



Board of Trustees

Minutes

December 7, 2012

A regular meeting of the University of Florida Board of Trustees was held on Friday, December 7, 2012 in Room 215B of Emerson Alumni Hall. The meeting was called to order by Chair C. David Brown, II, at 10:30 a.m. after a quorum was confirmed with all members present. Chair Brown welcomed everyone to the meeting. He then asked for the President's report.

President Machen reminded everyone that this time of year is a very sensitive and emotional time at the University, due to final exams and high stress for both faculty and students. He also reminded the Trustees of the upcoming graduation ceremonies. He thanked the Board and administration for their support, noted that the University has done well in difficult times, and wished Happy Holidays to all.

Chair Brown moved to the committee reports commenting that the prior day was a busy day in all of the committees.

Beginning with the report of the *Committee on Audit and Operations*, Trustee Warrington noted that the Committee met after the September Retreat for a general update. The Committee confirmed the reasonableness of the University's controls for its P-card program and concluded that UF saves money with this program. Vice President Fajack is trying to consolidate more vendors for more savings through better pricing. Trustee Warrington also updated the Board on the progress to match the anonymous \$10M donation for the Bernie and Chris Machen Florida Opportunity Scholarship program. Vice President Mitchell's efforts and those of the Faculty Senate and Student Body were highlighted and we expect to meet the goal. Trustee Warrington then turned to Trustee Charles Edwards to delivered the report on the Committee's December 6th meeting, attended by all Committee members other than Trustee Warrington who was absent due to travel complications.

The following action item was unanimously approved for recommendation to the Board on its Consent Agenda:

AO1. University of Florida's Operational Audit Report for the FYE June 30, 2012. In October, 2012, the State of Florida Auditor General released the operational audit report of the University of Florida for the Fiscal Year Ended June 30, 2012. The objectives were to: (1) obtain an understanding and make overall judgments as to whether University

internal controls promoted and encouraged compliance with applicable laws, rules, regulations, contracts, and grant agreements; the economic and efficient operation of the University; the reliability of records and reports; and the safeguarding of assets; (2) evaluate management's performance in these areas; and (3) determine whether the university had taken corrective actions for findings included in the prior operational audit report. University management has responded to all audit comments and detailed the actions taken or provided a plan of action to address the audit recommendations. University responses to the audit comments are included in the audit report. The Committee reviewed the operational audit report and accepted the audit report as presented, including the planned actions to address the audit recommendations.

The following discussion items were addressed by the Committee:

4.1 Update on External Audits

Phil Ciano of the Auditor General's Office stated that operational audits of the university Committees are required to be performed at least once every three years. He stated the Auditor General had determined that the next operational audit of the University of Florida will be performed for the Fiscal Year Ending June 30, 2013, and preliminary work will begin in February of 2013.

Phil Ciano also provided an update on current external audit activities: (1) The UF Financial Statement Audit for the 2011-2012 fiscal year is currently in process and the Auditor General expects to complete the financial audit before the Christmas break. This is significantly earlier than last year, when the report was issued in late January. (2) The UF Federal Audit for the 2011-2012 fiscal year, a chapter of a statewide audit, is conducted according to OMB Circular A-133. The audit covers the Student Financial Aid and the Research and Development major program clusters. The audit must be completed and released by March 31, 2013, and is expected to be released in Mid-March. Mr. Ciano reported that the following four audits are scheduled to be completed for the 2012-2013 fiscal year: 1. Operational; 2. Financial; 3. Federal; 4. Bright Futures.

4.2 UF Internal Audit Function

Chief Audit Executive Brian Mikell presented six internal audit projects that had been issued since the last Committee meeting. The projects presented were: (1) Purchasing Card Program--CY 2011; (2) Foundation Restricted Gifts--CY 2011; (3) Foundation Annuities, Trusts and Stock Gifts; (4) IFAS Tropical Research and Education Center; (5) Asset Management (outsourced to McGladrey); and (6) University of Florida Internal Controls.

4.3 Quarterly Follow-Up

The reports and summaries had been previously provided to the Committee for detailed review. Each audit project was briefly discussed and questions from the Committee were answered. Mr. Mikell also reported on the follow-up status of previously issued internal and other audits.

