



*Board of Trustees*

*Minutes*

*September 14, 2007*

A regulator meeting of the University of Florida Board of Trustees was held on Friday, September 14, 2007 at 10:30 a.m., in President's Room 215B of Emerson Alumni Hall, University of Florida.

Chair Dianna Morgan called the meeting to order and a forum was confirmed. Ms. Morgan began by welcoming all and turning over the meeting to President Machen to deliver the President's report.

Dr. Machen began by stating the University of Florida is off to a very good year thanks to the hard work of last year. He acknowledged the work of the Provost over the last two years in managing enrollment. The university has enrolled the targeted class size of 6,500 to 6,600 of the best and brightest, a tribute to Dr. Fouke, Assistant Provost/Director of Admissions Zina Evans, and the admissions team. After reorganization, the Provost has made several significant new hires which will allow us to focus on academic programs. Dr. Fouke introduced Dr. Hank Frierson, Dean of the Graduate School and Dr. Daniel Wubah, Associate Provost of Undergraduate Affairs.

Dr. Machen noted that Rick Yost and the Faculty Senate are off to a good start. He stated that the working relationship between the Faculty Senate and the administration, and shared governance overall, are as good as ever. Dr. Machen noted his support for Rick Yost's agenda and the gains that he will make this year. Dr. Machen also observed that Student Body President and Trustee Ryan Moseley is very busy. He's very involved with tuition differential and is also the student Board of Governors representative. We are fortunate to have someone with his vision and responsible approach representing us and the students of the state.

As we have discovered in the last 60 days, this will be a long year for the University of Florida. It is important, to get through these tough times, that the faculty understand what we are doing and why, and that we maintain an open relationship. We have identified areas where we

need more work and recognized areas where faculty are asking for help. Dr. Machen made a special note of the work the vice presidents and deans are doing, noting it is not fun to reduce resources. There is a wonderful sense of collegiality among the deans and vice presidents and the topics we discussed during the strategic hour could only have evolved through the support of the key administrators. The operative phrase is shared sacrifice. We're all in this together. We are weathering the times very well and as long as we keep the collegial atmosphere, we will continue to make progress toward the goal of being among the very best.

As a last comment, we are starting another year of the alcohol coalition focusing on underage and binge drinking and we are beginning to see markers showing the numbers going down. All of us hope that our program is having some impact. We are going to continue the program in Jacksonville with the Florida-Georgia game where administrators will work in the student safe zone. Unfortunately, though, at 3:30 this morning, one of our students, a junior, was involved in a single car accident on 13th Street. The student died with an arm band from a bar and a forged ID. This is a tragic result of underage drinking in our community. It is one of the reasons we are not backing off of this program.

Chair Morgan then called for the committee reports beginning with the Committee on Audit and Operations Review. Trustee Joelen Merkel recognized the new committee members and noted her appreciation of Trustee Brown's contributions to the committee.

Mrs. Merkel reported that Phil Ciano, representing the Office of the Auditor General, provided an update on the various audits underway by his office. Although an exit conference is scheduled for the end of the month to discuss the operational audit results, Phil noted that there were no significant issues to bring to the committee's attention. He also noted that the Bright Futures audit was finalized with no comments applicable to the university and that the financial and federal financial assistance audits were proceeding to a December 2007 completion date.

The committee reviewed the internal audits that were issued since the last meeting that included Contracts and Grants Accounting, Purchasing Card Program, Temporary Employment, and University Budgeting of State Appropriations.

Nur Erencuc presented the OACR annual report highlights summarizing the year's activities.

Joe Cannella updated the committee on the status of hiring an external firm to assist in the facilities management and construction audit. Final report is expected to be presented at the March 2008 meeting of the committee.

Nur summarized the gap analysis from the SUAC white paper and, in looking at best practices, indicated minor changes that should be considered for implementation.

Trustee Brown delivered his report on the Committee on Educational Policy and Strategy. The Committee approved prior committee minutes. Next, the committee discussed and approved the tenure upon hire cases. The committee then discussed and approved the University of Florida Regulation regarding tuition, two business ethics courses and the facility clearance which allows a designee for security clearances.

