



**Board of Trustees Finance Committee**

Tuesday, August 20, 2024  
TBD  
Microsoft Teams Virtual Meeting

*Trustees:* Michael Griffin, Chair; Sandra Callahan, Michael Carrere, N. Rogan Donnelly, Shilen Patel, Fredrick Piccolo, Melissa Seixas, Will Weatherford

**A G E N D A**

- I. Call to Order and Comments Chair Michael Griffin
- II. Public Comments Subject to USF Procedure Chair Griffin
- III. New Business – Action Items
  - a. [Approval of May 22, 2024 Meeting Notes](#) Chair Griffin
  - b. [Legislative Budget Requests \(LBR\)](#) Provost Prasant Mohapatra/  
Asst. Vice President Mark Walsh
  - c. [2024-25 University E&G Carryforward Spending Plan](#) Assoc. Vice President Masha Galchenko
  - d. [Fixed Capital Outlay Budget](#) Vice President Carole Post
  - e. [Reallocation of CITF Funds](#) Vice President Carole Post
  - f. [Authorized Signers/USF Bank Accounts](#) Acting University Treasurer Dawn Rodriguez
  - g. Expenditure Authorization Vice President/CFO Jennifer Condon
    - 1. [Threshold Changes](#)
    - 2. [Requests](#)
- IV. New Business – Information Items
  - a. [Budget Update](#) Vice President/CFO Jennifer Condon
  - b. [Series 2012B Remarketing Transaction](#) Acting University Treasurer Dawn Rodriguez

- c. **Annual Finance Policy Reports** Acting University Treasurer Dawn Rodriguez
  - 1. Investment
  - 2. Debt Management
  - 3. Derivatives

- d. **DSO Updates** Acting University Treasurer Dawn Rodriguez
  - 1. UMSA
  - 2. HPCC
  - 3. Research Foundation

- V. **Adjournment** Chair Griffin



**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 27<sup>th</sup> 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 USCENCOM & 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

This 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 rationale 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 Academic 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 12<sup>th</sup> 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.





**State University System  
Education and General  
2025-2026 Legislative Budget Request  
Form I**

<b>University(s):</b>	University of South Florida
<b>Request Title:</b>	Preeminence / National Ranking
<b>Date Request Approved by University Board of Trustees:</b>	Pending Approval at the USF Board of Trustees Meeting on September 10, 2024
<b>Recurring Funds Requested:</b>	\$75,000,000
<b>Non-Recurring Funds Requested:</b>	
<b>Total Funds Requested:</b>	\$75,000,000
<b>Please check the request type below:</b>	
<b>Shared Services/System-Wide Request</b>	<input type="checkbox"/>
<b>Unique Request</b>	<input checked="" type="checkbox"/>

**I. Purpose -**

The University of South Florida (USF) Board of Trustees (BOT) wishes to express its sincere gratitude once again to Gov. Ron DeSantis and the Florida Legislature – under the leadership of Senate President Kathleen Passidomo and Speaker Paul Renner – for their historic investment of state funds in our institution in FY 2024-25 and to the Board of Governors (BOG) and Chancellor Rodrigues for recommending and advocating for this investment in USF.

In furtherance of USF’s goal of reaching the top 25 public universities in America, the USF BOT is requesting an additional \$75 million recurring increased investment in USF through the Preeminence/National Ranking program beginning in FY 2025-26.

These funds will be utilized to continue to implement and achieve the goals outlined in the university’s [In Pursuit of Excellence Strategic Plan for 2022-2027](#). This plan was adopted by the USF BOT on December 7, 2021,<sup>1</sup> and approved by the BOG on January 26, 2022.<sup>2</sup> This proposed investment will provide the recurring resources necessary to accelerate USF’s Strategic Plan goal of ascending into the top 25 national public universities, as measured by *U.S. News & World Report (USN&WR)*, and further capitalize on USF’s admission in 2023 into the nation’s most prestigious association of research universities, the Association of American Universities (AAU)<sup>3</sup>.

<sup>1</sup> <https://usf.app.box.com/v/20211207-bot-agenda>.

<sup>2</sup> <https://www.flbog.edu/session/board-of-governors-regular-meeting-2lx2w7ly/>.

<sup>3</sup> <https://www.aau.edu/newsroom/press-releases/six-leading-research-universities-join-association-american-universities>.

If this new investment is fully funded and supplemented with additional state, philanthropic, and other resources going forward, USF is projected to reach the top 25 public universities following the conclusion of the *In Pursuit of Excellence* Strategic Plan in 2027.

The *In Pursuit of Excellence* plan outlines seven approved “strategic areas of focus” for USF to excel in, which will drive the university’s ascent into the top 25. The seven focus areas are (in alphabetical order):

- 1) Analytics and Data Science: Integrating USF Digitally;
- 2) Biology by Design;
- 3) Design, Arts, and Performance;
- 4) Global and National Security;
- 5) Health, Society and Biomedical Science;
- 6) Social Justice and Human Rights; and
- 7) Sustainability, Environmental, and Oceanographic Sciences.

*In Pursuit of Excellence* further outlines five specific goals that USF intends to achieve throughout the lifespan of the plan, with objective measures of success defined for each goal. The plan, along with each measurable goal, is available for the public to view anytime [here](#). For brevity, below is a brief sample of some of the more relevant “measures of success” from the plan into which USF will invest these new funds if appropriated.

To demonstrate how closely aligned our institutional measures of success are with our top 25 ranking aspirations, any measure of success pulled directly from the USF Strategic Plan that is also a specific *USN&WR* rankings metric used for the publication’s 2024 rankings are noted below in underlined green font.

**1) Goal 1: Student success at USF and beyond**

- *Example measures of success from the USF Strategic Plan:* Improved incoming student profile, retention rates, academic progress rates, and graduation rates; reduced student debt; strengthened national rankings; reduced student-to-faculty ratio and class size; improved post-graduation outcomes for bachelor’s graduates; and enhanced licensure exam passage rates.

**2) Goal 2: Faculty excellence in research and innovation**

- *Example measures of success from the USF Strategic Plan:* Increased R&D expenditures; increased proportion of full-time faculty; increased proportion of faculty with the highest degree in their field; and improved citation impact and faculty awards.

**3) Goal 3: Partnerships and engagement with local, national, and global impact**

- *Example measures of success from the USF Strategic Plan:* Increased startup companies; growth in licenses and options; increased

patents awarded; increased Fulbright Scholars; and expanded opportunities with businesses, non-profit organizations, and government agencies.

**4) Goal 4: A diverse and inclusive community for learning and discovery**

- *Example measures of success from the USF Strategic Plan:* Enhanced diverse student degree production (**e.g., increased Pell recipient and first-generation graduation rates**); expanded community partnerships; and enhanced digital infrastructure designed to promote access and success.

**5) Goal 5: A strong, sustainable, and adaptable financial base**

- *Example measures of success from the USF Strategic Plan:* Improved alumni giving rate; greater diversification of financial revenue streams to **improve financial resources per student**; and optimized implementation of investments and maximization of institutional assets.

It is important to note that achieving each of the goals and measures listed above (and the many others contained in the full plan) will directly contribute to USF's climb up the *USN&WR* national public rankings. Some examples might include the positive impact that higher annual R&D expenditures and additional Fulbright Scholars and other faculty awards will have on *USN&WR*'s "peer assessment score," which in 2024 accounted for 20% of the formula, the most heavily weighted individual metric.

## **II. Return on Investment -**

A university's academic reputation, AAU membership, and its *USN&WR* ranking are closely intertwined. In *USN&WR*'s 2024 public university rankings, 21 of the top 25 (and each of the top 19) ranked universities are members of the AAU.<sup>4</sup>

Because of this historically close association, we will continue to measure our progress - and the ROI on the state's increased investments in USF - against our AAU peer group's performance and the few other non-AAU institutions that are ranked inside the top 25. Measuring our progress against this long-standing, objective yardstick of success has resulted in our institution being recognized as both "the fastest rising university in America" in *USN&WR*'s rankings over the past decade as well as a newly admitted member of the AAU in 2023. USF is one of just 38 American public universities to hold membership in the AAU<sup>5</sup> and just the second in the SUS's history.

<sup>4</sup> The only non-AAU members ranked in *USN&WR*'s Top 25 Public National Universities for 2024 are the University of Georgia and Virginia Tech tied at #20 and Florida State University and the College of William & Mary tied at #23.

<sup>5</sup> [List of all AAU members](#) by public, private and Canadian status.

After undergoing a substantial overhaul to the formula last year, *USN&WR*'s 2024 rankings were derived from 19 specific metrics that served as the publication's formula inputs. Six of the 19 metrics now measure some aspect of the institution's six-year graduation rate. These include the overall institutional six-year rate for all FTICs as well as the six-year rates for the institution's Pell recipient and first-generation-in-college students. *USN&WR* also measures the performance of an institution on those three graduation rates versus what the publication's mathematical model predicts the institution's rates should have been based on various characteristics and gives greater credit for outperforming the prediction. Although not completely publicly disclosed, according to *USN&WR*, "the predicted rates were modeled from students' socioeconomic backgrounds...as well as admissions data, school financial resources, and National Universities' math and science orientations."<sup>6</sup>

With six-year graduation rates now comprising 37% of *USN&WR*'s rankings formula, additional focus and investment will be prioritized on continuing USF's upward climb on that metric. USF's overall six-year graduation rate rose 23 percentage points between 2010 and 2022 to 74%. However, the average top 50 public institution's six-year graduation rate was 83% in 2022 leaving room for growth with new investments. USF has historically outperformed our "predicted" graduation rates.

The USF BOT chose the six-year graduation rate as the BOT Choice PBF Metric (Metric 10) for USF several years ago to demonstrate our concerted effort towards AAU membership and the top 25. Continued improvements in USF's four-year (PBF Metric 4) and six-year (PBF Metric 10) graduation rates have the potential to provide tremendous ROI to USF students and the state, while significantly impacting USF's national rankings in a positive way quickly. It also greatly benefits the workforce readiness of SUS graduates as USF consistently leads the state in PBF Metrics 6 and 8, the percentage of bachelor's and graduate degrees awarded in "areas of strategic emphasis" for the state.

The largest individually weighted *USN&WR* metric – accounting for 20% of the 2024 rankings formula – is the peer assessment score reflecting external perceptions of USF's academic reputation as measured by survey votes of university presidents, provosts, and deans of admissions nationwide. The 2025 rankings will be the first year in which all voters knew of USF's membership in the AAU prior to voting. USF's recent admission into the AAU is likely to drive much greater recognition in this metric than our institution has historically received, and USF has proactively launched efforts to bring our student and research successes to the attention of these peer assessors to continue to steadily increase our annual assessment score. On a scale from 1 to 5, USF has improved its peer assessment score from 2.6 in 2016, to 2.8 in 2019-2022, to 3.0 in 2024 thanks in no small part to the increased resources provided by the state during those timeframes. However, the average peer assessment score of a top 50 public

<sup>6</sup> <https://www.usnews.com/education/best-colleges/articles/how-us-news-calculated-the-rankings>.

university is 3.6, leaving a significant gap between USF's AAU and top 50 peers in this most heavily weighted formula metric and necessitating additional effort and focus.

Part of the USF BOT's plan to accelerate growth on the peer assessment score includes a significantly larger investment in research faculty and infrastructure across USF but especially in the health areas, which will return significant economic and quality of life benefits to the state.

Even with some expected lag time in subjective assessment ratings, improvements made in retention and graduation metrics through this investment will accelerate USF's ascent toward the top 25 and greatly benefit our students and the state through additional earnings and lower indebtedness.

For USF to continue to climb the rankings from #45 to #25 and beyond, student success metrics must – and will – continue to improve as they have for the last decade, but greater overall financial resources for USF students and faculty are a critical and inescapable competitive necessity.

### **III. Personnel -**

Personnel investments made through this increased funding will be targeted mostly towards enhancing USF's national reputation in the seven focus areas outlined in the *In Pursuit of Excellence* Strategic Plan and to simultaneously improve USF's performance on the 19 *USN&WR* rankings metrics in pursuit of our top 25 goal. Key priorities will be investments in positions that will drive higher retention and graduation rates and increased research productivity, including appointments to USF's newly announced college focused on the rapidly evolving fields of artificial intelligence (AI), cybersecurity, and computing.<sup>7</sup>

If fully funded, this investment is projected to result in a net gain of as many as 175 additional faculty members, contributing to USF's ongoing five-year plan to add at least 375 net new faculty. Faculty are expected to be hired at each of the three campuses and USF Health consistent with the USF BOT's strategic priorities for each campus. Analysis shows that USF significantly trails both the AAU and top 50 average for total tenure and tenure-track faculty. USF currently has about 300 fewer total faculty than either of those averages. This smaller faculty size has a material impact on USF's ability to effectively compete with AAU and top 25 institutions in both student progression outcomes and total research productivity. This proposed investment will allow us to close those gaps and reach the top 25 and our targeted AAU achievement levels.

<sup>7</sup> <https://www.usf.edu/news/2024/usf-plans-to-launch-college-focused-on-artificial-intelligence-cybersecurity-and-computing.aspx>.

Newly hired USF faculty will range from National Academy members and other world-class scholars who will improve USF's international academic reputation and R&D prowess (e.g., peer assessment score, citation impact, etc.) to fulltime non-tenured instructors who will improve USF's performance on many other important *USN&WR* metrics, including:

*Note: the percentage in the parentheses is the formula weight assigned to each metric in USN&WR's 2024 rankings.*

- higher student retention (5%) and graduation rates (37%);
- lower student-to-faculty ratio (3%);
- lower student debt (5%) and higher post-graduation earnings (5%) for borrowers;
- greater financial resources per student (8%); and
- higher proportion of full-time to part-time faculty (2%).

Some technical personnel are also required to support and assist professors in advancing their nationally competitive research programs. This role includes performing experiments, developing technology, conducting computational and data analyses, and managing highly sophisticated shared research core facilities (e.g., proteomics and next generation genomics, cryo-electron microscopy, nuclear magnetic resonance, 3-D visualization and virtualization, etc.). They are permanently employed in full-time (non-tenure eligible) positions typically classified as research scientists/engineers, specialist computer research associates, research project managers, and clinical research administrators. These positions generally require a Ph.D., or terminal degree, in a STEM or medical field and top-secret security clearance in select disciplines (e.g., cybersecurity).

Additional funds invested in personnel will also focus on retention and graduation rates by adding more student advisors. Top universities have a student-to-advisor ratio of 250:1 or better. USF's current average is approximately 350:1, but certain high-enrollment colleges such as engineering and business are currently closer to 500:1. Investments will be made to lower the overall institutional ratio and the targeted college ratios, with the goal of increasing retention and graduation rates, along with reduced indebtedness for USF's graduates among other benefits.

Finally, investments will also be made in the retention of existing faculty and staff to improve USF's performance in the important *USN&WR* metrics regarding financial resources per student (8%) and average faculty salaries (6%), where USF greatly lags universities that we are already ranked ahead of as well as those we aim to catch and pass in the rankings.

