Committee and Board members present:
Thomas Kuntz (Committee Chair), David L. Brandon, James W. Heavener, Morteza Hosseini (Board Chair), Leonard H. Johnson, Michael C. Murphy, Daniel T. O’Keefe, Rahul Patel, Marsha D. Powers, Jason J. Rosenberg, Robert G. Stern, Ray G. Thomas, and Anita G. Zucker.

Others present:
W. Kent Fuchs, President; Winfred Phillips, Executive Chief of Staff; Joseph Glover, Provost and Senior Vice President for Academic Affairs; Charlie Lane, Senior Vice President and Chief Operating Officer; Amy Hass, Vice President and General Counsel; Elias Eldayrie, Vice President and Chief Information Officer; Jodi Gentry, Vice President for Human Resources; Antonio Farias, Chief Diversity Officer and Senior Advisor to the President; Jodi Gentry, Vice President for Human Resources; Mark Kaplan, Vice President for Government and Community Relations and University Secretary; Michael McKee, Vice President and Chief Financial Officer; Thomas Mitchell, Vice President for Advancement; David Nelson, Senior Vice President for Health Affairs and President of UF Health, David Norton, Vice President for Research; Nancy Paton, Vice President for Strategic Communications and Marketing; Curtis Reynolds, Vice President for Business Affairs; other members of the University of Florida community, and other members of the public and the media.

1.0 Verification of Quorum
Vice President Liaison Mike McKee verified a quorum with all members present.

2.0 Call to Order and Welcome
Committee Chair Kuntz welcomed everyone and called the meeting to order at 3:45 p.m.

3.0 Review and Approval of Minutes
Committee Chair Kuntz asked for a motion to approve the minutes of the March 29, 2019 and May 29, 2019 Committee meetings. The Committee Chair asked for further discussion, and the motion was approved unanimously.

4.0 Action Item

FSPPM1 Preliminary Operating Budget FY 19-20
Vice President McKee discussed the new preliminary operating budget document presented to the Board. He explained that the new document, requested by Chair Kuntz, shows a comparison of FY 17-18 actuals, projected FY 18-19 actuals, the net dollar change, and the FY 19-20 preliminary budget. He also mentioned that there was an error in the previous report presented. The variance of $272m was incorrect as budgeted financial aid expenses ($208m) were not adjusted for the scholarship allowance. Committee Chair Kuntz noted that the discovery of the budgeting error validates the changes in reporting. Assistant Vice President George Kolb gave an overview of the preliminary budget. There were questions about FY 17-18 to FY 18-19 total revenue increase, the increase in salary and benefits, and mention of more spent on salaries and benefits than received in revenue. AVP Kolb explained that carryforward money was also used to pay salaries and that the increase was due to faculty hiring, performance payments, and FY18 raises. Revenue increases were from additional state appropriations. Committee Chair Kuntz questioned the $30m increase in salaries for FY 19-20. AVP Kolb explained that it will cover the second phase of the Faculty 500 initiative and is just an estimate. Committee Chair Kuntz asked if the President, Provost, and Board Chair were comfortable with the budget; they all confirmed that they were. Before final approval of FSPPM1, there was a discussion of raises and the need to reward UF faculty and staff. Committee Chair Kuntz challenged the university to move some of the $1.2 billion allocated to other operating expenses to salaries. Board Chair Hosseini reiterated the need for raises (suggested 3%) and expressed concern that if we don’t take care of valuable employees we will lose them; ultimately affecting UF’s chance at entering top 5. Committee Chair Kuntz and Trustee O’Keefe agreed that we need to find a way to give raises. Board Chair Hosseini also agreed and suggested compensation/increases based on merit. Action Item FSPPM1 was approved.

FSPPM2 Estimated DSO Use of University Resources
Vice President McKee gave a brief overview of the document explaining that it gives a breakdown of DSO use of University resources in response to the Auditor General’s recommendations. He mentioned that, following action items approved during the GGRIA Committee, some columns will need to be removed as some of the DSO’s have been/will be eliminated. He also stated that the final budget for DSOs will be brought to the Board in September. Committee Chair Kuntz mentioned that this was the first time the Board has seen this information in this format and that it increases transparency and addresses audit questions. Action item FSPPM2 was approved.
FSPPM3 Investment Policy – Governance to UFICO
Committee Chair Kuntz stated that Trustee Patel discussed the changes to the Investment Policy and governance during the GGRIA Committee meeting and it was approved at that time. He offered to go through it again, and stated that approval of action item FSPPM3 was required in addition to the approval obtained by Trustee Patel. Action item FSPPM3 was approved.

