

Board of Trustees Governance Committee
May 18, 2017
Meeting Notes

Meeting called to order May 18, 2017 at 8 a.m.

Members present: Brian Lamb, John Ramil, Nancy Watkins, Jordan Zimmerman

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

New Business – Action Item

FL 101 – Approve 02/16/17 minutes

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

Motion was made and 2nd; no discussion occurred and approved by all committee members present.

Committee Chair Zimmerman introduced FL 102.

New Business – Information Item

FL 102 – University Direct Support Organizations Legislative Update

Committee Chair Zimmerman introduced the item. He shared that the Governance Committee has dedicated two prior meetings to understanding the role of DSOs in the USF System and the appropriate level of oversight the Board should exercise for DSOs. The time the Trustees have devoted is in line with the fact that DSOs have access to USF System property, facilities and personnel and that each DSO is entrusted with a critical function for the USF System. He also mentioned that our prior discussions anticipated the actions of the Florida Legislature, which devoted considerable attention to university DSOs in this last session. For example, the Legislature made extensive requests for information to all state university's about their DSOs, held hearings on the expenditures of all university foundations, and ultimately passed legislation that would amend the statute establishing and governing DSOs (1004.28, Florida Statutes). In addition, Committee Chair Zimmerman mentioned that if this bill is signed into law by the Governor, the amendments to the DSO statute would be the first substantive changes to that law in more than a decade. The presentation this morning will describe the proposed changes to the DSO Statute and the impact of those changes on DSOs at USF. Several of the changes directly affect issues already familiar to the Trustees, such as the transparency of DSO operations and the involvement of trustees on DSO executive boards.

Committee Chair Zimmerman provided additional facts about the USF Foundation that he thought was important to this discussion.

- USF assigns approximately 110 employees to the Foundation. Of this number about 50 are fundraisers and the rest are engaged in accounting, investment, research, planned giving, events and HR functions. The Foundation itself does not have any employees.

- The Foundations' cost to raise a 1 dollar is about 20 cents. Put another way, for every dollar the Foundation spends it raises 6 dollars. This level of performance is why the Foundation is on track to reach the 1 billion dollar goal in our campaign by this November.
- In our current campaign the cost to raise a dollar averaged between 13 and 22 cents. In the fundraising and philanthropy industry a ratio of .25: 1.00 at is considered quite good.

Committee Chair Zimmerman introduced Mark Walsh, AVP for Government Relations, and Gerard Solis, General Counsel to present the update.

AVP Walsh provided an update on the legislative session and the bill directly effecting university DSOs. He commented that he doesn't believe the legislative session is over and any changes should wait until the session is over as no one is able to predict what the Governor will do once he has the bill. The same with the state budget. The Governor can veto parts or the whole budget with could effect this bill. If the bill is signed into law, implementation for part of the bill is effective October 1, 2017 and the biggest change prohibiting DSOs from using personnel provides for a 5 -ear implementation (2022).

Trustee Watkins asked for clarification about the restriction of use of personnel and if it also prohibited DSO's from using university payroll services. Clarification was made that DSOs cannot utilize university employees and must operate their own payroll services. Additional discussion occurred including records expenditures of state appropriation funds including related travel for DSO personnel, which would now be subject to the public records law.

Trustee Watkins commented that when and where possible, she would like it to be a trustee. She mentioned other SUS institutions appoint trustees to some of their DSOs and believes USF should too. USF has nine DSOs. Trustee Hopes mentioned all but USF appoints trustees and feels that because the Board approves budgets, they should be on the Board (similar to our campus board structure). Trustee Stikeleather concurred especially in light of the strategic planning efforts and accountability metrics as this would ensure the DSOs are lined up with the plans. GC Solis reminded the trustees that their board operating procedures would need to be changed if the Board choses to go in this direction.

Further discussion occurred about the role of trustees on DSO board. Trustee Ramil proposed that the GC draft a recommended revision to the operating procedures to conform to the statutory changes and provide an assessment of benefits and risks of appointing trustees to DSOs. The committee members agreed. Chair Lamb requested that the GC and President consult with BOG GC and Chancellor. He will do the same with BOG Chair Kuntz. Trustee Watkins commented that every DSO may not need a trustee appointment and would like to see which DSOs the other SUS institutions appoint trustees to. Trustee Stikeleather would like to provide a trustee prospective to the role DSOs play in USF's strategic direction.

Trustee Ramil commented that the current standards for preeminence include \$500 million endowment and noted that those metrics have been met utilizing university personnel services. If bill is enacted, then going forward universities will have to meet this metric without utilizing university personnel.

Committee Chair Zimmerman thanked GC Solis and AVP Walsh and the committee members for their input. He asked if there were additional comments. Seeing none, he adjourned the meeting at 8:43 a.m.