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 STATE UNIVERSITY SYSTEM OF FLORIDA
 BOARD OF GOVERNORS
 BY TELEPHONE CONFERENCE CALL AND VIRTUAL MEETING
 TALLAHASSEE, FL
 July 21, 2020

*Video or audio archives of the meetings of the Board of Governors
 and its Committees are accessible at <http://www.flbog.edu/>.*

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1. Call to Order

On July 21, 2020, Chair Sydney Kitson convened the telephone conference and virtual meeting at 4:05 p.m. with the following members present and answering roll call: Vice Chair Brian Lamb; Tim Cerio; Aubrey Edge; Shawn Felton; Patricia Frost; Darlene Jordan; Alan Levine; Charles Lydecker; Steven Scott; Ally Schneider; Kent Stermon and Norman Tripp.

2. Chair's Report to the Board of Governors

Chair Kitson thanked members and all participants for attending the board meeting, especially under such unprecedented times. He then provided a brief update regarding the reopening plans for the universities. He noted that much has happened since the last board meeting at the University of Central Florida, but what hasn't changed is a continued effort to move forward with the reopening plans. Chair Kitson said those plans are living documents and will continue to be adapted as time progresses. He then thanked President Cartwright for hosting the board meeting in June, citing the meeting as an example of how controlled gatherings can be conducted in a safe manner.

Chair Kitson emphasized the critical need for universities to promote behaviors that reduce the spread of COVID-19, maintain healthy environments and operations, and prepare for possible sickness, all of which are reflected in the *State University System of Florida Blueprint for Reopening Campuses*. Chair Kitson reiterated the importance of everyone coming together, students, faculty, vendors, volunteers, and visitors, to take responsibility for making the plans successful. He indicated social distancing policies, face masks, and other protections for students and employees will become the norm for the future. He also stressed the importance of universities remaining focused on the delivery of high-quality academic services.

Chair Kitson mentioned Governor DeSantis recently signed the 2020-2021 budget, which included significant funding for performance-based funding, national rankings, Universities of Distinction, and capital projects. Chair Kitson noted tuition has not been increased for the sixth year in a row and he thanked Governor DeSantis and the Legislature for recognizing the importance of higher education, especially during such challenging times. Chair Kitson expects the State University System will play a major role in the economic recovery of Florida.

Chair Kitson underscored the purpose of University Accountability Plans, which is an important component of the Board's 2025 System's Strategic Plan for measuring each institution's outcomes on system-wide goals. Eight institutions improved on the time to degree metric and nine institutions increased the numbers of returning students over the past five years. Additionally, the four-year graduation rate has continued to improve across the System and online education has excelled since the Board approved the Strategic Plan for Online Education in 2015.

Chair Kitson concluded by thanking each board member for their service and dedication to the System, and for stepping up during this difficult time. He thanked presidents, Boards of Trustees, Trustee Chairs, and administrators for their continued efforts to lead their universities. He also thanked Chancellor Criser for his leadership, and the Board of Governors staff for their dedication. Lastly, he thanked the students for their commitment and continued efforts.

3. Chancellor's Report

Chancellor Criser presented an update on the work of the Diversity, Equity, and Inclusion workgroup, which is being chaired by Vice Chair Lamb. He emphasized the necessity for all members of the State University System community to actively engage with stakeholders, individually and collectively, on issues associated with diversity, equity, and inclusion. Administrative leaders system-wide, including academic affairs, student affairs, diversity, equity, and inclusion leadership, public safety, human resources, and financial affairs are participating in the workgroup. Governor Felton and Governor Schneider are reaching out to faculty and student leaders, respectively, to solicit faculty and student representation on the workgroup.

At this early stage, the Diversity, Equity and Inclusion workgroup is compiling information on current university policies, programs, and services that promote diversity and which will assist the workgroup with identifying critical components that need to be added to enable students, faculty, employees, vendors, visitors, and all members of the community, to feel like an equal part of their campus community. He said the goal is to identify university-led actions with guideposts and best practices that promote diversity and equity to better prepare the universities to provide a welcoming and inclusive learning environment for all stakeholders.