4.4 2012-13 Annual Audit Plan Revisions

Mr. Mikell presented mid-year revisions to the internal audit work plan for the 2012-2013 fiscal year. The process of developing the internal audit work plan was briefly discussed, as well as the proposed projects and reasons for the mid-year changes to the plan. Questions from the Committee were answered and the Committee reached a consensus that

the proposed changes to the work plan for the remainder of the 2012-2013 fiscal year are appropriate.

4.5 Audits of Support Organizations

The Committee received information on audits of university affiliated organizations. This information was compiled by the general accounting and financial reporting department of the Office of the Controller. Most of the reports had a Fiscal Year End of June 30. It was noted that the only report not included was that of the University of Florida Leadership and Education Foundation, as this entity has a Fiscal Year End of December 31. Included in the materials were summaries of internal control comments from the various audit reports. The Committee discussed the schedules and questions were answered.

4.6 Revisions to Office of Internal Audit Charter and 4.7 Audit Committee Charter

Chief Audit Executive Brian Mikell presented proposed revisions to the charters for the Office of Internal Audit and the Audit and Operations Review Committee. The majority of the changes reflected office name and title changes. The Committee's questions were answered and the Committee reached a consensus in support of the changes to both charters.

Brian presented proposed revisions to the charters for the OIA and the Audit and Operations Review Committee. The majority of the changes reflected office name and title changes. Questions from the committee were answered and the committee approved the changes to both charters. The Audit and Operations Review Committee Charter is required to be approved by the Governance Committee and full Board of Trustees, and will be presented for approval at the next meeting.

4.8 Presentation of Investigation Procedures

Chief Audit Executive Brian Mikell made an informational presentation of the investigative process followed by the Office of Internal Audit. The presentation detailed the process from intake to report issuance, including how referrals to other university units are handled when appropriate. The Committee's questions were addressed.

Other Items

Acting Chair Edwards reported that he reviewed the status of investigations conducted by the Office of Internal Audit, including complaints from the Compliance Hotline. OIA either reviews or refers these matters to other appropriate university offices such as Human Resources. Trustee Edwards reported that he is satisfied the investigations are being appropriately conducted and reviewed.

Trustee Carolyn Roberts next provided the report of the *Committee on External Relations*. The meeting was attended by all members. There were no action items for the Committee. The Committee began by welcoming Representative Seth McKeel, Chair of the Florida House of Representatives Committee on Appropriations. Rep. McKeel, a graduate of the University of Florida and former Chair of the Florida Legislature's Gator Caucus, focused his comments on state revenues and higher education funding and policy.

Rep. McKeel explained that revenues are growing as a result of the improving economy and there should be sufficient funds to allow marginal budget increases for higher education as well as maintenance of education facilities. However, that will not occur, he said, if the state does not prevail in a pending lawsuit regarding retirement contributions for

state employees. If the Florida Supreme Court rules against the state, it will cost the state \$1.7 to \$1.8 billion, requiring additional budget reductions.

He also noted that if Congressional negotiators are not able to reach an agreement and avoid the fiscal cliff, there will be impacts on the state budget.

Following the budget discussion, Rep. McKeel expressed his commitment to support legislation that recognizes the excellence of preeminent universities, similar to the legislation that passed last year. He urged that we not lose focus on the concept of preeminence during the course of discussions regarding tuition.

During the question and answer session, Committee members returned to the discussion of deferred maintenance projects at UF. Rep. McKeel said he supports directing general revenue funds for Operations and Management in the short term, until tax collections on utilities are able to support these projects again.

Ed Poppell then provided the Committee with a presentation of the University of Florida Development Corporation and an update on Innovation Square, the 40-acre development located between the university campus and downtown Gainesville that is home to the UF incubator, Innovation Hub.

As director of the project, he is working with local business and government officials as well as the State to attract new businesses to the area and to spin-off high technology companies from UF research. The first company recruited to Innovation Square is Mindtree, a computer software company that is headquartered in India and New Jersey. It is currently housed in Ayers Plaza.

A second building for existing and emerging companies is the Infusion Tech Center, a 150,000 square-foot facility to begin construction soon on a site near Innovation Hub.

