



The Foundation for The Gator Nation

***Board of Trustees
Minutes
December 10, 2010***

A regular meeting of the University of Florida Board of Trustees was held on Friday, December 10, 2010 in 215B of Emerson Alumni Hall. The meeting was called to order by Chair W. A. “Mac” McGriff, III, and a quorum was confirmed.

The Chair made some introductory remarks:

First he noted that President Machen and two trustees (among other Gators) were appointed to Governor-Elect Scott’s transition teams. President Machen was appointed to the Economic Development team; Carlos Alfonso was appointed to the Regulatory Reform team; and Steven Scott was appointed to Education team.

Next he recognized that, with the Board’s support, President Machen has made furthering the University of Florida’s national research standing one of his goals, including by growing graduate education and broadening research opportunities for undergraduates.

Chair McGriff discussed a few benchmarks of the University’s success: (1) Since the Board met in June, the University announced a record amount of research awards to faculty. Awards increased \$104 million last year to a \$678 million, thanks primarily to a 45 percent increase in federal funding. Our goal is to ultimately increase research to more than \$1 billion. (2) University of Florida ranks 15th among institutions or state university systems producing the largest share of research papers, according to data compiled by Thomson Reuters. In fact, two dozen universities -- including UF -- hold a combined 42 percent share of the overall U.S. output between 2005 and 2009.

In other exciting news, Chair McGriff summarized the following University initiatives that are underway and will not only help with UF’s research goals but also further economic development by converting discoveries into real-world, marketable solutions.

Innovation Square: (1) The university last month unveiled plans for Innovation Square, a large-scale development capitalizing on university research to be built on SW 2nd Avenue between the UF campus and downtown Gainesville. (2) Planned for 40 acres – Innovation Square will offer a mix of research facilities, offices and housing. (3) UF will recruit national companies interested in partnering on research or developing technology for the market. (4) UF’s Office of Technology Licensing will relocate to Innovation Square, joining the Florida

Innovation Hub, a business “super-incubator” designed to promote the development of new high-tech companies based on UF research. (5) Construction began in June, and the Hub is slated to open next fall.

Lake Nona: (1) We broke ground in October on a \$44 million, 100,000-square-foot research and academic center in Orlando, which will house (a) A clinical research unit from UF’s Institute on Aging; (b) The Orlando campus of the College of Pharmacy’s entry-level professional degree program, the doctor of pharmacy degree; (c) An expansion of the College of Pharmacy’s Ph.D. program in the emerging field of pharmacometrics, an area of research which seeks to quantify how drugs and diseases interact to aid in efficient and effective drug development and regulatory decisions; and (2) A facility that promotes collaboration among researchers at UF and Sanford-Burnham.

UF Campaign for Charities: For the sixth consecutive year, UF employees have given more than \$1 million to the UF Campaign for Charities, raising money for 86 charities. The UF campaign has historically raised more money than any SEC school and is among the top five schools – nationally – in charitable giving.

Chair McGriff ended his comments wishing good luck to the Women’s volleyball team at the Sweet 16 in Austin, Texas. He then called for comments from President Machen.

Dr. Machen began by noting his appreciation for the Chair’s comments on UF’s research agenda, which is successful because of our incredible faculty and their entrepreneurial spirit, as well as the quality of our students. He announced that on January 10th, Jamal Sowell, former Student Body President and a First Lieutenant with the United States Marine Corps--just returned from Afghanistan--will join the University of Florida as Special Assistant to the President to serve as Board liaison. President Machen expressed that we are delighted Jamal will be back among us, and already has great ties to the Board, Student Affairs and the rest of the Administration.

President Machen noted that the Board spoke at its last retreat about the University’s international agenda. Dr. Machen has invited the recently retired Chancellor of University of Maryland, Dr. C. Daniel Mote, to come to UF for the month of January to advise on how we could move forward on our international agenda. Dr. Mote is a National Academy of Engineering member with a great deal of experience in university international endeavors.

