



Board of Trustee

Minutes

March 22, 2013

A regular meeting of the University of Florida Board of Trustees was held on Friday, March 22, 2013 in Room 215B of Emerson Alumni Hall. The meeting was called to order by Chair C. David Brown, II, at 10:45 a.m. after a quorum was confirmed by Jamal Sowell, with all members present except Trustee Roulhac. Chair Brown welcomed everyone to the meeting. He then asked for a report from Vice President for Alumni Affairs Tom Mitchell. Vice President Mitchell gave an update on the enormously successful Florida Tomorrow Campaign which was started in 2006 under the leadership of Dr. Machen, and the campaign's impact on the Florida Opportunity Scholarship program. He presented, "Against the Odds," a video about the compelling stories and heart-felt gratitude of the first generation college students who have been able to attend UF, change their futures and even open a better future for others as a result of Florida Opportunity Scholarships. The Board is renaming the program the Bernie and Chris Machen Florida Opportunity Scholarships program, at the request of an anonymous donor of \$10 million to the program in honor of the Machens' creation and dedication to this extraordinary program. Chair Brown thanked Mr. Mitchell for the presentation and update. Trustee Charlie Edwards spoke of attending the celebration and noted it was an emotional, uplifting and positive event.

Chair Brown then introduced and welcomed new Trustee David Thomas to the Board and spoke of his accomplishments as a leader as a top executive and board member of world-wide businesses, as well as his long ties to the University of Florida. Chair Brown then asked Dr. Machen for his President's Report.

President Machen began by informing the Trustees that the semester is drawing to a close; this is both a wonderful time and a stressful and difficult time for our students, as the semester winds down over the next month and a cadre of our students graduate. He noted the first approximately 330 Innovation Academy students will be completing their first semester. UF is advancing this program, which has a special focus on entrepreneurial endeavors, takes advantage of UF's capacity for more students in the summer and spring semesters, and will have a significant increase in class size next January.

President Machen announced that on April 11, 2013, the University of Florida is sponsoring a symposium at the conclusion of the 150th anniversary celebration of the Morrill Land Grand Act, which has been organized by Teresa Balsar, Dean for the College of

Agricultural and Life Sciences of the Institute of Food and Agricultural Sciences. The symposium, which will include a number of speakers, will explore where higher education is going in the next hundred years. President Machen invited the Trustees to attend.

Dr. Machen then addressed sequestration, noting that it is a serious concern as could have a significant negative impact on higher education unless and until resolved at the federal level. David Norton, Vice President for Research, has done an excellent analysis of and is closely monitoring the impacts of sequestration on UF's research endeavor. The University is as prepared as possible and we expect any impacts on the UF research endeavor to be proportional and on a par with that of other major research universities. Some areas will be more impacted than others. Zina Evans, Vice President for Enrollment Management, is also monitoring sequestration's impacts on federal financial aid. Both are important components for UF. Lastly, President Machen reported that the Florida Legislature is in full swing and we have more initiatives progressing through the process this year than in a long time. He noted that the progress speaks well of the talents of Vice President for University Relations Jane Adams and her government relations group. Dr. Machen asked the Trustees to watch our progress and noted that, by the June Trustees meeting, the Legislature will have acted and UF will be ready to assess our situation and move forward accordingly. He said that we may call on Trustees if needed as we approach the conclusion of the Legislative session.

Chair Brown thanked President Machen for his report and asked for the Committee reports.

Trustee Charlie Edwards, who is succeeding long-serving Trustee Al Warrington as Chair of the **Committee on Audit and Operations Review**, noted that all members were present at the Committee's meeting.

After reviewing and approving the minutes of the December 6, 2012 meeting, the Committee addressed and unanimously approved the following action items for the consent agenda:

AO1. University of Florida's Annual Financial Report 2011-12. The Committee reviewed, discussed and accepted the University's Annual Financial Report for the Fiscal Year ended June 30, 2012, published on December 19, 2012 which includes the Florida Auditor General's audit report.

AO2. Committee on Audit and Operations Review Charter, Amended December 6, 2012. Changes to the Charter of the Audit and Operations Review Committee must be approved by the Committee, the Governance Committee and the full Board of Trustees and must be periodically reviewed. The charter was originally adopted in 2003. At the December 6, 2012 meeting, the Audit Committee considered minor clarifying revisions to its charter and the Committee reached a consensus in support of the changes. Both the Audit and Governance Committees are being asked to approve the amended charter for recommendation to the full Board and the Audit Committee accepted the proposed charter amendments.

