



**UNIVERSITY OF FLORIDA BOARD OF TRUSTEES
COMMITTEE ON GOVERNANCE
COMMITTEE MINUTES**

December 4, 2014

Time Convened: 10:32 A.M. EST

Time Adjourned: 11:25 A.M. EST

**Warrington Conference Room, Emerson Alumni Hall,
University of Florida, Gainesville, Florida**

1.0 Verification of Quorum

Committee Chair Heavener asked University Secretary Jamie Keith to verify a quorum. Ms. Keith confirmed a quorum with all members present, except Trustees C. David Brown, II and Susan M. Cameron who were unable to attend.

Committee Members Present:

James W. Heavener (Chair), Carolyn K. Roberts, Juliet M. Roulhac, Steven M. Scott, David M. Thomas.

Others Present:

President J. Bernard Machen, Trustee Jason Rosenberg, Vice President, General Counsel and University Secretary Jamie Lewis Keith, Senior Vice President for Health Affairs and President of UF Health David Guzick, other members of the President's Cabinet, Senior University Counsel Michael Ford, Executive Assistant Rebecca Holt, members of the University of Florida Community, and other members of the public and the media.

2.0 Call to Order and Welcome

Chair Heavener called the meeting of the Committee on Governance to order at 10:32 a.m. EST and welcomed the Committee members and Senior Vice President for Health Affairs and President of UF Health David Guzick, who would be addressing Shands governance later in the meeting.

3.0 Review and Approval of Minutes

Chair Heavener asked whether any Committee member would like to vote separately on the two meetings' minutes. No one desired separate action.

Chair Heavener asked for a motion, which was made by Trustee Thomas, and a second, which was made by Trustee Roulhac, to approve the minutes of the September 4, 2014 and September 5, 2014 Committee meetings. The Chair asked for any further discussion, after which he asked for all in favor and any opposed, and the motion was unanimously approved.

4.0 Action Items

Chair Heavener noted that there are no action items and turned the Committee's attention to the Discussion and Informational Items.

5.0 Discussion/Informational Items

5.1 Category 1 Affiliate Presentation

Chair Heavener noted that, in its governance oversight project, the Committee would be hearing governance presentations on the last of the most complex UF Affiliates--Shands Teaching Hospital and Clinics, Inc. in Gainesville (Shands Gainesville), Shands Jacksonville Healthcare, Inc., and Shands Jacksonville Medical Center, Inc.

At Chair Heavener's request, General Counsel Jamie Lewis Keith introduced the presentations by providing the following context:

- Dr. David Guzick, UF's Sr. Vice President for Health Affairs and President of UF Health--- as the UF President's designee-- is the most senior administrator and Chairman of the Board of these Affiliates, and would be making the presentations on the three Shands entities.
- Each entity remains legally distinct, their assets are not comingled, and their distinct legal names are used in contracting, patient consents, donor agreements, employee badges, and a few other situations where this is important to maintaining separate legal entity status and liability.
- However, as intended by the University President and Board of Trustees, Dr. Guzick-- collaborating with the appropriate UF administrators-- has functionally integrated the academic, clinical, business and development endeavors of the UF Health Science Center colleges and UF's affiliated teaching hospitals under the "UF Health" moniker.
- The functionally integrated academic health center--with unified branding--has improved patient safety and .quality, increased efficiency, enhanced research funding and improved financial performance in a challenging healthcare environment.
- UF Trustee Carolyn Roberts is the UF Board representative on the Shands Gainesville's Board.
- Former UF Board Chair, Mac McGriff, serves on the two Shands Jacksonville entities' boards and Board Chair Steve Scott sits on the strategic advisory committee that covers the Gainesville and Jacksonville entities. However, there are currently no UF Trustees serving on the Jacksonville boards. This is an action item for the coming year.
- The governance surveys for the Shands Gainesville and Shands Jacksonville entities were included in the Governance Committee Appendix to the Board Book.

- The slides for these presentations were provided to all Board members on BoardVantage and are attached to these minutes.
- Ms. Keith turned to David Guzick, Senior Vice President for Health Affairs and President of UF Health, to make his presentation.

Dr. Guzick provided an historical overview of the evolution of the Shands entities. The Gainesville hospital was part of University of Florida originally and eventually (in 1979) was statutorily authorized to be organized as a private, tax exempt corporation affiliated and appropriately controlled by the University. The Jacksonville hospital was a local public safety net hospital that was brought under the Shands umbrella as a subsidiary and recapitalized with investments by the City, Shands and the University.

With support of the UF Board and President, Dr. Guzick led the restructuring of the hospitals' relationship to one another and the University. He made the following key points about the further evolution of the hospitals and the University Health Science Center over the last five years, and the Committee asked questions throughout:

- Shands Gainesville and Shands Jacksonville were reorganized as “sister” subsidiary-like entities of UF. Their clinical enterprise is critical to generating revenues and providing the experience that support the strength and growth of the medical school/education and research endeavor.
- The administration and leadership of the hospitals (financial, information technology, compliance, communications, development, legal) are now directed by individuals who have dual appointments for particular functions at the UF Health Science Center and the hospitals, with Dr. Guzick heading the administration of both, as the designee of the UF President. Reporting relationships ultimately tie to senior leadership of the University. This enables high functioning, close coordination and collaboration of the hospitals and Health Science Centers, as well as consistency with the University.
- Reputational risks arise from the “UF Health” moniker because the University and hospitals are tied in marketing even though they remain separate legal entities. There are benefits from the marketing plan. Financial risks are significant in any hospital, but the integrated management leadership (with individuals having dual appointments but separate fiduciary duties at the UF Health Science Center and hospital) helps manage those risks. The structure also helps manage operational risks. Legal risks are well managed through the Self Insurance Program which addresses medical malpractice and liability insurance, as well as through the direct reporting relationship of the hospitals' general counsel to the University general counsel.
- With a culture of collaboration established, the hospital quality rating has increased from two to four out of five stars, support for the College of Medicine has increased from \$60M to \$75M, there has been a 40 percent increase in NIH funding, the College of Medicine and hospitals have put in place 14 exceptional hospital chiefs.
- There is a focus on growing the financial strength of the Jacksonville safety net hospital, which has greater challenges based on the population it serves, but provides critical service and is worthy of the efforts being made.

Chair Heavener asked Jamie Keith to continue with the rest of the informational items.

5.1.2 Presidential Authorities Resolution R07-37

(available at <http://trustees.ufl.edu/media/ufledu/content-assets/trusteesufledu/documents/resolutions/R07-37.pdf>)

For the Committee's information, Jamie Keith noted that in 2007, Board Chair Manny Fernandez, and Governance Chair Earl Powell actively led the development of a Comprehensive resolution (R07-37) that authorizes the individual serving as President to administer the University, sets out the appropriate actions reserved by the Board, and provides controls on further delegation and accountability to the Board. The resolution is office-specific (not individual specific), so will be in place when Dr. Kent Fuchs assumes the presidency. Without the need for further Board action, there will be a seamless transition to Dr. Fuch's leadership of the University on January 1, 2015 and he will be authorized to administer this large and complex institution.

5.1.3 Update: Affiliated Organizations Insurance Review

Senior Counsel Mike Ford, with input from Ms. Keith, updated the Committee on the Insurance Review Project:

- With the insurance consultant's advice, Mr. Ford prioritized affiliates according to low, intermediate, and high risk for addressing insurance and other risk management needs, based on each Affiliate's activities and assets.
- Mr. Ford is communicating with the Affiliates' CEOs in order of priority, with assistance from the consultant, to further assess risks and risk management options, and to make final insurance recommendations.
- We will also speak with the Self Insurance Program, which insures our health affairs endeavor, to see if it might provide cost effective coverage where needed, as it has done in some areas for Shands hospitals.
- After we make final recommendations to the President and Chair of the Governance Committee, the Affiliates will proceed, using economies of scale in procurement where available.
- In answer to a question by Trustee Roulhac, Ms. Keith noted that timing would be dictated by the priority designation in order to address the greatest needs in the nearer term. Mr. Ford also pointed out that the Florida Supreme Court would be deciding the issue of direct support organization sovereign immunity, which could have an effect on the analysis. Ms. Keith noted that a number of the largest and most complex affiliates have insurance notwithstanding sovereign immunity but we will need to consider the Court's decision when it is made.
- We will keep the Committee updated.

6.0 New Business

Chair Heavener asked if there was any new business, and there was none.

7.0 Adjourn

After asking for any further discussion and hearing none, Chair Heavener asked for a motion to adjourn, which was made by Trustee Scott, and a second, which was made by Trustee Thomas. The motion was passed unanimously and the Governance Committee meeting was adjourned at 11:25 a.m. EST.



**UNIVERSITY OF FLORIDA BOARD OF TRUSTEES
COMMITTEE ON GOVERNANCE
MINUTES**

**September 4, 2014
Austin Cary Forest Learning Center
10625 NW Waldo Road, Gainesville, Florida 32609**

**Time Meeting Convened: 3:50 p.m. EDT
Time Meeting Adjourned: 4:15 p.m. EDT**

1.0 Welcome

Chair James W. Heavener welcomed everyone.

2.0 Verification of Quorum and Call to Order

Committee Members present:

James W. Heavener (Chair), C. David Brown, II, Carolyn K. Roberts, Juliet M. Roulhac, Steven M. Scott, and David M. Thomas. Trustee Susan M. Cameron was unable to attend.

After Ms. Keith verified a quorum with all members present except Trustee Susan Cameron who was unable to attend, Chair Heavener called the meeting to order at 3:50 p.m. EDT.

3.0 Approval of Minutes

Chair Heavener asked for a motion to approve the minutes of the June 5, 2014 and July 8, 2014 meetings in a single motion, which was made by Trustee Roberts 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 was approved unanimously.

4.0 Informational/Discussion Items

4.1 UF and Affiliated Organizations Insurance Review

Chair Heavener asked Senior University Counsel Ford to address the insurance review of UF and UF affiliates. Senior University Counsel Ford reported:

- Under the direction of the Vice President and General Counsel's Office, UF on its own behalf, and as agent on behalf of UF's Direct Support Organizations and close affiliates, retained the services of Tom Atkins, an independent insurance expert with specialty focus on universities and foundations, to review the type and adequacy of insurance coverage and recommend any advisable changes.
- We did not review Shands' coverages as we understand they have reviews by Marsh or Aon on a regular basis. Also, we did not review University Village Apartments, Inc. since that corporation is in the process of being dissolved.
- Mr. Atkins and his company do not write insurance or receive income tied to insurance transactions so they have no interest in recommending additional coverage. His review considered a wide variety of insurable risks including: Property (real and personal); Loss of Use; Employee Dishonesty and Crime; Automobile; Internet/Web Use and Unauthorized; Disclosure of Personal Information; Professional Liability (excluding medical malpractice); Public Liability; Catastrophe Liability; and Management Liability.
- The General Counsel's Office provided information about sovereign immunity, statutory protections for voluntary service on charitable corporation boards, and state Department of Risk Management coverage.
- The CEO of each of the DSOs and Affiliates will receive a report with Mr. Atkins's advice.
- Additional coverage of different types was recommended in a number of cases, and the General Counsel's Office, on behalf of each affiliate, is reviewing the advice, following up with Mr. Atkins to discuss and assess what is needed, and will ultimately follow up with the CEO of each affiliate and track actions taken. There may be some situations where the initial advice changes after the follow up discussions. Assessment of the relative value of enterprise risk management or insurance will be considered where appropriate. To the extent some additional insurance may be required, economies of scale from collective procurement will be considered.
- After the General Counsel's office completes its review and reviews with President Machen, we will make an appointment with Committee Chair Heavener to discuss the advice so that he may assist in this service to the affiliates.
- This was a worthwhile endeavor because there were some gaps that can be filled.

4.2 Collective Bargaining

Chair Heavener announced at 4:02 p.m. that the Committee would go into executive session to discuss collective bargaining, which it did.

