USF Board of Trustees
Finance Committee
NOTES
May 22, 2024
Microsoft Teams Virtual Meeting

I. Call to Order and Comments

The meeting of the Finance Committee was called to order by Chair Michael Griffin at 9:30am. Chair Griffin welcomed and thanked Trustees Callahan and Piccolo for joining the Finance Committee. Chair Griffin asked Kiara Gayle to call roll. Ms. Gayle called roll with the following committee members present: Michael Griffin, Sandra Callahan, Mike Carrere, Fredrick Piccolo, Melissa Seixas, and Will Weatherford. A quorum was established.

II. Public Comments Subject to USF Procedure

No requests for public comments were received.

III. New Business – Action Items

a. Approval of February 27, 2024 Meeting Notes

Upon request and receiving no changes to the draft meeting notes, Chair Griffin requested a motion for approval, it was seconded and the February 27th meeting notes were unanimously approved as submitted by all committee members present.

b. DSO 2024-25 Annual Financial Plans

Dawn Rodriguez, Acting University Treasurer, introduced the DSO FY2025 Annual Financial Plans. This is the annual approval of the DSO financial plans for FY2025. The DSO's have prepared their financial plans for review and approval by this board pursuant to Florida Statutes and DSO bylaws. Each DSO has provided a financial plan, which includes the Corporation's mission, key initiatives for FY2025, actions taken by management to minimize operating risks and long-term goals that will drive upside performance beyond FY2025. The DSOs are all governed by an independent board of directors and they've each had their boards approve these plans before submission. The first three plans will be presented directly by the DSOs. We do have some concerns about them either in terms of having less than the desired level of liquidity or that they're incurring operating losses for FY2025.

1. **University Medical Services Assoc., Inc., USF Medical Services Support Corp. & USF Health Services Support Organization, Inc.**

   Steve Omli, CFO USF Health, presented for UMSA, MSSC and HSSO. For FY25, UMSA is budgeting a breakeven bottom line, which is significantly different than prior years. FY23 resulted in a loss of a little over $3M. UMSA is projecting a $7M loss in FY24. The healthcare delivery environment has changed drastically and the current business model for UMSA is not financially sustainable. We've been working with our primary hospital partner, TGH, on clinical integration and a new funds flow model that will be positive for both organizations going forward. The new funds flow model protects UMSA's bottom line. The FY25 budget with a break-even bottom line assumes the new funds flow model will be implemented early in FY25. TGH will increase its support for our faculty compensation for patient care activity as well as supporting any negative margin from an expense standpoint. We are still negotiating with TGH on the level of support they will provide. We are also working with ECG to review our FY25 budget in considerable detail to ensure a lean and accurate budget. We expect some modest change in the budgeted revenues and expenses, but still project a zero bottom line.

Trustee Carrere asked about the changes in UMSA's operations that have impacted its results and outlook to the degree that it has. He understands the fundamental changes in healthcare, but he asked specifically if there have been changes in our number of doctors, what the doctors are focused on (teaching, clinical, research), how much we are billing or our pricing.

Mr. Omli responded that during COVID, faculty and staff salary increases were needed in all medical practices. In FY21 and FY22 federal COVID-relief funding covered some of those costs. In FY23, we no longer received the federal support and we had to cover the higher costs. We aren't able to raise rates as costs go up because Medicare, Medicaid and commercial payors have certain rate limitations. Our long-term strategy is to increase some of our rates with our commercial payers, but that will take time.

Trustee Carrere asked if our model is similar to other medical schools. Mr. Omli responded yes, other medical schools across the country are having similar challenges. Our losses are minimal compared to UF and others around the country that have experienced even greater losses. We want to grow our practice, but we don't have the ability to grow on our own, and that is true for all academic medical practices and for many private medical practices.

