

Minutes
Board of Trustees Meeting
University of Central Florida
September 20, 2007

Vice Chair Thomas Yochum called the meeting of the Board of Trustees to order in the Live Oak Center on the University of Central Florida campus at 1:05 p.m. The following members attended the meeting:

The Honorable Judith A. Albertson
The Honorable Olga M. Calvet
The Honorable Manoj Chopra
The Honorable Patrick Christiansen
The Honorable Alan Florez

The Honorable Brandie Hollinger
The Honorable Phyllis Klock
The Honorable Richard Nunis
The Honorable Conrad Santiago

WELCOME

Vice Chair Yochum welcomed the board members and called for approval of the minutes of the July 26, 2007, board meeting. Since no changes were requested, the minutes were approved as written.

Vice Chair Yochum called on President John Hitt for opening remarks and introductions.

REMARKS AND INTRODUCTIONS

President Hitt noted that the College of Medicine's accreditation and funding would be a topic of discussion at the upcoming meeting of the Florida Board of Governors in Tallahassee. He noted that tens of millions of dollars have already been spent on the college, that Dean Deborah German and her staff were preparing for the preliminary accreditation site visit in December, and that the first class was scheduled to start in Fall 2009. He remarked that the openings of the new UCF Arena and the Bright House Network Football Stadium were very successful, and the inaugural concert with Reba McEntire and the Bill Cosby event were both very well received. And, in his final comments, Hitt extended sincere condolences to Vice Chair Yochum on the loss of his mother last month.

President Hitt introduced the following members of the audience: **Dr. Deborah Beidel**, director of the Psychology Clinic, received the 2007 Samuel M. Turner Clinical Research Award from the American Psychological Association. The award honors a psychologist who has made an outstanding contribution in applied clinical research; **Dr. Judit Szente**, assistant professor of Early Childhood Education in the College of Education, will serve as its representative to the United Nations; and, the UCF Employee of the Month for August, **Tracy Balkham**, is an office assistant in the Student Union. Hitt asked the audience to join him in congratulating these outstanding members of the UCF family.

President Hitt called on Dan Holsenbeck, vice president for University Relations, to introduce political consultant and financial advisor Donna Arduin, who presented a brief state revenue and budget overview. Holsenbeck noted that Arduin was instrumental in putting together the economic development and communication packages used in the medical school proposal. He said that “Arduin continues to work with UCF offering advice and counsel on economic development opportunities and the total economic development posture of the state and how we might benefit therein.”

Arduin stated that revenue estimates for the current fiscal year and the following fiscal year, according to Economic Demographic Research, show that the state is facing a deficit of \$2.5 billion over that two-year period. The Legislature is scheduled to call a special session to cut \$1 billion in ongoing expenditures out of the current budget so that next year, when it is required to cut the budget again, it will be facing one billion dollars in deficits, rather than more than \$2 billion in deficits. The Legislature, she states, is trying to responsibly manage the budget deficit now, so that it won't be as difficult to manage next year.

Board members were given the opportunity to ask questions related to economic development opportunities for UCF. Arduin stated that even using conservative projections, indications are that, in a very short period of time, the medical school will start to pay for itself and serve as a catalyst for much more economic development in this region. According to Arduin, the UCF College of Medicine “would be positive for Florida's economy.”

CONSENT AGENDA

Vice Chair Yochum called for approval of the consent agenda. A motion was made by Trustee Santiago and passed by the board. The approved consent agenda included the following items:

- **EP-1 Tenure with Hire** – Approval of tenure with hire for sixteen faculty members in the Colleges of Education, Engineering and Computer Science, Health and Public Affairs, Medicine, Nursing, Optics & Photonics, Sciences, and Hospitality Management.
- **EP-2 Policies and Procedures for New Undergraduate and Graduate Programs** – Approval of undergraduate and graduate policies and procedures for new degree programs according to the guidelines established in Rule 6C-8.011(4) (c).
- **BOT-1 Collective Bargaining Agreement with Police Benevolent Association, Inc.** – Ratification of a two-year collective bargaining agreement between the Central Florida Police Benevolent Association, Inc., and the University of Central Florida Board of Trustees. The union ratified this agreement on September 18, 2007.

