MEETING NOTES
USF BOARD OF TRUSTEES
Workgroup on Fiscal Affairs and Executive Committee

Tampa Campus – Marshall Center 296
November 23, 2004
12:00 – 2:00 pm

Members: Dick Beard
Lee Arnold
Ann Duncan (phone)
Rhea Law
Steve Burton
Judy Genshaft, Corporate Secretary (ex officio)
Carl Carlucci, Executive Vice President and CFO (ex officio)

Faculty Liaisons: Distinguished Professor Susan MacManus

Chairman Beard called the meeting to order at 12:19pm.

I. Local Fees
Dr. Carlucci introduced the local fee item. He presented the fee cap analysis. Restricted by the 5% allowable increase maximum in any single year. Maximum fee increase is $1.21.

a. Athletic Fee Increase
Athletics proposes an increase of $0.42 or $375K for the Tampa Campus only. Athletics' business plan identifies $1.00 increase from FY 04 to FY 05. In FY 04 ICA partnered with Student Health Services and received $0.58 out of a maximum $1.16 available. Therefore, as identified in the Pro Forma, ICA is seeking the remaining .42 cents per credit hour, which is extremely important to the future fiscal viability of ICA. The increase in the athletic student fee will go towards the operation and maintenance of the new athletic facility. ICA is estimating the cost of maintenance will be $735K.

Trustee Arnold made a motion to authorize the Athletic Fee increase. Trustee Burton seconded the motion. The motion was approved.

Chairman Beard asked why Athletics agreed not to increase the fee next year. (The Athletic Fee Committee voted to 7-1 to approve the $0.42 increase in the Student Athletic Fee proposed by the Athletic Department for 2005-2006 academic year with the following condition: that the Athletic Department will not put forth a proposal for an increase in the athletic fee for the 2006-2007 academic year.)

b. Activity & Service (A&S) Fee Increase
The request is to increase A&S fees by $0.79. Student Body President Bijal Chhadva gave a presentation on A&S fees. The reasons for the A&S increase are: the A&S fee has not increased per credit hour since 1992, flat fee instituted in 2000; with the increase in enrollment, will have to provide more services; 5% auxiliary assessment;
minimum wage increase amendment; Campus Rec E&G position previously funded by E&G now funded with A&S fees.

Jeff Muir reported that 4 years ago student fees were capped, with the exception of athletic program changes. Chairman Beard stated that we need to get rid of the 5% cap. Mr. Muir added that the 5% cap is on the BOG agenda and may be on its way out.

Trustee Arnold made a motion to approve the Activity & Service (A&S) Fee increase. Trustee Law seconded the motion. The motion was approved.

c. Material & Supply Fees
1. Tampa
Provost Khator presented the Tampa Material & Supply Fee changes. Trustee Arnold reported the ACE workgroup thoroughly discussed these changes and recommends approval.

Trustee Arnold made a motion to approve the Material & Supply (A&S) Fee changes for the Tampa Campus. Trustee Burton seconded the motion. The motion was approved.

2. St. Petersburg

Material & Supply fee changes for the St. Pete Campus were approved.

II. Resolution to Establish Health Professions Conferencing Corporation
Dean Stephen Klasko asked that the Health Sciences Center Office of Continuing Professional Education (OCPE) be separated from the practice plan DSO.

USF is requesting the certification of a new direct support organization to be known as the USF Health Professions Conferencing Corporation. OCPE is currently a profitable enterprise that has successfully developed a market for medical/scientific, nursing and public health continuing education. Presently, the OCPE uses the USF Medical Services Support Corporation (MSSC), a DSO of the University, for its financial and operating activities. The financial and operating activities of the OCPE will be transferred to the new DSO.

Dr. Patricia Haynie stated that continuing professional education is big business – large volume, opportunities for expansion. Dr. Carlucci noted it is a $10M a year operation and should be a separate DSO.

Trustee Burton made a motion to certify the USF Health Professions Conferencing Corporation as a direct support organization, approve the Articles of Incorporation and Bylaws, and authorize the President or designee to file the Articles of Incorporation with the Secretary of State. Trustee Arnold seconded the motion. The motion was approved.

III. Financing Approvals

Dr. Carlucci introduced the item, noting these are the first projects to go through the new DSO (USF Financing Corp).
b. Debt Transfer to New Financing Corporation DSO

Amount to be financed: Residence halls - $103,210,000; St. Pete - $33,000,000. Trustee Arnold asked what is the cost of doing this. Nick Trivunovich replied that we can get bond insurance instead of letter of credit – this should save $3M. Insurance – one time charge of $2M; letter of credit – annual charge. No penalty for paying off early. There may be a small cost for Alpha Hall. Dr. Carlucci reported that we will see a net present value savings. St. Pete project cannot stand alone – no history, no revenue stream. All campuses can use the financing structure. Regionals can use the system-wide financing - go through same filters, same requirements. Even though regionals are granted some autonomy, in order to separate out, St. Pete would have to refinance.

