



*The Foundation for The Gator Nation*

***Board of Trustees  
Minutes  
March 17, 2011***

A regular meeting of the University of Florida Board of Trustees was held on Thursday, March 17, 2011 in 215B of Emerson Alumni. The meeting was called to order by Chair W. A. “Mac” McGriff, III, at 4:00 p.m., and a quorum was confirmed.

Chair McGriff asked President Bernie Machen for the President’s report.

Dr. Machen began by reporting that the University’s world-class education continues to attract top students and provides excellent value even in challenging economic times. He encouraged the Trustees to participate in the upcoming graduation ceremonies.

Referring to the one-year anniversary of the incident at Corry Village, Dr. Machen reported that UF has been working hard on issues of campus safety, including by enhancing coordination of offices working on safety issues, enhancing resources of the Counseling and Wellness Center, and focusing on both employee and student safety and health issues. A new campus advisory committee will soon be announced, comprised of representatives of the faculty, staff, students and the UF Police Department, to provide the campus community’s perspectives.

Dr. Machen addressed the budget and announced that the first meeting of the Gator Caucus is next week. Our successful Gators for Higher Education program is being copied by other universities.

Dr. Machen next noted that this is the last meeting for Vice President for Student Affairs, Patricia Telles-Irvin. He listed a number of Dr. Telles-Irvin’s key initiatives and praised her many accomplishments and positive impacts on the students and the University over her years at UF. Dr. Machen noted Dr. Telles-Irvin is going to another fine institution, which will have the benefit of her contributions.

Dr. Machen sadly commemorated the recent deaths of a high school student, who was the daughter of a Foundation employee, and a UF student during spring break.

Chair McGriff next requested the committee reports, beginning with the Committee on Audit and Operations Review. Trustee Al Warrington presented the report beginning with a special recognition of former Trustee Joelen Merkel who was in the audience and thanked the Trustees for the honor.

Trustee Warrington continued with the normal order of business of the committee, calling the committee to order at 9:03 a.m. All committee members were present. The minutes of the December 9, 2010 meeting were reviewed and unanimously approved. All committee members were present.

The committee first addressed the Consent Agenda items:

FF1. On February 11, 2011 the State of Florida Auditor General released the report on the audit of the financial statements of the University of Florida for the fiscal year ended June 30, 2010, issuing an unqualified opinion. The committee reviewed, discussed and approved the university's Annual Financial Report, which includes the Auditor General's report and UF's audited financial statements, notes, management's discussion and analysis.

The committee then addressed discussion items.

Phil Ciano of the Auditor General's Office provided an update on external audit activities: (1) UF Federal Audit for 2009-2010: The Auditor General's statewide federal audit of state units including the university (student financial aid, research and development funds, Fiscal Stabilization Funds (ARRA), and federal flow through funding), is in the final review stages and will be released by March 31st. (2) UF Operational audit for 2010-2011: This audit is conducted once every two years and reviews selected controls, processes and compliance with State rules and regulations. Preliminary fieldwork has begun. The audit will be completed in conjunction with the 2010-2011 financial audit. (3) UF Financial Statement Audit for 2010-2011: Preliminary fieldwork will begin before the June Board meeting.

Chief Audit Executive Brian Mikell and Audit Director Joe Cannella presented, and the committee which had received reports previously discussed, three internal audit projects that had been completed since the last Board meeting. The projects presented were: (1) Interdisciplinary Center for Biotechnology Research; (2) Personnel Actions and File Maintenance; and (3) University Procurement Practices.

Messrs. Mikell and Cannella also reported on the follow-up status of previously issued internal and other audits and updated information on audits of university affiliated organizations. The only affiliate report received since the last committee meeting was the audit report of the UF Self-Insurance Program.