While the regular terms of six Trustees will expire in January, 2011, Dr. Machen noted that he does not believe new appointments will be made at that time. Until new appointments are made by the Board of Governors or Governor, sitting Trustees are empowered to serve. Dr. Machen expressed that the Board is functioning at a very high level and we are most appreciative of all of our Trustees’ service. He said there will be a time at a later date to mark the end of the terms of Trustees and express our gratitude to them formally, but that time is not now.

Dr. Machen pointed out that these are complicated times at the national and state levels of government, with no clear signal from Washington or Tallahassee about the next fiscal year.

The new Governor-Elect is still planning his budget. Changes in the next months will demand input, advice and decision-making by the Board.

Dr. Machen ended his remarks by saying that this is a very intense time of year on campus, with the holidays approaching and final exams. He reported that, although we prevented several other tragedies, a student committed suicide the day before. He urged members of the UF community to seek help if feeling or hearing of the need.

Chair McGriff called everyone's attention to the book from the common reader program that was distributed to all Trustees. Vice President for Student Affairs, Patricia Telles-Irvin provided a brief description.

Next, Chair McGriff welcomed the Board's first chair, Mr. Marshall Criser, II, who was in attendance.

Chair McGriff called upon the committee chairs for their reports, beginning with the Committee on Audit and Operations Review. Trustee Al Warrington reported that the minutes of the committee were approved and there were no action agenda items for the committee.

Phil Ciano of the Auditor General's Office provided an email update on external audit activities, which was presented by Chief Audit Executive (CAE) Brian Mikell particularly:

- The UF Financial Statement Audit for 2009-2010 is to issue at the end of January, 2011; however, due to staffing issues, that date will be close.
- UF Federal Audit for 2009-2010 fieldwork has been completed and an exit conference was held on December 6th. The preliminary and tentative audit findings were released soon thereafter to the University Controller.
- The UF Bright Futures for 2009-2010 report issue date is unknown at this time.
- The UF Operational audit for 2010-2011 will begin in January.

CAE Brian Mikell and Audit Director Joe Cannella presented the following nine internal audit projects that had been issued since the last Board meeting, all of which were previously distributed to the committee and discussed at the meeting: 1) IFAS Gulf Coast Research and Education Center; 2) IFAS Southwest FL Research and Education Center; 3) J. Wayne Reitz Student Union; 4) Purchasing Card Program (CY 2009); 5) Athletic Association Ticket Office; 6) Foundation Restricted Gifts (CY 2009); 7) Foundation Information Technology General Controls; 8) Athletic Association Purchasing and Disbursements; and 9) PCI Data Security Standard Compliance – Affiliated Organizations; and, on prior audits. They also reported on the follow-up status of previously issued internal and other audits.

Chair Warrington requested a report to the committee on the J. Wayne Reitz Student Union's deferred maintenance costs and possible sources of revenue and funding.

Brian Mikell proposed adding two mid-year projects to the Office of Audit and Compliance Review's 2010-2011 annual audit work plan, which the committee authorized.

The committee considered information provided by Business Affairs relating to audits of 26 university affiliated organizations, most having FYE's of June 30. Required audit reports for all but one of the organizations with FYE of June 30 have been completed and were included in the report. Brian Mikell discussed repeat comments, Office of Audit and Compliance Review follow-up, and the reason for a decrease in the assets of the Florida 4-H Club Foundation, Inc.

Chair Warrington reported that he has reviewed the status of the investigations log maintained by the Office of Audit and Compliance Review, determined the investigations were being appropriately reviewed, and commended the auditors for their efforts to ensure that all allegations are fully investigated and resolved.