The following discussion items were addressed by the Committee:

4.1 Office of Auditor General – Update on External Audits

Phil Ciano of the Auditor General's Office appeared before the Committee to provide an update on the following external audit activities: (1) Federal Compliance Audit for the 2011-2012 Fiscal Year, which is a chapter of a statewide audit conducted by the Auditor General's Office in accordance with OMB Circular A-133; this report will be issued next week. (2) Financial Statement Audit for the 2012-2013 Fiscal Year, which is currently in process (interim work); the Auditor General expects to complete the financial audit by mid-December, 2013. (3) Federal Audit for the 2012-2013 Fiscal Year, which is underway and is a segment of a statewide audit and conducted according to OMB Circular A-133. The audit covers both the Student Financial Aid and the Research and Development major program clusters and must be completed and released by March 31, 2014. (4) Operational Audit for the 2012-2013 Fiscal Year, which is a limited scope audit and is in progress with an expected completion and report release date in late August, 2013. (5) Bright Futures Program Audit, which will cover two Fiscal Years, 2011-2012 and 2012-2013 and is also a segment of a statewide audit with an expected completion and report release date of March 2014.

4.2 Office of Internal Audit (OIA) - Audits and Other Reviews

Chief Audit Executive Brian Mikell and Audit Director Joe Cannella of the Office of Internal Audit (OIA) presented three internal audit projects that were issued since the last Committee meeting and had been previously distributed to the Committee: (1) University Athletic Association Aviation. (2) University Athletic Association Sports Camps. (3) Student Conduct Process.

4.3 OIA – Quarterly Follow-up

Messrs. Mikell and Cannella also reported on the follow-up status of comments and action plans from previously issued internal and other audits.

4.4 OIA Discussion of Audit Risk Assessment Process & Development of Audit Work Plan

Next, they made a PowerPoint presentation on the OIA's audit risk assessment process which is in progress and is performed every three years to develop a proposed three-year audit work plan. The proposed work plan will be presented to the Committee in June for approval, and will be updated with the Committee every six months during the three-year period.

4.5 Audits of Support Organizations

The Committee received information relating to audits of University-affiliated organizations which was compiled by the general accounting and financial reporting department of the Office of the Controller. Most of the affiliates have a Fiscal Year-end of June 30 and their reports were included in the schedule presented at the December meeting. The only 2012 report not included was the University of Florida Leadership and Education Foundation. This entity has a Fiscal Year-end of December 31 and the audit report has not been completed for Fiscal Year 2012. Included in the materials were summaries of internal control comments from the various audit reports and the schedules and questions from the Committee were discussed.

4.6 Other Items

Chair Edwards reported that he had reviewed the status of investigations conducted by the Office of Internal Audit. These activities include items that have been received on the Compliance Hotline. The OIA either reviews or ensures that allegations are referred to other appropriate University offices such as Human Resource Services. Trustee Edwards reported that he is satisfied the investigations are being appropriately conducted and reviewed.

Trustee Marshall Criser, Chair of the **Committee on Educational Policy and Strategy** provided his report, noting all Committee members were present. Trustee Roulhac participated by conference telephone.

In public appearances, the Committee heard from UF junior and English major, Jamaal Hill, UF senior and Anthropology major, Joanna Galaris, and UF Agricultural Education and Communications Ph.D. student, Jaron Jones in support of the African American Studies proposal. The students noted the program's value as it will attract international students and support diversity at UF.

After reviewing and approving the minutes of November 26, 2012 and December 6, 2012 meetings, the Committee addressed and unanimously approved the following action items for the consent agenda:

EP1. Tenure Upon Hire. Peihua Qiu, Ph.D., Professor, Department of Biostatistics, College of Medicine and Public Health and Health Professions.

EP2. University of Florida Accountability Report 2012, which will be submitted to the Board of Governors.

EP3. University of Florida Regulations amendments including 1.006 Non-discrimination/Harassment/ Invasion of Privacy Policies; 1.0101 Policy for Dealing with Conduct in Research; 1.018 Works and Inventions; 3.007 Traffic & Parking; Parking Registration; 3.0372 Student Health, Athletic, and Activity and Service and Transportation Access Fees; 3.056 Resignation and Non-Reappointment of Technical, Executive, Administrative, and Managerial Support; 4.012 Student Grievance Procedures; 4.047 Student Honor Code and Student Conduct Code: Sanctions; 4.048 Student Honor Code and Student Conduct Code: Reviews and Appeals; 4.051 Student Honor Code and Student Conduct Code: Victim Services for Students on Campus; 7.003 Academic Personnel Employment Plan: Academic Appointments, Types of Appointments, Appointment Status Modifier, and Academic-Administrative Classification Titles; 7.013 Notice of Ending of Employment of Non-Tenured and Non-Permanent Status Faculty; 7.019 Tenure and Promotion: Definition, Eligibility, Granting of Tenure, Criteria, Procedures and Methods of Processing, Confidential Nature of Materials and Discussions, Reports and Appeals, Permanent Status and Sustained Performance Evaluations; 7.025 Permanent Status for County Extension Faculty; and 7.036 Complaints Against Faculty Members.