Mr. Poppell concluded his presentation by observing that companies are beginning to seek out space at Innovation Square, due in part to competitive rental rates and cost of talent. Developers have shown interest in building luxury apartments, hotels and a grocery store in Innovation Square.

Chair Roberts asked how the Innovation Square initiative compares to initiatives at other universities. Mr. Poppell responded that all major research universities are doing something similar, but Innovation Square has more acreage and is unusual due to the live/work/play nature of the development.

Committee Chair Susan Cameron delivered the report of the *Committee on Governance*. All members were present.

In addition to a closed session on collective bargaining strategy, the following action item was approved unanimously in open session for recommendation to the Board for the Consent Agenda:

GV1. Collective Bargaining Agreement with Police Benevolent Association, Inc.

The following discussion items were addressed by the Committee:

5.1 Presidential Search: Review and Discussion of Mercer Market Compensation Report, Housing Options Report, and Draft Baseline Form of Term Sheet

The Committee received a report from Trustee Roulhac, as the Chair of the Presidential Search Subcommittee on Compensation and a report from Vice President Curtis Reynolds, as senior staff to the Search Subcommittee on Housing. Trustee Roulhac gave the Committee an overview and led a discussion of national compensation expert-Mercer's Report on Compensation, as well as national presidential contracts expert Raymond Cotton's 1st Draft Baseline Form of Term Sheet. Vice President Reynolds gave the Committee an overview and led a discussion of the Housing Options Report. (The full Board originally received the Mercer Compensation Report and the Housing Options Report on October 19th and the 1st Draft Baseline Term Sheet on November 19th, immediately following the Subcommittees' meetings. Additional copies were provided prior to the Board meeting.)

Compensation Subcommittee Chair Roulhac's main points on the Mercer Compensation Report were:

- The Subcommittee members are Trustee Carolyn Roberts, Ava Parker of the Board of Governors, and Professor Brian Ray, as well as Trustee Roulhac.
- National compensation expert Mercer was retained to provide the Search Committee and Board with data and an expert opinion on market compensation for the presidential position.
- The Subcommittee unanimously found the Mercer Compensation Report to provide a sound expert evaluation and opinion of market compensation for peer AAU institution presidents, which provides a sound market basis for establishing the compensation of the next president of UF.
- Mercer Partner, Stephen Pollack, opined that UF's peers for compensation purposes are: The Ohio State University, University of Michigan, University of Minnesota, and University of Texas/Austin because they, and University of Florida are regarded by the market as the 5 largest, most complex and programmatically and organizationally broad-scope, land-grant, flagship, AAU public research Universities in the nation, and University of Washington is close. (Pennsylvania State University wasn't included due to the uniqueness of its present situation.)
 - The scope, complexity and demands of the President's positions at these institutions are most comparable to those of UF's President's position.
 - Mr. Pollack noted that the private institutions assessed are broad-scope AAU research universities and are included because UF is competing for candidates with both public and private institutions and could recruit from a private institution.
 - Market expert, Jan Greenwood, advised that UF is in a highly competitive field of both public and private institutions to recruit a capable leader, with over 20 research universities searching for Presidents currently.
- Mercer measured the peer institutions and UF according to their (1) total employees; (2) total ranked faculty; (3) total FTE enrollment; (4) total degrees conferred; (5) total operating budget; and (6) research expenditures.
 - UF is around the 75th or above the 75th percentile in all criteria for public peers, except research and operating budget, where UF is just under the 50th percentile. UF compares at or above the 75th percentile against private peers.

- Mercer’s Slide 8 is the penultimate slide and provides published data from the Chronicle of Higher Education on the market range of “Total Compensation--including all payments and benefit--at the 25th to 75th percentiles--for peer public institutions. This range is \$666,000 to \$821,000, with \$708,000 as the 50th percentile.
- The Subcommittee recognized that the total compensation amounts for University of Washington and Ohio State are outliers and their compensation is not within the 25th to 75th percentiles. (The compensation level for Washington’s president reflect an interim appointment; when the regular position was later filled, Ms. Greenwood reports the compensation was at the \$800,000 level.)
- All Subcommittee members recognized that the president’s position at a large, complex public research university is the most complicated and challenging of any in higher education, and agreed that UF must pay what is needed in the market to recruit the best leader. We are sensitive to the budgetary environment, and the Mercer report provides a good market basis for considering presidential compensation.
 - The Board Chair and Board should have flexibility to configure components of compensation within the applicable market rate.

