



Board of Trustees Finance Committee

Tuesday, November 19, 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

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**USF Board of Trustees
Finance Committee
NOTES
August 20, 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 10:05am. Chair Griffin asked Kiara Gayle to call roll. Ms. Gayle called roll with the following Committee members present: Michael Griffin, Sandra Callahan, Mike Carrere, Rogan Donnelly, Shilen Patel, and Melissa Seixas. A quorum was established. Fredrick Piccolo and Will Weatherford joined the meeting after roll call.

II. Public Comments Subject to USF Procedure

No requests for public comments were received.

III. New Business – Action Items

a. Approval of May 23, 2023 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 May 22nd meeting notes were unanimously approved as submitted by all Committee members present.

b. Legislative Budget Request (LBR)

Mark Walsh, Assistant Vice President, presented the 2025-26 USF Legislative Budget Request (LBR). This is an annual exercise required of each state agency to submit to the Legislature a list of financial needs. The legislative budget request is required by statute for state agencies. It is the beginning of the 2025/26 fiscal year budgeting process. State agencies are required to submit to the legislature and the governor what they determine are their needs.

For the State University System (SUS), the Board of Governors (BOG) is the state agency. They allow boards of trustees to make recommendations to them as they formulate what will be the statewide ask. This will be submitted to the BOG to help shape what they will officially ask on behalf of SUS. This is in no way the last or final opportunity for our university to request funds of the Legislature; this is the beginning of the 2025-26 process. Our priorities may shift and change as the economy does and as our needs change between now and session. This is our request for \$75M recurring through the preeminence program, which will fund all the needs at the discretion of the BOT. It is largely untethered income, should it be awarded. Our request is not out of line with the amounts we have received in the last three years. The theme of this request is consistency. We're trying to be consistent with the process that we've used in the last three years. It's ended up being so successful to us with legislative appropriations under President Law. We want to be consistent with the board strategic plan in particular. The strategic plan has been approved by this board and by the BOG, it is available

to the public, and our taxpayers and legislative investors bought into it as well. It is consistent with that and it is consistent with the information that we as a staff have provided to the BOT in prior meetings and the budget workshop about strategies to achieve our ultimate goal of top 25 public university in America, as measured by U.S. News & World Report (USN&WR), and someday a billion dollars in annual research expenditures.

This LBR is strictly for the university's operating budget; it does not include facilities funding requests (that is a separate process; the capital improvement plan for the University has already been submitted).

Mr. Walsh reviewed the details and specific investments of the request. USF's request for 2025-26 is a \$75M recurring increase through the Preeminence/National Ranking Program for the express purpose of implementing USF's Strategic Plan, with the goal of reaching the top 25 national public universities as measured by USN&WR. These funds will be utilized to continue to implement and achieve the goals outlined in the university's strategic plan for 2022-2027 (*In Pursuit of Excellence*). 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 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). 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. *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. Mr. Walsh explained how closely aligned our institutional measures of success are with our top 25 ranking aspirations. Achieving each of the specific goals and measures (and the many others contained in the full plan) will directly contribute to USF's climb up the USN&WR national public rankings.

Mr. Walsh made the point that we are not chasing the rankings. We believe that being successful in all of those individual measures and the measures that are outlined in the plan are going to be the drivers of our success and we think the byproduct of that success is higher rankings. We are not doing this for the rankings; we are doing it for our students, for our faculty, for our outcomes, for our community, and what we have come to find out is as we do that and we improve, our rankings have improved.

Mr. Walsh explained how USN&WR made a substantial overhaul to their rankings formula last year. More emphasis is now on six-year graduation rates across several metrics, but the peer assessment score remains the individual metric with the largest percentage weight. While USF continues to improve on these measures, there is still room for improvement and work to be done to close the gap between USF's AAU and top 50 peers.

Trustee Seixas asked how the regional campuses fit in. Mr. Walsh explained that resources will be deployed across all campuses including USF Health; the request is for OneUSF. Trustee Weatherford stated that this is a better strategy from the legislators' perspectives versus different asks from each campus.

There was also discussion about the number of new faculty needed to reach our goals.