EP5. Creation of a Bachelor of Arts Degree in African American Studies (CIP Code 05.0201).

EP6. Housing Rental Rates, which were increased by 4.5% for single student housing; 4.5% in Diamond Village, Tanglewood Village, and University Village South Graduate and Family Housing; and 7% increase for Maguire Village. These rates cover cost increases and were substantiated as being good market rates.

EP7. Student Health Insurance, in connection with which the President is authorized to design and implement a program that requires all University of Florida students to demonstrate health insurance coverage meeting the University standards as a condition to enrollment at the University and allows students and their families to retain the freedom to purchase any insurance of their choice on the market that provides the required coverage or to purchase insurance offered by the University.

EP8. Honorary Degrees for William Anspach, Jr.; Norman Augustine; and Jens Opddershede.

At the end of the discussion of action items, the proposed new Mission Statement, *EP4*, which was developed by an Ad Hoc Committee of the Faculty Senate with faculty and student participants, and for which the Committee expressed great appreciation, was recognized as an important statement to the UF community and the external world about the University's nature and purpose. Consequently, with the full Committee's recommendation, the Board Chair referred the proposed Mission Statement to the Strategic Initiatives Committee for review and input by the Board and other stakeholders who haven't yet had an adequate opportunity for participation. Representatives of the Faculty Senate and Student Government will continue to be active participants in the ongoing process, which Chair Brown noted is critical, and the intent is to bring the Mission Statement back to the Board at the June meeting.

The following discussion/information items were then addressed by the Committee:

- 4.1 Student Government Update
- 4.2 Faculty Senate Update
- 4.3 Admissions Update
- 4.4 Sequestration
- 4.5 Name Change for Doctoral Program CIP 13.1101 from "School Counseling and Guidance" to "Counseling and Counselor Education"

Committee Chair Criser stated he would coordinate with Dr. Glover to find a time to hold calendars for a pre-call, and any other calls if needed, before the June meeting.

Trustee Carolyn Roberts, Chair of the **Committee on External Relations**, presented the report of the Committee. All Trustees were present.

After reviewing and approving the December minutes, and with no action items before the Committee, the following were discussion items were addressed by the Committee:

- 4.1 Legislative Update. Vice President Jane Adams presented an update on University of Florida priorities. The Senate Education Appropriations Subcommittee proposed funding in the

amount of \$15 million a year for five years in support of the University's top ten initiative. The Senate budget restored funding for the State University System that was cut last year, including \$36.5 million for the University of Florida.

The House reintroduced a bill that establishes measurement standards for preeminent universities and provides that the state university that scores highest on those measurements will be awarded the Preeminent State Research University Institute for Online Learning. That institute will significantly expand the number of online baccalaureate degrees offered by the university and will be funded with a one-time appropriation of \$10 million and recurring funding of \$5 million a year. The bill includes funding for the University's top ten initiative.

Other University priorities discussed by the Committee include funding for the Chemistry Building, campus maintenance projects, the College of Medicine, Florida High Tech Corridor and St. Augustine historic buildings.

4.2 Federal Update: Impacts of the Budget Sequestration on the University of Florida were considered. Dr. David Norton, Vice President for Research, discussed the impacts of the federal government's budget sequestration on research at the University of Florida. Dr. Norton observed that most of the University's research funding comes from federal agencies and that the University expects to experience a decrease of \$14 million, or 3.5 percent, due to sequestration. He then reviewed the impact on specific the University units and told the Committee that the colleges have been asked to look at their expenses and develop plans for accommodating the funding reductions while satisfying long-term commitments.

Following Dr. Norton, the Committee heard a presentation from Dr. Zina Evans, Vice President for Enrollment Management who focused her discussion on sequestration impacts on student financial aid. She stated the Pell Grant, Federal Work Study and the Supplemental Educational Opportunity Grant Program will not be affected this year. Dr. Evans added that several branches of the military have indicated they will not be providing tuition assistance for active duty military. Dr. Evans is trying to determine how to support these students should they need additional funds. Trustee Brodeur asked if the GI Bill is impacted by budget cuts brought on by sequestration, and Dr. Evans indicated it is not.

Trustee Villamil added that he recently visited Washington D.C., and Student Government is ready to help the University in any way needed.