Trustee Weatherford stated that the partnership with TGH is probably the most strategic and important partnership that we have as a university and he has faith in our team that we can come to an agreement on how things will function and work going forward. It's got to be one that is helpful to both sides and when both sides win, everybody wins. He applauded the team as this is something we've been talking about for a long time. We appreciate our friends and our partners at TGH. Tampa Bay can only go as far as USF will take it. USF, at least USF Health, can only go so far as TGH will go with us. And so it's a very important partnership. He encourages the team to see it all the way through and try to cut the best deal for us, but also one that is sustainable for both sides.

Chair Griffin stated that he is also encouraged by where the conversations and negotiations are heading with TGH and we've got a great team on it. Although this is consistent with other academic medical institutions around the country, there are changes that have to be made. The good news is that we are well on the path of making changes to structurally correct the ship both in the short and long term and he's encouraged on the direction we're going.

Mr. Omli mentioned that along with the new funds flow, we are developing a new faculty compensation for our clinical faculty. He is encouraged by this as well and thinks it will align well with the new funds flow and will enhance our faculty satisfaction as their compensation becomes more transparent. The work on this is happening in a parallel fashion.

A motion was made to approve the FY2025 combined Financial Plan for University Medical Services Assoc. Inc. and USF Medical Services Support Corp. The motion was seconded and approved by all Committee members present.

2. USF Health Professions Conferencing Corporation

Dr. Haru Okuda and CFO Greg Vannette presented for USF Health Professions Conferencing Corporation (HPCC). Evident from the FY25 Annual Financial Plan, HPCC was challenged this past fiscal year to meet its annual financial goals. Dr. Okuda provided some historical context for HPCC as well as a sense of the way forward. As background, HPCC was established as a DSO in 2005 with the mission to support the University and BOT's mission of academic excellence, top impact research and beneficial community service consistent with the goals of the University and the BOT. In 2010, the BOT authorized the issuance of a $20M debt by the USF Financing Corp., together with $7M cash from USF and USF Health, to construct CAMLS, based on the operating proforma that was presented. Unfortunately, through 2017 the proforma did not meet its expectations and HPCC has had significant financial challenges. Since inception, HPCC has paid off half of its $20M of debt. $10M of debt remains to be paid through 2031, which equals $1.4M - $1.6M per year in principal and interest payments. This annual debt service is one of HPCC’s biggest challenges. Since Dr. Hakuda’s recruitment in 2018, HPCC realigned its business model to a university focus with about 70% of CAMLS use focused on USF Health students, trainees and researchers. After a very successful FY18 and FY19, COVID negatively impacted HPCC’s business. In FY21 and FY22, we received $4M in higher education emergency relief funds, which has provided a source of operating funds. We had a very strong year post COVID (FY23) due to pent-up demand from medical device companies. The FY24 budget was based on the momentum we had in FY23, but unfortunately the business practices for the medical device companies changed significantly and revenues weren’t generated as projected FY24. For FY25, our two main focuses are tackling the remaining $10M debt payment and changing our revenue model.

Mr. Vannette added that the FY25 plan anticipates a much more conservative growth outlook. The additional FY24 support from USF Health was in part to install new chillers at CAMLS, but also to underpin cash flow due to debt service and the shift in client bookings. Wages have increased to retain staff similar to most industries as well as the shifting of staff from other USF Health budgets. New staffing that develops unique CAMLS programming and maximizing the utilization of CAMLS continues to be our overall goal.

Chair Griffin stated that the business model has changed. He is encouraged by the commitment to thinking creatively about how to best use this facility on this parcel given how much downtown Tampa has changed since CAMLS was constructed. It is one of the connections between traditional downtown and Water Street. We need to continue to think about how to get the highest and best use out of this incredible location. We are at the mercy of the industry at the end of the day in terms of how the simulations and device manufacturers are changing. He appreciates HPCC’s willingness to change with the industry and continue to think about alternative ideas.

A motion was made to approve the FY2025 Financial Plan for USF Health Professions Conferencing Corp. The motion was seconded and approved by all Committee members present.