Vice President and Chief Financial Officer Matt Fajack provided an update on new and enhanced systems for Federal research contracts and grants financial and accounting controls that are being implemented:

1. (a) Effort Reporting: The university has purchased a new time and effort reporting system from CedarCrestone. The implementation of the new system is in process and targeted for fall 2011. The system will include faculty assignment information as well as after-the-fact time and effort reporting. The committee discussed the implementation process, including the extent of campus input. (b) Cost Transfers: We have enhanced documentation to support valid cost transfers, after-the-fact adjustments of charges, especially payroll, from one contract or grant account to another. A new cost transfer policy was implemented on July 1, 2010 that centralized the approval and required documentation of all cost transfers related to contracts and grants. (c) Contract and Grant Policies: Over time, these central policies have

been adjusted and altered due to specific needs of various units across campus. An effort is underway to review, enhance if needed, consolidate, and make available all policies in one central location. (d) Reports for Principal Investigators have been enhanced. (e) Training: A contract and grant training specialist has been hired and charged with enhancing training to ensure that campus understands the “why” and not just the “how” related to contracts and grants reporting. A certificate program has been created for principal investigators. (f) Cost Sharing: Monitoring of cost sharing requirements is being enhanced and tied to the new time and effort reporting system.

Mr. Fajack also reported on the Internal Revenue Service’s continuing review of Unrelated Business Taxable Income and deferred compensation. This review is ongoing and there is no information as to when it will be completed.

Next, Mr. Fajack reported on Shands’ Financial Condition: In response to the committee chair’s question about the declining cash position noted at June 30, 2010, Mr. Fajack explained that the June 30 condition resulted from Alachua General Hospital losses and use of cash to complete the construction of the Cancer Center. Current year financial information is much improved and ahead of budget projections. Mr. Fajack and the committee recognized the leadership of Senior Vice President Guzick in helping improve the financial and operational condition of Shands.

Chair Warrington reported that he has reviewed the status of other activities conducted by the Office of Audit and Compliance Review. These activities include advisory and investigative services. The Chair reported that these other activities were being appropriately conducted and reviewed, and he commended the auditors for their efforts.

At the request of Chair Warrington, Trustee Charles shared with the committee her experiences in Russia relating to her appointment to the Open World Program.

Chair Warrington discussed with the committee the recognition of Mrs. Joelen Merkel’s distinguished service to the Board including serving as Chair of the Audit and Operations Committee from July of 2001 through December of 2009.

Having no further business, the Committee on Audit and Operations Review adjourned at 10:12 a.m.

Vice-Chair, Trustee Carlos Alfonso presented the report of the Committee on Educational Policy & Strategy. The committee was called to order at 12:55 p.m., with a majority of the committee present. The minutes of the December 2010 and February 2011 meetings were unanimously approved.

The following consent agenda actions were unanimously approved for recommendation to the Board:

EP1. Approval of University Regulations: Adoption of 17 regulations included in the Board book. (Vice President and General Counsel Keith noted that the regulations in the Board book reflect that the previously proposed College of Medicine Conflict of Interest Regulation has been held over pending further review; the previously proposed changes to 4.044 on interim suspension has been further improved to allow appeals at any time on the basis of new

information; and that one of the previously proposed changes to 4.042 -- to provide probation to be imposed as a sanction by agreement of a faculty member and a student, has been withdrawn).

EP2. Actions on Academic Programs and Degrees: Termination of the Bachelor of Arts in Education in Middle School Education; Creation of the Bachelor of Science in Biomedical Engineering; Creation of the Masters in Sustainable Development Practice.

EP3. Approval of Tenure Upon Hire: John G. Blake, Professor in Wildlife Ecology and Conservation; Joyce E. Bono, Professor in Management; Bette A. Loiselle, Professor in Wildlife Ecology and Conservation and Director of Tropical Conservation and Development; Kamran Mohseni, Professor in Mechanical and Aerospace Engineering; Jean-François Roulet, Professor and Chair of Restorative Dental Sciences.

EP4. Approval of Housing Rental Rates: Approval of \$66/ semester for undergraduates and approval of \$15-\$20 per month for graduate and family housing.

Most of the committee's discussion items concerned undergraduate admissions, but the committee also received Faculty Senate and Student Government updates and confirmed the process to sunset the School of Public Health within the College of Public Health and Health Professionals.

Vice Chair Alfonso thanked Trustees Ferguson and Charles for their excellent service. With no further business, the committee adjourned at 1:35 p.m.

Trustee Danny Ponce delivered the External Relations Committee report. The meeting was called to order at 10:30 a.m. with the following Trustees present: Alfonso, Brown, Charles, Daniels, and Roberts. The minutes of the December 2010 meeting were unanimously approved.

There were no action items for the committee's consideration.