GENERAL BUSINESS

Vice Chair Yochum called on Trustee Patrick Christiansen to present the next items for board approval:

- **BOT-2 Compensation and Assessment Committee Report and Recommendation** – A motion was made by Trustee Patrick Christiansen and passed by the board to accept the Compensation and Assessment Committee’s report and recommendations to:
 - A. endorse the recommended positive assessment of the president
 - B. endorse the recommended performance compensation criteria of the president, which resulted in no salary increase for this year and 1,700 unit awards for the years 2007-2010.

A second motion was made by Trustee Christiansen and approved by the board to accept the Compensation and Assessment Committee’s report and recommendation to:

- C. endorse the recommended incentives for all vice presidents, including new vice president Alfred Harms, which provide 2,600 total units, valued at \$100 per unit, to be awarded for the years 2007-2010.

President Hitt stated that the vice presidents have agreed to the plan that substitutes incentive bonuses for merit salary increases. These are bonuses that do not go to their base salaries and do not accrue state retirement funding. He also stated that “over time, as the market changes, we may need to make adjustments in the base salary apart from the bonuses.”

For further clarification, Vice Chair Yochum explained that unit awards are incentives that are given after a three-year period contingent upon accomplishment of the goals. The 2007-2010 awards would not be paid until after July 1, 2010.

- **BOT-3 – Recommendations of Governance Committee to the Board of Trustees** - A motion was made by Trustee Christiansen and passed by the board to approve the recommendations of the Governance Committee and to direct the president, or his designees, to implement the recommendations, including the revision of the Board of Trustees’ bylaws.

The Governance Structure and Process Review Committee was established and members were appointed by the chairman of the board to make recommendations to the full board on improving the processes of the board. The committee met ten times between April and September and developed the recommendations based on its discussions.

The topics addressed in the recommendations and discussed in detail at this board meeting included the following:

- presidential selection process
- definition of materials that must come before the board for consideration
- establishment and roles of committees and their chairs
- oversight of direct support organizations

Once the Board of Trustees' bylaws have been amended, they will be brought back before the full board for further review and approval.

Vice Chair Yochum called on Trustee Manoj Chopra, vice chair of the Advancement Committee, to present the first committee report.

ADVANCEMENT COMMITTEE REPORT

With no action items to report, Trustee Chopra reported highlights from the committee meeting:

- Vice President Dan Holsenbeck introduced consultant and adviser Donna Arduin who discussed highlights of the state's total revenue picture and items related to the Legislative Special Session scheduled for the first week in October.
- Holsenbeck noted that potential budget cuts are expected to be around 4%.
- Speaker of the House Marco Rubio feels that the Florida medical schools will continue to be funded, according to Holsenbeck.
- President Hitt, Chair Rick Walsh, and Trustee Alan Florez met with Governor Crist who appreciated learning more about the UCF Medical College. Hitt reported that Governor Crist was initially under the impression that a delay in funding of the medical school would be benign; however, he was very engaged as he became aware of the preliminary accreditation visit scheduled for December and building construction already underway at Lake Nona.
- The Board of Governors will be meeting on September 26 and 27 in Tallahassee and support for the medical schools will be a topic for their discussion.
- Vice President Robert Holmes provided an update on current fundraising efforts with the following major campaigns on the horizon: Performing Arts Complex, College of Medicine, and Athletics facilities.
- Holmes is in the process of developing a strategic plan for Alumni Relations, Development, and the Foundation which will be entitled *Pathway to 2012*.
- Vice President Thomas Huddleston reported that UCF has the largest fall 2007 freshman class in the state.
- Huddleston introduced Grant Heston, the new assistant vice president for News and Information.
- Huddleston reported that an agreement was being formalized with Bright House Networks for UCF television. He reported that 14 hours of programming has already been forwarded to the network.

