



**UNIVERSITY OF FLORIDA BOARD OF TRUSTEES' COMMITTEE ON GOVERNANCE
and
UNIVERSITY OF FLORIDA BOARD OF TRUSTEES**

**SPECIAL SESSION ON GOVERNANCE ENHANCEMENT INITIATIVE
MEETINGS MINUTES
March 16, 2017**

**President's Room 215B, Emerson Alumni Hall
University of Florida, Gainesville, FL
Time Convened: 10:35 a.m. EDT
Time Adjourned: 11:02 a.m. EDT**

University of Florida Board of Trustees Committee on Governance

1.0 Verification of Quorum of the Committee on Governance and Verification of Attendance of Board of Trustees

After a roll call, a quorum was confirmed with all members of the Committee on Governance and the Board of Trustees present, with Trustee Thomas participating by phone.

Committee members present were:

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

Other Trustees present were:

Leonard H. Johnson, Marsha D. Powers, Jason J. Rosenberg, Nicole LP Stedman, Robert G. Stern, and Susan D.C. Webster

Others present were:

W. Kent Fuchs, President; Winfred Phillips, Executive Chief of Staff; Joseph Glover, Provost and Senior Vice President for Academic Affairs; Charles Lane, Senior Vice President and Chief Operating Officer; David Guzick, Senior Vice President for Health Affairs and President of UF Health; Jack Payne, Senior Vice President for Agriculture and Natural Resources; Zina Evans, Vice President for Enrollment Management; Curtis Reynolds, Vice President for Business Affairs, Elias Eldayrie, Vice President and Chief Information Officer; Jamie Lewis Keith, Vice President, General Counsel and University Secretary; Angel Kwolek-Folland, Associate Provost; Melissa Orth, Senior Director of Government Relations and Assistant University Secretary; Brigit Dermott, Executive

Assistant; Sandy Mitchell, Legal Assistant; and other members of the University community and the media.

2.0 Call to Order and Welcome

Committee Chair Mori Hosseini called the meeting of the Committee on Governance to order at 10:35 a.m. EDT and welcomed all Committee members, Trustees and others in attendance.

3.0. Public Comment

Committee Chair Hosseini reported that a notice was received from Mr. Huntley Johnson requesting to comment on governance and governance enhancement. Mr. Hosseini confirmed that Mr. Johnson was present and invited him to make his comment, noting that he was allotted five minutes as stated in the Board's bylaws.

Mr. Johnson made his comment and requested that the full text of his remarks be included in the record of this meeting and, as such, are incorporated in these minutes.

4.0 Overview of the Objectives and Process for the Governance Enhancement Initiative

Committee Chair Hosseini noted that at the September 2016 meeting of the Committee on Governance, and with the support of Board Chair Bill Heavener, he initiated a Governance Enhancement Initiative, as Chair of the Governance Committee. The objective was to enhance Board-level governance for UF and its affiliates, without interfering with effective and efficient operation and management of a \$5.5B enterprise. This dual objective is critical to the advancement of UF in its top 10 goals, and the effectiveness of the Board and President

A working group of Trustees--Len Johnson, Rahul Patel, David Thomas and Committee Chair Hosseini, with Board Chair Bill Heavener's participation, extensively reviewed existing governance practices; benchmarked against peer institutions—University of Michigan, The Ohio State University, Pennsylvania State University and University of Texas at Austin; considered ordinary operations, regularly undertaken by a \$5.5B enterprise, and considered where, above ordinary operations, Board involvement would be appropriate and feasible; and considered the most constructive and appropriate type of UF Board involvement for UF and its Affiliates, in developing a draft proposal.

Committee Chair Hosseini reported that the Committee on Governance favorably reviewed and provided input on the draft proposal and expressed support for its finalization in its meeting / conference call on March 10, 2017.

He further noted that the Board of Governors' Task Force on University Governance, led by Vice Chair Ned Lautenbach and staffed by General Counsel Vikki Shirley, favorably reviewed the thresholds reflected in the proposal at its meeting on January 30, 2017. These thresholds were incorporated into the Board of Governors' draft best practices guidance. Lastly, the BOG General Counsel favorably reviewed the final proposal prior to this meeting.

Committee Chair Hosseini next asked Trustee Rahul Patel and General Counsel Jamie Lewis Keith to review the proposal. He noted that Senior Vice President and Chief Operating Officer Charlie Lane was also present and thanked him for providing important operational insights

throughout the process. Committee Chair Hosseini thanked Board Chair Heavener for putting the working group together and thanked General Counsel Keith and Trustee Patel for their exceptional efforts in developing the proposal.

5.0 Overview and Discussion of the Proposal

Trustee Rahul Patel provided an overview of the proposal, noting that the standards will be reviewed every five years for good governance. He further commented that if an operational issue arises—or if experience reveals a gap in good governance—there is a commitment to promptly review the standards to make appropriate adjustments.

The proposal supports good governance of (a) UF, (b) UF Affiliates—meaning Direct Support Organizations and Practice Plans, and (c) Shands Entities. Thresholds for UF Board engagement are established for a wide range of UF and Affiliate matters—including business transactions and certain employment matters, among others.

Trustee Patel noted that the document “UF Governance Enhancement Standards—Quick Reference Summary” provides a concise listing of the many subjects covered and standards, without the additional requirements, exceptions and examples. The comprehensive document, “UF Governance Enhancement Standards,” provides a thorough listing of standards, additional requirements, exceptions and examples for implementation.

Trustee Patel reported that the Governance Enhancement Standards include a “catch-all” principle, calling for the UF President and Board Chair to confer and the Board Vice Chair to be notified, if any matter of UF, any Affiliate or any Shands Entity—beyond ordinary business matters and not covered by the specified standards—would be considered material to UF and/or an Affiliate or Shands Entity, including its resources or reputation, or would generate significant media attention. If the matter is determined to be significant, this will be followed by notice to the Trustees. Also if any matter is expected to generate significant media attention outside of the ordinary course, the UF President is expected to notify all Trustees. The BOT Chair and President are to collaborate over time to support their mutual understanding of this expectation, recognizing that there are judgments involved for both of them and that health, safety and operational exigencies may require priority responses before these communications.

It was noted that the UF Board Chair and Vice Chair may delegate some of their responsibilities to other Trustees, in consultation with the President—and the President may delegate to senior executives and managers with expertise in relevant areas. The type of UF Board engagement depends on whether UF, an Affiliate, or Shands Entity is acting—but the good governance and efficient operations objective is satisfied appropriately for all.

Vice President and General Counsel Keith continued noting that the Committee on Governance received a thorough briefing in connection with its March 10, 2017 meeting and all Trustees have had an opportunity to review the full proposal in detail. Trustees were provided a hard copy of the proposal in which there were three lined changes: 1) correcting a typo on page 4 and 2) the addition of a reference to Board of Governors’ approval being required on pages 5 and 7 relating to DSO P3 projects and UF Operating Budgets. Ms. Keith proceeded to go through highlights of how the standards apply to UF, Affiliates and Shands entities.

- The UF Board or a Board committee acts in most cases when UF triggers a threshold for facilities projects and change orders (Chart #2—Board approves project, Finance and Facilities Committee approves change order), goods and services (Chart #5—Governance Committee approves), appropriations and capital and operating budgets (Chart ##3 and 4—Board approves), real estate transactions (Chart #6—Board approves), debt (Chart #7—Board approves), and creation of new legal entities (Chart #14—Board approves).
- Specified UF President and VP employment actions (Chart ##8, 9, 10) require UF Board or UF Board Chair approval and information to the Governance Committee or require the UF President to confer in advance with the Board Chair and notify the Vice Chair. For example:
 - Hiring, firing and compensation of the President requires UF Board approval (compensation may be handled as provided in the approved contract)
 - UF President must obtain approval of the Board Chair (and inform the Governance Committee members annually) of all VP and any Executive Direct Report compensation (based on market data and the individual's accomplishments, and this must be done before finalizing hiring and before any change in compensation).
 - UF President must confer in advance with the UF Board Chair and notify the Vice Chair before firing any VP or an Executive Direct Report.

Ms. Keith noted that this level of Board involvement represents good governance, while recognizing the President is accountable for performance and must be able to assemble the team he thinks best to deliver. She continued with her presentation of highlights:

- Good governance and accountability safeguards are implemented to ensure the UF Board is well informed and appropriately engaged in a service capacity on behalf of Affiliate and its good governance—without diminishing the ability of the Affiliate, as a separate private tax-exempt legal entity, to act in commercial markets more facilely and competitively than UF.
- (Chart #1) The full UF Board must ratify on the Consent Agenda the UF Pres.' appointment of Board members to each Category 1 Affiliate Board and a UF Pres. appointee to each Practice Plan Board—on recommendation of the Governance Committee.
- (Chart ##7, 14, 2) The full UF Board must approve Affiliate debt, creation of new entities, requests for appropriations, amendment of articles of corporate organization-- and the UF Pres. must approve Affiliate bylaws changes, after the UF BOT Chair concurs and the BOT Vice Chair is notified.
- In most other cases where an Affiliate—meaning a DSO or Practice Plan--triggers a threshold, there is a requirement that the UF President must approve the action, after the Board Chair concurs and the Vice Chair is notified—or for the UF Pres. to approve the action after conferring with the Board Chair and notifying the Vice Chair. UF Trustees are then notified. For example:

- When thresholds are triggered, the UF BOT Chair must concur in the UF President's approval and the Vice Chair must be notified in advance for business transactions—facilities projects (Chart #2), capital budgets (Chart #3), goods and services transactions (Chart #5), real estate transactions (Chart #5).
- The UF President approves Affiliate operating budgets (Chart #4)—and the UF Board will now receive a chart of standardized budget information for all Affiliates soon after the end of the fiscal year (within 90 days).
- In keeping with the President's need to assemble the team that will deliver on his performance goals, on key employment decisions (hiring, firing and compensation of Affiliate CEOs [AD, UFICO CEO, Gatorcare President])—and on compensation of other key employees with entity-wide influence or comp. over a threshold [Football, Men's Basketball, and Baseball Coaches, and UFICO COO/investment leaders], there must be market justification and the UF President must approve after conferring with the BOT Chair and notifying the Vice Chair. Market justification must be finally approved in an IRS process for changes in comp. of the Affiliate CEO and specified employees with entity-wide influence.
- Advance notice to the UF President, Board Chair and Vice Chair, followed by notice to Trustees, is required to hire key non-CEO Affiliate employees [the Head FB and Men's BB Coaches and UFICO COO and lead investment staff], allowing for intervention but recognizing this is a decision requiring the expert CEO's judgment.
- Each Affiliate's Board is required to act for Affiliates—so most actions above a threshold level get attention from both the Affiliate Board and the UF Board.
- Shands Entities are not treated as generic Affiliates, and UF and Shands Entities that do not fundamentally change the character of the Shands Entities or the UF and Shands Entities relationship, which for 40 years has respected their separate entity status. Tailored practices are:
 - the UF Board must ratify all UF President appointments to each Shands Entity Board (which are all the seats—other than the CEO who is elected by the Shands Entity Board);
 - the UF Board also must approve creation of a new legal entity by a Shands Entity and amendment of any Shands Entity articles of organization, which is also required by the Shands statute;
 - Exhibit B sets out tailored requirements for Debt, as approved by the Board of Trustees on January 30.
 - advance communications are to occur with the UF Board Chair and Vice Chair regarding Shands Entities' facilities construction projects, goods and services agreements, and real estate transactions over thresholds.
- Specialized expert decisions on research, IP and investment transactions are made by the expert senior administrators. But if debt, a state appropriation request, or a new entity is needed—or if a facility project or real estate transaction over the threshold is required—the requirements applicable to those actions under the standards apply.
- Intra-UF family goods and services and real estate transactions are not subject to approvals, as they operate similarly to interactions among UF units (while maintaining legal status) as is important for operational efficiency. But all Affiliate real estate

transactions (including intra-family) over thresholds and all facilities projects over thresholds must be reported to the Finance and Facilities Comm. at its regular meetings. And all Affiliate facilities projects and real estate transactions are to be reported to a central UF record.

