

Board of Trustees Governance Committee
August 17, 2017
Meeting Notes

Meeting called to order August 17, 2017 at 8:03 a.m.

Members present: Brian Lamb, Stan Levy (phone), John Ramil, Nancy Watkins, Jordan Zimmerman

Committee Chair Zimmerman welcomed the committee members and informed them that there were no requests for public comments.

New Business – Action Item

FL 101 – Approve 05/18/17 minutes

Committee Chair Zimmerman introduced the item and asked for a motion.

Motion was made to accept minutes as recorded and 2nd; no discussion occurred and approved by all committee members present.

New Business – Action Item

FL 102 – Approval of President’s 2017-18 Goals

Committee Chair Zimmerman introduced FL 102. He shared how the President works with her leadership team and the Board Chair to identify the top goals for the USF System and how it has led to the annual successes for achieving emerging preeminence status, top tier performance based funding and close to fulfilling the current preeminence metrics. He stressed the need that the goals must continue to stay focused. The committee reviewed each goal.

Goal 1 – Research

Discussion occurred around research funding and risks due to instability with the federal budget. Also, USF Health was asked if the goal to increase the amount of NIH grants and contracts was consistent with the strategic plan. Dr. Funai affirmed it was.

Goal 2 – Revenue Generating Funds including Fundraising

Discussion occurred around fundraising goals for USF Health and Athletics in light of the critical needs of the areas. Development staff explained the process of identifying department goals and explained that the USF Health goal is driven by the downtown initiative. Trustee Mullis shared he felt the goal needed to be realistic. Steve Blair shared that it is 4.8% higher than last year and attainable. Board Chair Lamb asked about Athletics’ goal and is relevant based on need. Trustee Zimmerman concurred and felt that the \$6 million goals was light based on the needs. The President stressed there is a need and also that fundraising increases when teams win. AD Harlan shared that the goal for Athletics is \$10.5 M and he will figure out the difference with the Foundation office as well as reassess the number. He also shared that as they do the financial feasibility study, adjustments are expected. Trustee Zimmerman stated that going further that Athletics needs to consider a higher goal @ \$25M. Trustee Watkins asked about the feasibility of conference realignment. President and AD both shared none at this time. AD Harlan did share that Coach Strong’s priority would be an indoor football facility that would include its own

strength and conditioning facility. He believes as the Coach begins his tenure more opportunities for achieving this priority is feasible. Trustee Ramil commented that with the excitement around the current environment and opportunities this year and next, new funding prospects should arise. He recommended that the Board give the AD the opportunity to review the strategic plan and develop the financial feasibility study and come back to the board with more definitive goals for next year. Trustee Mullis concurred and felt that USF Health and Athletics' goals should be broken out given the high priority. The President has the overall goal broken out in a formulaic method, but not by need. Will break out the high priority areas.

Goal 3 – Student Success

The President shared that these goals have been vetted and already approved by the Board through the work plans. Trustee Ramil asked if the regional chancellor goals are aligned. The President assured the Board members that they are and the regional chancellors are held accountable through their evaluations. The President also shared that we will have data soon and based on current law, we have a lot of confidence that we are preeminent status. Trustee Watkins shared that the legislature should note that national rankings measure 6 year graduation, not 4 year. The Provost mentioned that by mid-September we will have a good idea and the BOG will get them. The official numbers will come through IPEDS in the Spring.

Goal 4 – Strategic Initiatives

Discussion occurred about the brand research implementation which will be a 3-6 month build and then implementation. Committee Chair Zimmerman introduced the new USF System CMO, Joe Hice who talked about the next steps of outlining, vetting and implementing. He shared that his team will work closely with Trustee Zimmerman throughout the process.