4. Public Comment

No requests for public comment were received.

5. Confirmation of Reappointment of the President for Florida International University

Chair Kitson stated Mr. Dean Colson, Chair of the Florida International University Board of Trustees, submitted a request for confirmation of Dr. Mark Rosenberg as the next president of Florida International University. Chair Kitson then recognized Mr. Colson.

Mr. Colson stated it was his privilege to represent the Florida International University (FIU) Board of Trustees, as the Board considers the confirmation of the reappointment of President Mark Rosenberg. The FIU Board of Trustees conducted Dr. Rosenberg's annual performance evaluation during their meeting in April 2020. The Board recognized Dr. Rosenberg's strong leadership of the university and unanimously adopted a superior performance rating for the 2018-2019 academic year. On June 16, 2020, the FIU Board of Trustees unanimously approved an amendment to Dr. Rosenberg's contract by extending his term through August 2022.

Mr. Colson shared points of pride for Dr. Rosenberg from the past academic year. First, FIU's Department of Emergency Management earned accreditation from the National Emergency Management Accreditation Program. Only six other state universities in the country have earned this recognition. Mr. Colson stated that FIU earned its first Conference USA Institution Excellence Award for posting the highest annual GPA in the conference. In more recent times, FIU has stepped up to help its community by partnering with Miami-Dade County, the Florida Department of Health, and the Miami-Dade County Fair and Expedition to open a COVID-19 testing site. As of Friday, July 17, 2020, 25,480 Miami-Dade residents had been tested.

Mr. Colson stated that researchers from FIU's Robert Stempel College of Public Health and Social Work have launched a Miami-Dade COVID-19 trend tracker, a website dedicated to monitoring the long and short term trends of the virus, and its impact on local hospitals. FIU has also supported its community in a continued effort to speak out against racial injustice and inequality. Mr. Colson indicated Dr. Rosenberg formed a core advisory group, the Equity Action Initiative, to review and recommend initiatives that will enhance equality, dignity, inclusion, and belonging throughout the university community. During such unprecedented times, Mr. Colson said he was confident that FIU will contribute to the collective success of the State University System. FIU will continue its effort to foster student success and supporting academic endeavors through innovative teaching and research.

Hearing no questions, Ms. Frost moved approval of the confirmation of Dr. Mark Rosenberg as the President of Florida International University. Mr. Levine seconded the motion, and the members concurred unanimously.

Chair Kitson congratulated Dr. Rosenberg on his reappointment as President of Florida International University. Dr. Rosenberg thanked Chair Kitson and the Board, and said he was proud to be a part of the State University System and especially at FIU. Chair Kitson thanked Dr. Rosenberg for his leadership, especially under such unprecedented times.

6. University of South Florida and Tampa General Hospital Affiliation Update

Chair Kitson called on Dr. Steven Currall, President of the University of South Florida, to provide an informational update on the proposed enhanced affiliation relationship between the University of South Florida and Tampa General Hospital.

Dr. Currall explained the parties have developed an enhanced affiliation arrangement that will result in the formation of an academic medical center, which will be the first of its kind on the Gulf Coast of Florida. USF and Tampa General Hospital have a long history of collaboration, which includes Tampa General Hospital serving as USF's teaching hospital for their medical school and allied health programs. Dr. Currall said deliberations to develop the enhanced affiliation took place over the last two years and he thanked Mr. John Couris, the CEO of Tampa General Hospital, for his leadership during the deliberations. Dr. Currall introduced the rest of the USF team who would be presenting information on this item: Dr. Charles Lockwood, Senior Vice President, USF Health and Dean of the Morsani College of Medicine, Mr. Gerard Solis, USF General Counsel, and Mr. Dan Vukmer, Senior Associate Vice President and Chief Strategy Officer for USF Health and Senior Associate Dean for the Morsani College of Medicine.