- All thresholds and approval requirements apply but, after getting approval, flexibility is provided on how projects and transactions are done. Practice plans continue to benefit from Shands purchasing power, to use Shands expertise and processes and to coordinate with Shands in clinical facilities projects and outside clinical goods and services. This is most cost efficient and supports integrated operations that are important for the full continuum of care (by the College of Medicine, practice plans and hospital).

Ms. Keith reiterated that these are highlights and that all Trustees have had the opportunity to review the full proposal in detail, including all requirements, exceptions and examples. She noted that Trustee Patel, other working group members, and she are available to answer questions.

6.0 Action Item

GV2. Governance Enhancement

Committee Chair Hosseini thanks President Fuchs for his support of the standards and for the steps his administration has taken to begin implementation. He also thanked the Working Group—Rahul Patel, Leonard Johnson and David Thomas—and Board Chair Heavener for his support. He noted that each Affiliate and Shands Entity Board will need to adopt the standards because they are separate legal entities, but the group has consulted with the leaders of many of the Category 1 Affiliates and Shands Entities and would expect their cooperation.

Committee Chair Hosseini noted that Action Item GV2 changes Trustee Patel to work with Affiliate and Shands Boards and management to facilitate understanding and implementation. GV2 recognizes that implementation will require some process changes and time for transition. It provides that implementation should be completed by December 31, 2017.

Committee Chair Hosseini asked for a motion to approve GV2 Governance Enhancement for recommendation to the full Board for its approval on the Consent Agenda, which was made by Trustee Brandon and for a second, which was made by Trustee Zucker. 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.

7.0 Adjourn

Committee Chair Hosseini adjourned the Committee meeting by consensus without objection at 11:00 a.m. EDT.

University of Florida Board of Trustees

1.0 Verification of Quorum of the University of Florida Board of Trustees

Vice President, General Counsel and University Secretary Jamie Lewis Keith verified a quorum of the Board of Trustees, with all Trustees present.

Board Members:

James W. Heavener (Chair), David L. Brandon, Mori Hosseini (Vice Chair), Leonard H. Johnson, Rahul Patel, Marsha D. Powers, Jason R. Rosenberg, Steven M. Scott, Nicole LP Stedman, Robert G. Stern, David M. Thomas, Susan D.C. Webster, Anita G. Zucker

2.0 Call to Order and Welcome

Board Chair Bill Heavener called the meeting to order at 11:01 a.m. EDT and welcomed all Trustees and those in attendance. Board Chair Heavener asked if there was any further discussion on the Governance Enhancement Proposal before he turned the Board's attention to the Consent Agenda. Chair Heavener thanked Vice Chair Hosseini and Trustees Johnson, Patel and Thomas for their work on the initiative.

3.0. Consent Agenda

GV2. Governance Enhancement

Board Chair Heavener asked for a motion to approve the Consent Agenda, which was made by Trustee Hosseini, and a second, which was made by Trustee Zucker. Chair Heavener asked for any further discussion, after which he asked for all favor of the motion and any opposed, and the motion was approved unanimously.

4.0 Adjourn

Board Chair Heavener adjourned the Committee meeting by consensus without objection at 11:02 a.m. EDT.



UNIVERSITY OF FLORIDA BOARD OF TRUSTEES' COMMITTEE ON GOVERNANCE
and
UNIVERSITY OF FLORIDA BOARD OF TRUSTEES

SPECIAL SESSION ON GOVERNANCE ENHANCEMENT INITIATIVE
MEETINGS AGENDAS
March 16, 2017

Beginning at 10:30 a.m. EDT, and continuing in the sequence noted below until
completed (~12:00 p.m. EDT, estimated)
President's Room 215B, Emerson Alumni Hall
University of Florida, Gainesville, FL

University of Florida Board of Trustees Committee on Governance

Committee Members:

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

- 1.0 Verification of Quorum of the Committee on Governance and Verification of Attendance
of Board of Trustees.....Jamie Lewis Keith, VP/General Counsel/University Secretary
2.0 Call to Order and Welcome..... Mori Hosseini, Committee Chair
3.0. Public Comment.....Mori Hosseini, Committee Chair
4.0 Overview of the Objectives and Process for the Governance Enhancement
Initiative.....Mori Hosseini, Committee Chair
5.0 Overview and Discussion of the Proposal.....Trustee Rahul Patel and
VP/General Counsel/University Secretary Jamie Lewis Keith
(All Trustees will participate in discussion.)
6.0 Action Item.....Mori Hosseini, Committee Chair
GV2. Governance Enhancement
7.0 AdjournMori Hosseini, Chair

University of Florida Board of Trustees

Board Members:

James W. Heavener (Chair), David L. Brandon, Mori Hosseini (Vice Chair), Leonard H. Johnson, Rahul Patel, Marsha D. Powers, Jason R. Rosenberg, Steven M. Scott, Nicole LP Stedman, Robert G. Stern, David M. Thomas, Susan D.C. Webster, Anita G. Zucker

- 1.0 Verification of Quorum of the University of Florida Board of Trustees.....Jamie Lewis Keith, VP/General Counsel/University Secretary

- 2.0 Call to Order and Welcome..... James W. Heavener, Chair

- 3.0 Consent Agenda.....James W. Heavener, Chair
GV2. Governance Enhancement

- 4.0 Adjourn.....James W. Heavener, Chair



**UNIVERSITY OF FLORIDA BOARD OF TRUSTEES AND
COMMITTEE ON GOVERNANCE
ACTION ITEM GV2
March 16, 2017 Special Session**

SUBJECT: Governance Enhancement

BACKGROUND INFORMATION

As part of its oversight and governance responsibilities, and appreciating the Board of Governors' (BOG) intent to require this endeavor of all state university boards, the University of Florida Board of Trustees' Committee on Governance has undertaken a Governance Enhancement Initiative to review existing board governance standards and determine any warranted enhancements, to support good governance of the University and its Affiliates (Direct Support Organizations, Practice Plans and their subsidiaries and owned affiliates). The initiative also has sought to appropriately enhance awareness of and support good governance by Shands Entities (Shands Teaching Hospital and Clinics, Inc., Shands Jacksonville Health Care, Inc., and Shands Jacksonville Medical Center, Inc.). The overall objective of the Governance Enhancement Initiative is to advance the University of Florida's stature and associated contributions through governance standards that foster good and appropriate Board governance, while also enabling the University President and his administration to operate and manage the University efficiently and effectively and to successfully pursue UF's priority goals.

With support and participation of Board Chair James W. Heavener, a Trustee working group led by Board Vice Chair and Committee on Governance Chair Mori Hosseini, and comprising Trustees Leonard Johnson, Rahul Patel, and David Thomas, undertook a governance planning process including benchmarking against UF peer institutions, extensively reviewing governance practices already in place, and developing a proposed Enhanced Governance Mission Statement and Standards Chart, which are attached to this Action Item. Input from Committee on Governance members is also incorporated.

The BOG appointed a university board governance task force, but waited to start work until the UF Trustee working group's proposal was developed to benefit from the work being done by UF. Recognizing that good governance and efficient operations of universities of different sizes, resources and scope of mission require different board approval thresholds and governance

practices, the BOG task force, led by BOG Vice Chair Ned Lautenbach and supported by BOG Chair Thomas Kuntz, favorably reviewed the UF Trustee working group's proposed approval and information thresholds as appropriate for a large, complex research university, which represents a \$5.5B annual enterprise. The UF Trustee working group's proposal is now being reviewed by the Committee on Governance with participation of the full Board of Trustees at a special session meeting, so that a Governance Enhancement Mission Statement and Governance Enhancement Chart of enhanced governance standards may be recommended by the Committee on Governance and adopted by the Board.

PROPOSED COMMITTEE AND BOARD ACTION

The Committee on Governance is asked to approve and recommend to the full University of Florida Board of Trustees for its approval as a Consent Action:

- (a) adoption of the attached Standards Document (Governance Enhancement Mission Statement, Principles and Chart of standards);
- (b) amendment of University of Florida Board of Trustees Resolution R07-37 (Presidential authorities) to conform with the Standards Document;
- (c) communication with each Affiliate governing board leadership and management, and with each Shands Entity's governing board leadership and management, requesting the board to implement the applicable standards and make associated amendments to its corporate Bylaws, as appropriate; and
- (d) in association with the request under (c), authorization and direction of Trustee Rahul Patel, acting in an executive capacity, to communicate and work with each Affiliate's governing board and administration leadership, as needed, to facilitate understanding and implementation.

The Committee on Governance and Board of Trustees are also asked to recognize that implementation of the enhanced governance standards by the University will require operational and process adjustments, and by Affiliates and Shands Entities will require their respective Boards' action, which will in turn require a reasonable implementation period. Implementation should be achieved by December 31, 2017. The University Board and Committee on Governance will receive updates to confirm progress and, ultimately, full implementation.

ADDITIONAL COMMITTEE CONSIDERATIONS

Board of Governors approval is not required. However, the thresholds in the attached standards were provided to the Board of Governors task force on university good governance, were included in the BOG's draft good governance guidelines, and were favorably reviewed at the task force's January 30, 2017 convening.

Supporting Documentation Included: See the proposed [Standards Document](#) (Enhanced Governance Mission Statement, Principles and Chart of standards), attached to this Action Item.

Submitted by: Mori Hosseini, Chair, Committee on Governance and Board Vice Chair

Approved by the University of Florida Board of Trustees, March 16, 2017

James W. Heavener, Chair

W. Kent Fuchs, President and Corporate Secretary

UF Governance Enhancement Standards

I. Mission, Overview, Principles

A. University of Florida Governance Enhancement Mission Statement

1. **Overarching Mission**: To advance the University of Florida's stature and associated contributions, as summarized below by the University of Florida Board of Trustees (BOT) at its December 2016 meeting, through governance standards that foster good and appropriate Board governance, while also enabling the University President and his administration to operate and manage the University efficiently and effectively and to successfully pursue UF's priority goals.

"As the highest priorities of the University, the University of Florida Board of Trustees enthusiastically affirms its Endorsement and Commitment (1) to the University's Top 10 Public Research University Goals, the UF Metrics That Matter to measure progress toward these goals, and the Plan for achieving these goals, as presented by President Fuchs and his team at the Board's November 3, 2016 Retreat; and (2) to the Board of Governors' Performance Funding Metrics; and (3) to the dashboards for tracking progress against the Metrics That Matter and the Performance Funding Metrics, as presented by Provost Glover and favorably reviewed by the Board; and (4) to working with dedication, and to supporting the President and Senior Administration in working with dedication, to achieve these priorities."

University of Florida Board of Trustees, December 2, 2016

B. University of Florida Governance Enhancement Principles

1. **Effectiveness/Feasibility**: The governance enhancement standards (standards) are not intended to interfere with efficient operations. There is an intent to promptly revisit any standard that causes issues in practice to see if a change is warranted. The standards would also be reviewed promptly if experience reveals any gaps in good governance practices, and will be reviewed every 5 years for good governance in any event.
2. **Catch-All**: If any additional transaction or other matter of UF, any Affiliate (Direct Support Organizations/DSOs and Practice Plans/PP) or any Shands Entity--beyond ordinary business matters and not covered by the specified standards--would be considered material to UF and/or an Affiliate or Shands Entity, including its resources or reputation, or would generate significant media attention, the UF President or designee is expected to confer with the BOT Chair and to notify the BOT Vice Chair; if determined significant, this will be followed by notice to the Trustees. Also if any matter is expected to generate significant media attention outside of the ordinary course, the UF President is expected to notify all Trustees. The BOT Chair and President shall collaborate over time to support their mutual understanding of this expectation, recognizing that there are judgments involved for both of them and that health, safety and operational exigencies may require priority responses before these communications.