There was a general consensus of the Governance Committee that the Mercer Report is a good baseline for the Board to establish presidential compensation within the market range, with the demand for the ultimate candidate in a competitive market--and his or her qualifications and experience/background, and negotiations, among other factors--weighing into where total compensation is set in relation to the market range.

Compensation Subcommittee Chair Roulhac’s main points on the Draft Form Baseline Term Sheet were:

- Ray Cotton, a Partner at Mintz Levin--a top national expert with over 30 years of leadership experience in university president contracts--prepared the 1st Draft Baseline Form of Term Sheet and also assisted the University when President Machen was hired in 2004.
- The Compensation Subcommittee unanimously expressed its consensus that the Draft Form is an appropriate form, consistent with national standards, for recommendation by the Board Chair to the Board of Trustees as the basis for an employment agreement.
- The Board of Trustees will ultimately select the next President of UF and decide compensation and key terms of employment as the basis for an employment agreement.
- Dollar amounts have not yet been inserted in the Draft Form and there may be other changes. These will depend on the experience, needs and other particulars of the ultimately selected candidate, as well as negotiations and the competitive market for recruiting a president.
- The overall approach intended under the Draft Form is for different components of compensation to be set forth in a transparent manner and for some components to be tied to objective numerical performance metrics or to be aimed at retention.

Trustee Criser noted it will be important to appropriately balance the automatic escalators of base compensation and the performance-based compensation. The Governance Committee was comfortable with the Draft Form as a baseline for use in the search, subject to the Board’s approval of the amounts and balance of compensation.

Vice President for Business Affairs Curtis Reynolds, as senior staff to the Search Subcommittee on Housing, presented a brief report on various alternatives for providing housing for a new president and noted that a more extensive report was being made to the Finance and Facilities Committee.

5.2 Update on Directors and Officers Insurance.

Vice President and General Counsel Jamie Lewis Keith then gave the Committee a status report on obtaining Directors and Officers liability insurance. She advised the Committee that through the efforts of Senior University Counsel Mike Ford and Human Resource Services, the application has been filed. UF has asked for premium quotes in about 30 days and expects the premium to be in the range of \$50,000 to \$55,000 for \$5M of coverage. With sovereign immunity and mandatory indemnification of Trustees by the University under the Bylaws, Ms. Keith noted that good coverage exists for Trustees. If coverage of breach of fiduciary duty is available within the expected premium range, Directors and Officers insurance seems worthwhile and the President will exercise his existing authority to procure it. If the coverage is more expensive, Ms. Keith said she would return to the Committee for a discussion.

5.3 Report on Association of Governing Boards Board Conflict of Interest Guidance Supplement.

The Committee then received a report from Ms. Keith on the Association of Governing Board's project to supplement the organization's Conflict of Interest Guidance. Ms. Keith noted that she is on a small advisory committee of General Counsels who are advising the project and that the AGB hopes to be ready to address the revisions by the Spring.

Chair Cameron noted that the Committee would receive Ms. Keith's overview on existing controls and oversight of direct support organizations at the next meeting, as the Committee had run out of time.

Committee Chair Criser provided the report of the *Committee on Educational Policy and Strategy*. All members of the committee were present with the exception of Trustee Charles Edwards.

The following actions items were unanimously approved for recommendation to the Board on its Consent Agenda:

EP1. Master of Science in Insurance Termination, as there has been no student interest for some years and no faculty specializing in the area. Courses that no longer generate interest are to be terminated under Board of Governors regulations and the Faculty Senate has recommended termination.

EP2. Tenure Upon Hire: Dr. Patrick Concannon, Professor & Director, Pathology, Immunology & Laboratory Medicine; Dr. Yong Huang, Professor in Mechanical & Aerospace Engineering; Dr. Jack Judy, Professor in Electrical & Computer Engineering; Dr. Christine Schmidt, Professor in Biomedical Engineering.