4.3 University Alert System. University Police Chief Linda Stump and Janine Sikes, Assistant Vice President for Media Relations and Public Affairs, provided a briefing on the University Alert system used by the university to contact students, faculty and staff in the event of an emergency. They also discussed the university's campus-wide Emergency Communication Plan, which sets into place teams of university communicators who are responsible for writing messaging, answer media questions, holding news conferences, monitoring media coverage, and drafting other written communications needed during an emergency.

Steven Scott, Chair of the **Committee on Finance and Facilities**, gave the report of the Committee. All members were present.

After the Committee reviewed and approved the December 6, 2012 minutes, it addressed and unanimously approved the following action items for the consent agenda:

FF1. Campus Master Plan Amendment 2013, with Curtis Reynolds, Vice President for Business Affairs, presenting the plan to make minor amendments to campus building and site maps.

FF2. Revision to UF Investment Policy, with Trustee Scott stating that PECO funding is greatly reduced and there is a need for financing of building repairs and capital funding growing. The investment policy change allows the Office of the Chief Financial Officer to make internal loans with borrowers being required to meet the guidelines set out in the internal loan policy which was reviewed by the Committee as a discussion item.

FF3. IFAS Energy Efficiency Performance Contracts for Building 0970, which Mr. Reynolds explained is part of an effort to achieve energy savings while finding funding for building maintenance. IFAS and UF hired Siemens to provide an energy audit for the Entomology building. The audit outlined where savings could be achieved and how loans could be repaid through the savings. This agreement is an equipment lease financing of \$5 million for energy upgrades, with the money being paid back through guaranteed savings from improved efficiencies.

Discussion items were then addressed by the Committee:

4.3 Exploration of non-core asset management

Chief Financial Officer O Matt Fajack outlined efforts to review all non-core assets (non-academic, non-research and non-core facilities) for potential monetization. The funds could then be used to finance non-recurring capital projects. Parking is being used as a case study with two potential options: (1) Privatization – facilities are turned over to a third party for a set number of years for a large up front payment, with agreements in place regarding rate increases, operating standards, reporting, management of special events, etc. (2) Monetization – UF maintains management control. Funding is provided by a third party and repaid from future parking revenues. The Ohio State University has already opted for the privatization model and was awarded \$483 million up front for its facilities. UF has been talking to consultants Navigate Research about some of its innovative approaches to utilizing non-core assets. Mr. Fajack expects to have a full analysis of assets that could be reviewed by the end of the summer.

4.1 Construction update

Carol Walker, Assistant Vice President, Facilities Planning and Construction, outlined recent activities including: (1) the ground breaking for construction of the new Heavener Hall Business School facility, which should take place within a month; (2) expansion and renovation of the Reitz Union, which is proceeding with demolition of the colonnade beginning this summer in preparation for new construction and renovation to follow; (3) The Institute on Aging/Clinical Translational Research Building, which is in substantial completion with occupancy set for this summer; (4) The East Campus Data Center, which is now complete; (5) Architect and Construction Manager selection which is now underway for a new student housing facility.

In relation to the problem of lack of funding for critical deferred maintenance, Chairman Scott requested that the Committee be provided a report each quarter on the amounts needed to meet the demand.

4.2 Quarterly Financial Reports

The Committee discussed the report at the pre-Committee meeting on March 15 and was satisfied with the status of the University's financials.

4.4 State budget update

There have been no further budget developments. The outlook is better this year than in recent years and the Committee is monitoring progress in Tallahassee.

4.5 UFICO Report

UFICO Chief Executive Officer Doug Wynkoop provided an update of UF investments. Currently UFICO manages \$2 billion in assets in 15 investment portfolios. Through this year UFICO will remain cautious about investment opportunities but will continue to find pockets of opportunity. Initiatives for 2013 include upgrading internal systems for portfolio management, investor accounting and relationship management; adding one investment professional to the staff; restructuring the compensation plan; consolidating three portfolios and revisiting asset allocations.

4.6 Project team recognition

The final item was the recognition of the team that developed myinvestiGator, a tool to help PI's financially manage their research projects. CFO Matt Fajack noted that the initiative was a cross campus effort utilizing administration, research and Information Technology for development and over 50 faculty who provided input and testing. The members of the team were:

Stephanie Gray, Division of Sponsored Programs; Brad Staats, Contracts & Grants; Tiffany Schmidt, Contracts & Grants; Jim Ferrer, Office of the CFO; Greg McEachern, UF Information Technology; Lee Catledge, UF Information Technology; Haiquan Dai, UF Information Technology; Mei-Li Cheng, UF Information Technology; Gerald Parham, UF Information Technology; James Martinez, UF Information Technology; Gary Grossheim, UF Information Technology; Mark Palmer, UF Information Technology -CNS

Trustee Susan Cameron, Chair of the **Committee on Governance** presented the report of the Committee. All Committee members were present.

