

New College of Florida Board of Trustees
Approved Minutes
Meeting of November 4, 2006

Members Participating: Rev. Jerome Dupree; Gen. Rolland V. Heiser; Warren Hudson; Bob Johnson; Elaine Keating; Marissa Krumm; Dr. Douglas Langston; Major Gen. Raymond E. Mason, Jr.; Kenneth Misemer; J. Robert Peterson; Col. Mickey Presha; Dr. Vicki Raeburn; Jane Smiley.

Call to Order

Chairman Johnson called the meeting to order at 10:00 A.M.

Acknowledgement of Notice of Meeting

Chairman Johnson requested and received acknowledgement that the meeting had been duly noticed on October 25, 2006.

Approval of Minutes

Chairman Johnson moved to approve the draft Minutes of the Annual Meeting of September 16, 2006, with the correction on page 4, paragraph 4, line 10 of “interesting” to “individualized.” His motion was seconded by Trustee Misemer and approved unanimously.

Chairman’s Report

Chairman Johnson stated that everything was going extremely well at New College under the leadership of its excellent president, faculty, and staff. He reported he had attended a meeting of the UBOT Chairs with the SUS Presidents and the Board of Governors (BOG) System Coordinating Committee on October 18 at the University of Central Florida. The BOG wants every SUS institution to be as good a team player as NCF and has asked for our help in getting its agenda through the legislature. The larger universities are finding it difficult to support some of the BOG’s positions. Chairman Johnson noted that Trustee Hudson attended a BOG-SUS-University Trustee Workshop in Orlando on October 25th to examine issues and strategies for strengthening board leadership and board-president relationships. The workshop was led by BOG Chair Carolyn Roberts, Chancellor Mark Rosenberg, and president-emeritus of the Association of Governing Boards (AGB), Tom Ingram, with the apparent intent to increase BOG control over the SUS institutions. One issue of concern was that the BOG may be interested in becoming involved in the hiring and evaluation of SUS presidents. Another is that the BOG favors a centralized budget request process over the budgets worked out between individual universities and the legislature, and wants to develop a university legislative protocol. These issues are trial balloons to get to a common basis of authority and prerogatives.

Moving on to the NCF Campus Master Plan to be adopted later in the meeting, Chairman Johnson announced that NCF is about to purchase the approximately four-acre property on which the Car Museum is located from the Sarasota-Bradenton Airport Authority for about \$4.14 million. The appraisals obtained by the Airport Authority (\$4.4 million) and New College (\$3.6 million) were quite far apart. At the September meeting, Chairman Johnson had asked for authority from the BOT to purchase the Car Museum property within the price range of the two appraisals. The \$4,140,000 purchase price has now been set and hopefully will come before the Governor and the Cabinet in December 2006 for approval. The closing would be in February 2007. Chairman Johnson thanked Vice President Martin and General Counsel Pfeiffer for their work on the project. The Car Museum’s lease on the property will continue for five to six years. This timeframe will allow New College plenty of time to plan for the property’s best usage – a gymnasium, new student union or conference center are some of the current ideas.

President’s Report

President Michalson remarked on the full attendance of the Board at this meeting and welcomed parents on campus for Family Weekend. He reviewed the fact that New College had achieved its Fall enrollment goal and opened the year with two more new permanent faculty members in Mathematics, a discipline which now has representation from both Greece and Turkey. The year promises to be one of transformation with

five new residence halls under construction and the Campus Master Plan nearing completion. The past five years have seen New College gaining ownership of the campus leasehold, as USF/Sarasota-Manatee has moved into its new quarters to the north. The construction activity and ubiquitous fencing are harbingers of the new possibilities presented to NCF by five new dorms and the new classroom and office building to be constructed north of the library.

