

UF | UNIVERSITY of FLORIDA

The Foundation for The Gator Nation

***Board of Trustees
Minutes
December 11, 2009***

A regular meeting of the University of Florida Board of Trustees was held on Friday, December 11, 2009 in 215B of Emerson Alumni Hall.

The meeting was called to order by Chair W. A. “Mac” McGriff, III, at 10:50 a.m. with a quorum confirmed. Chair McGriff announced it is an important meeting and that we are saddened by this being the last meeting of two of our inaugural Trustees, Mrs. Joelen Merkel and Mr. Roland Daniels and the two Trustees appointed by the Governor, Mr. Courtney Cunningham and Mr. Earl Powell. We welcome two new Trustees who will begin with us in January, Marshall Criser, III and Carolyn Roberts, who will also be at our February Retreat. Chair McGriff asked President Machen for the President’s report.

Dr. Machen began by acknowledging that UF is nearing the end of the fall semester and final exam time. He reminded everyone that commencement is next weekend and recognized that it is a very important and joyful event for the University of Florida. He added that he hopes many present will find the time to participate in this ceremony. Dr. Machen noted that this year’s activities have all been productive and positive and that we are coming to the close of a very eventful and challenging calendar year.

Dr. Machen observed that 2009 has been difficult for the country, the world, and that he, for one, is glad 2009 will be behind us and that he looks forward to 2010 with optimism for the University of Florida, the state, and the country. He stated that he is proud of the way that the University community has dealt with issues and worked together during this difficult time. He noted that the city of Gainesville has had to deal with the economic issues as well and he praised local leaders for doing a remarkable job keeping it a wonderful place to live. He thanked the state legislature for its support of the University of Florida in difficult times.

Dr. Machen noted the national media attention toward changes in higher education in the US. He noted that Florida’s financial condition has been as bad as any state, and that UF’s 22% reduction in state budget has been as significant as, or worse than, anywhere, including California. Dr. Machen then noted that UF has made all of its budget cuts to meet the funding reduction, which has enabled the university to consider future strategic options such as a special faculty hiring program.

Dr. Machen commended the leadership of students and faculty and noted the benefits of that exceptional leadership. He acknowledged the incredible efforts of the deans and department chairs and central administrators and noted the special efforts of some administrators present, including Larry Arrington, Interim Senior Vice President for Agricultural and Natural Resources, and his important efforts around the state. Dr. Machen also praised Matt Fajack, Vice President and CFO, who has taken on this new position and made some major changes, making UF more efficient and effective. Dr. Machen thanked Mr. Fajack for his leadership.

Lastly, Dr. Machen credited the exceptional achievements in athletics at UF. He recognized the outstanding graduating class in athletics, one of the best with which he has been associated, with 12 academic honor roll members and 24 graduating next weekend. Dr. Machen stated that he is particularly proud of the graduation rate, which was 2nd in the SEC and higher than the national average. He reminded everyone to reflect on the last four years in athletics and the amazing ride that it has been.

Dr. Machen closed by stating that he looks forward, with anticipation and optimism, to the next year. He noted his appreciation for the guidance and advice of the board, which has enabled UF to move forward and allows him to feel good about the future of UF.

Chair McGriff noted he appreciated the good remarks and felt he could speak on behalf of the Board that we appreciate the efforts Dr. Machen and his staff have made during this time. Mr. McGriff moved to the committee reports and noted that it would be the last report by Trustee Joelen Merkel. He thanked Trustees Courtney Cunningham, Roland Daniels, Joelen Merkel and Earl Powell for their commitment and hard work over the last several years.

Trustee Joelen Merkel gave the report of the Committee on Audit and Operations and began by noting the attendance of Trustees Daniels, Johnson, Mecholsky and O'Connell and the approval of the minutes of the September 10, 2009 meeting. She noted there were no consent agenda items on their committee's agenda. Trustee Merkel acknowledged the accomplishments of the Audit Committee over the years. She recognized Nur Erenguc for her efforts and valuable expertise, which really made easier the work of the committee for more than seven years. She thanked Brian Mikell, who took over the Chief Audit Executive role, for also helping the committee run smoothly. Trustee Merkel thanked trustees who served on the Audit Committee over the years, helping the committee accomplish much for UF. She also thanked Vice President Ed Poppell, who worked closely with the committee and always responded well to comments and thoughts from the committee.

