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STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
UNIVERSITY OF CENTRAL FLORIDA
UCF FAIRWINDS ALUMNI CENTER
ORLANDO, FLORIDA
MARCH 2, 2016

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1. Call to Order and Chair's Remarks

The Chair, Tom Kuntz, convened the meeting at 1:00 p.m., on March 2, 2016, with the following members present and answering roll call: Vice Chair Ned Lautenbach; Dean Colson; Daniel Doyle, Jr.; Tonnette Graham; Mori Hosseini; H. Wayne Huizenga, Jr.; Wendy Link; Ed Morton; Pam Stewart; and Norman Tripp. Patricia Frost; Alan Levine; Katherine Robinson; and Fernando Valverde participated in the meeting by phone.

Chair Kuntz thanked President Hitt and Chair Marchena for hosting the meeting and their hospitality. He noted the Nomination and Governance Committee meeting would be deferred until the regular meeting of the Board on March 16 and 17, 2016.

2. Public Comment

Chair Kuntz asked the Board's General Counsel Vikki Shirley if there were any requests for public comment for items on the Board's agenda. Ms. Shirley stated no requests for public comment had been received.

3. Update to the National Rankings Publication List

Chair Kuntz called on Dr. Jan Ignash to present this item. Dr. Ignash explained there is a list of publications the Board considers when evaluating the 2025 System Strategic Plan's "National Rankings for Universities" goals. One of the publications jointly published by the Princeton Review and USA Today entitled "*Best Value Public Colleges*" has been discontinued and Board staff are proposing the substitution of a new Princeton Review publication entitled "*Top 50 Colleges that Pay You Back*", which is quite similar in its evaluation of affordability.

Mr. Colson moved to approve the update to the National Rankings Publications List. Mr. Tripp seconded the motion, and the members concurred unanimously.

4. University of Central Florida Downtown Campus

Chair Kuntz stated the University of Central Florida is requesting approval to establish a Type 1 campus in Downtown Orlando. He noted the item was in the Strategic Planning Committee, but in the interest of time, the item will be considered by the full Board. He asked Mr. Colson to lead the discussion.

Mr. Colson described the materials in the agenda packet, which includes a proposal submitted by the university in September, an addendum to that proposal submitted December 4, 2015, a Board staff analysis dated December 16, 2015, clarifying information submitted by the university, and a Memorandum of Understanding between the university and the City of Orlando dated February 8, 2016.

Mr. Colson stated the university's Board Chair, Mr. Marchena, President Hitt and Provost Whittaker will make presentations and the Board will also hear from a number of guest speakers.

He noted there are a number of considerations the Board should focus on in determining the academic need for a downtown campus. These considerations include: the academic programs to be offered; estimated enrollment; regional accreditation; the expectations for student services, academic support, recreational facilities and health services; the potential impact on upper-level undergraduate and graduate students on the main campus; and the number of faculty and administrators expected to be associated with the downtown campus.

Mr. Colson welcomed Mr. Marchena as the first presenter. Mr. Marchena thanked the Board for its commitment to higher education and introduced fellow UCF trustees in attendance at the meeting. He also recognized two City of Orlando Commissioners, Regina Hill and Robert Stuart. Mr. Marchena thanked the Board for entertaining UCF's request and commented that, after becoming chair of the UCF Board of Trustees, he spent several months doing due diligence and posing some of the same questions to UCF staff that had been asked by Board staff. These questions related to the academic program offerings, the number and mix of face-to-face and online courses to be offered, the funding plan and community support, and the reverter clause in the prior draft Memorandum of Understanding with the City. He commented that other UCF trustees had likewise vetted the project and when the process was complete, the trustees voted unanimously to support this request.

His approach focused on the bottom line as it relates to the quality of education and access to education. As to quality, Mr. Marchena stated the academic program offerings are tied to areas of strategic emphasis and industry needs, which presents more opportunities for field-related work and internships, especially given that a large number of firms in those fields are located downtown. With regard to access, the lower

overall tuition together with the enhanced use of the 2+2 mechanism will provide greater access to students from areas that are traditionally underserved by higher education. While Mr. Marchena noted the significant economic impact on downtown Orlando, he emphasized that his focus was on improving access to higher education and quality.