5.0 Action Items

Chair Heavener resumed the public session at 4:10 p.m. and the Committee considered the following Action Items:

- GV1. Collective Bargaining Agreement between the University of Florida Board of Trustees (BOT) and the Graduate Assistants United (GAU)
- GV2. Collective Bargaining Agreement between the University of Florida Board of Trustees (BOT) and the United Faculty of Florida (UFF)
- GV3. Collective Bargaining Agreement between the University of Florida Board of Trustees (BOT) and the American Federation of State, County & Municipal Employees, AFL-CIO (AFSCME)
- GV4. Collective Bargaining Agreement between the University of Florida Board of Trustees (BOT) and the Police Benevolent Association (PBA)

Chair Heavener asked if there were any questions about GV1, GV2, GV3, or GV4--Amendments to Collective Bargaining Agreements for the Graduate Assistants United, the United Faculty of Florida, AFSCME, and the Police Benevolent Association--as detailed in the Committee Action Items.

Chair Heavener asked if any Committee member would like separate votes. The Chair asked for a motion to approve the four Collective Bargaining Agreements as set forth in the Action Items, which was made by Trustee Roberts and Seconded by Trustee Roulhac. The Chair asked if there was any discussion, after which he asked for all in favor and any opposed. The motion was approved unanimously.

The Committee then turned to Action Item, GV5. Conforming Amendments to University of Florida Board of Trustees Bylaws.

Chair Heavener asked if there were any questions about GV5, Conforming Amendments to Article IV of the University of Florida Board of Trustees Bylaws (Board Officers) which makes the following changes:

- The Amendment incorporates the Vice President and University Secretary role that was authorized at the June 5, 2014 Governance Committee meeting and is filled by Jamie Lewis Keith, as Vice President, General Counsel and University Secretary.

- The Vice President and University Secretary serves as the executive administrator for the President's Corporate Secretary role, supervises the Assistant Secretary in support of the Board, and advises the Board.
- The University Secretary is added to the list of Board officers--who are not members of the Board--along with the Corporate Secretary (who is the President) and any Assistant Secretary.
- The University Secretary is authorized to send notices, prepare materials and minutes, and attest to Board actions--as well as to perform other secretary actions authorized by the Corporate Secretary.

Chair Heavener asked for a motion to approve GV5, which was made by Trustee Thomas and Seconded by Trustee Brown. The Chair asked if there was any discussion, after which he asked for all in favor and any opposed. The motion was approved unanimously.

6.0 New Business

The Committee did not have any new business to discuss.

7.0 Adjournment

Chair Heavener asked for a motion to adjourn, which was made by Trustee Roberts and Seconded made by Trustee Roulhac. The Chair asked if there was any discussion, after which he asked for all in favor and any oppose. The motion was approved unanimously and the University of Florida Committee on Governance adjourned at 4:15 p.m. EDT.



**UNIVERSITY OF FLORIDA BOARD OF TRUSTEES
COMMITTEE ON GOVERNANCE
AND
PRESIDENTIAL SEARCH COMMITTEE SUBCOMMITTEE ON COMPENSATION
JOINT MEETING MINUTES**

September 5, 2014

Time Convened: 12:10 p.m. EDT

Time Adjourned: 1:00 p.m. EDT

Board Governance Committee and Compensation Search Subcommittee Chair Bill Heavener called the meeting to order at approximately 12:10 p.m., EDT, after Vice President, General Counsel and University Secretary Keith verified a quorum, with all members of the Governance Committee and of the Search Compensation Subcommittee present, other than Susan Cameron who was unable to attend.

Chair Heavener welcomed all members of the Committee and Subcommittee, and everyone present including via the internet live stream.

Chair Heavener welcomed Ray Cotton, who is a national expert in university presidential contracts and compensation, is representing the Board in connection with contracting with UF's eventual next president, and joined by telephone.

University of Florida Board of Trustees Governance Committee Members present:

James W. (Bill) Heavener (Chair), C. David Brown, II, Carolyn Roberts, Juliet Roulhac, Steve Scott, David Thomas. Susan Cameron was unable to attend.

University of Florida Presidential Search Compensation Subcommittee Members present:

James W. (Bill) Heavener (Chair), Cammy Abernathy, Susan Cameron, David Guzick, Marc Heft, Keith Koenig, Thomas Kuntz, David Thomas.

Also present were Trustees David L. Brandon, Jason J. Rosenberg, Christopher T. Corr, Cory Yeffet; Search Committee Members Christina Bonarrigo, Vasudha Narayanan, Suzanne Norris, David Norton, Jack Payne, Lynda Tealer, and, Richard Yost; Special Assistant to the President and Board of Trustees Liaison TJ Villamil; Vice Presidents Jane Adams, Curtis A. Reynolds, Zina

Evans; Assistant Vice President for Human Resources, Jodi Gentry; Melissa Orth, Administrative Contact for the Search, Beck Holt, Executive Assistant, Sandy Mitchell, Sr. Administrative Assistant, and other members of the UF community, public and media.

Chair Heavener asked for a motion from a member of the Governance Committee to hold a joint meeting with the Compensation Search Subcommittee, which was made by Trustee Thomas and seconded by Trustee Roulhac. Chair Heavener asked for any discussion and hearing none, he asked all in favor of the motion and any opposed and the motion was approved unanimously.

Chair Heavener asked for a motion from a member of the Compensation Search Subcommittee to hold a joint meeting with the Governance Committee, which was made by David Thomas and seconded by Cammy Abernathy. Chair Heavener asked for further discussion and hearing none, he asked for all in favor of the motion and any opposed and the motion was approved unanimously.

Chair Heavener noted that the Search Subcommittee on Compensation received minutes of its July 8th joint meeting with the Governance Committee, which the Governance Committee approved at its September 4th meeting. Chair Heavener asked for a motion from a member of the Subcommittee to approve the July 8th minutes. Juliet Roulhac made a motion, which was seconded by David Thomas. Chair Heavener asked for further discussion and hearing none, he asked for all in favor of the motion and any opposed and the motion was approved unanimously.

Chair Heavener noted that the main subject of the meeting is review of the non-compensation provisions of the Draft Term Sheet. Chair Heavener noted the following:

- On July 8th, the Board and Search Committee approved the Mercer July 7, 2014 Report determining the current market range for peer presidential total compensation as a good basis for establishing total compensation for UF's next president.
- At the same time, the Board and Search Committee authorized Board and Search Chair Steve Scott to set and configure total compensation of UF's next president within the Mercer-determined market range.
- As noted in July, there is a \$200,000 cap on the use of state funds for presidential compensation and the balance is privately funded.
- The focus of the meeting was on the non-compensation provisions of the Term Sheet.

Vice President Keith introduced Ray Cotton of Mintz Levin who is a preeminent national expert on university presidential contracts and compensation and joined by conference call. Mr. Cotton represented the UF Board of Trustees on the contract in 2004, when President Machen was recruited and again during the 2012 search. He is representing the Board in the 2014 search on the Term Sheet, which will be signed at the time the next President is elected by the Trustees; and he will represent the Board on the Contract that follows the Term Sheet. The August 27, 2014 Draft Term Sheet is an updated version of the Draft Term Sheet that was reviewed favorably by the Search Committee and Board Governance Committee in 2012. The

Term Sheet will need to be adapted and negotiated as Chair Scott recruits candidates for the president but it is intended to be customary, reasonable and fair in protecting the University as well as the president. Board and Search Chair Steve Scott has Board conferred authority to address the compensation provisions- within the Mercer - determined market range.

Ray Cotton then made an introduction and walked the Committee through the Term Sheet and informed the Committee that the Term Sheet is an outline of what will be on the contract. Mr. Cotton discussed the following:

- #1 Position: This is a straight forward recitation of the President's position, recognizing that the President is also a Board officer but not a member of the Board. The intent to enter into a more detailed contract, consistent with the Term Sheet is noted.
- #2 Term: A 5-year initial term is planned. Presidents contracts' initial terms can vary, but 5 years is not uncommon if a Board is hiring a President to accomplish longer term goals, which this Board seeks to do.
- #3 Extension: Board and Search Chair Steve Scott emphasized that the Board hopes the next President will want to commit to UF and will ultimately be able to serve for 10 years to lead the institution to achieve long-term preeminence goals. A decision on the extension would be made by the President and Board before the end of the initial term in the 5th year.

Board and Search Chair Steve Scott noted that UF expects to advance in the top ten goals within five years--but for UF to realize all the promise that UF currently has for the future will likely take 10 years. Ideally, UF will recruit a distinguished academic, who is also a leader, accomplished fundraiser, and experienced administrator who is interested in that kind of commitment. UF will have an opportunity in the fifth year to confirm we have made great progress and we are on the right course before making the second five-year commitment. Board and Search Chair Steve Scott challenged the Board whether they are ready to take the challenge of recruiting a president who reflects both practical and operational abilities as well as academic distinction and move-up.

Mr. Cotton continued the discussion as follows:

- #4 Annual Base Salary and Annual Deferred Base Salary: These provisions are the basic salary provisions and will be negotiated. The final numbers will depend on the qualifications and circumstances of the individual. A portion of currently earned base salary is deferred to the end of the 5th year of service for longevity. Annual increases on a going forward basis are tied to an assessment of prior performance and performance metrics.

Vice President Keith stated that we are clear as required by law, Section 215.425, Florida Statutes, that these and all compensation provisions total the market compensation for the President's current services—which will be within the Mercer range.

Mr. Cotton continued the discussion:

- #5 Short and Long Term Goals for UF: The President is charged to develop a strategic plan for UF, working with the Deans, and tied to long and short term goals. This is to be done on a schedule determined by the Governance Committee in consultation with the President. This process would include Faculty Senate support and approval by the Board of the Strategic Plan. The Board will also set performance goals for UF that the President will pursue and that will be tied to scheduled annual base salary increases. These are typically developed by the Board in consultation with the President.

Vice President Keith noted that responding to the comments of Search Subcommittee on Compensation member Tom Kuntz, who is also the Board of Governors Vice Chair, the examples of performance metrics that are referenced in the Term Sheet and tied to scheduled salary increases, include the following:

- (1) short and long term metrics tied to UF's goal of becoming a top 10 public AAU research university in national rankings, as well as;
- (2) UF performance metrics proposed and approved by the UF Board; and
- (3) and (4) UF-specific and system-wide performance metrics proposed and approved by the Board of Governors. It is a comprehensive set attached to the Term Sheet.

Mr. Cotton continued the discussion:

- #6-10 addresses standard benefits and customary executive benefits that are part of compensation.
- #11 Faculty Rank and Tenure: Provides for tenure in the president's academic discipline's department and allows the president to assume faculty duties at the end of the presidency, as long as the end is not "for cause".

The initial first post-presidency assignment is subject to approval the Board Chair and notice to the Governance Committee. Search and Board Chair Scott asked that this assignment be approved by two Trustees designated by the Board Chair (which may include the Board Chair).

Mr. Scott resumed, noting that there is no compensation for the faculty appointment during service as President and, after stepping down, salary as a tenured faculty member is at the level of the highest paid faculty member in the department.

- #12 Sabbatical: Provides for a Sabbatical (with the term to be negotiated and inserted in the Term Sheet) upon completion of five years as president at the president's last base salary. This can be monetized in a lump sum payment if the presidency is extended.

A second sabbatical is provided at the end of the extended term if the extension is at least 5 years, but cannot be monetized.

- #13 Housing and #14 Parking: Housing and parking are to be provided; the president will be required to live in the new Dasburg President's House on campus.
- #15 Transition Expenses: Reimbursements for moving and UF-business-related expenses in the transition are provided- and #18 Legal Fees: to negotiate the Term Sheet and Contract are provided.
- #16 Other Terms: Flags the need to be open to particular needs of a candidate.
- #17 Travel and Entertainment Expenses: Provides for reimbursement of the president's business expenses, including for a spouse or partner when benefiting UF.

Vice President Keith noted that the Term Sheet provides for the Board Chair or designee to review the President's expenses. She further stated that based on a suggestion of Trustee Rosenberg that more than one Board member share the responsibility, the Term Sheet will provide for two Trustees designated by the Board Chair to share the responsibility. Vice President Keith also noted that there are terms to instead use an outside expert such as an outside auditor. Board and Search Chair Steve Scott expressed support for this check and balance. He also recommended that at least two Trustees approve any outside activity.

Based on comments by Trustee Roulhac Vice President Keith noted that paragraphs 3 and 4 will be clarified on the points that accrued deferred compensation will be payable at the end of the first five-year term and the terms for any extension period will be decided at the time the amendment to extend the term is negotiated.