3. USF Research Foundation, Inc.

Dr. Sylvia Thomas, President/CEO, and Michelle Hickey, CFO, presented for USF Research Foundation, Inc. Dr. Thomas reported that they have made substantial progress with this year's budget. In supporting Research Foundation's return to profitability, our projected FY25 operating losses decreased by 28% or $1.4M from FY24. This is attributable to the lease up of the Research Park and the decrease in the Tech Transfer Office cost allocation to the Research Foundation for FY25 by which the Research Foundation will be responsible for legal and patent expense only incurred by the Tech Transfer Office.

Ms. Hickey reported that the Research Foundation has also made significant improvements to their FY24 financial plan, decreasing the operating loss from $5M to $3.6M and increasing operating profit margin by 12%. This is mainly attributable to the projected increase in rental revenue of $1.1M and the decrease in the tech transfer allocation expense of $2.1M. These favorable variances are offset by an increase in depreciation expense of $1.9M due to the build out of 3814 Spectrum. We submitted our forecast based on a most likely scenario. Our five-year forecast illustrates the Research Foundation's three major challenges for the year ahead: 1) the full lease out and revenue generation of 3814 Spectrum building; 2) a strategic plan for commercializing and monetizing USF intellectual property to support the tech Transfer Office; and 3) balancing investment in the research park and tech transfer.

The Research Foundation continues to make progress on the first challenge with new leases. The building's soft landing labs are fully leased, with a waitlist. Negotiations for space continue with external organizations looking for larger square footage. Full occupancy is expected in FY26. We recognize that full lease up and occupancy of all Research Park buildings contributes not only to rental revenue for the Research Foundation, but impacts research collaboration with faculty teams, contributes to student success with internship and post-graduation employment opportunities, and provides the physical environment to facilitate the transfer of university intellectual property to the commercial marketplace.

The second challenge we face is the funding of the Technology Transfer Office (TTO). In FY22, 75% of the TTO operational costs, were allocated to the Research Foundation, which put this business line in deficit. In FY24, the Research Foundation was responsible for 100% of these costs. The FY25 budget and the FY26 - FY29 forecast reflects that the Research Foundation will only be responsible for the tech transfer legal expenditures with the university covering the remaining operational cost. This significantly improves our financial plan and we will continue to have partnership discussions with the university to ensure sustainable investment in TTO. During FY24, TTO focused on increasing revenues by focusing on high quality licenses, which increased upfront licensing fees by 20% from FY23. In addition, TTO, in conjunction with outside legal counsel, settled 3 lawsuits against infringers of USF technology, which resulted in $1.3M in additional revenue.

The third and final challenge we face is finding balance between the investment and growth of the research park and the investment in tech transfer. Our FY25 budget projects 221 days of cash on hand, dropping to 152 for FY26 and to 134 for FY27. This is mainly due to the cash outlay required for capital improvements in the research park, paired with the cost allocation for TTO legal expenses. To maintain a healthy cash flow and avoid depleting reserves, there must be a balance between spending on capital expenditures and operating expenses. Investing in the research park is essential for long term growth. We will continue to work on a strategic approach that supports both short-term stability and long-term success.

Chair Griffin stated that was a great recap. The Research Foundation is not at its highest potential yet but is on the right path.

A motion was made to approve the FY2025 Financial Plan for USF Research Foundation, Inc. The motion was seconded and approved by all Committee members present.

Ms. Rodriguez presented the financial plans for the remaining DSOs.

4. USF Institute of Applied Engineering

- Key initiatives and long-term strategies:
  - Recently opened its 8,000 square foot research facility, the Rapid Experimentation Laboratory, which is expected to bring in new business and opportunities.
  - IAE is in year five of its $85M USSOCOM task order contract and year 2 of a $10M task order-based contract supporting USCENTCOM & the USAF 6th Air Refueling Wing.
- Income Statement:
  - Net operating profit for FY25 is expected to be $222K, down $1M from the prior year. This is consistent with the Hillsborough County grant going away in the current year.
- Liquidity
  - Days cash on hand in FY25 is 65 days.
  - Cash and investments of $2.2M are also up from prior year.
- Five-Year Forecast
  - Growing operating profit, from $732K in FY26 up to $2.8M in FY29.
  - IAE is a relatively new DSO and has been getting some support from the university; that support is expected to conclude in FY25.

