

New College of Florida Board of Trustees
Approved Minutes
Meeting of November 8, 2008

Members Participating: Benjamin Brown; Rev. Jerome Dupree; Gen. Rolland V. Heiser; Elaine Keating; Gen. Raymond E. Mason, Jr.; Dr. Patrick McDonald; Kenneth Misemer; J. Robert Peterson; John Saputo; Jane Smiley. **Not Participating:** Chairman Mickey Presha; Vicki Raeburn.

Call to Order

Vice Chairman Keating called the public annual meeting to order at 10:05 AM and established that the Notice of Meeting was published on October 31, 2008.

Approval of Draft Minutes of September 13, 2008 BOT Annual Meeting

Trustee Misemer moved to approve the Minutes of the September 13, 2008 Annual Meeting as presented, seconded by Trustee McDonald, and the motion carried unanimously.

Chairman's Report

Vice Chairman Keating announced that Chairman Presha was attending a family funeral and would miss the meeting. She noted that this would be Trustee Brown's final BOT meeting, since his term as President of the New College Student Alliance (NCSA) will be completed on December 31; she thanked him for his dedicated service. Newly-elected NCSA Co-Presidents for 2009 are Thomas Mawn and Jay Solokow; Ms. Keating introduced Thomas Mawn, known as TM, who will serve on the BOT. Thomas noted that he has lived in Sarasota since he was nine years old. He is studying history and sociology, loves the learning environment of New College, and looks forward to joining the Board.

President's Report

President Michalson thanked the Trustees for wrapping their arms around the College in this challenging budget situation. Since the September BOT Annual Meeting, economic factors have worsened. On the bright side, the SACS On-Site Visit, conducted by a ten-member team, concluded on October 9 without a list of mandatory recommendations for improvement. The many details of the extensive year-long preparation for this visit were handled by Suzanne Janney, Glenn Cuomo and the Provost's Office staff, undergirded by a collective effort on the part of the faculty and the educational and administrative services' offices which all join in the effort to improve life for students. A party celebrating the successful conclusion of the reaffirmation review will be held on Wednesday at 5 PM in Cook Hall. While it seems there will not be a special session of the state legislature to deal with the budget crisis, the Governor has the power to aid in the crisis; the question is, according to the President, how will he use it? New College and the two new state medical schools are the only institutions that have the Board of Governors' endorsement for a special legislative allocation for 2009-10; the College benefits from the support of BOG Chairman Sheila McDevitt, who attended the Annual Meeting last month. The New College Foundation Board faces real challenges from the downturn in the market coupled with longstanding issues in connection with planning in advance to exploit the Foundation's line of credit with Northern Trust. Three finalists for the Foundation presidency all challenged him and the Foundation Board to take ownership of its financial issues. Dr. Michalson said he was encouraged by a new sense of candor among the members of the Foundation Board. The Foundation's new president, Andrew Walker, will be on the job December 1, 2008. An expert consultant with local ties, in addition to his national fundraising positions with the Nature Conservancy, Mr. Walker has raised \$700-800 million dollars for that organization in his 26 years there. The Walkers maintained a residence in Sarasota; their son graduated from Pine View School and is now a senior at Vassar. President Michalson thanked Jim Harman for serving for the second time as Interim President of the Foundation. Mr. Harman was charged by Foundation Board Chair Vicki Raeburn to be a leader, not a caretaker, for the Foundation during the interim period. Recruited by Ron Heiser in the 1990s, Jim has made aggressive and hard decisions to create a favorable environment for the new president. The College BOT should anticipate some future dialogue with the Foundation Board, which seems skeptical that it can meet its obligations to the College without drawing on the line of credit. The College side is working to figure out some ways to ease up in the short term on the Foundation. Since the College was made independent of USF in 2001, the amount of funding received from the Foundation has remained flat, in contrast with the state allocations, which have more risen steadily and significantly (\$32 million in PECO dollars alone since 2001). President Michalson said that since the Foundation meeting yesterday, he, VP Martin and Provost Savin have talked about what to say to this Board about the situation. Some Foundation obligations deal with endowed professorships, and income from the endowments is insufficient to cover those salaries. The College