After review and approval of the December minutes, the Committee addressed and unanimously approved the following action items for the consent agenda:

GVI. Amendment of the Committee on Audit and Operations Review Charter, mainly for clarification that the Audit and Operations Review Committee has a review, not operational, function and to reflect title changes and minor clarifications.

GV2. Collective Bargaining Agreement with GAU, with the Committee ratifying the reopens in the graduate student union collective bargaining agreement, including an unpaid medical leave provision, study on child care options, and due dates for member fees.

The Committee then addressed the following discussion items:

4.1 Update on Directors and Officers Insurance. An update was provided by Vice President and General Counsel Jamie Lewis Keith. She noted that the President already has authority from the Board to purchase insurance. However, the Administration committed to return to the Committee for discussion if the premium for Directors and Officers insurance exceeds \$55,000. The premium quotes that were received were slightly higher than that threshold, with the best quote being about \$62,000 for \$5M of coverage with a \$100,000 deductible. Ms. Keith pointed out that this insurance would back the Board's mandatory indemnification of Trustees and would supplement the protections of sovereign immunity for limited gaps such as breach of fiduciary duty. Ms. Keith also pointed out that some employers will want their executives who serve on our Board to be covered by insurance. We are usually able to satisfy employers with a description of existing protections and the University's financials. Members of the Committee discussed the matter and the general consensus was that given the financial wherewithal of the University and the protections already afforded through sovereign immunity and indemnification, the insurance was probably not necessary unless its availability is important to retaining trustees. UF does not want any Trustee to be unable to serve because his or her employer requires the insurance and the Committee was comfortable with obtaining the insurance if needed. President Machen offered to explore with Ms. Keith the availability of individual insurance, which could be purchased by the University for a Trustee if needed, and we will purchase a policy for all Trustees if there aren't other commercially reasonable options.

4.2 Update on GatorCare Health Management Corporation (DSO). This topic was discussed at the pre-meeting call, where Ms. Keith confirmed that the Bylaws include all of the regular required provisions as well as a requirement that any changes in the Articles of Organization be approved by the UF Board to ensure that the Corporation remains focused on administration and management and is not an insurance company without further UF Board review.

4.3 New Annual Trustee Disclosure Form; Summary of State Ethics Law and UF Policy. This topic was discussed at the pre-meeting call, where the Committee reviewed the new form which will be put into use beginning in June.

4.4 Summary of Existing Oversight and Governance of Direct Support Organizations and Other Affiliates. Ms. Keith made a slide presentation on the oversight and governance of DSOs and other affiliated corporations. A copy of the slides is attached to these minutes and were provided to the all Trustees immediately following the meeting. The Committee expressed satisfaction with the good governance oversight by UF of its affiliated corporations, but asked President Machen and Ms. Keith to report back on whether there may be any one or two updated controls that would be helpful from a risk management perspective. It was noted that UF Board members are informed of any special risks that may occasionally arise. Trustee Roberts suggested that the UF representative on the Category 1 affiliate boards—those that are the most

complex and are engaged in activities with significant risks—make a report to the Governance Committee annually. The Committee may consider that option or inviting one or two of the Category 1 affiliates to meet periodically with the Committee. Ms. Keith noted the possibility of undertaking a review of insurance for affiliates.

The Committee next met in closed session for a report on collective bargaining matters, after which the meeting was reconvened in open session and adjourned.

Trustee Chris Corr, Chair of the **Committee on Strategic Initiatives**, presented the report on the Committee. He noted all members were present with the exception of Trustee Scott. The Committee reviewed and approved the minutes of the December meeting. There were no action items before the Committee. The following items were discussed by the Committee:

4.1 Update on SWOT Analysis. Vice President for Government Relations Jane Adams provided a SWOT Analysis: Telling the University of Florida Story: An Analysis of Strengths, Weaknesses, Opportunities and Threats. A copy of the slides is attached to these minutes.

4.2 Impact of “Top 10” Initiative on Strategic Positioning , including thoughts on how to advance UF to a “Top 10” university.

4.3 It was noted that impact of the State’s “On-line Initiative” would be discussed the next day.

At the completion of the Committee reports, Chair Brown directed the Board to the Consent Agenda, reminding them that Consent Agenda Item EP4, Mission Statement, was removed from the Consent Agenda and is expected to be before the Board at the June meeting. Chair Brown called for a motion to approve the Consent Agenda, which was made by Trustee Roberts, and a second, which was made by Trustee Cameron. When no further discussion was desired, the motion was approved unanimously.