3.10.17 (3.14.17—additional references to BOG requirements are lined)

3. **Delegation:** The UF BOT Chair and Vice Chair may delegate their roles under the standards to other Trustees, in consultation with the UF President. The UF President may delegate his roles under the standards to appropriate senior executives/managers with expertise in the relevant area (e.g., finance, construction).
4. **Shands Entities:** Shands Entities are not treated as generic Affiliates, and UF and Shands Entities have formulated good governance practices tailored for Shands Entities. **The objective is to increase information, without fundamentally changing the character of the Shands Entities or the UF and Shands Entities relationship that have resulted in an almost 40-year record of rating agencies, creditors and courts treating Shands Entities' and UF's/the state's assets, debts and liabilities as separate.** Tailored practices are: (1) related to Debt, see Exhibit B (previously approved by the UF BOT and reviewed favorably by the BOG and Cabinet) to the Full Chart of Governance Enhancement Standards & Approval or Communication Types (Full Standards Chart or Chart) and (2) enhanced communications with the UF BOT Chair and Vice Chair in advance of other major undertakings by Shands Entities leadership (see, e.g., Chart #2, #5, #6--advance communications with UF Board Chair and Vice Chair regarding Shands Entities' construction projects, goods and services agreements, and real estate transactions; Chart #7 and Exhibit B--good governance practices on Shands Debt; see also, Chart #1 and Exhibits A and B--on UF BOT ratification of UF Pres./designee's appointments to Shands Entities' boards; Chart #14—UF BOT approval of creation of a new entity by Shands; and principle 2 above--catch all).
5. **Effect of UF or Affiliate Involvement:** Whenever UF and/or Affiliate(s) are parties to a transaction (e.g., goods and services or real estate) that triggers an approval threshold under the standards—and an outside, non-UF family member is also a party—the relevant approvals must be obtained and advance notice provided as a prerequisite to UF and/or the Affiliate(s) entering into a binding contract or taking a binding action. Where a Shands Entity is also a party to such a transaction (of UF and/or Affiliate(s) with a non-UF family member), UF and/or the Affiliate(s) still must satisfy the approval and notice prerequisites to their respective participation, even though the standards call for the Shands Entity to only provide information in connection with its participation. Intra-UF-family goods and services and real estate transactions over a threshold are not subject to approvals under the standards, but must satisfy other requirements specified (Chart #5 and #6). These requirements include, e.g., reporting real estate transactions to a central UF record in advance, and reporting to the UF BOT Finance and Facilities Committee at its regular meetings. (“Intra-UF-family” means any combination of UF, Affiliate(s), and Shands Entit(ies).)

3.10.17 (3.14.17—additional references to BOG requirements are lined)

II. Full Chart of Enhanced Governance Standards & Approval or Communication Types* (Full Standards Chart or Chart) required before binding action

A: Full UF BOT approval

A/Gov.: UF BOT Governance Committee approval –or **A/FF:** UF Finance and Facilities Committee approval

B: UF Pres. approval (without BOT or Chair)

C: UF Pres. approval after UF BOT Chair concurs and UF BOT Vice Chair is notified

D: UF Pres. approval after conferring with UF BOT Chair and notifying UF BOT Vice Chair

E: UF Pres. and UF Trustee on Shands Entity Board/Member must vote in Shands Board majority for Shands Board action on debt to be effective

Information: To be given in advance to UF Pres., UF BOT Chair and Vice Chair

*When the UF Pres/BOT Chair must approve/concur in, confer on, or receive information about—or the UF BOT Vice Chair and Trustees are to receive notice respecting—an Affiliate matter, this is in their executive and service capacities in their role on behalf of the Affiliate to further its good governance. When the UF Pres. and/or UF BOT Chair and Vice Chair are to receive information from Shands Entities, this also is in their executive and service capacities for Shands Entities.

Advance concurrence of, conferring with, or information to the UF BOT Chair and advance notice to the Vice Chair are to be followed (but not necessarily before binding action) by notice to all Trustees (or presentation at a UF Board or committee meeting) even though not stated throughout. In receiving such notice, all Trustees act in their executive and service capacities. (These communications may be oral; that they occurred will be recorded.)

UF Pres./designee may provide approval by voting in favor as a member of an Affiliate Board, may approve in advance, or may ratify before an Affiliate Board vote becomes effective, as most convenient for the Affiliate.

UF Pres.’ vote in favor of an action on an Affiliate Board is UF Pres. approval.

See definitions and benchmarks at the end of the following Full Standards Chart:

Action	Type of Approval or Information	Additional requirements, exceptions
<p>1. (a) UF Pres. Appointments to UF Category 1 Affiliate Boards and the Shands Entities’ Boards</p> <p>(As of 3/17, UF Fnd, UF Research Fnd, UF Athletic Assoc., Boosters, UF Invest. Corp., UF Develop. Corp., Shands Entities)</p> <p>(b) Practice Plans will have a UF Pres. appointee.</p>	<p><u>A</u></p>	<p><u>Additional Requirements:</u> Appointees under 1 (a) and (b) begin serving upon appointment by the Pres., subject to UF BOT ratification on the Consent Agenda, with Gov. Comm. recommendation.</p> <p><u>Exceptions:</u> (a) UF Pres. appointment of a designee (e.g., UF SVP/COO) to</p>

3.10.17 (3.14.17—additional references to BOG requirements are lined)

		<p>serve on any Affiliate Board in lieu of UF Pres. where that is permitted in the Bylaws, or (b) UF Pres. appointment of 1 official from a list of officials (e.g., UF VP/CFO or SVP/COO) specified in Bylaws, or (c) UF Pres. appointments to Category 2 & 3 Affiliates --do not require BOT ratification (except that the UF Pres. appointee to each Practice Plan Board does require BOT ratification).</p>
<p>Newly Required Examples: (a) Ratification of UF Pres. appointments to Boards of UAA, Boosters, UF Fnd, UF Research Fnd, UF Investment Corp. UF Development Corp., Shands Teaching Hospital and Clinics, Shands Jacksonville Healthcare (parent of Jax hospital), Shands Jacksonville Medical Center, and UF Pres. appointment of a member of each Practice Plan Board require ratification. (See exceptions above.)</p>		
<p>Still Not Required Examples: (a) UF Pres. appointments to Category 2&3 Affiliate Boards, e.g., Alumni Assoc., Law Alumni Assoc., UF Historic St. Augustine, IFAS research DSOs, Practice Plans, do not require UF BOT ratification.</p>		
<p>2. (a) Capital Facilities Projects >\$2M (unless the specific >\$2M project is listed in a capital budget or in a projects line item in an operating budget that has already been approved by A for UF or C for Affiliates) or (b) Any Capital Project Needing New State Appropriation Request or (c) Any Energy Savings Contract (ESCo) or (d) Facilities Project of >\$2M Scope Change Oder Increasing GMP >10% or Needing New State Appropriation Request</p>	<p><u>UF—</u> A (whether publicly or privately funded) A/FF for Change Order <u>Affiliate—</u> C (if privately funded) or A (if Energy Savings Contract or if bonded or if needing a state appropriation request) <u>Shands Entities—</u> Information (threshold TBD at or above UF’s threshold)</p>	<p><u>Additional Requirements:</u> <u>UF:</u> (a) Quality discussion to occur -- including priority and funding options--at a regular or dedicated UF BOT/FF Comm. meeting before the BOT/FF Comm. meeting when approval is requested (and not just that meeting’s prep. call). (b) UF Pres./designee approves UF contracts (i) for BOT-approved projects (UF procurement/ bidding, standard forms apply) and (ii) for projects ≤\$2M. (b) BOG approval of UF Leg. Budget Request is also required. (c) By statute/BOG Debt Mgt Guidelines, UF Energy Savings Contract of any amount requires</p>

3.10.17 (3.14.17—additional references to BOG requirements are lined)

<p>--UF and Affiliate facilities projects over applicable thresholds are to be reported to the UF FF Comm. at its regular meetings.</p> <p>--Affiliates must notify UF SVP/COO, VP/Business Affairs, or UF Development Corp. in advance of all capital projects for a central UF record.</p>		<p>UF BOT approval; if >\$10M BOG approval is also required.</p> <p><u>Affiliates:</u></p> <p>(a) Affiliate Board must approve projects >\$2M (may do so in its budgeting process)</p> <p>(b) Affiliate CEO and UF VP/Bus. Affairs must approve contracts for approved projects.</p> <p>(c) UF procurement/bidding process must be followed and UF contract forms must be used.</p> <p>(d) However, for clinical facilities projects that are off campus (and not on UF BOT- or State of Florida- owned or leased property):</p> <p>Practice Plans may engage a Shands Entity and use its forms and procurement and project processes (rather than UF's) to leverage Shands' specialized clinical facilities development expertise, volume purchases, and administrative support infrastructure for quality, better pricing and lower cost for the Practice Plan.</p> <p>(e) All Affiliate Energy Savings Contracts require UF BOT and Affiliate Board approval as debt. (DSOs are already required by statute/BOG Debt Mgt Guidelines.)</p> <p>(d) DSO Energy Savings Contracts >\$10M also require BOG approval per statute and BOG Debt Mgt Guidelines.</p>
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3.10.17 (3.14.17—additional references to BOG requirements are lined)

		<p><u>(e) DSO P3 projects require UF BOT and BOG approval, when covered by BOG P3 regulations.</u></p> <p><u>Shands Entities:</u> (a) Shands budget processes apply.</p> <p>(b) See Exhibit A, p.4 re: Shands Jax Bylaws require the Jacksonville parent corp. chair (i.e., UF Pres./ designee) as chair or member to approve capital budget, along with the Shands Jax Entity Board.</p> <p><u>Exceptions:</u> <u>UF and Affiliates:</u> (a) Capital projects ≤\$2M that do not require a state appropriation request are approved by UF Pres./designee or Affiliate CEO/ designee</p>
<p><u>Newly Required Examples:</u> (a) A applies to privately funded UF projects >\$2M —e.g., Heavener Hall, Med. Ed.—and those with state appropriations—e.g., Chemistry—which were BOT-approved previously, but BOT will now have the opportunity for a robust discussion at a separate meeting before acting. (b) UAA FB Practice Facility, proposed FB, Baseball, Softball facilities would require C even if private donor-funded; would continue to require A if bond-funded or if state appropriation request is needed. (c) <u>Information is to be provided to the UF Pres., BOT Chair and Vice Chair by Shands Entities on their projects over a threshold (and if financed, Exhibit B debt requirements apply)—e.g., Cardiac/Neurology Hospital.</u></p> <p><u>Still Not Required Examples:</u> (a) Minor projects ≤\$2M do not require A (for UF) or C (for Affiliates) or <u>Information (from Shands Entities)-</u> e.g., replacement of an outdated HVAC system; minor projects to renovate/refresh office space (painting, flooring, lighting). (b) Studies/plans would not require A or C (if not providing project approval)—but under “catch all” a strategic plan material to UF or Affiliate, e.g., UAA \$100M facility plan, would require advance discussion between the UF Pres. and BOT Chair, with notice to the Vice Chair—Trustees would be notified or a presentation would be made at a BOT meeting.</p>		
<p>3. Capital Budget (stand-alone or as a category in operating budget)</p> <p>--Regardless of whether a capital budget approval threshold is triggered, an Affiliate Board may request and</p>	<p>UF—</p> <p style="text-align: center;"><u>A</u></p> <p>Affiliate—</p> <p style="text-align: center;"><u>C</u> (if >\$10M capital budget-- or applies regardless of size of budget if Affiliate</p>	<p><u>Additional Requirements:</u> <u>UF:</u> (a) BOG must also approve.</p> <p><u>Affiliate:</u> (a) Affiliate Board must approve capital budget of any amount, and may approve a project line</p>

3.10.17 (3.14.17—additional references to BOG requirements are lined)

