



**UNIVERSITY OF FLORIDA BOARD OF TRUSTEES
MINUTES**

September 20, 2013

Cypress Lodge at Lake Wauburg, 133 Regatta Drive, Micanopy, Florida

Time Convened: 9:31 a.m. EDT

Time Adjourned: 10:00 a.m. EDT

Chair, C. David Brown, II called the meeting to order at 9:31 a.m. EDT.

Trustees present were:

C. David Brown, II, (Chair), Christina A. Bonarrigo, Christopher T. Corr, Marshall M. Criser, III, Charles B. Edwards, James W. Heavener, Marc W. Heft, Carolyn K. Roberts, Jason J. Rosenberg, Juliet M. Murphy, Steven M. Scott, David M. Thomas. Trustee Cameron attended by phone.

Others present were:

President Bernie Machen; Joseph Glover, Provost and Senior Vice President; Winfred Phillips, Senior Vice President and Chief Operating Officer; Paula Fussell, Vice President for Human Resource Services; Jamie Lewis Keith, Vice President and General Counsel; Curtis Reynolds, Vice President for Business Affairs; Thomas Mitchell, Vice President for Development and Alumni Affairs; Janine Sikes, Assistant Vice President for Media Relations and Public Affairs; Melissa Orth, Senior Director, Government Relations; Pamela Pallas, Director of Baby Gator Child Development; Jamal Sowell, Special Assistant to the President; Becky Holt, Senior Administrative Assistant; other members of the President's Cabinet and the UF community; and members of the media.

After a roll call, a quorum was confirmed, with all members present.

Chair Brown welcomed Trustees Rosenberg and Heavener to their first in-person Board meeting.

Chair Brown then asked for the Committee on Governance report.

Committee on Governance Report

Trustee Steven Scott, Chair of the Committee on Governance provided his Report, noting that all Committee members were present other than Trustees Susan Cameron and Juliet Roulhac, who were unable to attend. After reviewing and approving the minutes of the June 6, 2013 and September 3, 2013 meetings, the Committee had a discussion on collective bargaining in executive session and then reconvened in public session, discussed and unanimously approved the following Action Item GV1 and recommended the action for the Board's approval on the Consent Agenda (with the details of his report reflected in the Committee's September 19, 2013 minutes):

- GV1. Collective Bargaining Agreement between the University of Florida Board of Trustees (BOT) and the United Faculty of Florida (UFF)

Other Committees Reports

As all Trustees were present for the other Committees' meetings, Chair Brown asked for reconfirmation of the recommendation of Action Items from the Chairs of the Committee on Finance and Facilities and the Committee on Educational Policy and Strategy, which were made by Committee Chairs Cameron and Criser, respectively.

Consent Agenda

At the completion of the Committee reports, Chair Brown asked for a motion to approve the Consent Agenda, which was made by Trustee Edwards and Seconded by Trustee Thomas. The Chair asked for further discussion, after which he asked for all in favor of the motion and any opposed and the motion to approve the following Consent Agenda was approved unanimously:

- BT1. Minutes – September 3, 2013
- GV1. Collective Bargaining Agreement between the University of Florida Board of Trustees (BOT) and the United Faculty of Florida (UFF)
- EP1. Baby Gator Child Development & Research Center Fees 2013-2014
- EP2. Tenure Upon Hire
- EP3. Honorary Degree
- EP4. Facility Security Clearance; Exclusion of Certain Directors and Officers; Designation of Senior Managerial Group for Classified Information
- EP5. University Press of Florida Annual Report 2012-2013

Non-Consent Agenda

Chair Brown asked for a motion to approve the naming of the new, to-be-built President's House, "The Dasburg President's House" in honor of generous UF donors, John and Mary Lou Dasburg, under Action Item FF1 and Resolution R13-124. The reason this item is a Non-Consent Agenda Action Item is that Board of Governors Regulations require facilities naming to be voted on separately. A motion to approve the Non-Consent Agenda Item FFI and Resolution R13-124 was made by Trustee Cameron and Seconded by Trustee Roulhac. The Chair asked for further discussion, after which he asked for all in favor of the motion and any opposed, and the motion was approved unanimously.

Resolutions

Chair Brown noted that former founding Trustee Al Warrington and former Trustee Michael Heekin were recognized and honored at dinner for their contributions to the University. Chair Brown remarked on the exceptional quality and duration of former Trustee Warrington's contributions and expressed gratitude to former Trustees Warrington and Heekin and asked that the Resolutions honoring them be incorporated in the minutes.

Chair Brown asked for a motion to approve the Resolutions, which was made by Trustee Roberts and Seconded by Trustee Scott. The Chair asked for further discussion, after which he asked for all in favor of the motion and any opposed, and the motion was approved unanimously.