Dr. Currall explained USF staff have worked diligently to ensure the new initiative addresses state and federal legal requirements, and they have followed the guidance of the USF Board of Trustees, which approved the affiliation unanimously. As part of their due diligence, they marshaled the legal resources of USF and external legal counsel with expertise in topics relevant to the proposed structure.

The academic medical center will position them to provide more closely integrated clinical care, and promote joint academic research and advancements in undergraduate and graduate medical education. The new collaborative arrangement will also benefit the community by creating marquee subspecialty programs, improving access to patient care, and by providing enhanced coordination of care for patients.

Dr. Lockwood provided additional background information on USF's vision and plan. He explained medical schools depend on their clinical revenue to cross-subsidize medical education. Health care, which has been characterized by higher costs and lower quality of care, is moving to a more value-based payment system. At present, USF is not well-positioned for the transition to a more value-based payment system and is further hindered by an inability to make needed investments. However, he indicated the creation of an academic medical center will solve many of those problems and result in greater efficiencies.

The arrangement calls for the creation of a new corporation, currently called "NewCo", to provide management services to the Tampa General Medical Group and the USF faculty practice plan. USF will receive an enhanced academic support payment that will strengthen teaching and clinical research, allow them to recruit top

faculty, and retain existing faculty at USF. The new arrangement protects the university's sovereign immunity, state assets are not obligated, and bond commitments are secured. Compliance structures and processes will be integrated into transition and operational planning.

Dr. Lockwood discussed the advantages of the enhanced affiliation arrangement between USF and Tampa General Hospital. The partnership will expand on the existing affiliation, provide for further growth and expansion, and support greater investments in academics. It will enhance the ability to strengthen residency and fellowship programs and recruit and retain top medical students in Tampa Bay. It will also minimize the risk of USF's clinical and academic enterprises in a time of great tumult. Dr. Lockwood also emphasized the community benefit to be derived as a result of the new arrangement.

Dr. Lockwood explained the amount of increased funding to the academic program will be approximately \$4 million dollars. Funding sources include base academic support, which is tied to Tampa General Hospital Net Patient Service revenues; funds derived from a shared margin tied to the Tampa General Hospital operating margin, and funds from a Professional Services Agreement tied to productivity and growth of the faculty practice, which will help cover the costs of the practice. Dr. Lockwood emphasized the ability to make long-term investments through this partnership, as well as putting top talent at the frontline -- returns on investment that would not have been possible for USF as a standalone medical school. The last funding source is the University Medical Service Association (UMSA) margin, generated from clinical activities of faculty to cross-subsidize academics and research.

Mr. Solis described the mitigation strategies for legal risks. He stated USF will be fully aligning its operations without exposing its lines of business as they move forward. Mr. Solis said the arrangement is unique in the state of Florida and possibly the nation, therefore a number of mitigation strategies needed to be developed to protect the interests of the university, faculty, and Tampa General Hospital. He noted sovereign immunity was the first concern since USF's faculty could potentially be exposed if the course and scope of their activities were not directed by the university. Through the agreement and bylaws at the governance level, USF will maintain ultimate employment control over its physicians to preserve the university's sovereign immunity. The employment of faculty remains with the university and appropriate oversight of the faculty's clinical effort remains with the USF Health Department Chairs. Mr. Solis explained once they formulated opinions on courses of action internally, those opinions were discussed with outside legal counsel. At times, they received advice that was unexpected, but that advice helped to improve the legal structure of the affiliation. He stated they also consulted with the Board of Governors General Counsel, Vikki Shirley, who helped identify potential issues.

Mr. Solis discussed the implications involved with the federal anti-kickback statute and the Stark Law. USF will ensure that aggregate financial relationships between USF and Tampa General Hospital will comply with fair market value and commercial reasonableness for services rendered. Further, USF physicians' compensation will not be tied to referrals. Mr. Solis said USF will maintain the proportional representation of faculty necessary to qualify under the Stark Law's academic medical center exception.

