



**UNIVERSITY OF FLORIDA BOARD OF TRUSTEES'
COMMITTEE ON GOVERNANCE
COMMITTEE MINUTES
January 13, 2017
123 Tigert Hall
University of Florida, Gainesville, FL
Time Convened: 9:03 a.m. EST
Time Adjourned: 9:30 a.m. EST**

1.0 Verification of Quorum

After a roll call, Vice President, General Counsel and University Secretary Jamie Lewis Keith confirmed a quorum with all members present.

Committee Members present:

Mori Hosseini (Chair), David L. Brandon, James W. (Bill) Heavener, Rahul Patel, Steven M. Scott, David M. Thomas, and Anita G. Zucker were present.

Others present:

Trustees Marsha D. Powers, Jason J. Rosenberg, Nicole LP Stedman, Robert G. Stern, Susan D.C. Webster; W. Kent Fuchs, President; David Guzick, Senior Vice President for Health Affairs and President of UF Health; Winfred Phillips, Executive Chief of Staff; Jodi Gentry, Vice President for Human Resource Services; Jane Adams, Vice President for University Relations; Jamie Lewis Keith, Vice President, General Counsel and University Secretary; Michael G. Good, Dean, College of Medicine; James Roberts, Senior Vice President and General Counsel, UF Health Shands; Andrei Boyarshinov, Deputy General Counsel for Health Affairs; Ryan Fuller, Senior University Counsel for Employment, Labor and Litigation; Melissa Orth, Senior Director, Government Relations, and Assistant University Secretary; Brigit Dermott, Executive Assistant; and other members of the University community and media.

2.0 Call to Order and Welcome

Committee Chair Mori Hosseini called the meeting of the Committee on Governance to order at 9:03 a.m. EST and welcomed the Committee members and all those in attendance.

3.0 Review and Approval of Minutes

Committee Chair Hosseini asked for a motion to approve the minutes of the December 1, 2016 Committee meeting, which was made by Trustee Brandon, and a second, which was made by Trustee Zucker. Committee Chair Hosseini asked for further discussion, after which he asked for all in favor of the motion and any opposed and the motion was approved unanimously.

Committee Chair Hosseini turned the Committee's attention to the Action Items.

4.0 Action Items

The Committee considered the following Action Items:

GV1. Florida Clinical Practice Association, Inc. Participation in UF Health South Central, LLC

Vice Chair Mori Hosseini asked Ms. Keith to read into the minutes, the voting conflict disclosure of Trustee Jason Rosenberg regarding GV1, Florida Clinical Practice Association, Inc.'s participation in UF Health South Central, LLC.

A copy of the disclosure is attached and incorporated in these minutes. Ms. Keith read the following disclosure:

"Orthopaedic Institute, LLC (OI, LLC), in which I am a member and through which I practice as a plastic surgeon, has a location and provides orthopedic clinical services in The Villages, Marion County. The net revenues of OI LLC inure to my financial benefit and that of my fellow members and are or may be affected by competition in OI LLC's practice areas in The Villages and Marion County. I am also a Trustee on the University of Florida Board of Trustees and will be present at the Board and Board's Committee on Governance meetings on January 13, 2017. University of Florida (UF) faculty physicians are expanding the clinical services they currently offer in Marion County, in physical locations newly acquired by UF Health South Central, LLC (UF HSoC LLC) in Ocala and Summerfield just north of The Villages. It is proposed in GV1--a Committee Action Item presented to the University of Florida Board of Trustees Committee on Governance and subsequently to the full Board on January 13, 2017--that the UF College of Medicine's practice plan, Florida Clinical Practice Association, Inc. (FCPA--which supports the clinical practice of the College's faculty physicians), acquire a membership interest in UF HSoC LLC. Through UF HSoC LLC, FCPA and the current member, Shands Teaching Hospital and Clinics, Inc., would co-own these newly acquired properties for the efficient operation and expansion of UF faculty physicians' clinical practice in The Villages and Ocala in several areas, including orthopedics.

As required by law, and as I would have done voluntarily anyway, I am abstaining from voting on GV1 of January 13, 2017, and I am voluntarily abstaining from discussion of this matter as well."

Committee Chair Hosseini then asked Ms. Keith to introduce GV1, Florida Clinical Practice Association, Inc., Participation in UF Health South Central, Inc.