Mr. Walsh explained the motion to be approved. He added that the BOG is taking a significant interest in the SUS' potential deficit in maintenance dollars and there is a chance that they may want us to account for, which the Board has already done, what our maintenance needs are. So if there is a need to make a material adjustment like that, Mr. Walsh would like to get a sense that the board remains in agreement that we have those needs and if we're asked to include those, maintenance of existing facilities which are critical to our goals, into some requests before it is finalized that we have the board's consent to do so.

A motion was made to: 1) approve the 2025-2026 Legislative Budget Request (LBR) for \$75,000,000 per BOG request; and 2) authorize the President (or their designee), in consultation with the Board Chair, to make necessary adjustments to the Legislative Budget Request, including the material addition of maintenance needs, if asked to do so. The motion was seconded and approved by all Committee members present.

(Ultimately, the BOG did not make the request to include maintenance dollars in the institutional LBR, so the document was submitted to BOG as approved by the Committee.)

c. 2024-25 University E&G Carryforward Spending Plan

Masha Galchenko, Associate Vice President and Controller, presented the 2024-25 University E&G Carryforward Spending Plan. Per Florida statute, annual spending plans are approved by USF BOT. Ms. Galchenko will present the Carryforward Spending Plan and Carole Post will present the Fixed Capital Outlay Plan in the next agenda item. These plans are then certified by the CFO, President and Chair of the BOT. Once certified, they are submitted to the BOG for approval during their fall meeting.

As of July 1, 2024, universities are authorized to retain an annual reserve beyond the required 7% BOG reserve. University CFOs have begun developing best practice guidelines for recommending additional reserves. USF currently holds the 7% required reserve only. While FY24 has not officially closed, our current estimates for year-end cash and investments across all funding sources is just over \$1B. \$358M or 36% of this cash and investments balance is in carryforward. The carryforward plan is divided into two major sections: restricted and committed. Both restricted and committed balances are then subdivided into pre-defined categories (Compliance, Audit and Security; Academic and Student Affairs; Facilities, Infrastructure and IT; and UBOT-approved Operating Requirements).

The FY24 carryforward cash and investments balance of \$358M is \$3.7M lower than the prior year's balance. Once we adjust for accounts receivables and payables and subtract summer tuition collections, we are left with almost \$323M, which is almost \$6M lower than the prior year. This decrease reflects the tremendous efforts USF has made to deploy carryforward funds in a strategic manner. This year's plan shows increases in both rolled encumbrances and the 7% BOG required reserve, which is a derivative of our increased annual state appropriation. The remaining balance of almost \$224M is split 40%/60% between restricted or contractually obligated balances and committed balances. Digging deeper into the restricted section, the majority of these funds are tied to infrastructure projects, which the Board has either approved already or is expected to approve during the expenditure approval process later today. These projects include: East Campus Maintenance Facility; MDD 9th floor buildout; College of Nursing expansion; and labs on the St. Petersburg and Sarasota-Manatee campuses. This section also includes funds tied to specific appropriations such as Florida Institute of Oceanography (FIO), Florida High-Tech Corridor (FHT), Nursing Center, HBOT Clinical Trial, etc. Finally, and perhaps most importantly, this section also houses faculty startup costs

supported by signed offer letters. For the commitments portion, almost half of those funds are for facilities and infrastructure projects across all campuses.

A motion was made to: 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; and 3) authorize the President, in consultation with the Board of Trustees Chair, to make necessary non-material adjustments to the Carryforward Plan, with the requirement that material changes be approved by the University Board of Trustees. This authorization does not modify the Board's expenditure policies. The motion was seconded and approved by all Committee members present.

d. Fixed Capital Outlay Budget

Vice President Carole Post presented the 2024-2025 Fixed Capital Outlay Budget. This is an action item to seek approval of our annual Fixed Capital Outlay Budget, the FCO. This is a state required exercise that is used to reflect each university's existing or planned capital improvements. There is a lot of material as part of this submission but this presentation will give just a brief review of the components, some highlights of the plan, and the action to approve. The process is regulated by statute and the Board's action will enable USF to certify the list to the state. This is an annual process.