On the other hand, he noted, this is a trying time for the State as a whole. As long as the BOG and the State legislature are still working on their prerogatives, the UBOTS will remain in limbo. The issue of differential tuition is very divisive; the University of Florida is seeking to “pilot” a \$1000 per student fee in a kind of end run around the issue. The BOG agreed to approve it if it applied *only* to UF. President Michalson stated that he personally thought that each institution ought to set its own tuition and if the BOG is flexible on what SUS institutions can charge for undergraduate tuition, it would be a very good development for NCF. Three-way tension exists among the BOG, which is trying to set system-wide priorities and feels the need to exercise some discipline over the financing of all eleven universities, the universities that need additional revenue, and legislative delegations that want to bring home the bacon to their local SUS universities. New College has benefited from special legislative allocations in the past; in fact, Senator Carlton thinks the BOG is out of order on the financing issue. He cautioned that New College has to tread a careful path on this long-term problem with greatest delicacy. President Michalson announced that additional funding will be required beyond that generated by the bond issue to cover improvements and renovations to Hamilton Center and Pei Complex. He is working with Foundation President Cranor and his colleagues on this front. A new grant has been received by the Foundation from the Harry Sudakoff Foundation. This weekend includes a host of activities: Foundation, Alumnae/i Association, and College Board of Trustees meetings, Family Weekend; Sarasota Reading Festival, and outside guest speakers, all at once. He commended the Reading Festival to the Trustees, and mentioned a panel on Science and Policy that he will chair at 1:30 this afternoon, featuring his former colleague from Oberlin, environmentalist David Orr. Also, he noted the extraordinarily well-attended and well-received New Music New College performance the previous night by Professor Steve Miles.

Dr. Michalson reported he had had a candid conversation with the Alumnae/i Association board following Chancellor Rosenberg’s April letter to Chairman Johnson regarding the need for New College Foundation to become a Direct Support Organization (DSO). The Foundation Board has now voted to become a DSO. He expressed gratitude to Trustee Raeburn, who serves as Chairman of the Foundation Board, for her good faith mediating efforts in conversations with the Chancellor. The important thing to keep in mind is what is best for the students. Changes to DSO status will not be dramatic. Last year, College Trustees questioned the mix of State and private dollars, wondering to what extent they should count on aggressive private fundraising, and in what ratio to State funding. In effect, the Chancellor’s letter triggered the change to DSO status, because the Foundation’s most recent \$2 million gift might not be eligible for a match of State funds if the Foundation were not a DSO. Dr. Michalson concluded by saying that he hoped the concerns of the doomsayers has been allayed; the State match should be forthcoming. And in the meantime, NCF’s good standing and good fortune will carry us far in the State, as characterized by the good news we bring to the State. He ended with thanks to Chairman Johnson and other Trustees for working the State networks on behalf of NCF.

Trustee Mason asked President Michalson to comment for the parents in the audience on the new speaker program commemorating the birthdays of Washington and Lincoln. Dr. Michalson responded that since the State of Florida does not officially recognize President’s Day, the College will inaugurate a new speaker series with Trustee Mason’s support to ensure that our country’s historic heritage is celebrated and commemorated. Scholars of Washington and Lincoln will be invited to campus for talks on alternating years in February, beginning this year. Chairman Johnson noted that on Constitution Day, the Constitution was read aloud and celebrated by New College in a continuous program at Four Winds Café. Trustee Dupree thanked President Michalson for his report and asked him to identify the most pressing problem facing New College. Dr. Michalson responded that in his opinion, it was how to be the best college we can be without looking like everyone else. He does not want New College to become the Williams College of Sarasota Bay. He wants to maintain the creative tension between experimental vs. honors college, between personal agency vs. community spirit and public service, and to retain the special chemistry that is part and parcel of not having grades, and an overall tolerance of ambiguity. And as BOT members, our message is

to understand these special qualities. Chairman Johnson added that to get, keep and adequately pay faculty, administrators, support staff and to offer scholarships for the best students, private money is needed. Affordable housing for faculty and staff and students is needed and scholarships for students with the intellectual capacity to benefit from the academic program. Before concluding, he recognized former NCSA President and BOT member Brian Cody, 2006 graduate, visiting for the weekend from the University of Chicago's graduate program in sociology.

