

Minutes
Board of Trustees Meeting
University of Central Florida
May 24, 2007

Chair Rick Walsh called the meeting of the Board of Trustees to order in the Cape Florida Ballroom of the Student Union on the University of Central Florida campus at 2:15 p.m. The following members attended the meeting:

The Honorable Judith A. Albertson	The Honorable Phyllis Klock
The Honorable Olga M. Calvet	The Honorable Richard Nunis
The Honorable Manoj Chopra	The Honorable Harris Rosen
The Honorable Alan Florez	The Honorable Conrad Santiago
The Honorable Brandie Hollinger	The Honorable Thomas Yochum

After lunch and before the Board of Trustees' meeting began, Dan Holsenbeck, Vice President for University Relations, introduced the following state legislators: Senator Lee Constantine and Representatives Stephan Precourt, Joe Pickens, David Mealor, and Scott Randolph. He also introduced the 2007 UCF Legislative Scholar interns: Justin Miller, Mike Nichola, Lilly O'Connell, Maria Pecoraro, and Shea Silverman.

WELCOME AND MINUTES

Chair Walsh welcomed the board members and called for a motion to approve the minutes of the March 14, April 19, and May 14 meetings, to which several minor non-substantive corrections had been made since the minutes were distributed. No further corrections were reported, and the board approved the minutes.

Chair Walsh welcomed new trustee, Brandie Hollinger, who will replace Trustee Mark White on the board. She serves by virtue of her office as the president of the Student Government Association. President John Hitt presented Trustee Hollinger with a gold Pegasus pin.

Chair Walsh called on President Hitt for opening remarks.

REMARKS

President Hitt announced that the Lake Nona land transaction had officially closed and that the deed had been sent to the title company for recording. He thanked all those responsible for making the successful transaction and gave a special thanks to Michael Ryan of Lowndes, Drosdick, Doster, Kantor & Reed, P.A., for his excellent work in dealing with some very difficult issues.

Hitt also mentioned that *Hispanic Outlook in Higher Education* magazine has again included UCF on its list of the 100 best colleges in the United States for Hispanic students and outlined a summary of UCF's top rankings. He noted that the universities on the list are doing a commendable job of recruiting, retaining, educating, and graduating Hispanic students. He credited Vice Presidents Tom Huddleston and Maribeth Ehasz and their staffs, as well as the Hispanic Retention Committee, for their innovative programs and services that allow students of all backgrounds to be successful.

President Hitt also announced that UCF officially conferred 215 doctoral degrees in 2006-2007. He noted that this placed UCF in the top 25% of all doctoral-granting institutions in the nation.

In his closing remarks, Hitt commented on the investigation by the Attorney General of New York concerning the relationship between university financial aid offices and what are commonly called "preferred lenders." The Attorney General's investigation is focused on how banks become preferred lenders to a university and whether financial aid officials receive benefits, either for their schools or for themselves, in return for granting that designation. Hitt remarked that there has been no evidence of any significant benefits paid to UCF employees such as consulting fees or company stock. He noted that Congress was currently considering legislation to provide guidance about appropriate practices in this area and that UCF would comply with any requirements passed by Congress. In addition, Hitt noted that "All financial aid employees, indeed all university employees, are subject to existing state conflicts of interest laws, and we will continue to enforce those laws in this and all other areas of the university. We will consider adopting a reasonable code of conduct for dealing with student loan corporations as was proposed by the New York Attorney General."

Hitt concluded his remarks with congratulations to Trustee Alan Florez, who is the proud father of a baby boy, Addison, born Saturday, May 5, 2007.

INTRODUCTIONS

President Hitt introduced the following members of the audience: **Dr. Gary Whitehouse**, Provost Emeritus, was selected to receive the *Albert G. Holzman Distinguished Educator Award*. This honor was bestowed upon him during the Industrial Engineering Solutions 2007 Conference held this week in Nashville. **Dr. Arlen Chase, Dr. Charles Hughes, and Dr. Martin Wanielista** (unable to attend the meeting) were each named Pegasus Professors. The Pegasus Professor Award is the highest honor UCF bestows upon a faculty member. It recognizes those who consistently deliver an extraordinary level of excellence in teaching, research, and service to UCF students, the community, and to the profession. Drs. Chase, Hughes, and Wanielista won the Pegasus Professor awards for 2007, the first year that three professors have been so honored.

Dr. Thomas M. Brewer, Coordinator of Art Education at the College of Education, was selected by the National Art Education Association to receive the National Art Educator of the Year Award. The award recognizes excellence in professional accomplishment,

exemplary contributions, service, and achievements of a dedicated art educator at the national level. And, finally, **John Morris**, maintenance supervisor in the Student Union, was recognized as UCF's Employee of the Month for April. Hitt congratulated all of these outstanding members of the UCF family.