Phil Ciano, Audit Supervisor with the Auditor General's Office, provided an update on external audit activities. He reported that fieldwork has been completed on the operational audit, which is performed every two years using a risk-based approach, and the report is currently in review. Preliminary and tentative findings are expected to be delivered in December, but no later than the first week of January. Mr. Ciano also reported that fieldwork continues on the audit of the university's financial statements for the year ended June 30, 2009. The university provided the final notes to the financial statements this week. Anticipated release date by his office of the year-end audited financial report is no later than the end of January 2010, consistent with last year. However, the report cannot be issued until after the delivery of the university's responses to the operational audit P&T findings, which are due 30 days after their receipt. Next, he reported fieldwork on the federal financial assistance audit is nearly complete and they plan to have an exit conference to discuss findings in early January. Preliminary and tentative findings should be released by late January, with the final report due to be released in March 2010. And, last, he discussed the audit of the Bright Futures scholarship program will be conducted later this fiscal year, but has not yet begun.

Chief Audit Executive Brian Mikell presented and summarized the internal audits that had been issued since the last Board meeting. The reports presented were the University of Florida Alumni Association Gator Clubs, the UFF Restricted Gifts (CY 2007), the UAA Student-Athlete Academic Eligibility, and the University Payroll and had been previously provided for detailed review. Brian and Audit Director Joe Cannella also reported on follow-up status of previously issued internal and other audits.

Chair Merkel discussed the proposed revisions to the Office of Audit and Compliance Review's Charter, which was last revised in 2006. Brian explained that revisions were necessary to address university administration organizational changes and to incorporate up-to-date language from the current Institute of Internal Auditor's standard internal audit charter. The audit committee approved the revised OACR Charter.

The committee considered information provided by Business Affairs relating to audits of university affiliated organizations. The university has 26 affiliated organizations, with the majority having FYE's of June 30. Required audit reports for all organizations with FYE of June 30 have been completed and included in the report. Committee members asked questions related to management letter comments, especially repeat comments from the prior year. Additional information was provided by various university employees from areas related to the organizations. At the committee's request, Brian agreed to follow-up on repeat comments noted in the audit reports.

Trustee Dianna Morgan gave the report of the Educational Policy and Strategy Committee on behalf of Chair Carlos Alfonso. A majority of the committee was present and reviewed and approved the minutes of the September 11, 2009 meeting.

The committee reviewed and approved three tenure upon hire cases: Dr. Gregory Gray, Professor and Chair in the newly created Department of Environmental and Global Health, College of Public Health and Health Professions; Dr. Paul Okunieff, Professor and Chair, Radiation Oncology, College of Medicine; and Dr. Laszlo Prokai, Professor, Department of Anesthesiology, College of Medicine.

The committee reviewed and approved University Regulations: 6C1-2.003 Distribution of Printed Material – 2 new modular units have been provided by UF where leaflets may be distributed on campus in addition to the current locations and units. 6C1-2.022 No Smoking and Tobacco Use – prohibits use of tobacco on campus effective July 1, 2010. The focus of this regulation is on education and assistance not policing or enforcement. The committee did request that in paragraph (4) a change is made from the Office of the Vice President for Student Affairs to the Office of Student Activities and Involvement for dealing with student compliance issues. 6C1-3.002 University Financial Services – clarifies that a returned check will cause a hold to be placed on a student's account. And 6C1-3.0022 Bill Paying, Returned Check and Electronic Transfer Items Service Charge – states that the University Cashier in Criser Hall no longer accepts cash as a form of payment and also allows each department to determine how it will accept payment for a returned check.

The committee reviewed and approved a B.S. in Wildlife Ecology, a technical approval to make sure BOG and BOT are in agreement of UF offering and issuing the B.S. in Wildlife Ecology and Conservation. The degree has been awarded in years past and is a fully approved degree, but approval necessary to get the degree on BOG's records of approved degrees.

The final consent agenda item the committee reviewed and approved was fees and it was noted all have been vetted through the students and the following are approved for increase: Activity and Service Fee – increase of \$0.53 per credit hour; Student Health Fee – increase of \$0.62 per credit hour; Transportation Fee – increase of \$0.54 per credit house; No increase in the Athletic fee; with the total increase of \$1.69 per credit hour.

The committee received an update from the Faculty Senate as well on the naming of two schools in the College of Education. Additionally three presentations were made to the committee. First, a Student Government update from Trustee Johnson regarding a renovation plan for the Reitz Union based on a \$20 semester fee and a \$3 credit hour fee. Trustee Johnson's presentation was a starting point to get the conversation started about renovating the Union. Second, a presentation from Vice President Win Phillips regarding Multidisciplinary Research:

Challenges and Opportunities. Dr. Phillips discussed multidisciplinary initiatives at UF such as Emerging Pathogens Institute, Water Institute, Institute on Aging, Florida Institute for Sustainable Energy, Nanoscience Institute for Medical and Engineering Technology, and the Digital Worlds Institute; multidisciplinary facilities at UF such as Cancer and Genetics Research Complex, Biomedical Sciences Building, Nanoscale Research Facility and the Pathogens Research Facility; and future multidiscipline growth areas such as sustainability, energy and transportation. Third was a presentation from Dean Glen Hoffsis regarding Expansion of Veterinary Medicine. He presented the committee with a plan for expanding enrollment in veterinary medicine without requiring additional state funding. Given the national need for veterinarians and only 28 accredited programs in the US, the college reviewed ways to increase enrollment and improve facilities to attract faculty hires for the increased enrollment. They are prepared to initiate the proposed plan starting in the fall. There was no new business and the committee adjourned.

