

**MINUTES
COMMITTEE ON GOVERNANCE
DECEMBER 8, 2008**

The Committee on Governance met on December 8, 2008. All Committee members were present other than Trustee Ponce who had a long-standing obligation in conflict with our new meeting date. Committee Chair Earl Powell participated by telephone. At Trustee Powell's request, Vice Chair Mac McGriff chaired the meeting.

The Committee approved the Minutes from the September 4, 2008 meeting. The Committee removed from the agenda GV3 on Shands holding company and will move this to the next meeting.

Chair Morgan summarized the Trustees' positive evaluation of the President for 2007-2008, with great progress being made in all areas. The Committee then considered the President's short and long term goals for 2007-08 and approved bonuses based on these short and long-term goals. Trustees Alfonso and McGriff commended President Machen on doing a great job at a very tough economic time. All short-term goals but one were met. The one exception is the research goal, with new research awards, which were heavily affected by state funding cuts, falling short of the goal by 3.6%. However, it was recognized that contracts and grants applications and expenditures are up which indicate a healthy research enterprise. Long-term goals were largely met, with achievement of goals for scholarship support, faculty support, humanities faculty hiring and faculty diversity being particularly notable. After the members of the Committee expressed support for the President's bonuses of \$75,000 based on short-term goals and \$210,000 based on long-term goals with both bonuses to be paid in December, 2008., Trustee Scott noted that President Machen's persistent focus on and achievement of goals that support faculty and students needs to be recognized.

The Committee then reviewed and approved 2008-2009 short-term goals for the President.

Vice Chair Mac McGriff provided an update on DSO bylaws amendments to implement Board-approved principles. He reported that by the end of December, 18 of the affiliated organizations will have adopted their amendments and the remainder will be doing so shortly after the first of the year. Mike Ford of the General Counsel's Office was commended for his assistance in this effort.

General Counsel Jamie Lewis Keith then updated the Committee on the BOG's proposed BOT powers and duties regulation and newly proposed BOG audit committee and inspector general charters. Mrs. Keith reported that the powers and duties regulation was discussed at the November BOG meeting. Most of the changes proposed by the University of Florida and some other state universities have been incorporated and the regulation generally reflects more appropriate roles for the BOG and university BOTs. The BOT's role in governance of university administration and important self-governance authorities, including those associated with the selection of the president and determination of the BOT chair term have been acknowledged. Rather than a broad contract-like compact that would limit university flexibility, universities will provide reports to the BOG to foster accountability. It is expected that this BOG regulation will be noticed for public comment, as the first step in adoption, at the BOG's January meeting. The Committee noted that the collaboration of BOG General Counsel, Vikki Shirley, with our General Counsel was very positive and is appreciated.

General Counsel Keith advised the Committee that the Audit and Operations Review Committee intends to adopt BOG audit committee and inspector general charters that establish roles for the BOG audit function and its connection to the universities' audit function. The BOG's

initial proposal was developed without substantial collaboration with universities, was over-broad, and included too much involvement in university audit function operations. However, the chair of the BOG audit committee is willing to entertain a more basic charter and has invited UF to propose a basic audit charter that could be reviewed at the January BOG meeting and acted upon at the March BOG meeting. Issues requiring a lot more collaboration and discussion may be deferred. Nur Erenguc and the General Counsel's Office are working with Trustee Merkel on a draft which will be provided to the BOG audit committee soon.

The Committee then conducted an executive session to discuss collective bargaining. At the conclusion of that discussion the meeting was adjourned.