#### **IV. Facilities**

	Facility Project Title	Fiscal Year	Amount Requested	Priority Number
1.	N/A			



**2025-2026 Legislative Budget Request  
Education and General  
Position and Fiscal Summary  
Operating Budget Form II  
(to be completed for each issue)**

**University:** University of South Florida  
**Issue Title:** Preeminence / National Rankings

	<u>RECURRING</u>	<u>NON- RECURRING</u>	<u>TOTAL</u>
<u>Positions</u>			
Faculty	175.00	0.00	175.00
Other (A&P/USPS)	25.00	0.00	25.00
	-----	-----	-----
Total	200.00	0.00	200.00
	=====	=====	=====
Salaries and Benefits	\$36,000,000	\$0	\$36,000,000
Other Personal Services	\$6,890,000	\$0	\$6,890,000
Expenses	\$12,110,000	\$0	\$12,110,000
Operating Capital Outlay	\$0	\$0	\$0
Electronic Data Processing	\$0	\$0	\$0
Financial Aid	\$0	\$0	\$0
Special Category (Specific)	\$0	\$0	\$0
Retention	\$20,000,000	\$0	\$20,000,000
	\$0	\$0	\$0
	\$0	\$0	\$0
	-----	-----	-----
Total All Categories	\$75,000,000	\$0	\$75,000,000
	=====	=====	=====



**Agenda Item: IIIc**

**USF Board of Trustees**  
September 10, 2024

**Issue:** 2024-25 University E&G Carryforward Spending Plan

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**Proposed action:**

1. Approve the 2024-25 University E&G Carryforward Spending Plan;
  2. Board Chair approves (along with the USF President and the USF CFO) the FY 2025 Budget Certification Form
  3. Authorize the President, in consultation with the Board of Trustees Chairman, to make necessary non-material adjustments to the above, with the requirement that material changes be approved by the University Board of Trustees. This authorization does not modify the Board's expenditure policies.
- 

**Executive Summary:** University boards of trustees shall adopt an E&G Carryforward Spending Plan as prescribed by the BOG regulations. The ratified plan for fiscal year 2024-25 must be presented to the BOG for approval. Each university president shall implement the E&G Carryforward Spending Plan of the university as prescribed by Florida Statutes, regulations of the BOG, policies of the university board of trustees, provisions of the General Appropriations Act, and data reflected within the State University System Allocation Summary and Work papers publication

Once approved by the USF Board of Trustees, the plan will be presented to the BOG for approval at their October board meetings.

**Financial Impact:**

The thoughtful use of carryforward funds will contribute towards the University's strategic initiatives as well as provision funds for appropriate campus and programmatic maintenance.

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**Strategic Goal(s) Item Supports: Goal 5: A strong, sustainable, and adaptable financial base**

**BOT Committee Review Date: Finance Committee - 08/20/24**

**Supporting Documentation Online (please circle):** Yes

No

**Prepared by:** Budget and Financial Analysis

# Carryforward Spending Plan

## *Fiscal Year 2024-2025*

USF BOT Finance Committee  
August 2024



# Objectives

UNIVERSITY of  
**SOUTH FLORIDA**

- **Revisit**  
Definition and components of Carryforward
- **Review**  
2024-25 Carryforward Spending Plan
- **Action Item**  
Approval of the 2024-25 Carryforward Spending Plan

# Guidelines and Reporting Standards for Carryforward Enacted

UNIVERSITY of  
SOUTH FLORIDA

*Each university shall prepare... an E&G Carryforward Spending Plan, for approval by the university board of trustees in accordance with instructions, guidelines and formats provided by the BOG.*

*Annually, the President and Chief Financial Officer of each university shall certify the unexpended amount of funds.*

## Changes in Legislation on Use of Carryforward

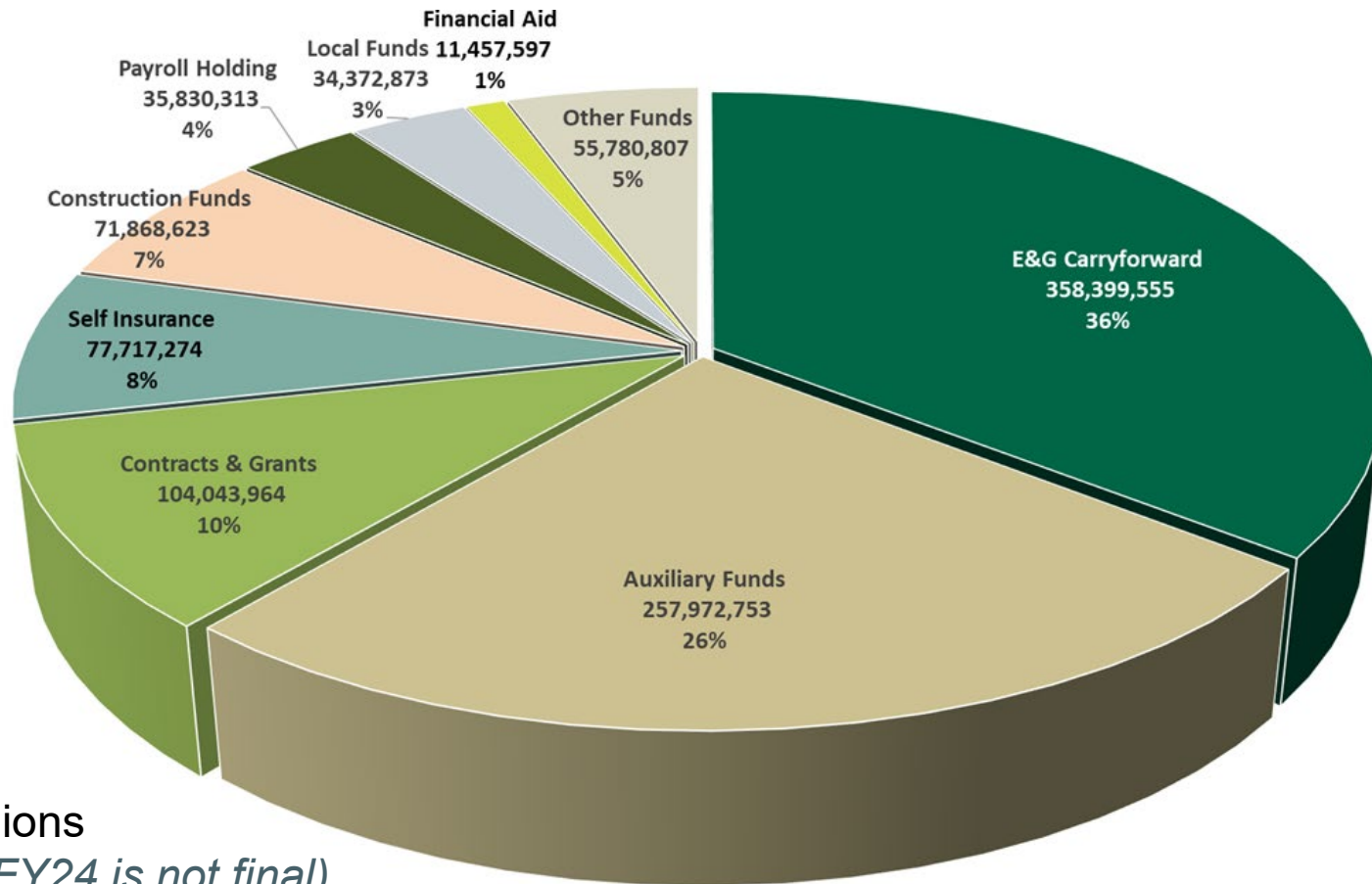
UNIVERSITY of  
**SOUTH FLORIDA**

### *House Bill 707 relating to state university unexpended funds amended s. 1011.45:*

1. authorized a state university to retain and report an annual reserve balance exceeding a specified amount,
2. authorized a state university's carry forward spending plan to include a reserve fund to be used for authorized expenses in subsequent years,
3. provided an effective date of July 1, 2024.

# Overall Cash & Investments Balance - \$1B

UNIVERSITY of  
**SOUTH FLORIDA**



Amounts in millions  
*As of 6/30/24 (FY24 is not final)*

# Major Categories Associated with E&G Carryforward Spending Plan

## 1. *Required Reserve (7% of current year E&G)*

## 2. *Encumbrances*

### 3. *Restricted*

- *By BOG*
- *By appropriation*
- *By University Board of Trustees*
- *By specific contractual commitments*

### 4. *Commitments*

- *Set aside for specific, time-limited purposes*

### **Defined Categories**

- *Compliance, Audit and Security*
- *Academic and Student Affairs*
- *Facilities, Infrastructure and IT*
- *UBOT-approved Operating Requirements*

# Summary of Carryforward Reporting Categories

## By Campus and Total

Carryforward Balance & Spend Plan Categories (in millions)	Tampa campus	Cyber Resilience	St. Petersburg campus	Sarasota-Manatee campus	USF Health	ONE USF	Compared to Prior Year
<b>July 1, 2024 E&amp;G Carryforward components:</b>							
Cash & Investments	182.12	13.03	32.39	30.63	100.24	358.40	(3.70)
Accounts Receivable	0.16	-	0.92	0.74	2.39	4.21	(1.40)
Less: Accounts Payable	1.54	0.04	0.30	0.21	0.82	2.91	(0.27)
Less: Deferred Student Tuition & Fees	17.88	-	3.21	3.90	12.05	37.05	0.59
<b>E&amp;G Carryforward as of July 1, 2024</b>	<b>162.85</b>	<b>12.98</b>	<b>29.79</b>	<b>27.26</b>	<b>89.76</b>	<b>322.65</b>	<b>(5.42)</b>
Less: Encumbrances	20.05	1.46	2.16	0.53	6.86	31.06	6.77
Less: 7% Statutory Reserve Requirement	43.90	2.49	4.63	2.72	14.21	67.96	5.75
<b>E&amp;G Carryforward Balance (after 7% reserve)</b>	<b>98.90</b>	<b>9.04</b>	<b>23.00</b>	<b>24.00</b>	<b>68.69</b>	<b>223.63</b>	<b>(17.94)</b>
<b>E&amp;G Carryforward Spend Plan Categories:</b>							
Restricted/Contractual Obligations	35.83	4.79	6.16	2.07	41.62	90.41	(11.93)
Commitments	63.07	4.31	16.84	21.93	27.07	133.22	(6.00)
<b>Total Planned E&amp;G Carry forward Spending</b>	<b>\$ 98.90</b>	<b>\$ 9.04</b>	<b>\$ 23.00</b>	<b>\$ 24.00</b>	<b>\$ 68.69</b>	<b>\$ 223.63</b>	<b>\$ (17.94)</b>

**NOTE:** Details for each spending category (and the actual BOG format) is included in your materials



## Action Steps

1

Approve the 2024-25 University E&G Carryforward Spending Plan

2

Board Chair approves the FY 2025 Budget Certification Form  
*(along with USF's President and CFO)*

3

Authorize the President, in consultation with the University Board of Trustees Chair, to make necessary non-material adjustments to the Carryforward Plan, with the requirement that material changes be approved by the UBOT. *This authorization does not modify the Board's expenditure policies.*

# Questions?

Board of Trustees Finance Committee - New Business - Action Items

**UNIVERSITY OF SOUTH FLORIDA**  
**Education and General**  
**2024-2025 Carryforward Spending Plan Summary**  
**Approved by University Board of Trustees**  
**Balances and Spending Plans as of July 1, 2024**

	<u>Tampa</u>	<u>Cyber</u>	<u>St. Petersburg</u>	<u>Sarasota-Manatee</u>	<u>USF Health</u>
<b>A. Beginning E&amp;G Carryforward Balance - July 1, 2024 :</b>					
Cash	\$ 13,317,824	\$ 952,491	\$ 2,368,626	\$ 2,239,542	\$ 7,330,043
Investments	\$ 168,802,391	\$ 12,072,749	\$ 30,022,146	\$ 28,386,017	\$ 92,907,727
Accounts Receivable	\$ 155,309	\$ -	\$ 915,353	\$ 744,628	\$ 2,391,346
Less: Accounts Payable	\$ 1,538,715	\$ 40,286	\$ 300,381	\$ 212,487	\$ 816,152
Less: Deferred Student Tuition & Fees	\$ 17,884,801	\$ -	\$ 3,213,884	\$ 3,900,177	\$ 12,052,826
<b>B. Beginning E&amp;G Carryforward Balance (Net of Payables/Receivables/Deferred Fees) :</b>	\$ 162,852,009	\$ 12,984,954	\$ 29,791,859	\$ 27,257,523	\$ 89,760,138
<b>C. Fiscal Year 2023-2024 E&amp;G Carryforward Encumbrances Brought Forward:</b>	\$ 20,050,963	\$ 1,464,698	\$ 2,159,873	\$ 529,893	\$ 6,858,308
<b>D. 7% Statutory Reserve Requirement (1011.45(1) F.S.):</b>	\$ 43,902,987	\$ 2,485,000	\$ 4,630,050	\$ 2,724,604	\$ 14,213,152
<b>E. Carryforward Reserve Fund (1011.45(3) F.S.):</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>F. E&amp;G Carryforward Balance Less 7% Statutory Reserve Requirement</b> (Amount Requiring Approved Spending Plan) :	<b>\$ 98,898,059</b>	<b>\$ 9,035,256</b>	<b>\$ 23,001,936</b>	<b>\$ 24,003,026</b>	<b>\$ 68,688,678</b>
<b>G. Annual Contribution to Reserves for New FCO Projects (per s. 1001.706(12) F.S. and Board Reg 14.002)</b> (Should agree with the "Total Facilities Reserves as of July 1, 2024" on the "Details - FCO Reserves" tab)	\$ -	\$ -	\$ -	\$ -	\$ -
<b>H. *Restricted / Contractual Obligations</b>					
Restricted by Appropriations	\$ 3,647,153	\$ 4,332,540	\$ 255,819	\$ -	\$ 14,662,114
University Board of Trustees Reserve Requirement	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Restricted by Contractual Obligations :</b>					
<b>Compliance, Audit, and Security</b>					
Compliance Program Enhancements	\$ -	\$ -	\$ -	\$ -	\$ -
Audit Program Enhancements	\$ -	\$ -	\$ -	\$ -	\$ -
Campus Security and Safety Enhancements	\$ 155,976	\$ -	\$ -	\$ -	\$ -
<b>Academic and Student Affairs</b>					
Student Services, Enrollment, and Retention Efforts	\$ -	\$ -	\$ -	\$ -	\$ -
Student Financial Aid	\$ -	\$ -	\$ -	\$ -	\$ -
Faculty/Staff, Instructional and Advising Support and Start-up Funding	\$ 81,133	\$ -	\$ -	\$ -	\$ -
Faculty Research and Public Service Support and Start-Up Funding	\$ 9,939,759	\$ 393,979	\$ 1,226,079	\$ 600,000	\$ 6,599,689
Library Resources	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Facilities, Infrastructure, and Information Technology</b>					
Utilities	\$ -	\$ -	\$ -	\$ -	\$ -
Information Technology (ERP, Equipment, etc.)	\$ 4,438,638	\$ -	\$ -	\$ -	\$ -
Small Carryforward Fixed Capital Outlay Projects ( Board of Governors Regulation 14.003(2) )	\$ 2,749,500	\$ -	\$ 455,371	\$ 486,000	\$ 110,035
Large Carryforward Fixed Capital Outlay Projects ( Board of Governors Regulation 14.003(2) )	\$ 14,815,491	\$ -	\$ 4,222,774	\$ 986,136	\$ 20,250,000
<b>Other UBOT Approved Operating Requirements</b>					
Other Operating Requirements (University Board of Trustees-Approved That Support the University Mission)	\$ -	\$ -	\$ -	\$ -	\$ -
Contingencies for a State of Emergency Declared by the Governor ( Section 1011.45(3)(g) )	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Operating Restricted :</b> (Should agree with restricted column totals on "Details-Operating" tab)	\$ 18,260,659	\$ 4,726,519	\$ 1,481,898	\$ 600,000	\$ 21,261,803
<b>FCO Restricted :</b> (Should agree with restricted column totals on "Details-Fixed Capital Outlay" tab)	\$ 17,564,991	\$ -	\$ 4,678,145	\$ 1,472,136	\$ 20,360,035
<b>Grand Total Restricted / Contractual Funds :</b>	<b>\$ 35,825,650</b>	<b>\$ 4,726,519</b>	<b>\$ 6,160,043</b>	<b>\$ 2,072,136</b>	<b>\$ 41,621,838</b>
<b>I. *Commitments</b>					
<b>Compliance, Audit, and Security</b>					
Compliance Program Enhancements	\$ 955,992	\$ -	\$ -	\$ -	\$ 106,000
Audit Program Enhancements	\$ 386,219	\$ -	\$ -	\$ -	\$ -
Campus Security and Safety Enhancements	\$ 1,475,024	\$ -	\$ 127,500	\$ 250,000	\$ -
<b>Academic and Student Affairs</b>					
Student Services, Enrollment, and Retention Efforts	\$ 1,724,029	\$ 362,700	\$ 843,203	\$ 1,010,340	\$ 762,000
Student Financial Aid	\$ -	\$ -	\$ 1,737,196	\$ 400,000	\$ 574,000
Faculty/Staff, Instructional and Advising Support and Start-up Funding	\$ 9,573,325	\$ 769,118	\$ 2,777,859	\$ 4,551,390	\$ -
Faculty Research and Public Service Support and Start-Up Funding	\$ 16,127,955	\$ 1,210,051	\$ 955,400	\$ -	\$ 3,596,000
Library Resources	\$ 312,495	\$ -	\$ 182,934	\$ 394,355	\$ 331,000
<b>Facilities, Infrastructure, and Information Technology</b>					
Utilities	\$ -	\$ -	\$ -	\$ -	\$ -
Information Technology (ERP, Equipment, etc.)	\$ 3,286,814	\$ -	\$ 1,300,000	\$ 575,464	\$ 1,066,000
Small Carryforward Fixed Capital Outlay Projects ( Board of Governors Regulation 14.003(2) )	\$ 18,299,398	\$ 1,000,000	\$ 5,063,000	\$ 9,512,000	\$ 1,557,985
Large Carryforward Fixed Capital Outlay Projects ( Board of Governors Regulation 14.003(2) )	\$ 3,934,064	\$ -	\$ -	\$ 3,800,000	\$ 16,350,000
<b>Other UBOT Approved Operating Requirements</b>					
Other Operating Requirements (University Board of Trustees-Approved That Support the University Mission)	\$ 6,997,094	\$ 966,868	\$ 3,854,801	\$ 1,437,341	\$ 2,723,855
Contingencies for a State of Emergency Declared by the Governor ( Section 1011.45(3)(g) )	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Operating Commitments :</b> (Should agree with committed column total on "Details-Operating" tab)	\$ 40,838,946	\$ 3,308,737	\$ 11,778,893	\$ 8,618,890	\$ 9,158,855
<b>FCO Commitments :</b> (Should agree with committed column total on "Details-Fixed Capital Outlay" tab)	\$ 22,233,462	\$ 1,000,000	\$ 5,063,000	\$ 13,312,000	\$ 17,907,985
<b>Grand Total Commitments :</b>	<b>\$ 63,072,408</b>	<b>\$ 4,308,737</b>	<b>\$ 16,841,893</b>	<b>\$ 21,930,890</b>	<b>\$ 27,066,840</b>
<b>J. Available E&amp;G Carryforward Balance as of July 1, 2024:</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