AUDIT AND OPERATIONS REVIEW COMMITTEE REPORT

Trustee Olga Calvet, chair of the Audit and Operations Review Committee, reported on the discussions in the committee meeting:

- A meeting was scheduled between the committee and staff for October 5 to review the progress made over the past year. Recommendations for future processes will be brought back to the full board.
- Amy Voelker, director of University Audit, discussed the Quality Assurance review of the University Audit department that takes place every five years. She reported that UCF conforms to the International Standards for the Professional Practice of Internal Auditing.
- The Institute of Internal Auditors requires that the chief executive establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk when no action is taken. Voelker briefly reviewed the audit follow-up program being used by the university audit department.
- A workshop will be scheduled for trustee input into the direction of the committee and its oversight responsibilities.

EDUCATIONAL PROGRAMS COMMITTEE REPORT

Trustee Judy Albertson, chair of the Educational Programs Committee, reported on the discussions in the committee meeting:

- Patricia Bishop, vice provost and dean of Graduate Studies, reported on the status of nine graduate degree programs implemented by the Board of Trustees since 2004:
 - Master of Arts in anthropology
 - Master of Arts in marriage and family therapy
 - Master of Arts in nonprofit management
 - Master of Fine Arts in creative writing
 - Master of Fine Arts and Master of Arts in film and digital media
 - Master of Science in human factors psychology
 - Doctor of Philosophy in conservation biology
 - Doctor of Philosophy in economics
 - Doctor of Philosophy in sociology
- John Schell, vice provost for Academic Affairs, reported on the status of five undergraduate degree programs implemented by the Board of Trustees since 2004:
 - Bachelor of Applied Science
 - Bachelor of Arts in business administration
 - Bachelor of Arts in religious studies
 - Bachelor of Science in event management
 - Bachelor of Science in Business Administration in real estate

According to Trustee Albertson, Provost Terry Hickey would like to see the status of all new degree programs reviewed every one to two years in this same manner.

The Rosen College of Hospitality Management made the following departmental changes as a result of its growth: the Department of Hospitality Services has been added, the Department of Hospitality Operations has been renamed the Department of Foodservice and Lodging Management, and the Department of Tourism, Events, and Attractions will remain the same.

With the reassignment of Dr. Denise Young to the Cocoa regional campus, Dr. Consuelo Stebbins has been appointed interim assistant vice president for internationalization. Dr. Stebbins will report to Dr. Diane Chase, Associate Vice President.

FINANCE COMMITTEE REPORT

Trustee Conrad Santiago, chair of the Finance Committee, reported on the discussions in the committee meeting:

- The status of the operating budget was presented by Vanessa Fortier, associate vice president for Administration and Finance. She reported that credit hours exceed the enrollment plan for this year and the prior year and that revenue and expenditures are within the expected ranges.
- Discussion took place regarding the university budget cuts. Vice President Merck is using energy conservation and Provost Hickey is looking at staffing plans as possible approaches to meeting those cuts.
- Merck discussed Greek housing and the possibility of purchasing two houses currently located on campus. A workshop will be scheduled to look at the process for developing a master plan for on-campus housing and those two houses will be considered within the context of that master plan.
- Merck presented the support agreement fund balances report. Trustee Christiansen noted that approximately \$11 million in internal debt was not reflected in this report and Merck stated it would be reflected in the upcoming report. However, even taking into consideration that adjustment, Trustee Santiago noted the coverage ratio requirement was very good.
- Merck presented the draft investment policy and related statutes and welcomed feedback and comments from the board members as they review the document. Trustee Santiago and Merck will meet to talk about restrictions to be added to the policy and those revisions will be provided to the board for additional feedback. Scott Cole, Vice President and General Counsel, suggested that the board err on the conservative side as it works through this policy because of the uncertainty in the board's authority regarding the investment of the short term cash reserves.
- The UCF construction projects update was distributed for review with one change—under the UCF Health Sciences Campus, the first bullet “. . . reducing the acreage by approximately five acres,” was deleted.

ANNOUNCEMENTS AND ADJOURNMENT

President Hitt thanked the board members for their generous evaluation of his performance and for their endorsement of the performance incentive plan for the vice presidents.

The next regularly scheduled board meeting will be November 29, 2007.

Since there was no further business to discuss, Vice Chair Yochum adjourned the board meeting at 3:11 p.m.

Respectfully submitted: _____ Date: _____

John C. Hitt
Corporate Secretary