Presentation of Bill Sadowski Award from 1000 Friends of Florida

Chairman Johnson recognized Charles Pattison, Executive Director of 1000 Friends of Florida, an organization founded in 1986 by Floridians to manage growth in the State. Mr. Pattison explained that since 1990, 1000 Friends has commended individuals and citizens who are making innovative contributions to growth management. He announced that the 2006 Sadowski Award, given to honor "a public servant at the regional or state level whose work exemplifies the high level of negotiation for which the former Florida Department of Community Affairs Secretary was known," will be presented to Mr. Jono Miller, Director of Environmental Studies at New College. Friends' President Lester Abberger highlighted some of Mr. Miller's achievements: guiding the Myakka River Watershed project since 1986; facilitating the Peace River Regional Greenway, and 10,000 islands projects; serving on and facilitating a stakeholders group that laid the foundation for Sarasota County's 2050 Growth Management Strategy; and working tirelessly for environmentally sensitive land acquisition. Mr. Abberger said Mr. Miller's experiences have made him uniquely qualified to mentor students and lead the Campus Master Plan Steering Committee. He asked General Counsel Pfeiffer, who nominated Mr. Miller for the award, to come forward. Mr. Pfeiffer, who served as legal counsel to 1000 Friends of Florida in the past, stated that Jono and Bill Sadowski shared the highest level of integrity and the rare ability to really listen, as well as both having extremely supportive wives. Accepting the award, Jono expressed thanks to 1000 Friends, and said that New College had positioned him for the work the award commemorated in several ways: it included Julie Morris in his orientation group; through Professor John Morrill, it taught him about the value and necessity of community service and directing one's gifts back to the community; and in allowing him to work part time all of those years, the College understood that his work in the community accrued to the College. He said he was proud of the fact that Florida is ahead of most states in its protection of about 50,000 acres of land per year, but there is still work to be done, since the development rate is 200,000 acres per year. Chairman Johnson congratulated Mr. Miller on behalf of the Board and thanked him for his contributions to the State and the region.

Legislative Update

Hugh MacMillan reported all was well in Tallahassee, just before the elections. New College is viewed as a model institutional good citizen in the new Florida system of higher education under construction. He and Pat O'Connell consider it a privilege to represent NCF.

New College Foundation Report

Mr. Cranor reported that within the last month, New College Foundation had to radically rearrange its funding priorities to accommodate a new need for \$8 million, or 50 percent more than the Foundation has ever raised. The need stems from \$7.5 million of additional costs now estimated for the renovation of the Pei Complex and Hamilton Center, beyond what is covered by the \$30 million bond. The College's anticipated purchase of the Car Museum property will require \$500,000 of private funds in addition to the state funds designated for this purpose. On the other side of the coin, the Foundation received a \$500,000 grant from the Harry Sudakoff Foundation to construct a Center for International and Area Studies, and a private donor is about to make a \$750,000 contribution to the project, generating a State match which will bring the total to \$2.5 million for a new building. The new International Center will fit nicely into the Campus Master Plan as the College begins to fill in the north green. Mr. Cranor also announced that due to Trustee Heiser's good work over the years, Ms. Ulla Searing is making a \$2.7 million testamentary gift to the College, designated for faculty salaries, faculty development, and student research. The largest gift ever made to the College, after the Libra Foundation's \$2 million gift in honor of Rhoda Pritzker, the Searing gift will be eligible also for a 100 percent State match. The Foundation is committed to fundraising to meet the needs of the College, now more than ever, now that it is in compliance with the requirements of a DSO. Mr. Cranor concluded by asserting that the Foundation would always follow the lead of the College's President and Board of Trustees' Chairman.

Chairman Johnson asked for a resolution certifying that New College Foundation, Inc. is operating now in a manner consistent with the goals of New College of Florida and in the best interests of the state of Florida; determining that the New College Foundation, Inc. meets requirements of Section 1004.28, Florida Statutes, and Regulation 6C-9.011 of the Florida Board of Governors; and certifying the New College Foundation, Inc. as a Direct Support Organization of New College of Florida, and directing the President of New College to request approval from the Florida Board of Governors to establish the New College Foundation, Inc. as a Direct Support Organization of New College of Florida. Trustee Mason so moved, seconded by Trustee Misemer, and the resolution passed unanimously.