Through discussions with Governor Scott and his education policy staff, Mr. Marchena reported the university agreed to eliminate a student housing component and to reduce the size of the academic building, while maximizing its ability to serve students through technology.

With regard to the reverter clause, Mr. Marchena stated on February 8, 2016, the Orlando City Council approved the conveyance of approximately fifteen acres to UCF with no reverter clause. He noted this demonstrates the City's confidence in the project and that altogether, the City's contribution to the project totals approximately \$70 million.

Mr. Marchena then turned the presentation over to Dr. Whittaker.

Dr. Whittaker began by stating that UCF's plan for the downtown campus looks much different than it did a year ago. The new plan reflects advice from the Board of Governors, Board staff, the Governor's staff, and the input of the UCF Downtown Planning group, which resulted in UCF refining its academic strategy and facility needs. The university expects to serve approximately 7,700 students in one new building in combination with renovations to the existing building.

Dr. Whittaker explained the proposed academic programming focuses on three clusters: digital entertainment and communications; health technology and administration; and public service, which includes legal studies. He emphasized the new campus will not be a regional campus that duplicates academic programs offered elsewhere, but instead will serve as the home for programs he referenced, which will benefit from the proximity to relevant industries. Nine of the programs are in areas of strategic emphasis and have high student demand. He commented that enrollment in these programs grew at twice the rate of enrollment in other programs offered by UCF.

Dr. Whittaker projected total enrollment of 7,698 students, with 5,395 coming from UCF and 2,303 coming from Valencia College. Eighty percent of these students are expected to enroll in face-to-face courses and based on student surveys, he indicated that even students taking 75% or more of their coursework online are just as engaged in on-campus activities. They also looked at overall course-taking behaviors on the main campus and found that 46% of the students enrolled in face-to-face courses, 38% of the students enrolled in only face-to-face courses, and 16% enrolled in fully online courses.

He expects to maximize the use of academic space by leveraging technology and mixed learning modes. The new 165,000 square foot building will cost approximately \$60 million to construct with the funding to be divided equally between UCF resources, community support, and state funds. The renovation of the existing building will allow Valencia College to co-locate downtown along with the \$7.7 million space that has been donated and will be privately developed for Valencia's culinary and hospitality program. As mentioned previously by Mr. Marchena, the proposed campus does not include a component for student housing.

Dr. Whittaker concluded his presentation with a look at the academic return on investment. Of the 14 academic programs to be offered on the campus, 9 of those will be in areas of strategic emphasis such that 65% of the 1,800 degrees produced annually will come from those areas. He described the downtown campus as the first of its kind to be fully integrated with a college partner on the same site. He believes the project best aligns academic offerings with industry needs and will provide hands-on higher education learning experiences to their students.

Dr. Hitt next spoke to the investments made by the community. UCF's funding plan calls for a third of the support to come from community investment in order to lower the state's investment. Dr. Hitt reported the Central Florida community has embraced the project and contributed \$16 million of the \$20 million they need. He expects to secure the remaining funds in the near future and thanked their community partners. In particular, he noted the Orlando Magic was the first to contribute and he thanked Mr. Martins, the CEO of Orlando Magic and a UCF trustee, for the Magic's contribution as well as a personal contribution made by Mr. Martins. Other contributors include CFE Federal Credit Union, Florida Hospital, Valencia College, Creative Village, Mr. Alan Ginsburg, Mr. Bruce Douglas, Orange County, CNL, Universal, and Coca-Cola. Dr. Hitt also thanked the Dr. P. Phillips Foundation for its \$3 million contribution and he invited the Chief Executive Officer, Mr. Ken Robinson, to address the Board.

Mr. Robinson stated for more than one hundred years, Dr. Phillips has invested in projects that address critical community needs and that will have a lasting impact on residents. Their relationship with UCF dates back to the 1960s, spanning investments in three endowments, three capital campaigns, the UCF College of Medicine, and now the UCF downtown campus. He explained their investment demonstrates a shared commitment to make higher education accessible to all students. The campus will help more students in the downtown area realize a college degree, and the hands-on learning and internship experiences will give them a running start as they begin their careers. He stated they were excited to be a critical partner in the downtown campus and believe it will have a significant impact on the community.