Trustee Levy commented that he would like to see the RCs, Deans and other senior leaders out in the community and reaching out to business leaders more and that their goals should be aligned with the President's leadership role. Trustee Watkins feels this is too much micromanagement...It was clarified that it's more of a culture shift engaging within the community. Others agreed. BOT Chair broke it down that the goal incorporates each facet...1st bullet is product/marketing/communication; 2nd bullet is community engagement and reputation...he recommends building it out and encouraging discussions on what success looks like. President Genshaft stressed that community engagement is part of the institutions DNA, especially being in an urban area. She talked about how it is part of the fabric of being engaged and active on all levels. Committee Chair Zimmerman feels as the university implements a consolidated branding program, it will flow down. CMO Hice stressed that corporate and community reputation is important...branding provides the overarching themes and messages. Further discussion occurred around the corporate partnership program and new leadership was introduced.

Committee Chair Zimmerman moved to adopt as amended with changes with BOT Chair approval of language. Trustee Watkins seconded. Motion approved by all members present.

Trustee Ramil requested that if the committee is going to weigh each goal, that they do it prior to evaluation time. BOT Chair asked GC Solis to confirm that the contract allows for this beyond the committee's 70%.

New Business – Information Item

FL 102 – University Direct Support Organizations Legislative Update

Committee Chair Zimmerman mentioned that at the last meeting this committee received an update on Senate Bill 374, which contained several substantive changes to the University Direct Support Organizations statute. He shared that these changes would have had far reaching impacts on how University Direct Support Organizations operate but since SB 374 did not become law and these changes to the DSO statute are not required at this time. Zimmerman also commented that it is not for the Board to speculate on future legislative action; however, the Board remains independently committed to reviewing and implementing best practices for DSO governance at USF.

Committee Chair Zimmerman introduced GC Gerard Solis and mentioned that the presentation will introduce proposed changes to USF's DSO Regulation and the Board's Operating Procedures that are intended to strengthen the Board's oversight of DSOs. He mentioned that the committee needs to address the question of whether Trustees should serve on DSO Boards. As to this specific question, he mentioned that the Board must evaluate whether DSO membership is consistent with our governance role; tolerable from a liability perspective; and practical for day-to-day operations.

General Counsel, Gerard Solis presented the item by first noting that the separation between Board membership and DSO Board membership is consistent with the Board's governance role because the Board governs through strategic planning, through its enacted regulations, through its control of the budget and strategic initiatives and through the President. The Board does not directly manage at lower levels of the organization. The separation between Trustees and DSO Boards has preserved the Board's strategic and oversight perspective, which could be affected by direct involvement in DSO operations.

GC Solis also explained that the current separate structure has positively managed risk in that DSO liabilities have not transferred to the University, and vice versa. More direct involvement in DSO business could also create greater potential for conflict of interests, which might not otherwise be applicable in a separate structure. The potential applicability of some public records exemption might also have to be reviewed if the governance structures of DSO were materially altered.

Finally, GC Solis stated that as a practical matter DSOs are currently well served by their own dedicated, independent Boards.

Board Chair Lamb mentioned that this presentation keeps the conversation going and that the first part is centered around regulations for DSOs, wants trustees to think about the changes and do they align with best practices to enhance DSO governance. Trustee Watkins would like to see what the other SUS Boards do specific to appointing trustees to DSOs. Trustee Ramil stressed that when the current procedures were put in place the trustees did not want potential conflict where trustees who sit on DSO boards would feel they must advocate versus being objective and looking at what is best for the enterprise, not just the specific DSO. Trustee Watkins felt the trustee role was oversight not participation. Trustee Shinn concurred with Trustee Ramil adding rules need to be clearer. Trustee Garey would like clarification, especially if campus board members sit on DSOs. Chair Lamb stressed that USF is a leader in the state on how our board governs but will come back to the committee in 60-90 days with information requested. Trustee Ramil asked if trustees should receive routine briefs of DSO

with significant investments. Chair Lamb would like to discuss in the finance committee meeting. Trustee Zimmerman thanked GC Solis.

Committee Chair Zimmerman thanked the trustees for their input and asked if there were further comments. Seeing none, he adjourned the meeting at 11:28 a.m.