The committee was presented an excellent summary of the faculty survey by Senior Vice President Kyle Cavanaugh that can be assessed on the web. The committee discussed budgeting issues and effective strategies for preparing for the lean years to come. The Greek Strategic Plan Update was postponed until the next meeting. The committee also discussed the exceptional freshman class, including excellent results on diversity.

Dr. Daniel Wubah, Associate Provost for Undergraduate Affairs, briefly spoke about his first few weeks on campus and how advising and tracking as well as communication among colleges are top priorities. Associate Vice President and Dean of the Graduate School, Hank Frierson, stated the biggest challenge facing the graduate school currently is funding to be competitive nationally, especially for teaching assistantships.

Trustee Cunningham, in Trustee Alfonso's absence, next presented the report of the Committee on External Relations. The minutes of the June meeting were approved and the committee's discussion began with an update on the pending special session of the Florida Legislature to reduce the FY 07-08 budget. Governor Crist asked state agencies to identify cuts totaling 4%, which would result in a \$110 million reduction to the State University System budget. However, he subsequently released a revised state budget that would make a SUS cut of \$188 million. It is not clear what the legislature will do about budget cuts or a tuition increase during its special session, which has not yet been scheduled.

The committee was briefed on a top legislative priority for next year's regular session: funding for the College of Medicine, which has experienced budget cuts over the last four years. Those cuts require the faculty clinical practice to increase revenues to subsidize medical education at UF. Our goal is to seek a level of support from the State that is equal for all medical schools in the state.

The committee was also briefed on efforts to recognize legislators over the summer and recent visits from the Governor and Lt. Governor. Staff also reported on a recent meeting of SEC government relations officers who shared information on state funding and tuition. A more detailed report will be provided at the next meeting.

Committee members reviewed the regular presentation on media coverage and were briefed on a new media tracking vendor that will provide additional information on the effectiveness of UF's news bureau efforts.

The new Go Gators television spot, which was shown to the Trustees at the last meeting, has begun airing. The committee also heard new radio spots and reviewed new print ads for the third year of the university's branding campaign. The committee continued with a discussion of the university's print and electronic communications. As a result of earlier committee discussions, UF unveiled an electronic newsletter to communicate with alumni and friends. *Inside the Gator Nation* will be sent to more than 135,000 email addresses on a regular basis.

Discussion continued regarding the reduction of printed publications and increase in electronic communications. The results of an independent communications audit showed: 355 printed publications at UF, 25 percent of which are also available electronically; the cost is more than \$3 million annually with close to \$500,000 on mailing costs alone; some of the publications

contain ads, which last year generated \$210,000. UF should consider segmenting its target audiences by demographics to determine when to use print and electronic communications.

The survey was forwarded by University Relations to the Efficiency Task Force which will consider its findings in its review of university operations and cost savings measures. Trustees noted that the goal is to communicate effectively, not to focus only on savings.

The committee concluded the meeting with a discussion of the branding campaign and whether the focus should be shifted from a Florida audience to a national audience and peer institutions. Suggestions included producing video messages to distribute to university administrators, increasing efforts toward coverage of UF in national publications. Chairman Alfonso concluded the meeting by noting that the financial problems the university faces will probably continue. He challenged the trustees to think of new ways of operating in this climate.

Trustee Warrington presented the report of the Committee on Finance and Facilities. Trustee Warrington noted that the minutes of the Finance and Facilities Committee Meeting of June 14, 2007 were approved with corrections as noted by the committee.

Senior Vice President Cavanaugh presented a report on the progress of the Cost Reduction and Revenue Enhancement Task Force. The Task Force has held several meetings and intends to meet bi-weekly. Huron, an outside consultant with experience working with universities on these types of issues, has been engaged to assist the Task Force. As the Task Force continues with their charge, the Vice Presidents and Deans have been provided with targeted budget reductions for this fiscal year.

Currently Huron is on campus developing business cases to demonstrate opportunities to increase revenue and reduce costs. Huron will develop a detailed business case for each recommendation which will present the net fiscal impact, any potential impact on service levels, the risk exposure to the university and the ease of ability to implement the recommendation. The Huron engagement is expected to last 10 weeks.