The FCO accounts for all fund sources, including E&G, Carryforward, State Appropriated, and Non-State Appropriated. The key thresholds for each category were noted. Ms. Post reviewed a roll-up of the values across each category and noted that it is a rolling list so each year new projects get added and completed projects roll off, but because most capital projects are multi-year efforts there is always a remaining balance.

Ms. Post provided examples of the projects in each category, demonstrating alignment with the University's strategic plan and priorities, such as investments in infrastructure, academic spaces, spaces that serve student success, and research spaces (largely driven by USF Health). Ms. Post explained that this is not an approval of specific fund requests; this is a step to capture the full list of projects in process or contemplated. Of note is the inclusion of the on-campus stadium in the 'State Appropriated' category – the project is in that category only because of the use of CITF (Capital Improvement Trust Funds) on behalf of the student contributions. The way this filing works is that if even \$1 of 'state-appropriated' funds is used for a project, the project falls into that category for tracking purpose. (\$31M of CITF funds noted.) In cases where there are multiple funding sources for an individual project, we include it in the most appropriate category per the regulatory requirements. Ms. Post noted the addition of the new veterans, military families, & first responder project on this year's FCO consistent with the recent legislative appropriation and pointed out that the FCO list reflects investments across all the branches and health.

Trustee Simmons observed that the FCO report reflects significant investment in research space related to USF Health (well over \$100M). However, the investment in research space outside of USF Health is not as significant, only about \$5M. He asked about developing a plan to get a better alignment between this part of our budget and our institutional goals. A discussion followed about how to achieve that balance.

Trustee Carrere inquired about how the state was looking financially at this point and whether we believed the legislature and governor will have the capacity to support these capital projects as well as USF's and other universities' new funding requests. Mr. Walsh explained that the state's official Revenue Estimating Conference met on August 14th and they added

approximately a billion additional dollars in projected state revenue collections to the current fiscal year and about a billion dollars more to the subsequent fiscal year's expected collections. Mr. Walsh further explained the legislative process around this matter in more detail and suggested that state economists' funding projections remained fairly conservative this far away from the next fiscal year, but state revenue collections were definitely trending positive at this point. Chair Weatherford concurred that the state appears to be very healthy financially at this time and that USF would be wise to continue to request state support for the institution's highest priority needs.

Trustee Piccolo noted that he had recently spoken with the FDOT Secretary of Transportation regarding their budgeting outlook generally relative to capital investments. He also commented on USF's tuition rates and the challenge of meeting growing capital needs when tuition rates are not rising.

A motion was made to: 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 FY25 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); and 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. The motion was seconded and approved by all Committee members present.

e. Reallocation of CITF Funds

Ms. Post presented the Reallocation of CITF Funds. This is an action item seeking approval to reallocate CITF funds on behalf of student groups in Tampa, Sarasota-Manatee, and St. Petersburg.

Each year, student representative groups convene to identify projects that they want to allocate Capital Improvement Trust Funds toward, typically capital initiatives that have a very direct and tangible benefit to student life.

As previously noted, often the projects are on a larger scale and can span multiple years and as student needs evolve, the students can change their priorities. We have several of those requests today which require approval to redirect the funds.

Ms. Post presented a roll-up of the totals for each campus and the fiscal years that those funds were originally allocated. There is a process to effectuate these changes which starts with the student groups initiating the change and moving through a number of procedural steps.

Ms. Post reviewed the detail of each project for each campus.

For Tampa, the students are seeking to redirect funds that had previously been identified to build a fountain on campus to the stadium project. This is largely driven by the fact that a fountain requires ongoing maintenance funds that would have had to have been committed. It was noted that the funds will be used to pay down the existing student fund contribution, it is not an additional commitment.

For Sarasota-Manatee, the introduction of the Student Residential Housing Center and the amenities that it offers has obviated the need for several previously identified projects noted here, so that student group is re-directing to a co-curricular wellness student life center.

And for St. Petersburg, those prior commitments are tied to repairs that the student body wanted to seek for their student swimming pool on campus. Over the past couple of years, those repairs were made so they no longer need to use the CITF funds, and the students are opting to redirect those funds to their university student center remodel project.