Matt Fajack, Vice President and Chief Financial Officer, provided an update on other external audits that were in process:

1. US Dept of Health and Human Services – The scope of this audit is contracts and grants financial and accounting compliance. The audit was postponed in August, 2010, with no information as to when it would resume or be completed. The CFO discussed the following proactive measures that the University has taken without waiting for any potential findings in this audit:
 - a. A task force was created to identify ways to strengthen compliance systems including effort reporting, cost sharing and cost transfers.
 - b. A new cost transfer policy was implemented on July 1, 2010. This policy centralized the approval and required documentation of all cost transfers related to grants.
 - c. The university has recently purchased a new time and effort reporting system from CedarCrestone and is working on a timetable for implementation. The system will include faculty assignment information as well as after-the-fact time and effort reporting.
 - d. Monitoring of cost sharing requirements will be tied to the time and effort reporting system.
2. Internal Revenue Service – The scope of this audit is Unrelated Business Income and deferred compensation. This audit is ongoing and there is also no information as to when it will be completed.

The Committee on Educational Policy and Strategy report was presented by its Chair, Board of Trustees Vice-Chair, Carlos Alfonso. The following agenda items were unanimously approved:

Minutes;

University Regulations:

1.006 Non-Discrimination/Harassment/Invasion of Privacy Policies; 4.040 Student Honor Code and Student Conduct Code, Philosophy and Definitions; 4.041 Student Honor Code and Student Conduct Code, Scope and Violations; and 1.201 Leaves;

Academic Programs and Degrees:

Termination of the B.A. in American Studies;

Tenure Upon Hire:

Paul S. Cooke in Veterinary Medicine; Claire M. Germain in Law; Robert A. Hromas and Ralph A. Rice in Medicine; and Henry A. Sodano in Engineering;

Honorary Degrees:

Honorary Doctor of Humane Letters for John L. Esposito; Honorary Doctor of Public Service for Sam Gibbons; Honorary Doctor of Music for Karel Husa; and Honorary Doctor of Fine Arts for William King;

Local Fees:

Activity and Service Fee -- increase of \$0.61 per credit hour; Student Health Fee -- increase of \$0.83 per credit hour; and Athletic Fee -- no increase requested for 2011/2012;

UF 2010 Annual Report and annual reports for the Florida Center for Library Automation and the University Press of Florida;

Market Rate tuition for MBA programs offered through the Division of Continuing Education. This request will be submitted to the BOG for approval.

The majority of the committee time was spent discussing block tuition, including a detailed presentation by Trustee Charles and comments from interested students. After considerable discussion, the committee recommended implementation of block tuition in fall 2012, with nine members voting in favor, one against (Trustee Charles), and three absent (Trustees Criser, Daniels, and Roberts).

Trustee Ferguson gave an update on the Faculty Senate. Trustee Charles reserved the right to give a Student Government update at the Board meeting. Associate Provost Evans' Admissions update was held over to the Board meeting on the following day.

Trustee Danny Ponce delivered the report of the Committee on External Relations. The minutes of the June meeting were approved.

Reviewing the November federal and state elections, the new leadership of the U.S. House of Representatives will include three Floridians who will serve as committee chairs: Rep. John Mica, Transportation and Infrastructure; Rep. Ileana Ros-Lehtinen, Foreign Affairs; and Rep. Jeff Miller, Veterans Affairs. Rep. Bill Young is expected to serve as Defense Appropriations Subcommittee chairman and Rep. Debbie Wasserman Schultz will serve again on the Appropriations Committee. Departing members Allen Boyd and Adam Putnam will be missed as they were strong supporters of agriculture research and other UF priorities.

While the future of special project funding is uncertain, UF has developed a list of research, equipment, and renovation projects for consideration in the event Congress funds special projects. Trustee Brown noted funding for university projects may be available in other Congressional bills.

Next, the committee was briefed on UF's state legislative priorities, which include the university budget, employee benefits, Medicaid reform and funding for research projects and university facilities. The latest state estimates indicate that PECO funds for building construction are down significantly.

The committee also had an extensive discussion on the importance of pursuing funds for the Courtelis and Major Gifts programs, under which the state matches private contributions for university facilities and endowments. The state has not funded this program for three years, and there is a backlog for UF of \$130 million.

