Chairman Beard called the meeting to order at 10:45am.

Action Items for Approval:

   Action: Approve Reopened Articles

The first item presented was the articles reopened under by the 2004-07 University of South Florida/West Central Police Benevolent Association Collective Bargaining Agreement by the Associate Vice President of Human Resources, Sandy Lovins. Three articles were reopened: article 15, workday and workweek; article 21, uniforms and equipment (financial impact approximately $1,500); and article 24, benefits.

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

II. Local Fees
    Action: Approval

Dr. Carlucci introduced the local fee increases item.

   a. Material & Supply Fees - Tampa

Kevin Toso presented the material and supply fee increases for the Tampa campus. These fees are for materials for instruction.

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

   b. ERCCD Fee Increase

Kevin Toso presented the ERCCD Fee Increase request. This is an increase in the fee for preschool students effective Fall 2006. This fee is voluntary. There is a long waiting list for
ERCCD. This fee increase is necessary to balance the books. This is the first fee increase in three years. Mr. Toso indicated that ERCCD is currently using capital funds to supplement operating costs. The fee is being increased so as not to drain capital – want to put capital into building and maintenance. ERCCD wants to be self-sustaining from fees (operating). Mr. Toso stated that the fee increase will put ERCCD close to break-even. With the increase, they will still burn cash reserves, but not as fast. Trustee Arnold stated that ERCCD needs to keep up each year with costs and should have been increasing the fee a little each year so as not to have to have a large increase. Total number of preschool students is 105 and the waiting list is seven pages.

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

c. Activity & Service (A&S), Student Health, and Athletic Fee Increases

Dr. Carlucci presented the fee cap analysis. The fee cap, for Activity & Service (A&S), Student Health, and Athletic Fees, is 40% of tuition and 5% increase. The maximum per credit increase for these fees for 2006-07 is $1.28.

Dr. Jennifer Meningall presented the Activity & Service (A&S), Student Health, and Athletic Fee increases. Dr. Meningall noted that each area could use more, but we are limited by the cap.

Student Government distributes the A&S fees to student organizations and offices that support student activities.

Chairman Beard asked if the cap is based on out-of-state. Dr. Carlucci stated that the cap is for everyone, but based on in-state matriculation. Nick Trivunovich, University Controller, noted that the only fee higher for out-of-state students is financial aid.

Chairman Beard asked about progress in getting our physicians to provide services to our students. Dr. Meningall indicated that a task force on this issue is getting close to making a recommendation.

Trustee Arnold made a motion for approval of the fee increases (increase A&S Fee by $0.19; increase Student Health Fee by $0.43; increase Athletic Fee by $0.66). Trustee Law seconded the motion. The motion passed.

III. Resolution for Land Acquisition – TGH

Action: Approval

Dr. Carlucci indicated we are ready to move forward with purchasing the land adjacent to the USF Research Park. He noted that we had right of first refusal and the land is subject to restricted use - education, research, health care. The Research Foundation would finance the purchase of the land and the land would be used to expand the Research Park for economic development. The cost of the land (original price plus carrying costs) is $9 million. We have state appropriations of $7 million and the Research Foundation will finance the difference. Dr. Carlucci also noted we will get an appraisal for the financing.

Trustee Law suggested changing the language in the memorandum to state either a Development of Regional Impact (DRI) or zoning for development of the land.

Trustee Arnold made a motion to approve the resolution with the amendment. Trustee Law seconded the motion. The motion passed with amendment.
IV. DSO Annual Budget Review

Action: Approve DSO 2005-06 Annual Budgets

Eric Walden, University Treasurer, introduced the DSO Annual Budget Review item. He indicated that the DSO budgets have been reviewed by the USF Finance Council. Nick Trivunovich noted that audits must be done by October 18, 2005.

a. USF Alumni Association, Inc.

Lisa Lewis presented the budget for the USF Alumni Association. She indicated that the Alumni Association is on the way to becoming self-sufficient, phasing out university and foundation support. Trustee Arnold noted there were no contingencies in the budget. Ms. Lewis stated the Alumni Association has a 6-month reserve which is reflected in the financial statements. Trustee Arnold suggested adding a line for cash reserves on the budget presentation sheet.

Trustee Arnold made a motion for approval. Trustee Cancio seconded the motion. The motion passed.

b. USF Charter School, Inc.

David Shern presented the budget for the USF Charter School. He indicated that the Charter School has paid USF back rent for two years and that the Charter School has a lease agreement with USF for 14 years. Also, year 4-5 charter has been approved by Hillsborough County so the Charter School is a K-5 school. The Charter School has a $100k cash reserve now which is 10% of the operating budget and is kept in a Smith-Barney account which is held by the Charter School. Eric Walden noted the Charter School has an expanded audit committee to include outside people and the Charter School has changed their financial management company.

Chairman Beard asked if the budget is cash or accrual. Nick Trivunovich indicated that the budgets are on a cash basis.

Dr. Shern noted the increase in revenue for 2005-06 is due to $300k start-up funds for the additional 40 students in year 5.