Vasudha Narayanan asked a question relating to Section 11, which is clarification of how tenure would be conferred and whether a tenure it will be voted by the faculty in the normal process. Vice President Keith responded that tenure will go through the normal tenure upon hire process and may be granted by the Trustees after going through the process.

Board and Search Chair Steve Scott commented that spouses who are faculty members where they presently are and seek appointment at UF would need to be disclosed and go through the normal hiring and tenure process.

Senior Vice President Payne asked if there was a provision addressing paying spousal salary? Mr. Cotton stated that paragraph 16 could address special needs, but spousal hiring and salary

would be handled in a separate document if needed, addressing salaries, responsibilities and duties, and reporting lines. He further commented that many public and private institutions do not compensate a president's spouse for the substantial role he or she plays in support of the university and president, unless the spouse is also employed in a regular position.

Mr. Cotton continued the discussion:

- #19 Termination For Cause: from all capacities at UF (including as a tenured professor) for (1) conviction or no contest for any felony or for a misdemeanor involving moral turpitude or misuse or misappropriation of UF or affiliate funds—by majority vote of the Governance Committee; (2) same, but arrest and charge—by majority vote of the full Board; (3) material failure to perform duties, after notice and opportunity to cure; material breach of fiduciary duty; committed fraud or act of moral turpitude reflecting negatively on UF; or reckless or willful commission of other misconduct or gross negligence that harms or seriously threatens to harm UF reputation, interests, assets—with a finding by majority vote of the full Board. The president gets an opportunity to provide information to the Board before it acts, if possible.
- #20 Termination Without Cause: by the Board with 60 days' notice; the president may assume tenured faculty duties.
- #21 and #22 Termination On Death or Permanent Disability: The disability insurance policy defines the period of inability to perform that constitutes "permanent".
- #23 Resignation/Notice Requirement: Allows the President to resign on 180 days' notice or, if approved by the Board Chair, a shorter period.
- #24 Outside Activities: Allows outside activities approved by the Board Chair consistent with the Florida Ethics Law and UF policies; prohibits service that would interfere with or conflict with duties as president; and limits concurrent service on for profit boards to no more than two.

Board and Search Chair Steve Scott recommended that not only the Chair approve. He instructed that at least two members of the Board of Trustee approve outside activities.

Mr. Cotton continued the discussion:

- #25 Indemnification: UF indemnifies the president to the extent permitted by law and university policies.
- #26 Dispute Resolution: Requires mediation, then (if not resolved) binding arbitration of contract disputes.

- #27 Upon election of the President by the Board of Trustees, the hiring of the President, and any reappointment, is subject to approval of the Board of Governors as required by law.

Chair Heavener noted that the Board and Search Chair Steve Scott has the authority to set and configure total compensation within the Mercer range—so these provisions will be developed as needed in negotiations. Board and Search Chair Steve Scott will need some flexibility to further develop, change, and add to the non-compensation terms. Chair Heavener noted it would be helpful if Board and Search Chair Steve Scott had the authority to further develop, change, and add to the non-compensation terms, with guidance from outside expert counsel that changes are reasonable in the market and it is in UF’s interest to agree to them.

Jamie Keith reviewed the following summary of consensus with the Governance Committee and Search Subcommittee on Compensation and noted that the changes identified during the discussion include:

- #17: Review of the president’s expenses will be by two Trustees or an outside consultant (e.g., accountant) who does not report to the president and are designated by the Board Chair.
- #3 and #4: It will be clarified that accrued deferred compensation will be payable at the end of the first five-year term and the terms for any extension period will be decided at the time the amendment to extend the term is negotiated.
- #24: Outside activities of the president will be subject to approval by two Trustees designated by the Board Chair.

Board and Search Chair Steve Scott has the authority to set and configure total compensation within the Mercer-determined market range, there are additional (non-compensation) provisions as well.

The Board Governance Committee and Search Subcommittee on Compensation were asked to express a general consensus on (1) the appropriateness of the other (non-compensation) subjects addressed in the Term Sheet and (2) the Board and Search Chair being given the flexibility and authority by the Board to negotiate, further develop and change the non-compensation provisions of the Term Sheet within the scope of subjects covered; and to include any additional subjects provided that the Chair receives confirmation from outside counsel to the Board that the changes and additions are reasonable in the market and in the interests of UF to enter into. The final Term Sheet will be brought to the Board for final ratification at the time the next President is elected.

Subcommittee Chair Bill Heavener asked for a show of consensus by the Search Subcommittee on Compensation members to make this recommendation to the full Search Committee and Board.

Trustee Dave Thomas moved support of the recommendation by the Search Subcommittee on Compensation members and Professor Marc Heft seconded the motion. After asking for

discussion, all in favor and any opposed, the Subcommittee unanimously made the recommendation. Governance Chair Bill Heavener then asked for the same motion, which was made by Trustee Juliet Roulhac and seconded by Trustee Scott. With no further discussion, the motion was approved unanimously.

Chair Heavener asked for a motion to adjourn, which was made by Trustee Thomas and seconded by Trustee Roulhac. The Chair asked for all in favor, any opposed and the motion was approved unanimously. The meeting adjourned at 1:00 p.m.



Affiliate Governance

Shands Teaching Hospital and Clinics, Inc
(dba UF Health Shands Hospital)

Shands Jacksonville Medical Center, Inc
(dba UF Health Jacksonville)

David S. Guzick, MD, PhD
Senior Vice President, UF Health Science Center
President, UF Health

- 1958 Shands Teaching Hospital and Clinics (STHC) opens
- 1979 Florida Statute 1004.41: STHC is created as a private not-for-profit corporation indirectly governed by UF
- Statutory mission – Primary purpose is to support UF's health affairs missions of patient care, education, research and community service.



History - Jacksonville

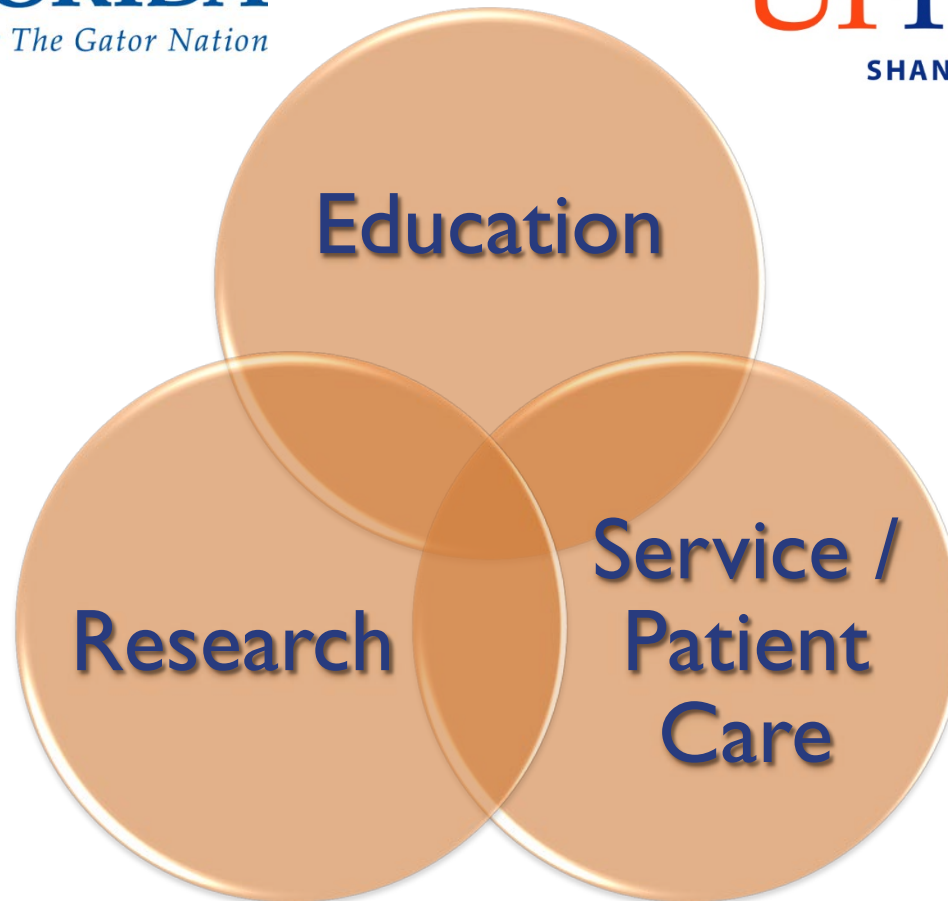
1969 UF College of Medicine is established as teaching affiliate of city-owned safety-net hospital in Jacksonville

1999 Safety-net hospital in Jacksonville becomes Shands Jacksonville Medicine Center (SJMC), a UF affiliate.

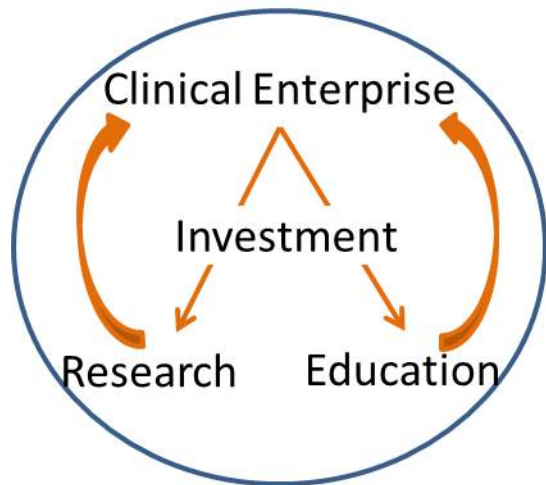
2003 STHC becomes parent (sole member) of SJMC

2010 STHC and SJMC become two “sister” organizations under new statutory rights of UF to control each entity, with both supporting UF’s health affairs missions as their primary purpose.

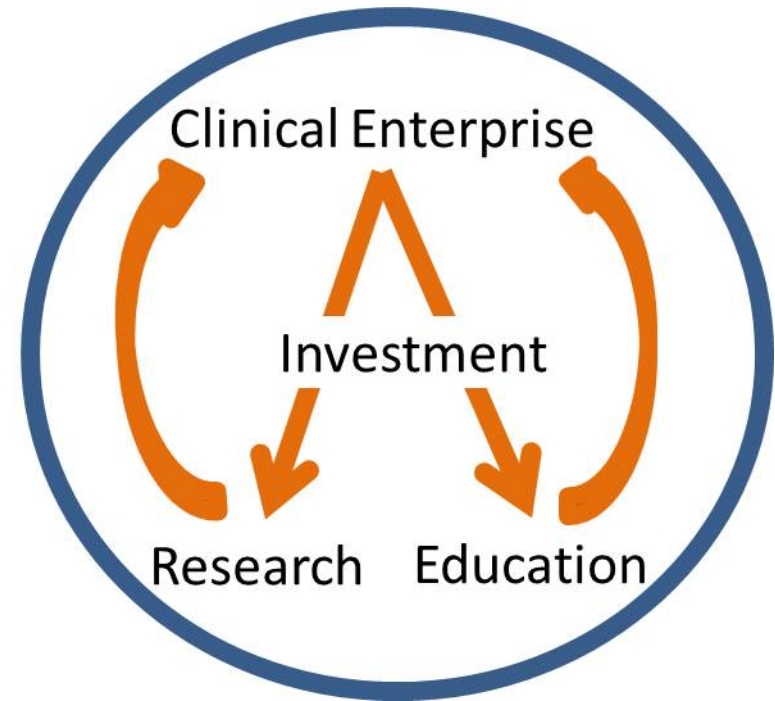




Academic Health Center



Many
Iterations





UNIVERSITY OF
FLORIDA
Health Science Center

SHANDS
HealthCare

UF&Shands
The University Of Florida Health System

UF&Shands
The University of Florida Academic Health Center

UFHealth
UNIVERSITY OF FLORIDA HEALTH

Board Structure

The UF President or his designee is the Board Chair and has the power to appoint and remove all directors. The UF SVPHA is the President's designee.