<p>obtain C approval of its capital budget or a project line item in an operating budget that lists a project of >\$2M, in order to obtain approval of such listed >\$2M project as part of the Affiliate’s budgeting process in lieu of separately seeking project approval under #2.</p>	<p>seeks approval of listed individual project of >\$2M as part of the budgeting process, rather than project approval under #2)</p> <p style="text-align: center;">B</p> <p>(if >\$2M - ≤\$10M capital budget)</p>	<p>item in an operating budget (#4) or capital budget for miscellaneous minor projects (where each project is ≤\$2M) that are approved as part of the budget.</p> <p>(b) The nature of the UF approval—C or B—will depend on the size of the budget and whether a >\$2M project approval is sought.</p> <p><u>Shands Entities:</u></p> <p>(a) Shands budget processes apply.</p> <p>(b) See Exhibit A, p.4 re: Shands Jax Bylaws require the Jacksonville parent corp. chair (i.e., UF Pres./ designee) as chair or member to approve capital budget, along with the Shands Jax Entity Board.</p> <p><u>Exceptions:</u> N/A</p>
<p><u>Newly Required Examples:</u> (a) UAA FB training facility (\$60M), Baseball stadium extension/renovation (\$28.6M), Softball facility renovation (\$9.3M) would now require C for the project(s) (under #2) or C for a capital budget that is >\$10M or specifies any project >\$2M for approval (under #3) before binding action. (b) B is required for all Affiliate capital budgets of >\$2M to ≤\$10M (e.g., Gainesville COM Practice Plan’s FY17 capital budget of \$4.9M driven by Springhill; Jax COM Practice Plan FY17 budget of \$6M driven by North Jax Office Building); but if these projects are also listed in the budget for approval as part of the budget process, C would be required for the budget to approve any project of >\$2M (or the project must separately obtain C approval under #2).</p> <p><u>Still Not Required Examples:</u> (a) Florida Foundation Seed Producers \$574K FY17 capital budget for miscellaneous small projects ranging from \$2K for computers to \$50K for small grain cleaning equipment, to \$200K for land leveling, grading, and storage sheds would not require C (just Affiliate Board’s approval).</p>		
<p>4. Operating Budget</p> <p>--An Affiliate Board may request and obtain C approval of its facilities projects line item in its operating budget listing a >\$2M project, to obtain approval of such >\$2M project</p>	<p>UF—</p> <p style="text-align: center;">A</p> <p>Affiliate—</p> <p style="text-align: center;">B</p> <p>(generally)</p> <p style="text-align: center;">C</p>	<p><u>Additional Requirements:</u></p> <p><u>UF:</u> BOG approval is also required under BOG Reg. 9.007.</p> <p><u>Affiliate:</u> (a) Affiliate Board must approve operating budget</p>

3.10.17 (3.14.17—additional references to BOG requirements are lined)

<p>as part of the Affiliate’s budgeting process in lieu of seeking project approval under #2.</p> <p>--See Chart #2 and #3 regarding options for approval of a facilities project of >\$2M in the capital or operating budgeting process. See #3 regarding approval of miscellaneous minor projects (each <\$2M) in capital or operating budget line items.</p>	<p>(if the Affiliate seeks approval of a listed facilities project >\$2M as part of the budget process, rather than project approval under #2)</p>	<p>(b) UF Board will receive a table from UF Pres./designee (e.g., VP/CFO) with a standardized high level summary of all Affiliates’ operating budgets within 90 days after FY.</p> <p><u>Shands Entities:</u></p> <p>(a) Shands budget processes apply.</p> <p>(b) See Exhibit A, p.4 re: Shands Jax Bylaws require the Jacksonville parent corp. chair (i.e., UF Pres./ designee) as chair or member to approve operating budget, along with the Shands Jax Entity Board.</p>
<p>5. Goods and Services Transactions if Contract is (a) ≥\$10M total value & ≥\$2M/yr. av. (revenues in or payments due), or (b) >10 years & exclusive</p>	<p>UF—</p> <p style="text-align: center;"><u>A/Gov.</u></p> <p>Affiliate—</p> <p style="text-align: center;"><u>C</u></p> <p><u>Shands Entities—</u></p> <p style="text-align: center;"><u>Information</u></p> <p>(threshold TBD at or above UF’s threshold)</p>	<p><u>Additional Requirements:</u></p> <p><u>UF:</u></p> <p>(a) BOG Reg. 18.001 limits renewal and extension terms for UF contracts (≤1 yr. or longer extension to complete a new procurement process; longer of ≤5 yrs. or twice the original term for a renewal right in the contract)</p> <p><u>UF and Affiliates:</u></p> <p>(a) Renewal term requires A/Gov. (for UF) or C (for Affiliates) if—together with the initial term—the approval threshold is triggered.</p> <p>(b) However, if benchmarking per a to-be-BOT-approved IOM justifies renewal, the approval thresholds are applied to the renewal term on its own to determine if such approval is needed.</p> <p><u>Affiliates:</u></p> <p>(a) Affiliate Board or Affiliate Board Chair with advance notice</p>

3.10.17 (3.14.17—additional references to BOG requirements are lined)

		<p>to Affiliate Board Vice Chair (or other senior Board officer) must approve transactions over the threshold.</p> <p>(b) UF procurement principles are generally followed by Affiliates, with flexibility to adapt implementation. (E.g., for clinical goods and services, the coordination of equipment, supplies and services purchases across the clinical continuum (UF college clinical practice, Practice Plans, Hospitals) is important to optimize clinical care. Clinical integration needs justify coordination and uniformity of purchasing with Shands Entities to ensure efficient clinical operations.)</p> <p><u>Shands Entities:</u></p> <p>(a) Shands budget and procurement processes apply.</p> <p>(b) See Exhibit A, p.4 re: Shands Jax Bylaws require the Jacksonville parent corp. chair (i.e., UF Pres./ designee) as chair or member to approve goods/personal property acquisition and disposition over a threshold, along with the Shands Jax Entity Board.</p> <p><u>Exceptions:</u></p> <p><u>UF and Affiliates and Shands:</u></p> <p>(a) Intra-family (any combination of UF, Affiliate(s), Shands Entit(ies)) transactions do not require A or C approval (for UF or Affiliate) <u>or Information (from Shands).</u></p> <p><u>UF and Affiliates:</u></p>
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3.10.17 (3.14.17—additional references to BOG requirements are lined)

		<p>(a) UF Pres./designee approves transactions below the threshold.</p> <p>(b) Medicaid and Medicare contracts do not require A (UF) or C (Affiliate) approval.</p> <p><u>Affiliates:</u> (a) For clinical goods and services, Practice Plans also have opportunities to optimize cost and administrative efficiency across the clinical continuum (UF College/ Practice Plan/Hospitals). Practice Plans may engage a Shands Entity and use its forms and procurement and project processes (rather than UF’s) to leverage Shands specialized expertise, volume purchasing, and administrative support infrastructure for better pricing and lower cost for the Practice Plan.</p>
<p><u>Newly Required Examples:</u> (a) A/Gov. approval will now be required of transactions before UF enters binding contracts above threshold (e.g., Aramark/food service, Follet/bookstore, Pepsi, Sierra-Cedar/student academic support operating system, Pearson/On-line Ed, RTS Bus service). (b) When UF is a party to a transaction over the threshold with a 3rd party and/or an Affiliate (e.g., Pepsi contract), A/Gov (for UF) and C (for Affiliate) are required because such approval(s) are required for UF and/or Affiliate participation (whether or not Shands is also a party). (c) <u>If Shands is the sole UF family signatory of a contract over the TBD threshold with an outside 3rd party, Information is to be provided to the UF Pres., BOT Chair and Vice Chair.</u></p> <p><u>Still Not Required Examples:</u> (a) Routine goods and services transactions (software, consulting, office equipment, etc.) with contracts below the threshold do not require A/Gov (for UF) or C (for Affiliate) approval. (b) Intra-family (UF, Affiliate(s), Shands Entit(ies)) transactions do not require A/Gov approval (for UF) or C approval (for Affiliate) or <u>F information (from Shands)</u> (e.g., UF COM providing clinical/medical director services to Shands, Practice Plan services agreement to COM).</p>		
<p>6. (a) Real Estate Full Title, (b) Easements (grant) >25 yr. (except utilities, access near road), (c) Leases >10 yrs. or >50K sf or >\$10M NPV lease payments</p>	<p>UF— <u>A</u> Affiliate— <u>C</u> Shands Entities— <u>Information</u></p>	<p><u>Additional Requirements:</u> <u>UF and Affiliates:</u> (a) The UF BOT for UF (or BOT Chair for Affiliates) may delegate some otherwise required A or C approval –and/or require some kinds of transactions to be</p>

3.10.17 (3.14.17—additional references to BOG requirements are lined)

<p>--All UF and Affiliate, and all intra-family real estate transactions will be reported to UF SVP/COO in advance of binding action for central record-keeping. (Intra-family=among any combination of UF, Affiliate(s), Shands Entit(ies).)</p> <p>--Real estate transactions over applicable thresholds (A for UF or C for Affiliates)—and intra-family real estate transactions over the threshold (while not requiring approval)—will be included in a report to the UF FF Comm. at its regular meetings.</p>	<p>(threshold TBD at or above UF's threshold)</p>	<p>vetted—by the UFDC Board (UF DSO with specialized expertise).</p> <p><u>Affiliates:</u> (a) Affiliate Board must approve transactions over the threshold.</p> <p><u>Shands Entities:</u> (a) Shands budget and real estate processes apply.</p> <p>(b) See Exhibit A, p.4 re: Shands Jax Bylaws require the Jacksonville parent corp. chair (i.e., UF Pres./ designee) as chair or member to approve real estate transactions over a threshold, along with the Shands Jax Entity Board.</p> <p><u>Exceptions:</u> <u>UF and Affiliates and Shands:</u> (a) Intra-family transactions do not require A approval (UF) or C approval (Affiliate) <u>or Information (from Shands)</u>. But advance notice of all intra-family real estate transactions to UF SVP/COO is required for central record; and intra-family transactions over threshold are included in UF FF Comm. report.</p> <p><u>UF and Affiliates:</u> (a) UF Pres./designee approves easement acquisitions, and leases and easement grants below the thresholds.</p>
<p><u>Newly Required Examples:</u> (a) UF BOT approved the 50-yr. Duke Energy Easement grant due to state (not BOT) ownership of the land; now any easement grant >25 yrs. (other than utility/access near roads) will require UF BOT approval, even if UF BOT holds title and the state Internal Improvement Trust Fund would not require this. (Any non-easement, full title transaction, e.g., acquisition or disposition of forest land by IFAS, required UF BOT approval in the past and will continue to require that approval.) (b) C approval will now be required for the UF Foundation's (and other Affiliates', including Practice Plans') real estate full title transactions (e.g., Foundation acquisition of Kangaroo</p>		

3.10.17 (3.14.17—additional references to BOG requirements are lined)

property, Leonardo’s property, and 3 nearby parcels) and for easement grants and lease transactions over the relevant threshold.

Still Not Required Examples: (a) UF and Affiliate utility easement grants (e.g., along Archer Rd.), easement acquisitions, and leases ≤10 yrs **and** ≤50K sf **and** ≤\$10M NPV lease payments do not and will not require A approval (for UF) or C approval (for Affiliates) (e.g., Sunrise FL lease to UF for the Exec. MBA program/7K sf, 6 or 7 yrs., NPV Lease Payments below threshold; Foundation lease of Coral Gables Office property which is 5 yrs., 4K sf, and below the NPV Lease Payments threshold; Jacksonville Practice Plan lease from a private party to house College of Dentistry clinics—5K sf/~6 yrs., NPV Lease Payments below threshold). (b) Intra-family (any combination of UF, Affiliate(s), Shands Entit(ies)) transactions do not require A approval (for UF) or C approval (for Affiliates) or **F Information (from Shands)** (e.g., Shands making office space leases to UF Practice Plan for UF COM clinics) unless Florida Internal Improvement Trust Fund requires A approval for state- (not UF BOT-) owned land.

