Present: Dick Beard  
Rhea Law  
Lee Arnold  
Judy Genshaft, Corporate Secretary (ex officio)  
Carl Carlucci, Executive Vice President and CFO (ex officio)  
Jacqueline Reck

Chairman Beard called the meeting to order at 10:40am. Chairman Beard introduced new Student Government President and USF Trustee Frank Harrison who was in attendance. He also indicated that the legislative session was over and USF did fine.

Dr. Carlucci stated that today’s agenda is a work in progress – some items not included yet. Schedule is based on BOG information from the session – most due by June 30.

**Action Items:**

1. **Continuation Operating Budget**  
   **Action:** Approval & Authorization of Changes

Bertha Alexander presented the 2006-07 Preliminary Operating Budget for the purpose of having state funding released to us by July 1 for operating. We submit our actual operating budget by the third week of August. This budget does not include the DSOs, only the Faculty Practice Plan. The preliminary budget is based on prior year authority plus current level of spending. USF is rehauling its budget process to be able to include more detail/information on revenues. Trustee Arnold asked if this budget included the 3% salary increase. Ms. Alexander indicated that it did not and that an adjustment would be made for the increase. Chairman Beard asked about tuition. Ms. Alexander indicated that the mandatory 3% increase for undergraduates was included but the UBOT discretionary is not – will also be able to make an adjustment later. Trustee Arnold noted that there was nothing in the budget for contingency funds. Dr. Carlucci stated that the budget categories are BOG categories - beginning fund balance and carry forward are like our reserves. He also indicated that the university is in the process of establishing reserves. Trustee Arnold also noted that expenditures exceed revenues by $25M and that we will burn through carry forward/balances in 3 to 4 budget cycles. Ms. Alexander noted that there will be a reserve category in our detailed budget, but not here as it is not a BOG category. This is maximum spending authority. Dr. Carlucci stated that this is really not our budget, but a report to the BOG in spending authority. Ms. Alexander indicated that the operating budget will come back to this Workgroup and will compare our spending plan with our operating budget.

Trustee Arnold made a motion to approve the 2006-2007 Preliminary Operating Budget and authorize the President to make necessary adjustments to the fiscal year 2006-07 Operating Budget. Trustee Law seconded the motion. The motion passed.
II. 2006-07 Fixed Capital Outlay Budget

**Action:** Approval & Delegation of Authority

Dr. Carlucci presented the 2006-07 Fixed Capital Outlay Budget. He indicated that this is the authorization to spend the PECO, matching grant funds, and non-state funded spending authority just awarded to us in the session. Dr. Carlucci also noted that the BOG has adopted a new bonding process that will add at least a year to the current process. Anything on our list prior to this will go forward.

Trustee Law made a motion to approve the 2006-2007 Fixed Capital Outlay Budget and authorize the President to make necessary adjustments to the 2006-07 Fixed Capital Outlay Budget. Trustee Arnold seconded the motion. The motion passed.

III. 2007-08 Legislative Budget Request

**Action:** Approval

Provost Khator presented the 2007-08 Legislative Budget Request. The Provost began by describing the current LBR process. She indicated that 8% of E&G is the maximum LBR request and 8% for USF is $18M, Tampa is %17.1M. This is based on the 2006/07 base, so the numbers will change. USF has 21 requests. President Genshaft asked if the other universities will submit 8% or will they request more. The Provost that USF has several others to request in addition to the 8% and we are monitoring the situation. Chairman Beard asked if our 21 requests have been prioritized. The Provost stated that we have not been requested to do so. The President noted that we need to look at many levels to avoid vetoes. Chairman Beard stated that we need to determine if we only submit 8%.

Trustee Law made a motion for approval of the proposed requests. Trustee Arnold seconded the motion. The motion passed.

IV. Five Year Capital Improvement Plan (2007-08/2011-12), includes Facilities Challenge Grant Projects

**Action:** Approval

Dr. Carlucci presented the Five-Year Capital Improvement Plan. He indicated that these are BOG approved projects from last year. We took out what was funded this year and moved everything else up on the list. He also stated that we want to have USF Health and Lakeland separate and not against USF. President Genshaft indicated that we need to make a presentation to the BOG about Lakeland as this is a separate campus. The strategy is the secure base funding for the buildings and fundraise to make the buildings more.

Item 2 on the USF St. Petersburg list should be changed from “New College of Business Classroom/Office Building” to “College of Business Classroom/Office Building.”

Trustee Law made a motion to approve the USF System Five-Year Capital Improvement Plan with the USF Health and Lakeland items in separate categories and the teaching facility number one for medical expansion and authorize the President to make necessary adjustments to the Five-Year Capital Improvement Plan. Trustee Arnold seconded the motion. The motion passed.
V. 2007-2008 Fixed Capital Outlay Projects that Require legislative approval:

**Action:** Approval

a. Approval to Sell Bonds
b. Approval of Projects to be financed and constructed by DSOs of the University
c. Projects funded from institutional sources which require general revenue for operation, and
d. Revision to previous appropriations

Dr. Carlucci presented the 2007-2008 Fixed Capital Outlay Projects that Require Legislative Approval. Dr. Carlucci noted the following changes to the list:

- Parking Structure IV came off – bonded
- Parking Structure VII – added
- Health clinics came off – bonded
- Marshall Center came off – bonded

USF St, Petersburg A&S fees can increased to exceed the 5% limitation, not to exceed $13.00, to be used to pay down bond debt.

Trustee Law made a motion to approve the 2007-2008 Fixed Capital Outlay Projects that Require Legislative Approval and authorize the President to make necessary adjustments to the 2007-2008 Fixed Capital Outlay Projects that Require Legislative Approval. Trustee Arnold seconded the motion. The motion passed.

**Information Items:**

VI. Tuition Update

This item was not presented – not ready yet.

VII. Legislative Update

Jeff Muir gave a legislative update. He indicated that we did well on the PECO list – second among the universities. As for enrollment, we are still not at 100% of our request. Last year we were at 56%, this year 67% (approximately $23M) – better this year. Mr. Muir also noted that new med students are fully funded. The BOG thinks new funding formula is too rich, under old formula we got what it would have generated.

VIII. Ethics Point

Debra Gula gave a presentation on Ethics Point. This is the confidential reporting hotline which we have outsourced to Ethics Point. The purpose of the hotline is to mitigate risks. Ethics Point has a very robust reporting mechanism.

Other:

Trustee Arnold asked about the report/update on audit items. Eric Walden will work with Debra Gula on this for our next meeting.
Chairman Beard asked about the status of the financial code of conduct. Joann Strobbe noted that Dr. Carlucci was to take to the President’s Cabinet then to the Finance & Audit Workgroup and then to the BOT.

Nick Trivunovich noted that the cash handlers have been trained and are almost ready to take the on-line test.

Chairman Beard adjourned the meeting at 12:32pm.