# New College of Florida Board of Trustees Approved Minutes Meeting of June 14, 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; Chairman Mickey Presha; Vicki Raeburn; Jane Smiley. **Not Participating:** Warren Hudson; John Saputo.

#### Call to Order

Chairman Presha called the public meeting to order at 10:01 AM and stated that the notice of meeting was published on June 7, 2008.

### **Approval of Draft Minutes of March 1, 2008 BOT Meeting**

<u>Trustee Heiser moved to approve the Minutes of the March 1, 2008, BOT Meeting as presented, seconded by Trustee Misemer, and the motion carried unanimously.</u>

### Chairman's Report

Chairman Presha noted that the Commencement speaker last month was former U.S. Senator and former Florida Governor Bob Graham, who did an outstanding job of inspiring and motivating the New College of Florida graduating class of 173 students. He announced that Trustee Hudson submitted his resignation from the Board to Governor Crist, citing the demands of his own institution's upcoming capital campaign. To fill the vacancy on the Board left by former Trustee Bob Johnson, Chairman Presha announced that the Governor appointed former Marine colonel and local business owner John Saputo. Colonel Presha said that he subsequently appointed Trustee Saputo to two of the Board's standing committees: Audit Committee and External Affairs Committee, adding that Trustee Saputo attended the Audit Committee yesterday, but is unable to attend this morning's Board meeting. Chairman Presha reported that the College continues to do well in spite of the decreasing state revenue projections. He commended the staff for the Herculean task of keeping accounts in order and their excellent planning for dealing with such an adverse revenue situation, and noted that the Board owed the staff a huge debt of gratitude. Concluding his report, Chairman Presha stated that he appointed Trustees Heiser, Keating, and Peterson to the ad hoc BOT Presidential Evaluation Committee, to be chaired by Trustee Heiser. This committee will carry out its work in the next two months and report to the full Board at the Annual Meeting on September 13, 2008.

#### President's Report.

President Michalson echoed Chairman Presha's welcome of Trustee Saputo and offered his own thanks to Vice President John Martin and his staff for their fine financial and budgeting work. He noted that New College graduated one of the largest classes in history on May 23. Thanks to Provost Sam Savin, the College completed and the Board adopted a New College of Florida Strategic Plan for 2008-2013, Enhancing Student Learning, this March, and the five new residence halls were completed in the fall and provided state-of-the-art living quarters for students this year. Despite these successes, the need for statewide planning for higher education is acute. Due to the decreasing amount of state revenue projected and available, the SUS has been subjected to a series of hold-backs of funds and budget cuts, which were somewhat offset by the 6% increase of spring semester tuition. However, the New College budget is down \$1.4 million or 5.17% from where it was last year, and another 4% cut is coming, with more bad news expected after the fall election. Dr. Michalson reminded the Board that this is the second year in a row that state employees received no salary increases. Through judicious and prudent planning, NCF was able to fund much needed faculty salary increases internally. Other than that, NCF has been extremely cautious in expending new funding during the past year. The struggle between the Legislature and the Board of Governors over the authority to set tuition has not been resolved and will be sorted out eventually by the courts. A vote in the House on this issue was thwarted, as was the possibility of amending the Florida Constitution to diminish the BOG. With Trustee Peterson, President Michalson attended a BOG orientation session for new trustees in Tampa; the theme was the BOG justifying its existence in the face of challenge to its authority. He noted that tremendous damage has been done to higher education in the state by this struggle between the Legislature and BOG. Thoughtful people are hoping for strong leadership to help resolve matters from Governor Crist and his Special Advisor on education, Dean Colson, who is a former Board of Trustees Chairman at the University of Miami. The present situation is harmful and a comprehensive statewide plan for higher education is needed, not simply ad hoc solutions. Dr.