He explained compliance with antitrust laws was another concern. During the transition period, USF and Tampa General Hospital will pursue clinical integration as defined by the Federal Trade Commission. Once clinical integration is attained, there will be more flexibility and they will be able to take advantage of the benefits described by Dr. Lockwood. In order to accomplish this, policies must align around patient risk, patient care, and services, etc. Mr. Solis stated during the ramp-up period, they will be aligning the business and compliance structures to meet the academic medical center exception.

Mr. Solis stressed the importance of having the appropriate compliance structures in place to support compliance strategies. Compliance will be addressed at three levels and will be fully developed over the next 15 months. The first is at the governance level where the NewCo Board will establish an audit committee and policies that are consistent with the U.S. Department of Health and Human Services standards for the compliance program. An adequate compliance program consists of the implementation of written policies, the creation of a compliance structure for monitoring and reporting on compliance with the policies, and the ability to respond promptly to address any concerns. Mr. Solis said he expects to see the compliance function strengthened in the USF Health Compliance Office and the Tampa General Hospital Compliance Office. Additionally, it is important for individuals of both organizations to report to their respective fiduciary boards when they see something that is troubling or inconsistent with the policies that have been implemented.

Mr. Vukmer described the 15-month transition plan. Mr. Vukmer explained a large portion of the plan is putting together the complete compliance strategies and identifying the right people to be involved so it will be a consistent long-term plan. He stressed that USF will create a culture of compliance to ensure when things do go wrong, they will be able to resolve any issues quickly.

Dr. Lockwood explained there are wind-down strategies in place if necessary, that will protect the faculty and their academic and research missions. Both the USF and Tampa General Hospital Boards have signed off on the agreement and they are ready to make the transition following consultation with the Board of Governors.

Mr. Lydecker asked about the wind-down strategies and what the risks would be for USF if the USF Board of Trustees decides that the relationship is not working as it had been originally envisioned. He asked what the cost would be for USF, and for more information on the preservation of the university's sovereign immunity. Dr.

Lockwood explained the graduate medical education efforts and undergraduate medical education would not be jeopardized should they have to unwind the transaction. He said USF accounts for the majority of Tampa General Hospital's admissions so they could go back to the status quo. The university would preserve its education, training, and clinical research missions, but the current UMSA function would have to be reconstituted. With regard to sovereign immunity, Mr. Solis explained USF will maintain ultimate employment control and under Florida law, the employment relationship extends sovereign immunity to the individual physicians of the public entity. The public entity must exercise day-to-day control over the physicians, which has been preserved throughout the agreement. However, he emphasized that maintaining sovereign immunity does not mean they will not get sued; rather the state's limited waiver of sovereign immunity just establishes limitations on damages. Tampa General Hospital will be responsible for providing insurance for their own physicians and providing for their legal defense needs.

Mr. Lydecker asked if Tampa General Hospital, as a private not-for-profit hospital, would be subject to Sunshine Law issues. Mr. Solis responded the Sunshine Law has two components: the public records law and the open meetings law. From a public records and open meetings standpoint, USF's obligations under this affiliation are primarily accomplished through USF's Health Services Support Organization, which has more protections for purposes of public meetings and public records than the university does. Mr. Solis said the university has built internal structures within the organization where certain bodies are advisory and are not subject to the Sunshine Laws because they are not involved in the decision-making processes of a public entity. There are also exemptions in place for records relating to patient care, trade secret information, and research information. He acknowledged that any time someone transacts business with a university, there is a potential for the transaction to be subject to the public records law but they have tried to build in fair protections.

Mr. Tripp asked why this affiliation wasn't brought up when the Board considered the agreement originally between the university and the hospital to move the medical school to the downtown area. Additionally, he asked if the agreement will restrict what the university does with Moffitt Cancer Center. Dr. Currall stated that the affiliation has nothing to do with Moffitt, therefore it will not affect the relationship with Moffitt. Dr. Lockwood stated that in 2014 when USF was seeking approval to move the medical school to the downtown area, this affiliation was not a consideration at that time. Rather, the move toward clinical integration has progressed over the last year.