A report from Vice President Tom Mitchell on the status of the Florida Tomorrow campaign was given. He recognized the units that have surpassed their fundraising goals, listed the university's fundraising priorities and outlined plans for the future of the Florida Tomorrow campaign as well as the next fundraising effort. He also briefed committee members on the search for the new Alumni Association Executive Director.

A Government Relations update by Vice President Jane Adams followed. She discussed the university's government relations activities in Washington, which have changed focus as a result of the ban on Congressional earmarks. Committee members discussed the loss of earmark funding and reduced budgets for NIH, NSF and other federal agencies in relation to the university's research program.

The committee was briefed on the university's agenda for the 2011 legislative session, which began two weeks ago. State budget cuts have required the university to focus efforts on minimizing reductions, seeking higher education policy changes that don't require funding, and offering economic development opportunities. Committee members discussed the status of programs including employee pension and health care benefits, Innovation Hub, the Research and Academic Center at Lake Nona, PECO funding, World Class Scholars, and Matching Gifts.

The members discussed at length the use of facilities during the summer months. The group also talked about Medicaid reform and offered assistance in speaking to legislators about its effect on UF.

Trustees were encouraged to participate in Gator Day, to be held on March 30. The day's events will include legislative appointments, a luncheon sponsored by the Alumni Association and a reception hosted by Florida Blue Key.

As usual, we are engaging our alumni and friends to advocate on behalf of the university's legislative agenda. The first alert to members of Gators For Higher Education generated 215 contacts to legislators. To date we have nearly 5700 advocates and we are Facebook friends with 35% of the House of Representatives and 25% of the Senate.

In the marketing update, Andy Fletcher discussed the ongoing collaboration and strategic support for efforts underway at UF & Shands. These initiatives include the Shands Hospital for Children at the University of Florida, a comprehensive brand review and an internal campaign focusing on quality and the patient experience.

As part of recent IT governance restructuring, University Relations is also leading the planning efforts for updating the primary university website, ufl.edu. Additionally, plans are underway to enhance our news and public relations efforts. New programs will focus on enhanced on-line efforts including respected science sites, bloggers and social media opportunities.

Chair Ponce requested an update at the next meeting on savings the university has realized from increased use of electronic communications.

The committee finished with a regular report on media coverage and, having no further business, adjourned at 11:45 a.m.

The report of the Committee on Finance and Facilities was presented by Trustee Steve Scott. The meeting was called to order at 10:30 a.m., with Trustees Criser, Ferguson, Morgan, Warrington and Chair Scott present. The committee unanimously approved the December minutes.

The following consent agenda actions were discussed and approved for recommendation to the Board:

FF2. Approval of the Transportation and Parking Services auxiliary budget for fiscal year 2011-12. The university has several parking decks funded by long term bonds containing covenants which require Board of Governors' budget approval.

FF3. Amendments to the university's 2010-2011 Budget of Revenue and Expenses. The amendments record additional research money allocated to the University by the Board of Governors, clustering grant awards, as well as changes in the cost of employee health insurance premiums.

In gratitude for a generous gift, the naming of the UF/IFAS Department of Entomology and Nematology Building as “Charles Steinmetz Hall” was approved for recommendation to the Board in a separate Board vote, as required for all building namings. This is FF1.

Discussion items were then addressed by the committee.

The quarterly financial report as of December 31, 2010 was presented.

A construction update was provided. The Levin Advocacy Center opening ceremony was held last month. Construction of the Lake Nona Research and Academic Center is underway with an anticipated occupancy in Summer 2012. P.K. Yonge Elementary School has broken ground, and the Clinical Translational Research building bonds have been issued to fund phase 2 of construction.

Vice President Telles–Irvin and Assistant Vice President Norb Dunkel provided an update on the construction of off campus graduate and professional student housing by Provident Resource Group, with Capstone managing the project. The complex will include 437 residential units and retail space. Occupancy will occur fall 2011 and graduate/professional students, faculty and staff will be able to rent units. The University has no financial interest in the project, but is working closely with the developer in order to support the provision to our graduate/professional students of an environment conducive to their needs at a reasonable cost.

A review of the State of Florida budget was deferred until the strategic discussion later in the day.

Vice President and Chief Financial Officer Matt Fajack provided an update on the Responsibility Center Management (RCM) budgeting initiative. The Faculty Senate Budget Committee will provide the CFO with a report in April regarding RCM and their input will be addressed at that time. An on-line RCM manual has recently been made available to the campus.