The committee also discussed UF participation in Governor-Elect Scott's transition teams and opportunities to provide ideas.

The committee was briefed on recent university events, including a groundbreaking at Lake Nona and a luncheon to unveil the long-term vision for Innovation Square

Vice President Jane Adams reported that, in an effort to integrate communications, Associate Vice President Andy Fletcher has assumed marketing and public relations responsibilities at the University of Florida Foundation and the Alumni Association as well as at UF. University Relations is also participating on the UF IT Governance Council with a leadership assignment for web based initiatives, resulting in a new web strategy for ufl.edu. University Relations has restructured to include an additional focus on creative services.

The committee received the regular report on media coverage and a briefing on the latest emergency communications exercise. Trustee Charles asked about the ability of students who have graduated but are still in town to receive the alerts.

Trustee Warrington gave the report for the Committee on Finance and Facilities. The minutes of the June committee meeting were approved with one spelling correction.

The following proposed action items brought to the committee were discussed and approved:

1. Namings of the new conference center facility at the Citra Plant Science and Research and Education Unit as the "Frank Stronach Plant Science Center" and the Pharm. D. program in the Research and Academic Building at Lake Nona, "The Helen and David Bean Campus" of the College of Pharmacy at Lake Nona.
2. Board of Trustees Resolution R10-77 authorizing the request to the Board of Governors for approval of the issuance of bonds in an amount not to exceed \$33 million, and that the Board of Governors request the Division of Bond Finance of the Department of Administration to issue bonds to help construct the Clinical Translational Science Institute.

3. The final 2011-2012 Fixed Capital Outlay Legislative Budget Request including the addition of funding for the P.K. Yonge K-12 school.
4. Amendments to the 2010-2011 Budget of Revenue and Expenses. The budget is prepared on a cash basis and budgeted 2010-2011 year expenses will exceed revenues which are mainly a result of timing difference between the receipt of revenue and the expenditure of those resources.
5. The adoption of the Board of Governors' September 2010 revised Debt Management Guidelines by the University of Florida as required by the Board of Governors.

The committee discussed the following:

1. The quarterly financial report as of September 30, 2010.
2. A construction update provided on: the Lake Nona Pharmacy facility underway adjacent to the Burnham Institute; construction of the Harn Museum Asian art wing with a small increase in the budget for the purchase of equipment; the College of Engineering renovation of research space using stimulus funds; the Veterinary Medicine Small Animal Hospital, which recently opened and is drawing attention from other universities around the nation; the Innovation Hub which is going up on the site of the old Alachua General Hospital; and the Archer Road project.
3. An introduction to Douglas Wynkoop, the new president and chief investment officer of the UFICO, who provided a brief update on UFICO investment strategies and recent performance.
4. The state of Florida budget. Currently it does not appear that the University's budget for the current year will be negatively impacted by recent revisions to state revenue estimates.
5. A report on the university's project to provide campus street and building numbers for all buildings on the main campus, enabling university addresses to now be located by GPS systems.
6. A summary of minor Master Plan Amendments.
7. The proposed UF Texting policy, which would apply to texting while driving on campus or conducting university business.

Student fees were on the agenda but were deferred to a discussion at the Educational Policy and Strategy Committee meeting.

Several employees were then recognized: Curtis Reynolds, who joined UF this past summer, is the new Assistant Vice President and director of the Physical Plant Division; John Lawson of Physical Plant and Frank Phillips of Facilities Planning and Construction, who

collaborated on the development of a dashboard application to report energy usage in individual buildings and educate employees on the utilities used on a daily basis; Rick Thomas an IFAS employee at the Gulf Coast Research and Education Center and David Black of the IFAS facility at the Indian River Research and Education Center, who worked tirelessly at their respective centers supporting the research efforts of faculty, maintaining equipment and facilities and ensuring that the important education and research missions of these assets are accomplished.