- Category 1: UF President, UF BOT member, SVPHA, COM dean, hospital CEO
- Category 2: 3-5 faculty members
- Category 3: 7-9 citizens at large of the State of Florida

- Category 1: UF President, UF BOT member, SVPHA, COM–Jax dean, hospital CEO
- Category 2: 3-5 faculty members
- Category 3: 5-9 citizens at large of the State of Florida, one of whom is nominated by the Mayor of Jacksonville

Section 2 Bylaws:

The powers of the Corporation shall be vested in the Board of Directors, which shall have charge, control and management of the property, affairs and funds of the Corporation.

UF Scope of Governance Control over UF Health Shands and UF Health Jacksonville

- UF President designates Senior VP, Health Affairs as Chair of UF Health Shands Board
- UF President or designee has full appointment and removal powers over all directors
- SVP, Health Affairs also designated as administrative President of UF Health Shands with the CEO reporting to the President

UF Scope of Governance Control over UF Health Shands and UF Health Jacksonville

- UF Health General Counsel reports to UF VP and General Counsel
- Dual (UF HSC and Shands) “Chief” positions for finance, IT, PR & Marketing, Development, Privacy & Compliance, and Quality all report to the UF Senior Vice President, Health Affairs, with accountability to UF VP in each area.

- Russ Armistead, MBA, Chief Executive Officer (Jax)
- Kari Cassell, Chief Information Officer
- Timothy M. Goldfarb, MHA, EVP for Regional and Governmental Affairs (Gnv)
- Michael Gleason, Chief Financial Officer (Jax)
- David S. Guzick, MD, PhD, SVPHA; President, UF Health
- Randy Harmatz, MBA, Chief Quality Officer

- Ed Jimenez, MBA, Interim Chief Executive Officer (Gnv)
- Mary Ann Kiely, Chief Development Officer
- Gigi Lipori, MBA, Chief Data Officer (Gnv)
- James Roberts, JD, Esq., SVP and General Counsel
- William Robinson, MBA, Chief Financial Officer (Gnv)
- Melanie Ross, MS, Chief Communications Officer
- Elizabeth Ruszczyk, JD, Chief Compliance and Privacy Officer

UF Health Shands

Total Operating Revenue	\$1,200M
Transfers to Medical School	\$46M
Reserves	\$457M
Days of Cash	146
Bond Rating	A3 (Moody's) A- (Fitch)

UF Health Jacksonville

Total Operating Revenue	\$541M
Transfers to Medical School	\$23M
Reserves	\$111.5M
Days of Cash	76
Bond Rating	Baa3 (Moody's) BBB+ (Fitch)



“When storm clouds come in, the eagle soars while the small birds take cover.”

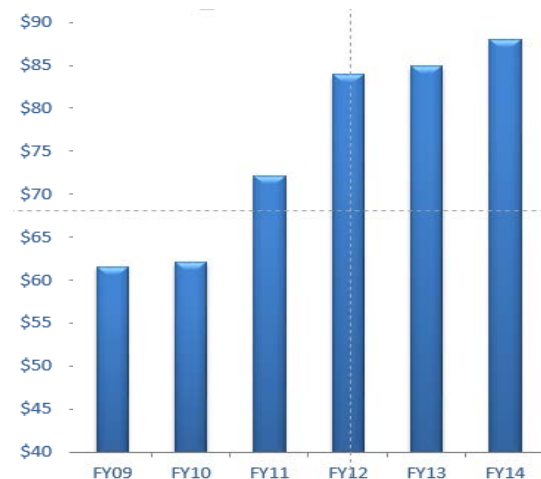
1. Financial
2. Operational
3. Legal
4. Reputational

1. **Financial** - Central oversight of COM and UF Health Shands operational finances by common CFO, and by UF Health Shands Board finance committee.
2. **Operational** - Dual (UF & Shands) head positions for CFO, IT, Development, Privacy & Compliance, and Quality all report to SVP Health Affairs & President UF Health Shands for coordinated oversight.
3. **Legal** - Use of a common malpractice program and reporting structure of Shands Legal into UF legal.
4. **Reputational** - Coordinated through common UF & UF Health PR & Marketing

- Established culture of collaboration between HSC faculty and hospital leadership
- Moved UF Health Shands UHC quality rating from 2 stars to 4 stars
- Provided increasing hospital support to the College of Medicine across Gnv and Jax (\$60M → \$75M)



- Leveraging hospital support, recruited and retained research faculty (40% increase in NIH funding)
- In conjunction with COM dean, have hired 14 new hospital service chiefs (department chairs) across Gnv and Jax
- Established UF Health Cancer Center at Orlando Health
- Received Florida Cancer Center of Excellence 5-year award



- The key role for UF Health Shands and UF Health Jacksonville is to support UF's objective of Top 10 Public University
- The goal for UF Health Shands is to expand its statewide prominence as the clinical treatment center of choice, thereby fueling the already robust virtuous circle and increasing the preeminence of UF HSC colleges and research institutes
- The goal for UF Health Jacksonville is to achieve financial stability, maintain its service and education missions, and embark on early iterations of the virtuous circle

The background of the image is a bright blue sky with a sun in the upper right corner, creating a lens flare effect. There are several white, fluffy clouds scattered across the sky. The logo for UF Health is centered in the upper half of the image. It features the letters 'UF' in a bold, orange, serif font. Above the 'UF' is a thin, orange, curved line that arches over the letters. To the right of 'UF' is the word 'Health' in a dark blue, serif font.

UF Health

UNIVERSITY OF FLORIDA HEALTH

UNIVERSITY OF FLORIDA BOARD OF TRUSTEES, COMMITTEE ON GOVERNANCE

**Questionnaire and Outline For Category 1 Affiliated Organization* Presentations
at the March or June 2014 UF Board of Trustees Committee On Governance Meeting**

NOTE: Please return this form to Becky Holt in the UF Office of the Vice President and General Counsel, at bholt@ufl.edu by February 15, 2014. Concise but complete information is appreciated.

At the March or June UF Board of Trustees Committee on Governance meeting, each Affiliate's CEO will be scheduled to make a 10 minute presentation highlighting information from the **red numbered questions**. Then, for ~15 minutes, the Governance Committee will engage in discussion with the Affiliate CEO and UF Trustee on the Affiliate's Board. **Please call Jamie Lewis Keith, UF Vice President and General Counsel, or Mike Ford, Senior University Counsel, with any questions or for assistance (352-392-1358).**

1. Provide the name and mission of the organization, including scope and nature of major activities. Please include a description of the relationship of the organization's activities to UF's mission of education, research and service.

Name: Shands Teaching Hospital & Clinics, Inc., d/b/a UF Health Shands.

Mission: To Heal, Comfort, Educate, and Discover. We dedicate our work to improving the lives of those we touch through quality health care, medical education, innovation, and research.

Relationship of organization's activities to UF's mission: UF Health Shands by statute, structures its organization's activities in a manner that supports UF's missions of education, research and service. Our mission falls in line with UF's mission, and each organizational goal, objective and tactic is designed to further the stated mission.

2. Provide the following governance information.

a) Directors:

- Total Number of Seats (or range if Bylaws provide minimum and maximum membership): 15- 20

Manner of Appointment/Election/Removal: UF President or designee may appoint and remove directors in categories 2 or 3 with or without cause.

Category 1 -5-6 Ex-officio members as specified in the Bylaws; To wit:

<u>Name</u>	<u>Entity Tied To Ex Officio Role</u>
Carolyn Roberts	UF BOT
David S. Guzick	Chairman of Board of Directors, UF Sr. Vice President for Health Affairs
Ed Jimenez	Interim Chief Executive Officer
Michael L. Good	Dean, UF College of Medicine
J. Bernard Machen	UF President

Category 2- 3-5 UF faculty and College of Medicine Physicians.

Category 3- 7-9 citizens of Florida having an interest in the affairs of the corporation directors.

b) Key Management Personnel, Including CEO and CFO:

<u>Name</u>	<u>Title</u>	<u>Short Professional Biography</u>
<u>David S. Guzick</u>	<u>President</u>	<u>See attachment</u>
<u>Ed Jimenez</u>	<u>Interim CEO</u>	<u>See attachment</u>
<u>Tim Goldfarb</u>	<u>Executive Vice President</u>	<u>See attachment</u>

William Robinson Sr. Vice President and CFO See attachment
James M. Roberts Sr. Vice President & General Counsel See attachment

c) Audit Committee:

- Number of Seats: 3-5
- Manner of Appointment: Appointment by Chair of the Board, who is UF Sr. VP for Health affairs.
- Chair:

<u>Name</u>	<u>Areas of Relevant Professional/Other Expertise</u>
Danny Ponce, Esq.	Long UF history and private practice attorney-See attached Supplement
- Frequency of Meetings: 4X a year
- Name of Outside Audit Firm: Price Waterhouse Coopers. Is the responsible audit partner rotated periodically? Yes X or No ; If yes, at what intervals: 5-7 years
- Does the Entity Board Receive/Review the 990? Yes or No (Yes, IRS Form 990 is provided to the Chairman of the Board of Directors and Chairman of the Finance Committee and made available to entire board.)
- Does the Outside Audit Firm Review Controls on Related Party Transactions? Yes X No
- Identify/Explain How Any Outstanding Significant Recurring Audit Issues Are Being Addressed: None

3. Finances—Please attach an overview of:

- a) Budgeted Revenue and Expenses – See attached - FY15 Operating & Capital Budgets (PDF)
- b) Principal Sources of Income – See attached –UF Health Shands Hospital and Subsidiaries Consolidated Basic Financial Statements (PDF)
- c) Principal Expenditures (and relationship to UF’s mission) – See attached – UF Health Shands Hospital. and Subsidiaries Consolidated Basic Financial Statements and AQSA UF support (PDF)
- d) If There Is a Board Finance Committee, List Chair:

<u>Name</u>	<u>Areas of Relevant Professional/Other Expertise</u>
Joan Ruffier	Long-standing board member and former CFO- See attached Supplement

Frequency of Meetings: 4X a year

- e) How Are Investments Managed (internal investment committee, UFICO, other) By UFICO

- If there Is A Board Investment Committee, List Chair:

<u>Name</u>	<u>Areas of Relevant Professional/Other Expertise</u>
Steve Shey	<u>Real estate developer and owner of Management and Leasing Company</u> (See attached Supplement)

Frequency of Meetings: Approximately 3X a year

- If UFICO Does **Not** Manage Investments, Investment Committee Members:

<u>Name</u>	<u>Areas of Relevant Professional/Other Expertise</u>
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4. Does the organization have its own employees? X yes no. If the organization has its own employees is the full Board or the Compensation Committee responsible for IRS Intermediate Sanctions review and approval of compensation for those (a) in a President/CEO/Chief Operating Officer role (person, regardless of title, with ultimate responsibility for overseeing management of the entire organization), (b) in a Treasurer/CFO role (person, regardless of title, with ultimate responsibility for managing the finances of the entire organization), and (c) Others with substantial influence over the affairs of the entire organization (e.g., one who manages a part or activity that represents a substantial portion of the activities, assets, income or expenses of the organization as compared to the organization as a whole, and therefore has substantial influence over the organization)?

Response- Yes, the compensation committee of the Board composed of community directors is authorized to act on behalf of the board and as such, reviews and approves the compensation of the above-referenced key employees as well as other direct reports to the CEO and President.. Per the Bylaws, the approved compensation for the CEO is made known to the entire Board in executive session.. Analysis and data from an outside compensation expert are utilized and the General Counsel provides legal support to the committee.

a) If There Is A Board Compensation Committee, List Chair:

- | | |
|--------------------------|---|
| <u>Name</u> | <u>Areas of Relevant Professional/Other Expertise</u> |
| Tracy Duda Chapman, Esq. | Attorney and prominent Florida company owner
(See attached Supplement) |

5. Identify and briefly describe the organization's notable accomplishments over the past 5 years:

- Established culture of collaboration between HSC faculty and hospital leadership
- Moved UF Health Shands UHC quality rating from 2 stars to 4 stars
- Provided increasing hospital support to the College of Medicine across Gnv and Jax (\$60M → \$75M)
- Leveraging hospital support, recruited and retained research faculty (40% increase in NIH funding)
- In conjunction with COM dean, have hired 14 new hospital service chiefs (department chairs) across Gnv and Jax
- Established UF Health Cancer Center at Orlando Health
- Received Florida Cancer Center of Excellence 5-year award

6. Identify the organization's major strengths and opportunities and awareness of challenges--and related strategies/objectives:

Include significant goals—with any metrics being used to track/report progress:

a) Key Goals/Metrics For the Next Year: (See attached Supplement)

b) Key Goals/Metrics For the Next 5 Years:

- 1) The goal for UF Health Shands is to materially expand its statewide prominence as the clinical treatment center of choice, thereby fueling the already robust virtuous circle and increasing the preeminence of UF HSC colleges and research institutes. (newly created physician and hospital patient capture portals and insurance payor arrangements will be means of assessing improvements)
- 2) Achieve a five star for overall composite performance on the UHC Quality and Accountability Performance Scorecard

c) Key Goals/Metrics For the Next 10 Years:

The key role for UF Health Shands is to support UF's objective of Top 10 Public University. Metrics will use typical references of national ranking sources such as Newsweek and other pertinent sources for rankings of Academic Medical Centers.