EP3. Honorary Degree: Yuichi Sugiyama.

EP4. Fee Increases for 2013-14. An increase of \$1.29 per credit hour in the Activity and Service fee; An increase of \$.29 per credit hour in the Student Health Fee; An increase of \$.50 per credit hour in the Transportation Access fee. An increase in the Athletic Fee is not requested.

EP5. Additional Use of Approved Capital Improvement Trust Fund Fees: Using the additional, unanticipated \$13,262,391 yield from the Capital Improvement Trust Fund fee, which has already been approved by the Board of Trustees, to renovate Newell Hall as a student learning commons. The Board of Governors only recently determined the additional yield.

EP6. University of Florida Regulations: UF 2.003 Distribution of Printed Material regulation amendment to reflect practices, provide more transparency of process, and provide a formal appeals process; upon adoption the University's modular unit un-manned distribution program, which provides for safe and aesthetically pleasing distribution units, will be fully implemented.

EP7. Annual Tenure Award: Elizabeth Ross, Associate Professor, School of Art and Art History.

EP8. Naming: Bernie and Chris Machen Florida Opportunity Scholarship Program, as requested by the anonymous donor of a \$10 million gift to be matched.

Discussion items addressed by the Committee were:

- 4.1 Student Government Update by Student Body President T.J. Villamil
- 4.2 Faculty senate Update by Faculty Senate Chair Cheri Brodeur
- 4.3 Admissions Update by Vice President Zina Evans

Trustee Scott presented the report on the *Committee on Finance and Facilities*. All members were present.

The following action items were unanimously approved for recommendation to the Board on its Consent Agenda:

FF1. Namings:

The Committee approved the following namings: the women's lacrosse practice field as "The Rob Gidel Family Practice Field," and the new indoor tennis facility as "The Charles R. and Nancy V. Perry Indoor Tennis Facility."

FF2. Capital Improvement Trust Fund Projects Final Approval – Newell Hall

The Committee approved the Newell Hall renovation/remodeling project as a CITF fee-funded project of \$13,262,391 (the amount of the unanticipated additional yield from the CITF fee) and addition of this project to the University's CITF project list and capital budget. The Board has already approved the fee. This project has been approved by the CITF Committee (more than half of the committee members are students).

FF3. Stephen C. O'Connell Center Remodeling – Funding Approval

The Committee approved the University's commitment of \$10 Million towards remodeling and renovation of the Stephen C. O'Connell Center's infrastructure and building support areas. It was noted that the UF funding is in support of the educational activities that are held in the Center and are in proportion to such use.

FF4. Disposition of Real Property, IFAS at Hague

The Committee approved was asked to approve the surplus and disposal of an unused approximately 0.87 acre portion of a larger parcel of land in Hague, Alachua County, Florida and authorized the Chancellor, Division of Colleges and Universities, or his designee, to execute the necessary documents required by the Florida Department of Environmental Protection for the transaction. The larger parcel contains the Animal Sciences - Dairy Unit of the Institute of Food and Agricultural Sciences. It was explained that this is an outlying piece of property – not contiguous to the rest of the site – and another property owner's property is on both sides of the subject parcel. Once the Board of Trustees approves the disposition, the transaction will be subject to an established State process which includes an appraisal and bids.

FF5. Amendments to 2012-13 Budget of Revenues and Expenses

The Committee approved the University's amended budget of revenues and expenses for 2012-2013 FY as presented in the information packet.

FF6. Real Property Exchange Between UF and Innovation Square, LLC

The Committee approved the proposed exchange of real property between the University of Florida and Innovation Square, LLC (comprising the UF Development Corporation and Shands), as planned for the development of Innovation Square.

The following discussion items were addressed:

4.1 Construction Update

Carol Walker gave an update on construction (projects near completion, in design and those that will be next). She reported that the Lake Nona facility was dedicated last Friday and it is already 60 – 70% occupied.

4.2 UFICO Update

The scheduled presentation by Doug Wynkoop of UFICO was postponed until the next meeting due to time constraints.