Chair Brown brought the Board’s attention to Resolutions honoring Trustees whose service on the Board is completed. He noted Trustee Al Warrington was not in attendance but he would be attending the June meeting and the Board would honor him at that time for his long and outstanding service on the Board and to UF. There are three other members of our Board who are leaving, with two leaving as part of the annual succession of the Student Body President and the Faculty Senate President. He asked Vice Chair Criser to join him at the podium to honor these Trustees. First to be honored was newly appointed Board of Governors Member, Alan Levine. Mr. Levine is Senior Vice President of Health Management Associates and was named to the University of Florida Board of Trustees in 2011. He has had an active interest in the University and what’s going on with the University for many years. In January 2013, he was named to the Board of Governors. We look forward to working with him in the role. Mr. Levine has been great at focusing on the students, making them a priority during his service which is greatly appreciated. Vice Chair Criser then read from the Resolution and presented same to Mr. Alan M. Levine. Mr. Levine spoke saying there is not a better group of leaders in the State of Florida and

that he had learned a great deal during his term on the Board. He thanked the Board for the opportunity to serve with them and looks forward to working with them in the future.

Next to be honored was Trustee Cheri Brodeur, Faculty Senate President. Chair Brown told everyone that it was also Trustee Brodeur's birthday. He spoke of her incredible leadership during her service on the Board, and noted that her viewpoints, initiatives and support as the leader of the Faculty Senate have been invaluable. Trustee Brodeur could not have been more collaborative and consensus-building. She will continue to be involved and stay important to this Board in her ability to reflect the attitudes and needs of the faculty. Chair Brown stated that the Board very much appreciates her service and enjoyed working with her. Vice Chair Criser read the Resolution honoring Trustee Cheri Brodeur. Trustee Brodeur said she enjoyed being on the Board and working with the Trustees and representing the faculty of the campus – changing the world and helping students. She stated anytime she asked, there have been faculty coming forward to assist. She continued by noting there are hundreds in the background with ideas to bring to the President and the Board. She finished by saying that she appreciated more than anything the opportunity to represent the faculty this year.

Chair Brown noted the last retiring Trustee to be honored was Trustee T.J. Villamil, Student Body President. He stated Trustee Villamil was a great team member on the Board, with tireless energy. He is a great advocate and follows a great line of Student Body Presidents, all of whom are very talented. Chair Brown noted that the University is very fortunate to have such strong student leaders. Vice Chair Criser read the Resolution honoring Student Body President Trustee T.J. Villamil. Trustee Villamil then addressed the Board. He commented that before he said thanks he wanted to note that Dr. Machen mentioned yesterday the importance of the Reitz Union building and the expansion and renovation project. He encouraged the Trustees to help support, guide and also lend their help to move the project forward and also to renovate Newell Hall. He said these would be great and important initiatives to pursue together in the next months. He thanked the Board for leading the most student friendly campus – and thanked Dr. Machen, the Board, administration and staff, noting that they empower the students and he concluded, as always, Go Gators.

Chair Brown asked the Board for any new business and hearing none he began his comments. First, he noted that we will not be having the April retreat since the Legislature will not have finished its work and we will not have the information we need. Instead, we will focus on the June meeting and will combine the meeting with a strategy meeting possibly the night before (Wednesday night). He asked the Trustees to be ready to begin on Wednesday to get through both the strategy and Board meetings. Chair Brown expressed gratitude for the support and receptivity of the Governor's Office to the several important initiatives of UF this legislative session. In the meantime, Chair Brown emphasized that we need to keep working to facilitate the process. President Machen and Vice President Adams lead this charge daily and hourly and we want to accomplish everything we can. He thanked our legislative leaders and Governor for their willingness to help UF make a major impact for the benefit of the state of Florida and the world beyond.

Next, Chair Brown noted that Innovation Square is thriving with Sears Holding Corporation opening a software development office in the Ayers Building and reminded all that

Mindtree is at Innovation Square and will provide UF engineering students with hands-on internships. Students will initially work on development in the areas of data analytics and engineering, big Data and Hadoop, an open source software framework that supports the processing of large data sets in a distributed computing environment, network and information security, process analysis and design and development using multiple technologies. Innovation Square continues to be a great example across the nation and state as an innovative way to partner with industry and students. Chair Brown also commented on the success of the Gator Basketball Team during March Madness and noted that we have the best coach in the country.