CONSENT AGENDA

Chair Walsh called for approval of the consent agenda. A motion was made by Trustee Thomas Yochum to accept the agenda and the board concurred. The approved consent agenda included the following items:

- **BOT-1 Performance Unit Plan and Awards for Vice Presidents** -- Approval of the procedures to be used in administering the long-term incentive plan for the president of the university and approval of long-term incentive goals and awards for UCF vice presidents as recommended by the Board of Trustees' Compensation and Assessment Committee.
- **BOT-2 University of Central Florida Board of Trustees' Committee Assignments** – For information only, the board received a revised list of committee assignments adding new trustee, Brandie Hollinger, to the Educational Programs and Advancement Committees.
- **BOT-3 Revisions to University of Central Florida Parking Regulations** – Approval of the amendments to existing university parking regulations including a 5% increase in parking fees, an increase in the campus transportation access fee to \$7.09 per credit hour, and the extension to 24-hours of parking meters enforcement.
- **BOT-4 Equity Accountability Program** – Approval of Equity Accountability Plan Narrative Progress Report and Update 2005-06. The Office of Equal Opportunity/Affirmative Action Programs submitted a report on progress made toward improving diversity during 2005-06 and steps taken to achieve employment goals during 2006-07.
- **EP-1 2008-2009 Academic Year Calendar** – Approval of UCF's 2008-2009 academic year calendar. Calendars are reviewed and approved by the Board of Governor's staff to ensure that the university has followed the guidelines established in Rule 6C-8.001. The provost approved the 2008-2009 calendar developed by the UCF Academic Calendar Committee and the Board of Trustees granted final approval.
- **EP-2 Tenure Recommendations** – Approval of the 2007 faculty tenure nominations.

GENERAL BUSINESS

Chair Walsh called on Trustee Conrad Santiago to present the first committee report.

FINANCE COMMITTEE REPORT

Trustee Santiago, chair of the Finance Committee, referenced a packet of materials placed on the table for board review from the UCF Health Facilities Corporation. The documents included a line-of-credit agreement and swap documents related to the issuance of \$60 million in capital improvement revenue bonds.

Trustee Santiago presented the following items for board approval:

- **FIN-1 Fall 2007 Tuition, Out-of-State Fees, and Financial Aid Fees** – A motion was made by Trustee Phyllis Klock, and members of the board concurred, to approve the following tuition, non-resident fees, and financial aid fees for undergraduate and graduate students for Fall 2007.

	<u>Current</u>	Fall 2007 <u>(Proposed)</u>
Undergraduate tuition	\$ 73.71	\$ 77.39
Undergraduate out-of-state fee	429.38	450.84
Graduate tuition	207.58	217.95
Graduate out-of-state fee	659.65	692.63
Undergraduate resident financial aid fee	3.68	3.86
Undergraduate non-resident financial aid fee	21.46	22.54
Graduate resident financial aid fee	10.37	10.89
Graduate non-resident financial aid fee	32.98	34.63

The legislature established a 5% maximum tuition increase for undergraduate resident students effective Fall 2007 and gave the authority to set tuition and out-of-state fees for graduate and non-resident students to each university board of trustees.

On the morning of the board meeting, Governor Charlie Crist vetoed the tuition increase for undergraduate resident students. Pending the outcome of that veto, the board granted President Hitt the authority to make any appropriate downward adjustments to the proposed figures.

- **FIN-2 Establishing Tuition for First Professional Degree Programs** – Trustee Santiago presented the committee's recommendation to approve the implementation of resident and non-resident fees for newly established first professional degree programs and to approve fees for the new doctor of physical therapy program of \$343 per student credit hour for resident students and \$1,036 per student credit hour for non-resident students. To be more consistent with the tuition already being charged for DPT programs in the state and nationally,

Trustee Phyllis Klock amended that motion to read \$374 per student credit hour for resident students and \$1,067 per student credit hour for non-resident students. Students who choose to remain in or graduate from the current master's degree program in physical therapy will be allowed to do so at graduate fee rates. The amended motion was seconded and members of the board concurred.