Michalson identified term limits as a root cause of the failure of elected officials to appreciate the complexity of the higher education situation, not only because the learning curve for legislators is steep, but also because it makes the public's business hostage to individual political ambitions and political expediency. Moving on to other matters, President Michalson noted that the past year had been a challenging one for Admissions: the wait list was activated, not only at New College, but at institutions all around the country, and the College has a fine entering class for the fall. He thanked Dean of Students Wendy Bashant for successfully resolving the move-in date controversy with student Trustee Ben Brown. New College has a SACS accreditation reaffirmation site visit coming up Oct. 7-9, 2008; the Compliance Certification was found to be acceptable on most counts, and he thanked the team for their work: Professor Glenn Cuomo, Suzanne Janney, Cindy Mooy, Provost Savin, Julie Morris, and Maribeth Clark. He mentioned that he and VP Martin would attend the COPLAC meeting in Oregon in June. Dean of the Library Joan Pelland announced her intention to retire in June 2009. John Cranor will step down as President of New College Foundation at the end of June 2008. Dr. Michalson said that Mr. Cranor was recently honored for his work over the past five years at a faculty reception. In addition to being elected the Chairman of the Sarasota Chamber of Commerce, Mr. Cranor also chairs a corporate board in Atlanta. With Mr. Cranor's son going to the University of Glasgow in the fall, President Michalson said John recognized that the ratio of time, energy, and skill he'd have available to devote to the Foundation's next capital campaign called for an adjustment of commitments. President Michalson stated that Mr. Cranor would always be front and center in the leadership of the College community. While not a member of the Board, but as one who reported to it, Dr. Michalson strongly urged the Board to adopt a resolution celebrating the manifold contributions of John Cranor to New College during the years since his graduation as a member of the Charter Class. Such a motion was made by Trustee Misemer, seconded by Trustee Raeburn, and approved unanimously, to much applause from the audience. General Counsel Pfeiffer was charged with drafting the Resolution.

# **Legislative Report**

Mr. Hugh MacMillan reported that the 2008 legislative session ended on May 2, 2008 with \$4+ billion in budget reductions, as President Michalson described in his report. Mr. MacMillan characterized the session as defensive, with the best good news as well as the bad news coming with the word "no." No, the voters will not get to vote on a constitutional amendment restructuring the SUS again; the SUS will have the opportunity to continue to improve without the interruption of more reorganization and restructuring. He reiterated commencement speaker's Bob Graham's wish: that the first priority for the BOG now and in the future will be to build and maintain a successful working relationship with the Florida Legislature. Another "no" came from both the Legislature and the Tax & Budget Reform Commission on so-called tax and budget cap proposals (TABOR) that would have aligned the state budget to an inadequate status quo with increases tightly limited regardless of state needs or its ability to provide funds. "No veto" was promised by Governor Crist of the 6% tuition increase agreed to by the BOG and the Legislature as they wait for the courts to determine who holds tuition-setting authority. And "no, not yet," was the answer for the NCF priority request for the third installment of the \$1.8 million enhancement funding request. Some good news: once again the NCF PECO priorities were funded. Mr. MacMillan concluded with greeting from Pat O'Connell and Nick Iarossi, who will be looking for opportunities to coordinate campus visits from state representative and senators with new leadership roles like Ray Sansom, the next Speaker of the House, in the months ahead.

# **Audit Committee Report**

Trustee Raeburn asked VP Martin to report on the Audit Committee meeting yesterday afternoon. Mr. Martin stated that it was quite a lengthy meeting given the heavy agenda. The Committee reviewed two audits by the State Auditor General: NCF Financial Audit for the period ending June 30, 2007 and NCF Operational Audit dated October 2007. In addition, the Committee reviewed Internal Audit findings and management responses for three reports dated October 18, 2007, January 9, 2008 and May 2, 2008. A two-year audit cycle for FY 2008-09 and FY 2009-10. Procedures were categorized as Low Risk (reviewed every two years); Medium Risk (reviewed ever year or two); and High Risk (reviewed every year). The State of Florida Audit of Compliance and Internal Controls Over Financial Reporting and Federal Awards in Accordance with OMB Circular A-133 was provided to the Committee and to the full Board, as were the other audit materials reviewed by the Committee as stated above, plus the New College Development Corporation's Financial Audit for the Period Ending June 30, 2007. The Audit Committee has no items to recommend for BOT action at this time.