The committee then addressed the action items on the agenda. The final Operating Budget for 2007-08 was approved by the committee as presented. This budget does not include the reductions which are pending by the legislature and the committee understood that an amended Operating Budget will be presented at a later meeting. The committee also asked that the budgeted receipts/revenues for sponsored research and intercollegiate athletics be given further consideration as they appear to be conservative. Also, the committee asked that the carry forward budget be reviewed to identify ways to use this source of funding to soften the impact of the required budget reductions this year.

The committee next approved the 2008-09 Capital Improvement Plan as amended to include the Joint Use Library Storage Facility, the Harn Storage Space and the Chemistry Building moving to fourth priority.

A request to authorize Vice President Ed Poppell to negotiate and execute a final Campus Development Agreement for the IFAS Ft. Lauderdale Research and Education Center was brought before the committee and approved.

A request to name a “to be constructed” IFAS facility The Alto and Patrecia Straughn Extension Professional Development Center was approved by the committee.

Agenda discussion items were then brought before the committee. Athletic Director Jeremy Foley gave the committee a brief update on lacrosse noting a head coach has been hired. The location and cost of new lacrosse facilities have not been determined at this time. Mr. Foley said the facilities would not require any bond issuance. More information should be available for the committee this spring. The committee unanimously thanked the University Athletic Association for the recent donation of \$6 million to the university.

Financial Reports as of June 30, 2007 were reviewed by the committee and the reclassification of the P. K. Yonge School funding as state appropriations was discussed. The committee requested that this funding in the prior year financial reports be restated for consistent reporting.

A construction update was then presented to the committee. Assistant Vice President Carol Walker elaborated on cost increases that had occurred for several projects. The scope of several construction projects had increased such as the Stadium Renovation and Expansion, some projects had received additional donor funding and matching funds which increased the scope and inflationary pressures had also increased the cost of some projects. The committee discussed the number of construction projects underway and which are classified as administrative, instruction, lab, etc.

The committee was informed that 17 of the 20 DSO budgets due by August 31st had been received and reviewed by the university. Two budgets had been received but required minor adjustments and receipt of one budget was pending preparation in the required format. The committee believes that they should receive and review DSO budgets, and are working with the Governance Committee to clarify responsibilities in this regard.

Chief Linda Stump and Assistant Vice President and Dean of Students Gene Zdiarski presented an overview of security on campus. Areas highlighted included training of both the campus and the police in active shooter protocols, UF’s emergency notification system which is a multimodal approach to communication including radio, TV, audible systems, the internet, cell phones, text messages and land line phones. The committee was also briefed on the university’s Crisis Response Team responsible for the coordinated response to student emergencies such as death of a student, life threatening illness or injury, sexual assault and other such incidents.

The St. Augustine properties offered to the university have been assessed. It is not the intent of the University to accept this property unless adequate funding is provided by the legislature to cover maintenance, upkeep and repairs of the facilities.

The committee was informed that the Hilton UF Conference Center has a new owner as of today and that this transition should be seamless with the Center continuing to provide great service and accommodations.

Senior Vice President Barrett briefed the committee on the Proton Therapy Institute which has completed its first year of operation. This past August a refinancing had occurred which reduced the cost of capital from 7.6% to 5.92% and the amortization schedule was revised to level payments and extend the financing to 22 years from 10 years. Last July the Institute had

positive net income of slightly more than \$250,000. Approximately 1344 patients are being treated monthly and August collections should be approximately \$2.1 million. The board of the Institute has been restructured to include 2 at large members including Vice President Poppell. Dr. Barrett's two concerns for the Institute are improving the number of patients treated and the uncertainty of future technological developments which could impact proton therapy.

Mike Smith of UFICO briefed the committee on the results of the 2006-07 fiscal year. The asset allocation of UFICO at year end included an increase in private investments to 26% of the portfolio. UFICO earnings for the year had achieved their benchmark and those set forth in their investment policy.

Two University employees were then recognized by the committee. F.J. Kutch works in Bridges as a supervisor. F.J. began employment as a student intern from the Warrington School of Business and was hired to a permanent position in 2004. Within two years he was promoted to a supervisor position responsible for the general ledger and budgetary control. F.J. was a valuable member of the team that implemented PeopleSoft for use by our phase one DSOs and the financial reporting team that initiated much improved financial reports.