A motion was made to approve the FY2025 Financial Plan for USF Institute of Applied Engineering. The motion was seconded and approved by all Committee members present.

5. USF Foundation, Inc.

- Key initiatives:
  - New Digital Engagement Center continue to actively campaign to raise annual giving.
  - FY25 goal for annual gifts is $125M, up from the long standing $100M per year goal.

- Income Statement:
    - Projecting net operating profit of $44M in FY25, up from $37M in FY24.
- Liquidity
    - Very strong days cash on hand of 366 days.
    - Cash and investments of $2.2M.
- Five-Year Forecast
    - Stable liquidity over the years and increasing profitability due to increasing gifts and fundraising activities and university support.

A motion was made to approve the FY2025 Financial Plan for USF Foundation, Inc. The motion was seconded and approved by all Committee members present.

6. Sun Dome, Inc.

- Key initiatives:
    - Focusing on securing high-end concerts and events.
    - Continuing to invest in their facilities to provide the best customer experience; some new flooring and lighting in the arena in FY24.
- Income Statement:
    - Net operating profit is forecast at $553K in FY25, down slightly from $732K in FY24 due to a lot of large concerts and events in FY24 and a stellar USF Men's Basketball season driving the increase.
- Five-Year Forecast
    - Strong stable liquidity.
    - Over time, they are repaying an outstanding payable to the arena operator Tampa Bay Entertainment Properties, which deferred some of its fees during COVID to support our operations. Expect it to be almost fully paid off in 2029.

A motion was made to approve the FY2025 Financial Plan for Sun Dome, Inc. The motion was seconded and approved by all Committee members present.

7. USF Alumni Association, Inc.

- Key initiatives:
    - Continuing to stay focused on adding to their life memberships and building alumni's long-term involvement with USF.
    - Looking for additional support from the University and the Foundation to allow the association to continue to invest in new programs.

- Income Statement:
    - Net operating profit is forecast at $1.1M in FY25. This does rely on some increasing support from the University and the Foundation of $1.6M in FY25, and to support those new programs.
- Liquidity
    - Strong liquidity at 152 days cash on hand.
    - Cash and investments balance of $1.4M.

A motion was made to approve the FY2025 Financial Plan for USF Alumni Association, Inc. The motion was seconded and approved by all Committee members present.

8. USF Financing Corporation & USF Property Corporation

- Key initiatives:
  - Recently closed the $200M financing for the stadium project.
  - Will be assisting the University with the Argos Redevelopment project, assessing feasibility and impact on the University's AA credit ratings and also impact to university debt capacity.
  - Protect the USF's "AA" credit ratings with presentations to Moody's and Standard & Poor's.
- Income Statement:
  - Net operating profit is forecast at $3.5M in FY25, slightly down from $3.7M in FY24.
- Liquidity
  - Very strong liquidity of 386 cash on hand.
  - $263M cash and investments (includes the $200M that is being held in the stadium project fund escrow account).
- Five Year Forecast
  - Continue to have very strong liquidity with days cash on hand at over 370 days.
  - Net operating profit slowly declines. This is not a reflection of poor performance. This reflects the pass-through nature of our entity. As the debt and lease payments amortize down over time, net operating profit decreases.