\* Please provide supplemental detailed descriptions for these multiple-item categories in sections F, G, and H for operating, fixed capital outlay, and FCO Reserves spending plans using Board of Governors templates provided (use worksheet tabs for "Details" included with this file).

- Notes :**  
1. Florida Polytechnic University amounts include the Phosphate Research Trust Fund.  
2.

**2024 House Bill 707 amended 1011.45 F.S.** regarding university Education & General carryforward minimum reserve balances, reporting requirements, and allowable uses. 1011.45(1) states that "Each university shall submit to the university's board of trustees for review, approval, or if necessary, amendment by September 1, 2020, and each September 1 board of trustees for review, approval, or if necessary September 1, 2020, and each September 1 thereafter. The Board of Governors shall review, approve, and amend if necessary, each university's carry forward spending plan by October 1, 2020, and each (1011.45(3) adds "A university's carry forward spending plan must include the estimated cost per planned expenditure and a timeline for completion of the expenditure." Three additional tabs are provided with reporting of university detailed expenditure plans for each planned expenditure or project, a completion timeline, and amount budgeted for expenditure during the reporting fiscal year.

**Agenda Item: IIIId**

**USF Board of Trustees**  
September 10, 2024

**Issue:** FY25 Fixed Capital Outlay Budget

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**Proposed action:**

- 1) Approve the FY25 Fixed Capital Outlay Budget
  - 2) Authorize the President, in consultation with the Board of Trustees Chair, to make necessary non-material adjustments to the FY24 Fixed Capital Outlay Budget, with the requirement that material changes be approved by the University Board of Trustees. This authorization does not modify the Board's expenditure policies.
  - 3) Authorize the President, Board Chair, and CFO to execute a certification required by the State University System Board of Governors relating to the Fixed Capital Outlay Budget.
- 

**Executive Summary:** Pursuant to 1011.012, Florida Statutes, the University Board of Trustees must adopt a fixed capital outlay (FCO) budget for the fiscal year that designates proposed capital expenditures for the year from all fund sources.

The FCO budget includes state appropriated funds and nonstate appropriated funds. The budget for the FY25 state appropriated funds is based on the 2024 Appropriation Act and is consistent with approved legislative spending authority.

Development of the FCO is based upon a university-wide exercise seeking input from all campuses and departments as to their capital needs, estimated costs for each project, and proposed fund source. Each year's list of proposed/requested new projects is combined with the previous project list to complete the annual FCO budget. Upon approval by the BOT, the consolidated comprehensive list is submitted to the BOG using their prescribed data template.

A comprehensive FCO list enables the university to assess its capital and facility needs comprehensively and balance the varied demands against the available funds for that year.

**Financial Impact:**

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**Strategic Goal(s) Item Supports:** Goals 1, 2, 3, 4

**BOT Committee Review Date:** Finance Committee - 08/20/2024

**Supporting Documentation Online (please circle):** **Yes**

No

**Prepared by:** Julie McCoy, Office of Administrative Services

# Fixed Capital Outlay Plan

## *Fiscal Year 2024-2025*

USF BOT Finance Committee  
August 2024



# Objectives

- **Revisit**  
Definition and components of Fixed Capital Outlay
- **Review**  
2024-25 Fixed Capital Outlay Plan
- **Action Item**  
Approval of the 2024-25 Fixed Capital Outlay Plan

## Guidelines and Reporting Standards for Fixed Capital Outlay

UNIVERSITY of  
SOUTH FLORIDA

*Pursuant to 1011.012, Florida Statutes, the University Board of Trustees must adopt a fixed capital outlay (FCO) budget for the fiscal year that designates proposed capital expenditures for the year from all fund sources.*

*Annually, Board of Trustees Chair, the President and Chief Financial Officer of each university shall certify the university fixed capital outlay plan.*

# Major Categories Associated with Fixed Capital Outlay Plan

## **1. Education & General (E&G) Operating Projects**

*A consolidated line item of all FCO projects, as defined in Board reg 14.001, funded from current year E&G operating funds. No individual project funded in whole or in part shall exceed \$1M, per Board reg 9.007(3)(a)1.*

## **2. Carryforward (CF) Projects**

***Small Projects** – a consolidated line item of all FCO projects with a cost up to \$2M funded in whole or in part from CF funds, pursuant to Board Reg. 14.003(2)(b).*

***Large Projects** – any FCO project funded in whole or in part from CF funds, where total individual FCO project cost exceeds \$2M, pursuant to Board reg. 14.003(2)(c) and expenditure limits described therein.*

## **3. State Appropriated Projects**

*All FCO projects utilizing funds originally appropriated as FCO funds by the State of Florida, notwithstanding criteria in Board regulation 14.001.*

## **4. Non-Appropriated Projects**

*All university FCO projects that have not directly or indirectly used funds appropriated by the State. Examples include private donations, athletic revenues, federal grants, housing/parking revenue bonds, etc. Reference Board reg 14.003(2)(e).*



## Summary of Fixed Capital Outlay Plan Categories

FCO Categories (in millions)	Total Cost	Funds Expensed Since Inception	Estimated Amt of Funds to be Expended this Year	Remaining Balance
Education & General (E&G) Operating Projects	4.7	0.5	4.2	0
Carryforward (CF) - Small Projects	62.4	7.7	45.9	8.8
Carryforward (CF) - Large Projects	123.0	24.4	63.9	34.7
State Appropriated Projects	683.4	144.0	162.3	377.1
Non-Appropriated Projects	257.7	59.4	137.6	60.6
<b>Total</b>	<b>\$1,131.2</b>	<b>\$235.9</b>	<b>\$413.9</b>	<b>\$481.4</b>

# Examples of the Projects in Each Category

UNIVERSITY of  
**SOUTH FLORIDA**

## Carryforward Small

- St. Petersburg campus buildings roof replacements
- ISA Cybersecurity 720 reconfiguration
- Title IX projects
- Other various projects across all campuses

## Carryforward Large

- Vivarium renovation
- USF Health MDD level 9 buildout
- East campus maintenance facility renovation
- USF Health physical therapy & rehab services buildout
- St. Petersburg campus STG lab remodels

## State Appropriated

- On-campus stadium
- College of Nursing expansion
- Sarasota-Manatee campus housing & student center
- East campus infrastructure & safety improvements
- Veterans, military families, & first responder service complexes

## Non-Appropriated

- ESCO Project – central plant upgrade
- USF Health MDD 6&7 core labs
- MCOM infectious disease facility
- MRI/fMRI core human research facility

**NOTE:** Lists are not complete and are just a sample of a few projects under each category

## Action Steps

1

Approve the 2024-25 University Fixed Capital Outlay Plan

2

Board Chair approves the FY 2025 Budget Certification Form  
*(along with USF's President and CFO)*

3

Authorize the President, in consultation with the University Board of Trustees Chair, to make necessary non-material adjustments to the Carryforward Plan, with the requirement that material changes be approved by the UBOT. *This authorization does not modify the Board's expenditure policies.*

# Questions?

**Agenda Item: IIIe**

**USF Board of Trustees**  
September 10, 2024

**Issue:** Reallocation of CITF funds

The student organizations that facilitate the use of Capital Improvement Trust Funds (CITF) across each campus seek to update project priorities and the allocation of CITF funds accordingly. The CITF funds in question span several prior fiscal years. The organizations seek to reallocate these funds to new projects that better align with the student's evolving needs. Pursuant to BOG Regulation 14.004, the Board of Governors grants the Chancellor the authority to approve this type of fund reallocation based upon USF BOT approval.

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**Proposed action:** Approve transfer of CITF funds from prior fiscal years to current projects.

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**Executive Summary:**

Pursuant to BOG Regulation 14.004 Fixed Capital Outlay Legislative Budget Request Procedures (3)(a), the Chancellor or designee may approve a request to transfer Capital Improvement Fee (CIF) funding between projects, provided the subject CIF projects were previously approved by the Board of Governors, and the specific transfer of funding, as proposed, has been approved by the university board of trustees after consultation with the student government association.

For the requests noted below, all BOG requirements have been met. Details of the transfer requests are noted here.

**Tampa Campus**

- 2023-24 Capital Improvement Fee Project List: Transfer \$200,000 from USF Fountain Project to USF On-Campus Stadium

**Sarasota - Manatee Campus:**

- 2021-22 Capital Improvement Fee Project List: Transfer \$67,990 from USF SM student study pods, Movable Study Seating, Courtyard Glider, Electric Vehicle Charging Stations, Bottle Fill Stations, Recycling bins for Classroom and Common Spaces and Removal of Volleyball Court to USF SM Co- Curricular / Wellness Student Life Center.

**St. Petersburg Campus:**

- 2020-21 Capital Improvement Fee Project List: Transfer \$442,206 from USF SP Coquina Hall Student Space Modification Phase II **to** USF SP University Student Center Remodel
- 2019-20 Capital Improvement Fee Project List: Transfer \$624,575 from USF SP Coquina Hall Student Space Modification Phase II **to** USF SP University Student Center Remodel
- 2018-19 Capital Improvement Fee Project List: Transfer \$588,648 from USF SP Coquina Hall Student Space Modification **to** USF SP University Student Center Remodel
- 2017-18 Capital Improvement Fee Project List: Transfer \$472,954 from USF SP Environmental & Co-Curricular Improvements **to** USF SP University Student Center Remodel  
and,  
Transfer \$200,000 from USF SP Coquina Hall Student Space Modification **to** USF SP University Student Center Remodel

**Financial Impact:**

Reallocating these funds from prior fiscal years has no new fiscal impact and enables the current student representatives to align funds with evolving and new needs and continue to support the university's strategic plan and drive student success.

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**Strategic Goal(s) Item Supports:** Goal 1 Goal 2; Goal 3; Goal 4  
**BOT Committee Review Date:** Finance Committee - August 20, 2024  
**Supporting Documentation Online (please circle):**  Yes  No  
**Prepared by:** Ray Gonzalez, Director, Land Use and Planning

# CITF Reallocation of funds

Tampa, St. Petersburg, and Sarasota-Manatee

Board of Trustees Finance Committee | August 20, 2024

Board of Trustees | September 10, 2024



## Background

The student organizations that facilitate the use of Capital Improvement Trust Funds (CITF) across each campus seek to update project priorities and reallocate CITF funds better align with the student's evolving needs. The CITF funds in question span several prior fiscal years.

Pursuant to BOG Regulation 14.004, the Board of Governors grants the Chancellor the authority to approve this type of fund reallocation based upon USF BOT approval.

The Chancellor or designee may approve request to transfer Capital Improvement Fee (CIF) funding between projects, provided the subject CIF projects were:

1. Previously approved by the Board of Governors.
2. The specific transfer of funding, as proposed, has been approved by the University Board of Trustees.
3. Consultation with the student government association.

All BOG requirements mentioned above have been met / will have been met after BOT approval.



# Transfer Process

In total USF is reallocating funds between six (6) different fiscal years.

- USF Tampa: \$200,000 from FY 23/24
- USF SM: \$67,990 from FY 21/22
- USF SP: \$2,328,382 from FY 20/21, 19/20, 18/19 and 17/18

The following BOG process governs these transfers:

1. Each individual campus CITF/SG committee has approved the transfer of funds.
2. The transfer requests are submitted to the BOT for approval.
3. Documentation of BOT approval is submitted to the BOG.
4. The BOG completes the transfer process in collaboration with the Department of Education.

## Transfer Details:

Campus & FY	From	To	Amount
TPA FY2023-24	USF TP Fountain Project	USF On-Campus Stadium	\$200,000
SM FY2023-24	USF SM Student Study Pods	USF SM Co-Curricular / Wellness Student Life Center	\$12,600
SM FY2021-22	USF SM Movable Study Seating		\$2,500
SM FY2021-22	USF SM Courtyard Glider		\$13,790
SM FY2021-22	USF SM Electric Vehicle Charging Stations		\$17,900
SM FY2021-22	USF SM Bottle Fill Stations		\$3,200
SM FY2021-22	USF SM Recycling Bins for Classrooms and Common Spaces		\$8,000
SM FY2021-22	USF SM Removal of Volleyball Court		\$10,000
SP FY2020-21	USF SP Coquina Hall Student Space Modification Phase II		USF SP University Student Center Remodel
SP FY2019-20		\$624,575	
SP FY2018-19	USF SP Coquina Hall Student Space Modification	\$588,648	
SP FY2017-18		\$200,000	
SP FY2017-18		USF SP Environmental & Co-Curricular Improvements	

# Questions



**Agenda Item: IIIf**

**USF Board of Trustees**  
September 10, 2024

**Issue:** Authorized Signatories on USF’s Bank Account

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**Proposed action:**

Approve Authorized Signatories on USF’s Bank Account

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**Executive Summary:**

Pursuant to Section 1011.42, Florida Statutes, the Board of Trustees shall designate the name and title of university signatories.

The University recommends that the Board designate the following employees as authorized signatories to pay legal obligations of the University:

<u>Legal Name</u>	<u>Position Title</u>
Jennifer Condon	Vice President / CFO
Dawn Rodriguez	Acting University Treasurer
Mariya Galchenko	Associate Vice President and Controller

**Financial Impact:**

N/A

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<b>Strategic Goal(s) Item Supports:</b>	Goal 5: A strong, sustainable, and adaptable financial base
<b>BOT Committee Review Date:</b>	Finance Committee, August 20, 2024
<b>Supporting Documentation Online (please circle):</b>	Yes <input type="radio"/> No <input checked="" type="radio"/>
<b>Prepared by:</b>	Dawn M. Rodriguez, Acting University Treasurer, (813) 974-7297

**Agenda Item: IIIg1**

**USF Board of Trustees**  
September 10, 2024

**Issue:** Expenditure Approval Authorization Levels

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**Proposed action:** Adjust USF expenditure approval authorization levels to align with SUS benchmark peers (UF, FSU, UCF)

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**Executive Summary:**

USF expenditure approval authorizations are more constrictive than our SUS benchmark peers.