4.3 Deferred Maintenance Overview

A lengthy discussion occurred regarding the UF campus' accumulating deferred maintenance for buildings and infrastructure. Several Board members are concerned about the lack of PECO funds and the need to identify the actual amounts deferred. Curtis Reynolds gave an overview presentation to the Committee. He reported within the last 30 days the Board of Governors Board of Governors has requested critical deferred maintenance lists from all State University System schools. Dr. Machen explained that the BOG had completed a study of the facilities and methods to finance such new construction and maintenance. Matt Fajack sat on the BOG committee for UF. The BOG will be approaching the State Legislature

soon regarding this issue. Juliette Roulhac commented that it is important to respect the leadership of the BOG – but we need to share our findings with them. Dr. Machen agreed.

4.4 – President’s Housing (added discussion item)

The main points made by Curtis Reynolds as senior staff to the Presidential Search Subcommittee on Housing were:

- The Subcommittee includes Trustee Charles Edwards, Foundation Board member Keith Koenig, and former Board Chair and Architect, Carlos Alfonso.

- The Search Subcommittee on Housing gathered information on a full range of Housing Options for housing the next President of UF, as well as an expert opinion on the norm among UF's peers for presidential housing.

- On October 19, 2012 the Subcommittee met, considered and unanimously endorsed as complete and well done, the Housing Options Report, which includes all of the assembled information and a report from Mercer, a national expert in presidential housing and compensation. The full Board and the Search Committee received the report the same day.

- When we speak of a President's house, we are not speaking of a normal home. These are multi-purpose facilities - which include public reception and event space, as well as living, work and home office space for the president and his or her household.

- Mercer determined that the standard size of peer multi-purpose facilities presidents' house is 10,000 square feet, including both reception space and living space with an approximately 60% public to 40% private split.

There isn't much variation in size - with 10,000 square feet representing the 25th and 50th percentiles, 10,129 square feet representing the average, and 11,647 square feet representing the 75th percentile.

- Mercer also determined that 82% of the peer group provides housing and, of those, 88% require the president to live in the provided house. (There are campus customs involved and house rental value would otherwise be imputed income to the president without a corresponding payment to cover the taxes.)

- The information assembled concludes: (A) the University of Florida's existing president's house is located on a busy intersection without any privacy and is difficult to secure; (B) the ground floor and grounds are used extensively and well for a variety of university events and meetings, as well as president's events, and the house could ultimately be renovated cost effectively to enhance that use; (C) the second floor dated living quarters (which include bedrooms and bathrooms but no informal living space) are in need of major renovations and, even if renovated (which would not be cost effective), would be inadequate in size and facilities to meet modern standards for living, home office and work needs of a president of a major AAU public research university such as University of Florida, and (D) there is limited existing housing of adequate specifications in close proximity to the UF campus so purchasing house isn't likely a good option. The existing President’s House facility would continue to be under the President’s Office and be maintained for larger events.

- Consequently, the Subcommittee's information on all housing options indicates that building a new house on property owned by UF would be a very good solution. Private fundraising would fund the project.

--The former Baby Gator plot near the Law School is on campus within walking distance of the existing President's House, would be easy to secure, and at ~ 7 acres is a good size for both a smaller house site, as well as a buffer for surrounding areas and a privacy zone. This is the site that will be proposed to the Board.

--The size of the new multi-purpose facility would be 8,000 to under 10,000 square feet, with approximately a 60/40% split of public to private space, and would

take advantage of the nearby existing president's house for larger event and entertainment space.

--The project is expected to be a minor project - it is expected to be below the major project threshold of over 10K sq. ft. or over \$2M in construction cost--and it fits within the University's existing authorization for operations and maintenance. While such a privately funded minor project doesn't technically require Board approval, this is a special project and we will bring it back to the Committee on Finance and Facilities and the Board with an overall program and budget early in the new year.

Chair Scott also noted that the second floor could be renovated for good use such as conference or visitor space. He further suggested that the Board not be short-sighted in sizing the living quarters for the president's household. The house needs to accommodate a variety of family sizes over time. Trustee Levine suggested further review of use of the existing property be undertaken. It was noted the historical designation of the house makes it hard to use the property for another purpose. There was a general consensus of the Finance and Facilities Committee that this is a good plan and the University should proceed with planning to be reviewed by the Committee at a subsequent meeting.

