefing by Assistant Vice President Carol Walker regarding the status of construction projects, noting the ground breaking ceremony recently held for the Emerging Pathogens facility, the Pugh Hall and the Graham Center dedication, the Nanoscale Research Facility was completed, the Naples Dental Clinic at Edison College is under construction, and several projects are in design including the Southwest Parking Garage; Mike Smith, Director of UFICO, provided the committee with an update on investment activities; and Vice President Telles-Irvin briefed the committee on the proposed six construction projects to be funded by the Capital Improvement Trust Fund.

Three University employees were recognized by the committee for their service: Mr. Joy Hayden, senior engineer for IFAS Facilities Planning and Operations, Officer Jacob Pruitt of the University of Florida Police Department, and Mr. Bernie Rieg, high voltage distribution electrician supervisor for the Physical Plant Division. All three were commended by the committee for their loyalty and dedication to the University.

Trustee Powell presented the report on the Committee on Governance noting that all committee members were present and the minutes from the previous meeting were approved. The committee considered the proposal to revise the Audit Committee Charter with the updated committee processes and membership as well as roles of the Governance and Audit Committees in reviewing financial reporting by the affiliated

organizations. The committee unanimously recommends approval of consent agenda item 5.8.

Next, the committee considered the proposal to amend the Board of Trustees' Presidential Authorities Resolutions of last June to conform the oversight of UFICO to that of all other affiliated organizations in that class. This will give the President, as agent of the Board of Trustees, oversight authority for UFICO that is the same as his authority for all of the other affiliates. The committee unanimously recommends approval of consent agenda item 5.9.

The committee then discussed the timing and process for developing the short and long range goals for President Machen. Relevant data aren't available until September of each year, but it would be helpful to begin developing goals before that, if possible. President Machen and Chair Morgan were asked to discuss the possibilities and Trustee Powell stated that he will also meet with President Machen before this committee next discusses the subject at our June meeting. The committee thinks this is extremely important in view of the changed economic climate under which the University will be operating for the foreseeable future.

Trustee McGriff updated the committee on the current status of the implementation of the Board of Trustees' standards for governance and oversight of affiliated organizations. Mike Ford of the General Counsel's Office has sent draft documents to all affiliates other than two and Trustee McGriff anticipates completing these soon. The goal is to enable each affiliate to adopt the amendments at its next regular board meeting.

The committee then moved into closed session where Sr. Vice President Kyle Cavanaugh provided the committee with a review of all collective bargaining negotiations. The Governance Committee remains fully supportive of the negotiations team.

Trustee McGriff presented the report on the Committee on Resources and noted all members were present for the meeting. The meeting began with an update regarding the work of the campus cost reduction committee. As part of the committee's recommendations, Joe Hice provided an update on various initiatives: moving publications from print to electronic publications across the campus; consolidating the number of print vendors used by the campus; and is working on strategies to reduce the quantity of copying across the campus and the number of copy vendors used by the campus. This is generating true savings. Kyle reported that the campus cost reduction committee's recommendations continue to move forward and are at various stages of implementation. Future meetings of the Resource Committee will include updates on the various initiatives.

Kyle reported that he continues to work with the Huron Consulting, the outside consulting group we engaged, to explore proposals related to three areas: 1) Analysis of the College of Medicine Practice Plan; 2) A review of cost and review of opportunities

related to the University Athletic Association; and 3) An analysis of a funds flow across the entire University including each of our DSOs. Kyle will continue to work with the Chair and the Committee to refine the proposals and will coordinate the work with the outside consultants.

Paul Robell reported to the committee on the Capital Campaign and Endowment, a critical ingredient of our Resources. He reported to the committee that as of February the capital campaign had reached \$612,659,000 (million) and gifts and contributions this past December reached a record of \$47 million. The \$47 million is up from last December's number of \$38 million. The value of the endowment as of 12/31/07 was \$1.270 billion. He also reported that the foundation approved increasing the spending base of the endowment for 85% of the base to 90% of the base. This change resulted in an increase of \$2.4 million available to the University annually.

The committee also discussed interest in having Mike Smith from UFICO provide quarterly updates to the Resource Committee. The Chair requested that Kyle follow up with Mike to schedule an initial update at the June meeting.

Chair Morgan began by expressing appreciation and thanks for leadership to Paul Robell and Ed Poppell noting reports continue to improve in spite of the economic times. Ms. Morgan recognized the reappointment to the Board of Al Warrington and thanked him for agreeing to chair the Finance and Facilities Committee for another term.

Chair Morgan directed the board's attention to the consent agenda and noted the Committee on Educational Policy and Strategy's request to withdraw University of Florida Regulation 4.007 from consent agenda item 5.6 and the Committee on External Relation's request to add consent agenda item 5.16 which concerns print to electronic format. A motion regarding the consent agenda was requested and approved.

Chair Morgan asked for new business and as there was none, directed the Board to a public appearance requested by Brandon Sack of the Socially Responsible Investing Advisory Committee who addressed the board regarding socially responsible investing.

Chair Morgan thanked Mr. Sack for his presentation and for his efforts. Chair Morgan noted that the Board of Trustees recognizes the importance of socially responsible investing, as demonstrated by the socially responsible investing policy that it adopted last summer. The policy enables the Board to reconsider investments in corporations that could cause substantial social injury. The Board believes that this policy will be an effective tool for socially responsible investing. Ms. Morgan stated these are clearly challenging times and the theme seems to recur in all of our discussions and she felt the trustees felt very encouraged at the retreat and many of these priorities have made it into our agenda. In security, e-learning, realignment of cabinet roles and reorganization and improving and better understanding our graduate experience and was fascinated by the presentation in Educational Policy that allows us to monitor our students. She assured the board members that Dr. Machen and she will continue to talk

about how we can integrate these priorities, noting that in tough times it is important that we pull together and focus and it is our responsibility.

It is always increasingly difficult at this time of year as we have come to respect and admire our student and faculty on this board. Ms. Morgan presented Trustee Yost with a framed resolution and commented that he has been a strong voice for faculty and have focused on the right issues and help to better understand and appreciate faculty issues. Next, Chair Morgan presented Trustee Moseley with a framed resolution and noted that he has been an exceptional star on this board, a courageous voice for our students and an invaluable link between the board and the student body.

Chair Morgan reported that a framed resolution had been presented to former Trustee David Brown at the board's dinner the night before.

Chair Morgan then concluded the meeting.