We are seeking approval to increase the:

- authority delegated from the President to the CFO up to \$3M
- authority granted to the Board of Trustee Finance Committee Chair up to \$5M

USF volume information at the new authority levels will be presented.

Action Item includes DSO approvals and will need to be approved by full Board if endorsed by Finance Committee.

**Financial Impact:**

Grants appropriate authority to CFO and focus will be maintained for higher dollar level transactions.

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**Strategic Goal(s) Item Supports:** Goal 5: A strong, sustainable, and adaptable financial base.

**BOT Committee Review Date:** Finance Committee – August 20, 2024

**Supporting Documentation Online (please circle):**  Yes  No

**Prepared by:** Jennifer Condon, Vice President & CFO

# Expenditure Approval Thresholds

BOT Finance Committee – August 20, 2024



# Expenditure Approval Authorizations Benchmarking/Recommendation

Delegated Approval Authority <sup>5</sup>	Approval Thresholds				
	USF Current	USF Recommended	FSU <sup>1</sup>	UF	UCF <sup>3</sup>
Procurement	Up to \$1M	Up to \$1M	Up to \$1M <sup>2</sup>	Up to \$1M	Up to \$1M
CFO (USF,UF,UCF) Provost (UCF) VP F&A (FSU)	Up to \$1.5M	Up to \$3M	No \$ limit	Up to \$10M	Up to \$5M <sup>4</sup>
Board of Trustees	- Greater than \$1.5M to BOTFC Chair - Greater than \$3M to BOTFC	- Greater than \$3M to BOTFC Chair - Greater than \$5M to BOTFC	- Greater than or equal to 10-year exclusive contract	- Greater than \$10M - Greater than \$2M annual spend - Greater than or equal to 10-year exclusive contract	- Greater than \$5M

- Footnotes: 1. FSU makes an annual report to the BOT on purchases over \$1M annually  
 2. FSU Chief Procurement Officer has backup authority to \$5M but all over \$1M go to VP F&A  
 3. UCF has different procedures for purchase orders vs. contracts; table indicates contracts  
 4. UCF has various VP with different approval thresholds  
 5. Delegated Authority is from President for positions and by policy for BOT

# Expenditure Approval Authorizations

## USF Recommendation Impact

	Authorization Counts <sup>1</sup>					
	FY23-24		FY22-23		FY21-22	
	BOTFC Chair Approvals	BOT/BOTFC Approvals	BOTFC Chair Approvals	BOT/BOTFC Approvals	BOTFC Chair Approvals	BOT/BOTFC Approvals
<b>USF Actual<sup>2</sup></b>	<b>11</b>	<b>14</b>	<b>22</b>	<b>26</b>	<b>25</b>	<b>25</b>
<b>USF Actual Restated to FY23-24 Thresholds</b>	<b>11</b>	<b>14</b>	<b>16</b>	<b>16</b>	<b>21</b>	<b>16</b>
<b>USF Recommended<sup>3</sup> \$3M/\$5M</b>	<b>6</b>	<b>11</b>	<b>8</b>	<b>8</b>	<b>13</b>	<b>3</b>
<b>Quantity Reduction from Recommended</b>	<b>5</b>	<b>3</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>13</b>
<b>% Reduction</b>	<b>45%</b>	<b>21%</b>	<b>50%</b>	<b>50%</b>	<b>38%</b>	<b>81%</b>

- Footnotes:** 1. Source: CFO and Procurement tracking  
 2. Thresholds in FY23-24 BOTFC Chair at \$1.5M & BOTFC at \$3M; Prior FY BOTFC Chair \$1M & BOTFC \$2M  
 3. BOT Chair at \$3M & BOTFC at \$5M



## Proposed Action

Recommend increase in expenditure approval authorization limits for approval by full Board of Trustees as follows:

- Authorize CFO to approve transactions up to \$3M
- Authorize BOTFC Chair to approve transactions up to \$5M
- Require BOTFC approval of transactions greater than \$5M

Notes: Action includes expenditures of USF and DSOs  
New thresholds would be effective 1/1/25.

# QUESTIONS



**Agenda Item: IIIg2**

**USF Board of Trustees**  
**Finance Committee**  
**August 20, 2024**

**Issue:** Expenditure Authorization Requests

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**Proposed action:**

1) Approval of updated Expenditure Authorization Request:

	<b>Current Approval</b>		
	<b><u>Amount</u></b>	<b><u>Increase</u></b>	<b><u>New Total</u></b>
a) College of Nursing Tampa Expansion	\$30,400,000	\$6,000,000	\$36,400,000

2) Approval of the following expenditures over \$3,000,000:

a) Sarasota-Manatee Science Lab Renovation	\$3,800,000
b) Service Agreement for Operation of ROV Taurus	\$10,000,000

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**Executive Summary:** The USF Policy for Delegations of General Authority and Signatory Authority requires the approval of the Finance Committee Chair for the procurement of goods and services above \$1.5 million and the approval of the Finance Committee for the procurement of goods and services above \$3 million. Approval is being requested for the items listed above.

**Financial Impact:** Authorization is being requested for \$19,800,000 in transactions.

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**Strategic Goal(s) Item Supports:** Goal 5: A strong, sustainable, and adaptable financial base

**BOT Committee Review Date:**

**Supporting Documentation Online (please circle):** Yes **No**

**Prepared by:**

Jennifer Condon, Vice President & CFO  
 (813) 974-3297

## USF Approval of Expenditures Exceeding One Million Dollars

- \$1M to less than \$1.5M CFO approval
- \$1.5M to less than \$3M BOTFC Chair approval and President signature
- \$3M and greater BOTFC approval

**Project/Initiative Name:** USF Health College of Nursing Tampa Expansion

<b>Total Project/Initiative Cost:</b>	<b>Current Approval</b>	<b>\$30,400,000</b>
	<b>Requested Additional</b>	<b>\$6,000,000</b>
	<b>Total Funding Request</b>	<b>\$36,400,000</b>

**Description**

Seeking expenditure authority for an additional \$6,000,000 in project budget for the College of Nursing Tampa Expansion project to increase the total project budget from \$30.4M to \$36.4M.

**Background**

In 2022, USF received state funds to expand its College of Nursing program. In response, USF planned for a facility expansion which involved a partial demolition and rebuild of its 2-story MDN facility currently housing the Nursing College.

As the design process progressed, it became evident that additional space would be beneficial to maximize the project's impact and be a strategic investment to enable future growth. The final design calls for the addition of a third floor of shell space (approx. 10,000 SF) which will provide for future flexible expansion options for faculty and students. The facility is targeted to open for the Fall 2026 semester.

**Summary of Request**

Requesting to increase the project budget by \$6,000,000 to bring the current approved budget from \$30.4M to \$36.4M. The source for the additional funds will be USF Health Carry Forward Funds.

**Objective:** (strategic priority or needs the project/initiative addresses; include strategic goal this project/initiative supports)

This project supports Strategic Goal #1 – Student Success at USF and beyond; Strategic Goal #3 – Partnerships and engagement with local, national, and global impact; Strategic Goal #4 – A diverse and inclusive community for learning and discovery; and Strategic Goal #5 – A strong, sustainable and adaptable financial base.

**Funding Source(s):**

<b>Funding Source</b> <i>(select from drop down)</i>	<b>If C&amp;G, specify grant or F&amp;A/RIA If DSO, specify which one If Other, please specify</b>	<b>Amount</b> <i>(for each funding source)</i>
<b>Other (please specify)</b>	ARPA Funding - State Appropriation	\$28,000,000
<b>DSO (specify which one)</b>	Dean’s Academic Success Fund	\$2,400,000
<b>E&amp;G Carry Forward</b>	Carry Forward	\$6,000,000
Choose an item.		
Choose an item.		
Choose an item.		
Choose an item.		
Choose an item.		

**Are the funds supporting the project budgeted or non-budgeted?**

budgeted  non-budgeted

**Was this expenditure planned in your starting budget for the fiscal year?**

Yes  No

**What impact, if any, does this expenditure have on:**

**1) Prior Expenditure Authorizations?**

Finance Committee on 8/16/2022: ARPA Funding - State Appropriations (\$28,000,000).  
Finance Committee on 2/27/2024: Dean’s Academic Success Fund (\$2,400,000).

**2) Carryforward Plan that was approved for this fiscal year?**

Updated for FY25

**3) Fixed Capital Outlay Plan that was approved for this fiscal year?**

Updated for FY25

a) **Does the proposed new or renovated space require an update to the USF Educational Plant Survey (EPS)?** Yes  No

**If yes, what is the plan/timeline for updating the EPS?**

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**Prior Approval Process:**

Finance Committee 8/16/2022 - \$28,000,000

Educational Plant Survey Recommendation Supplement approved by Board of Governors on 5/30/23

Finance Committee 2/27/2024 - \$2,400,000

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**List Related Projects/Initiatives: (if any)**

The Taneja College of Pharmacy plus other Capital Renewal Projects which support the MDN and MDC buildings.

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**USF or Campus specific:** USF Health Tampa Campus

**Prepared by:** Everet Simmons

**Date Requested:** 8/20/2024

**USF Policy 0-100 and delegation of Presidential Authority requires approval of this expenditure by the USF Board of Trustees Finance Committee, USF Board of Trustees Finance Committee Chair, or the USF Chief Financial Officer based on Total Project/Initiative Cost.**

**APPROVALS:**

<input type="checkbox"/> \$1M to less than \$1.5M	
<hr/>	
Jennifer Condon, CFO University of South Florida	Date

<input type="checkbox"/> \$1.5M to less than \$3M	
<hr/>	
Rhea F. Law, President University of South Florida	Date
<hr/>	
Michael Griffin, Chair USF Board of Trustees Finance Committee	Date

<input checked="" type="checkbox"/> \$3M and greater via BOTFC meeting minutes
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## USF Approval of Expenditures Exceeding One Million Dollars

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- \$1M to less than \$1.5M CFO approval
  - \$1.5M to less than \$3M BOTFC Chair approval and President signature
  - \$3M and greater BOTFC approval
- 

**Project/Initiative Name:** Science Lab Renovation

**Total Project/Initiative Cost:** \$3,800,000

**Description:** (description and rationale for the project/initiative)

The Sarasota-Manatee campus currently leases lab space from MOTE Marine. MOTE has informed the university that they would like to end the lease agreement. The Sarasota-Manatee campus has no lab space to utilize for the delivery of required lab courses. The current bookstore (Building VBK) will soon be vacated by Follett as they relocate to the new student center. This project will create one biology and one chemistry lab in the current bookstore which will allow the campus to continue to offer required coursework until funding is made available for the Academic Nursing STEM building. Additionally, this project will allow students to take lab courses on a nearby site rather than commuting to MOTE Marine on Lido Key.

---

**Objective:** (strategic priority or needs the project/initiative addresses; include strategic goal this project/initiative supports)

This project supports the following strategic goals:

Goal #1 by increasing the development and availability of high-impact educational experiences for student success.

Goal #2 by providing space for research and innovation to advance the frontiers of knowledge.

Goal #3 by enhancing the university's role in being a major social and economic engine both locally and regionally to build a prosperous and sustainable future for our regional communities.

Goal #5 by ensuring a strong and sustainable financial base; adapting proactively to emerging opportunities and ensuring cost-effective and strategic use of resources in support of the university's mission.

---

**Funding Source(s):** *(Please list type of fund and amount)*



<b>Funding Source</b> <i>(select from drop down)</i>	<b>If C&amp;G, specify grant or F&amp;A/RIA If DSO, specify which one If Other, please specify</b>	<b>Amount</b> <i>(for each funding source)</i>
<b>E&amp;G Carry Forward</b>		See below
<b>C&amp;G (specify grant or F&amp;A/RIA)</b>		See below
<b>Other (please specify)</b>	PECO	See below
Choose an item.		
Choose an item.		
Choose an item.		
Choose an item.		
Choose an item.		

Project may be funded by a combination of all sources - exact amount from each source not yet known; total amount not to exceed \$3.8M. This is an allowable expenditure on all sources.

**Are the funds supporting the project budgeted or non-budgeted?**

budgeted  non-budgeted

**Was this expenditure planned in your starting budget for the fiscal year?**

Yes  No

**What impact, if any, does this expenditure have on:**

**1) prior Expenditure Authorizations?**

No impact.

**2) Carryforward Plan that was approved for this fiscal year?**

This project was on the approved carry forward plan for this fiscal year.

**3) Fixed Capital Outlay Plan that was approved for this fiscal year?**

This project was on the approved fixed capital outlay plan for this year.

**a) Does the proposed new or renovated space require an update to the USF Educational Plant Survey (EPS)?** Yes  No

**If yes, what is the plan/timeline for updating the EPS?** The next EPS update will be in FY26/27. We will note any changes at that time.

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**Prior Approval Process:**

Approved by Sarasota-Manatee leadership.

---

**List Related Projects/Initiatives: (if any)**

N/A

---

**USF or Campus specific:** Sarasota-Manatee

**Prepared by:** Edwin Beauchamp

**Date Requested:** 7/25/24

**USF Policy 0-100 and delegation of Presidential Authority requires approval of this expenditure by the USF Board of Trustees Finance Committee, USF Board of Trustees Finance Committee Chair, or the USF Chief Financial Officer based on Total Project/Initiative Cost.**

**APPROVALS:**

<input type="checkbox"/> \$1M to less than \$1.5M	
<hr style="width: 100%;"/> Jennifer Condon, CFO University of South Florida	<hr style="width: 100%;"/> Date

<input type="checkbox"/> \$1.5M to less than \$3M	
<hr style="width: 100%;"/> Rhea F. Law, President University of South Florida	<hr style="width: 100%;"/> Date
<hr style="width: 100%;"/> Michael Griffin, Chair USF Board of Trustees Finance Committee	<hr style="width: 100%;"/> Date

<input checked="" type="checkbox"/> \$3M and greater via BOTFC meeting minutes	
--	--

## USF Approval of Expenditures Exceeding One Million Dollars

- \$1M to less than \$1.5M CFO approval
- \$1.5M to less than \$3M BOTFC Chair approval and President signature
- \$3M and greater BOTFC approval

**Project/Initiative Name:** Service Agreement for Operation of ROV Taurus

**Total Project/Initiative Cost:** \$10M over 10-years (5 year initial term with 5 year renewal option). Anticipated contract execution date of October 1, 2024.

**Description:** (description and rationale for the project/initiative)

FIO will enter into a Professional Service Agreement with Pelagic Research Services (PRS) for the operation of the new Remotely Operated Vehicle (ROV) Taurus. As the manufacturer, engineering verification dive partner and warranty provider of the ROV, PRS is uniquely and best qualified to provide operational support of the system, including pilots, navigators, and shore-side/maintenance support.

Costs have been estimated using a target number of operational days for the ROV and rate sheet provided by PRS, which will be included in final agreement. Spreadsheet is attached showing anticipated revenue and expense for anticipated number of operational days for the 10-year duration of this agreement.

**Objective:** (strategic priority or needs the project/initiative addresses; include strategic goal this project/initiative supports)

FIO received two grants from the Office of Naval Research to fund PRS for the design, build, and integration of the ROV onto the R/V Western Flyer. In these grants, FIO highlighted the partnership and plan to enter into a future agreement with PRS for ROV operations. Additionally, partnering with PRS as a best in class provider enables FIO to provide the ROV to students and scientists conducting deep-sea research in alignment with all USF's Strategic Goals but particularly Student Success at USF and beyond and Faculty excellence in research and innovation.

**Funding Source(s):** *(Please list type of fund and amount)*

Funding Source <i>(select from drop down)</i>	If C&G, specify grant or F&A/RIA If DSO, specify which one	Amount <i>(for each funding source)</i>

	<b>If Other, please specify</b>	
<b>Auxiliary</b>	FIO Auxiliary	10,000,000
Choose an item.		
Choose an item.		
Choose an item.		
Choose an item.		
Choose an item.		
Choose an item.		
Choose an item.		