Campus Master Plan

Architect Frank Folsom Smith and Lead Consultant Stephanos Polyzoides thanked the Board for entrusting the commission for creation of the first Campus Master Plan for NCF to them. They have the greatest admiration and hope for New College and believe that the Plan delivers a vision and a “home place” for the College that will match its outstanding national reputation. Mr. Polyzoides noted the extraordinary input and cooperation that the planning team received from President Michalson, Mr. Cranor, Counsel Pfeiffer, Vice President Martin, other staff, and, above all, from the students. He stated that the Plan as it exists today is a consensus document of the deepest kind; there was not a single idea that was not discussed and investigated. Mr. Polyzoides believes the Plan can deliver a place because it not only provides a vision, but sets standards for best practices to reform bad habits (such as driving instead of walking to classes and other campus destinations, and constructing buildings for short, 30 year life spans). He stressed that implementation of the Campus Master Plan is an opportunity for supporting a vision of the College in new ways and it will not do to simply conduct business as usual. When vision departs, Mr. Polyzoides emphasized, pragmatic intelligence takes over. A practical, continuing sense of idealistic intelligence is needed to deliver the core place – the New College “Green” or the Harvard Yard of New College. He hoped the Trustees and the College would keep that in mind as implementation begins.

Chair of the Campus Master Plan Steering Committee Jono Miller thanked Mr. Smith and Mr. Polyzoides, and each member of Committee: Sandra Gilchrist, Steve Miles, Anne Fisher, Donita Pace, John Cranor, Richard Olney, Brian Cody, Marissa Krumm; plus advisors to the Committee: Director of Facilities Planning Ken Perlowski, General Counsel Pfeiffer, and David Brain. Mr. Miller stated that in his 30 years on campus, this has been the most comprehensive discussion and planning for the future of New College that has ever taken place. Perhaps the most striking feature of the Plan is that the academic center of the College is to be located within five minutes of the residence halls. Two significant revisions have been made to the Plan based on neighborhood feedback: (1) all references to signalized intersections have been removed except for those at University Parkway and US 41 and General Spatz and US 41; and (2) illustrations of the Loop Road will be revised in order to protect a stand of trees; instead of a swing to the north, the Loop Road will closely parallel or follow 58th Street. Also, the Carlton Reserve information will be added to page A-16. Computer program incompatibility has prevented the Committee from making these changes in the versions presented to the Board, but they will be made in the final documents that will be sent to the reviewing state and local government agencies. Trustee Heiser moved to authorize the President to distribute the Draft Campus Master Plan to review agencies in accordance with Section 1013.30 (6) Florida Statutes, and to direct the President to cause the commencement of this review period to be advertised in a newspaper of general circulation within the City of Sarasota, Sarasota County and Manatee County to allow for public comment, seconded by Trustee Raeburn, and the motion was approved unanimously.

Audit Committee Report

Trustee Raeburn announced the Committee met at 8:15 that morning and its primary action was to review final revisions to the draft Audit Committee Charter, designed to clarify the role and scope of the Audit Committee and to address concerns of the Sarbanes-Oxley legislation on compliance. Once adopted, the charter will be reviewed every other year. Trustee Raeburn moved to approve the BOT Audit Committee Charter, the motion was seconded by Trustee Mason, and approved unanimously.

External Affairs Committee

Trustee Smiley asked Mr. Hartvigsen to report on the Committee's meeting at 9:00 am. Director of Public Affairs Hartvigsen summarized the meeting, reporting that discussion continued on the I-words, which will be launched in the new branding campaign in January 2007, when the new website design will be operative. The Committee had a lively discussion of how best to utilize branding to focus on the nation as a whole rather than on the State of Florida.