Ms. Keith noted that Dr. David Guzick, Senior Vice President for Health Affairs and President UF Health Shands, and Dr. Michael Good, Dean College of Medicine, were present to provide additional information.

Ms. Keith informed the Committee that it was being asked to approve for recommendation to the Board for its approval on the Consent Agenda the acquisition of a 50 percent member interest in an existing limited liability company, UF Health South Central, LLC, (LLC) by Florida Clinical Practice Association, Inc. (FCPA), the private tax-exempt entity this is the College of Medicine's practice plan and supports its faculty's clinical activities. The LLC's current sole member is Shands Teaching Hospital and Clinics, Inc., the Gainesville hospital entity known as UF Health Shands.

Dr. Guzick then presented the rationale for the acquisition in the context of the strategic planning for UF Health. The 2010 five-year Strategic Plan, Forward Together, was adopted in May 2010, and focuses on advancing the functional integration of the UF Health Science Centers and Shands hospitals in an effective and efficient academic health center. The 2015 five-year Strategic Plan, The Power of Together, focuses on advancing the stature and reputation of the UF Health Science Center Colleges' education and research programs, and on the importance of a robust clinical enterprise to enable recruitment and training of the best students and recruitment and retention of the best faculty to advance a preeminent research program. Dr. Guzick also noted that UF Health is committed to serving the local community, including populous areas to the south of Alachua County, where patients had indicated limited access to the highest quality clinical care.

In seeking to address both the University health affairs endeavor's strategic aims and the needs of the community, on December 29-30, 2016, the LLC acquired out of bankruptcy the land, buildings and clinical equipment at two Marion County locations (formerly operated by an unrelated and now-bankrupt cardiology practice)—one in Ocala and the other in Summerfield just north of The Villages. Included in the Ocala assets are ~2.2 acres of unimproved land. The LLC acquired these properties because they provide strategically important physical locations in Marion County for expansion of the clinical practices of UF Health. Both the hospital and UF College of Medicine components of the UF Health collaboration already have several affiliations in Marion County as detailed in the Action Item.

Initially, the clinical services offered in the new Ocala facilities will be in cardiology and the services offered in the new Villages facilities will be in cardiology, orthopedics, and radiology. The hospital entity and practice plan could separately acquire facilities to expand clinical activities of UF faculty physicians in Marion County, but it is financially and operationally most efficient for an LLC to own the properties, with FCPA and Shands each having a 50 percent interest.

The bankruptcy price of \$16M (including assets, fees and commissions) for the Marion County properties and equipment reflects a significant discount off a total appraised asset and future business value of ~\$23M over five years. The equipment has been independently appraised at ~\$4.1M and the buildings and land at ~\$10.1M. The non-compete and other contract service obligations are valued at \$750K for a total value of ~\$15M. Recognizing that the LLC is a strategic buyer with particular clinical margin opportunities, a conservative expert analysis of likely hospital billables based on historical zip code origins of UF Health Shands patients produced another ~\$8M of present value, representing an annual return on \$16M of invested capital of approximately 10 percent. Dr. Guzick noted that since the opening on January 4, 2017, the clinic is booked through March with a growing wait list that has exceeded projections.

It is important to note that the LLC acquired assets, not an ongoing clinical operation. Furthermore, the LLC did not acquire the former owner's liabilities or debt and did not enter into any financing in acquiring these assets. The facilities are in move-in condition, with only minor actions needed, and there is no construction project associated with the acquisition or use of the properties at this time.

Upon approval by the Committee and Board, the practice plan will invest \$8M in the LLC and acquire a 50 percent interest, becoming a co-owner with Shands of the LLC's current and any future assets. Key terms of the LLC operating agreement between Shands and the practice plan are listed in the attachment to the Action Item. Dr. Guzick noted that if there is any future capital call, each member has the option of responding or having its interest in the LLC proportionately reduced. He noted that the General Counsel for Shands and UF's Deputy General Counsel for Health Affairs were present and available for any questions.