<p>7. Debt (including Energy Savings Contracts, P3 transactions)</p>	<p>UF— <u>A</u></p> <p>Affiliate— <u>A</u></p> <p>Shands Entities— <u>E / Exhibit B</u></p>	<p><u>Additional Requirements:</u> <u>UF and DSOs:</u> (a) BOG approval is also required unless excepted by BOG Debt Mgt Guidelines.</p> <p><u>Shands Entities:</u> (a) Shands debt processes apply. (b) See Exhibit A, p.4 re: Shands Jax Bylaws require the Jacksonville parent corp. chair (i.e., UF Pres./ designee) as chair or member to approve long-term debt, along with the Shands Jax Entity Board.</p> <p><u>Exceptions:</u> <u>UF and DSOs:</u> (a) BOG Debt Mgt Guidelines exceptions list some debt that requires A, but not BOG, approval.</p> <p><u>Shands:</u> (a) Exceptions to E are for fully collateralized temporary operating lines of credit for ordinary business, already approved budget line items, refinancing without extension of maturity date to realize debt</p>
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3.10.17 (3.14.17—additional references to BOG requirements are lined)

		service savings, intra-family non-recourse loans ≤\$20M/≤ 30 yrs.
<p>Newly Required Examples: (a) Practice Plan debt (including Energy Savings Contracts and P3) will require A. (DSO debt continues to require A.) (b) Exhibit B protocols now apply to Shands Entities Debt (e.g., for Cardiac and Neurology Hospitals).</p> <p>Still Not Required Examples: (a) Debt Mgt Guidelines exceptions to BOG approval for UF and DSO debt (e.g., for fully collateralized temporary operating lines of credit for ordinary business, already approved budget line items, refinancing without extension of maturity date to realize debt service savings, DSO non-recourse loans ≤\$20M/≤ 30 yrs.).</p>		
<p>8. Compensation of All UF VPs (whether direct report to the Pres. or not) & All UF Pres. Exec. Direct Reports (initial and when changed)</p>	<p>UF— <u>C</u></p> <p>(C here means BOT Chair concurrence—also can't finalize hiring unless BOT Chair concurs in initial comp.)</p>	<p>Additional Requirements:</p> <p>(a) market support for comp. is required, including consideration of individual accomplishments and contributions</p> <p>(b) BOT Vice Chair and Gov. Comm. members informed at least annually</p> <p>(c) (not a comp. issue) General Counsel is hired and fired by the Pres. but has an appropriate reporting relationship and ultimate accountability to the BOT as the University (per BOG governance standards).</p> <p>(d) (not a comp. issue) Chief Audit Exec. and Chief Compliance Officer report administratively to the Pres. (and also to the SVP/COO) and report functionally to the BOT (per BOG Reg. 4.002(5) & 4.003(5)).</p> <p>Exceptions: N/A</p>
<p>Newly Required Examples: (a) Gov. Comm. members to be informed at least annually of all VPs' and all Pres. Exec. Direct Report (e.g., Exec. Chief of Staff) comp. (BOT Chair concurrence continues to be a prerequisite.)</p> <p>Still Not Required Examples: (a) Compensation decisions for personnel below the organizational level of VP or Exec. Direct Report to the Pres. are made by the UF Pres./designee (e.g., Deans, Directors of areas, all other).</p>		
<p>9. Firing Any UF VP (whether direct report to the Pres. or not) or Exec. Direct Report to UF Pres.</p>	<p>UF— <u>D</u></p>	<p>Additional Requirements:</p> <p><u>UF:</u></p> <p>(a) UF regs. apply (BOT approves regs.)</p>

3.10.17 (3.14.17—additional references to BOG requirements are lined)

		<u>Exceptions:</u> N/A
<p><u>Newly Required Examples:</u> (a) Before any VP or any Exec. Direct Report (e.g., Exec. Chief of Staff) to the Pres. is fired (or non-renewed), D will occur (and UF’s BOT-approved regs. also apply). This would be done anyway but is now a requirement.</p> <p><u>Still Not Required Examples:</u> (a) Firing or non-renewing personnel below the organizational level of VP or Exec. Direct Report to the Pres. are made by the UF Pres./designee (e.g., Deans, Directors of areas, all others) and UF BOT-approved regs. apply.</p>		
<p>10. Hiring, Firing, Initial and Changed Compensation of (a) UF Pres. and (b) Affiliate CEO/Pres.</p>	<p>UF— <u>A</u></p> <p>Affiliate— <u>D</u></p> <p>Shands Entities— N/A (but see additional requirements in next column)</p>	<p><u>Additional Requirements:</u></p> <p><u>UF:</u> (a) BOG ratification of initial hiring and extension of appointment of UF Pres. is also required.</p> <p>(b) Pres. employment contract may determine initial comp. and provide formula for changed comp. Gov. Comm. & BOT may approve next year’s goals; Gov. Comm. may determine satisfaction of year-just-ending goals, dictating comp. going forward under contract formula.</p> <p><u>Affiliates:</u> (a) UF Pres. conferring with UF BOT Chair and notifying Vice Chair on CEO comp. is to confirm appropriate process to determine reasonability in the relevant market (for initial comp.—arms-length negotiation/market data/individual; and for total comp. on change—IRS rules process/individual).</p> <p>(b) Affiliate Board approves hiring, firing, and gives final approval of initial comp. of CEO. Affiliate Board or comp. committee gives final approval of total comp. as reasonable in the market upon a change.</p>

3.10.17 (3.14.17—additional references to BOG requirements are lined)

		<p>(c) The UF Pres. (since 2007 and with D now applying) is authorized to remove Affiliate CEO “for cause” or “unacceptable performance.”</p> <p><u>Shands Entities:</u></p> <p>(a) Shands processes apply. Shands Board hires, fires, CEO and follows IRS process to ensure reasonability of comp. in the relevant market. UF Pres./designee is on comp. committee. (See #1 re: appointment and ratification of Shands Entities’ Boards. Also, Shands Entity Pres. (highest ranking administrator) and/or Shands Board Chair, is the same individual as UF SVPHA (designee of UF Pres.) or is the UF Pres.)</p> <p>(b) See Exhibit A, p.4 re: Shands Jax Bylaws require the Jacksonville parent corp. chair (i.e., UF Pres./ designee) as chair or member to approve election and removal of CEO, along with the Shands Jax Entity Board.</p> <p><u>Exceptions:</u></p> <p><u>Affiliates:</u></p> <p>(a) UF Pres. conferring with UF BOT Chair before approving comp. is not to judge the specific amount of comp., but is to confirm that an appropriate process is being followed to determine that the amount is reasonable in the relevant market (for which the IRS has created good practice rules, including market assessment, that substantively make sense in any event).</p>
<p><u>Newly Required Examples:</u> (a) D required for hiring, firing, initial and changed compensation of Affiliate CEO (UAA CEO/AD, UFICO CEO, Gatorcare Pres.)</p>		

3.10.17 (3.14.17—additional references to BOG requirements are lined)

<p>Still Not Required Examples: (a) D is not to determine specific compensation of an Affiliate CEO, provided it is within the relevant market reasonable range, as determined by the appropriate process.</p>		
<p>11. Hiring, Firing of Affiliate Other “Disqualified Person” (not CEO)</p> <p>(senior exec. with institution-wide effect/influence or compensated primarily by revenues from an area s/he controls--see notes at end for IRS definition)</p>	<p>Affiliate—</p> <p>Advance notice to UF Pres., BOT Chair and Vice Chair is required</p>	<p>Additional Requirements:</p> <p>Affiliate:</p> <p>(a) Purpose of notices is to provide heightened awareness/accountability (e.g., opportunity to ask questions)—not to second guess expert judgment of Affiliate CEO on qualifications/fit.</p> <p>(b) Affiliate CEO decides, but must give advance notices.</p> <p>Exceptions:</p> <p>Affiliate:</p> <p>(a) This standard doesn’t apply to hiring or firing of an Affiliate employee who is not a Disqualified Person. That is Affiliate CEO’s decision.</p>
<p>Newly Required Examples: (a) Advance notice to the UF Pres., UF BOT Chair and Vice Chair is required for the hiring/firing of Head FB and Men’s Basketball Coaches by UAA/AD. (Advance notice now is required for hiring/firing of other Disqualified Persons (not CEO) by all Affiliates’ CEOs, e.g., when the UFICO CEO hires/fires its COO and some investment leadership staff.)</p> <p>Still Not Required Examples: (a) The Affiliate CEO hires/fires other personnel (e.g., coaches other than Head FB and Men’s Basketball). (UAA has many subsidized sports; this is highly operational; accountability is through AD whose hiring/firing by the UF Pres. does require conferring with UF BOT Chair and notifying Vice Chair in advance—per #10.)</p>		
<p>12. Initial Total Compensation and Upon Change Total Compensation with Change of</p> <p>(a) Affiliate other Disqualified Persons (not CEO) (regardless of comp. amount) and</p> <p>(b) Any Other Affiliate Employee with \geq\$1M/yr. av. comp.</p>	<p>Affiliate—</p> <p>D</p>	<p>Additional Requirements:</p> <p>(a) For Disqualified Persons regardless of amount of comp.: Affiliate CEO decides initial comp., with D applying, based on arms-length recruitment, market data/individual for initial comp.; and total comp. is subject to Affiliate Board or Comp. Comm. final reasonability in the relevant market determination upon a change in comp. per IRS rules. (Conferring is to confirm appropriate process for reasonability in the market.)</p> <p>(b) For other employees who have \geq\$1M/yr. av. comp:</p>

3.10.17 (3.14.17—additional references to BOG requirements are lined)

		<p>Affiliate CEO decides comp., with D applying, based on arms-length negotiation initially and relevant market data/individual initially and upon change</p> <p><u>Exceptions:</u> <u>Affiliate:</u></p> <p>(a) UF Pres. conferring with UF BOT Chair before approving comp. is not to judge the specific amount of comp., but is to confirm that an appropriate process is being followed (as provided above) to determine that the amount is reasonable in the relevant market</p> <p>(b) This standard doesn't apply to compensation of an Affiliate employee who is not a Disqualified Person and who does not earn \geq\$1M/yr. on av.</p>
<p><u>Newly Required Examples:</u> (a) UF Pres. approval, after conferring with the UF BOT Chair and notifying the Vice Chair, is now required for comp. of (i) UAA/ Head FB and Men's Basketball Coaches, UFICO COO and some UFICO investment leadership staff (Disqualified Persons); and (ii) UAA Baseball Coach (employee with \geq\$1M/yr. av. comp.). For change in compensation, the final Affiliate Board or comp. comm. determination is required.</p> <p><u>Still Not Required Examples:</u> (a) Compensation of other personnel by Affiliate is Affiliate CEO decision.</p>		
<p>13. Research and IP Agreements</p>	<p>UF—</p> <p>B (generally)</p> <p>A (for any required outside debt or creation of a new entity or request for new appropriation)</p> <p>A (for facilities construction or real estate transaction over applicable threshold)</p> <p>Affiliates— Affiliate CEO approves</p>	<p><u>Additional Requirements:</u> <u>UF:</u></p> <p>(a) Research conflict and IP regs. approved by UF Board (as has been the case).</p> <p>(b) As endorsed by BOG, UF Pres./designee approves most research and IP agreements, as well as temporary internal financing from a UF sponsored research fund to begin work under cost reimbursable research awards (common in research). These bring resources to UF, require specialized expertise, advance core mission.</p>

3.10.17 (3.14.17—additional references to BOG requirements are lined)

	<p>(generally)</p> <p>But A (for any required Affiliate outside debt or new entity creation or request for new appropriation)</p> <p>But C (for any required Affiliate facility construction or real estate transaction above applicable threshold)</p>	<p>Special funds are intended for research (indirect cost recovery, private donations and clinical revenues available for research, appropriated funds authorized or budgeted for research, and interest on these).</p> <p><u>Affiliate:</u> (a) Affiliate CEO/designee approves research and IP agreements using Affiliate funds.</p> <p><u>Exceptions:</u> <u>UF & Affiliate:</u> (a) A is required for outside debt or creation of a new entity or request for new appropriation. (b) A (for UF) or C (for Affiliate) is required for facility construction or real estate transaction over threshold.</p>
<p><u>Newly Required Examples:</u> (a) A applies to outside debt or creation of new entity for UF, UFRF, IFAS research entities (as has long been the case), and A (for UF) or C (for UFRF or IFAS research entities) applies to facilities construction, if thresholds are triggered for these actions (e.g., A for Clinical and Translational Research facility).</p> <p><u>Still Not Required Examples:</u> (a) Sponsored research agreements not binding UF or Affiliate to debt, to UF or an Affiliate creating a new entity, or to construction or a real estate transaction over the threshold (most sponsored research agreements).</p>		
<p>14. (a) Creation of New Entity, Affiliate, Subsidiary, Merger (Involves control or ownership interest. N/A to collaboration-style affiliation agreements)</p> <p>(b) Amend Affiliate’s or Shands’ Entity’s Corp. Articles of Organization</p> <p>(c) Amend Affiliate’s Bylaws</p>	<p><u>UF—</u></p> <p>A Create New Entity, Affiliate, Subsidiary, or Merger</p> <p><u>Affiliate—</u></p> <p>A Create New Entity, Affiliate, Subsidiary, or Merger, or Amend Affiliate Articles</p> <p>C Amend Affiliate Bylaws</p> <p><u>Shands Entities—</u></p> <p>A</p>	<p><u>Additional Requirements:</u> <u>Shands Entities:</u> (a) Shands processes apply. (b) See Exhibit A, p.4 re: Shands Jax Bylaws require the Jacksonville parent corp. chair (i.e., UF Pres./ designee) as chair or member to approve merger and amendments of Articles and Bylaws, along with the Shands Jax Entity Board.</p> <p><u>Exceptions:</u> <u>UF and Affiliates and Shands:</u></p>