**Are the funds supporting the project budgeted or non-budgeted?**

budgeted  non-budgeted

**Was this expenditure planned in your starting budget for the fiscal year?**

Yes  No

**What impact, if any, does this expenditure have on:**

**1) prior Expenditure Authorizations?**

none

**2) Carryforward Plan that was approved for this fiscal year?**

none

**3) Fixed Capital Outlay Plan that was approved for this fiscal year?**

not applicable

**a) Does the proposed new or renovated space require an update to the USF Educational Plant Survey (EPS)?** Yes  No

**If yes, what is the plan/timeline for updating the EPS?**

**Prior Approval Process:**

None

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**List Related Projects/Initiatives:** (if any)

FIO entered into contract 2023-003703-SPA-PRO with Pelagic Research Services in May 2023 for the design and build of the ROV. This contract referenced the long-term plan to enter into a second Service Agreement for Operations and Maintenance.

---

**USF or Campus specific:** USFSP

**Prepared by:** Kelsey Wilkinson

**Date Requested:** 07/18/2024

**USF Policy 0-100 and delegation of Presidential Authority requires approval of this expenditure by the USF Board of Trustees Finance Committee, USF Board of Trustees Finance Committee Chair, or the USF Chief Financial Officer based on Total Project/Initiative Cost.**

**APPROVALS:**

<input type="checkbox"/> \$1M to less than \$1.5M	
<hr/>	
Jennifer Condon, CFO University of South Florida	Date

<input type="checkbox"/> \$1.5M to less than \$3M	
<hr/>	
Rhea F. Law, President University of South Florida	Date
<hr/>	
Michael Griffin, Chair USF Board of Trustees Finance Committee	Date

<input checked="" type="checkbox"/> \$3M and greater via BOTFC meeting minutes
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Board of Trustees Finance Committee - New Business - Action Items

Anticipated Revenue and Expense - PRS Operation of FIO ROV Taurus

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL
	10/1/24 - 9/30/25	10/1/25 - 9/30/26	10/1/26 - 9/30/27	10/1/27 - 9/30/28	10/1/28 - 9/30/29	10/1/29 - 9/30/30	10/1/30 - 9/30/31	10/1/31 - 9/30/32	10/1/32 - 9/30/33	10/1/33 - 9/30/34	
Anticipated Annual Revenue	500,000.00	750,000.00	750,000.00	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00	1,200,000.00	1,200,000.00	9,400,000.00
PRS Operation of ROV (12-hour ops)	297,000.00	445,500.00	411,750.00	594,000.00	594,000.00	594,000.00	594,000.00	594,000.00	712,800.00	712,800.00	4,837,050.00
PRS Annual Shoreside Support	90,000.00	92,700.00	95,481.00	98,345.43	101,295.79	104,334.67	107,464.71	110,688.65	114,009.31	117,429.59	914,319.55
PRS Travel Costs	50,000.00	75,000.00	75,000.00	75,000.00	75,000.00	75,000.00	75,000.00	75,000.00	75,000.00	75,000.00	725,000.00
PRS Additional Equip/Labor Support	50,000.00	75,000.00	100,000.00	125,000.00	150,000.00	175,000.00	200,000.00	200,000.00	225,000.00	225,000.00	1,525,000.00
Total Annual Cost	487,000.00	688,200.00	682,231.00	892,345.43	920,295.79	948,334.67	976,464.71	979,688.65	1,126,809.31	1,130,229.59	8,001,369.55

**\*budget based on total annual # of days (at 12-hr rate) as follows**

Year 1	50
Year 2	75
Year 3	75
Year 4	100
Year 5	100
Year 6	100
Year 7	100
Year 8	120
Year 9	120

**PRS Rate Sheet includes following costs:**

day rate for 12-hour operations	5,940.00
day rate for 24-hour operations	11,880.00
annual shoreside support (0.50 FTE)	90,000.00 *year 1 with 3% annual increase budgeted

PRS rate sheet includes costs for additional, non-standard ROV equipment at per day rates as well as costs associated with shore-side support for non-standard research needs (such as photogrammetry, engineering support, subsea navigational support, and maintenance/technical support) to be charged at a per day rate as needed. These anticipated costs have been estimated in above budget.

**FIO's current day rate for ROV use is:**

\$10,000 per day for 12-hour operations  
 \$170,000 per day for 24-hour operations

*\*\*these rates are reviewed and evaluated annually to determine if increases are required*



**Agenda Item: IVa**

**USF Board of Trustees  
Finance Committee  
August 20, 2024**

**Issue:** Budget Update

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**Proposed action:** Information

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**Executive Summary:**

Jennifer Condon, Vice President & CFO will provide highlights of the Fiscal Year 2025 budget allocation process. The presentation will cover the budget approval timeline, new budget model framework and allocations made based on established decision-making filters.

**Financial Impact:** N/A

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**Strategic Goal(s) Item Supports:** Goal 5 – A strong, sustainable, and adaptable financial base

**BOT Committee Review Date:**

**Supporting Documentation Online (please circle):**  Yes  No

**Prepared by:** Jennifer Condon

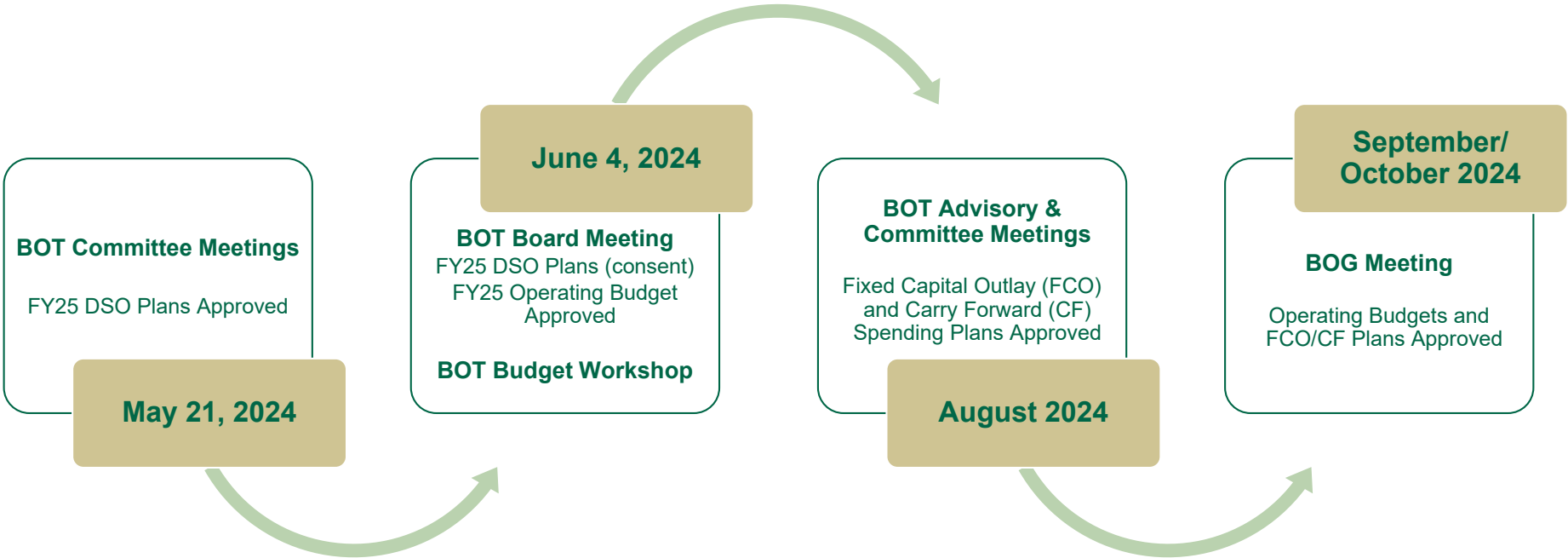
# Fiscal Year 2024-2025

## *Budget Allocation Overview*

USF Board of Trustees  
August, 2024



# Board Approval Timeline



# USF Budget Framework

UNIVERSITY of SOUTH FLORIDA

## Resources Align with Strategic Priorities



### Alignment to Strategy

*Do investments support our strategic plan?*



### Effective Budget Mechanics

*Are we incentivizing the right behavior?*



### All Funds Integration

*Do we consider other fund sources?*



### Reliable Reporting

*Do we have the information we need to make decisions?*



### Budget Management

*Is our process agile, yet repeatable and sustainable?*

**Successful implementation incorporates all organizational levels.**

# Goals and Objectives

UNIVERSITY of  
**SOUTH FLORIDA**

*USF has established a set of guiding budget principles to strategically invest.*



Provide **increased transparency into USF finances** and foster an information-rich disclosure on college priorities and budget matters.



Establish a **simple, consistent, predictable, and sustainable framework** with incentives that advance the university's strategic plan and mission of excellence.



**Diversify and strengthen financial revenue streams** to support programs and operations in a dynamic environment.



Ensure **cost-effective and strategic use of fiscal and human resources** through streamlined processes and structure.



Align **responsibility, authority and accountability** over fiscal matters.

## Fiscal Year 2024-25 Operating Budget

(in thousands)	FY24 Operating	FY25 Continuation	Adjustments	%	FY25 Operating
<b>Budgeted Sources</b>					
Student Tuition	279,319	279,319	2,678	1.0%	281,996
State Appropriations	606,916	606,916	81,766	13.5%	688,682
Contracts and Grants	405,598	405,598	91,870	22.7%	497,468
Auxiliaries	277,551	277,551	18,957	6.8%	296,508
Local Funds	464,647	464,647	(462)	-0.1%	464,186
Faculty Practice Plan - DSO	393,353	393,353	79,125	20.1%	472,479
<b>TOTAL Operating Sources</b>	<b>2,427,384</b>	<b>2,427,384</b>	<b>273,935</b>	<b>11.3%</b>	<b>2,701,318</b>
Transfers In	322,399	322,399	25,146	7.8%	347,546
<b>Budgeted Uses</b>					
Salaries and Benefits	1,233,980	1,233,980	55,662	4.5%	1,289,641
Other Personal Services	149,497	149,497	14,533	9.7%	164,031
Expenses	1,111,046	1,111,046	82,305	7.4%	1,193,351
Operating Capital Outlay	17,906	17,906	64	0.4%	17,970
Risk Management	8,717	8,717	(3,189)	-36.6%	5,527
Financial Aid	15,009	15,009	0	0.0%	15,009
Debt Service	3,439	3,439	(858)	-24.9%	2,581
Library Resources	9,879	9,879	-	0.0%	9,879
Unallocated	-	-	96,025	100.0%	96,025
<b>TOTAL Operating Uses</b>	<b>2,549,472</b>	<b>2,549,472</b>	<b>244,541</b>	<b>9.6%</b>	<b>2,794,014</b>
Transfers Out	253,917	253,917	49,638	19.5%	303,556

**NOTE:** Transfers In exceed Transfers Out because of support from DSOs

# Filters for Decision Making

Fiscal Year 2024-25

UNIVERSITY of  
**SOUTH FLORIDA**

## Will it support PBF, PE, AAU and Top 25 metrics?

Commitments to student success, faculty excellence, research and engagement

## Will it support great place to learn, great place to work?

How students and employees experience USF in physical and digital spaces

## Will it support a competitive advantage?

- Commitment to focus on our strengths
- Includes engagement with the broader USF community through clinical activities, intercollegiate athletics and external partnerships
- There are many great opportunities and initiatives available; not all of them make sense for USF

# Funding Sources

## State Appropriations

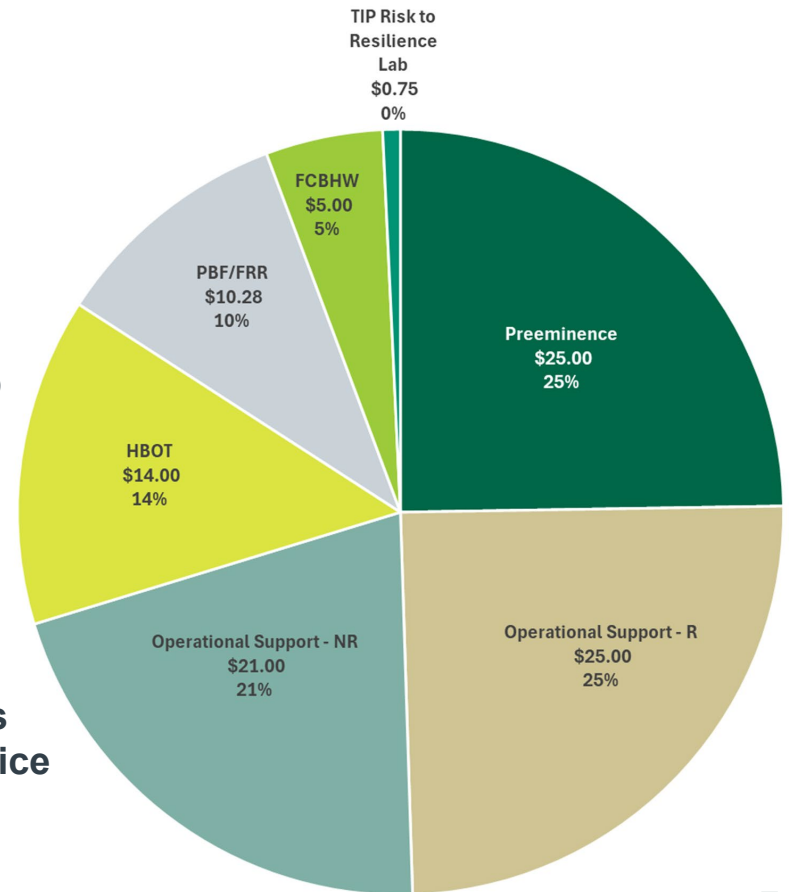
- ▶ **\$60M – Operational Support**
  - 35M Non-recurring (includes HBOT)
  - 25M Recurring
- ▶ **\$25M – Preeminence (recurring)**
- ▶ **(\$2.4M) – Performance Based Funding (non-recurring)**
- ▶ **\$12.7M – Faculty recruitment & retainment (non-recurring)**
- ▶ **\$750K – Trafficking in Persons (TIP) Risk to Resilience Lab (non-recurring)**

### Budget Amendment not included with Operating Budget:

- ▶ **\$5M – Florida Center for Behavioral Health Workforce (FCBHW)**

## Additional State Capital Allocations

- ▶ **\$31M – East Campus Infrastructure & Safety Improvements**
- ▶ **\$10M – Veterans, Military Families, & First Responder Service Complexes**





# New Recurring Allocations

Fiscal Year 2024-25

UNIVERSITY of  
**SOUTH FLORIDA**

## Metrics

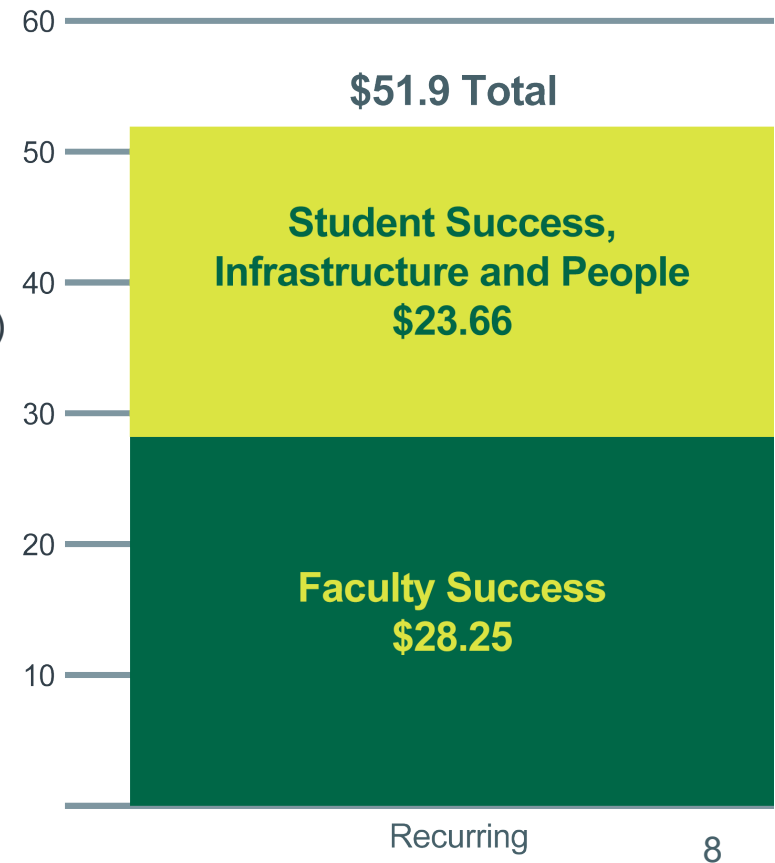
- ▶ Faculty Success (Instruction, Research)
- ▶ Student Success (Academic Advising, Career Services)