Dr. Hitt next introduced Dr. Sandy Shugart, the President of Valencia College, noting that UCF accepts the most transfer students of any university in the country and he

thanked Dr. Shugart for making that possible through the Direct Connect program. Dr. Shugart thanked the Board for the opportunity to speak to the proposal. He explained Valencia College's first role is to build on the Direct Connect program, which he expects to yield even greater results through Valencia and UCF students learning and working side-by-side in a seamless environment. This seamless environment will also increase efficiencies by reducing the cost to the student and the state by 25%. Dr. Shugart said their second role was to provide programs that have deep synergies with downtown businesses such as visual media and computer graphics, and health information technology. Finally, he anticipates the two institutions working together to build a portfolio of training and services for students that will lead to the rapid development of skills and placement of their graduates in the workforce.

Dr. Hitt introduced Cait Zona, a UCF trustee and the President of the UCF Student Government Association. Ms. Zona recognized fellow students attending the meeting and expressed support for the proposal. She emphasized the internship and job opportunities that will be available to students attending classes at a downtown campus and noted the similar benefit enjoyed by UCF students at the Rosen School of Hospitality given its proximity to the hospitality district. Ms. Zona also stated students will benefit from the lower-cost tuition model that will be employed on the downtown campus.

Dr. Hitt introduced Dr. Barbara Jenkins, the Superintendent of Orange County Public Schools as the next speaker. Dr. Jenkins explained a new preschool through eighth grade school will be part of the downtown project. The new school will be the first school to open in this impoverished community in 45 years. She referenced the community partners who will be involved such as the Boys and Girls Club, and applauded Mr. Rosen for his generous offer to provide free scholarships to students who attend the Harris-Rosen Preschool and go on to graduate from the local high school. Dr. Jenkins emphasized the downtown educational partnership will provide access and create a positive impact on a community that has been underserved.

Dr. Hitt introduced the Honorable Buddy Dyer, the Mayor of the City of Orlando. Mayor Dyer observed that the City has embraced two concepts: (1) the power of partnerships, and (2) the ability of industry clusters to drive job creation. He stated UCF is the embodiment of both concepts and played a major role in fostering the development of industry clusters, especially in digital media. He explained the City always envisioned Creative Village being anchored by UCF. The City Council unanimously approved the Memorandum of Understanding with UCF with no reverter clause. Mayor Dyer assured members there will be no displacement of residents or businesses since the site consists of the old Amway Center and surrounding parking lots. He stated great strides have already been made to increase housing options, improve transportation, and lower crime, and he expects the addition of a preschool through eighth grade school, along with UCF and Valencia, to expand educational

opportunities in the area. He introduced Aisha Davis, a recent graduate of Valencia College who is a Parramore resident and now enrolled at UCF. Last year, thirty high school seniors from Parramore enrolled in college and with the new campus, he envisions students will have ready access to greater educational opportunities and jobs with downtown businesses. Mayor Dyer thanked the Board for considering UCF's proposal.

Dr. Hitt next introduced the Honorable Teresa Jacobs, the Mayor of Orange County. Mayor Jacobs thanked the Board for the opportunity to express her support for the proposal, emphasizing the strong partnership between Orange County and UCF. She said they have been working together to create an environment for economic development and she expects a downtown campus to result in retention of talented students who decide to live and work in Orlando. Mayor Jacobs noted that last November, Orange County approved \$3 million for the project because they believe in the value of a downtown campus and the ability of the campus to diversify their economy, raise wages, and create additional economic opportunities.

Dr. Hitt concluded the presentation by playing a short video and emphasizing the importance of the project to UCF, its students, and the community. He stated this is the most important moment of his 24 years as President of UCF and asked for the Board's support.