A motion was made to approve the FY2025 Financial Plan for USF Financing Corporation and USF Property Corporation. The motion was seconded and approved by all Committee members present.

c. Stadium Project CM Agreement

Vice President & CFO Jennifer Condon presented the agenda item. This approval of the construction management agreement is the next step in the USF On-Campus Stadium Project. Following a competitive bid process, USF announced, on April 9, 2024, its intent to award construction services for the Stadium Project to Manhattan Construction Company. Ms. Condon provided highlights of the key terms of the contract:

- The contract structure is a construction manager at risk agreement.
- A guaranteed maximum price or GMP will be proposed at 75% construction document completion; the board will approve the GMP at that time.
- USF does have the ability to terminate the contract for convenience at any time.
- The current contract covers preconstruction services and the development of the GMP.
- Compensation for preconstruction services is $320,975 and $167,009 for phases one and two respectively.
- The fee for construction phase services is 2.25% of the cost of work in the approved GMP.
- The contract incorporates several milestones, the most important of which is substantial completion in time for the 2027 football season.

- Liquidated damages in the contract are $7,500 per day for every day after the substantial completion date and $2M for each scheduled home game in the 2027 season that the stadium is unavailable.
- The contract also references a commitment to meet or exceed the 36% participation goal by certified business enterprises.

Trustee Seixas asked if there was any provision for exceptional events such as back-to-back hurricanes, or other things out of Manhattan's control. Hiliary Black, Sr. Associate General Counsel, explained there is a force majeure provision within the contract that is narrowly tailored for things that are truly outside of their control. We also have built into the schedule enough time that we shouldn't be butting up against for smaller events. We have built into the schedule some cushion for us to get to our season and be able to ramp up in time for our season. So small events obviously should not be problematic, and the force majeure provision requires both the construction manager and the university to work together to try to mitigate any issues.

A motion was made to approve the USF Stadium Construction Management Agreement ("CM Agreement") contingent on representations from management the CM Agreement aligns with the term sheet as presented. The motion was seconded and approved by all committee members present.

d. Pizzo K-8 School Ground Sublease

Ms. Condon presented the proposed ground sublease with Hillsborough County School Board (HCSB) for the Pizzo K-8 school on the Tampa campus. The lease is for a 10-year term which terminates on June 30, 2034. Annual ground rent for the site is initially set at $550,000, with a 3% annual escalation. USF will also receive a one-time payment of $1,035,000 for the loss of 69 parking spaces during the term of the ground sublease. HCSB will continue to operate the Pizzo K-8 school at the site and is required at USF's election to demolish the building and return the site to green space. USF has the right to terminate the agreement for convenience. If we terminate within the first five years of the agreement, HCSB is not required to return the site to green space. The form of Ground Sublease has been reviewed and approved by the Division of State Lands, State of Florida Department of Environmental Protection as required by USF Master lease.

A motion was made to authorize USF to enter into a 10-year Ground Sublease with the Hillsborough County School Board ("HCSB") for the Pizzo K-8 School site in compliance with the USF Real Property Policy. The motion was seconded and approved by all committee members present.

e. Expenditure Authorization Requests

Ms. Condon presented eight expenditure authorization requests for approval by the Finance Committee. USF policy for delegations of general authority and signature authority requires the Finance Committee to approve procurement of goods and services above $3M.

- Elsevier ScienceDirect ejournals and eBooks - $7,074,887

  This is a 4-year agreement to procure ejournals and ebooks for our libraries. The total cost of the agreement is $7,074,887 and is part of a master agreement that is negotiated by the University of Florida on behalf of participating State Universities. The agreement includes the main library and the health library. Annual increases are set at 1% in year one and 2% for subsequent years. The expenditure is budgeted and funded by E&G.

A motion was made to approve the expenditures as presented. The motion was seconded and approved by all Committee members present.

- Copiers, Printers and Managed Print Services Program - $9,540,000

  The is a request to release a solicitation to consolidate spend for desktop printers, multifunction devices and managed print services to a single supplier for a 10-year period. Spend is estimated at $9.54M over 10 years. The estimate was developed using a two-year average of costs inflated over the term of the agreement and includes a 10% margin of error. These expenses are distributed around the university in various funding sources on all campuses. USF currently has five agreements that are set to expire in November of this year. One supplier relationship will allow for a stronger partnership as well as increased efficiency and accountability. The materials list many additional benefits and provide evidence and case studies that support the pursuit of a consolidated relationship. And it should be noted that this is the first of many significant strategic sourcing opportunities the university will pursue.