- **FIN-3 Creative School for Children Fee Increase** – Trustee Santiago presented the committee's recommendation to approve fee increases for the Creative School for Children beginning Fall 2007. Trustee Klock amended the motion to reduce the proposed tuition increase percentages for students by 50% in the first year with the total proposed increases for students implemented over a 3-year graduated period rather than a 2-year period. The increase in fees will be used to expand the instructional program, address increased costs for goods and services, provide mandated legislative salary increases and additional staffing, and build a reserve for future expansion and renovation plans that would eventually be used for debt service. The amended motion was seconded and members of the board concurred. Chair Walsh requested that the strategic mission of the Creative School for Children be a future agenda item.
- **FIN-4 2007-2008 Operating Budget** – A motion was made by Trustee Thomas Yochum, and the members of the board concurred, to approve the university's 2007-08 operating budgets for Educational and General, Auxiliary Enterprises, Sponsored Research, Student Financial Aid, Student Activities, and Concessions. The Educational and General budget reflects the amounts proposed by the legislature and is subject to approval by the governor. The other budgets reflect the revenue and activity changes expected in each area. Based on the governor's veto of the tuition increase for resident undergraduate students, these budgets could also be subject to proper adjustments.
- **FIN-5 2007-2008 Capital Outlay Budget** - A motion was made by Trustee Klock, and members of the board concurred, 1) to approve the university's 2007-08 capital outlay budget and 2) to authorize the president to make adjustments to the 2007-08 capital outlay budget as necessary during the year.

- **FIN-6 2007-2008 Legislative Budget Request** – A motion was made by Trustee Manoj Chopra, and members of the board concurred, to approve UCF’s budget priorities for the 2008-2009 Legislative Budget Request:

	<u>Description</u>	<u>Amount</u>
	UCF Medical College– Year 2 Planning Funds	<u>\$13,074,296</u>
<u>Priority #</u>		
1	Life Sciences -Burnham Initiative	\$4,500,000
2	Marine and Coastal Research Center	3,930,690
3	Renewable Energy and Energy Efficiency	3,400,000
4	Medical Simulation and Training	2,000,000
5	Regional 2+2 Expansion	1,500,000
6	Computer-Generation Animation	1,500,000
7	Regional Response to Nursing Expansion	1,500,000
8	Biophotonics	1,500,000
9	Sophomore Retention and Graduation	1,500,000
10	Retention of Teachers in Urban Schools	<u>1,500,000</u>
	Total Request	<u>\$22,830,690</u>

- **FIN-7 UCF Health Facilities Ground and Operating Leases** – A motion was made by Trustee Santiago, and the board concurred, to approve documents necessary to close on the bond financing for the Burnett Biomedical Sciences Building and to delegate authority to the president or his designee to approve and execute final documents necessary to close on the financing. The following documents relate to the financing of the proposed Burnett Biomedical Sciences Building: a ground sublease between UCF as lessee/sublessor, the UCF Health Facilities Corporation as sublessee, and an operating lease between UCF and UCF Health Facilities Corporation.

Decisions made as a result of further review following the governor’s veto of the tuition increase will be communicated to the board.

ADVANCEMENT COMMITTEE REPORT

With no action items to report, Trustee Alan Florez, chair of the Advancement Committee, reported highlights from the committee meeting:

- Dan Holsenbeck, Vice President for University Relations, presented the 2007-2008 UCF Appropriations that were somewhat changed as a result of the governor’s vetoes; however, he reported that most of UCF’s needs and goals were accomplished.
- The UCF medical school has been fully funded.
- The governance bill is a positive step forward for higher education.

- Differential tuition does not contain an aspirational process to allow us to be considered for tiered funding.
- The Foundation endowment report has surpassed the \$100 million mark.
- The board would like to be kept apprised of campaign fund-raising so it can lend its support.
- The Foundation's four-year comparison report continues to show increases in everything but gifts-in-kind.

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:

- Amy Voelker, Director of University Audit, gave highlights from the Auditor General's audit report on the financial audit from Fiscal Year 2006, the federal compliance audit from Fiscal Year 2006, and a follow-up to prior audit findings.
- One reportable item was presented by Scott Cole, Vice President and General Counsel, regarding the transferring of student athletic fees to a direct support organization (DSO). The Auditor General's report stated that the university is required by statute to retain the student athletic fees in a separate university account, expend the funds based on properly approved and supported invoices, and detail the goods or services that are provided. Cole explained that the university disagreed with this interpretation of the statute and believed that the direct support organization statute allows the Athletics Association to use property of the university, including student fee income. In addition, the university has a contract with the Athletics Association that allows the transfer of the entire student athletic fees over to the DSO for general operations. Cole also reported that significant changes were proposed this legislative session: 1) a change to the language of the DSO statute to reflect that, for purposes of the DSO statute, the term "property" does not include student athletic fees, and 2) a provision in the differential tuition statute stating that DSOs can use student fees, but only 5% and only for bonding, with approval from the Board of Governors. Assuming this legislation passes this session, the university is going to have to decide how it will deal with these changes.
- Joel Hartman, Vice Provost for Information Technologies and Resources, gave a Information Technology Crisis Management report in response to a request from the board. He discussed prevention and mitigated risk associated with information security. Hartman reported that, as part of its preparedness and recovery plan, his IT team is in the process of identifying a remote site where data can be replicated if a data breach should occur at the university.
- Provost Terry Hickey gave a general overview of the Academic Affairs' budget process and highlighted the Pegasus funding model adopted in Spring 1993, which provides a formula for funding based on credit-hour production by each college during the previous year. The funding provided includes faculty positions, advising, and research components.