*University of Florida Foundation, Inc.; University of Florida Investment Corporation; The University Athletic Association, Inc./Gator Boosters, Inc. (joint presentation—please provide separate questionnaires); Shands Teaching Hospital and Clinics Inc./Shands Jacksonville Medical Center, Inc./Shands Jacksonville Healthcare, Inc. (joint presentation—please provide separate questionnaires); University of Florida Research Foundation, Inc.; University of Florida Development Corporation.

Response to Question 2(b)

David S. Guzick, M.D., Ph.D. – (62) Senior Vice President, Health Affairs, University of Florida, and President, UF Health Shands. He also serves as board chair for UF Health Shands. From 2002-2009, Dr. Guzick was dean of the School of Medicine and Dentistry at the University of Rochester in Rochester, New York. In addition to serving as dean, he was principal investigator for Rochester's NIH Clinical and Translational Science Award. From 1995 until 2002, Dr. Guzick served as the Henry A. Thiede professor and chair of the Department of Obstetrics and Gynecology at the University of Rochester. From 1986-1995, he was at the University of Pittsburgh School of Medicine, where he was professor of Obstetrics, Gynecology and Reproductive Science and Director of Reproductive Endocrinology.

Dr. Guzick earned his M.D. degree and Ph.D. in 1979 from New York University as part of the Medical Scientist Training Program of the National Institutes of Health. Following a residency in obstetrics and gynecology at The Johns Hopkins Hospital, he completed a fellowship in reproductive endocrinology at the University of Texas, Southwestern Medical School. An internationally recognized expert in reproductive endocrinology, Dr. Guzick was inducted into the Society of Scholars at the Johns Hopkins University in 2004. In 2008, Dr. Guzick was elected to the Institute of Medicine, one of the nation's highest honors in the fields of medicine and health.

Edward Jimenez – (42) Chief Executive Officer. Education: MBA, Baruch College/Mount Sinai School of Medicine; BA, Politics, Brandeis University. Experience: July 2014-present, Chief Executive Officer, UF Health Shands; October 2010-June 2014, Senior Vice President and Chief Operating Officer, UF Health Shands Hospital; (2005-2010) System Vice President, Saint Joseph's Healthcare System, Patterson, New Jersey; (2003-2005) Executive Director, Ambulatory Care Services, University Hospital – UMDNJ, Newark, New Jersey; (2001-2003) Regional Administrative Manager, Memorial Sloan Kettering Cancer Center, New York, New York; (1999-2001) Director of Operations and Business Development, Valley Health System, Ridgewood, New Jersey; (1997-1999) Planning Coordinator, The Valley Hospital; (1987-1997) Director of Operations Management, Planning Coordinator and varied support roles, Wayne General Hospital, Wayne, New Jersey. Mr. Jimenez is a member of the American College of Health Care Executives.

Timothy M. Goldfarb – (64) Executive Vice President for Regional and Governmental Affairs, UF Health Shands. Education: M.H.S.A., Arizona State University; B.S., Arizona State University. Experience: July 2014-present, Executive Vice President for Regional and Governmental Affairs, UF Health Shands Hospital; July 2001-June 2014, Chief Executive Officer, UF Health Shands; 1987-August, 2001, Director, Oregon Health Sciences University Hospitals and Health Care System, Portland, Oregon; 1984-1987, Associate Hospital Director, Oregon Health Sciences University Hospitals and Health Care System; 1980-1984, Senior Associate Administrator, Arizona Medical Center, University of Arizona, Tucson, Arizona; 1979-1980, Assistant Administrator, Tucson General Hospital, Tucson, Arizona; 1978-1979, Director, Patient Accounting, Arizona Medical Center, University of Arizona; 1977-1978, Administrative Resident, Arizona Medical Center, University of Arizona.

William J. Robinson - (63) Senior Vice President and Chief Financial Officer. Education: M.B.A., Nichols College; B.S.B.A., Northeastern University; Experience: 1998-present, Senior Vice President and Chief Financial Officer, UF Health Shands; 1996-1998, Senior Vice President and Chief Financial Officer, Beth Israel Deaconess Medical Center, Boston, Massachusetts; 1988-1996, Senior Vice President and Chief Financial Officer, Pathway Health Network, Boston, Massachusetts; 1985-1988, Senior Vice President and Chief Financial Officer, Valley Regional Health System, Inc., Methuen, Massachusetts; 1982-1985, Vice President for Finance, The Leonard Morse Hospital, Natick, Massachusetts; 1974-1982, Controller, The Memorial Hospital, Worcester, Massachusetts.

Mr. Robinson is a Fellow with the Healthcare Financial Management Association (“HFMA”) and is serving on the HFMA - Large System CFO Council; the Florida Hospital Association - CFO Forum; and the Health Management Academy - CFO Council.

James M. Roberts – (60) Senior Vice President and General Counsel and Board Secretary. Education, JD, University of Maryland School of Law; BA, Biology, University of Maryland. Experience: October 2008 – present, Senior Vice President and General Counsel, UF Health Shands; (2002-2008) Senior Vice President, General Counsel and Secretary, University of Wisconsin Hospitals and Clinics, Madison, Wisconsin; (1996-2002) Managing

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Director/Registered Representative, PNC Capital Markets, Pittsburgh, Pennsylvania; (1994–1996) Vice President, General Counsel and Secretary, Shadyside Hospital, University of Pittsburgh Medical Center System, (1993-1994) Acting Vice President and General Counsel, (1986-1993) Deputy General Counsel and Corporate Secretary, Johns Hopkins Hospital & Health System Corporation, Baltimore, Maryland. Prior to 1986, Mr. Roberts was in-house counsel for predecessor companies of Citigroup, AON and Verizon. He is admitted to practice in the Maryland Court of Appeals, the U. S. District Court for the District of Maryland, and U. S. Bankruptcy Court for the District of Maryland. Mr. Roberts practices at Shands as Florida Authorized House Counsel pursuant to Rule 17 of the Florida Bar. Mr. Roberts is a member of the American Health Lawyer's Association, the University Health System Consortium ("UHC") Legal and Compliance Council Steering Committee and is adjunct healthcare faculty of the University of Florida's Levin College of Law.

Response to question 2(c)

Danny Ponce-Audit and Compliance Committee Chair

S. Daniel Ponce has been actively engaged in the representation of public and privately held enterprises in complex business and litigation matters. Danny started his career in public accounting with a big five accounting firm and served as an Assistant General Counsel to the Florida Division of Securities and Acting Executive Assistant to the State of Florida Comptroller and Cabinet Officer. Danny has served as General Counsel to two public companies, and has served as a member of the Board of Directors of public companies. In these capacities, he has gained a wide array of knowledge into business and litigation risks and management of those risks, from both an accounting and legal perspective.

Mr. Ponce's clients represent a varied group of business interests throughout the State of Florida, and have included among others, Imperial Industries, Inc., Premix Marbletite Manufacturing Co., Inc., Hackett Group, Inc. (Nasdaq HCKT), David Parker, Ed Miller, Ted Fernandez, The Biltmore Hotel, The David Williams Hotel, The Alexander Hotel, Southern Audio Visual, Oscar Roger, Roger Development Group, Inc., College Park Group, LLC, Plum Creek Timberlands, L.P. , Harry-Anna Investment, Fund, Inc., Nalbandian Properties, and Tioga Town Center. In 2002, he served as Special Counsel to U.S. Senator Bob Graham in Washington D.C.

Response to questions 3(a)-(c) See submitted PDFs entitled audited financials and 2015 budget

Response to question 3(d)

Joan Dial Ruffier-Chair of Finance Committee

EDUCATION: University of Florida, BA, 1961

Summa Cum Laude

Phi Beta Kappa

Phi Kappa Phi

Rollins College, Crummer Graduate School of Business

Master of Business Administration, 1982

PROFESSIONAL

EXPERIENCE: General Partner, Sunshine Cafes, food & beverage concessions in Jacksonville airport, 1900-1998

General Partner, Sunshine Cafes, food & beverage concessions in Orlando International Airport, 1997-1992

Certified Public Accountant, Colley, Trumbower, & Howell,
1982-1986

Management Consultant, National Assoc. of Bank Women, 1978 – 1982

STHC Supplemental Pages

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Response to question 3(e)

Steve Shey- Chair Investment Committee

Stephen Shey, with his wife Carol, established Shey Associates Inc. in 1965, which was one of Gainesville's first premiere property management and development companies. Leading the Gainesville apartment industry for several decades, Shey Associates was the forerunning company to feature new and innovative amenities to the Gainesville area. He is a leading Gainesville businessman and philanthropist.

Response to question 4(a)

Tracy Duda Chapman, Esq.-Chair Executive Compensation Committee.

Tracy Duda Chapman was appointed Chief Executive Officer of The Viera Company, DUDA's wholly owned real estate development subsidiary, and Senior Vice President of the corporation in 2007. She serves as General Counsel for the corporation as well as Corporate Secretary. Ms. Duda Chapman joined A. Duda & Sons, Inc. in 1992 as Associate Counsel at the corporate headquarters in Oviedo, Florida. She was promoted to General Counsel in 2000. In 2005 she was appointed Corporate Vice President of Corporate Services, with oversight responsibility for Corporate Communications, Governmental Affairs, Risk Management, Food Safety and Technical Services. Before joining DUDA, Ms. Duda Chapman practiced law in the real estate department of the law firm Dean Mead in Orlando. Ms. Duda Chapman holds a Bachelor's degree in Finance from the University of Alabama in Tuscaloosa, and a Juris Doctor from the University of Florida College of Law. She is a member of the Association of Corporate Counsel and the Orange County Bar Association.

Response to question 6(a)

UF Health Shands Goals Fiscal Year 2015

Quality and Patient Safety (Based on the UHC Quality and Accountability Study measures)

- Mortality: Decrease aggregate observed to expected mortality ratio by .03.
- Harm Events: Reduce the number of harm events by 2 per month.
- Readmissions: Decrease the 30-day all cause readmission rate by 0.4.
- Provide a safer environment for patients and health care personnel by increasing employee influenza vaccination compliance percentage from 70% to 90% during the 2014-15 campaign.

Service

- Complete hospitality and service training for 95% of management and 60% of staff by June 30, 2015.
- Incorporate hospitality and service standards into job descriptions and performance evaluations for 75% of all positions by June 30, 2015.
- Design additional educational offerings to create sustainability for the hospitality and service initiative.
- Fully implement a new staff orientation program to include an introduction to hospitality and service for all new faculty and staff within the College of Medicine and hospitals by December 1, 2014.
- Patient Satisfaction: Increase the HCAHPS communication composite score by 2.3%.

Workforce

- Increase the employee engagement score from 4.12 to 4.14, and maintain participation levels at 74%.
- Implement myTraining learning management system in partnership with University of Florida Training and Organizational Development.

STHC Supplemental Pages

Page 4 of 4

Finance

- Achieve or exceed budgeted operating margin of 3.5% (net of Contributions to Affiliates).
- Reduce/maintain supply cost per case mix index adjusted discharge at or below the median for the UHC hospital compare group.
- Secure long-term financing for the proposed hospital tower project.