  A motion was made to approve the expenditures as presented. The motion was seconded and approved by all Committee members present.

- Elevator Contract – Maintenance & Ad Hoc Services - $6,125,680

  This is a request to release a solicitation for preventive maintenance and ad hoc services to support some of the elevators on the Tampa and downtown medical campuses. Total spend is estimated at $6,125,680, which includes a 3-year term and two one-year optional renewals. The previous elevator maintenance and repair costs expended $3,294,055 for the contract's 3-year lifespan. The current agreement is extended to 06/30/24 to allow for this solicitation process to occur. Unlike in previous years, this agreement combines multiple existing agreements and involves USF Facilities Management, the Athletic District Facilities, Housing and Residential Education, the Marshall Student Center and the USF Downtown locations.
  The expenditures are budgeted in a combination of E&G and auxiliary sources.
  This is more evidence of the strategic sourcing that is happening very deliberately at the university.

- Contracted Custodial Services - $4,338,000

  This is a request for authority to enter into two agreements for contracted custodial services on the Tampa campus and the downtown medical spaces. Total spend for this fiscal year is estimated at $4,338,000, which is consistent with the authority granted for the current fiscal year. This support is funded from the Office of Administrative Services and USF Health through E&G, Carryforward, UMSA and HPCC funds. So this includes new agreements on behalf of our DSOs. The funds are budgeted and they were planned at the beginning of the fiscal year. This is another instance of strategic sourcing.

  A motion was made to approve the expenditures as presented. The motion was seconded and approved by all Committee members present.

- East Campus Maintenance Facility - $6,000,000

  This is a request to begin a project to relocate the east campus maintenance facility. The total authorization requested is $6M and we are planning to relocate the existing east campus maintenance facility to its new location on South Sycamore Drive, adjacent to the baseball stadium. The East Campus maintenance facility is comprised of a washdown station, facilities building, and covered storage areas, which will be relocated from within the future on-campus stadium footprint to its new location. The approval will enable the on-campus stadium to begin site work activities as currently scheduled, while maintaining continuous campus maintenance operations. This will be funded by carryforward and it will be included as part of the 2025 Carryforward Spending Plan and the 2025 Fixed Capital Outlay Plan, which the board is set to approve shortly.

  A motion was made to approve the expenditures as presented. The motion was seconded and approved by all Committee members present.

- Pharmaceutical Supplies/Cardinal Health - $4,500,000

  This request is for Pharmaceutical Supplies for USF Health Pharmacy Plus (blanket purchase order) with Cardinal Health for FY25. Cardinal Health currently provides 90% to 95% of the Pharmacy's prescription needs. Pharmacy Plus is currently recognized as the preferred pharmacy for the newly formed USFTGP (the USF/TGH healthcare collaboration) and Pharmacy Plus continues to acquire new patients and processes over 10,000 prescriptions. Based on prescription sales for 2023-24 and the increasing price of pharmaceuticals, we are estimating that expenses will range from $300K - $400K per month. Taking that into account, the amount being requested for FY25 is $4.5M. The strategic objectives of USF Health Pharmacy Plus are to be a partner within the clinical and community settings of USF Health. In addition to providing community pharmacy services, Pharmacy Plus is a pharmacy site for USF Health Tenaja College of Pharmacy students to practice all scopes of pharmacy operations, patient safety, safety and prescription education as part of their advanced pharmacy practice experience (APPE) rotation. This expenditure authorization comes to the board every year. This is a pass-through expense; we procure the pharmaceutical supplies and actual pharmacy drugs and resell them to the community.

  A motion was made to approve the expenditures as presented. The motion was seconded and approved by all Committee members present.