A motion was made to approve transfer of CITF funds from prior fiscal years to current projects as presented. The motion was seconded and approved by all Committee members present.

f. Authorized Signers/USF Bank Accounts

Dawn Rodriguez, Acting University Treasurer, presented the action item requesting approval of the authorized signers on USF bank accounts. Pursuant to statute, the Board needs to approve each of the signers by name and title. These titles are the same as have been approved in the past with new individuals in these positions. Asking for approval for Jennifer Condon, CFO, Dawn Rodriguez, Acting University Treasurer and Masha Galchenko, USF Controller, to be signers on USF bank accounts.

A motion was made to approve authorized signatories on USF's bank accounts as presented. The motion was seconded and approved by all Committee members present.

g. Expenditure Authorization

1. Threshold Changes

Jennifer Condon, Vice President for Business & Finance and CFO, presented the request to increase USF expenditure approval authorization limits. The BOT Finance Committee last reviewed the expenditure authorization thresholds in November 2022. The committee recommended a modest increase to the thresholds effective July 1, 2023 and endorsed a plan to review the thresholds again after a year of operating with the new thresholds.

Ms. Condon presented the SUS benchmarking information for expenditure authorization. USF expenditure approval authorizations are more constrictive than our SUS benchmark peers. Ms. Condon noted that we are not recommending an increase to the authority provided to the Procurement Office. The request is restricted to:

- Authorize the Chief Financial Officer to approve transactions up to \$3M
- Authorize the BOTFC Chair to approve transactions up to \$5M
- Require BOTFC approval of transactions greater than \$5M

Ms. Condon explained the impact the change would have had on the last three years of historical transactions approved by the Finance Committee Chair and the full Finance Committee. Looking at FY23-24, 25 expenditure authorizations required either the FC Chair or the full Finance Committee's approval. The new thresholds would still require 17 of them to be approved at this higher level. More specifically, this committee approved 14 transactions, 11 of which were over the new threshold of \$5M. These expenditures are deemed material and would still be reviewed and approved in the Finance Committee meetings.

This action includes expenditures of both USF and DSOs. The requested increases would be effective on January 1, 2025.

Chair Griffin stated that this is something that we've been discussing and evolving on over the past few years and he fully supports this. We had mentioned about 18 months ago that we would bring this back to the Board. Chair Griffin welcomes the change.

A motion was made to adjust USF expenditure approval authorization levels to align with SUS benchmark peers (UF, FSU, UCF) as presented. The motion was seconded and approved by all Committee members present.

2. Requests

Ms. Condon presented three expenditure authorization requests for approval by the Finance Committee.

The first is an updated request.

- College of Nursing Tampa Expansion

The USF Health College of Nursing Tampa Expansion is currently approved for a project value of \$30.4M. Seeking additional authority of \$6M. 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 a 2-story facility. In response to growing demand for the program, we asked our design team to add a third floor. The \$6M of authority currently requested will provide approximately 10,000 square feet of shelled space. The additional cost will be funded by carryforward funds, which is an allowable source. In addition, the contemplated \$6M was included in both the carryforward and fixed capital outlay plans just approved.

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

The remaining requests are new.

- Sarasota-Manatee (SM) Science Lab Renovation

The SM campus currently leases lab space from Mote Marine. Mote would like to end the lease agreement. This request is to build out one biology and one chemistry lab where the bookstore was located as Follett has relocated to the new student center. The EA request lists three sources, carryforward, federal contract and grant funding, and PECO, all of which are allowable. The allocation of sources is not specified as planning is still fluid. The request is for a project not to exceed \$3.8M. This project was included on the carryforward and fixed capital outlay plans just approved.

Trustee Piccolo expressed a concern about this project because of its location. The existing bookstore is in what is called the runway protection zone of one of the Sarasota airport's runways. So this project could end up

being opposed by the FAA. And since the PECO funds expire by 2026, if the FAA does oppose it, he is concerned we could lose that funding.

Eddie Beauchamp, SM Vice Chancellor, explained that they have started the preliminary design on the location being proposed. It is in the runway protection zone. They met with the airport operations team to get to an understanding of whether this will be approved or will not be approved. And through those discussions, initially it was discussed that it could possibly be approved, but as its designers moved forward and it started communications with FAA, they have been opposing it.