Chairman Beard asked will the DSO have revenues or will it just be a pass thru.

Only want funds to go to the trustee that are for debt service. All other funds to university or DSO. Get existing debt out of the Foundation.

Trustee Arnold asked is there any chance the state will ask us to undo this. Dr. Carlucci responded not likely – we are paying off the existing debt.

Trustee Law would prefer this had gone to the ACE Workgroup for analysis. Trustee Arnold stated this needs to be a revenue issue – do not want to do this if cost is $1M - $2M. Mr. Trivunovich explained the only penalty may be with Alpha Hall – prepayment penalty is negligible.

Chairman Beard requested a more detailed presentation for BOT.

Trustee Arnold asked what is the cost and what is the value. Dr. Carlucci responded that preliminary estimates are a net present value savings. St. Pete cannot get their financing done without this. Mr. Nasser added that without this St. Pete would be unrated and thus the costs would be much higher.

Trustee Arnold made a motion to proceed to pull the information together for final approval (subject to the numbers). Trustee Law seconded the motion. The motion passed as amended.

a. USF St. Petersburg Housing and Parking Project

This is a $33M project approved by the St. Pete board on 07/21/04. Abdul Nasser reported the housing structure will be seven stories with 354 beds – apartment style, single bedrooms. The parking structure will be seven levels, six stories, 900+ spaces. Both will open Fall 2006.

President Genshaft asked if there will be any food service. Mr. Nasser replied no food service, there will be kitchens. May expand the café that will be in the bookstore which will be in the parking garage.

Trustee Arnold made a motion for approval of the project and financing through the DSO. Trustee Burton seconded the motion. The motion passed.
IV. **Prompt Payment Policy**
Jeff Muir presented the prompt payment policy which applies to the payment of subcontractors on university construction projects. The policy has been adopted by the community colleges and will be adopted by 11 SUS institutions. The policy applies to subcontractor payments with public projects in Florida. Subs must be paid by general contractors 45 days after completion and approval. University pays the general contractor; general contractor pays the subs.

Trustee Law made a motion for approval of the guidelines. The motion passed.

V. **BOT Operating Procedures – Annual Revisions**
Chairman Beard presented the modified procedures. Trustee Law reported no major changes, just clean up items - nothing significant except corporate seal.

Trustee Law made a motion for approval. The motion passed.

Information Items:

VI. **Legislative Agenda**
Jeff Muir presented USF’s Critical Priorities for the 2005 Legislative Session. The priorities include:

- Preservation of base funding
  Mr. Muir asked the workgroup do we want to include performance model.
  Chairman Beard responded it should be a bonus and not a penalty and that we do need to be accountable. Trustee Law added this should be our statement.
- New Enrollment Formula
- Capital Construction
  Trustee Beard stated we need more labs.

Trustee Burton asked what do we use this document for. President Genshaft replied for community, to focus on same set of priorities. Mr. Muir added we will be up against K-12 and Medicare; we need to package ourselves better.

VII. **Finance Issues**

a. **DSO Annual Certification Report**
Eric Walden presented the DSO Annual Certification Report. This report was presented to and approved by the Finance Committee. Still pending is analysis by UAC (University Audit & Compliance). Chairman Beard wants to see budget to actual reports. Mr. Walden reported DSO 1st quarter reports will be ready in early 2005.

b. **DSO FY 2003/04 Financial Statements**
(See VII.c.)

c. **USF FY 2003/04 Financial Statements**
Nick Trivunovich presented the DSO and USF FY 2003/04 Financial Statements, noting the Workgroup wanted statements for components, comparison to prior years, and variances which are included. USF assets are $1.5B. Net Assets/Equity are $1B. Revenues exceed $1B.
Dr. Carlucci stated our reports reflected the change in our accounting system that makes us more like other universities instead of state agencies. He noted we should have 60 days worth of expenditures for cash on hand. Next year we will do a banking bid to get the most return and least risk. The rate on the state comptroller’s account went from 4% to 1%. Our priorities are debt service and payroll.

Trustee Arnold wants an 8 ½ x 11 statement of our cash flow problem. Wants us to make sure Trustees understand this and communicate to Tallahassee.

**Other**

Steve Prevaux gave an update on BOG rulemaking indicating we want policymaking at the local level.

Having no further business, Chairman Beard adjourned the meeting at 2:28pm.