Mr. Levine commented it was not too long ago that USF was seeking a certificate of need to build its own hospital. He credited Dr. Currall and the CEO of Tampa General Hospital for strengthening the relationship between the university and the hospital that resulted in bringing this opportunity forward. Mr. Levine noted that this partnership is not exclusive to USF; rather, USF has an opportunity for its medical

students and residents to train outside of Tampa General. He also acknowledged that most integrated teaching hospitals with medical schools have disagreements along the way, but he believes this opportunity will enhance research and the practice of clinical medicine, which will lead to better outcomes for patients. Mr. Levine said Tampa is a highly competitive healthcare environment; the relationship between Tampa General Hospital and USF will enable both institutions to compete even better. Mr. Levine stated Dr. Currall has brought an attitude of cooperation to USF that has been phenomenal; this attitude has been reflective in the relationship between USF and Moffitt.

Mr. Levine shared his concern about the possibility of a wind-down, and inquired if Tampa General Hospital could poach USF's best physicians. He also questioned what it meant for Tampa General Hospital and USF to be able to hire physicians from the organization beginning one year after dissolution. Dr. Lockwood answered by saying that nothing is stopping Tampa General Hospital from poaching USF's physicians today. There are current non-compete agreements in place that will continue to stand. Dr. Lockwood stated USF is responsible for the vast majority of the hospital's admissions, therefore it would be unwise of Tampa General Hospital to do that. Mr. Solis went on to further explain that the physicians at USF will not be employed by NewCo, which is part of the sovereign immunity strategy.

Mr. Lamb commented on the thorough presentation and thanked Dr. Currall and USF Trustee Chair Jordan Zimmerman who has been very involved in this transaction, and Dr. Lockwood for their work on the affiliation. He expressed strong concern around risk management given the complexity and sophistication of the arrangement and noted they spent the bulk of their presentation addressing the university's commitments to compliance. He emphasized that those commitments are what the Board of Governors will rely on in terms of the execution of this relationship. Mr. Lamb said he supports what they are doing but asked from an operating rhythm standpoint, they continue to update their board of trustees on the controls that are put into place and take those controls back to their board in writing, for them to ratify and agree that the controls solve and mitigate the risks they are describing that are inherent in the arrangement.

He urged them not to slow down in their tenacity around putting controls in place on this arrangement. Mr. Lamb noted this is a highly complex business arrangement, which isn't customary for the State University System, so he is asking and expecting them to put additional controls in place beyond what they would normally have in these types of relationships. Mr. Lamb also referenced the commitments made by USF around no assets changing hands and the preservation of sovereign immunity, and said he is confident USF will deliver; however, their trustees and Board Chair should be kept abreast as the controls are put in place. Mr. Lamb also noted there is no requirement for this arrangement to be approved by the Board of Governors, and his understanding that no state dollars or state contracts are involved. He emphasized that if the Board doesn't see this transaction again, he wanted it clear where we stand as a board and the importance of the commitments

that were made around risk management and the necessity for controls to be in place to make sure this gets done the right way.

Chair Kitson agreed and thanked Mr. Lamb for his efforts in reviewing this transaction, as well as the time spent by Board staff. He also thanked President Currall, indicating he knows how incredibly complex this arrangement is, and expressed his appreciation for their thorough evaluation and presentation. President Currall thanked the Board for their support and affirmed USF's commitment to the governance and risk management structures that need to be put into place.

7. Consent Agenda Items

Mr. Tripp moved approval of the slate of items on the Consent Agenda. Ms. Frost seconded the motion, and the members concurred unanimously.

8. Concluding Remarks and Adjournment

Chair Kitson announced the next meeting of the Board will be held on September 16, 2020, at the University of South Florida. The plan is for the meeting to be conducted in-person and for members who are unable to attend in-person to use a virtual platform, with more information to follow. Having no further business, the meeting was adjourned at 5:08 p.m. on July 21, 2020.

Sydney Kitson, Chair

Vikki Shirley,
Corporate Secretary