## Great Place to Learn, Great Place to Work

- ▶ Our People (Salary Increases & Workforce Expansion)
- ▶ Student Success (Enrollment Planning, Student Health & Wellness)
- ▶ Infrastructure (Facilities, Public Safety)

## Competitive Advantage

- ▶ New College of Artificial Intelligence, Cybersecurity and Computing
- ▶ US Bureau of Labor Statistics predicts:
  - 11.5 million data-related job openings by 2026
  - 32% increase in information security analyst jobs by 2032



*Amounts in millions*

# New Non-Recurring Allocations

Fiscal Year 2024-25

UNIVERSITY of  
**SOUTH FLORIDA**

## Metrics

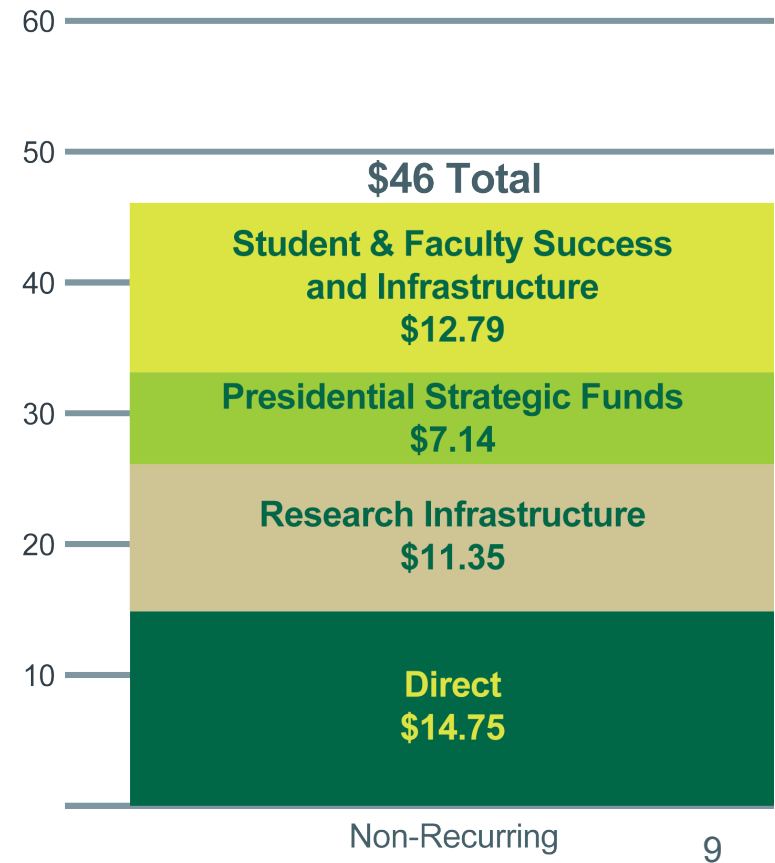
- ▶ Faculty Success (Library Resources, Faculty Excellence Funds)
- ▶ Student Success (Student Support Services)

## Great Place to Learn, Great Place to Work

- ▶ Faculty Success (Tenure and Promotion)
- ▶ Research Infrastructure (Core Research Facilities & Services)
- ▶ Infrastructure (Technology Updates & Cybersecurity)

## Competitive Advantage

- ▶ HBOT Clinical Trial
  - Includes state grant, serves Florida’s veteran, active duty, and reserve service members
- ▶ TIP Risk Resilience Lab
- ▶ Presidential Strategic Fund





# Questions?

**Agenda Item: IVb**

**USF Board of Trustees  
Finance Committee  
August 20, 2024**

**Issue:** USF Financing Corporation Remarketing Series 2012B Certificates

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**Proposed action:** Informational

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**Executive Summary:**

The Series 2012B Housing Certificates of Participation (the “Certificates”) were initially issued by the USF Financing Corporation (the “Financing Corporation”) as the Series 2007 Housing Certificates of Participation to finance the construction of the Juniper-Poplar residence halls. The project and related financing were approved by the Board of Trustees on March 1, 2007, and by the Board of Governors on May 10, 2007.

The Certificates were initially issued as public variable rate bonds with a 30-year fixed interest rate swap. On October 1, 2012, the Financing Corporation refunded the Certificates, and Wells Fargo Bank agreed to hold the Certificates as direct bank placements for five years. The direct placement was extended in 2017 for an additional seven years.

Wells Fargo has exercised its option to put the \$43.7 million Certificates to the Financing Corporation on October 1, 2024. The Financing Corporation intends to remarket the Certificates and, to that end, sought proposals from various financial institutions to purchase the Certificates on the date they are tendered.

JPMorgan Chase Bank proposed terms deemed to be favorable by the Financing Corporation. Attached is a summary of Terms.

This remarketing transaction was approved by the Financing Corporation Board of Directors on August 1, 2024. Remarketing transactions with no material changes to the debt or swap agreements do not require BOT or BOG approval; however, notice will be provided to ensure transparency.

**Financial Impact:**

Immaterial

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**Strategic Goal(s) Item Supports:** Goal 5: A strong, sustainable, and adaptable financial base  
**BOT Committee Review Date:** Finance Committee, August 20, 2024  
**Supporting Documentation Online (please circle):**  Yes  No  
**Prepared by:** Dawn Rodriguez, Acting University Treasurer, (813) 974-7297

## **USF FINANCING CORPORATION**

### **JPMorgan Chase Proposal for Direct Purchase of \$43,725,000 Series 2012 Tax-Exempt Certificates**

#### **Summary of Key Terms**

- 13-Year – to final maturity on 7/1/2037
- 0.83% applicable spread to variable rate index
  - Compared to 1.05% spread for 7-year term from competitive proposal
- Option to convert to fixed rate and terminate interest rate swap when market is attractive
  - Bank agrees that fixed rate at such time will be priced in good faith; provided that:
    - (i) Such fixed rate shall reflect the market at the time of conversion, and
    - (ii) The overall economics of the transaction shall remain substantially similar for both parties upon such interest rate conversion.
- No prepayment / breakage fees to convert to fixed rate in variable rate option.
- Certificate financial covenants, affirmative and negative covenants, interest rate conversion provisions, security on parity basis, reporting covenants, and other terms and conditions will be substantially the same as the existing facility.

**Agenda Item: IVc**

**USF Board of Trustees**  
Finance Committee  
August 20, 2024

**Issue:** Annual Finance Policy Reports to the USF Board of Trustees

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**Proposed action:** Informational

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**Executive Summary:**

The USF Board of Trustees adopted three Finance Policies in 2006:

- USF Investment Policy
- USF Debt Management Policy
- USF Derivatives Policy

The USF BOT Finance Policies apply to the University and Direct Support Organizations (DSOs).

An Annual Report to the USF Board of Trustees is required pursuant to each Policy.

**Financial Impact:**

The USF Board of Trustees Financial Policies govern investment and debt management practices of the University and all Direct Support Organizations (DSOs).

---

**Strategic Goal(s) Item Supports:** Goal 5: Strong, Sustainable and Adaptable Financial Base  
**BOT Committee Review Date:** Finance Committee, August 20, 2024  
**Supporting Documentation Online (please circle):** Yes **No**  
**Prepared by:** Dawn Rodriguez, Acting University Treasurer



# Annual Finance Policy Reports

*Board of Trustees Finance Committee  
August 20, 2024*

Presented by: Dawn M. Rodriguez, Acting University Treasurer



## CONTENTS

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<b>Annual Debt Management Report</b>	<b>8</b>
<b>Annual Derivatives Report</b>	<b>18</b>





# Annual Investment Report



**Annual Investment Report**

**COMBINED 10 USF INVESTMENT PORTFOLIOS**

**All USF Investment Portfolios Governed by the BOT Investment Policy**

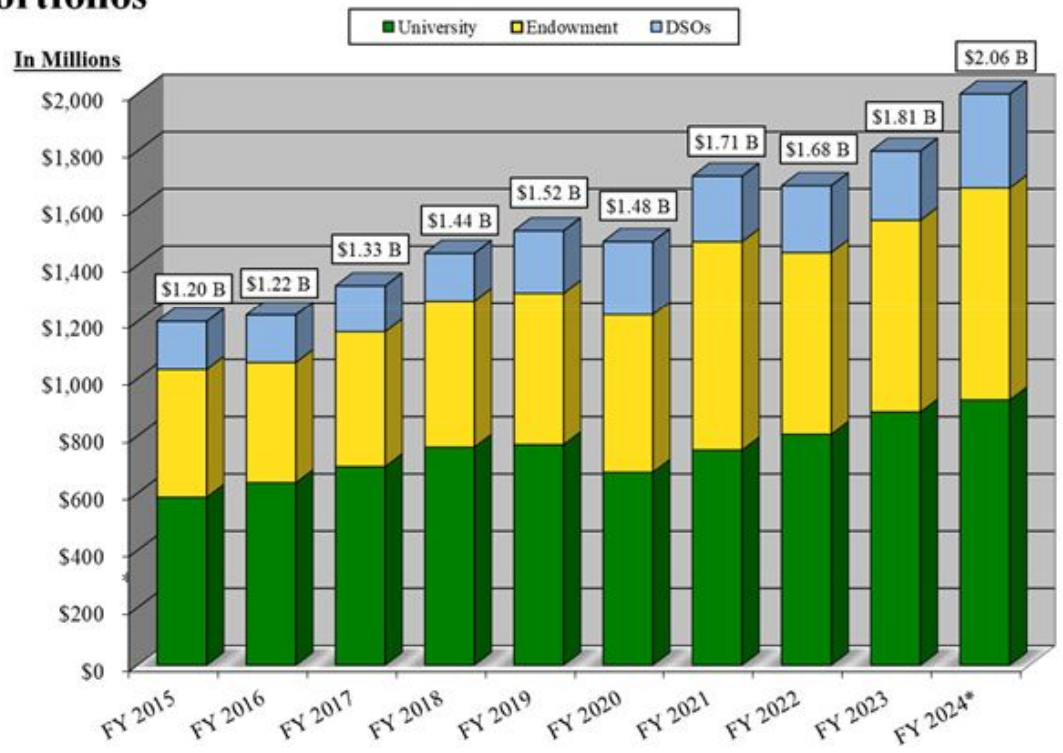
**All USF Investment Portfolios Governed by Investment Committees**

**Central Oversight of All Investment Portfolios**

**Record USF Wealth –  
\$2.1 Billion – Steadily Growing**

**The 2 Largest Portfolios:**

- **University at \$926 Million (6/30/24)**
- **Endowment at \$745 Million (3/31/24)**





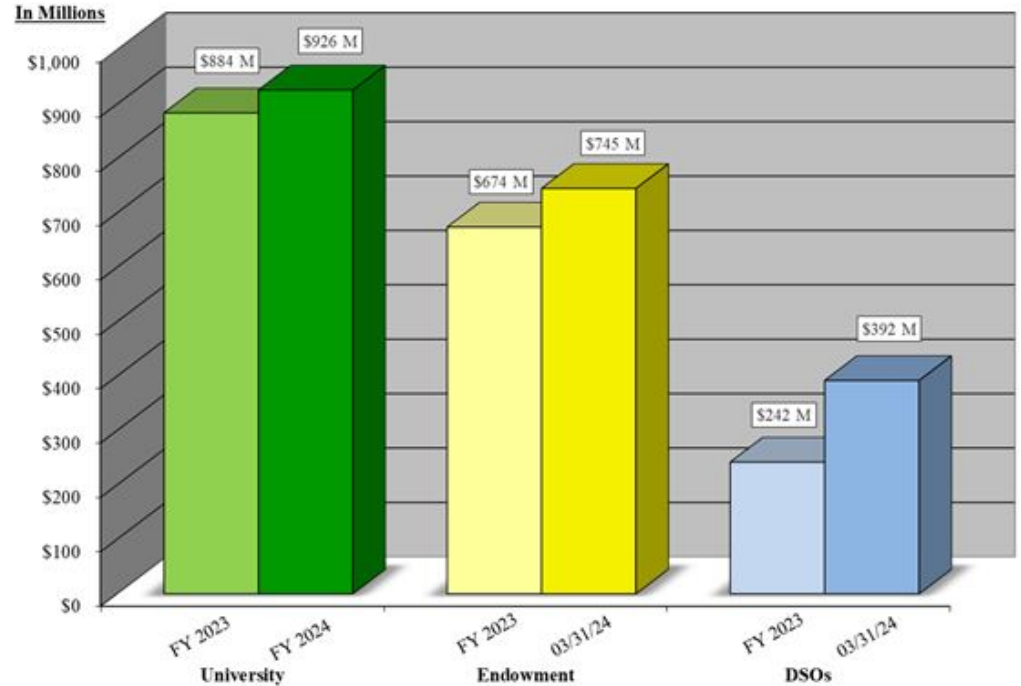
**All Portfolios in Compliance with BOT Investment Policy**

**Annual Investment Report**

COMBINED 10 USF INVESTMENT PORTFOLIOS

**2 Types of USF Portfolios:**

- 1 Endowment – USF Foundation
  - Long-term investment horizon
  - Restricted
- 9 Operating Portfolios – USF and DSOs
  - Short-term investment horizon
  - Liquid



**Barometer of Financial Health:**

- Growth in portfolios reflects investment performance and net cash flows

Combined Portfolio (In Millions)	University	Endowment	8 Other DSO Portfolios	USF's 10 Investment Portfolios
Combined Portfolio, 6/30/24*	\$926	\$745	\$392	<b>\$2,063</b>
Combined Portfolio, 6/30/23	\$884	\$674	\$242	<b>\$1,800</b>
<b>Change in Combined Portfolio</b>	<b>\$42</b>	<b>\$71</b>	<b>\$150</b>	<b>\$263</b>

\* Endowment and DSO balances are as of 3/31/24, FY 2024 balances not yet available



## UNIVERSITY INVESTMENT PORTFOLIO

**University Portfolio Preserves  
Capital, Provides Liquidity**

### **University Portfolio Objectives**

- Preserve Capital – Investing State Funds and Reserves
- Provide Essential Liquidity to Fund Operations – \$2 billion in annual payroll and expenditures
- Achieve Positive Annual Return in All Market Conditions
  - Returns are secondary to safety and liquidity (required in F.S. 218.415)
- Invest in Low Risk, Passive/Indexed Investments
- Invest in Broad Markets with Bias to U.S.