Committee Chair Hosseini asked if there were any questions and the following issues were discussed:

- In response to a question from Trustee Thomas about the 50/50 interests that the College of Medicine's practice plan and Shands hospital entity will hold in the LLC, Shands General Counsel James Roberts explained that a consensus approach is consistent with the manner in which the clinical enterprise is operating to maximize strategic advantage. Ms. Keith also added that closely coordinated operations were intentional and were responsible for increased effectiveness and efficiency of the health affairs endeavor, as led by Dr. Guzick and his team.
- In response to a question from Trustee Patel as to whether teaching and research would also be conducted at the newly acquired clinical sites, Dr. Guzick replied that the three missions of UF Health—education, research and service—are intertwined. The clinics will have rotations for residents and fellows as well as participating in clinical trials, which are critical to the education and research mission.
- Committee Chair Hosseini asked about the projected return on investment. Shands General Counsel James Roberts reported that a return above five percent is well within the norm of expectations in the health care enterprise and the return on capital in this acquisition is expected to be as much as 10 percent annually based on a conservative

assessment of likely billables tied to historical patient zip codes and \$16M of investment capital..

- In response to Committee Chair Hosseini’s question to President Fuchs about review of the financials and support for the transaction, President Fuchs indicated his enthusiastic support for the acquisition and noted that the Shands Board, on which he serves, has also reviewed the transaction and financial evaluation and is unanimous in its support.

In GV1, the Committee and Board were asked to approve the College of Medicine’s practice plan’s acquisition of a 50 percent interest in the UF Health South Central LLC for \$8M and on the other terms outlined in the Action Item, and to authorize the UF President or Senior Vice President for Health Affairs, acting singly, to approve documents and other terms and to take other actions needed and in UF’s best interests to affect the acquisition. Committee Chair Hosseini asked for a motion to approve Committee Action Item GV1 for recommendation to the full Board for its approval on the Consent Agenda, which was made by Trustee Zucker and a second, which was made by Trustee Brandon. The Committee Chair asked for any further discussion, after which he asked for all in favor of the motion and any opposed, and the motion was approved unanimously.

GV2. Collective Bargaining Agreement between UF Board of Trustees (BOT) and the Police Benevolent Association (PBA)

Vice President for Human Resource Services Jodi Gentry explained that the Action Item GV2 requests the Board’s ratification of the new three-year Collective Bargaining Agreement (CBA) between the Board and the Police Benevolent Association, which is effective as of January 1, 2017 and includes the following:

- Removal of Officers and Sergeants from the University Support Personnel System (USPS) pay plan and places them in the newly created Law Enforcement Officer (LEO) pay plan;
- Provision for pay increases for eligible employees on January 1 of 2017, 2018, and 2019—an across the board increase of 1.5% and a merit pool of 2.0%;
- Provision of a \$500 annual stipend for officers or sergeants working as certified dispatchers or in a specialty unit to assist with retention;
- Incorporation of existing terms and conditions of employment in the CBA for continuity;
- Creation of an expedited corrective action program; and
- Allowance for officers and sergeants to take approved courses at any accredited college or university to support their ongoing professional development.

Committee Chair Hosseini asked if there were any questions about the new CBA, which had been discussed with the Committee at the December Committee meeting. Hearing none, Committee Chair Hosseini asked for a motion to approve Committee Action Item GV2 for recommendation to the full Board of Trustees for its approval on the Consent Agenda, which was made by Trustee Brandon, and a second, which was made by Trustee Patel. The Committee

Chair asked for any further discussion, after which he asked for all in favor of the motion and any opposed, and the motion was approved unanimously.

5.0 Discussion/Informational Items

There were no discussion/informational items.

7.0 New Business

There was no new business to come before the Committee.

8.0 Adjourn

Asking for any further discussion and hearing none, and after asking for and hearing no objection, Committee Chair Hosseini adjourned the meeting of the University of Florida Committee on Governance at 9:30 a.m. EST.



Office of the Vice President and General Counsel

123 Tigert Hall
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352-392-1358
352-392-4378 Fax

January 12, 2017

Re: Voting Conflict Disclosure of Trustee Jason Rosenberg

Dear Trustees,

Every so often, Trustees, their families or business associates have an interest in a matter brought to the Board and have to follow a Florida statutory process for voting conflicts. Attached is Trustee Jason Rosenberg's disclosure, which he is properly making under the Florida Code of Ethics for Public Officers and Employees, Section 112.3143, Florida Statutes, in connection with University of Florida Board of Trustees Action Item GV1 of January 13, 2017.