5.0 Discussion Items

5.1 UF Enterprise Balance Sheet and Receipts and Disbursements
Vice President McKee introduced Assistant Vice President Alan West. AVP West briefly went through the reports and gave an overview of various changes and increases since the last BOT meeting. There were no questions.

5.2 UF Enterprise Cash Analysis (Cash Flow)
Assistant Vice President Alan West gave an overview of the cash analysis reports. He explained changes made since the last BOT meeting including information showing what money is where, and what is available. There was a discussion around University of Florida Enterprise cash balance of ~$1.9 billion. Trustee Patel explained that the amount included UF money plus some DSO operating money. Trustee Heavener asked whether there is negative cash flow over 12 months. Committee Chair Kuntz asked if we track/can see cash flow on a month basis. AVP West explained that we can see it and that he keeps up with it. Trustee Heavener and Committee Chair Kuntz suggested that it would be helpful for the Board to see a month to month comparison of cash flow and it was requested that AVP West send out that comparison to the Board.

5.3-5.4 Due to the time constraints, these discussion items were mentioned briefly but not reviewed.

5.5 Carryforward Update
Vice President McKee briefly discussed the carryforward update stating that not much has changed since the last BOT meeting. He explained that there is not as much capital project expense as expected but the overall balance is still decreasing. He mentioned the legislative focus on carryforward spending and stated that we have been conservative because of that. He also stated that the numbers presented are not final and actual balances will be provided in September after the fiscal year closes. There were no questions.

5.6 Performance Metrics Update
Provost Glover began the discussion by explaining the impact of money spent per student on rankings. He stated that it accounts for about 10% and is an important factor that was not mentioned at the last BOT meeting in June. He explained that currently UF is ranked 7th in educational expenses per student and stated that we weren’t in a bad position. Trustee Heavener questioned how the gross expenditure is calculated to which Provost Glover responded that it would be best to get with Cathy Lebo or VP McKee for a breakdown. Cathy Lebo will follow up with Trustee Heavener to provide an explanation of the calculation. Provost Glover then mentioned that another important factor to look at is average faculty compensation. He explained that UF is ranked 11th for the past 3 years, and that there is a need to improve this ranking by giving salary increases; going down in this category does not support the University’s strive to top 5. There was then a discussion of whether US News makes adjustments for regional cost of living. It was explained that they use a 2 year average but do not make adjustments for cost of living. Board Chair Hosseini again reiterated that the University needs to make some movement in compensating our faculty. He stated that UF’s faculty are the lowest paid in the top 10 universities but cost of living in Gainesville is high. Committee Chair Kuntz also reiterated the need for increases to faculty salaries.

5.7 Faculty Hiring Report
Vice President Jodi Gentry gave an overview of the Faculty Hiring Report along with the changes that were made since the last meeting. Changes include information on faculty demographics and expected ebbs and flows in faculty hiring and departures. She mentioned that UF currently has an 18:1 student to faculty ratio. Board Chair Hosseini asked who calculated the ratio if there will be an update in September. VP Gentry stated that Cathy Lebo does the calculation and Provost Glover explained that there will likely not be any change in September due to the complexity of calculating the ratio and the influx of hires expected in the Fall. Following this discussion, VP Gentry gave an overview of midpoint changes and where we are with the Faculty 500 initiative. There were some questions about faculty departures, including how many involve Faculty 500 hires (VP Gentry stated 4), along with some questions about how many Faculty 500 hires have been made to date and whether the University will meet its goal. VP Gentry explained that we will fall just short. Chair Hosseini stressed the need to meet the 16:1 ratio to be in the top 5 and meet BOG expectations. VP Gentry stated that we should meet it by the end of the academic year. Committee Chair Kuntz asked if there were any departments we need to focus efforts on in regards to departures/turnover. VP Gentry stated that she is monitoring it and UF is in line with national norms; no areas are of concern. There was then a brief discussion of departures and what constitutes the “other” category. Additionally there were questions on what hires contribute to the final ratio and Board Chair Hosseini mentioned that we need to meet both the 16:1 ratio and $1 billion in research. Finally, VP Gentry gave a quick overview of faculty demographics. There were no additional questions.
5.8 **UFICO Update**
Chief Investment Officer for UFICO William Reeser updated the Committee on the status of UF Endowment and UF Operating Funds portfolios. He also briefly discussed governance of the Investment Policy.

4.0 **New Business**
There was no new business to come before the committee.

5.0 **Adjourn**
There being no further discussion, Committee Chair Kuntz adjourned the meeting at 4:55 p.m.