Next, Chair Brown commented on the awful incident at the University of Central Florida this week and expressed his thankfulness that a worse tragedy was averted. To UF's administration team and everyone else involved in avoiding and responding to tragedies in our own community, Chair Brown stated that they are to be commended and thanked for their efforts and expertise in taking care of students and fostering safety on campus. Chair Brown said that he prays for those at the University of Central Florida. He also expressed his thanks to Trustee Criser's father who initiated the safety systems at UF.

With no other comments, the meeting was adjourned at approximately 11:35 a.m.

EXISTING CONTROLS FOR UF DIRECT SUPPORT ORGANIZATIONS (DSOs)

UF BOARD OF TRUSTEES GOVERNANCE COMMITTEE
MARCH 21, 2013

OVERVIEW OF CONTENTS

- Creation/Purpose
- Board and CEO Controls
- Financial Oversight
- Shands Oversight
- DSO Appearances

CREATION/PURPOSE

- **By Statute, UF and/or BOG Policies:**
 - UF Board Action Is Required To Create DSOs
 - Exclusive Purpose Is to Support UF's Mission
 - The UF Board (or President as Authorized Designee) Approves DSO Articles, Bylaws, Policies, Plans, Tax Exemption Application

BOARD AND CEO OVERSIGHT

- 2007, Governance Chair/then Board Chair Mac McGriff Led Initiative to Establish Consistent Principles and Bylaws Across DSOs
- Office of the UF VP/General Counsel Reviewed and Revised All Bylaws – DSO Boards Adopted

BOARD AND CEO OVERSIGHT

- **UF Policy – By UF Board Action:**
 - Each DSO Is Categorized 1, 2, or 3 for UF Oversight, Depending on Its Scope, Complexity, Activity/Exposure
 - 1: Requires UF Trustee On DSO Board*
E.g., Foundation, Research Foundation, Athletics Assoc., Investment Corp.
 - 2: Requires Non-Trustee Board Rep. on DSO Board (may be, but not necessarily, a Trustee)*
E.g., St. Augustine DSO, Health HSSOs, IFAS Research/Education Foundations
 - 3: UF President Rep.*
E.g., Practice Plans (not DSOs)

*Appointed by UF President, Unless BOT Acts In Particular Cases

BOARD AND CEO OVERSIGHT

- **Statutory/Regulatory/Policy Controls**
 - UF BOT Chair (or President as Delegate) May Appoint a Representative to DSO Board
 - UF President or Designee Serves on Board and Executive Committee and Approves Audit Charter
 - UF President Approves DSO-CEO's Hiring
 - CEO Reports to UF President and DSO Board
 - CEO May Be Removed For Cause or Unacceptable Performance by UF President After Consulting with DSO Board
 - DSO Board Members May Be Removed For Cause by UF President After Consulting with DSO Board

FINANCIAL CONTROLS

- **Each DSO Is Required to Have An Audit Committee and Annual Audit by An Independent CPA**
 - Audit Report and Management Letter Must Be Submitted to UF President or Designee
 - Audit Report and Management Letter Must Be Reviewed by UF Board Audit Committee

FINANCIAL CONTROLS

- **Each DSO Is Required to Adopt Annual Budget**
 - Proposed Budget Must Be Submitted to UF President or Designee for Approval
 - Annual Report on Budget and Financial Performance of Each DSO Must Be Made to UF Board Finance and Facilities Committee

SHANDS OVERSIGHT

- Shands Entities Are Not DSOs
- Have Separate Statutory and UF Board-Imposed Controls
 - Primary Purpose Is Support of UF's Health Affairs Mission
 - UF Board Approves Shands' Articles
 - Articles Control Shands' Bylaws and Amendments
 - UF President or Designee (Sr. VP Health Affairs) Chairs and Appoints Shands' Board
 - UF Trustee or Designee is on Boards
 - UF President or Designee (Sr. VP Health Affairs) is President of Shands UF

SHANDS OVERSIGHT

- Shands CEO Reports to Shands Board and President (UF President or Designee)
- Shands General Counsel Reports to CEO and UF General Counsel (as “parent company” GC)
- Shands Financial Statement Summaries Are Attachments to UF’s Financials, Reviewed by UF Finance and Facilities Committee
- UF Trustee and/or President or Designees Are On Shands Boards Which Fully Review Financials
- Creation of Shands Subsidiaries Requires UF Board Approval

DSO APPEARANCES

- Beginning June 2004, Several DSOs Presented at UF Board Governance Committee Annually (Rotating)
- Governance Chair/Then Board Chair McGriff's 2007 Initiative on Uniform Principles and Bylaws For Consistent, Good Oversight Practices Were Determined More Effective
 - UF President Has Good Oversight of DSO Management and Is Accountable to UF Board
 - UF Board Has Governance Oversight Through Board Seats and UF Board Committee Review of Audit Report and Financials
- Discussion?