Chair Chris Corr delivered the report of the *Committee on Strategic Initiatives*. All members were present with the exception of Trustee Scott. This was the first meeting of the Committee and there were no minutes to review and approve.

Chair Corr read the Board Chair's Special Charge to the Committee as follows:

The Committee on Strategic Initiatives is asked to focus on three areas:

- Strategic objectives for the University in the area of distance learning and other technology-based modes of educational delivery (develop and recommend a 10-year strategic vision; assess UF's unique strengths, resources, collaborative opportunities, and potential to be a leader).
- How the University can most appropriately contribute its expertise to State University System initiatives while maintaining its mission focus and best utilizing its resources as the flagship land-grant AAU research university within the SUS.
- Cost-saving mechanisms that will maintain the University's high quality, support the continued growth and vitality of its core education and research endeavors, and continuously enhance its efficiency.

To initiate the discussion, Chair Corr distributed a draft handout that was prepared by Senior Vice Presidents Joe Glover and Win Phillips and outlined four potential areas for attention (see attached).

After considerable discussion, the Committee agreed to formulate the following initiatives as a potential first step in meeting the Committee's charge:

- Design a portfolio-based SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats) to help guide the Committee's decisions about priorities.
- Explore how to segment and address different audiences in telling the UF "story."

This completed the Committee reports and Chair Brown then directed the Board to the Consent Agenda. Chair Brown called for a motion to approve the Consent Agenda, which was made by Trustee Criser, and a second, which was made by Trustee Warrington. When no further discussion was desired, the motion was approved unanimously.

Chair Brown then moved to the Non-Consent Agenda Item, FF1 Namings of the Women's Lacrosse Practice Field and the Indoor Tennis Facility. A motion to approve the namings was made by Trustee Criser and seconded by Trustee Cameron. When no further discussion was desired, the motion was approved unanimously.

Chair Brown brought the Board's attention to a resolution honoring former Trustee and former Board Chair Carlos Alfonso. The Resolution was read by Chair Brown and it was noted that former Chair Alfonso was also honored at dinner the previous evening and has been an extraordinary contributor to the Board and the University.

Mr. Alfonso spoke to the Board, expressing his cherished memory of becoming a Trustee and emphasizing that he considered his main constituency throughout his service to be the students. Mr. Alfonso stated that it has been a distinct honor, privilege and source of pride to have served with the finest group of Trustees and human beings throughout this time. He noted that the Inaugural Board Chair, Marshall Criser II, set the ethics and focus for the Board. The ethic and focus of putting the institution's interest first has continued through the years and the University is fortunate to have had a founding Chair who was a former President, is a lawyer, and gave us a head start in the way we conduct our business. Mr. Alfonso thanked everyone at the University of Florida, and stated that he is very proud to be a Gator and will always be a Gator.

Chair Brown asked the Board if there was any new business. Trustee T.J. Villamil passed out Gator Logo pins with the U.S. Flag. As there was no other new business, Chair Brown noted he had two announcements. First, he thanked T.J. for his leadership with the students on many important issues for the University and on the Newall Hall renovation. Chair Brown then highlighted the success of the Lake Nona project, where UF has a stupendous facility among other major bio-medical research institutions. This research facility, in its collaborative setting, will be a great benefit for the State of Florida, the University and the advancement of knowledge in a number of fields. Chair Brown expressed his excitement about the National Science Foundation's funding figures, which rank UF 12th among public and 18th among all universities in research funding. He said that the Gator nation deserves this recognition and should be proud to realize this progress. He reminded the Board of the schedule for interviewing candidates for and selecting the next president of the University, which is planned to begin on January 10th. Chair Brown noted that a group of UF students will be joining the Board for lunch after the meeting. He reminded the Board that the Sugar Bowl is coming up and a lot of Gators will be attending.

In closing, Chair Brown thanked everyone for their efforts in 2012, an unusually busy and a very productive year, and wished the Board, Cabinet and entire UF community a safe holiday and a great deal to look forward to in 2013. He acknowledged and thanked President Machen and his team for continuing to push the University forward. Chair Brown then called for a motion for adjournment which was made by Trustee Warrington, and seconded by Trustee Roulhac. With no further discussion desired, the meeting was adjourned at 11:24 a.m.