- Dr. Jack McGuire, Associate Dean of the College of Sciences, detailed the budget process at the college level. The process created and implemented by the new College of Sciences includes the following key elements: 1) a comprehensive yearly cost-to-continue analysis; 2) a new department recruitment and budget planning process; 3) a new faculty research startup control and encumbrance process; and 4) a monthly budget tracking report process for college departments and the college as a whole.
- Budget management tools and control process best practices are being presented to identify a common process across colleges. Hickey stated that UCF is moving toward a standard approach.

EDUCATIONAL PROGRAMS COMMITTEE REPORT

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

- Denise Young, Associate Vice President for Planning and Evaluation, gave a presentation on the College of Engineering and Computer Science program review and the College of Health and Public Affairs program review. The full report was distributed to the board via regular mail. The snapshot of each review included plans for future programs in each of the colleges.
- The 2006-2007 Program Review Workshop is scheduled for July 23, 2007, 1:00-4:00 p.m. in the Provost's Conference Room, Millican Hall, Room 395E.
- Provost Hickey announced that Dr. Young will be leaving her role as associate vice president to assume a new role with regional campuses' administration. Dr. Diane Chase, Assistant Vice President for International and Interdisciplinary Studies, will be stepping into Young's role as of July 1, 2007. Hickey thanked Young for her commitment to UCF and for her leadership in the university's strategic planning and assessment process.
- Dean Deborah German gave an update on the College of Medicine and reported that it is on track to welcome the college's first class in Fall 2009, pending the outcome of the accreditation process. The college completed its first step toward preliminary accreditation by submitting the self-study analysis and database with supporting documentation to the Liaison Committee on Medical Education (LCME) on April 27, 2007. The LCME is expected to provide feedback to the college some time in June. If revisions are required, the document can be resubmitted in August in time for the committee's meeting in October. She also announced that the college recently moved into 16,000 sq. ft. of space in University Towers that could accommodate the first class should there be a construction delay at the new campus at Lake Nona. And, finally, Dean German thanked President Hitt, Dr. Julia Pet-Armacost, and others who took leadership roles in the LCME process including Bob Armacost, Ron Atwell, Beth Barnes, Betty Barr, Patricia Bishop, Eric Main, Barbara O'Hara, and Max Poole.
- Provost Hickey gave an update on the School of Film and Digital Media. Members of the school felt strongly that they wanted separate departmental status

for Film and for Digital Media and have begun a searches for individual chairs for each department. At the western end of the downtown Expo Center, UCF is building a sound stage and complete motion capture system that is said to be the best on the east coast of the United States. The new facility, built with a \$1 million gift from the City of Orlando and a gift of motion capture equipment valued at \$1 million from the House of Moves, will have a positive impact on the Florida Interactive Entertainment Academy.

NEW BUSINESS

Chair Walsh requested that a report from the Governance Structure and Process Review Ad Hoc Committee be given at the next board meeting.

President Hitt announced that he had received correspondence from 80-90 students protesting defense-related funded research on campus. He stated that the administration does not write the proposals for research, but rather they are written by individual faculty members, staff, and students. He explained that research personnel would be disadvantaged if the proposal to limit defense-related research were mandated and university researchers were no longer able to seek support from defense-related agencies. He assured the concerned students in his response that all research must meet certain standards for the publication of data. While he understood and appreciated the students' point of view, he did not propose prohibiting defense-related research at UCF.

ANNOUNCEMENTS AND ADJOURNMENT

Trustee Harris Rosen announced his upcoming trip to China with Dean Abraham Pizam from the Rosen College of Hospitality Management to discuss the possibility of founding the Beijing-Rosen School of Hospitality Management.

Chair Walsh announced the next regularly scheduled board meeting will be July 26, 2007.

With no further business to discuss, Chair Walsh adjourned the board meeting at 3:10 p.m.

Respectfully submitted: _____ Date: _____

John C. Hitt
Corporate Secretary