Trustee Dianna Morgan delivered the report of the Committee on Governance. The minutes from June and October meetings were approved.

President Machen's proposed goals for the current year and his performance against the goals for last year were reviewed and discussed. These materials, as modified by the committee meeting, have been distributed to all Trustees.

Most of President Machen's goals are continuing, and all are strategically important. New goals have been included on full implementation of the RCM program, expansion of UF's international agenda, continuation of progress on the Florida Tomorrow Campaign, and implementation of the HSC strategic plan. President Machen and the committee discussed that broad diversity of the student body and faculty, including traditional aspects, geographic, and other diversity, is a component of academic excellence recognized by UF and our peers. The committee discussed the high quality of our students measured by the rigor of their high school programs and accomplishments as well as SAT scores.

At the suggestion of Trustee Morgan and Trustee Brown, respectively, and with agreement by President Machen, the goal on the quality of undergraduate education was amended to include a comprehensive review of the quality of the undergraduate experience, including but not limited to initiation of a signature program for undergraduate education, and a goal relating to the University's unique ability to impact economic development of the region and the State was added. The committee voted unanimously to approve the President's goals, with the discussed amendments, and recommend to the full Board that the goals be placed on the Consent Agenda. President Machen indicated that he supports doing so as long as all Trustees are comfortable. The goals, as amended, were distributed to all Trustees after the committee meeting. The committee acknowledged that President Machen's performance against last year's goals was excellent. UF's research volume continues to grow. Performance against the faculty hiring goal was affected by the early retirement program initiated to address cuts. Although 110 new faculty were hired, a number took early retirement.

Trustee Ponce suggested that the Strategic Work Plan be reviewed for consistency with Presidential goals. President Machen indicated that this would be a good topic for a Trustee retreat and the committee members agreed.

The committee then met in closed session to receive a report on collective bargaining, after which the committee adjourned.

Chair McGriff then directed the Board to the Consent Agenda, including the presidential goals which have been distributed and added. Mr. McGriff also noted that materials relating to a separate vote on block tuition have been distributed.

Trustee Warrington made a motion to approve the Consent Agenda and the motion was passed unanimously.

Noting the excellent supplementary materials that were distributed, Trustee Warrington then made a motion to approve block tuition as proposed in the revised committee action item EP8 distributed to all members of the Board. Trustee Alfonso seconded the motion. Chair McGriff asked if there was further discussion.

Trustee Charles expressed her appreciation to the Board for its discussion and consideration of the issues she and other students raised on block tuition, and then she spoke in opposition to block tuition.

Trustee Warrington and Trustee Alfonso expressed their appreciation for the thoughtful presentations of Ms. Charles and other students who spoke at the Committee on Education Policy and Strategy. Trustee Alfonso expressed his belief that, with the amendments, the committee action item addresses block tuition appropriately.

Chair McGriff re-stated the proposed motion, as distributed to the Board as follows: “The Board approves the proposal for block tuition as provided in the Board package, provided that block tuition shall be implemented in the fall of 2012 rather than 2011. The Board recognizes the thoughtful issues raised by the Student body President and other students and expects the Administration to report back to the Board on its implementation plan, including how it is addressing issues raised by students and Trustees prior to implementation”. All Trustees voted in favor, with the exception of Student Body President, Trustee Ashton Charles, who voted against.

Trustee Warrington then made a motion, seconded by Trustee Ponce, to approve the naming of the Lake Nona facility, and the motion was passed unanimously.

Zina Evans, Associate Provost for Enrollment, made a brief admissions presentation to the Board.

Chair McGriff asked if there were any requests for public appearances. University of Florida student Virgil Mathis spoke to the Board regarding block tuition.

Chair McGriff thanked Senior Vice President for Administration and Business Ventures Brian Beach and Chief Financial Officer Matt Fajack for the RCM update during the President’s strategic discussion and stated more information will be available for the Trustees’ retreat. He then asked if there were any other comments and, hearing none, adjourned the meeting.