Information/Discussion Items

At Chair Brown's request, Trustee Bonarrigo provided report on priorities for Student Government, including a brochure of highlights, and Trustee Marc Heft provided a report on the Faculty Senate, highlighting distinguished faculty lectures and town hall meetings that will be held this fall. The September town hall meeting will be on Intellectual Property, the October town hall meeting will be on Information Technology, and a meeting after the first of the year will be on advocacy. The Trustees expressed enthusiasm about the distinguished faculty lectures and asked Trustee Heft to inform the Board of opportunities to view the lectures on-line.

President's Comments

President Machen indicated the fall was a very exciting time of year at the University, with new faculty and students arriving and a high level of energy across campus.

President Machen highlighted the following developments:

- Appointments of Trustees Heavener and Rosenberg;
- Focus of the Senior Administration on preeminence initiatives that are being addressed at the retreat;
- Stable state budget funding for the first time in five years, enabling the provision of raises of 3.5% to staff and an average of 5% to faculty, effective October 1, 2013;
- Astounding faculty productivity, resulting in UF being ranked fourth in nation for start-up companies, behind the University of California System, the Texas System and Massachusetts Institute of Technology;
- Restructuring of investment management at the University of Florida Investment Company, with a change in the President of UFICO;
- New construction to provide facilities for the University's important endeavors, including: the opening of the Translational Research Building, the beginning of construction on Heavener Hall and the J. Wayne Reitz Union expansion and renovation championed by the students, the soon to begin construction of the new John and Mary

Lou Dasburg President's House and a new hospital adjacent to the Cancer Hospital to address demand, and fundraising to upgrade the O'Connell Center;

- The commencement of a search for a new Chancellor at the Board of Governors and discussions on the state level to increase funding for higher education;
- The arrival of four new deans this summer, for Nursing, Veterinary Medicine, Pharmacy and Health and Human Performance, all of whom are already fully engaged; and
- Fruitful labor negotiations which have been completed.

President Machen then made special mention of his successful reorganization of his Senior Administration, with the creation of the Senior Vice President and Chief Operating Officer, filled by Win Phillips, who has been extremely effective. Senior Vice President Phillips has served the University with exemplary and amazing distinction as a professor of engineering with an endowed chair, Dean of the College of Engineering, Vice President for Research, and most recently Senior Vice President and Chief Operating Officer. President Machen announced that Win Phillips will be stepping down as Senior Vice President at the end of the year, will then be taking some time off and returning to the faculty. A search for a Senior Vice President for Administration will soon begin this fall. Win Phillips has very big shoes to fill and President Machen expressed his deep gratitude for Dr. Phillips' long and highly distinguished service. The Trustees enthusiastically applauded Dr. Phillips.

Senior Vice President Phillips indicated he had been minding his own business running the Research endeavor, when he was tapped to become the Chief Operating Officer. He indicated that the structure is the right one and he has been happy to serve.

Chair Brown asked the Board for any new business and hearing none he began his comments.

Chair's Comments

Chair Brown thanked the Governor for reappointing Trustee Scott for an additional five years and thanked Trustee Scott for agreeing to continue his exceptional service.

Adjourn

After asking for any further discussion and hearing none, Chair Brown asked for a motion to adjourn, which was made by Trustee Roberts and a second which was made by Trustee Scott, and, with no further discussion desired, the motion was passed unanimously and the University of Florida Board of Trustees meeting was adjourned at 10:00 a.m. EDT.



University of Florida Board of Trustees

Committee on Governance

MINUTES

June 6, 2013

Emerson Alumni Hall, University of Florida, Gainesville, Florida

Time Convened: 2:30 p.m. EDT

Time Adjourned: 3:36 p.m. EDT

Chair, Susan M. Cameron called the meeting to order at 2:30 p.m. EDT.

Committee Members present were:

Susan M. Cameron (Chair), C. David Brown, II, Marshall M. Criser, III, Carolyn K. Roberts, and Steven M. Scott

Others present were:

Trustee David M. Thomas; President Bernie Machen; Joseph Glover, Provost and Senior Vice President; Win Phillips, Senior Vice President and Chief Operating Officer; Jack Payne, Senior Vice President for Agriculture and Natural Resources; Paula Fussell, Vice President for Human Resource Services; Elias Eldayrie, Vice President and Chief Information Officer; Jamie Lewis Keith, Vice President and General Counsel; Janine Sikes, Assistant Vice President for Media Relations and Public Affairs; Jamal Sowell, Special Assistant to the President.