- USF Health MDD 9th Floor Heart Institute Buildout - $15,000,000

  This request is to buildout the 9th floor of the MDD building downtown and the Heart Institute. We are requesting approval to activate approximately 26,000 square feet of shell space on the 9th floor of the downtown Morsani building. The project will construct open wet labs, lab support areas, restrooms and offices, and it will be consistent with previously completed lab spaces on levels 6, 7 and 8. The project will provide 120 new benches in the labs, 19 offices and 30 workstations.
  We are currently in the design phase for this project and it was funded by $750K of Dean's Academic Support Funds that was sourced from surplus funds that were generated from previous buildout projects on floors 6, 7 and 8 at MDD. We expect final drawings in July 2024 and hope to begin construction in August 2024, with a projected completion date of December 2025. The funds are budgeted and they were

planned at the beginning of this year. This project will be funded by a combination of E&G carryforward and Dean's Academic Support Funds. We have not specifically identified the allocation within, but we are requesting authority not to exceed $15M in construction.

A motion was made to approve the expenditures as presented. The motion was seconded and approved by all Committee members present.

- USF Health MDD 12th Floor Executive Suite - $5,000,000

This is a request for $5M to build out the executive suite of the MDD 12th floor. We are requesting approval to activate approximately 6,663 square feet shell space on the 12th floor of the downtown Morsani building. The initiative will provide permanent executive offices and bring together USF Health executives currently housed in temporary offices, which will foster collaboration and productivity. It will also, and perhaps most importantly, return current temporary offices to use by research and academics in the building. Upon completion, the suite will provide office space for 14+ staff members, complete with amenities such as the boardroom, a break room, administrative areas and hallways. Funding for the design phase ($300k), like the 9th floor, was provided from surplus funds generated by previous buildouts on floors 6, 7 and 8. We are now seeking approval of $4.7M in addition to the $300K from a combination of Dean's Academic Support Fund and carryforward funds that will be available after July 1, 2024. Design is on pace to be completed this summer and we target occupancy in fall of 2025. Again, this project is funded by a combination of Dean's Academic Support Fund and E&G carryforward funds in an amount not to exceed $5M. The expense is allowable on both sources.

Trustee Schneider asked about the strategy and rationale of using $5M in carryforward for executive offices. She can see the rational across the other expenses, but in this case she doesn't see the wider use for this. The Faculty Senate Research Council requested $30M from carryforward to support research infrastructure broadly across the university. She just doesn't see the $5M towards executive offices as not having the equivalent strategy behind it. She is asking the strategy of focusing on executive offices versus other infrastructure within USF Health. Steve Omli, USF Health CFO, explained that this expenditure is budgeted out of Dean's Academic Support Funding, that's what we plan to use for this particular build out. The reason we mentioned carryforward is just to have the flexibility if we have carryforward, but we do plan to use Dean's Academics Support Funding for this. Mr. Omli further explained that they invest tens of millions of dollars in infrastructure across USF Health and we have waited until the very end for this buildout. This is the last piece of MDD that we're building out and so we have prioritized academic space and we have also prioritized research space. In fact, this build out is actually smaller than originally planned because we dedicated some additional amount of that 12th floor to the College of Pharmacy for an additional hundred-person classroom. So we are not prioritizing this by any means, but it is important in this building to have permanent administrative space and so now is the time to go ahead and complete this.

Trustee Weatherford thanked Trustee Schneider for her question, as it is a good point. He was also looking at this and thinking about the overall cost of this building and the infrastructure to build it out which is a few hundred million dollars. And while $5M is a lot of money for anything, in the context of the overall cost of what it cost to build this structure and then to build out the structure, it is appropriate to have this executive space. This caught his eye too, but the more he thought about it in the context of the overall cost of the project, it made a little bit more sense to him. He appreciates Trustee Schneider bringing this up, it's worth talking about.