## **External Affairs Committee Report**

Trustee Smiley noted the Committee had an excellent meeting earlier this morning at which Jake Hartvigsen, Director of Public Affairs, brought a number of items to the Committee's attention. Mr. Hartvigsen congratulated President Michalson on his election as President of the Florida Association of Colleges and Universities at the annual meeting of FACU in Orlando, an example of NCF's advancing leadership position in the state. He said the five student Fulbright Scholarships, Professor Sarah Hernandez's Fulbright to Mexico, Professor Carrie Benes' Rome Prize all attest to the quality of NCF's students and faculty and these kudos stand out on the BOG newswire filled with stories of the dire effects of budget cuts at the other SUS institutions. Mr. Hartvigsen announced the hiring of a New Media Relations Coordinator, Aimee Chouinard, former public relations director at the Wellness Community and a freelance writer for the Sarasota Herald-Tribune, who also brings connections to Sarasota Magazine and SRQ Quarterly. SRQ wants to partner with NCF, recognizing it as the educational institution bestsuited to the young professionals it targets. He noted the Trustees had all received the Annual Report. The Committee looked at updates for the new NCF website which will be launched very soon. The new website follows the story-telling narrative tradition of the College and employs new marketing and fundraising technology. The Committee considered the 50<sup>th</sup> Anniversary of the College and how to leverage it to advance the College's identity in the community as a center of intellectual capital during the year 2010-2011. Mr. Hartvigsen mentioned he was asked by Dr. Michalson to chair the Landscape Committee that is charged with making a fast and relatively inexpensive impact on the environment and creating a more attractive campus with educational opportunities for students, staff, faculty, and visitors. In response to an RFP issued this spring for a landscape master plan firm, the Committee recommended the Phil Graham Studio of St. Petersburg, FL. The recommendation was accepted by President Michalson and VP Martin and landscape charrettes are now planned for Fall 2008. Mr. Hartvigsen concluded by saying that Senator Carlton helped NCF dodge the bullet on legislative cancellation of the NCF license plate due to low sales; Public Affairs is doing all it can to bolster sales and hopes for future protection.

#### **Student Affairs Committee Report**

Trustee Ben Brown, NC Student Alliance (NCSA) President, reported on the May 13, 2008 Student Affairs Committee meeting, at which the Fitness Center, a facility supported by Student Activities Fees and shared jointly with USF/Sarasota-Manatee, was discussed. Under the terms of the Shared Services Agreement, USF/S-M contributes 40% of the cost of operating the Fitness Center. This spring, USF/S-M student government decided not to continue the contribution, a position that was unacceptable under the terms of the NCF-USF Shared Services Agreement. Administrators at the two institutions are now engaged in talks and working with their counterparts on a solution to the issue. While there may be some opportunity in the next two years to disengage from the Agreement, the support from USF/S-M student government needs to continue until an official decision is reached by the two institutions. Trustee Brown reported on the recent release of funds from the Capital Improvement Trust Fund (CITF) to New College totaling \$350,000. A portion of student fees are paid into the state CIT Fund every year by each SUS institution and then are released periodically by the BOG when there is a sufficient amount to expend. NCF CIT funds will add support to the \$1.5 million in PECO funds already allocated to improvement of Hamilton Center and student recreational facilities on campus. The HVAC and electrical wiring in Hamilton Center, the student center on campus, will be updated, and a portion of the PECO allocation is designated to fund a black box theater/instructional space as part of Hamilton Center.

# Finance and Administration Committee Report

VP Martin reported on the meeting earlier this morning, which resulted in the following four recommendations for Board action:

### Adoption of Regulation 4.08 Setting Tuition and Fees for AY 2008-09

General Counsel Pfeiffer stated that notice of adoption of Regulation 4.08 was placed on the NCF website for more than 30 days prior to today's meeting. The complete text of proposed Regulation 4.8 was also published on the NCF website during that period and members of the public were invited to provide oral or written comments to VP Martin. In addition, an opportunity to comment on the proposed regulation was duly noticed for the May 13, 2008 meeting of the BOT Finance and Administration Committee. That public meeting was convened as scheduled. Several members of the public were in attendance, including three students. The public offered no comments. Subsequent to the meeting, Tim Jones, Executive Director, Budgeting and Fiscal Policy, for the Florida BOG alerted Mr. Martin to a required change in the per credit hour amount of tuition that must be charged to students enrolled in the same undergraduate college-credit course more than twice. The required change appears in Section (3) (a) of the proposed regulation. Mr. Martin summarized the revisions: tuition for Florida resident students for 2008-09 will be