**USF Liquidity Measure: Days Cash on Hand = 229 Days / Moody’s AA Peers = 189 Days**

### **University Portfolio Structure – Balance Risk and Return**

- Target Balance: 75% – Short-Term, High-Quality Bonds and Cash
- Target Balance: 25% – Domestic and Foreign Equities

### **University Portfolio Balance – 12 Month Change**

- 6/30/24 – \$926 M
- 6/30/23 – \$884 M
- Change – \$ 42 M

### **Portfolio Expense Ratio Management – Enhance Long-Term Returns**

- Keep investment portfolio expense ratios low – Buy institutional share classes (min. investment +\$100M)
- Current portfolio weighted average expense ratio = 5 basis points



## Annual Investment Report

# UNIVERSITY INVESTMENT PORTFOLIO

### Conviction Regarding Portfolio Structure

- Right asset allocation – Protect against downside risks
- Right investment managers and funds – Diversified, low cost

### Portfolio Designed to Preserve Capital and Minimize Risk

- Portfolio generated positive returns in 94% of past 16 fiscal years

### Portfolio is Generating Cash

- 12 Month Interest/Dividends = \$31.2 M

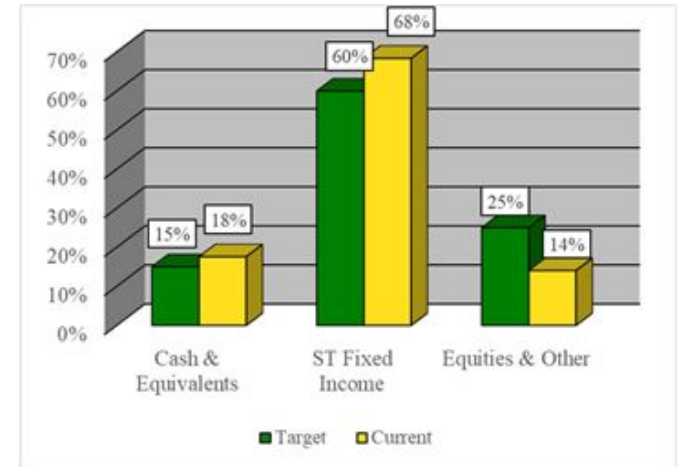
### Bond Fund Yields Now Providing an Effective Hedge to Downside Equity Risk

- Yield to Maturity June 2024
  - Vanguard ST Govt Bonds 4.80%
  - Vanguard ST Corp Bonds 5.40%

### Current Portfolio Strategy

- Limit buy / sell transactions
- Investing positive cash flows

**Portfolio Expected to Meet Objectives**



Asset Allocation	Target	Current	\$
Cash & Equivalents	15%	18%	\$162.7
ST Fixed Income	60%	68%	\$633.1
Equities & Other	25%	14%	\$130.0
<b>TOTAL</b>	100%	100%	\$925.8



## Annual Investment Report

### UNIVERSITY PORTFOLIO – 10-YEAR PERFORMANCE

#### FY 2024 was a Recovery Year from FY 2022

- FY 2022 – Simultaneous losses for both equities and bonds
  - Not occurred in 2 decades – since 1999
- FY 2024 – Consider 7.9% return extraordinary
  - Strongest annual return in portfolio’s history
- FY 2025 – Returns likely to stabilize with decline in interest rates and pressure on equities

#### Capitalized on Market Opportunities –

#### Locked in High Rates with Longer Duration

- Added \$100M in Cash from MMF to S-T Corporate Bonds
- Invested \$200M in Stadium Loan Proceeds in 1-3 Year Treasuries

#### USF Returns Vs. Benchmark

	<u>1 Year</u>	<u>5 Year</u>	<u>From Inception</u>
▪ USF Portfolio	7.9%	2.1%	2.8%
▪ Benchmark	7.8%	2.5%	2.9%

#### USF 10-Year Risk-Adjusted Returns Vs. S&P 500 and Barclays Agg

(as of 3/31/24)

	<u>Return</u>	<u>Std Dev</u>	<u>Sharpe</u>
▪ USF Portfolio –	3.3%	3.3%	0.6%
▪ S&P 500 Index –	13.0%	15.2%	0.8%
▪ Barclay’s Agg –	1.5%	4.8%	0.1%

### UNIVERSITY ANNUAL PORTFOLIO PERFORMANCE

12-Month Performance	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Annual Investment Income (Loss)	\$6 M	\$10 M	\$25 M	\$18 M	\$41 M	\$4 M	\$27 M	(\$45 M)	\$29 M	\$64 M
Annualized Return - Equities	(0.1%)	(2.6%)	14.5%	9.0%	6.7%	(8.9%)	17.1%	(10.6%)	19.5%	24.5%
Annualized Return - Fixed Income	0.9%	2.4%	0.9%	0.0%	5.8%	5.3%	1.4%	(4.3%)	2.0%	5.6%
<b>Total Annualized Return</b>	<b>0.7%</b>	<b>1.1%</b>	<b>3.5%</b>	<b>2.4%</b>	<b>5.5%</b>	<b>0.2%</b>	<b>4.0%</b>	<b>(5.2%)</b>	<b>3.8%</b>	<b>7.9%</b>

[ 7 ]



# Annual Debt Management Report



**Annual Debt Management Report**

**USF DEBT PORTFOLIO**

**FY 2024 Debt Portfolio**

**All USF and DSO Debt Governed by BOT Debt Management Policy**

**Prudent Governance: Board of Trustees and USF Financing Corporation**

**Central Oversight of USF and DSO Debt**

As of June 30, 2024

USF Finance Systems	Moody's / S&P Rating	Public / Private	Fixed / Variable	Taxable / Tax Exempt	Weighted Ave. Interest Rate	Outstanding Debt (In millions)
Housing	A1 / A+	76% Public Bonds 24% Private Bonds / Loans	76% Fixed Rate 24% Variable w/ Swap	Tax Exempt	4.13%	\$195.7
Parking	Aa3 / AA	Public Bonds	Fixed Rate	Tax Exempt	2.20%	\$2.3
Marshall Center	Aa3 / AA	Public Bonds	Fixed Rate	Tax Exempt	3.43%	\$24.2
Energy Savings	Not Rated	Private Bonds / Loans	Fixed Rate	Tax Exempt	3.05%	\$28.2
Health	Not Rated	Private Bonds / Loans	Fixed Rate	19% Tax Exempt 81% Taxable	3.44%	\$50.6
Athletics	Not Rated	Private Bonds / Loans	Fixed Rate	5% Tax Exempt 95% Taxable	6.17%	\$223.7
Research	Not Rated	Private Bonds / Loans	Fixed Rate	Taxable	3.27%	\$37.7
Foundation	Not Rated	Conventional Mortgage	Fixed Rate	Tax Exempt	2.63%	\$2.7
<b>TOTAL USF &amp; DSO DEBT</b>		<b>31% Public (\$176M) 69% Private (\$389M)</b>	<b>92% Fixed Rate (\$519M) 8% Variable w/ Swap (\$46M)</b>	<b>49% Tax Exempt (\$274M) 51% Taxable (\$291M)</b>	<b>4.72%</b>	<b>\$565.1</b>





## DEBT MANAGEMENT

**Debt Structured Conservatively /  
Capitalize on Market Opportunities**

### **Debt Management Objectives**

- Protect “AA” credit ratings with Moody’s and Standard & Poor’s
- Preserve debt capacity – Provide essential access to credit markets
- Structure debt to reduce risk, cost and capitalize on market opportunities
- Manage long-term cost of capital
- Manage compliance – BOT Debt Management Policy, BOG Regulations, State Statutes, Federal SEC / IRS laws, bond covenant requirements, continuing disclosure requirements

### **Active Debt Management - \$2.2 Billion in Closed Transactions Since 2005 (56 Total)**

- Developed 2.3 million square feet of new capital projects
- Achieved low cost of capital – 4.72% (blend of taxable and tax-exempt bonds)
- Restructured bonds to produce NPV savings – Realized \$30 Million and negotiate favorable covenants
- Tracking a refinancing opportunity on the Stadium bonds to lower rates

### **P3s Operating as Expected**

- \$137 M Village Housing P3 (2015) – 2,170 beds, dining, recreation
- Publix Grocery P3 (2016) – only on-campus grocery



## Annual Debt Management Report

### MOODY’S / S&P – RATINGS REPORTS ON USF

**Credit Ratings Affirmed in  
Nov/Dec 2023**

#### **Moody’s Affirmed USF “Aa2/Stable” Rating (Dec. 2023)**

- Well positioned urban research university – Affordable pricing, steady demand
- Growing wealth and improving operations – Retained earnings, investment returns and philanthropy
- Strong and growing State support – \$77M recurring operational increase
- Manageable financial leverage – Including new Stadium debt
- Growing reserves – 227 days cash on hand above similarly rated peers (210 peers)
- Effective treasury management – Material reduction in demand debt exposure

#### **S&P Affirmed USF “AA/Stable” Rating (Nov. 2023)**

- Extremely strong enterprise profile – Steady enrollment, stellar demand characteristics
- Solid financial resources – Improving net position, growing research and fundraising
- Consistent State support – Maintain one of the nation’s lowest in-state tuition rates
- Moderate debt service burden – Including new Stadium debt
- Capable management team – Highly experienced, comprehensive governing policies

#### Why Ratings Matter

- Ratings are based on assessment of University leadership, financial performance and strategic planning AND confidence key performance measures will continue to increase.
- Ratings directly affect access to capital markets on favorable terms.

#### **Rating Agency Recognition of USF Management**

- 13 ratings upgrades in 10 years
- Moody’s and S&P affirmed University’s “Aa2/Stable” and “AA/Stable” ratings in fall 2023

#### **Presentations to Moody’s & S&P Expected in Fall 2024 – Annual Surveillance Reviews**



## USF DEBT PORTFOLIO

### FY 2024 Transactions

### Project Financing

- **\$340 Million USF Stadium Project**
  - Funded with \$200 M 20yr, fixed rate, taxable loan and \$140 M equity
  - Construction Manager / Architect-Engineer Team: Manhattan Construction Company / Populous
  - Groundbreaking: October 2024
  - Anticipated completion: July 2027





## USF DEBT PORTFOLIO

### Future Transactions

#### Project Financing – Anticipated

- **2,100-Bed Argos Redevelopment Project**
  - Replace 912 beds built in the 1960s with approximately 2,100 new beds (net 1,200 beds)
  - Phased approach to maintain occupancy levels and provide a continuous revenue stream.
  - Assessments underway to determine costs, financial feasibility, impact on Housing “A+” credit ratings, and University debt capacity.
  - Currently assessing financing structure and timeline for the Project.
  
- **Remarketing of the \$43M Series 2012B Certificates**
  - Variable rate Series 2012B Certificates currently held by Wells Fargo Bank
  - Wells Fargo exercised its option to put the Certificates to the Financing Corporation on October 1, 2024
  - JPMorgan Chase proposed terms deemed to be favorable by the Financing Corporation:
    - 13-year term – to final maturity on 7/1/2037
    - 0.83% spread – compared to 1.05% spread for a 7-year term (competitive proposal)
    - Option to convert to fixed rate and terminate interest rate swap when market is attractive



## Annual Debt Management Report

### Funding Key Capital Projects / Maintaining Appropriate Leverage

## DEBT MANAGEMENT

(In Millions)	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	Moody's Aa2 Medians FY 2023
NEW DEBT	\$20					\$36	\$27			\$75	\$200	
TOTAL DEBT	\$435	\$421	\$413	\$377	\$359	\$383	\$389	\$370	\$349	\$386	\$565	\$1,123
LONG-TERM RATE	4.28%	3.99%	3.91%	3.64%	3.68%	3.63%	3.60%	3.62%	3.66%	3.73%	4.72%	

## POLICY MEASURES

(In Millions)	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	Moody's Aa2 Medians FY 2023
<b>OPERATIONS</b>												
Operating Cash Flow Margin (↑)	10.2%	7.4%	7.3%	9.1%	7.0%	8.5%	7.9%	11.4%	13.5%	9.8%		11.9%
Operating Margin (↑)	2.4%	0.1%	0.0%	2.0%	-0.2%	2.4%	1.6%	4.9%	7.0%	3.5%		3.6%
<b>LIQUIDITY</b>												
Cash & Investments / Operating Exp (↑)	0.65x	0.64x	0.64x	0.89x	0.92x	0.94x	0.94x	1.16x	1.04x	1.02x		0.87x
Monthly Days Cash on Hand (↑)	202 days	197 days	200 days	213 days	216 days	214 days	189 days	220 days	225 days	229 days		189 days
<b>LEVERAGE</b>												
Cash & Investments / Debt (↑)	1.6x	1.8x	1.9x	2.3x	3.2x	3.3x	3.3x	4.1x	4.0x	4.1x		1.9x
Debt Service Coverage (↑)	4.0x	2.7x	4.1x	4.8x	4.0x	3.9x	3.8x	5.3x	6.4x	4.2x		3.3x
Debt Service / Operating Exp (↓)	2.2%	2.2%	1.5%	1.8%	1.5%	1.9%	1.8%	1.9%	2.3%	2.4%		4.0%



## Annual Debt Management Report

### Rated Bond System Updates – USF Housing System

#### **\$196M USF Housing System (A1/A+)**

- Annual debt service payments = \$17.1 M (FY 2025)

**Sound, Highly Rated System; Key Initiative to Create Debt Capacity**

#### **Strong Occupancy; Maintenance of Debt Service Coverage Ratios; Maintenance of Reserves**

- Strong occupancy levels and waiting lists indicate continued strong demand
- Debt service coverage ratios decline slightly in FY 2025 (1.43x), with added \$2 M annual debt service (USFSM)
- Continued growth in reserves:
  - \$63 M (FY 2022) / \$66 M (FY 2023)
  - \$71 M in FY 2024, notwithstanding significant investments in Housing facilities

Housing System *	FY 2020 **	FY 2021 **	FY 2022 **	FY 2023	FY 2024 (estimate)	FY 2025 (budget)
<b>Occupancy (Fall)</b>	<b>98%</b>	<b>51%</b>	<b>88%</b>	<b>97%</b>	<b>99%</b>	<b>+95%</b>
Revenues	\$45,167,526	\$34,365,132	\$55,933,376	\$50,441,118	\$52,711,452	\$56,562,411
Expenses	<u>\$23,136,072</u>	<u>\$15,770,196</u>	<u>\$18,528,952</u>	<u>\$26,002,942</u>	<u>\$27,172,746</u>	<u>\$31,148,698</u>
Net Revenues	\$22,031,454	\$18,594,936	\$37,404,424	\$24,438,176	\$25,538,706	\$25,413,713
Debt Service	\$13,712,753	\$15,622,388	\$15,593,199	\$15,573,263	\$15,816,455	\$17,781,657
<b>Debt Service Coverage Ratio (net)</b>	<b>1.61x</b>	<b>1.19x</b>	<b>2.40x</b>	<b>1.57x</b>	<b>1.61x</b>	<b>1.43x</b>

\* Gross Housing System Revenues are pledged; net debt service coverage is shown for informational purposes.

\*\* Federal funding (CARES Act, CRRSA Act, grants) provided the Housing System with revenues of \$6.4 M in FY 2020, \$5.9 M in FY 2021, and \$9.0 M in FY 2022, included in the figures above.



## Annual Debt Management Report

### Rated Bond System Updates – USF Parking System

#### **\$2 M USF Parking System (Aa3/AA/AA-)**

- Annual debt service payments = \$1.1 M (FY 2025)

**Highly Rated System with  
Strong Reserves**

#### **Continued Pressure on Revenues; Maintenance of Debt Service Coverage Ratios;**

##### **Maintenance of Reserves**

- Revenues remain flat, while expenses continue to grow
- Reduction in Debt Service due to amortization of the Series 2016A bonds, mature on July 1, 2026
- Reserves remain strong, despite significant investments in facilities, and \$8 M contribution to Stadium Project:
  - \$28 M (FY 2022) / \$29 M (FY 2023)
  - \$18 M in FY 2024

Parking System	FY 2020	FY 2021	FY 2022 *	FY 2023	FY 2024 (estimate)	FY 2025 (budget)
Revenues	\$13,065,735	\$9,216,410	\$13,516,547	\$13,118,706	\$12,946,930	\$13,102,955
Expenses	\$8,571,495	\$7,885,906	\$7,336,091	\$8,240,210	\$9,822,028	\$8,919,750
Net Revenues	\$4,494,240	\$1,330,504	\$6,180,456	\$4,878,496	\$3,124,902	\$4,183,205
Debt Service	\$2,940,330	\$2,937,910	\$2,929,280	\$2,934,550	\$2,043,390	\$1,185,490
<b>Debt Service Coverage Ratio (net)</b>	<b>1.53x</b>	<b>0.45x</b>	<b>2.11x</b>	<b>1.66x</b>	<b>1.53x</b>	<b>3.53x</b>

\* Federal funding (CARES Act, CRRSA Act) provided the Parking System with additional revenues of \$1.8 million in FY 2022, included in the figures above.