Mr. Colson thanked everyone for their presentations and indicated the best way to frame the discussion is to ask if there is a motion and a second. Mr. Colson called on Mr. Hosseini. Mr. Hosseini thanked Dr. Hitt for his 24 years of service and discussed how the proposal has changed since it was first brought to the Board in February 2015.

At that time, UCF had not raised any funds from philanthropic sources and was seeking over \$135 million in state funding. Mr. Hosseini noted the project was to include a residence hall that UCF would have to finance or construct through a P3 model. Since that time, he stated the project has been scaled back to one academic building and a request for \$20 million in state funds. The remainder will be contributed by UCF or financed from philanthropic sources. The residence hall has been removed and UCF agreed in a Memorandum of Understanding with Governor Scott not to seek any additional state funds beyond the current request prior to fiscal year 2018-19.

Mr. Hosseini stated that to date, UCF has raised \$16 million from individuals or entities willing to contribute financial support to the project. In addition, the private developer is donating \$7.7 million of shelled space, which will enable greater use of the new academic space once it is constructed. He also noted that on February 8, 2016, the City approved a Memorandum of Understanding demonstrating its intent to provide clear title to UCF, without any reverter clause.

With regard to academic programs, Mr. Hosseini observed UCF agreed in the Memorandum of Understanding with Governor Scott to focus on degree programs for which there are significant employment opportunities in the state, and that it also agreed to identify and terminate low productivity, low demand programs. Mr. Hosseini concluded by stating he believes the year-long process of working with our staff, with the Governor's office, the City of Orlando, and the Orlando community has resulted in a much better proposal. He then moved approval of the establishment of a Type 1 Campus for UCF located in downtown Orlando, as presented, subject to UCF raising the remaining funds necessary to meet the philanthropic investment of \$20 million for the fixed capital outlay project. Mr. Lautenbach seconded the motion.

Mr. Tripp stated he appreciated the presentation that spoke to the impact on the minority community. He wanted the record to be clear there is a long-term expectation that they will benefit directly from this project and that if any changes are proposed in the future, such changes will benefit the people who actually live in that community. He also congratulated Dr. Hitt on his 24 years of service at the university.

Mr. Morton echoed Mr. Tripp's comments about the community and applauded UCF for its intent to expand educational opportunities to that community. Mr. Morton next noted the serious concerns raised by Board staff about the enrollment projections. He asked Dr. Hitt whether UCF was prepared to absorb the costs that may not be covered by the downtown campus from the university's own reserves without passing those costs on to the students in terms of higher tuition or fees. Dr. Hitt responded in the affirmative.

Mr. Levine expressed his appreciation for the time UCF and Mayor Dyer spent last year when members visited the proposed site of the new campus and for their willingness to address the concerns raised by members at that time. He noted he was ready to help UCF so that the project would be successful.

Ms. Link congratulated them on all the work they have done so far and asked whether the lower tuition cost that was being proposed was across the board or only for the Valencia students. Dr. Shugart responded, stating every student who enters Valencia as a freshman and pursues the Direct Connect program will enjoy the full cost reduction. According to Dr. Shugart, the intent is not to duplicate lower division experiences so all freshman and sophomores will be Valencia students, and juniors and seniors will be UCF students in terms of how they experience tuition. Dr. Shugart also clarified the students will be counted by the institution that is offering the instruction. Dr. Whittaker stated that approximately the same number of students will be admitted through Valencia into Direct Connect as FTIC admits to UCF, and all of those students will be taking the same courses and will be billed at the Valencia credit hour rate.

Dr. Robinson also echoed Mr. Tripp's comments about the Parramore community. She encouraged Dr. Hitt and Dr. Jenkins, working through UCF's College of Education and the school district, to make the preschool through eighth grade a truly remarkable school that will benefit the community.

Ms. Frost stated she appreciated all the hard work that has gone into this proposal and all the information she received about the proposal.

Ms. Graham said she had questions similar to Mr. Morton's and she thanked UCF Student Government Association President Cait Zona for answering her questions so she could be assured, when considering this proposal, that the students' needs were being met and they would not be adversely impacted financially.