Finance and Administration Committee Report

Trustee Presha stated that the Committee met earlier in the morning to deal with a set of extremely complex topics, and Vice President Martin and his staff have earned kudos for their clear presentations of these issues. He asked Mr. Martin to report. VP Martin began with the FY 2006-2007 Operating Budget, reminding the Board that they had approved a Preliminary Operating Budget for 06-07 in June, but that now the appropriations data from the Governor's Office has been processed. The primary difference between the two versions of the Operating Budget is that the current E&G budget has increased by \$366,000 to \$20,429,00 reflecting additional state funding for a 3.0% salary increase effective October 1, 2006 (\$275,000), an increase for retirement funds of \$85,000, and an increase in General Liability insurance of \$6,000. The Auxiliary Services budget was reduced by \$267,000 due to an overestimation of debt payments due from Housing operations. VP Martin asked for a motion to approve the College's FY 2006-2007 Operating Budget as presented and to delegate to the President the authority to amend this budget, as appropriate, during the operating year, with periodic reports to the Trustees regarding the amendments. Trustee Heiser so moved, seconded by Trustee Misemer, and the motion was unanimously approved.

The next item for Board action was a resolution authorizing investments with the Florida State Board of Administration. VP Martin explained that currently the College invests surplus funds in a Special Purpose Investment Account with the State of Florida's Treasury Division. Adopting the proposed resolution will provide NCF with another option for short-term investment which would earn a slightly higher return at some point in time. The State Board of Administration's Local Government Investment Pool has been in operation since 1982 and currently serves 812 local government clients. It provides them with a low cost, low risk, fully transparent investment option for their surplus funds. Trustee Presha moved to adopt the proposed resolution authorizing investments with the Florida State Board of Administration, seconded by Trustee Mason. Trustee Raeburn asked if Mr. Martin would monitor the yield term, and he responded affirmatively. Trustee Dupree asked what kind of return it would bring and Mr. Martin estimated a 3-5% annualized range between the two investment options. Controller Bill Lawhon projected a \$150,000 to \$200,000 annual return in total for the College's short term investments. The resolution was adopted unanimously.

Prior to the discussion of resolution of the NCF Police Benevolent Association Collective Bargaining Impasse over salary enhancements, General Counsel Pfeiffer stepped down from the Board table, since he represented the College administration in the negotiations. Mr. Pfeiffer was replaced by Special Counsel to the BOT David Smolker for the ensuing discussion. Counsel Smolker thanked the BOT for its good stewardship of his alma mater. He stated that in the impasse between NCF management and the PBA on the issue of salary enhancement, both sides had waived having a special master hear the impasse and decided instead to send the matter directly to NCF's Board of Trustees for settlement. The BOT's Finance and Administration Committee met on October 30, 2006 at a duly noticed public meeting to consider testimony, evidence, and arguments of both the PBA and NCF Management regarding their respective recommendations as to resolution of the impasse. The PBA recommended a 10% salary increase while NCF management recommended a 3.0% increase retroactive to July 1, 2006. The Committee approved NCF management's position this morning. In resolving the disputed impasse issues, Mr. Smolker stated that the Board of Trustees is required by section 447.403 (4)(d), Florida Statutes, to take such action as it deems to be in the public interest, including the interests of the public employees involved. He asked Chairman Johnson to open a Public Hearing. The Chairman declared that a Public Hearing on the matter was opened and asked if anyone in the audience wished to speak on the matter. Professor Sarah Hernandez read a statement from the Executive Committee of the NCF United Faculty of Florida expressing support for the PBA's position and stating that they believe "a university is made first and foremost by its people....When people find themselves underpaid, they feel unappreciated, and hence their productivity