Business Development and Growth

- Further develop one or two strategic hospital affiliations within existing relationships or with new entities to create and strengthen our regional network and referral base.
- Achieve or exceed budgeted volume increases:
 - Admissions 2.5%
 - Outpatient services 4.7%
- Reduce case mix adjusted length of stay by .1 days.
- Complete program design, schematics, obtain a guaranteed maximum price and develop a financing plan for the hospital tower project for the September 2014 Board meeting.
- Fully implement the requirements of the Orlando Health/UF Health joint oncology agreement by February 2015.

UNIVERSITY OF FLORIDA BOARD OF TRUSTEES, COMMITTEE ON GOVERNANCE

**Questionnaire and Outline For Category 1 Affiliated Organization* Presentations
at the March or June 2014 UF Board of Trustees Committee On Governance Meeting**

NOTE: Please return this form to Becky Holt in the UF Office of the Vice President and General Counsel, at bholt@ufl.edu by February 15, 2014. Concise but complete information is appreciated.

At the March or June UF Board of Trustees Committee on Governance meeting, each Affiliate's CEO will be scheduled to make a 10 minute presentation highlighting information from the **red numbered questions**. Then, for ~15 minutes, the Governance Committee will engage in discussion with the Affiliate CEO and UF Trustee on the Affiliate's Board. **Please call Jamie Lewis Keith, UF Vice President and General Counsel, or Mike Ford, Senior University Counsel, with any questions or for assistance (352-392-1358).**

1. Provide the name and mission of the organization, including scope and nature of major activities. Please include a description of the relationship of the organization's activities to UF's mission of education, research and service.

Name: Shands Jacksonville Healthcare, Inc.

Relationship of organization's activities to UF's mission: Shands Jacksonville Healthcare, Inc., serves as the sole member for Shands Jacksonville Medical Center, Inc. d/b/a UF Health Jacksonville which when formed in September 30, 1999 allowed for the hospital operations of University Medical Center, Inc. and Methodist Medical Center, Inc. (along with its operational assets) to be combined under SJMC. SJHC is organized to support the teaching and research missions of the University of Florida Health Science Center.

2. Provide the following governance information.

a) Directors:

- Total Number of Seats (or range if Bylaws provide minimum and maximum membership): 13-19
- Manner of Appointment/Election/Removal: Ex-officio members specified in Bylaws; appointment by Chair of 3-5 members of medical staff as Category 2 members, and 5-9 citizens of Florida as Category 3 members; one Category 3 member is nominated for appointment by Mayor of Jacksonville (nominee's appointment is contingent upon meeting SJHC's appointment criteria). Directors may be removed by the Chair at any time, with or without cause, or by the Board of Directors at any time with cause.
- Number of Ex Officio Seats: 5 (2 seats occupied by UF Sr. VP for Health Affairs)

For Each Affiliate Director/Trustee Currently Serving Ex Officio:

<u>Name</u>	<u>Entity Tied To Ex Officio Role</u>
David S. Guzick (Chair)	UF Sr. Vice President for Health Affairs
Daniel R. Wilson	Dean, Jacksonville Regional Campus UF College of Medicine
W.A. (Mac) McGriff	Representative of UF BOT
Russell E. Armistead, Jr.	CEO

b) Key Management Personnel, Including CEO and CFO:

<u>Name</u>	<u>Title</u>	<u>Short Professional Biography</u>
Russ Armistead	CEO	See attached Supplemental Page
Michael Gleason	CFO/Treasurer	See attached Supplemental Page

James Roberts
Jonathan Dixon

SVP/GC/Secretary
VP/SC/Asst. Secretary

See attached Supplemental Page
See attached Supplemental Page

c) Audit Committee:

- Number of Seats: 3-5
- Manner of Appointment: Appointment by Board Chair, who is UF Sr. VP for Health Affairs
- Chair:

<u>Name</u>	<u>Areas of Relevant Professional/Other Expertise</u>
Beth McCague	See attached Supplemental Page
- Frequency of Meetings: Three times per year
- Name of Outside Audit Firm: Price Waterhouse Coopers. Is the responsible audit partner rotated periodically? Yes or No ; If yes, at what intervals: 5-7 years
- Does the Entity Board Receive/Review the 990? Yes or No (Yes, IRS Form 990 is provided to the Chairman of the Board of Directors and Chairman of the Finance Committee) Does the Outside Audit Firm Review Controls on Related Party Transactions? Yes No
- Identify/Explain How Any Outstanding Significant Recurring Audit Issues Are Being Addressed:
None

3. Finances—Please attach an overview of:

- a) Budgeted Revenue and Expenses – Shands Jacksonville Healthcare, Inc. serves as the parent holding company for Shands Jacksonville Medical Center, Inc., however all financial information is consolidated into a single consolidated report. See attached - FY14 Operating & Capital Budgets & Shands Jacksonville HealthCare, Inc. and Subsidiaries Consolidated Basic Financial Statements.
- b) Principal Sources of Income – Shands Jacksonville Healthcare, Inc. serves as the parent holding company for Shands Jacksonville Medical Center, Inc., however all financial information is consolidated into Shands Jacksonville HealthCare, Inc. and Subsidiaries Consolidated Basic Financial Statements. - See attached - Shands Jacksonville HealthCare, Inc. and Subsidiaries Consolidated Basic Financial Statements
- c) Principal Expenditures (and relationship to UF's mission) – Shands Jacksonville Healthcare, Inc. serves as the parent holding company for Shands Jacksonville Medical Center, Inc., however all financial information is consolidated into Shands Jacksonville HealthCare, Inc. and Subsidiaries Consolidated Basic Financial Statements. - See attached - Shands Jacksonville HealthCare, Inc. and Subsidiaries Consolidated Basic Financial Statement
- d) If There Is A Board Finance Committee, List Chair:
 - | <u>Name</u> | <u>Areas of Relevant Professional/Other Expertise</u> |
|--------------|---|
| Beth McCague | See attached Supplemental Page |

Frequency of Meetings: Quarterly

e) How Are Investments Managed (internal investment committee, UFICO, other)? Investments are managed through the Board's Finance Committee. UF Health Jacksonville's currently invested in State SPIA fund.

- If there Is A Board Investment Committee, List Chair:

<u>Name</u>	<u>Areas of Relevant Professional/Other Expertise</u>
See 3(d)	

Frequency of Meetings: Quarterly
- If UFICO Does **Not** Manage Investments, Investment Committee Members:

<u>Name</u>	<u>Areas of Relevant Professional/Other Expertise</u>
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4. Does the organization have its own employees? yes no. If the organization has its own employees is the full Board or the Compensation Committee responsible for IRS Intermediate Sanctions review and approval of compensation for those (a) in a President/CEO/Chief Operating Officer role (person, regardless of title, with

ultimate responsibility for overseeing management of the entire organization), (b) in a Treasurer/CFO role (person, regardless of title, with ultimate responsibility for managing the finances of the entire organization), and (c) Others with substantial influence over the affairs of the entire organization (e.g., one who manages a part or activity that represents a substantial portion of the activities, assets, income or expenses of the organization as compared to the organization as a whole, and therefore has substantial influence over the organization)?

a) If There Is A Board Compensation Committee, List Chair:

- | | |
|-------------|---|
| <u>Name</u> | <u>Areas of Relevant Professional/Other Expertise</u> |
| N/A | |

5. Identify and briefly describe the organization's notable accomplishments over the past 5 years:

Shands Jacksonville Healthcare, Inc. serves as the parent holding company for Shands Jacksonville Medical Center, Inc.

6. Identify the organization's major strengths and opportunities and awareness of challenges--and related strategies/objectives: Shands Jacksonville Healthcare, Inc. serves as the parent holding company for Shands Jacksonville Medical Center, Inc. See responses for Shands Jacksonville Medical Center, Inc.

a) Include significant goals—with any metrics being used to track/report progress:

a) Key Goals/Metrics For the Next Year:

b) Key Goals/Metrics For the Next 5 Years:

c) Key Goals/Metrics For the Next 10 Years:

*University of Florida Foundation, Inc.; University of Florida Investment Corporation; The University Athletic Association, Inc./Gator Boosters, Inc. (joint presentation—please provide separate questionnaires); Shands Teaching Hospital and Clinics Inc./Shands Jacksonville Medical Center, Inc./Shands Jacksonville Healthcare, Inc. (joint presentation—please provide separate questionnaires); University of Florida Research Foundation, Inc.; University of Florida Development Corporation.

Response to Question 2(b)

Russell E. Armistead, Chief Executive Officer: Prior to his current position, Mr. Armistead served as the Associate Vice President of the UF Health Science Center's Office of Finance and Planning in Gainesville from 2004 until January 2013.

Prior to joining the UF Health System, Mr. Armistead served 24 years at Wake Forest University (WFU) in Winston-Salem, N.C., He served 14 of those years as Vice President for Health Services Administration, managing all business operations for the university's nationally ranked medical school. In addition to core financial duties, he was responsible for strategic planning, human resources, government relations and contractual relationships between the medical school and its teaching hospital. Prior to his employment with Wake Forest University, he was director of both the WFU Group Faculty Practice and the Strategic Planning Office over a seven-year period.

Mr. Armistead was also president of Armistead Consulting LLC, a North Carolina firm that provided management and consulting services to academic health centers, hospitals and other health care organizations. During that time, he served dual roles at the Medical College of Ohio (MCO) in Toledo, as interim executive director of MCO hospitals and as vice president for finance and chief financial officer/treasurer. Mr. Armistead began his career as a member of the audit staff at Ernst & Young in Winston-Salem. A native of Virginia, he has a bachelor's degree in business administration from Virginia Polytechnic Institute and State University, and a master's degree in business administration from Wake Forest University. He is a certified public accountant in Florida and North Carolina.

Michael E. Gleason, Senior Vice President and Chief Financial Officer and Treasurer: Mr. Gleason joined SJMC in February 1998. Mr. Gleason has over 20 years of healthcare experience, and has worked on both the provider and payer sides of the industry. Prior to being appointed Senior Vice President and Chief Financial Officer, Mr. Gleason previously held positions as Controller and Director of Managed Care within SJMC. Before joining SJMC, Mr. Gleason held the position of Director of Finance for the Central and North Florida regions with Humana Medical Plans, Inc., a for-profit HMO. Mr. Gleason has served on several not-for-profit community boards and finance committees, with a focus on investment management, cost control and ways to serve the healthcare needs of the uninsured. Most recently, Mr. Gleason was honored by the Jacksonville Business Journal as a recipient of the 2012 Ultimate CFO award. Mr. Gleason received his Bachelors degree in Accounting from the University of North Florida, and is a member of the American College of Healthcare Executives and the Healthcare Financial Management Association. Mr. Gleason also serves on the Florida Hospital Association's CFO Council.

James M. Roberts, Senior Vice President and General Counsel and Board Secretary: Education, JD, University of Maryland School of Law; BA, Biology, University of Maryland. Experience: Mr. Roberts joined Shands as Senior Vice President and General Counsel in October 2008. Prior to joining Shands, he served as (2002-2008) Senior Vice President, General Counsel and Secretary, University of Wisconsin Hospitals and Clinics, Madison, Wisconsin; (1996-2002) Managing Director/Registered Representative, PNC Capital Markets, Pittsburgh, Pennsylvania; (1994-1996) Vice President, General Counsel and Secretary, Shadyside Hospital, University of Pittsburgh Medical Center System; (1993-1994) Acting Vice President and General Counsel; (1986-1993) Deputy General Counsel and Corporate Secretary, Johns Hopkins Hospital & Health System Corporation, Baltimore, Maryland. Prior to 1986, Mr. Roberts was in-house counsel for predecessor companies of Citigroup, AON and Verizon. He is admitted to practice in the Maryland Court of Appeals, the U. S. District Court for the District of Maryland, and U. S. Bankruptcy Court for the District of Maryland. Mr. Roberts practices at Shands as Florida Authorized House Counsel pursuant to Rule 17 of The Florida Bar. Mr. Roberts is a member of the American Health Lawyer's Association, the UHC Legal and Compliance Council Steering Committee and is adjunct healthcare faculty of the University of Florida's Levin College of Law.