Also present by phone was Attorney Raymond Cotton of the law firm of Mintz Levin. Mr. Cotton is the Board's outside counsel on the President's contract extension and is a preeminent national expert on university presidential contracts and compensation.

After a roll call, a quorum was confirmed, with all members present.

The Committee Chair asked for a motion to approve the minutes of the March 18, 2013 committee conference call/meeting and the March 21, 2013 committee meeting which was made by Trustee Roberts and Seconded by Trustee Criser. The Chair asked for further discussion, after which she asked for all in favor of the motion and any opposed and the motion was approved unanimously.

The Committee considered its one action item:

Action Item GV1 and Resolution R13-121, President's Contract Extension.

In support of the proposal, Chair Brown noted the following:

- The proposal would extend President Machen’s contract through December 31, 2014 and adjust his total compensation to bring it up to the 25th percentile to 50th percentile of peer public AAU presidents.
- President Machen has served UF for almost 10 years and has led one of the largest, most complex and broad-scope public AAU research universities in the country, with great success.
 - Among other achievements, under President Machen’s leadership: (1) UF’s research volume has grown by ~70% —reaching over \$700M in annual research expenditures; (2) the quality of UF’s faculty and student body, which has been excellent for many years, has been further enhanced; (3) UF completed a \$1.7B capital campaign—surpassing the campaign goal and being the 6th most successful capital campaign of any public university; (4) UF created the Florida Opportunity Scholarship program -- which has increased access for students who are first in their families to attend college and are from low socio-economic backgrounds and has also enhanced the broad diversity of the student body; (5) UF has constructed many state-of-the-art research facilities on campus and at Lake Nona, and is pursuing the long-needed expansion and renovation of the Reitz Union; (6) UF’s Health Science Center and Shands Hospitals are closely collaborating in UF Health, enhancing the quality of patient treatment and focusing on excellence in research and education; (7) UF has created Innovation Square to support industry-academic research collaborations and economic development, with Mind Tree, Mobiquity LTD and Sears Holding’s Center of Excellence already located there—as well as Innovation Academy to foster education excellence for students with entrepreneurial interests and maximizing UF’s capacity to serve students year-round; (8) UF has built an excellent administration; and (9) in this last legislative session, UF received formal recognition by the Legislature, Board of Governors and Governor as Florida’s preeminent research and on-line university, a goal it has had for the last 10 years and a recognition of UF’s exceptional quality and value.

Vice President and General Counsel Jamie Lewis Keith advised the Committee that a Report of international compensation and human resources expert, Mercer, concludes that the 25th public AAU peer percentile for presidential total compensation is \$723,000; the 50th percentile is \$750,000; and the 75th percentile is \$881,000.

The Committee Chair then asked Ray Cotton for his opinion on the appropriate market compensation for President Machen, considering Mercer’s data and Dr. Machen’s leadership experience and record. Mr. Cotton reviewed data on UF’s size, scope and complexity and advised the Committee that it would certainly be reasonable for President Machen to be compensated well above the 50th peer percentile to the 75th peer percentile. He opined that setting President Machen’s compensation at the 50th public AAU peer percentile is eminently reasonable.

Chair Brown noted that when all prior contract amendments and the proposal are considered—including President Machen’s voluntary elimination of bonuses beginning in 2009—he has had net losses while developing a record of success. If there were no amendment to his contract, President Machen’s total compensation in 2013 would be almost \$160,000 below the 25th peer AAU percentile.

Committee Chair Cameron then asked Jamie Keith to summarize the proposed Resolutions, which the Committee Action Item and supporting financial summary reflect well and Ms. Keith did so in detail.

The Committee members discussed President Machen’s experience, accomplishments and leadership, as well as the proposal approvingly. Trustee Scott noted that UF should not expect to compensate the next president at only the 50th percentile, and recognized President Machen for his dedication and good will to the University.

The Committee Chair asked for a motion to approve Action Item GV1 and Resolution R13-121, which was made by Trustee Scott and Seconded by Trustee Roberts. The Chair asked for further discussion, after which she asked for all in favor of the motion and any opposed and the motion was approved unanimously.

Discussion/Informational Items

4.1 Pre-eminence

4.2 Update from President Machen

President Machen reported on the pre-eminent status of the University. As part of this status, UF has taken on the responsibility for developing and implementing the State’s online university program and will have a special opportunity to offer a signature undergraduate learning experience.

Dr. Machen also reported that he plans to use these preeminence and on-line initiatives as the core drivers of the University’s strategic direction in the next two years. The Committee agreed with this plan. President Machen next reported that he is comfortable with the structure of his senior administration, with certain Vice Presidents reporting through Senior Vice Presidents. This structure has allowed him to devote more time and effort to strategic endeavors and he plans to solidify the current structure. The Committee noted the strength of the administration that President Machen has built.