can help cover the shortfall until the Foundation endowment recovers, but this is not a permanent solution. Doug Chapman, Chair of the Foundation's Finance Committee, has made a line by line analysis of the Foundation's budget, and describes the solution as not putting the Foundation's operating budget "to bed, but putting it on a cot." President Michalson pointed out the many moving parts to the financial picture: state funding, donor funding, discretionary versus designated funding. The best plan is to bank most new incoming funds and to apply for state matching funds. He reminded the Trustees that every other college and university is faced with some version of the financial crisis, even large, well-endowed institutions like Cornell and Brown, which have imposed a freeze on hiring. New College is better positioned than some private schools, where the families of many students depend on home equity lines of credit to finance much higher tuition and fees. In the \$75 million operating budget of a local private college, \$22 million already goes to financial aid. The President said he thought many more families will now be thinking about the value of public institutions with lower tuition. In closing, Dr. Michalson mentioned that a General Raymond E. Mason, Jr. Distinguished Lecture by General Jack Vessey, former Chairman of the Joint Chiefs of Staff and the last veteran of the Second World War to hold that position, will be presented this evening at the National World War II Museum in New Orleans. He thanked Trustee Mason and his wife, Margaret, for their on-going generous support of the College, and also thanked Trustee Peterson and his wife, Lee, for their most recent gift of a charitable remainder trust of more than \$2 million to the College. An evening honoring the Petersons and their close friends was held this week, notable for the spirit and community mindedness of the honorees and their guests.

Provost's Report

Provost Savin stated that the SACS process was long and arduous, particularly so on the last day of the On-Site Visit, when he and Associate Provost Maribeth Clark were asked to justify that the disciplinary assessments of student learning outcomes were compliant with SACS standards. Fortunately, they prevailed. The College's required Quality Enhancement Plan (QEP) will make a significant impact on student learning outcomes for first- and second-year students. The plan, Seminars in Critical Inquiry, should provide a tool-kit of skills enabling students to work independently, conduct research, think critically, and write up their findings. The SACS Vice President accompanying the team said that it was one of the finest QEPs he had seen. The implementation of the QEP will begin in Spring 2009, led by Associate Provost Clark, with a pilot course and frequent gatherings of faculty to discuss issues of teaching and learning as they relate to the Critical Inquiry seminars and other courses. Such sharing of ideas, data, and techniques is also a step toward the Academic Master Plan's goal of establishing a Teaching and Learning Center. Provost Savin said that now the reaffirmation work has been completed, his office is turning its attention to implementation of the Academic Master Plan and dealing with faculty workload issues. He announced that Dr. Gordon Bauer had completed a study on the desirability and feasibility of creating a new Center, tentatively called the *New College Center for Environmental Teaching, Research and Community Outreach*, that would serve as an umbrella and single point of contact for our many environmental activities, including the Environmental Studies Program, the Pritzker Marine Biology Research Center and several environmental outreach initiatives. Dr. Douglas Langston is serving as Interim Dean of the Library, and a search committee, chaired by former Provost Charlene Callahan, and including USF-Tampa, USF-Sarasota/Manatee and NCF members, has been appointed to conduct the search for a new dean. Vice Chair Keating asked about USF's use of Cook Library, and Provost Savin responded that the Library, Counseling and Wellness Center, the Campus Police, and the Fitness Center were all services shared with USF. Trustee Saputo mentioned that he had recently participated in a training session for new UBOT trustees in Tallahassee. A discussion of the biology curriculum made him realize how far ahead of their peers at other SUS institutions New College students are – he referred to the NCF student who spoke at the Annual Meeting about her research on blood cells. Trustee Saputo said that NCF faculty members need freedom to be empowered to support innovative teaching and learning. He is honored to be a Trustee of the College, and pointed out that the College's financial problems are nowhere near the magnitude of those of our larger sister schools. He urged the BOT to keep New College's foot on the accelerator into the future. Provost Savin concluded by announcing that 22 Fulbright applications were submitted last month – an extraordinarily strong showing for a school of fewer than 800 students.

Legislative Report

Mr. MacMillan underscored the seriousness of the state's economic situation and the beneficial positioning of New College within the SUS system and the BOG priorities. He emphasized BOG Chair McDevitt's proactive role in meeting with business organizations personally, particularly the Committee of 100 and the State Chambers of Commerce who can be important partners for Florida's future. Commenting on the election, he noted Rep. Fitzgerald's collaborative skills, the election of Senator Detert, who was NCF's past champion in the House, and the election of an alumna, Michelle Rehwinkel Vasilinda, to the House district in which Governor Crist resides. Key NCF alumni inside the state system include Phil Twogood, Acting Secretary of the Senate, and Jill Chamberlain, a member of House Speaker Sansom's communications staff. He confirmed that the Speaker has no interest in a special session; any changes will be made in the regular legislative session. Mr. MacMillan concluded by noting that Reps. Doug Holder, Will Wetherford, and Marti Coli had visited campus