Jonathan Dixon III, Esq., Vice President and Senior Counsel and Assistant Board Secretary: Education: JD, University of Pittsburgh School of Law; BS, Business Management, University of Pittsburgh. Experience: Mr. Dixon joined Shands Jacksonville Medical Center as Vice President and Senior Counsel in August 2012;

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(2011-2012) Counsel, Adecco Group N.A., Jacksonville, Florida; (2008-2011) Associate General Counsel, Shands Jacksonville Medical Center; (2006-2008) Assistant General Counsel, Shriners' Hospitals for Children, Tampa, Florida; (2000-2006) Judge Advocate in the United States Air Force. Mr. Dixon is admitted to practice law in Pennsylvania and Florida. Mr. Dixon is a member of the American Health Lawyer's Association, the Florida Association of Healthcare Attorneys and serves on the Board of Directors of the Association of Corporate Counsel's North Florida Chapter.

Response to question 2(c)

Beth McCague - Chairman North Florida Board at Seaside National Bank & Trust, a privately held company. Founder of McCague Mediation, a professional mediation and arbitration services specializing in Family Business Dispute Resolution, Business/Contract Dispute Resolution, Bank Loan Dispute Resolution and Estate/Trust Dispute Resolution. Held the position of Co-Chairman Florida Tomorrow at University of Florida Foundation, an educational institution for higher education. Former COO at IxReveal, Inc., a computer and software industry and was EVP at Wachovia Bank NA, a financial services industry. She attended Jacksonville University and the University of Florida.

Response to questions 3(a)-(c)

See attached - Shands Jacksonville HealthCare, Inc. and Subsidiaries Consolidated Basic Financial Statement & FY14 Operating & Capital Budgets

Response to question 3(d)

Beth McCague - Chairman North Florida Board at Seaside National Bank & Trust, a privately held company. Founder of McCague Mediation, a professional mediation and arbitration services specializing in Family Business Dispute Resolution, Business/Contract Dispute Resolution, Bank Loan Dispute Resolution and Estate/Trust Dispute Resolution. Held the position of Co-Chairman Florida Tomorrow at University of Florida Foundation, an educational institution for higher education. Former COO at IxReveal, Inc., a computer and software industry and was EVP at Wachovia Bank NA, a financial services industry. She attended Jacksonville University and the University of Florida.

Response to question 4(a)

Beth McCague - Chairman North Florida Board at Seaside National Bank & Trust, a privately held company. Founder of McCague Mediation, a professional mediation and arbitration services specializing in Family Business Dispute Resolution, Business/Contract Dispute Resolution, Bank Loan Dispute Resolution and Estate/Trust Dispute Resolution. Held the position of Co-Chairman Florida Tomorrow at University of Florida Foundation, an educational institution for higher education. Former COO at IxReveal, Inc., a computer and software industry and was EVP at Wachovia Bank NA, a financial services industry. She attended Jacksonville University and the University of Florida.

UNIVERSITY OF FLORIDA BOARD OF TRUSTEES, COMMITTEE ON GOVERNANCE

**Questionnaire and Outline for Category 1 Affiliated Organization* Presentations
at the March or June 2014 UF Board of Trustees Committee On Governance Meeting**

NOTE: Please return this form to Becky Holt in the UF Office of the Vice President and General Counsel, at bholt@ufl.edu by February 15, 2014. Concise but complete information is appreciated.

At the March or June UF Board of Trustees Committee on Governance meeting, each Affiliate's CEO will be scheduled to make a 10 minute presentation highlighting information from the **red numbered questions**. Then, for ~15 minutes, the Governance Committee will engage in discussion with the Affiliate CEO and UF Trustee on the Affiliate's Board. **Please call Jamie Lewis Keith, UF Vice President and General Counsel, or Mike Ford, Senior University Counsel, with any questions or for assistance (352-392-1358).**

1. Provide the name and mission of the organization, including scope and nature of major activities. Please include a description of the relationship of the organization's activities to UF's mission of education, research and service.

Name: Shands Jacksonville Medical Center, Inc., d/b/a UF Health Jacksonville.

Mission: To Heal, Comfort, Educate, and Discover. We dedicate our work to improving the lives of those we touch through quality health care, medical education, innovation, and research.

Relationship of organization's activities to UF's mission: UF Health Jacksonville structures its organization's activities in a manner that supports UF's mission of education, research and service. Our mission falls in line with UF's mission, and each organizational goal, objective and tactic is designed to further the stated mission.

2. Provide the following governance information.

a) Directors:

- Total Number of Seats (or range if Bylaws provide minimum and maximum membership): 13-19
- Manner of Appointment/Election/Removal: Ex-officio members specified in Bylaws; appointment by Chair of 3-5 members of medical staff as Category 2 members, and 5-9 citizens of Florida as Category 3 members; one Category 3 member is nominated for appointment by Mayor of Jacksonville (nominee's appointment is contingent upon meeting SJMC's appointment criteria). Directors may be removed by the Chair at any time, with or without cause, or by the Board of Directors at any time with cause.

- Number of Ex Officio Seats: 5 (2 seats occupied by UF Sr. VP for Health Affairs)
For Each Affiliate Director/Trustee Currently Serving Ex-Officio:

<u>Name</u>	<u>Entity Tied To Ex-Officio Role</u>
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David S. Guzick (Chair)	UF Sr. Vice President for Health Affairs
Daniel R. Wilson	Dean, Jacksonville Regional Campus UF College of Medicine
W.A. (Mac) McGriff	Representative of UF BOT
Russell E. Armistead, Jr.	CEO

b) Key Management Personnel, Including CEO and CFO:

<u>Name</u>	<u>Title</u>	<u>Short Professional Biography</u>
Russ Armistead	CEO	See attached Supplemental Page
Michael Gleason	CFO	See attached Supplemental Page
Greg Miller	COO	See attached Supplemental Page
David Vukich	CMO	See attached Supplemental Page
James Roberts	SVP/GC	See attached Supplemental Page
Patrice Jones	CNO	See attached Supplemental Page

Jonathan Dixon
Lesli Ward

VP/SC
VP/HR

See attached Supplemental Page
See attached Supplemental Page

c) Audit Committee:

- Number of Seats: 3-5
- Manner of Appointment: Appointment by Board Chair, who is UF Sr. VP for Health Affairs
- Chair:

<u>Name</u>	<u>Areas of Relevant Professional/Other Expertise</u>
Beth McCague	See attached Supplemental Page
- Frequency of Meetings: Three times per year
- Name of Outside Audit Firm: Price Waterhouse Coopers. Is the responsible audit partner rotated periodically? Yes X or No ; If yes, at what intervals: 5 - 7 years
- Does the Entity Board Receive/Review the 990? Yes or No (Yes, IRS Form 990 is provided to the Chairman of the Board of Directors and Chairman of the Finance Committee) Does the Outside Audit Firm Review Controls on Related Party Transactions? Yes X No
- Identify/Explain How Any Outstanding Significant Recurring Audit Issues Are Being Addressed:
None

3. Finances—Please attach an overview of:

- a) Budgeted Revenue and Expenses – See attached - FY14 Operating & Capital Budgets
- b) Principal Sources of Income – See attached - Shands Jacksonville HealthCare, Inc. and Subsidiaries Consolidated Basic Financial Statements
- c) Principal Expenditures (and relationship to UF's mission) – See attached - Shands Jacksonville HealthCare, Inc. and Subsidiaries Consolidated Basic Financial Statements
- d) If There Is a Board Finance Committee, List Chair:

- | <u>Name</u> | <u>Areas of Relevant Professional/Other Expertise</u> |
|--------------|---|
| Beth McCague | See attached Supplemental Page |

Frequency of Meetings: Quarterly

e) How Are Investments Managed (internal investment committee, UFICO, other) Investments are managed through the Board's Finance Committee. UF Health Jacksonville's currently invested in State SPIA fund.

- If there Is A Board Investment Committee, List Chair: See 3(d)

<u>Name</u>	<u>Areas of Relevant Professional/Other Expertise</u>
See 3(d)	

Frequency of Meetings: Quarterly

- If UFICO Does **Not** Manage Investments, Investment Committee Members:

<u>Name</u>	<u>Areas of Relevant Professional/Other Expertise</u>
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4. Does the organization have its own employees? X yes no. If the organization has its own employees is the full Board or the Compensation Committee responsible for IRS Intermediate Sanctions review and approval of compensation for those (a) in a President/CEO/Chief Operating Officer role (person, regardless of title, with ultimate responsibility for overseeing management of the entire organization), (b) in a Treasurer/CFO role (person, regardless of title, with ultimate responsibility for managing the finances of the entire organization), and (c) Others with substantial influence over the affairs of the entire organization (e.g., one who manages a part or activity that represents a substantial portion of the activities, assets, income or expenses of the organization as compared to the organization as a whole, and therefore has substantial influence over the organization)? Yes, the Compensation Committee of the Board reviews and approves the compensation of the above-referenced key employees and the Board executive committee provides final approval. Analysis of an outside compensation expert is utilized.

a) If There Is a Board Compensation Committee, List Chair:

- | <u>Name</u> | <u>Areas of Relevant Professional/Other Expertise</u> |
|--------------|---|
| Beth McCague | See attached Supplemental Page |

5. Identify and briefly describe the organization's notable accomplishments over the past 5 years: See attached Supplemental Page
6. Identify the organization's major strengths and opportunities and awareness of challenges--and related strategies/objectives:
 - a) Include significant goals—with any metrics being used to track/report progress:
 - 1) Key Goals/Metrics For the Next Year: See attached Supplemental Page
 - 2) Key Goals/Metrics For the Next 5 Years: See attached Supplemental Page
 - 3) Key Goals/Metrics For the Next 10 Years: See attached Supplemental Page

*University of Florida Foundation, Inc.; University of Florida Investment Corporation; The University Athletic Association, Inc./Gator Boosters, Inc. (joint presentation—please provide separate questionnaires); Shands Teaching Hospital and Clinics Inc./Shands Jacksonville Medical Center, Inc./Shands Jacksonville Healthcare, Inc. (joint presentation—please provide separate questionnaires); University of Florida Research Foundation, Inc.; University of Florida Development Corporation.

Response to Question 2(b)

Russell E. Armistead, Chief Executive Officer: Prior to his current position, Mr. Armistead served as the Associate Vice President of the UF Health Science Center's Office of Finance and Planning in Gainesville from 2004 until January 2013.

Prior to joining the UF Health System, Mr. Armistead served 24 years at Wake Forest University (WFU) in Winston-Salem, N.C., He served 14 of those years as Vice President for Health Services Administration, managing all business operations for the university's nationally ranked medical school. In addition to core financial duties, he was responsible for strategic planning, human resources, government relations and contractual relationships between the medical school and its teaching hospital. Prior to his employment with Wake Forest University, he was director of both the WFU Group Faculty Practice and the Strategic Planning Office over a seven-year period.

Mr. Armistead was also president of Armistead Consulting LLC, a North Carolina firm that provided management and consulting services to academic health centers, hospitals and other health care organizations. During that time, he served dual roles at the Medical College of Ohio (MCO) in Toledo, as interim executive director of MCO hospitals and as vice president for finance and chief financial officer/treasurer. Mr. Armistead began his career as a member of the audit staff at Ernst & Young in Winston-Salem. A native of Virginia, he has a bachelor's degree in business administration from Virginia Polytechnic Institute and State University, and a master's degree in business administration from Wake Forest University. He is a certified public accountant in Florida and North Carolina.

Michael E. Gleason, Senior Vice President and Chief Financial Officer: Mr. Gleason joined SJMC in February 1998. Mr. Gleason has over 20 years of healthcare experience, and has worked on both the provider and payer sides of the industry. Prior to being appointed Senior Vice President and Chief Financial Officer, Mr. Gleason previously held positions as Controller and Director of Managed Care within SJMC. Before joining SJMC, Mr. Gleason held the position of Director of Finance for the Central and North Florida regions with Humana Medical Plans, Inc., a for-profit HMO. Mr. Gleason has served on several not-for-profit community boards and finance committees, with a focus on investment management, cost control and ways to serve the healthcare needs of the uninsured. Most recently, Mr. Gleason was honored by the Jacksonville Business Journal as a recipient of the 2012 Ultimate CFO award. Mr. Gleason received his Bachelors degree in Accounting from the University of North Florida, and is a member of the American College of Healthcare Executives and the Healthcare Financial Management Association. Mr. Gleason also serves on the Florida Hospital Association's CFO Council.