4.3 Update on DSO Governance Oversight

Ms. Keith then recapped her March presentation to the Committee on the good practices we have in place for support organization and affiliate oversight. These practices include—among other controls—review of financial information by the UF Board’s finance committee and audit information by the UF Board’s audit committee, as well as service of UF Trustees on category 1 affiliate boards. She noted that it is not clear that affiliate appearances at the Governance Committee will substantively enhance oversight. However, President Machen and General

Counsel Keith suggested—with concurrence by the Committee-- that the Trustee on each Category 1 affiliate board and the affiliate’s CEO appear at the Governance Committee in March or June of the coming year. After that, they will revisit with the Committee whether or not such appearances enhance oversight and are worthwhile in light of existing controls and the need to focus on priorities. General Counsel Keith also suggested that her office and the business affairs office review the insurance carried by each affiliate to confirm that the level of coverage is reasonable.

4.4 Brief Update on Directors and Officers Insurance

Ms. Keith also advised the Committee that as of April 22, 2013 Directors and Officers insurance was put in place, as individual policies are not available on commercially reasonable terms.

4.5 Update on Association of Governing Board Conflicts Policy

Ms. Keith also reported on the Association of Governing Board’s supplement to its Board conflict guidance. Distinguishing between discretionary transactions that the institution may enter and matters of institutional policy and duty (such as tenure decisions, regulations, and employment of a president) upon which the Board must act, the AGB’s supplementary guidance provides that Boards should not enter transactions in which a Trustee has a financial or other conflict of interest—even if the Trustee were to recuse him- or her-self-- unless the disinterested members of the Board determine there is a truly compelling benefit to the institution and there aren’t other reasonable alternatives for the institution.

- The AGB’s guidance does not bind university boards, but is reflective of national trends for public accountability.
- The guidance suggests that determining whether a conflict exists depends on whether a “reasonable observer[s], having knowledge of all the relevant circumstances, would conclude that the board member has an actual or apparent conflict...in a matter related to the institution.”
- When there is a conflict, the conflicted board member “should have no role for the institution in the matter” and the compelling benefit test should also be applied to discretionary institutional transactions in which a Board member is conflicted.
- UF’s Board of Trustees is subject to Florida state ethics laws which prohibit transactions between UF and any entity in which a Trustee has a contractual, equity or employment interest. The law also requires disclosure of voting conflicts. Our Trustees have been careful to comply with law, as well as to be sensitive to conflicts beyond legal requirements.

Collective Bargaining Executive Session

The Committee met in an Executive Session for a report on Collective Bargaining from approximately 3:15 to 3:35 pm EDT

Open Session resumed at approximately 3:35 pm EDT.

Adjournment

After asking if there was any further business for the Committee and hearing none, the Committee Chair asked for a motion to adjourn the meeting, which was made by Trustee Scott and seconded by Trustee Brown. After asking for further discussion, the Committee Chair asked for all in favor and any opposed, and the motion was passed unanimously. The meeting adjourned at 3:36 pm EDT.



COMMITTEE ACTION ITEM GV1

**UNIVERSITY OF FLORIDA BOARD OF TRUSTEES
Committee on Governance
September 19, 2013**

SUBJECT: Collective Bargaining Agreement between the University of Florida Board of Trustees (BOT) and the United Faculty of Florida (UFF)

BACKGROUND INFORMATION

The University and the United Faculty of Florida reached tentative agreement on August 23, 2013, on a new three-year collective bargaining agreement. The bargaining teams spent 15 months at the table. The University declared impasse on July 26, but the parties continued to negotiate while preparing for an impasse hearing.

The contract calls for a total raise package of 5%, effective October 1, upon ratification by both the Board of Trustees and United Faculty of Florida. All of it is merit based except for the legislatively mandated raise. A complete copy of the proposed new contract is available at: <http://www.hr.ufl.edu/labor-relations/union.asp>. The changes will be summarized in the Executive Session.

UFF represents approximately 1600 faculty members and a ratification vote is scheduled for September.

PROPOSED COMMITTEE ACTION

The Committee on Governance is asked to ratify the 2013-2016 Collective Bargaining Agreement with the United Faculty of Florida, for recommendation to the Board of Trustees for approval on the Consent Agenda.

SIGNIFICANT POLICY ISSUES FOR COMMITTEE TO CONSIDER

Board of Governors approval is not required.

Supporting Documentation Included: See above link to the Human Resource Services website for a complete copy of the proposed new contract.

Submitted by: Joseph Glover, Provost and Senior Vice President for Academic Affairs