3.10.17 (3.14.17—additional references to BOG requirements are lined)

	Create New Entity, Affiliate, Subsidiary, or Merger or Amend Shands Entity Articles	(a) Collaboration-style affiliation agreements do not require A.
<p>Newly Required Examples: (a) Creation of Ocala/Villages LLC co-owned by UF COM Practice Plan and Shands requires A. (This has been the practice, but is now required, and was required by amended Shands statute.) (b) Amend Affiliate or Shands Articles requires A. (Shands statute requires this.)</p> <p>Still Not Required Examples: (a) Customary research, education, or clinical collaboration agreements among UF and other institutions for collaborative endeavors, with neither party assuming legal partner/owner liability.</p>		
<p>15. Investments</p> <p>(a) Investment decisions are made by UFICO experts under policies established by an expert UFICO Board on which the UF BOT Chair or Vice Chair (or more expert other Trustee) serves and (b) Transactions of entities in which UFICO or its affiliate invests (via stock/equity, limited partner or non-managing member interest, fund investment or equivalent investment manager investing an account, and the like)—are not UFICO transactions and are not subject to the standards in this Chart.</p>	<p>UF—</p> <p>A</p> <p>(for investment policy for operating funds in excess of those required to meet current expenses, IOM 06-15, implementing 1011.42 Florida statutes)</p> <p>UFICO—</p> <p><u>Reports to UF BOT Fin./Fac. Comm. required at all regular meetings.</u></p> <p>(Also see next column for approvals of non-investment UFICO actions.)</p>	<p><u>Additional Requirements:</u></p> <p><u>Affiliate:</u></p> <p>(a) UF Pres. appointments to UFICO Board are subject to A (#1), which ensures its Directors are (i) top investment experts, (ii) representatives of UF and key Affiliates, and (iii) the UF Board Chair or Vice Chair or more expert other UF Trustee. (See Exhibit A)</p> <p>(b) UFICO CEO/designee must report (and does) to UF Finance and Facilities Committee at each regular meeting.</p> <p>(c) Hiring, firing, compensation of UFICO CEO requires D (#10).</p> <p>(d) UF Pres. may discharge UFICO CEO for “cause” or for “unacceptable performance” after conferring with UFICO Board or Chair/Vice Chair (as is the case with other DSOs) and D applies too.</p> <p>(e) UFICO goods and services transactions [e.g., investment advisor contract if over the threshold] are subject to C (#5).</p> <p>(f) UFICO leases or purchase/sale of real property [e.g., of facilities for UFICO’s offices] are subject to C (#6).</p>

3.10.17 (3.14.17—additional references to BOG requirements are lined)

		<p>(e) Any UFICO direct bonding or direct debt [e.g., for UFICO facilities/equipment] is subject to A (#7).</p> <p><u>Exceptions:</u> (a) UFICO CEO/designee makes investment decisions under UFICO Board policies and Information does not apply. (But reports are made to the UF BOT FF Comm.)</p>
<p><u>Newly Required Examples:</u> (a) If UFICO enters into an investment advisory contract over the goods and services threshold in #5 or enters an office lease over the threshold in #6, C is required. Hiring, firing and comp. of UFICO CEO is subject to D under #10.</p> <p><u>Still Not Required Examples:</u> (a) Investment decisions are made by UFICO CEO/designee under UFICO Board policies. Transactions of entities (e.g., REIT or fund) in which UFICO or its affiliate invests are not UFICO transactions under this Chart.</p>		
<p>16. Legal/Admin. Enforcement Claims Settlements</p>	<p>UF and Affiliate—</p> <p>B (Settlement of Claims ≤\$750K)</p> <p>D (Settlement of Claims >\$750K to ≤\$1M)</p> <p>C (Settlement of Claims >\$1M)</p>	<p><u>Additional Requirements:</u></p> <p><u>UF:</u> BOG governance principles included these thresholds</p> <p><u>Affiliate:</u> (a) Affiliate Board Chair also must confer on claim >\$750K and concur in settlement of claim >\$1M</p> <p><u>Exceptions:</u> N/A</p>
<p><u>Newly Required Examples:</u> (a) UF Pres. or GC confers with BOT leadership and informs all Trustees of the rare major settlements. Now specific dollar thresholds are established.</p> <p><u>Still Not Required Examples:</u> (a) Medical malpractice claims are handled by the Self Insurance Program which statutorily reports to the BOG and has UF senior health affairs and legal experts on its board.</p>		

Definitions:

6. **“Unacceptable performance”** (since 2007, allowing the UF President to remove the Affiliate CEO, since 2017, after conferring with the UF BOT Chair and notifying the Vice Chair) means a persistent failure to fulfill duties of the position to high standards and in a manner that serves

3.10.17 (3.14.17—additional references to BOG requirements are lined)

the best interests of the Affiliate and the University, as determined by the University President after consulting with the Affiliate Board or its authorized designee acting as a senior executive of the Affiliate.

7. **“For cause”** (since 2007, allowing the UF President to remove an Affiliate Board member, since 2017, after conferring with the UF BOT Chair and notifying the Vice Chair) means actions or omissions that may adversely reflect on the interests or reputation of the Affiliate or the University, as determined by the University President after consulting with the Affiliate Board or its authorized designee acting as a senior executive of the Affiliate. Any such determination may be made by the University President at any time and need not depend on the conclusion of any external determination or process.
8. **“Disqualified Persons”** are those whose total compensation by a tax-exempt private entity must be approved by the Board or an authorized compensation committee, and shown not to be an “excess benefit” to the individual Disqualified Person under IRS rules. The compensation must be reasonable in the market in relation to the value received by the entity, as demonstrated by assessing its comparability to the compensation of similar positions in scope and character of responsibility at peer institutions, as well as the accomplishments and expected contributions of the individual. Disqualified Persons are--
 - a. CEO or COO function (position, regardless of title, with ultimate responsibility for implementing Board decisions or supervising management, administration, or operations of the entity),
 - b. CFO or Treasurer function (position, regardless of title, with ultimate responsibility for managing entity finances),
 - c. Board Chair (if compensated);
 - d. any title having substantial influence entity-wide (facts and circumstances test)—e.g.,
 - anyone in charge of an area or activity representing a substantial portion of the activities, assets, income, or expenses of the entity,
 - anyone who contributes >2% of total gifts/bequests to the entity in a year,
 - the entity founder,
 - anyone who receives compensation primarily based on revenues from activities within the individual’s control,
 - anyone who has authority to control or determine a substantial portion of the entity’s capital expenses, operating budget, or employee compensation, and
 - anyone who has a controlling vote.

(Coaches in sports that must be subsidized and do not generate significant net revenues or expenses--as compared with Football, Basketball, other activities that do generate significant net revenues or expenses--are not Disqualified Persons.)

2. Benchmarks:

a. Construction Project Benchmarks

3.10.17 (3.14.17—additional references to BOG requirements are lined)

- **Ohio State** Board approves any project of \geq \$4M total project and Pres., Sr. Admin. approves $<$ \$4M.
- **Penn State** Board approves any project of \geq \$5M total project and Sr. Admin. approves $<$ \$5M.
- **Michigan** Board approves construction projects of $>$ \$1M. and Sr. Admin. approves \leq \$1M.
- **Texas** Board approves a Capital Improvement Plan and Budget and projects not in the Plan/ Budget that are \geq \$10M, debt financed, or architectural significant.

b. Vendor/Service Agreement Benchmarks

- **Ohio State, Univ. of Michigan, and Penn State** do not impose caps on Pres./Sr. Admin. for purchasing goods and services, although Penn State has a \$1M limit on some sub-delegation (which is N/A to master agreements that do not require committing the university to purchasing a volume).
- **Texas** is subject to a \$2.5M limit, which is going to be increased to \$5M for university level approval, above which the Board approves.
- **UF** reviewed its and Affiliates' major contracts and confirmed the threshold in the Governance Enhancement Chart captures them.

c. Benchmarks for Real Estate Transactions

- **Ohio State** Board approves (1) Realty Purchase/Sale (except easements \leq 25 yrs or roadway); (2) Easements (grant) $>$ 25 yrs. (except roadway easements and renewals for like term); (3) Leases with NPV lease payments $>$ \$10M.
- **Michigan** Board approves (1) Realty Purchase/Sale (except easements) (but sale of donated realty outside of main campus locale is approved by Pres., Sr. Admin. with a report to the Board); (2) No Easements (all Easements are approved by Pres., Sr. Admin.); (3) Leases $>$ 50K sf and $>$ 10 yrs or leasehold improvements $>$ \$1M.
- **Penn State** Board approves (1) Realty Purchase/Sale \geq \$1M, except sale of realty of $<$ \$3M gifted for the purpose of sale is approved by Pres./Sr. Admin. with report to Board
- **Texas** Board approves (1) Realty Realty Purchase/Sale & Easements $>$ \$2.5M; (2) Leases NPV $>$ \$2.5M.

d. Benchmarks for Research Agreements and Creating New Entities

- **Ohio State, Michigan, Penn State, Texas** do not require Board approval of research and IP agreements but do require Board approval of IP policy

Ohio State, Michigan and Texas require Board approval to create a new company/joi

Category One Affiliate Boards: Composition and Appointment Authority

1. **University of Florida Foundation (DSO)** *(UF does not control the Board by voting seats, but does control important decisions via Bylaws requirement that specified Priority Actions must be ratified by the UF President to be effective.)*
 - 13 Ex officio Directors of the Executive Board:
 - 1 Appointee of the UF Board Chair or UF President
 - UF President or designee
 - 2 Appointees of the UF President
 - Chair of Deans/Directors Development Council
 - Immediate Past Foundation Chair
 - Chairs of 7 Board Committees
 - Up to 15 Elected Directors of the Executive Board: Elected by the Executive Board, all of whom are first nominated by a Board Nominating Advisory Committee (which also nominates and the Executive Board elects the Chairs and Vice Chairs of all Board committees). Nominees must be confirmed by the UF President before standing for election. Nominees are presented to and elected by the Executive Board on a slate.
 - Executive Board is the fiduciary board.
 - There is also a non-fiduciary National Board, whose members are the Executive Board members, ex officio, plus members and life members elected by the Executive Board based on specified criteria and nominations by the Board Nominating Advisory Committee. National Board members are ambassadors for the University and build relationships with donors and prospective donors, and fundraise.
2. **University Athletic Association, Inc. (DSO)** *(UF controls the Board by voting seats—Per NCAA institutional control rule, UF President must be final decision-maker.)*
 - 8 Ex Officio Members
 - 1 UF Trustee or Former Trustee appointed by the UF President in consultation with the UF Board Chair
 - UF President
 - UF Faculty Athletic Representative
 - Chair, Intercollegiate Athletic Committee (also a faculty member)
 - President, Gator Boosters, Inc., or designee
 - Immediate Past President, Gator Boosters, Inc., or designee
 - 7 Members Appointed By the UF President
 - 3 members of the University of Florida Alumni Association, Inc.

