I. **Finance Issues**

Dr. Carlucci indicated we are seeking approval to establish the Financing Corporation to be a University DSO and to establish the Property Corporation which is related to the DSO and will be a holding company for leases. The first project is St. Pete housing and Parking. The corporations will enable us to get a better handle on debt and improve debt management. In the resolution, each corporation would have a board, 5 members, president, CFO, BOT member, 2 from campus boards. At November Meeting – will bring the projects to the workgroup. Will be seeking BOT approval at the December meeting. Dr. Carlucci presented a chart on centralized debt management and a chart on flow of funds. Want to move current housing debt from Foundation to the new DSO. ACE workgroup will approve concept, fiscal workgroup will approve the action.

a. **Resolution to Establish Financing Corporation**

   Trustee Arnold made a motion to pass Resolution to Establish Financing Corporation.
   Trustee Duncan seconded the motion. The motion passed.

b. **Resolution to Establish Property Corporation**

   Trustee Arnold made a motion to pass Resolution to Establish Property Corporation.
   Trustee Duncan seconded the motion. The motion passed.

II. **University Audit and Compliance**

a. **Revised Charter**

   Marie Hunniecutt presented the revised charter for University Audit and Compliance. The first charter was approved in February. The proposed revisions are based on what has been learned. Inclusion of broad risk.

   Trustee Arnold made a motion to approve the revised charter. Trustee Duncan seconded the motion. The motion passed.
b. Work plan
Ms. Hunniecutt also presented a draft 04-05 Work Plan, for information. All allegations are followed up on regardless of whether anonymous or not.

III. FBOG Performance Funding Proposal – Overview (For Information)
Dr. Ralph Wilcox presented an overview of the draft SUS Performance Funding. BOG discussed this last week; will act upon in November. We have an opportunity to provide input. We are accountable on local level and on state level and on national level. USF strategic imperatives include some BOG measures and some AAU measures. HB 915 requires performance based funding. For USF, this would be $28M which is approximately 10% of E&G base. Dr. Wilcox reviewed FBOE Goals and BOG proposed measures. There will be a dollar value for each measure. Trustee Arnold stated it doesn’t make sense to take dollars away if don’t meet measure; should be reward system if meet or exceed measure. The SUS Presidents did raise this issue at BOG meeting last week - this is a major concern. Trustee Arnold wants us (Dr. Wilcox) to develop a model to recommend instead - wants us to develop a position paper.

FBOG performance goals will be set using (a) peer comparisons, and/or (b) comparisons against one’s own past performance. Institutions may be rewarded for high performance by (a) receiving additional funds (which would come from institutions who didn’t meet goals), or (b) being granted maximal flexibility in the way funds are expended. Institutions may be sanctioned for low performance by (a) being restricted as to how funds may be expended, or (b) seeing their funds reallocated to a high performing institution.

Additional dilemmas:
(1) Incongruence between BOG Y-axis strategic plan and performance measures. Trustee Arnold reported the Council of 100 prepared a document/study on higher education funding. Maybe council could fund analysis of this issue. Council meeting next week. Trustee Beard and President Genshaft will discuss at the meeting. BOG makes recommendation to Legislature/Governor on December 1.
(2) Does not lend itself to meet local needs.
(3) How will system of rewards be distributed across fiscally autonomous campuses at USF.

Performance based funding is $28M for USF. Trustee Beard would like a summary of issue for BOG. Jeff Muir stated some issues may not be resolved by the November BOG meeting. BOG must make recommendation to legislature - nuts and bolts will be determined in Tallahassee in the spring. Trustee Arnold wants to establish a committee established across the other universities (chaired by Dr. Wilcox). President Genshaft stated this is something being discussed at provost level. Provost Khator noted that it may not be 10% - the November meeting will be important. Trustee Law commented the Council of 100 could take up the state-wide issue.

IV. Hurricane Report
Trudie Frecker reported the BOG summary of hurricane damages. Sandy Cooper gave an insurance report for the university - USF has 14 insurance certificates; damage on USF campus for the four storms is approximately $2M; state is treating the four storms a one occurrence; USF deductible is $10K. Governor's Office requested we harden buildings roofs, generators, etc., to help protect in future/preventative.

Other
Dr. Carlucci presented the draft agenda for the November meeting.

Having no further business, Chairman Beard adjourned the meeting at 1:15 p.m.