Additional discussion ensued.

Given the significant regulatory uncertainty, Chair Griffin tabled this item pending additional information.

- o Service Agreement for Operation of ROV Taurus

This request is for a \$10M not-to-exceed professional services agreement between the Florida Institute of Oceanography (FIO) and Pelagic Research Services to operate our new Remotely Operated Vehicle (ROV) Taurus. Pelagic is the engineering verification dive partner and warranty provider for the Taurus, making them best-qualified to provide operational support. The \$10M agreement is for a period of 10 years and is based on the estimated number of operational days and a rate sheet provided by Pelagic. The service agreement is auxiliary funded, and any operational costs incurred will be funded via rental rates charged for use of the Taurus, making the operation self-supporting.

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

IV. New Business – Information Items

a. Budget Update

Ms. Condon provide an update on the FY25 budget process. The budget process is yearlong, but for the purposes of this presentation, we are focusing on the relevant board approvals. We started with BOT committee meetings in May when Finance Committee approved our DSO plans. The plans were subsequently approved on consent, along with the overall operating budget at the June board meeting. Now, it's August, and in addition to more detailed operating presentations to the campus advisory boards, Finance Committee just approved both the Fixed Capital Outlay and carryforward spending plans. The final step is to submit all of them to the BOG for final approval.

Ms. Condon next reviewed the budget framework discussed at the board budget workshop in May. The budget process is guided by the following principles:

- o transparency,
- o simple and sustainable processes,
- o diversification of revenue streams,
- o cost-effective and strategic use of resources and
- o enhanced responsibility, authority and accountability.

The overall operating budget was approved by the Board in June. The authority granted was for a continuation operating budget of approximately \$2.5B with known adjustments and new state resources of nearly \$100M.

Ms. Condon reviewed the filters for decision-making that have been incorporated into our budgeting and resource allocation process. These filters were developed for FY24, and they continue to aid decision-making through FY25 and beyond.

USF received \$96M in new resources (state appropriations) for FY25. A breakdown of resources by general category was presented as well as some of the restrictions that are placed on the funds received. USF received a \$5M budget amendment for the Florida Center for Behavioral Health Workforce which was received after the June approval. USF also received two state capital appropriations - \$31M for East Campus Infrastructure & Safety Improvements and \$10M for Veterans, Military Families, & First Responder Service Complexes.

The \$50M in recurring allocations received from the state enabled investments across all of our filters. \$14.75M of the \$46M non-recurring funds received from the state were direct appropriations for the USF Health hyperbaric oxygen therapy clinical trial and the TIP Risk to Resilience Lab in St. Petersburg. That left \$31M non-recurring to invest across multiple filters.

Chair Griffin stated that the new resources are going exactly where we said they were going to go and having a budget ready July 1 was a big milestone. He is very encouraged at where we are and how these dollars are being allocated in a manner that is inclusive.

b. Series 2012B Remarketing Transaction

Ms. Rodriguez presented the series 2012B remarketing transaction. This is being presented as an informational item because there are no material changes to the debt or the related interest rate swap, so this does not require approval by BOT or BOG. For transparency purposes, we will also provide notice to the BOG. The Financing Corporation Board approved this transaction on August 1st. The Series 2012B bonds are currently outstanding in the amount of \$43M. These bonds were initially issued as the Series 2007 Certificates to finance the construction of the Juniper-Poplar residence halls. They were initially issued as public variable rate bonds with a fixed pay interest rate swap that goes out to maturity in 2037. In 2012, Wells Fargo Bank directly purchased these certificates, initially for five years, and then for an additional 7 years. The current facility with Wells Fargo expires on October 1, 2024. The Financing Corporation sought proposals and received the most attractive proposal from JP Morgan Chase Bank. We negotiated with them to meet some of our key objectives, including:

- 13-Year Term – to final maturity on 7/1/2037. This will eliminate the need to extend or replace the facility every five to seven years.
- Very attractive rate of 0.83% spread to the variable rate index; compared to 1.05% spread for a 7-year term from a competitive proposal.
- JP Morgan Chase Bank agreed to maintain substantially the same financial covenants, security and other terms and conditions.
- At our option, we will be able to convert these certificates to a fixed rate when the market is attractive for us to take out the interest rate swap with a reasonable termination payment.

c. Annual Finance Policy Reports

The Policies were adopted in 2006 and apply to the University and all Direct Support Organizations (DSOs). The DSO boards have adopted all of the policies. The Annual Finance Policy Report is required by the three BOT Finance Policies (Investment, Debt Management, Derivatives). Ms. Rodriguez presented highlights of the results of the management of USF's Investment, Debt, and Derivatives Portfolios.