subject to a 6% tuition increase and out-of-state students will be subject to a 10% tuition increase. Although the statute requires each SUS institution to charge for the full cost of instruction, the Legislature capped the tuition increase at 10% for out-of-state students, which does not meet the full instructional cost. Ordinarily it would be possible in the appropriations process to seek legislative exemption or forgiveness from these requirements so that NCF would be in a position to increase non-Florida resident tuition by the same percentage it is increasing Florida resident tuition. The BOG, however, believes that the Legislature lacks authority to mandate such conditions and has initiated litigation with regard to the issue. Litigation is on-going and no resolution has been reached. This places NCF in the position of either increasing out-of-state tuition by 10% or risking loss of all appropriated funds. Even though NCF currently has the highest out-of-state undergraduate tuition rate in the SUS, it is proposed that the out-of-state tuition be increased by the 10% maximum permitted. It is the College's intent to provide additional financial aid to incoming and continuing non-Florida resident students to offset 4% of the 10% increase. Additional increases are recommended in Activities and Service Fee, Health Fee, Athletic Fee: all 5%; Housing Rental Rates: 7% and a range of up to \$25 per person per day added to the Student Summer Housing Rate to allow more flexibility in distinguishing between rates for NCF students living or working on campus during the summer and students from other institutions to whom the College may wish to offer summer housing; Meal Plan Rates: 4.4%; Return Check Fees: increase from \$15.00 to \$25.00. A motion to adopt said tuition and fee increases was made by Trustee Raeburn, seconded by Trustee Misemer. There was no further discussion and the motion was approved by unanimous vote.

### • Adoption of A Resolution to Establish A Student-Initiated Green Fee

VP Martin began by noting that this item was related to sustainability. He explained that 85% of NCF students had voted in a referendum conducted as part of the New College Student Alliance (NCSA) Presidential Election last fall to tax themselves \$1.00 per credit hour, with revenue accruing to a fund controlled by a Green Fee Allocations Committee of the NCSA, which would be composed of elected students who would determine the allocation of the said Green Fee monies. The anticipated annual revenue would amount to approximately \$23,000 per year. The Green Fee is supported by NCSA President Ben Brown, the NCSA Cabinet, President Michalson and VP Martin. The recommendation to the Board is that they demonstrate support for this initiative through adoption of a resolution to be referred to the Florida Board of Governors. Other SUS student bodies are also in favor of the student-imposed Green Fee Initiative and are seeking their UBOT's endorsement. Mr. Martin stated that a vote would simply convey support for the concept of a Green Fee; inclusion of such a fee could not occur until at least Fall 2009. Trustee Misemer moved to adopt a Board resolution in support of establishment of the student-initiated Green Fee, the motion was seconded by Trustee Brown and carried unanimously. Chairman Presha stated such a Resolution should be drawn up and sent to Tallahassee.

#### • Adoption of FY 2008-09 Preliminary Operating and Capital Budgets

VP Martin drew the Trustees attention to the summary provided of the proposed Preliminary Operating and Capital Budgets for 2008-09 presented for their action as compared to the 2007-08 approved budget. The preliminary budget is based on the 2007-08 operating budget, plus changes made in the 2008-09 allocation by the Legislature and approved by the Governor. He mentioned that on June 11, 2008 the Legislature approved the 2008-09 appropriations bill signed by the Governor, and on June 12, the Governor's Office announced a general 4% holdback of funds, which came to approximately \$700,000 for New College. However, despite the increasingly dismal state revenue projections, each SUS institution must provide documentation on or before June 30, 2008 confirming that a 2008-09 operating budget has been approved by its board of trustees. With such a confirmation, the State's Chief Financial Officer will make cash available for operations effective July 1, 2008. The budget before the Board contains the proposed changes in tuition and fees, including a 6% increase in Florida Resident tuition and fees, a 10% increase in Out-of-State tuition and fees, an authorization to increase the tuition and fee waiver authority by \$150,000 (raising it from the previously authorized \$850,000 to \$1 million to provide additional financial aid to students affected by the tuition increases, particularly those from out of state) and proposed changes in auxiliary operations (housing and meal plans), student activities as well as changes in contracts, gifts, and grants. The preliminary budget proposal also includes other State appropriations of \$9.8 million earmarked for capital projects. However, additional budget cuts are anticipated for the entire SUS. Should these be imposed, the College E&G reserve fund will be thrown into the mix. A soft freeze on hiring will continue, as critical positions are filled and other remain vacant. The administration is planning as best it can. VP Martin commended Controller Bill Lawhon and Associate Controller Kim Bendickson for keeping their fingers on NCF financial pulse. At the end of the fiscal year, NCF will report over a million dollar surplus. On July 1, 2007, NCF received \$2.5 million in new funds, which were managed very conservatively, so as to retain some surplus dollars in anticipation of an economic downturn. On

