

MINUTES
COMMITTEE ON GOVERNANCE
March 29, 2007

The Committee on Governance met on March 29, 2007. All members were present. The meeting was called to order and the minutes from the meeting on November, 30, 2006 were approved as submitted.

Dean Robert Jerry of the Levin College of Law made a presentation of the organization, finances and operation of The University of Florida Law Center Association, Inc. to the Committee as part of its DSO oversight and review process.

Chairman McGriff asked the Committee to approve the new organizational chart for the reporting responsibilities of senior management of the University. After discussion, the chart was approved unanimously.

Trustee Morgan asked President Machen to discuss the plans to fill open positions in the University's senior management. President Machen advised the Committee that searches would be initiated to fill the position of Vice President for Human Resources Services which would be vacated when Kyle Cavanaugh assumed the position of Senior Vice President for Administration. In addition, a search would be conducted to fill the newly created Chief Financial Officer position. President Machen also noted that the position of Chief Information Officer needed to be filled and that a new job description was being prepared for the role of the Vice President for Business Affairs, to be assumed by Ed Poppell.

Chairman McGriff distributed the updated chart reflecting the status of the component unit reviews and suggested that the Committee consider for future discussion how often the component units shall be reviewed by the Committee.

Chairman McGriff reminded the Committee that its review process dealt with the governance, organization and operations of the component units and the review of the component units' audits and budgets is performed by the BOT Audit and Finance and Facilities Committees, respectfully. Trustee Morgan asked whether there is any review process in place to consider deviations from approval budgets occurring during the course of the fiscal year. President Machen responded that there is no formal mechanism for such review but that material deviations would be reported by the designated director on the corporation's board of directors.

Chairman Fernandez inquired as to whether all of the component units were necessary and could one or more be eliminated or consolidated. Chairman McGriff advised that the Committee had considered these questions as it went through the component reviews process and the Committee had concluded that each of the component units had a valid reason for its separate existence but those questions were always going to be part of the component review process.

Trustee Morgan said that the Committee needs to have a better understanding of the relationship between Shands Hospital and the University. Vice President and General Counsel Jamie Keith gave a brief explanation of the statutory provisions regarding the governance of Shands including review and approval by the BOT of Shands' articles of incorporation and the appointment of Shands' directors by the UF President.

Chairman McGriff advised the Committee that he had been meeting and working with Jamie Keith and Associate General Counsel Mike Ford to develop a comprehensive set of standards for the governance of all the component units and that he planned to distribute a chart summarizing the desired standards prior to the June meeting so the Committee could review and approve the desired governance standards at its June meeting. Mr. McGriff advised the Committee that the Internal Operating Memoranda for DSOs, HSSOs and Faculty Practice Plans would be revised to conform to the desired standards and that the component units would be required to amend their bylaws to conform to the new standards. President Machen said he wanted to commend Mac McGriff, Jamie Keith and Mike Ford for their work in developing the governance standards and noted that developing the process was a "big step" and the next step will be to implement the governance standards. Chairman Fernandez said he also wanted to add his commendation for the work in developing the desired standards.

Chairman McGriff advised the Committee on the status of the presidential delegations. Jamie Keith distributed the revised delegations to the Committee and noted that because UF is a public university it is not subject to Sarbanes Oxley as are publicly held companies but that many of the governance principles could be modeled after those in Sarbanes Oxley. She also noted that the Internal Revenue Service has been encouraging transparency in the governance and management of non-profit corporations because this fosters accountability and part of the development of uniform governance standards for the component units was to comply with the spirit of Sarbanes Oxley and IRS encouragement for accountability.

Trustee Powell inquired as to how the "Governance Bill" being considered by the Legislature might affect the proposed delegations. Chairman Fernandez said that this was being reviewed but until final enactment he thought it best to proceed with the laws currently in effect.

Chairman Fernandez thanked Jamie Keith for her efforts in developing the proposed delegations. Jamie thanked Mr. Fernandez and asked that Associate General Counsel Kristina Raattama be recognized for her contributions with respect to the development of the new delegations.

The meeting was then adjourned.