The report of the Committee on External Relations was given by Trustee Danny Ponce with Trustees Carlos Alfonso, Roland Daniels, Jordan Johnson, Cindy O'Connell, and Earl Powell in attendance.

The committee discussed the university's list of research projects that will be submitted to members of the Florida Congressional delegation next year for funding. Many Members of Congress require earmark proposals to be approved by governing boards prior to submission, so committee approval of the list is required.

The government relations report began with an update on the status of this year's federal funding requests. To date, \$16.9 million has been appropriated for various UF projects. Another \$7 million is pending a final Congressional vote.

At the state level, the committee discussed the university's legislative priorities for FY10, including protection of the base budget, medical school funding, a building at Lake Nona for joint UF-Burnham Institute research, graduate student health insurance, Florida High Tech corridor funding, IFAS funding, PECO funding and Major Gift matches.

Committee members said they are available to meet with Members of Congress and state legislators in support of the university's government relations agendas.

The committee was presented with results of a six-month government relations effort to host Members of Congress and legislators on campus for tours and briefings. Two members of Congress and nine legislators have accepted invitations to visit campus since the program began.

An update of the programs Gators for Higher Education and the Flagship Councils was provided to committee members. Gator Clubs statewide have designated liaisons to the program for the purpose of increasing exposure and building membership for the program. Gator for Higher Education also has established social networking efforts, including Facebook, LinkedIn and Twitter.

The closure of the Shands at AGH Hospital and opening of the new Shands Cancer Hospital required a community relations strategy and was described to the committee by the Shands and UF team that developed and executed it. The effort included key message development, community meetings, and events at both facilities.

David Day, UF Office of Technology Licensing, followed with a briefing on the Florida Innovation Hub that will be constructed on the site of the Shands at AGH Hospital. The facility will provide resources to help UF researchers spin off companies from their research.

The Strategic Communications Planning Committee presented its report. This group of campus communicators developed an analysis of the university's strengths, weaknesses, opportunities and threats; identified key themes and messages; developed a plan, and created a tool kit to help communicators across campus. The External Relations Committee members

discussed the report and suggested that further actions be deferred until a new Associate Vice President of External Relations is hired. The meeting concluded with the quarterly report of media coverage generated over the past three months.

Trustee Steve Scott delivered the report of the Committee on Finance and Facilities and noted Trustees Joelen Merkel, Dianna Morgan, Courtney Cunningham and Jack Mecholsky were in attendance. The minutes of the Finance and Facilities Committee meeting of September 10, 2009 were approved and the committee asked that minutes from the conference call pre-meetings also be included in the committee materials in the future.

The first action item presented to the committee was the final 2010-11 fixed capital outlay legislative budget request was presented to the committee. The only change to the legislative budget request from September was to move PECO project priority #16 UF Research and Academic Center at Lake Nona up to priority #2. The final budget request was approved as presented.

Next, the committee was provided with a request to approve construction of a one story 14,000 square foot Data Center Annex. The facility will be constructed as an annex to the East Campus Office Building which is presently under construction. The request to construct the East Campus Data Center Annex was approved as presented.

The committee next moved to discussion items and began with the University financial report as of September 30. Assistant Vice President McKee answered questions regarding the September 30 balances reported for the Deposits Held in Custody, Nongovernmental Grants and Contracts, and Scholarships, Fellowship and Waivers accounts.

A construction update was provided to the committee. Several projects have been completed in the past quarter including the Biomedical Sciences Building and the Pathogen Research Facility. Five additional university facilities have been awarded LEED certifications. Trustee Cunningham commended Vice President Poppell and Assistant Vice President Walker for helping the university set such high standards of sustainable construction.

The committee was informed the Educational Policy and Strategy Committee would be asked to approve the Tobacco Free Campus policy at their meeting later today. The committee had no questions regarding the policy.

Mike Smith, Director of UFICO, reported on the results of UFICO investment activity. Shands Teaching Hospital has placed \$130 million with UFICO for investment and UFICO is preparing to market and accept investments from outside entities such as other colleges and universities within the state.

Marcus Brinson, an officer of the University of Florida Police Department, and his wife Deborah, also a university employee, were both recognized by the committee. Last month Officer Brinson and his wife prepared a Thanksgiving dinner for the student residents of Murphree Hall who were unable to go home for the holiday. The students of the residence hall raised some funding for the dinner, and Marcus and Deborah paid for the rest of the costs of the dinner. In doing so they provided the students not only a dinner but also a warm, family atmosphere on a holiday when these students could not go home.