July 1, 2008, NCF will have \$2.1 million less than it had on that date last year. But with the increase in tuition authorized generating some additional funds, realistically the College should net only \$1,650,000 less than it had on July 1, 2007. Trustee Heiser moved to approve the Preliminary Operating and Capital Budgets for FY 2008-09 as presented, seconded by Trustee Peterson. Trustee Misemer asked President Michalson to explain how the College decided to spend its new money "very conservatively." Dr. Michalson described the sort of critical expenses that the new funding was used for, such as start up funds for a new physical chemist, who was hired after a long two-year search to replace Professor Mal Johal who was lured away by Pomona College. A physical chemist requires very expensive research equipment, and it is critical that the College provide funds for a well-equipped laboratory. Trustee McDonald asked if the soft freeze applied to new faculty lines, and Provost Savin responded that within the next week or two, he would announce one, perhaps two, new faculty lines. Since there were no further questions, the Board voted unanimously to adopt the budgets as presented.

#### Adoption of Recommendation on Insurance Coverage for the College's Buildings and Contents

VP Martin explained that this recommendation for Board action comes from the State Auditor General's Office. The State of Florida self-insures its buildings through a Risk Management Trust Fund administered by the Florida Department of Financial Services' Division of Risk Management (DRM). Buildings and contents are insured on the basis of Actual Cash Value (ACV), as defined in the state-issued policy, not replacement cost. ACV includes depreciation, so there is no way that structures could be replaced for what they are actually worth now. For example, a \$10 million building might be insured for \$2.5 million. The Florida Auditor General's October 2007 Operational Audit of the College noted that the insured values reported on four College buildings and contents were significantly higher than the ACV noted on the certificates of insurance. This means that the College paid higher premiums on these four buildings than it should have. The Auditor General's recommendation was that the College conduct a thorough analysis of its building insurance to ensure that current coverage is commensurate with the College's established level of risk of loss and to provide guidance to the Division of Risk Management for the purpose of calculating appropriate insurance premiums based on ACV. In order to comply, the College has hired a commercial appraisal firm to help determine current insurable values for the College's buildings and contents. The Division of Risk Management has assured the College that they will accept the ACV values calculated by the commercial appraiser. The values will be updated annually and submitted to the Division of Risk Management for the purpose of calculating appropriate insurance premiums bases on ACV. The recommendation presented to the Board codifies the steps that College has taken to provide guidance to the Auditor General and the state's Division of Risk Management. It outlines the method being used by the College to determine insurable values for buildings and contents and the level of insurance coverage to be maintained. VP Martin requested that the Board adopt the recommendation as presented. Trustee Raeburn moved to approve the recommendation on the method used by NCF to determine insurable values for the College's buildings and contents and the level of insurance coverage to be maintained, seconded by Trustee Misemer. Trustee Misemer asked what the cost of the appraisals were, and VP Martin responded they were about \$10,000. Chairman Presha added that it was definitely worthwhile to make sure that structures are adequately covered by insurance. The motion passes unanimously. Mr. Martin said that this item concluded the report of the Finance and Administration Committee.