Exhibit A

- 2 UF faculty members
 - 2 UF students (1 is typically the SG President and 1 must be a student athlete)
3. **Gator Boosters, Inc. (DSO)** *(UF does not control the Board.)*
- 9 Ex Officio Directors
 - UF President
 - UF Board Chair or designee
 - President of Gator Boosters, Inc.
 - President-elect of Gator Boosters, Inc.
 - UF VP for Advancement
 - President of the F-Club
 - President-elect of the F-Club
 - 2 Representatives of Women’s Athletics
 - 9 Boosters President Appointees
 - Unlimited Legacy Directors and Distinguished Directors (elected by the Executive Committee for life)
 - Unlimited Past Presidents of Boosters who are members
 - 35 Elected Directors (elected by the Board)
 - 24 At-Large from members of Gator Boosters, Inc
 - 8 Florida District Directors . (nominated by the Nominating Council appointed by the Boosters President and presented to the Boosters President—any member with a sufficient petition may add nominees)
 - 3 Outside Florida District Directors (nominated by the Nominating Council appointed by the Boosters President and presented to the Boosters President—any member with a sufficient petition may add nominees)
 - 5 Executive Committee Members--may conduct all affairs of the Corporation on behalf of the Board
 - Boosters President
 - Boosters President-elect
 - Boosters Immediate Past President
 - UF President
 - UF BOT Chair or designee
4. **University of Florida Research Foundation, Inc. (DSO)** *(UF controls the Board by voting seats.)*
- 7 Ex Officio Directors
 - UF Provost/SVP
 - UF VP/Research

- VP/Business Affairs
 - UF SVP/Health Affairs
 - UF SVP/Agriculture and Natural Resources
 - Dean, Engineering
 - Dean, Liberal Arts and Sciences
 - UF President or designee (must be senior UF official reporting to the President)
 - UF Trustee or Former Trustee appointed by the UF President or UF BOT Chair
 - 3 Elected Directors (nominated by the UF President and elected by the UFRF Board)
5. **Shands Teaching Hospital and Clinics, Inc. (1004.41; not DSO)** *(UF appoints and removes the Board members.)*
- 5-6 Category One Directors/Ex Officio (all appointed by the UF President or designee)
 - Chairman of the Corporation (UF President or designee)
 - UF SVP/Health Affairs (also Vice Chairman of the Corporation)
 - Dean, UF College of Medicine
 - CEO of the Corporation
 - 1 UF Trustee
 - UF President (if not Chairman)
 - 3-5 Category Two Directors/UF Faculty Members (≥ 4 of whom must be on staff at the Hospital)(CEO proposes a slate in consultation with and considering recommendations of the UF SVP/Health Affairs and Dean/COM—but UF President may appoint whomever s/he chooses)
 - 7-9 Category Three Directors/Citizens of Florida (≤ 1 may be a UF employee; UF President appoints)
6. **Shands Jacksonville Healthcare, Inc. (1004.41; Parent Corp. for Shands Jacksonville Medical Center, Inc./Hospital; not DSO)** *(UF appoints and removes the Board members)*
- Sole Member (like a stockholder for nonprofit corp.): UF President or designee
 - 5 Category One/Ex Officio Directors
 - Chairman of the Corporation (UF President or designee)
 - UF COM/Jacksonville Dean
 - UF SVP/Health Affairs
 - 1 UF Trustee or BOT representative (designated by UF President)
 - CEO of the Corporation
 - 3-5 Category Two Directors/Medical Staff (≥ 3 of whom must be UF COM/Jax Faculty—all are appointed by the Chair)

- 5-9 Category Three Directors/Citizens of Florida (none may be UF or Corporation employees—all are appointed by the Chair, but 1 may be nominated by the Jacksonville Mayor and preference is to be given to residents of the Corporation’s service area)
 - Designated Priority Actions are effective only if Chair and Board of Corporation approve—applies to actions taken for Shands Jacksonville Healthcare, Inc./Parent Corp. **and** when acting as the member of Shands Jacksonville Medical Center, Inc./Subsidiary/Hospital Corp. (so the subsidiary/hospital can’t take these actions without the UF President or designee approving):
 - Operating and Capital Budgets
 - Merger, Dissolution, Disposition of All/Substantially All Assets
 - Acquisition of Realty or Personalty outside of an approved budget with an annual economic obligation >\$500K—or Disposition if FMV, net book value or annual economic value >\$500K
 - Long Range Strategic Plan
 - Long Term Debt
 - Election, Removal of CEO
 - Amendment of Bylaws or Articles
7. **Shands Jacksonville Medical Center, Inc. (1004.41; Hospital; not DSO; Subsidiary of Shands Jacksonville Healthcare, Inc.)** *(UF appoints and removes the Board members)*
- Sole Member (like a stockholder for nonprofit corp.): Shands Jacksonville Healthcare, Inc. (which acts as member through its Member, the UF President or designee)
 - Directors are the same as those on the Shands Jacksonville Healthcare, Inc. Board, but 1 may be nominated by the Jacksonville Mayor)
 - Designated Priority Actions are effective only if Member of Corporation approves:
 - Operating and Capital Budgets
 - Merger, Dissolution, Disposition of All/Substantially All Assets
 - Acquisition of Realty or Personalty outside of an approved budget with an annual economic obligation >\$500K—or Disposition if FMV, net book value or annual economic value >\$500K
 - Long Range Strategic Plan
 - Long Term Debt
 - Election, Removal of CEO
 - Amendment of Bylaws or Articles
8. **University of Florida Investment Corporation (DSO)** *(UF appoints the Board members and may remove them for cause.)*
- 6-13 Total Directors (with number decided by the Board of Directors)

Exhibit A

- 4-5 Ex Officio Directors
 - UF President or designee
 - UF VP/Business Affairs or designee (is the VP/CFO)
 - UF VP/Advancement
 - Designee of Shands Teaching Hospital and Clinics, Inc.
 - 1 UF Trustee (if not otherwise appointed), designated by UF President/BOT Chair
 - Rest, Appointed Directors (all appointed by the UF President, except 1 appointed by the UFICO Board Chair)
9. **University of Florida Development Corporation (DSO)** *(UF controls the Board by voting seats.)*
- 3-5 Directors Total (with the number decided by the UF President in consultation with the UFDC Board), and 1 is to be designated by the UF President as Chair
 - 3 Ex Officio Directors
 - 1 UF Trustee (designated by UF President)
 - UF President or designee
 - 1 Director, Officer or Employee of Shands Teaching Hospital and Clinics, Inc.
 - Rest/Community Directors, Appointed Directors (all appointed by UF President)

Note: Under UF Governance Enhancement Standards, UF President appointees will begin serving upon appointment but must be ratified by the UF BOT on its Consent Agenda, on recommendation of the UF Board Committee on Governance.

Enhanced UF Board of Trustees Engagement (EBT)

- Before the UF President or designee's appointment of a UF Trustee or other director to each Shands Entity Board becomes effective, the UF Board must ratify the appointment, with recognition of the responsibilities (outlined below) that the UF Trustee will have as a member of the Shands Entity Board regarding prudent decisions on its debt.
- For informational purposes, the UF President shall inform the UF Board Chair and Vice Chair before a vote on debt and the UF President or his or her designee will then inform each UF Trustee, including by providing a copy of the completed debt form; while this information is expected, it shall not be a condition to the effectiveness of the UF President's vote on such debt.

Enhanced Shands Process & Procedures (ESP)

- Each Shands Entity's Bylaws will include the following provisions:
 - The UF President and the UF Trustee serving on the Shands Entity Board, in their respective capacities as a Director or the Member of each Shands Entity or its parent corporation, must vote in the majority of the Shands Entity Board approving debt (whether as a budget line item or as a separate action) in order for that approval to become effective.
- Each Shands Entity, on at least a biannual basis, will include as part of its regular financial reporting, a section on its debt and any changes since the last report. This financial reporting including on debt, and all rating agency reports, will be provided to all members of the Shands Entity Board (including the UF President and UF Trustee). Shands Entity financial reports and rating agency reports have long been provided to UF's Chief Financial Officer as part of the financial reporting process.

Framework for Decision Making Consistent with State Level Due Diligence

- For ease of understanding, as part of its debt approval process, each Shands Entity will adopt and use forms that are substantively the same as applicable portions of the forms used by the Board of Governors, University, and Division of Bond Finance for data and analysis of proposed debt. The completed forms will be provided to the entire Shands Entity Board (including the UF President and UF Trustee) for consideration prior to taking action on a request to approve debt.

Exhibit B Shands Debt

- The UF President will share Shands Entities' financial reports (including debt) and rating agency reports with the UF Board of Trustees.
 - The UF Board of Trustees will provide these reports to the Board of Governors.
 - The Board of Governors will provide these reports to the Division of Bond Finance.

- We will report to the Board of Governors and Governor's Cabinet on these steps being taken, but do not at this time expect that any formal action will be taken by the Cabinet. The Board of Governors is expected to acknowledge and endorse these steps. We will explain why it is in the best interests of the State to preserve the separate debt status of Shands, with the appropriate steps outlined above.

UF Governance Enhancement Standards -- Quick Reference Summary

I. Mission, Overview, Principles

A. University of Florida Governance Enhancement Mission Statement

1. **Overarching Mission:** To advance the University of Florida's stature and associated contributions, as summarized below by the University of Florida Board of Trustees (BOT) at its December 2016 meeting, through governance standards that foster good and appropriate Board governance, while also enabling the University President and his administration to operate and manage the University efficiently and effectively and to successfully pursue UF's priority goals.

"As the highest priorities of the University, the University of Florida Board of Trustees enthusiastically affirms its Endorsement and Commitment (1) to the University's Top 10 Public Research University Goals, the UF Metrics That Matter to measure progress toward these goals, and the Plan for achieving these goals, as presented by President Fuchs and his team at the Board's November 3, 2016 Retreat; and (2) to the Board of Governors' Performance Funding Metrics; and (3) to the dashboards for tracking progress against the Metrics That Matter and the Performance Funding Metrics, as presented by Provost Glover and favorably reviewed by the Board; and (4) to working with dedication, and to supporting the President and Senior Administration in working with dedication, to achieve these priorities."

University of Florida Board of Trustees, December 2, 2016

B. University of Florida Governance Enhancement Principles

1. **Effectiveness/Feasibility:** The governance enhancement standards (standards) are not intended to interfere with efficient operations. There is an intent to promptly revisit any standard that causes issues in practice to see if a change is warranted. The standards would also be reviewed promptly if experience reveals any gaps in good governance practices, and will be reviewed every 5 years for good governance in any event.
2. **Catch-All:** If any additional transaction or other matter of UF, any Affiliate (Direct Support Organizations/DSOs and Practice Plans/PP) or any Shands Entity--beyond ordinary business matters and not covered by the specified standards--would be considered material to UF and/or an Affiliate or Shands Entity, including its resources or reputation, or would generate significant media attention, the UF President or designee is expected to confer with the BOT Chair and to notify the BOT Vice Chair; if determined significant, this will be followed by notice to the Trustees. Also if any matter is expected to generate significant media attention outside of the ordinary course, the UF President is expected to notify all Trustees. The BOT Chair and President shall collaborate over time to support their mutual understanding of this expectation, recognizing that there are judgments involved for both of them and that health, safety and operational exigencies may require priority responses before these communications.

3.6.17 (noon)

3. **Delegation:** The UF BOT Chair and Vice Chair may delegate their roles under the standards to other Trustees, in consultation with the UF President. The UF President may delegate his roles under the standards to appropriate senior executives/managers with expertise in the relevant area (e.g., finance, construction).

4. **Shands Entities:** Shands Entities are not treated as generic Affiliates, and UF and Shands Entities have formulated good governance practices tailored for Shands Entities. **The objective is to increase information, without fundamentally changing the character of the Shands Entities or the UF and Shands Entities relationship that have resulted in an almost 40-year record of rating agencies, creditors and courts treating Shands Entities' and UF's/the state's assets, debts and liabilities as separate.** Tailored practices are: (1) related to Debt, see Exhibit B (previously approved by the UF BOT and reviewed favorably by the BOG and Cabinet) to the Full Governance Enhancement Chart (Full Standards Chart) and (2) enhanced communications with the UF BOT Chair and Vice Chair in advance of other major undertakings by Shands Entities leadership (see, e.g., Quick Reference Chart #2, #5, #6 below--advance communications with UF Board Chair and Vice Chair regarding Shands Entities' construction projects, goods and services agreements, and real estate transactions; Quick Reference Chart #7 below (and Exhibit B to the Full Standards Chart)--good governance practices on Shands Debt; see also, Quick Reference Chart #1 below (and Exhibits A and B to the Full Standards Chart)--on UF BOT ratification of UF Pres./designee's appointments to Shands Entities' boards; Quick Reference Chart #14—UF BOT approval of creation of a new entity by Shands; and principle 2 above--catch all).