Officer Brinson has been a school resource officer at the P.K. Yonge Laboratory School, and a member of the university police department's Student Community Oriented Police Effort (SCOPE). He is also a recipient of the Medal of Valor for helping to stop a carjacking while he was off duty. The committee members thanked Officer Brinson for his many efforts to assist students, the university and our community. With no further business to conduct the committee meeting was adjourned.

Trustee Earl Powell gave the report on the Committee on Governance and stated all members were present and the committee reviewed and approved the minutes.

The first action item was ratification of the collective bargaining contract with Graduate Assistants United. Vice President for Human Resource Services Paula Fussell summarized the contract changes from the previous contract. The new contract provides for increased stipends for Graduate Assistants for the next two years. Also, the University has agreed to provide additional office space for their use. After discussion, the recommendation was unanimously approved by the committee.

The second action item was the recommendation to approve an amendment to President Machen's employment contract which is beneficial to the University. The resolution and a summary were provided to the Board in advance. President Machen proposed to eliminate the contract's bonus payments, with a smaller annual retirement contribution being provided. If he ends up serving as a faculty member after his presidency, he will be able to earn the amounts he is forgoing over a longer period and likely when the economy is stronger. We extended Bernie's contract last year and we're merely making a few amendments to reflect that certain payments to Dr. Machen are conditioned on his later serving the University as a faculty member for a sufficient period. Each of the committee members recognized President Machen's accomplishments and praised his leadership efforts in difficult times as well as his willingness to help the University by proposing the change. The recommendation was unanimously approved by the committee.

Next were discussion items. First was the development of the Board's goals for President Machen. President Machen noted that he and Chair McGriff think that the general process we've been employing with an outside consultant is working. President Machen distributed to the committee a self-assessment which he had prepared to be used by the Board and its consultant as part of the goal-setting process. President Machen advised the committee that he would be submitting his proposed goals to the Board and suggested that they be discussed at the Board's retreat where there would be more time for discussion.

President Machen then gave the committee a brief update on the budget reductions. He noted that approximately 75% of the reductions previously approved by the Board had been made and the remaining reductions are in process. President Machen believes that with the stimulus payments and increased state revenue being forecast by Tallahassee there should not be a need for further reductions this year or next. However, the issue of how the state will fund expenditures after the stimulus payments cease is going to be very complex.

The next discussion item was an update on the UF Health Science Center and Shands. President Machen outlined the plans for creation of the Shands holding company previously approved by the Board and discussed how the Shands hospitals and potential future additional affiliates would report to the holding company. President Machen noted that the new structure will provide for better reporting and responsibility for each of the Shands entities, as well as a good mechanism for future alliances with other health care providers. The committee then met in executive session to receive an update from the collective bargaining team after which the meeting was adjourned.

Chair McGriff brought the Board's attention to the consent agenda items. Approval of the consent agenda was unanimous.

Chair McGriff then asked for any new business and as there was none, asked about public appearances. Sheila Bishop requested to speak regarding the fees presented in the Educational Policy and Strategy Committee. Chair McGriff thanked Ms. Bishop and her supporters and began his comments. He noted that we have had a history of recognizing our faculty. He noted that researchers at UF's Health Science Center have won a number of prestigious grants during

the past few months, including Dr. Marco Pahor, director of the UF Institute on Aging, who landed a \$60 million grant from the National Institute on Aging to conduct a six-year study on whether a program of structured physical activity can prevent or delay major movement disability in older adults. Chair McGriff observed that diabetes expert Dr. Mark Atkinson, also with the Health Science Center, and his team are taking the lead role in a \$28 million research consortium studying potential therapies to reverse type 1 diabetes and that the consortium includes Harvard, Columbia, UC San Francisco and seven other institutions around the country. He acknowledges that, in the College of Liberal Arts and Sciences, Dr. Carol Murphy, director of the France-Florida Research Institute and a professor of French, was inducted into the French Legion of Honor in November for her work in facilitating academic and research collaboration between France and the United States. Mr. McGriff illustrated the importance of this by listing other Americans who have been named to the Legion: Gen. Douglas MacArthur, Julia Child, Thomas Edison and Charles Lindbergh. That's some pretty impressive company. He closed with other faculty-related news, noting that a building dedication has been scheduled for Jan. 26 for UF's new Emerging Pathogens Institute, led by Dr. J. Glenn Morris. Mr. McGriff highlighted the institute and its UF researchers from eight different UF colleges who will become, in a sense, global detectives -- tracking diseases around the world, seeking solutions and cures, and helping to prevent those pathogens from coming to our shores. He stated that UF is very fortunate to have the faculty and their prestige in our institution.

Chair McGriff asked for any other business and hearing none, adjourned the meeting.