Telling the UF Story: An Analysis of Strengths, Weaknesses, Opportunities and Threats



**UNIVERSITY OF FLORIDA BOARD OF
TRUSTEES
STRATEGIC INITIATIVES COMMITTEE
MARCH 21, 2013**

Objective



- **Identify the factors that impact public comprehension of the university, its various components, achievements and contributions**

Strengths



- **Academic Excellence:** The quality of education at UF is among the highest in the nation. Related strengths are:
 - Undergraduate Education
 - Graduate Education
 - Students
 - Faculty
 - Research
 - Technology Transfer

Strengths



- **Healthcare and Medical Research**
- **Multidisciplinary Approach**
- **Associations**

Strengths



- **Gator Pride:** Alumni and fans are genuinely proud of UF and their connection to the university. Athletics plays an important role in this, but it runs deeper and to a great extent is strengthened by the connection Gators feel toward one another. Related strengths are:
 - **History**
 - **Athletics**
 - **Development**
 - **Size and Scope**

Strengths



- **Image and Reputation:** UF is considered the top university in Florida and a top tier public research university in the U.S.
- **Flagship Designation**
- **Political**
- **Gators for Higher Education**
- **Value**
- **Location**

Strengths



- **IFAS Statewide Presence:** UF provides valuable services that change the way Floridians experience their lives, and we do it through a physical presence in every county.

Strengths



- **Leadership:** Despite years of budget cuts and major challenges, UF continues to provide high quality education and research and leads the SUS in innovation.
- **High Performance Computing**
- **Strong skillsets**
- **Issue Management**
- **Social Media**

Strengths



- **Economic Impact:** UF infuses \$8.76 billion into the economy each year and provides more than 106,000 direct and indirect jobs.

Weaknesses



- **Resources:** Significant budget cuts have impeded the university's ability to recruit faculty and graduate students, and threaten critical infrastructure.
- **Balance between decentralization and centralization:** University decentralization empowers units and faculty within them. As applied to communications, however, it fragments the messages. We could more effectively enhance UF's image and reputation through a unified, consistent and high quality strategic communications plan.

Weaknesses



- **Focus:** UF embraces broad academic offerings and research endeavors. As a result, we do nearly everything rather than have selective priorities.
- **Declining awareness:** Awareness of UF in Florida peaked during last year of branding campaign (2009) and is now trending lower.

Weaknesses



- **Political/Legislative:** There is a tendency to treat all state universities the same, resulting in a drive toward mediocrity.
- **Size:** While there are advantages to being large, UF can be intimidating to students.

Opportunities



- **Increased awareness:** Awareness in Florida peaked with last branding campaign.
- **Research/Tech transfer:** UF has reputation for research discoveries and tech transfer; Innovation Hub and Square offer more opportunities.
- **Online:** UF is a national leader in online education and will expand in the future.

Opportunities



- **Prestigious Faculty:** UF is a respected university that can recruit and retain prestigious faculty if we have the resources.
- **New Media:** UF has strong social media presence, but can expand.
- **UF/IFAS Extension:** UF's presence in all 67 counties provides ability to meet land-grant mission and promote UF as a whole.
- **Economic Impact**

Opportunities



- **Partnerships:** UF partnerships with Medical City stakeholders have increased visibility in important market.
- **Development:** Donors showed strong support for UF in last campaign, looking to enhance efforts in next campaign.
- **Rankings:** UF ranks among national leaders in academics, research, value, tech transfer.

Opportunities



- **New Programs and Centers:** Innovation Academy, CTSI, EPI are examples of programs that can generate enhanced visibility.
- **Integrated Communications:** University Relations reorganization can maximize coverage across multiple media platforms.
- **UFCN:** Organization of 150 UF communicators who could increase the power of UF communications through coordinated efforts.

Threats



- **Decreased funding:** Uncertain budget climates in Washington and Tallahassee could further erode UF's resources through funding cuts, reductions in research grants and limits on tuition.
- **Political/Economic:** Today's unsettled political and economic environments make it difficult to anticipate and strategize.
- **Changing public support:** The general public is questioning the cost of higher education and whether it prepares students for jobs.

Threats



- **Competition:** More universities are actively pursuing target audiences, including prospective students.
- **Balance between centralization and decentralization**
- **Impact of the web:** Traditional ways of pushing out information is counter to the way audiences want to receive information today.
- **Unforeseen occurrences:** The UF campus is the size of a small city. While we have issues management and crisis communications processes in place, the unforeseen can happen.