since the Annual Meeting, and such personal exposure to the College reaps huge dividends in terms of understanding and support. Trustee McDonald asked for Mr. MacMillan's view on differential tuition within the SUS. Mr. MacMillan stated some version of differential tuition seems likely now that Senator Pruitt is open to it. Differential tuition probably would not benefit New College as it would the larger schools; to NCF, structural changes to the funding formula would mean more than tuition increases. Trustee Saputo added that in his mind, tuition is the 800 pound gorilla for the SUS; he thought that more than 75% of all SUS students could afford to pay higher tuition. He recommended that before classes are cut, students should be asked to pay more.

New College Foundation Report

Mr. Wm. James Harman, Interim Foundation President, reported the Foundation is facing tough times. In the days when New College was part of USF, the Foundation protected the integrity of the academic program. When the College brought its needs to the Foundation, the Foundation agreed to cover them, whether it had the money or not. Recently, the College's requirements have exceeded resources in terms of unrestricted funds. The Foundation is squarely focused on this now, engaged in cost-cutting, budget reduction, and enhancing fundraising activity for the College's 50th Anniversary Year of 2010. He cautioned that even with a good year of raising unrestricted funds, the deficit will still be \$2 million. Mr. Harman said he is smoothing the path for the incoming new president with a mini-case statement to support the Gateway Endowment, which is matchable with state funds. Two budget-relieving funds are not endowed: the Scholarship Fund and the Core Fund, but gifts to both are utilized immediately at 100 cents to the dollar. Naming opportunities are abundant, at all levels: from \$25,000 to \$100,000, or \$5 million for the new signature academic center building, or even the East Campus for \$25 million. The state match maximum goes up to \$15 million. He noted that this was an excellent time to bring in a skilled new Foundation president, and assured the Board that he and the Foundation staff were already working with Mr. Walker to put their collective foot on Trustee Saputo's accelerator. He expects Mr. Walker to hit the ground running when he arrives on campus on December 1, 2008.

External Affairs Committee Report

Trustee Smiley asked Jake Hartvigsen, Director of Public Affairs, to report on the Committee's meeting earlier in the morning. Mr. Hartvigsen noted that the Committee felt Trustee Saputo's energy at the meeting and its discussion echoed Mr. MacMillan's comments on the alumni in the legislature, and the stories and themes of student and faculty work in the world. All are represented in the latest issue of *New College Magazine*, which was sent to everyone – students, faculty, staff, donors, legislators, and even high school guidance counselors and top student prospects, to increase interest and appreciation of the College. Mr. Hartvigsen said he would appreciate feedback for the future. He announced Kiplinger's latest rating of NCF: the 6th consecutive time that New College has been listed as one of the nation's best values. It is not just the cost factor, but the quality factor, for Kiplinger's looks at the education an institution is delivering. Across the country, in numerous guides, New College is being cited again and again for quality. Mr. Hartvigsen mentioned that a promotional piece on the new academic center will be released soon, as will the Foundation's annual report, showcasing students and faculty, as well as a Q & A with Andrew Walker and an article featuring Dr. Michalson and Foundation Chair and College Trustee Vicki Raeburn on capital projects. He ticked off a list of upcoming events: the tenth annual season of New Music New College opening tonight at 8 PM, with its first interactive participatory show titled "Playspace"; the Sarasota-Manatee Community AIDS Walk on AIDS Day, November 22, sponsored by the College with activities and information to increase awareness of HIV and AIDS; the New Topics New College series, debuting on December 11 with talks on Post-Election Washington by Professor Frank Alcock and alumna Alexis Simendinger of *National Journal*, prefaced with short presentations by New College students. Mr. Hartvigsen said his office was involving students more in every possible way. In fact, the Committee devoted half of its meeting to a presentation by Professor of Biology Sandra Gilchrist describing two of her special outreach programs with students: the Marine Lab Outreach Programs for local teachers and middle school students at the Pritzker Lab, and the Science Outreach for Students, which sends New College students into local public schools to work with teachers and their classes.