Mr. Colson thanked UCF for its hospitality and expressed his respect for Dr. Hitt, but stated he was going to vote no. His reason for voting no is because he does not believe this is a priority for UCF or for the State University System. First, he explained he is not convinced there is sufficient academic demand for a downtown campus, indicating that data from the recent Board of Governors meeting shows enrollment at regional and special focus campuses is declining. As a result, he believes we should be skeptical of any new bricks-and-mortar campuses no matter where they are located.

Further, he observed the enrollment numbers from the Board's staff analysis are much smaller than what UCF projects. He noted Board staff projects around 5,400 headcount while UCF projects 7,700, and this number is before taking into account that many of the 5,400 students take courses predominantly online or at other UCF locations. Once online students are factored in, the projected number falls to approximately 3,300. He said the largest program slated to move downtown is Health Services Administration, which is 100% online and accounts for 1/3 of the first year's downtown enrollment.

Secondly, even though UCF compares its proposed campus to the Arizona State University (ASU) downtown campus in Phoenix, the comparison omits one important factor. In March 2006, the voters of the City of Phoenix approved propositions securing \$223 million of bonding for the development of the downtown ASU campus. By contrast, Mr. Colson noted voters in Orlando have not approved any proposition to tax themselves to build a downtown campus.

Third, he stated that while UCF is a very good university with a terrific president and outstanding community support, it is not yet a great university and building yet another campus is not a step forward in becoming great. In a prior conversation with Dr. Hitt where he explained he would not be supporting the proposal, he indicated he understood the need to take advantage of opportunities presented. He explained if UCF were asking for \$100 million for a new science building and to recruit five or ten

academic stars, he would be supportive, especially in light of the fact UCF has been asking for \$65 million for a new science building it desperately needs. He noted that need has not gone away, but instead has been replaced by the funding request for the downtown campus. He observed that the University of California at Berkley has 230 national academy members according to the most recent statistics, while UCF has one. In order to make UCF great, he stated Dr. Hitt needs to be given the resources to change that statistic.

Finally, Mr. Colson noted the political pressure brought to bear on the Board. He predicted there will come a time when we can no longer afford the legacy projects of elected officials because the projects are not one-time expenditures, but instead impact the funding needed to make the state universities great. He wants to make our universities great, but believes the time to say no is today, even though he understands the economic development positives that could come from this project and his respect for those who have reached a different conclusion.

Mr. Kuntz congratulated all of the presenters and congratulated the UCF trustees on their vision in electing Mr. Marchena as chair of the UCF Board of Trustees. He stated Mr. Marchena has taken this proposal very seriously and has listened to Mr. Kuntz's concerns over the past year. Mr. Kuntz indicated if a vote had been taken a year ago when the project was first proposed, he would have voted no but that we are in a very different posture today. First, the funding request is significantly less and he believes UCF has shown a real need for the campus. The reason he is supporting the proposal is because he believes the students will be better served. It also fits with one of his priorities for the System, which is to enhance the 2+2 program. This year he established a Select Committee on 2+2 Articulation chaired by Mr. Levine and this proposal is evidence of how a good partnership between UCF and Valencia College can become even stronger. He also thanked his fellow Board members and the Chancellor and his staff for all of their efforts, noting it took a year to get to where we are today and expressed his support for the request.

Mr. Colson asked for a roll call vote. The following members voted in favor of the motion: Mr. Kuntz, Mr. Lautenbach, Mr. Doyle, Ms. Frost, Ms. Graham, Mr. Hosseini, Mr. Huizenga, Mr. Levine, Ms. Link, Mr. Morton, Ms. Stewart, Mr. Tripp, and Mr. Valverde. Mr. Colson and Dr. Robinson voted in opposition of the motion. The motion passed on a 13-2 vote.

Mr. Kuntz congratulated Dr. Hitt and Chair Marchena.

5. Concluding Remarks and Adjournment

Chair Kuntz reported the next in person meeting of the Board is scheduled for March 16-17, 2016, at the University of West Florida.

Having no further business, the meeting was adjourned at 2:28 p.m. on March 2, 2016.

Tom Kuntz, Chair

Vikki Shirley,
Corporate Secretary