Trustee Arnold noted recurring revenue is $1.2M and recurring expenditures are $1.5M. He is concerned that one-time event of sale of property is being used to cover this gap and the school cannot break even in future years.

Chairman Beard indicated he would like to see a break out of the capital component on the budget format.

Trustee Cancio made a motion for approval. Trustee Arnold seconded the motion. The motion passed.

c. USF Financing Corporation, Inc.

Fell Stubbs presented the budget for the USF Financing Corp. which deals with local debt financing. He noted St. Pete housing and parking are pass thru. The Finance Corp has no direct employees, no direct revenue and expenditures – all pass thru activity. Chairman Beard asked what the activity is in 05/06. Dr. Carlucci responded the activity is debt refinancing and St. Pete housing and parking. Trustee Arnold asked why is there a surplus if the activity is pass thru. Nick Trivunovich replied the surplus is in Tampa housing. Chairman Beard and Trustee Arnold do
not want operating expenses in this budget. Nick Trivunovich explained this is conduit financing and we need a “due to” for cash flow to go back to the University.

Trustee Arnold made a motion to accept the budget as provided with notes on pass thurs. Trustee Law seconded the motion. The motion passed.

d. USF Foundation, Inc.

John Scott presented the budget for the USF Foundation. In 05/06, the Foundation will concentrate on fund raising efforts. The Foundation has a $200k reserve and debt service payments for the building. Mr. Scott noted "administrative fees" are from investment pools and endowments, 2% of 5 year market average on endowment.

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

e. USF Medical Services Support Corp.

Joann Strobbe presented the budget for MSSC. This is the medical personnel that staff the medical clinics as well as continuing professional education (CPE) programs. Ms. Strobbe noted a $1M operating gain on the financial statements. She also noted they are building a facility for CPE and the activity will become a separate DSO.

Trustee Cancio made a motion for approval. Trustee Law seconded the motion. The motion passed.

f. USF Research Foundation, Inc.

Allison Madden presented the budget for the Research Foundation. She noted the number of licenses is 21 which is more than 100% growth. Also, the Research Park is now on-line. Chairman Beard inquired as to the occupancy of the research park. Ms. Madden stated the old building is full, the first floor of the new building is full, leases are available on the third floor, and the second floor is leased to the University for faculty start-up and expansion. Trustee Arnold asked when do we have to start looking for other funds to pay the bonds. Ms. Madden stated the multi-tenant office building (incubator building) consists of two floors – one is occupied (30,000 feet); 5,000 feet of the other floor are occupied and 25,000 feet are pending.

Trustee Arnold made a motion for approval. Trustee Cancio seconded the motion. The motion passed.

g. Sun Dome, Inc.

Doug Woolard presented the Sun Dome budget. He noted the USF golf course is a loser and they are looking to partner for management to improve asset and decrease liability. An RFP was issued in September and responses are due back October 17. Chairman Beard asked about FSGA. Mr. Woolard stated the RFP was open-ended to include FSGA. Trustee Arnold suggested checking with the Chi Chi Rodriguez Foundation. Dr. Carlucci indicated the golf course budget will be amended after the RFP is awarded. Trustee Arnold asked how the golf course’s $233K deficit gets covered. Rick Costello responded the arena has a $200k reserve and the auxiliary operations and the arena operations should make up the difference.

Trustee Arnold made a motion for approval. Trustee Law seconded the motion. The motion passed.
h. University Medical Services Assoc. Inc.

Joann Strobbe also presented the budget for UMSA which is the practice plan. There are 420 physicians seeing patients. UMSA collects over $100M in patient fees. The collection rate is 38% due to negotiated contracts and indigent care patients with no insurance ($15-20M). Trustee Cancio noted these are good numbers for collections for a large group. Ms. Strobbe noted physicians are paid by 5% E&G. She also stated internal control weaknesses were noted in the audited statement. These were due to deferred income, accounts receivable from Research Foundation, and collection of cash (flow of funds) at multiple collection offices. Ms. Strobbe noted there was no fraud and no loss of income. $2M is owed to the practice plan which is part of the $7M gain. The practice plan has 3 months reserve.

Trustee Cancio made a motion for approval. Trustee Arnold seconded the motion. The motion passed.

Information Items:

V. Finance Issues

Nick Trivunovich presented the USF Financial Statements. He noted a $100M increase in net assets for the University.

b. DSO 2005 Annual Financial Reports

Eric Walden presented the DSO statements. He noted the statements are unaudited. He also noted that we do prepare DSO certifications which will be presented to the workgroup at a later meeting.

c. USF Debt Management Presentation

Fell Stubbs gave a presentation on USF Debt Management. Mr. Stubbs noted the following: Moody’s revised outlook for public universities (February 2005) is slightly higher than Standard and Poor’s and Fitch because Moody’s believes that strengths outweigh challenges; USF’s liquidity has improved, up 20%; coverage of debt service is the most important credit rating measure. Dr. Carlucci stated we have the capacity to issue more debt as we go forward with the Marshall Center and USF Health projects.

Chairman Beard adjourned the meeting at 12:55pm.