The meeting of the Finance and Audit Workgroup was called to order by Chair Rhea Law at 11:25 a.m. The following members were present: Rhea Law, John Ramil, Dick Beard, Lee Arnold, Sherrill Tomasino, Judy Genshaft. Other Trustees present: Jan Smith, Debbie Sembler, Michael Barber.

Chair Law congratulated USF Sarasota-Manatee on a great facility and a wonderful community, and thanked Trustee Beard for his role in this.

**Information Items:**

I. Parking Frecker/Mack
   a) Moffitt
   b) Parking Garage V Financing
   c) 2007/08 Parking Increase

Trudie Frecker, Associate Vice President for Administrative Services, introduced the agenda item by giving an update on parking on the Tampa Campus – construction will begin soon on Garage IV; we are now working on financing for Garage V which will be close to the health district. Garage V will go to the Campus Development Committee (CDC) and the ACE Workgroup for land use issues. Moffitt has committed to purchase/rent 1,000 spaces per year in the garages.

We are now completing Garage III. Cost per space in Garage III is $8,666. Cost per space for Garage IV is $9,000. Current parking rates are inadequate – will be $2M short. Cost per space for Garage V is projected to be $10,000 - $12,000. The increase in costs per space is due to increased construction costs and increased supply and materials costs. The total project cost for Garage V will be $20M.

The current rate per reserved space per year is $744. We will need to charge reserve rates for all spaces in Garages IV and V to pay debt service or else raise all parking rates.

Manuel Lopez, Director of Parking and Transportation Services, discussed three possible locations being considered for Garage V. He noted Garage III will accommodate the North Health Clinic and the Alzheimer’s Center.

Trustee Beard asked about Moffitt’s office building. Ms. Frecker pointed out the location on the map and noted they are not building any parking with it.

Jeff Mack, Assistant Vice President for Campus Business Services, presented information on spaces/permits sold. Ms. Frecker indicated that we are working with CUTR on alternatives to bringing cars on campus. Trustee Tomasino asked how long it takes on the Bull Runner to get from Garage III to the ADM building. Mr. Lopez stated 2-3 minutes (without issues).

Carl Carlucci, Executive Vice President and Chief Financial Officer, explained that we are now building garages in anticipation of new buildings – trying to get ahead of it.
President Genshaft noted that other universities sell specific spaces for each resident as an incentive to live on campus.

Dr. Carlucci commented that ACE now requires new buildings to provide for parking.

Trustee Arnold recommended adopting a concept that new buildings must accommodate for parking – establish philosophical issues for planners. Trustee Arnold recommends making better use of ground and top floors to generate revenue - consider best uses of land; do not overload reserve parking for spaces will sit empty and will still have parking problem – consider best mix for needs; do not delay the inevitable – parking rates become actuarially close to what can carry the system and you will end up with a stable parking system.

II. Financial Policies

Fell Stubbs, Associate University Treasurer, provided an update on the status of the financial policies. He indicated that the BOG asked us to defer consideration of the policies on the BOT consent agenda on 09/07/06 and suggested modest changes. The BOG recommended four changes to the debt management policy – these are text clarification issues that do not change the thrust of the policy. Mr. Stubbs noted that we are comfortable with the BOG suggestions as they are mainly cosmetic.

Dr. Carlucci stated that the BOG policy is about debt issuance – they don’t think campuses need debt management policies.

Chair Law asked for clarification/example of last line of section VI.E.2 on variable interest rates in the debt management policy. Trustee Arnold suggested that VII.F.2 should state “net” present value.

Mr. Stubbs indicated that the BOG is currently reviewing the derivatives policy and they are not focusing on the investment policy.

III. Travel Update

Nick Trivunovich, University Controller, presented an update on travel. He stated that several areas have been identified where we need to improve internal controls. We now have three processes for travel – paper travel expense report; pcard charges; and direct payment of expenses. All three processes need to tie together – will do this with the travel module. The new travel module will be implemented by July 1, 2007. One of the controls to be implemented is the pre-approval of all travel. Trustee Arnold asked about local travel/mileage. Mr. Trivunovich replied that local travel/mileage does not have to be pre-approved. Trustee Arnold indicated that should be noted in bullet 3 of the handout on implementation of additional travel controls.

Mr. Trivunovich also stated that improvements were needed in the Travel Department’s processing of travel expenses and many of these improvements have already taken place.

Trustee Smith asked about the size of our travel budget. Mr. Trivunovich replied that the University has $12 - $13M in travel expenditures. Trustee Smith further asked that with this size, why would we never pre-approve travel. Mr. Trivunovich responded that we do formally pre-approve travel for all conferences and conventions and we are moving in the direction to pre-approve all travel.
Trustee Ramil asked why is the only penalty for continued infractions the removal of signature authority – there should be more. Dr. Carlucci responded that supervisors are responsible for further action against individuals.

Trustee Ramil asked for follow up clarification – is pre-approval needed to go to St. Pete for a meeting. Mr. Trivunovich responded no. Trustee Arnold asked that the document be modified to reflect this. Mr. Trivunovich stated there may be some dollar amount above which pre-approval is necessary. Dr. Carlucci further clarified by indicating the document may say no pre-approval for travel between campuses.

IV. November Meeting

a) University and DSO 2006 Financial Reports
b) Local Fees
c) Audit Findings Status Report
d) Financial Policies
e) Parking Garage V Financing

Dr. Carlucci informed the workgroup of the agenda items for the next meeting which is scheduled for November 2, in Tampa.

Other:

Chair Law asked if there were any other issues/items.

Trustee Arnold had two items. First, he would like an insurance update for the BOT. School boards report 2-3% of assets are insured against catastrophic loss. Trustee Arnold wants to know to what extent are we covering our assets and what is the cost of covering our assets. He also stated that the Trustees should make decision of level of risk we are willing to assume. Second, he would like a report on the management of funds by DSOs – efficient management of money.

Having no further business, Chair Law adjourned the Finance and Audit workgroup meeting at 1:00 p.m.