Chair Griffin stated that he is expecting this office to be utilized on a regular basis. We don't want to build this out and have folks in one day a week or two days a week. The expectation is this is a sound investment and is hopefully the last piece of the puzzle for MDD. We are going to start talking about repurposing some spaces at some point. And as mentioned, this does free up some administrative space elsewhere in the building that could be activated for more appropriate uses. So this is encouraging. But he just wants to make sure as we are investing funds that people are utilizing the office space that we are building and conferencing space and so forth. Mr. Omli also anticipates this freeing up space in other buildings that we can use for clinical care and that type of thing.

A motion was made to approve the expenditures as presented. The motion was seconded and approved by all Committee members present.

f. USF 5-Year Capital Improvement Plan (2025/26-2029/30)

Vice President Carole Post presented the USF 5-Year Capital Improvement Plan (CIP). Ms. Post indicated that the CIP was evolving as the university's needs evolved so as to have a balance of 'refresh, renew and remove' as well as new build. Ms. Post summarized that the CIP consists of four components. The first is a prioritized list of aspirational major project investments which has shifted since last year's submission. The projects remain the same, but the priority has shifted. The TRI/Translational Research Institute that was Priority #6 has been moved to the number one position. TRI is intended to replace several Health Science lab buildings with new spaces. This would be a new build project that would provide for basic and preclinical research; would have wet labs/research labs, ideally allocated for about 1,000 researchers and probably 100+ R1 NIH funded principal investigators. It's the future state of research for the university. With that movement to the first position, it has moved projects 2 through 6 down one slot. Projects 2 - 6 are each combinations of remodels and renovations. Project 7 is the public safety complex, now including a veterans and first responders element with a range of investment options depending on size and scale.

Ms. Post then reviewed the Capital Improvement Trust Fund projects which are projects identified by student body representatives. The FY25 account reflects a total of $7.1M within the fund. Of that $6.3M is committed to the on-campus stadium pursuant to an agreement with the student representatives. The balance of $850K has been designated for a series of individual projects identified by the student body representative.

The next component is the is the back of bill projects. We do not have any authorizations for debt. We are requesting to demolish two facilities on the Tampa campus that are vacant. They have reached and have exceeded end of life. Approving this today would authorize us to demolish the buildings at such time as funding is available.

Ms. Post then reviewed the timeline and next steps. Next this will go to the BOT and then it goes through a submission process. Detail about each project and the submission materials themselves are provided in the meeting materials.

Trustee Weatherford stated that a lot of work goes into the CIP and all the planning, all the capital needs that we have on the university's campuses. He thanked the team for putting this together. He further stated that it's always a fluid process. So this is step one in a long process, and he appreciates all the work that's gone into it so far.

A motion was made to: 1) approve the USF Five-Year Capital Improvement Plan Summary, Project Detail and Transmittal Letter; and 2) authorize the President to make necessary nonmaterial adjustments to the Five-Year Capital Improvement Plan, with the requirement that any material changes be approved by the University Board of Trustees Executive Committee. The motion was seconded and approved by all Committee members present.

IV. New Business – Information Items

a. Major Construction Project Update

Per Chair Giffin, in the interest of time, this item is deferred to the next Finance Committee meeting.

b. Former Golf Course Update

In the interest of time, Ms. Post gave a brief update on progress to date and will give the full presentation at the June BOT meeting.

The public solicitation process has initiated. We are using a 2-stage approach, which is a little longer in time, but is much more rigorous and transparent. We released stage 1 of the ITN on May 3, 2024. We're expecting responses back in late July and what we're expecting back is just qualification-based responses. Essentially, these are the resumes from interested master developers, those that would be qualified to take on this type of project at the scale and magnitude that's involved. We are not seeking development proposals at this time. When we receive these responses back, we would narrow that field based on the qualifications of the interested developers and we would then invite those developers to submit development proposals, and that would happen later in fall. That is what is happening right now and this is just stage one. There is a lot to happen ahead of us.

V. Adjournment

Having no further business, Chair Griffin adjourned the Finance Committee meeting at 11:00am.