Finance and Administration Committee Report

Trustee McDonald announced that the Committee had reviewed two items at its meeting earlier in the morning and recommended them for Board action. VP Martin stated that the first was the FY 2008-09 Operating and Capital Budgets. Trustee Heiser offered a motion to approve the budgets as presented, seconded by Trustee Misemer. Mr. Martin explained that the preliminary budgets had been approved in June by the Board to allow for release of funds at the start of the fiscal year on July 1, but historically, each November the budgets are revisited by the Board once more information is available. The major change to the E&G budget approved in June is a reduction in recurring State General Revenue of \$709,038 or 4% of the College's E&G base operating budget. The reduction is the result of the 1% quarterly holdback of General Revenue implemented by the Governor's Office. Due to the State's precarious financial situation, he said he anticipated that

this holdback would be formally approved by the legislature and become permanent. The reduction is partially offset by \$21,499 in additional recurring general revenues for General Liability and Risk insurance allocated in August. The initial budget for tuition and fee revenues has been increased by \$100,000 due to higher than expected enrollment of out-of-state students. As a result, the total net decrease in the E&G budget is \$587,539. Mr. Martin alluded to the earlier reports of the Foundation's challenges, and verified that Trustee Mason was correct in stating that the Foundation cannot sustain its level of support to College operations and student scholarships, which have averaged between \$2.3 and \$2.4 million annually. In recent years, the Foundation's various fund balances and related earnings have not kept pace with the College's annual funding requests. In order to meet these needs in prior years, the Foundation Board habitually authorized endowment distributions above the 5% payout guidelines that normally govern such payments and drew from a bank line of credit. Such expenditure rates cannot be sustained for any length of time in this economic climate. Trustee Mason noted that the Foundation will be out of business if it keeps up the current level of support for the College without increasing revenue. VP Martin acknowledged challenges ahead, stating that in light of the extremely volatile financial market impacting earnings and endowment values, it is highly unlikely the Foundation will be able to fund the College's earlier request for \$2.4 million, of which \$1,261,635 was to flow to the College with the remainder expended by the Foundation on behalf of the College. The proposal on the table is for the College to reduce its request to the Foundation by \$150,000 this year. These costs will be funded from College fund balance reserves. The combined shortfall of approximately \$740,000 in E&G and Foundation funding was anticipated early in the fiscal year and contingency plans were developed to address the shortfall, using a combination of remaining current year recurring expense reserves, salary savings from unfilled positions, College interest earnings and general expenditure savings. These are rainy day funds, which will be available on a one-time basis only. VP Martin explained that on November 21 the next State revenue estimating report is due, which will govern the 2009 legislative budget. The prognosis is not good for 2009 or for 2010. He cautioned that the Committee may have to return to the BOT with additional budget adjustments in the near future. The motion to adopt the FY 2008-09 Operating and Capital Budgets was approved unanimously.

The second item reviewed by the Committee was the 2009-10 Legislative Budget Request; Trustee Mason moved to approve the 2009-10 request, seconded by Trustee McDonald. VP Martin explained that in light of the unprecedented shortfalls in tax revenue, the Board of Governors (BOG) suspended the normal process for having each SUS institution develop a separate request. This year the BOG is developing a few top priorities centrally, since minimal funds will be available and it is likely more budget cuts are in the offing. Two of the three top BOG priorities for 2009-10 are for start-up funding for the two new SUS medical schools and the third is for New College to receive the third installment of \$1.8 million in start-up support for the academic and administrative infrastructure needed to operate as a free-standing institution. Mr. Martin said that the \$1.8 million request submitted for BOT action is essentially the same one that the BOT approved last year. The major difference is that \$250,000 in recurring funds supporting the SACS QEP has been removed from the request because it will be directly funded from current E&G base budget resources. The FY 2009-10 request now includes funding to enhance academic and administrative computing support services and a new requirement mandated by the State that the College contribute to post-employment health care benefits supporting its retired employees, along with the other items from last year's request. The Board approved the 2009-10 Legislative Budget request as presented by unanimous vote.

Other Business

Professor of Biology Sandra Gilchrist and three students, Sam Chillaron, Diana Ward, and Jose Alberto Fenix, presented a Powerpoint overview of the New College Coral Reef Research Program which has enabled biology students since 1985 to conduct three weeks of marine research in Honduras, first on Roatan Island with Professor Leo Demski and since 2005, at Cayos Cochinos. Projects presented included studies of diseased corals, factors affecting midden abandonment in *Octopi vulgaris*, and a development of a snorkeling guide of the coral reef for local tourists.

Since there was no further business, the meeting was adjourned at 12:10 PM.

Respectfully submitted,

Suzanne L. Janney,
Assistant Secretary