UF BOT Strategic Initiatives Committee

- I. **The Story.** How do we explain the origin of the university, where it has been, and where it is going? It derives its mission from the three pillars of the Morrill Act: (i) enabling public access to higher education, (ii) achieving state and national impact through its teaching, research, and outreach functions, and (iii) promoting a broad educational program that addresses both the intellectual underpinnings of civilization and the practical skills needed to advance society. Issues for consideration:
 - a. The public cannot immediately connect faculty credentials and university performance statistics to the outcomes and services they expect. Many smart and educated people do not have the deep understanding of the connections among education, research, outreach and economic development that we take for granted. The story needs to make these connections clear.
 - b. The story needs to be explained to multiple audiences. In telling it to each audience, we need to remain mindful of what we are trying to achieve and what perspective will be most effective.
 - c. How does this story intersect with the UF brand? Can the story be used to better knit together the university's various interests (e.g. UF&Shands)?

- II. **The UF Portfolio.** This project is challenging, since our portfolio is diverse and large, including:
 - Undergraduate education
 - Graduate/Professional education
 - Research
 - IFAS Extension
 - Patient Care Enterprise
 - Athletics
 - Development
 - Technology Transfer and Economic Development
 - Museums
 - Others.....

The intent is to create a tool to help analyze UF's strategic direction. There are multiple organizing principles, each of which may lead to a different view of the portfolio. We can formulate portfolios organized around university teaching, research, and outreach capabilities, achievements, strategic investments, disciplines, and input/output measures. Using this approach, can we identify what is core to the UF mission, where are the investment opportunities, and what might be divestment opportunities?

III. **E-learning.** UF has grown a successful E-learning enterprise that is: (i) a useful technology for on-campus instruction, (ii) supports a growing distance learning enterprise, and (iii) has returned a substantial revenue stream to the campus, most recently exceeding \$70M per year. However, this aspect of higher education is evolving rapidly, and UF must adjust to changing realities quickly if it is to remain a major player. Issues for consideration:

- a. How should UF react if public, private or for-profit universities begin to issue academic credentials based on MOOCs?
- b. UF has joined Coursera. Are there other emerging experiments that UF should consider joining?
- c. How does e-learning change the undergraduate residential experience?
- d. How should UF position itself to answer the state's interest in an "online university"?
- e. Most of UF's distance education offerings are at the post-baccalaureate level currently. How hard should UF press to develop a full range of distance education undergraduate degree offerings?
- f. Should UF convene a state/national conference on e-learning and distance education to assess the state-of-the-art and to better position itself as a state and national leader?

IV. **Undergraduate Education.** How can UF leverage its assets to further improve undergraduate education? Issues for consideration:

- a. What are the true advantages of a residential education and how can we further enhance them? How can students enrolled through distance education derive some of the benefits of a residential education?
- b. Re-examine the admissions profile. Should UF tweak its entering freshman class? Some of the variables worth considering are: size, resident vs.

nonresidents, domestic vs. international, diversity, etc. How large a portion of the UF portfolio will undergraduate education hold?_

- c. Is undergraduate differential tuition in the foreseeable future? i.e. will students pay different tuition in depending on college or major?
- d. UF is preparing for its SACS reaccreditation in 2014. As part of it, UF is required to formulate a Quality Enhancement Plan. The topic chosen for the plan through consultation with the deans, faculty committees and the Faculty Senate is internationalizing the campus. Our graduates need to emerge prepared to prosper in a global society, and this plan is designed to enhance their environment and learning opportunities along these dimensions. Development of the plan along with measurable student learning outcomes is in full swing.
- e. To what extent should UF pursue a common freshman experience. The Good Life is the first example.
- f. Due to recent legislative action, the structure of General Education has been radically altered. What are the financial and curricular consequences of the restructuring?
- g. What is the future of student financial aid? Issues: Federal financing, merit vs need-based, in-state vs out-of-state profile.
- h. What has been the effect of budget cuts on under