Investigator Ernest Hale of the UF Police Department was then recognized. Ernest was the UFPD officer of the year in 2006 and has held the investigator rank for the past 5 years. He has served on the DEA drug task force and during his career his efforts have removed 1,000 kilograms of cocaine from the streets. Recently he apprehended a known computer thief on campus, recovering several stolen student laptops and preventing a planned armed robbery by this criminal.

Trustee McGriff presented the report on the Committee on Governance for Trustee Powell who was out of the country. The minutes of the June meeting were approved. The Committee then considered the consent agenda items.

The committee reviewed and approved the UF investment policy statement and the creation of the Committee on Resources. Trustee McGriff noted that an agreement had been reached with the Graduate Assistants United and the Committee is presenting this to the Board for approval and recommending ratification of the agreement. Letters were accepted from Trustees Brown and Warrington for reappointment to the Board; the committee recommends to the board that Trustees Brown and Warrington be recommended to the appropriate entity for reappointment.

The committee reviewed the presidential short and long-term goals and will review them in a conference call and report to the full board. All of the 2007 short term goals were met and the 2008 goals reflect that. Two prior long-term goals have actually been met and new goals are recommended. Dr. Machen gave a brief overview of the 360 process.

Jamie Keith, Vice President and General Counsel, provided an update on the continuing evolution of our authorities and standards for Vice Presidents and sub-delegations for other employees and it will be circulated and voted on at the next board meeting. The committee in its last item before the labor review reiterated the support of the CFO position even though we are faced with a hiring freeze.

Next was a closed session. It was already reported regarding GAU and we are pleased to report that the university and PBA have reached a new 3 year agreement and that will be brought to the board in November. The University and AFSCME reached agreement on all open issues and AFSCME has planned a ratification vote for later this month and will bring this to the board in November. UFF negotiations continue and progress continues to be made and we remain optimistic to establish a contract in the future.

Trustee Manny Fernandez delivered the report of the Committee on Resources noting that the committee is not yet established, pending a vote of the board. The committee had a planning session and Kyle made a presentation about the Cost Reduction and Revenue Enhancement Task Force and the Huron consultants. Vice President Paul Robell gave a presentation on the capital campaign. The committee moved into active discussion about the committee's charter. The committee is going to deal with the cost efficiency for this year and the next few years, as well as endeavor to identify revenue opportunities. Committee will meet more often than quarterly.

Chair Morgan directed the board to the consent agenda and noted a copy of corrected minutes and two agenda items and asked for a motion. The motion was approved.

Trustee McGriff asked to speak. He thanked President Machen for his hard work at this meeting.

Trustee Warrington then spoke regarding honoring Trustee Fernandez for his leadership and service the night before and suggested a more public recognition of the leadership he has provided in the last few years.

Chair Morgan stated this institution will recognize Trustee Fernandez's leaderships for many years to come and is pleased that he has taken on one of our biggest challenges with the Committee on Resources. This is a very difficult time, and the messages received have been somewhat gloomy and discouraging, but she noted she begins her new role with great excitement and anticipation and as an optimist, sees a silver lining even in these difficult times and have outlined several benefits that organizations can realize during difficult times. These times have created 5 positive effects for us. First, we are paying significant attention to the payer mix, that is how much the state contributing to our students' education and how much the students are paying. I think as a result of Dr. Machen's work and our government relations team, for the first time, many understand where our tuition ranks and, for the first time, our student leaders were willing to step up and take a stand for equality and the future. Clearly, the word is out.

The second positive effect is the long-term structural change that results from tuition differentiation. For the first time, legislators acknowledge that all universities are not the same. This is a big step. The third positive development is that Bright Futures was disconnected from the tuition differentiation. Fourth is the lawsuit that will finally determine who has tuition authority and, hopefully, we'll get the results by the end of the year. The legislature will always play an important role in higher education but hopefully with clarity. Finally, as noted today, difficult times present the occasion to look for efficiencies and new opportunities, allowing us to continue the great momentum started by Bernie Machen and Manny Fernandez.

Times like these require great leaders and I think this room is full of people who are more than willing to step up. I thank you all. Also, thanks to the trustees for adding another

committee to your day. We already work hard and I appreciate your willingness to add more. I am excited about our communication initiatives. A new way to take the message to the public. I'm excited our campaign is off to such a great start and I hope everyone has on their calendar 9/28 when we next get together to celebrate the campaign kick-off. Our work is just beginning.