The disclosure notes that Orthopaedic Institute, LLC (OI, LLC), in which Dr. Rosenberg is a member and through which he practices as a plastic surgeon, has a location and provides orthopedic clinical services in The Villages, Marion County. The net revenues of OI LLC inure to the financial benefit of Dr. Rosenberg and his fellow members and are or may be affected by competition in OI LLC's practice areas in The Villages and Marion County. UF faculty physicians are expanding the clinical services they currently offer in Marion County, in physical locations newly acquired by UF Health South Central, LLC (UF HSoC LLC) in Ocala and Summerfield just north of The Villages. It is proposed in GV1 that the UF College of Medicine's practice plan, Florida Clinical Practice Association, Inc. (FCPA—which supports the clinical practice of the College's faculty physicians), acquire a membership interest in UF HSoC LLC. Through UF HSoC LLC, FCPA and the current member, Shands Teaching Hospital and Clinics, Inc., would co-own these newly acquired properties for the efficient operation and expansion of UF faculty physicians' clinical practice in The Villages and Ocala in several areas, including orthopedics.

While he is not legally required to do so once he has made his disclosure and it is read into the minutes of the January 13, 2017 meetings of the University of Florida Board of Trustees' Committee on Governance and full Board, Trustee Rosenberg is voluntarily abstaining from discussion at both meetings and, as required by the statute but also as he intended anyway, Trustee Rosenberg is abstaining from voting on GV1 at the full Board meeting.

Best regards,

A handwritten signature in blue ink that reads "Jamie".

Jamie Lewis Keith
Vice President, General Counsel
And University Secretary

Enclosure

The Foundation for The Gator Nation

An Equal Opportunity Institution

FORM 8A MEMORANDUM OF VOTING CONFLICT FOR STATE OFFICERS

LAST NAME—FIRST NAME—MIDDLE NAME Rosenberg, Jason J.	NAME OF BOARD, COUNCIL, COMMISSION, AUTHORITY, OR COMMITTEE University of Florida Board of Trustees
MAILING ADDRESS 7117 NW 20th. Place	NAME OF STATE AGENCY
CITY Gainesville	COUNTY Alachua
DATE ON WHICH VOTE OCCURRED January 13, 2017	MY POSITION IS: <input type="checkbox"/> ELECTIVE <input checked="" type="checkbox"/> APPOINTIVE

WHO MUST FILE FORM 8A

This form is for use by any person serving at the State level of government on an appointed or elected board, council, commission, authority, committee, or as a member of the Legislature. It applies to members of advisory and non-advisory bodies who are presented with a voting conflict of interest under Section 112.3143, Florida Statutes.

Your responsibilities under the law when faced with voting on a measure in which you have a conflict of interest will vary greatly depending on whether you hold an elective or appointive position. For this reason, please pay close attention to the instructions on this form before completing and filing the form.

INSTRUCTIONS FOR COMPLIANCE WITH SECTION 112.3143, FLORIDA STATUTES

ELECTED OFFICERS:

As a person holding elective state office, you may not vote on a matter that you know would inure to your special private gain or loss. However, you may vote on other matters, including measures that would inure to the special private gain or loss of a principal by whom you are retained (including the parent or subsidiary or sibling organization of a principal by which you are retained); to the special private gain or loss of a relative; or to the special private gain or loss of a business associate. If you vote on such a measure or if you abstain from voting on a measure that would affect you, you must make every reasonable effort to disclose the nature of your interest as a public record in a memorandum filed with the person responsible for recording the minutes of the meeting, who shall incorporate the memorandum in the minutes. If it is not possible for you to file a memorandum before the vote, the memorandum must be filed with the person responsible for recording the minutes of the meeting no later than 15 days after the vote.

For purposes of this law, a "relative" includes only your father, mother, son, daughter, husband, wife, brother, sister, father-in-law, mother-in-law, son-in-law, and daughter-in-law. A "business associate" means any person or entity engaged in or carrying on a business enterprise with you as a partner, joint venturer, coowner of property, or corporate shareholder (where the shares of the corporation are not listed on any national or regional stock exchange).

A member of the Legislature may satisfy the disclosure requirements of this section by filing a disclosure form created pursuant to the rules of the member's respective house if the member discloses the information required by this subsection, or by use of Form 8A.

* * * * *

APPOINTED OFFICERS:

As a person holding appointive state office, you are subject to the abstention and disclosure requirements stated above for Elected Officers. You also must disclose the nature of the conflict before voting or before making any attempt to influence the decision by oral or written communication, whether made by you or at your direction.