# • Adoption of Proposed Revision to the Academic Calendar for 2008-09

Provost Savin introduced the revision to the Academic Calendar for 2008-09 by stating that the two-page calendar had been adopted by the Board on March 1, 2008. Since then, an error had been discovered in the Baccalaureate and Student Reading Days dates. The revised calendar corrects the error. He recommended approval of the revision. Trustee Heiser moved to approve the revision to the Academic Calendar for 2008-09, seconded by Trustee Dupree and the motion carried by unanimous vote.

### • Adoption of Campus Master Plan

General Counsel Pfeiffer stated that in order to comply with Section 1013.30, *Florida Statutes*, before negotiating a Campus Development Agreement with the City of Sarasota, the BOT needed to conduct a final public hearing in "in conjunction with the adoption of the draft master plan by the university board of trustees." Procedures that have already been followed include the conduct of charrette processes during the development phase, conduct of numerous duly advertised public meetings conducted by the Campus Master Plan Steering Committee, public meetings at which member of the New College community, neighbors, and representatives of government entities had opportunities to participate. New College also conducted a public information session and a first public hearing. Chairman Presha declared that a duly noticed public meeting on the Campus Master Plan was now in session. Mr. Pfeiffer noted that the College had gone far beyond the requirements for seeking public input, holding many

meetings with various groups of stakeholders – the city, county, airport authority, neighbors to the north and south, etc. He stated that the motion to adopt the Campus Master Plan should include the revisions in the memo, plus Category A revisions that have already been adopted; Category B revisions that are the result of discussions with neighbors and everyone is comfortable with them; and Category C revisions that were proposed by Trustee Heiser, dealing with the history of the College. Chairman Presha opened the meeting for public comment. Mr. Chris Miller identified himself as a member of the Uplands neighborhood north of New College. He said the Uplands community had worked closely with Mr. Pfeiffer and was very pleased with the final plans, which include provision of a buffer zone whenever construction on campus may come within 150 feet of Uplands property. Mr. Pfeiffer noted that a number of Uplands residents had been very helpful and active participants throughout the process. Since there were no further comments or discussion, the public meeting on the Master Plan was declared closed by Chairman Presha. Trustee Misemer moved to approve the Campus Master Plan as presented, the motion was seconded by Trustee Heiser, and approved by unanimous vote.

# Adoption of Florida Educational Equity Act Report for 2007-08 (Data Year: 2006-07)

Ms. YeVette Thornton, Associate Director of Human Resources, presented the NCF Florida Equity Report 2008 for Board action, required prior to submission to the Florida Board of Governors by June 30, 2008. She explained that each state university is required by statute to participate in an Equity Accountability Program and to prepare an annual report on the progress made in improving diversity during the past year in undergraduate student enrollment and in hiring and promoting faculty and senior administrators from protected groups. This 2008 report provides data on the period from November 1, 2006 to October 31, 2007, and includes a budgetary incentive plan to support the achievement of diversification goals and implementation strategies for 2008-09. Ms. Thornton thanked those she had worked with on the report: Julie Morris, Dean Bashant, and Dr. Hui-Min Wen. She noted that NCF has been committed to increasing diversity through actions outlined in this report since 2002. The President and the Provost have brought diversity consultants to campus and have made progress in hiring three tenure-track black faculty members and in promoting Asian and Hispanic faculty members on the tenure track. In 2006-07, the number of senior black employees increased by two. Ms. Thornton urged the Board to approve the Report. Chairman Presha noted that it was a good document, sensitively presented. Trustee Dupree sought and received assurance that the Board could revisit the equity issue at a later time. Trustee Raeburn moved to approve the Florida Equity Report 2008 as presented. Trustee Dupree seconded the motion and the Report was approved by unanimous vote.

### **Other Business**

The proposed schedule of Board meetings was discussed. President Michalson noted that — Saturday morning meetings extend the work week for staff and if the new Chairman would like to consider a change, it would be welcome. Chairman Presha indicated he was open to suggestion. Dr. Michalson said the he was seeking a rhythm and pattern to the meetings that would engage the Trustees without overwhelming them and would welcome further input from the Trustees, particularly about the right balance of in-person meetings to teleconferences.

Since there was no further business, the meeting was adjourned at 11:43 AM.

Respectfully submitted,

Suzanne L. Janney Assistant Secretary