Douglas Wynkoop, President and Chief Investment Officer of the University of Florida Investment Management Company (UFICO), provided a brief update on UFICO’s investment strategies and performance. Recent revisions have been made to the investment allocation targets and the methodology used to measure performance against benchmarks. The committee discussed responsibility in investments.

With no further business to conduct, the committee meeting was adjourned at 11:48 AM.

Trustee Dianna Morgan reported on the Committee on Governance. The committee was called to order at 9:00, with all committee members present. The minutes of the December 9, 2010 were unanimously approved.

There were three action items on the agenda.

GV1. First the committee approved for recommendation to the Board for the Consent Agenda, certification of University of Florida Development Corporation as a direct-support organization. The committee’s approval included an amendment of the proposed Resolution certifying the corporation as a DSO, to explicitly authorize the creation of subsidiaries that could

undertake specific development projects. The former Alachua General Hospital site and surrounding properties is being developed as a high technology center located between the University and downtown Gainesville and known as "Innovation Square." The University, through this DSO, will be leading development of these properties in public-private partnerships with the City, County, and the private sector. The DSO will initially be responsible for the development of a Master Plan, site plan, and the marketing efforts; it is anticipated that private developers will fund development of the buildings. In the future the DSO may join with others in specific development projects which could extend to additional areas such as the incubator in Alachua. All Trustees were given the revised Resolution.

Second the committee unanimously approved for recommendation to the Board for the Consent Agenda, the University of Florida Development Corporation being designated as a Category 1 affiliated entity and amendment of Internal Operating Memorandum 01-1 to reflect this designation.

Third the committee unanimously approved the amendment of the organizational structure for Vice Presidents to include the Cabinet level position of Vice President for Enrollment Management, reporting to the Senior Vice President for Academic Affairs and Provost. The Board has previously delegated authority to the Governance Committee to make final decisions regarding changes to the organizational structure of Vice Presidents so this matter is not on the Consent Agenda. With the impending retirement of the head of the Student Financial Affairs Office, Karen Fooks, this is an opportune time to consolidate the activities of the Admission's Office, the Registrar's Office, and Student Financial Affairs Office under the leadership of a single individual. This consolidation will achieve synergies and better enable the University to compete for the best students in a diverse and global society, and will better support students throughout their experience at the University. A number of other universities have similar positions.

The committee then met in closed session on collective bargaining. The committee adjourned at 10:00 a.m.

Chair McGriff thanked the chairs for their reports and again directed the Board to the revised Resolution for the Certification of UF Development Corporation as a Direct Support Organization authorized to create subsidiaries. Chair McGriff called for a motion on the Consent Agenda. Trustee Alfonso made a motion to approve the Consent Agenda and Trustee Morgan seconded the motion. Chair McGriff asked if there was any discussion. Hearing none, he called for a vote. The Consent Agenda was unanimously approved.

As required for building naming, Chair McGriff requested a separate motion on FF1, the naming of Charles Steinmetz Hall. Trustee Scott made the motion with a second from Trustee Warrington. The chair asked for any discussion and hearing none, called for a vote. FF1 was unanimously passed.

Chair McGriff remarked on the two Trustees, Mary Ann Ferguson and Ashton Charles, whose terms are coming to an end and read into the minutes a Resolution for each. He commented on their great contributions. Trustee Morgan moved to accept the Resolutions, Trustee Roberts seconded the motion and the motion was unanimously approved.

Chair McGriff welcomed Special Assistant to the President and Board Liaison, Jamal Sowell, to his first meeting. He recognized departing Vice President Patricia Telles-Irvin, noting that she is leaving the University of Florida to become the Vice President for Student Affairs at Northwestern University. Chair McGriff spoke of some of Dr. Telles-Irvin's many significant accomplishments during her tenure at UF where she has served since 2004. The Chair added his good wishes to Dr. Telles-Irvin.

Chair McGriff spoke to the Board regarding Governor Scott's appointment of Cindy O'Connell as Secretary of the Florida Lottery and noted that Mrs. O'Connell will attend the June meeting. He noted that Mrs. O'Connell has served the University well, is a loyal Gator, and the Board will miss her.

Chair McGriff asked for any other comments and, noting that there were none, he adjourned the meeting at 4:35.