

**University of North Florida
Finance and Audit Committee
Conference Call
August 25, 2009
Minutes**

Committee Members Present: Mr. John Barnes; Mr. Hugh Greene; Ms. Wanyonyi Kendrick; Dr. Bruce Taylor

Other Trustees Present: Dr. Kathy Robinson

Committee Members Absent: Ms. Joannie Newton; Mr. Kevin Twomey

Item 1: Call to Order. Chair Kendrick recognized a quorum and called the meeting to order.

Item 3: Approval of a Settlement for the Litigation of the Science and Engineering Building. Chair Kendrick asked Mr. Chris Wrenn, Associate General Counsel, to speak about this item.

Mr. Wrenn stated that the purpose of this meeting was to consider a proposed settlement of the litigation the university had been pursuing in connection with design and construction flaws leading to significant water intrusion in the science and engineering building.

Mr. Wrenn briefly summarized the litigation and the three separate mediation conferences leading to the proposed settlement. He told the committee members that he believed that a cash settlement of \$3,360,000 payable by the defendants to the university represented a reasonable settlement of the matter, taking into consideration the cost of the repair work to be done and risks of a trial.

Mr. Wrenn stated that the proposed settlement, which released both the defendants and the university from all past and future liability, included reimbursement of the university's attorneys and experts' fees, out-of-pocket repair costs, as well as what was believed to be a reasonable sum to complete the necessary repairs based on the university's experts' recommended scope of work and a cost estimate of that scope by a local contractor.

President Delaney asked that the record reflect two disclosures: (1) the settlement was negotiated exclusive of President Delaney; therefore, his relationship with RS&H did not influence their part of the settlement, and (2) President Delaney's position as a board member of Old Dominion Insurance Company, one of the insurance companies who will be paying part of the settlement, did not constitute a conflict of interest as advised by legal counsel. President Delaney clarified that this committee would make the ultimate decision regarding the proposed settlement.

President Delaney expressed the administration's support for the proposed settlement and recommended approval by the committee.

Trustees asked for clarification that the proposed settlement would cover repair costs for all repairs and renovations, including attorney fees. Mr. Wrenn stated that the proposed settlement fairly estimated costs, experts, consultants and attorney's fees.

Chair Taylor asked for a MOTION to approve acceptance by the university of the sum of \$3,360,000 in exchange for a mutual, general release of all claims with respect to the university's science and engineering building and a dismissal with prejudice of litigation relating thereto. The general release would release the university's current and future claims against all parties defendant to the litigation and any of their insurers participating in the settlement. The general release would release all the defendants' current and future claims against the university, including, but not limited to claims based on any alleged failure to mitigate, contract balances and other obligations of any kind. As the result of the settlement, responsibility for and cost of necessary repairs to the building and any future problems with the building are transferred to the university.

The MOTION was offered by Chair Taylor and seconded by Trustee Greene. The MOTION was approved unanimously.

The meeting was adjourned.