decreases. While the New College leadership also requires this kind of incentive, a further increase in the gap between the lower and higher paid only leads to disarray in the sense of community. It is in this light that we urge the New College Trustees to seriously consider giving priority to enhancing the working conditions of the lower ranks.” No one else asked to speak. The Public Hearing was declared closed. Trustee Mason moved to approve the recommendation of the Board of Trustees’ Finance and Administration Committee, to grant the PBA a 3.0% salary increase retroactive to July 1, 2006; the motion was seconded by Trustee Heiser. Chairman Johnson stated that he had sat on the Committee and found the salary offer competitive within the SUS. He added that if a 10% increase is granted, with the legislative allocation at 3%, an increase could not be counted on every year without using private, non-state funds. The matter has touched his heart, but the issue of what New College can afford has to come first. Trustee Hudson said that the documentation indicated that the NCF Police are at the 60% in salary within the SUS, but he wondered where the NCF faculty members fall within the SUS pay scales. VP Martin responded that there is not an easy, generic way to compare faculty salaries, since they vary by discipline and type of institution. Mr. Pfeiffer offered that the MGT Report on faculty salaries and benefits still is not completely in hand, but his sense of it is that the NCF faculty salaries are somewhat below the 60th percentile within the SUS. Chairman Johnson asked if the Police Department found a lack of applicants when a job vacancy occurs and VP Martin assured him they never lacked applicants. Trustee Langston asked for clarification of the statement in the documentation referring to Mr. Martin’s consideration of a one-time bonus. Mr. Martin clarified that in a negotiating session, he had offered a 3.0% increase effective July 1 or a 3.0% increase effective October 1 with a re-opener later in the year for consideration of a bonus. When AFSCME accepted the 3% increase effective July 1, Management took the bonus offer off the table in the PBA negotiation. Chairman Johnson commented that the three bargaining units within NCF watch each other carefully. President Michalson stated that he joins Chairman Johnson in valuing public safety, and understands our location near the airport makes the life of the police difficult at times. However, NCF Management is still negotiating with UFF for an increase in faculty compensation and he is personally inclined to take a more aggressive position on faculty salaries than on others. After all, New College is an academic community and faculty members are central to our identity. His own instincts are to work harder on that front. The Chairman called for a vote and the BOT Finance and Administration Committee’s recommendation of a 3% increase for the PBA retroactive to July 1, 2006 was approved unanimously.

Other Business

Provost Savin announced the opening of the Quantitative Resource Center.

Trustee Misemer asked for a discussion of the Progress Report on New Campus Housing that was distributed to the Trustees. President Michalson said he was embarrassed and unhappy about having to request that the Foundation come up with more money than they have ever raised to finance the \$7.5 million shortfall over and above the bond issue funding. He wondered if \$7.5 million was really the correct number. Chairman Johnson thanked Trustee Misemer for reminding them of the issue and the report. He asked VP Martin, Mr. Bob Bitterli of Harper Aiken Donohue Partners and Mr. Dean Crowley of W. G. Mills, Inc. to explain the circumstances that had occurred since the bonding to increase the construction estimate so drastically. VP Martin acknowledged that New College had locked in a 4.1% rate for the next ten years, and the College expected that \$25 million to construct the five new halls, to renovate the Pei Complex, and to improve Hamilton Center with additional funds beyond the \$700,000 in CITF funds earmarked for this purpose would have been sufficient. However, factors outside of anyone’s control nationally and regionally in southwest Florida were responsible for the spike in construction costs. These factors were detailed in the Progress report. Once the dorms are built, student occupancy will generate revenue for NCF and eventually Pei will be renovated and Hamilton Center’s roof repaired. In the meantime, the architectural and engineering and the construction management teams have identified approximately \$2.5 million in positive changes to reduce costs without compromising the design plans.

Mr. Bitterli explained that the west Florida construction market had been adversely affected by the devastation caused by Hurricanes Charlie and Katrina, which dramatically increased the need for building materials. The spike in construction costs hit builders hard and deep. In addition, the uniqueness of the East Campus site and the fact that the underground utilities were 40 years old and worse for the wear complicated the project. Mr. Crowley of W.G. Mills added that much of the utilities infrastructure had to be upgraded for each of the five new residence halls. The specifications for five sustainable dorms, rather

than two or three, each with an unusual configuration of rooms requested by the students, also contributed to the uniqueness of the project. Due to the tight timetable of the project, ground had to be broken before the formal adoption of Campus Master Plan. Therefore, the standard value engineering process was not completed during the design phase as usual. The relocation of the tennis and basketball courts was completed during the summer. However, now construction is proceeding on a six-day week to meet the deadline of August 2007 when the new halls must be ready for student occupancy. The two firms are working around market conditions as best they can. President Michalson offered his appreciation for their dedication to the project, and noted that W.G. Mills has dropped its profit margin to bring the project in as close to budget as possible.

Since there was no further business, the meeting was adjourned at 12 noon.

Respectfully submitted,

Suzanne L. Janney
Assistant Secretary