## Annual Debt Management Report

### Rated Bond System Updates – USF Marshall Student Center

#### **\$24 M USF Marshall Student Center (Aa3/AA)**

- Annual debt service payments = \$2.4 M (FY 2025)

**Sound, Highly Rated System  
with Growing Reserves**

#### **Strong Revenues; Maintenance of Debt Service Coverage Ratios;**

##### **Maintenance of Reserves**

- Revenues continue to grow at a steady pace
- Expenses managed downward during the pandemic; Returning to pre-pandemic levels
- Continued growth in reserves:
  - \$14 M (FY 2022) / \$16 M (FY 2023)
  - \$16 M in FY 2024

Marshall Student Center	FY 2020	FY 2021	FY 2022 *	FY 2023	FY 2024 (estimate)	FY 2025 (budget)
Revenues	\$7,372,480	\$7,278,282	\$8,637,592	\$8,451,062	\$8,948,543	\$8,536,547
Expenses	<u>\$4,524,180</u>	<u>\$3,699,018</u>	<u>\$4,221,320</u>	<u>\$4,803,039</u>	<u>\$5,683,337</u>	<u>\$5,194,142</u>
Net Revenues	\$2,848,300	\$3,579,264	\$4,416,272	\$3,648,023	\$3,265,206	\$3,342,405
Debt Service	\$2,420,245	\$2,395,895	\$2,399,645	\$2,397,645	\$2,395,395	\$2,393,145
<b>Debt Service Coverage Ratio (net)</b>	<b>1.18x</b>	<b>1.49x</b>	<b>1.84x</b>	<b>1.52x</b>	<b>1.36x</b>	<b>1.40x</b>

\* Federal funding (CARES Act, CRRSA Act) provided the Marshall Student Center with additional revenues of \$0.8 million in FY 2022, included in the figures above.





# Annual Derivatives Report



## DERIVATIVES PORTFOLIO

### Winding Down Swaps

#### Prudent Governance – Board of Trustees and Financing Corporation

- Effective BOT Derivatives Policy and Management Practices

#### Swap Portfolio Objectives

- Hedged Variable Rate Bonds – Provided a Lower Cost of Capital – Requires Active Management
- Matched Maturities of Bonds to Coincide with Maturing Pay-Fixed Interest Rate Swaps
- \$232 M Reduction in Swaps over 16 Years – Capitalized on Maturing Swaps to Refund Bonds
- Winding Down Swap Portfolio – No New Swaps Since 2007
  - 1 Swap Currently Outstanding – \$46 M (Termination Value as of June 30 – \$2 M)
- Variable Rate Bonds Series 2012B Include Option to Convert to Fixed Rate – Will Exercise Option When Swap Termination Value is Attractive

As of June 30, 2024

Program	Swap Counterparty	Expiration Date	USF Optional Termination Rights	Collateral Posted	Fixed Swap Rate	Total Outstanding
Housing	Royal Bank of Canada	7/1/2037	Yes	\$0 M	3.94%	\$46 M
<b>TOTAL USF DSO SWAPS</b>				<b>\$0 M</b>	<b>3.94%</b>	<b>\$46 M</b>

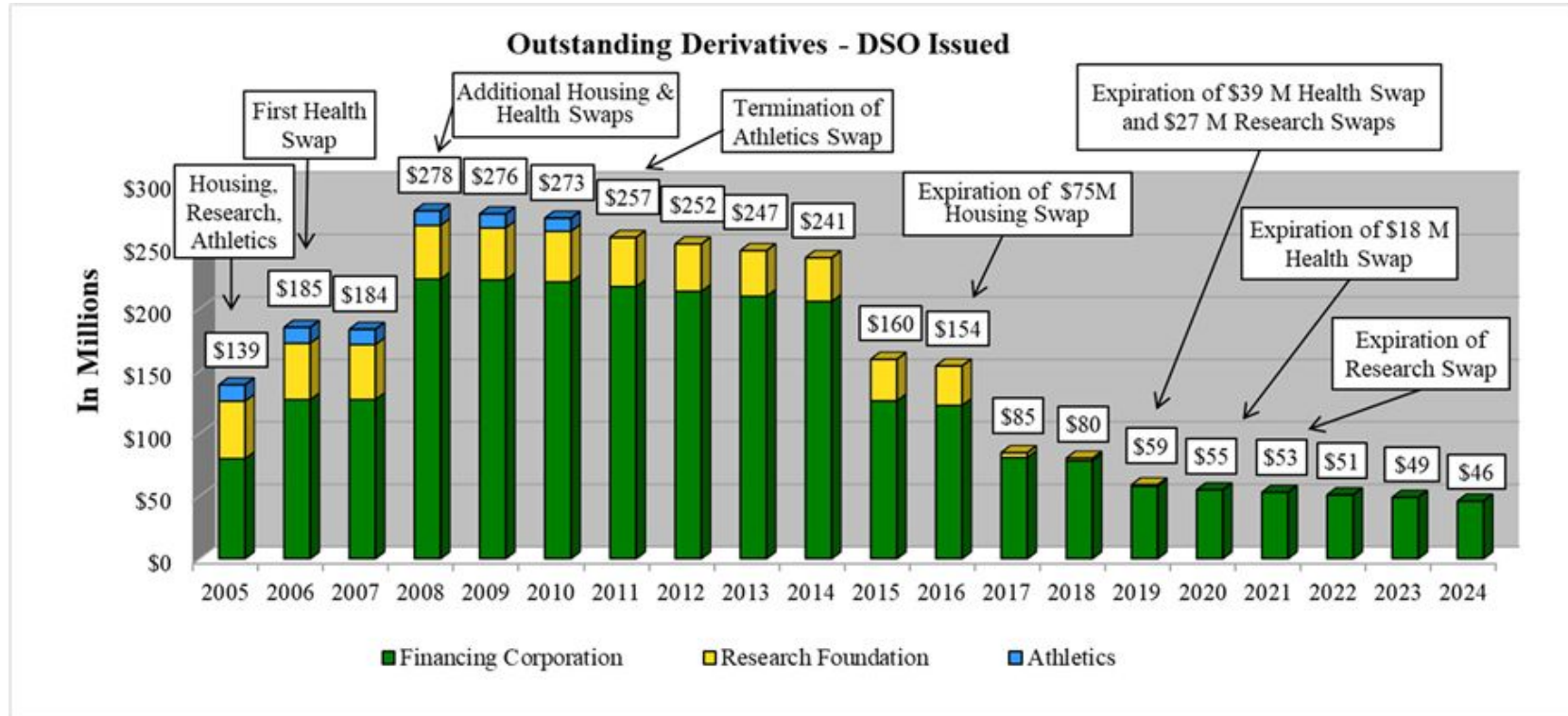


**Annual Derivatives Report**

**DERIVATIVES PORTFOLIO**

**19-Year Managed Trend  
/ Unwinding Swaps**

**USF Derivatives – \$46 Million (6/30/24)**



**Agenda Item: IVd**

**USF Board of Trustees  
Finance Committee  
August 20, 2024**

**Issue:** Report to Board of Trustees for Selected DSOs

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**Proposed action:** Informational

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**Executive Summary:**

The Direct Support Organizations of the University of South Florida (DSOs) presented their Annual Financial Plans for FY 2025 for review and approval by the USF Board of Trustees Finance Committee on May 22, 2024.

The Annual Financial Plans for FY 2025 for three of the DSOs included expected operating losses and/or thin liquidity margins. The DSOs provided key initiatives and strategies to mitigate risks and return the DSO to positive operations and improved liquidity.

The USF Board of Trustees Finance Committee requested that the three DSOs provide updates on the status of such initiatives at the next Committee Meeting.

The DSOs are:

1. University Medical Services Association, Inc., USF Medical Services Support Corporation & USF Health Services Support Organization, Inc.
2. USF Health Professions Conferencing Corporation
3. USF Research Foundation, Inc.

See attached Financial Plan Statement Update for each of the selected DSOs.

**Financial Impact:**

N/A

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<b>Strategic Goal(s) Item Supports:</b>	Goal 5: A strong, sustainable, and adaptable financial base
<b>BOT Committee Review Date:</b>	Finance Committee, August 20, 2024
<b>Supporting Documentation Online (please circle):</b>	<b>Yes</b> <span style="margin-left: 100px;"><b>No</b></span>
<b>Prepared by:</b>	Dawn Rodriguez, Acting University Treasurer, (813) 974-7297

**University Medical Service Association, Inc. /  
USF Medical Services Support Corporation  
(UMSA/MSSC Combined)**  
Fiscal Year 2025 (FY25) Annual Financial Plan

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**FINANCIAL PLAN STATEMENT**

Aug. 2024 Update

**Update to the FY24 Forecast and FY25 Financial Plan**

- Prior FY24 forecast – \$6.76M net operating loss, 36 days cash on hand
- Current FY24 forecast – \$10.08M net operating loss, 35 days cash on hand
  - \$3M accounting adjustment to revenues identified during the enhanced reconciliation process. The financial plan was prepared in April when the new reconciliation process was underway but not yet implemented.
- No change to the FY25 Financial Plan
  - Some impact of the new funds flow model is reflected in the existing plan.
  - Detailed funds flow incorporation (by faculty) is ongoing. An update will be provided at the next BOT Finance Committee meeting.

**Update to the USF-TGH Funds Flow**

USF-TGH Clinical Funds Flow: USF and TGH have worked through the legal, authoritative, operational and financial issues associated with further clinical integration and a common funds flow structure. Additional financial support will provide market-competitive pay for clinical faculty, better support graduate medical education (GME), enhance academic support funding and de-risk UMSA from significant negative clinical practice margins, accruing declining payor revenue, and increased labor expenses.

- The final agreement is expected to be signed on or before September 30, 2024.
- A bridge agreement was signed on July 9 that outlined the following terms:
  - Approximately \$22M in additional faculty salary support for patient care and graduate medical education activities.
  - A Mission Support payment to replace the Dean's Tax calculation - \$15.8M in FY25, increasing annually based on growth in patient care revenue and TGH system margin.
  - Assumption of UMSA deficits with annually agreed upon cap.
  - Protection of the UMSA margin for TGH-approved growth opportunities.

**USF Health Clinical Faculty Compensation Plan**

University Support for MCOM clinical faculty's academic effort: Congruent with the new funds flow model from TGH, the university is supporting a three-year investment in USF Health, \$5.7M in FY25 for MCOM clinical faculty academic efforts.

USF Health Clinical Faculty Compensation Plan: Chartis Consulting, working through a faculty and departmental chair Steering Committee, developed a new compensation plan structure that aligns with the new funds flow model from TGH and new funding from USF.

- Faculty assignments are direct, with clinical faculty assumed to be 100% clinical unless there are “hard” dollars to buy down the clinical assignment for teaching, research and administrative work. For example, a faculty member with a teaching assignment can buy down the clinical assignment with the teaching assignment dollars.
- Compensation will be based on competitive benchmarks: Medical Group Management Association (MGMA) for clinical effort and the Association of American Medical Colleges (AAMC) for education and research assignments.
- Faculty may earn incentives based on clinical productivity and bonuses in all missions based on quality, patient and student surveys, etc.

**USF Health Professions Conferencing Corporation**  
Fiscal Year 2025 (FY25) Annual Financial Plan

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**FINANCIAL PLAN STATEMENT**

Aug. 2024 Update

**Update to the FY24 Forecast and FY25 Financial Plan**

- Prior FY24 forecast – \$881K net operating profit, 12 days cash on hand
  - Included \$597K from carryforward for new chillers and \$890K of HEERF funding
- Current FY24 forecast – \$137K net operating profit, 21 days cash on hand
  - Included \$588K from carry forward for new chillers and \$390K of HEERF funding.
  - Days cash on hand includes grants that will be paid to medical education companies (MECs) in FY25
- No change to the FY25 Approved Plan – \$707K net operating profit, 13 days cash on hand

**Key Actions**

The DSO has taken the following actions to return it to profitability, reduce support needed, provide for adequate liquidity and support a sustainable business model.

1. HPCC’s most significant expense is the approximately \$1.5M annual debt service related to the \$10M of outstanding debt that financed the CAMLS building. To improve profitability and establish strong cash flow in the future, HPCC needs to identify a way to pay off the \$10M debt.
2. HPCC is working to establish a sustainable business model, maximizing the utilization of CAMLS with a blend of USF and non-USF clients. The successful transformation of the CAMLS client base into multiple revenue streams will help mitigate pressure on profit margins and liquidity resulting from increasing competition in the simulation and bioskills space.
3. HPCC qualified for \$4M of HEERF COVID funding for losses incurred during COVID. In FY24, HPCC received \$597K in carryforward funds for new chillers at CAMLS. In FY25, HPCC will utilize the remaining \$1.2M of the HEERF funding and will not need additional USF support.
4. CAMLS is expanding its research capabilities with the award of \$900K in NIH and DOD grants this year, as well as a newly established lease agreement with the Florida Center for Emergency Medical Services.
5. As part of our strategic business efforts for FY25, CAMLS increased marketing and discounts to encourage clients to come during low-volume months.
6. CAMLS is collaborating with TGH to engage large medical device companies to establish regional training centers in the Downtown Medical Research district to ensure sustained annual revenue.

**USF Research Foundation, Inc.**  
Fiscal Year 2025 (FY25) Annual Financial Plan

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**FINANCIAL PLAN STATEMENT**

August 2024 Update

**Update to the FY24 Forecast and FY25 Financial Plan**

- Prior FY24 forecast – \$5M net operating loss and \$1.7M nonoperating income, for an overall loss of \$3.3M; 376 days cash on hand
- Current FY24 forecast – \$5M net operating loss; however, net income expected to be \$1M higher, for an improved overall loss of \$2.3M; 680+ days cash on hand (includes campus recreation relocation funds that will be spent by December 2024)
- No change to the FY25 Approved Plan – \$3.6M net operating loss; 221 days cash on hand

**Status of Lease-Up of New Building**

- College of Medicine Virology Facility Lease (25,549 rentable sq. ft.) on 3<sup>rd</sup> / top floor:
  - The lease is expected to commence in September 2024, with substantial completion of the build-out, with the BSL-3 and vivarium elements following 30 days later.
  - The project is expected to be completed on time and within budget.
  - USFRF is pleased to welcome the Global Virus Network and Dr. Robert Gallo’s research team to the facility.
- Dr. Albert Kim’s Medical Engineering research facility (1,779 rentable sq. ft.) on 3<sup>rd</sup> / top floor:
  - The lease is expected to commence in October 2024, with substantial completion of the build-out.
- The remaining ~9,000 sq. ft. on the 3<sup>rd</sup> / top floor is drawing interest from a federal entity as well as industry companies.
- The roughly 36,000 sq. ft. 2<sup>nd</sup> floor is expected to be leased in FY 2026:
  - A prospective tenant is completing a pricing package to lease the second floor. This is a serious prospect considering they have spent substantial dollars hiring EwingCole to prepare the pricing package. We are one of two properties expecting an RFP later this month.
  - In the meantime, we are also vetting interest from other industry companies.
- All Soft Landing Labs (short-term use expected) on the 1<sup>st</sup> floor are leased with a waiting list.
- A grant application to the Economic Development Association for our Incubator program is being finalized for resubmission in August. If successful, this grant will allow for the build-out of 10 private labs that spoke off from two shared labs with auxiliary office space. The Incubator program has a multi-year waiting list for its lab spaces, and there is substantial interest from the startup community in new lab availability. If the project is not funded, we’ll seek other funding opportunities while vetting interest from other industry companies.



**Key Actions**

The DSO has taken the following actions to return it to profitability, reduce support needed, provide for adequate liquidity and support a sustainable business model.

1. Full occupancy of 3814 Spectrum is anticipated in FY26. Once capital expenditures for tenant improvements and research facility infrastructure are captured in FY25 and FY26, the building will contribute positive cash flow beginning FY27.
2. All other Research Park buildings remain fully leased and generate a net operating profit.
3. The Technology Transfer Operations costs have been transferred to the USFRI budget, with the Research Foundation retaining only legal costs for technology protection and enforcement.