3.6.17 (noon)

5. **Skeletal Quick Reference Chart of Enhanced Governance Standards & Approval or Communication Types* required before binding action. This Quick Reference Chart does not include all details, requirements or exceptions.**

(See the separate Full Standards Chart for the comprehensive provisions to implement.)

A: Full UF BOT approval

A/Gov.: UF BOT Governance Committee approval –or **A/FE:** UF Finance and Facilities Committee approval

B: UF Pres. approval (without BOT or Chair)

C: UF Pres. approval after UF BOT Chair concurs and UF BOT Vice Chair is notified

D: UF Pres. approval after conferring with UF BOT Chair and notifying UF BOT Vice Chair

E: UF Pres. and UF Trustee on Shands Entity Board/Member must vote in Shands Board majority for Shands Board action on debt to be effective

Information: To be given in advance to UF Pres., UF BOT Chair and Vice Chair

*When the UF Pres/BOT Chair must approve/concur in, confer on, or receive information about—or the UF BOT Vice Chair and Trustees are to receive notice respecting—an Affiliate matter, this is in their executive and service capacities in their role on behalf of the Affiliate to further its good governance. When the UF Pres. and/or UF BOT Chair and Vice Chair are to receive information from Shands Entities, this also is in their executive and service capacities for Shands Entities.

Advance concurrence of, conferring with, or information to the UF BOT Chair and advance notice to the Vice Chair are to be followed (but not necessarily before binding action) by notice to all Trustees (or presentation at a UF Board or committee meeting) even though not stated throughout. In receiving such notice, all Trustees act in their executive and service capacities. (These communications may be oral; that they occurred will be recorded.)

UF Pres./designee may provide approval by voting in favor as a member of an Affiliate Board, may approve in advance, or may ratify before an Affiliate Board vote becomes effective, as most convenient for the Affiliate.

UF Pres.’ vote in favor of an action on an Affiliate Board is UF Pres. approval.

Action	Type of Approval or Information
<p>1. (a) UF Pres. Appointments to UF Category 1 Affiliate Boards and the Shands Entities’ Boards</p> <p>(UF Fnd, UF Research Fnd, UF Athletic Assoc., Boosters, UF Invest. Corp., UF Develop. Corp., Shands Entities)</p> <p>(b) Practice Plans will have a UF Pres. appointee.</p>	<p>A</p> <p>(ratification of Pres. appointments under 1(a) and (b))</p>
<p>2. (a) Capital Facilities Projects >\$2M</p> <p>or</p>	<p>UF—</p> <p>A</p> <p>(whether publicly or privately funded)</p>

<p>(b) Any Capital Project Needing New State Appropriation Request or</p> <p>(c) Any Energy Savings Contract or</p> <p>(d) Facilities Project of >\$2M Scope Change Oder Increasing GMP >10% or Needing New State Appropriation Request</p> <p>--projects over applicable thresholds reported to the UF FF Comm. at its regular meetings and entered into central UF record.</p>	<p><u>A/FF</u> for Change Order</p> <p><u>Affiliate</u>—</p> <p><u>C</u> (if privately funded) or</p> <p><u>A</u> (if Energy Savings Contract or if bonded or if needing a state appropriation request)</p> <p><u>Shands Entities</u>—</p> <p><u>Information</u> (threshold TBD at or above UF’s threshold)</p>
<p>3. Capital Budget (stand-alone or as a category in operating budget)</p>	<p>UF—</p> <p><u>A</u></p> <p><u>Affiliate</u>—</p> <p><u>C</u> (if >\$10M capital budget-- or applies regardless of size of budget if Affiliate seeks approval of listed individual project of >\$2M as part of the budgeting process, rather than seeking project approval under #2)</p> <p><u>B</u> (if >\$2M - ≤\$10M capital budget)</p>
<p>4. Operating Budget</p>	<p>UF—</p> <p><u>A</u></p> <p><u>Affiliate</u>—</p> <p><u>B</u> (generally)</p> <p><u>C</u> (if the Affiliate seeks approval of a listed facilities project >\$2M as part of the budget process, rather than #2 project approval)</p>
<p>5. Goods and Services Transactions if Contract is</p> <p>(a) ≥\$10M total value & ≥\$2M/yr. av. (revenues in or payments due),</p> <p>or</p> <p>(b) >10 years & exclusive</p>	<p>UF—</p> <p><u>A/Gov.</u></p> <p><u>Affiliate</u>—</p> <p><u>C</u></p> <p><u>Shands Entities</u>—</p> <p><u>Information</u></p>

3.6.17 (noon)

	(threshold TBD at or above UF's threshold)
<p>6. (a) Real Estate Full Title,</p> <p>(b) Easements (grant) >25 yr. (except utilities, access near road),</p> <p>(c) Leases >10 yrs. or >50K sf or >\$10M NPV lease payments</p> <p>--All transactions reported to UF SVP/COO or UFDC in advance of binding action for central record-keeping and transactions over applicable thresholds reported to the UF FF Comm. at its regular meetings.</p>	<p>UF—</p> <p><u>A</u></p> <p>Affiliate—</p> <p><u>C</u></p> <p>Shands Entities—</p> <p>Information</p> <p>(threshold TBD at or above UF's threshold)</p>
<p>7. Debt</p> <p>(including Energy Savings Contracts, P3 transactions)</p>	<p>UF—</p> <p><u>A</u></p> <p>Affiliate—</p> <p><u>A</u></p> <p>Shands Entities—</p> <p><u>E / Exhibit B</u></p> <p>(Shands Debt Bullets)</p>
<p>8. Compensation of All UF VPs (whether direct report to the Pres. or not) & All UF Pres. Exec. Direct Reports (initial and when changed)</p> <p>(Also the General Counsel is hired and fired by the UF Pres. but has an appropriate reporting relationship and ultimate accountability to the UF BOT as the University; and the Chief Audit Executive and Compliance Officer have BOG Reg.-specified reporting relationships to the UF Pres. and BOT Audit and Compliance Comm.)</p>	<p>UF—</p> <p><u>C</u></p> <p>(C here means BOT Chair concurrence—also can't finalize hiring unless BOT Chair concurs in initial comp.)</p>
<p>9. Firing/Non-renewal of Any UF VP (whether direct report to the Pres. or not) or Exec. Direct Report to UF Pres.</p>	<p>UF—</p> <p><u>D</u></p>
<p>10. Hiring, Firing, Initial and Changed Compensation of:</p> <p>(a) UF Pres. and</p> <p>(b) Affiliate CEO/Pres.</p> <p>(e.g., Athletic Director and UFICO CEO/Chief Investment Office)</p>	<p>UF—</p> <p><u>A</u></p> <p>Affiliate—</p> <p><u>D</u></p> <p>Shands Entities—</p> <p>Shands Board approves (Shands Board follows</p>

	<p>IRS market justification requirements for comp. and UF Pres./designee is on comp. committee)</p>
<p>11. Hiring, Firing of Affiliate Other “Disqualified Person” (not CEO)</p> <p>(e.g., Head Football and Basketball Coaches; UFICO COO and investment leadership--senior exec. with institution-wide effect/influence or compensated primarily by revenues from an area s/he controls per IRS definition)</p>	<p>Affiliate—</p> <p>Advance notice to UF Pres., BOT Chair and Vice Chair required</p>
<p>12. Initial Total Compensation and Upon Change Total Compensation with Change of:</p> <p>(a) Affiliate other Disqualified Persons (not CEO) (e.g., Head Football and Men’s Basketball Coaches, UFICO COO, investment leaders)(regardless of comp. amount) and</p> <p>(b) Any Other Affiliate Employee with \geq\$1M/yr. av. comp. (Baseball Coach)</p>	<p>Affiliate—</p> <p><u>D</u></p>
<p>13. Research and IP Agreements</p>	<p>UF—</p> <p><u>B</u> (generally)</p> <p><u>A</u> (for any required outside debt or creation of a new entity or request for new appropriation)</p> <p><u>A</u> (for facilities construction or real estate transaction over applicable threshold)</p> <p>Affiliates—</p> <p>Affiliate CEO approves (generally)</p> <p>But <u>A</u> (for any required Affiliate outside debt or new entity creation or request for new appropriation)</p> <p>But <u>C</u> (for any required Affiliate facility construction or real estate transaction above applicable threshold)</p>
<p>14. (a) Creation of New Entity, Affiliate, Subsidiary,</p>	<p>UF—</p>

<p>Merger</p> <p>(Involves control or ownership interest. N/A to collaboration-style affiliation agreements)</p> <p>(b) Amendment of Affiliate’s or Shands Entity’s Corp. Articles of Organization</p> <p>(c) Amendment of Affiliate’s Bylaws</p>	<p style="text-align: center;"><u>A</u></p> <p>Create New Entity, Affiliate, Subsidiary or Merger</p> <p>Affiliate—</p> <p style="text-align: center;"><u>A</u></p> <p>Create New Entity, Affiliate, Subsidiary, or Merger, or Amend Affiliate Articles</p> <p style="text-align: center;"><u>C</u></p> <p>Amend Affiliate Bylaws</p> <p>Shands Entities—</p> <p style="text-align: center;"><u>A</u></p> <p>Create New Entity, Affiliate, Subsidiary, or Merger, or Amend Shands Entity Articles</p>
<p>15. Investments</p> <p>(a) Investment decisions are made by UFICO experts under policies established by an expert UFICO Board on which the UF BOT Chair or Vice Chair (or more expert other Trustee) serves and (b) Transactions of entities in which UFICO or its affiliate invests (via stock/equity, limited partner or non-managing member interest, fund investment or equivalent investment manager investing an account, and the like)—are not UFICO transactions and are not subject to the standards in this Chart.</p>	<p>UF—</p> <p style="text-align: center;"><u>A</u></p> <p>(for investment policy for operating funds in excess of those required to meet current expenses, IOM 06-15, implementing 1011.42 Florida statutes)</p> <p>UFICO—</p> <p><u>Reports required to UF BOT Fin./Fac. Comm. required at all regular meetings.</u></p> <p>Also, UF Pres. may remove CEO for “unacceptable performance” after conferring with UFICO Board or rep. and D applies too.</p>
<p>16. Legal/Admin. Enforcement Claims Settlements</p>	<p>UF and Affiliate—</p> <p style="text-align: center;"><u>B</u></p> <p>(Settlement of Claims ≤\$750K)</p> <p style="text-align: center;"><u>D</u></p> <p>(Settlement of Claims >\$750K to ≤\$1M)</p> <p style="text-align: center;"><u>C</u></p> <p>(Settlement of Claims >\$1M)</p>

6. **Effect of UF or Affiliate Involvement:** Whenever UF and/or Affiliate(s) are parties to a transaction (e.g., goods and services or real estate) that triggers an approval threshold under the standards—and an outside, non-UF family member is also a party—the relevant approvals must be obtained and advance notice provided as a prerequisite to UF and/or the Affiliate(s) entering into a binding contract or taking a binding action. Where a Shands Entity is also a party to such a transaction (of UF and/or Affiliate(s) with a non-UF family member), UF and/or the Affiliate(s) still must satisfy the approval and notice prerequisites to their respective

3.6.17 (noon)

participation, even though the standards call for the Shands Entity to only provide information in connection with its participation. Intra-UF-family goods and services and real estate transactions over a threshold are not subject to approvals under the standards, but must satisfy other requirements specified (Chart #5 and #6). These requirements include, e.g., reporting real estate transactions to a central UF record in advance, and reporting to the UF BOT Finance and Facilities Committee at its regular meetings. (“Intra-UF-family” means any combination of UF, Affiliate(s), and Shands Entit(ies).)