For purposes of this law, a "relative" includes only your father, mother, son, daughter, husband, wife, brother, sister, father-in-law, mother-in-law, son-in-law, and daughter-in-law. A "business associate" means any person or entity engaged in or carrying on a business enterprise with you as a partner, joint venturer, coowner of property, or corporate shareholder (where the shares of the corporation are not listed on any national or regional stock exchange).

IF YOU INTEND TO MAKE ANY ATTEMPT TO INFLUENCE THE DECISION PRIOR TO THE MEETING AT WHICH THE VOTE WILL BE TAKEN:

- You must complete and file this form (before making any attempt to influence the decision) with the person responsible for recording the minutes of the meeting, who will incorporate the form in the minutes.
- A copy of the form must be provided immediately to the other members of the agency.
- The form must be read publicly at the next meeting after the form is filed.

IF YOU MAKE NO ATTEMPT TO INFLUENCE THE DECISION EXCEPT BY DISCUSSION OR VOTE AT THE MEETING:

- You must disclose orally the nature of your conflict in the measure before participating.
- You must complete the form and file it within 15 days after the vote occurs with the person responsible for recording the minutes of the meeting, who must incorporate the form in the minutes. A copy of the form must be provided immediately to the other members of the agency, and the form must be read publicly at the next meeting after the form is filed.

DISCLOSURE OF STATE OFFICER'S INTEREST

I, Jason J. Rosenberg, hereby disclose that on January 13, 20 17 :

(a) A measure came or will come before my agency which (check one or more)

- inured to my special private gain or loss;
- inured to the special gain or loss of my business associate, _____ ;
- inured to the special gain or loss of my relative, _____ ;
- inured to the special gain or loss of The Orthopaedic Institute, LLC and its members, by whom I am retained; or
- inured to the special gain or loss of _____, which is the parent, subsidiary, or sibling organization of a principal which has retained me.

(b) The measure before my agency and the nature of my conflicting interest in the measure is as follows:

Orthopaedic Institute, LLC (OI, LLC), in which I am a member and through which I practice as a plastic surgeon, has a location and provides orthopedic clinical services in The Villages, Marion County. The net revenues of OI LLC inure to my financial benefit and that of my fellow members and are or may be affected by competition in OI LLC's practice areas in The Villages and Marion County. I am also a Trustee on the University of Florida Board of Trustees and will be present at the Board and Board's Committee of Governance meetings on January 13, 2017. University of Florida (UF) faculty physicians are expanding the clinical services they currently offer in Marion County, in physical locations newly acquired by UF Health South Central, LLC (UF HSoC LLC) in Ocala and Summerfield just north of The Villages. It is proposed in GV1—a Committee Action Item presented to the University of Florida Board of Trustees Committee on Governance and subsequently to the full Board on January 13, 2017—that the UF College of Medicine's practice plan, Florida Clinical Practice Association, Inc. (FCPA—which supports the clinical practice of the College's faculty physicians), acquire a membership interest in UF HSoC LLC. Through UF HSoC LLC, FCPA and the current member, Shands Teaching Hospital and Clinics, Inc., would co-own these newly acquired properties for the efficient operation and expansion of UF faculty physicians' clinical practice in The Villages and Ocala in several areas, including orthopedics.

As required by law, and as I would have done voluntarily anyway, I am abstaining from voting on GV1 of January 13, 2017, and I am voluntarily abstaining from discussion of this matter as well.

If disclosure of specific information would violate confidentiality or privilege pursuant to law or rules governing attorneys, a public officer, who is also an attorney, may comply with the disclosure requirements of this section by disclosing the nature of the interest in such a way as to provide the public with notice of the conflict.

January 12, 2017
Date Filed


Signature

NOTICE: UNDER PROVISIONS OF FLORIDA STATUTES §112.317, A FAILURE TO MAKE ANY REQUIRED DISCLOSURE CONSTITUTES GROUNDS FOR AND MAY BE PUNISHED BY ONE OR MORE OF THE FOLLOWING: IMPEACHMENT, REMOVAL OR SUSPENSION FROM OFFICE OR EMPLOYMENT, DEMOTION, REDUCTION IN SALARY, REPRIMAND, OR A CIVIL PENALTY NOT TO EXCEED \$10,000.