Gregory L. Miller, Senior Vice President and Chief Operating Officer: Mr. Miller joined SJMC in 1993 and has served in a senior leadership role since 1999. He served previously as Director, Managerial Accounting for the hospital. Mr. Miller is responsible for numerous hospital departments including Laboratory, Radiology, Pharmacy, Rehab Services, Perioperative Services, Information Technology Services, and numerous support departments. He is a Fellow of the American College of Healthcare Executives and a member of the Healthcare Financial Management Association. Mr. Miller received his MBA from the University of North Florida and a B.S. in Hospitality Administration from Florida State University. He currently serves on the boards of Community Hospice of Northeast Florida and Duval Federal Credit Union.

David J. Vukich, M.D., Senior Vice President, Chief Medical & Chief Quality Officer: Dr. Vukich joined SJMC in 1984. Dr. Vukich received his medical degree from the University of Colorado and completed his residency training at Baylor Medical Center and Denver General Hospital. Prior to joining SJMC, he served in the Navy Medical Corps as Assistant Professor in the Department of Operational & Emergency Medicine at the Uniformed Services University of Health Sciences in Bethesda, Maryland. Since joining SJMC, Dr. Vukich has served as Assistant Professor, Associate Professor, Professor and currently as Senior Associate Dean of Hospital Affairs for the University of Florida College of Medicine Jacksonville. Dr. Vukich played a major role in obtaining departmental status for the former Division of Emergency Medicine. Under his leadership the department has maintained a high level of quality in the academic and clinical programs

concerned with teaching, administration, research and service. Dr. Vukich is very active in numerous medical organizations such as the American College of Physicians and the Florida Medical Association. Dr. Vukich is also a past president of the Duval County Medical Society and the Florida College of Emergency Physicians. He serves on numerous local, state and national medical committees.

James M. Roberts, Senior Vice President and General Counsel and Board Secretary: Education, JD, University of Maryland School of Law; BA, Biology, University of Maryland. Experience: Mr. Roberts joined Shands as Senior Vice President and General Counsel in October 2008. Prior to joining Shands, he served as (2002-2008) Senior Vice President, General Counsel and Secretary, University of Wisconsin Hospitals and Clinics, Madison, Wisconsin; (1996-2002) Managing Director/Registered Representative, PNC Capital Markets, Pittsburgh, Pennsylvania; (1994-1996) Vice President, General Counsel and Secretary, Shadyside Hospital, University of Pittsburgh Medical Center System; (1993-1994) Acting Vice President and General Counsel; (1986-1993) Deputy General Counsel and Corporate Secretary, Johns Hopkins Hospital & Health System Corporation, Baltimore, Maryland. Prior to 1986, Mr. Roberts was in-house counsel for predecessor companies of Citigroup, AON and Verizon. He is admitted to practice in the Maryland Court of Appeals, the U. S. District Court for the District of Maryland, and U. S. Bankruptcy Court for the District of Maryland. Mr. Roberts practices at Shands as Florida Authorized House Counsel pursuant to Rule 17 of The Florida Bar. Mr. Roberts is a member of the American Health Lawyer's Association, the UHC Legal and Compliance Council Steering Committee and is adjunct healthcare faculty of the University of Florida's Levin College of Law.

Patrice I. Jones, Vice President and Chief Nursing Officer: Ms. Jones joined SJMC in March 2012. Ms. Jones has 33 years of experience in Nursing with 10 of those at the executive level. As Vice President and Chief Nursing Officer (CNO) of SJMC, Ms. Jones oversees approximately 1,200 LPNs, RNs and other certified caregivers. Her role is to provide the strategic plan and vision to fulfill the organization's ongoing commitment to nursing excellence as well as the embracing of nursing research and evidence-based practices to influence the way nurses conduct their work. Among her achievements is the contribution she made at the executive level toward earning Magnet Recognition for University of Alabama in 2002, then its re-designation in 2006. Her previous position was CNO of DCH Regional Medical Center and Northport Medical Center, both in the Tuscaloosa, Alabama area. Patrice received her BSN from Troy State University in 1980. She has an MSN in Nursing and Healthcare Administration from UAB School of Nursing. She is certified by the American Nurses Credentialing Center in Nursing Administration. She is currently enrolled in the Doctor of Nursing Practice program at Capstone College of Nursing, University of Alabama. Patrice serves as a Board member for Community Hospice of Northeast Florida and for Act One Partnership of the United Way. She is also on the Advisory Board for the Chamberlain College of Nursing. She is a member of the American Nurses Association, The American Organization of Nurse Executives and the Emergency Nurses Association.

Jonathan Dixon III, Esq., Vice President and Senior Counsel: Education: JD, University of Pittsburgh School of Law; BS, Business Management, University of Pittsburgh. Experience: Mr. Dixon joined Shands Jacksonville Medical Center as Vice President and Senior Counsel in August 2012; (2011-2012) Counsel, Adecco Group N.A., Jacksonville, Florida; (2008-2011) Associate General Counsel, Shands Jacksonville Medical Center; (2006-2008) Assistant General Counsel, Shriners' Hospitals for Children, Tampa, Florida; (2000-2006) Judge Advocate in the United States Air Force. Mr. Dixon is admitted to practice law in Pennsylvania and Florida. Mr. Dixon is a member of the American Health Lawyer's Association, the Florida Association of Healthcare Attorneys and serves on the Board of Directors of the Association of Corporate Counsel's North Florida Chapter.

Lesli Ward, Vice President, Human Resources: Ms. Ward joined SJMC in September 2001. Ms. Ward is a human resources professional with over 15 years' experience in all aspects of Human Resources management. Ms. Ward began her career with Republic Bank Dallas in 1984, specializing in compensation. She continued her career moving to Barnett Bank, Inc. in 1986, a multi-state financial institution with over 19,000 employees. For the next 12 years she was responsible for providing consultation to executive and senior management on staffing their business units, identifying key talent within the organization, and the design and implementation of compensation programs. Ms. Ward's most recent position prior to joining SJMC was with Dynamic Corporate Solutions, Inc. providing human resources consulting from 1998 to 2001. She received her B.S. degree in Communications from Lamar University in Beaumont, Texas.

Response to question 2(c)

Beth McCague - Chairman North Florida Board at Seaside National Bank & Trust, a privately held company. Founder of McCague Mediation, a professional mediation and arbitration services specializing in Family Business Dispute Resolution, Business/Contract Dispute Resolution, Bank Loan Dispute Resolution and Estate/Trust Dispute Resolution. Held the position of Co-Chairman Florida Tomorrow at University of Florida Foundation, an educational institution for higher education. Former COO at IxReveal, Inc., a computer and software industry and was EVP at Wachovia Bank NA, a financial services industry. She attended Jacksonville University and the University of Florida.

Response to questions 3(a)-(c)

See attached - Shands Jacksonville HealthCare, Inc. and Subsidiaries Consolidated Basic Financial Statement & FY14 Operating & Capital Budgets

Response to question 3(d)

Beth McCague - Chairman North Florida Board at Seaside National Bank & Trust, a privately held company. Founder of McCague Mediation, a professional mediation and arbitration services specializing in Family Business Dispute Resolution, Business/Contract Dispute Resolution, Bank Loan Dispute Resolution and Estate/Trust Dispute Resolution. Held the position of Co-Chairman Florida Tomorrow at University of Florida Foundation, an educational institution for higher education. Former COO at IxReveal, Inc., a computer and software industry and was EVP at Wachovia Bank NA, a financial services industry. She attended Jacksonville University and the University of Florida.

Response to question 4(a)

Beth McCague - Chairman North Florida Board at Seaside National Bank & Trust, a privately held company. Founder of McCague Mediation, a professional mediation and arbitration services specializing in Family Business Dispute Resolution, Business/Contract Dispute Resolution, Bank Loan Dispute Resolution and Estate/Trust Dispute Resolution. Held the position of Co-Chairman Florida Tomorrow at University of Florida Foundation, an educational institution for higher education. Former COO at IxReveal, Inc., a computer and software industry and was EVP at Wachovia Bank NA, a financial services industry. She attended Jacksonville University and the University of Florida.

Response to question 5

- Achieved **UHC** (formerly known as University Healthsystem Consortium) **4-Star Quality Ranking** – In **2012**, Shands Jacksonville Medical Center, Inc. received UHC's 4-Star Quality Ranking. This award recognizes academic medical centers that demonstrate exemplary performance in patient safety, mortality, clinical effectiveness, and equity of care, as defined in UHC's Quality and Accountability Study. Shands Jacksonville Medical Center, Inc. was recognized as rating 19th out of 116 academic medical centers. In **2013**, Shands Jacksonville Medical Center, Inc., retained its 4-Star Quality Ranking.
 - 2012 UHC Rising Star Quality award winner (shared with Duke Health and the Cleveland Clinic).
 - Ranked #8 nationally in 2012 for UHC's Quality & Accountability Aggregate ranking (morality measurement)
- **Governor's Sterling Award winner & re-certification as Sustained Excellence recipient.** In **2008**, Shands Jacksonville—as part of Shands HealthCare—was a recipient of the Governor's Sterling Award, the state's most prestigious award for performance excellence given to organizations and businesses in Florida that are role models for improving the way they do business. In recognition of ongoing improvement,

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Shands Jacksonville received the Governor's Sterling Award for Sustained Performance Excellence in **2011**. Issued by the Florida Sterling Council, the Governor's Sterling Award is based on the National Malcolm Baldrige Criteria for Performance Excellence.

- **American Nurses Credentialing Center Magnet-recognized Organization** – In **2011**, under the name Shands Jacksonville Medical Center, this organization was granted Magnet[®] recognition by the American Nurses Credentialing Center (ANCC). The Magnet program is nationally recognized as the gold standard of nursing excellence. At the time of the award, approximately six percent of the nation's healthcare organizations had received the credential. The Magnet Recognition Program[®] was developed by the ANCC to recognize healthcare organizations that provide nursing excellence and to disseminate successful nursing practices and strategies. Nursing staff at our hospital underwent a rigorous and lengthy application and review process that required widespread participation from leadership and staff.
- Became one of the most efficient Academic Medical Centers in the country as compared to our UHC peers:
 - 2012 rankings
 - #3 in Total Expense per Adjusted Discharge
 - #2 in Expected Cost vs. Actual Cost per Case
 - #1 in Supply Expense per Adjusted Discharge
- US News & World Report 2012 rankings:
 - #2 best hospital in Jacksonville
 - #11 best hospital in state of Florida
- First Academic Medical Center in the southeastern United States to achieve Level I Patient Centered Medical Home designation from the National Committee for Quality Assurance (“NCQA”)

Response to question 6(a)(1)

Organizational Goals for FY14

- Increase HCAHPS domain scores.
- Maintain a four star ranking for overall composite performance on the UHC Quality and Accountability Performance Scorecard.
- Meet budget target as of June 30, 2014.
- Decrease or maintain overall employee turnover rate to or below for the facility for the time period 7/1/12 – 6/30/13.
- Decrease ALOS for Acute and Observation Admissions as of June 30, 2014, as compared to June 30, 2013.

Key Strategies and Initiatives

- Successful completion and opening of the North-side Medical Office Building project
- Obtain approval of a Certificate of Need (CON) for inpatient beds on the North-side campus
- Successful transition to full-risk managed Medicaid program within First Coast Advantage
- Complete the transformation of the clinical management of City Contract Indigent Care patients
- Develop a limited network employee health plan for the City of Jacksonville
- Defined Access Improvement initiative with the UF COM to improve our payor mix and capture insured business leaving the health system
- Raise the awareness of both the importance of UF Health Jacksonville to the Jacksonville community and the need for greater financial support from the City

Response to question 6(a)(2)

- Complete build-out of inpatient tower on the North-campus

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- Diversify payor mix to reduce exposure to changes in governmental funding streams
- Identify ways to support the academic mission of the UF COM Jax in the face of pending cuts to IME & DGME funding
- Be a leader in population health management and work directly with large employers to simultaneously reduce their employee health benefit costs and increase commercially insured business with the UF Health system
- Improve balance sheet metrics and credit rating

Response to question 6(a)(3)

- Become the health care provider of choice for all residents of northeast Florida and southeast Georgia, delivering the highest level of quality care in the most efficient means possible.