1) Investment

- USF has 10 investment portfolios.
- All portfolios are governed by investment committees.
- All portfolios are governed by and in compliance with the USF Investment Policy.
- The total value of USF's investment portfolio reached a new record of \$2.1B (06/30/24). Annual growth in the portfolios reflects investment performance and net cash flows.
- The University portfolio at \$926M (06/30/24) and the Endowment portfolio at \$745M (03/31/24) are the 2 largest of the 10 portfolios.
- Each portfolio plays a different role. USF has two types of portfolios – one endowment portfolio (held at the USF Foundation and focuses on long-term investment horizon mostly with restricted funds) and nine operating portfolios (shorter term investment horizon and focus on key liquidity) including the University's portfolio and all the DSOs.
- The University's portfolio is managed to preserve capital, provide essential liquidity, and achieve positive annual returns in all market conditions. Pursuant to statute, returns are secondary to safety and liquidity.
- The University has a strong liquidity position compared to our Moody's AA peers (229 Days Cash on Hand vs. 189 Days).
- The University's portfolio is structured to balance risk and return.
- We enhance our net investment returns by holding our investment expense ratios very low, at only 5 basis points.
- We have great conviction regarding our portfolio structure to achieve our investment portfolio objectives. We have the right asset allocation to protect against downside risks and the right investment managers and funds. Our funds are diversified and low cost.
- The portfolio has generated positive returns in 94% of the past 16 fiscal years (actually all but one and that was FY2022).
- Our current portfolio strategy is to limit buy/sell transactions. We are not trying to time the market and we are investing our positive cash flows currently earning over 5% in both cash and money market funds.
- FY2024 was very strong with \$64M in annual investment income; \$31M in cash and the remaining portion unrealized largely due to the S&P 500 strong return of 24.5%. The total return of 7.9% is the strongest in the portfolio's history; however, returns are likely to stabilize and return to our long-term average return of approximately 3%.
- We capitalized on market opportunities by locking in high rates with longer durations.

2) Debt Management

- USF currently has \$565M outstanding in debt.
- All 21 debt issues are in compliance with the BOT Debt Management Policy, as well as state and federal laws, and bond covenants.
- Long-term weighted average interest rate is 4.72%; still very attractive even with the recent addition of \$200M of taxable debt.
- We structure our debt conservatively and capitalize on market opportunities.
- We seek to protect the University's strong AA credit ratings with Moody's and S&P.
- Preserve debt capacity and structure debt to reduce risk.
- Since 2005, we've closed \$2.2B in transactions and we have restructured bonds to realize \$30M of NPV savings.
- Our P3s are operating as expected.
- Moody's and Standard & Poor's both affirmed our AA credit ratings last year. These credit ratings are very important as they affect our ability to access capital markets on favorable terms, both in terms of cost and covenants.
- Only one financing transaction was closed in FY24 – \$340M USF Stadium Project financed with \$200M fixed rate, taxable loan and \$140M equity.
- Anticipated financing projects
 - 2,100-Bed Argos Redevelopment Project – currently assessing costs, financial feasibility, impact on credit ratings, impact on university debt capacity and also considering financing structure and timeline for the project.
 - Remarketing of the \$43M Series 2012B Certificates (discussed earlier).
- Focus on funding key capital projects and maintaining appropriate leverage and other key measures.
- Against our AA rated peers, we compare very favorably from a liquidity and leverage perspective and we are about on par in terms of operations.
- Profiles for the University's three bond systems:
 - USF Housing System – Solid "A1" rated system, driven by consistent strong demand with occupancy of 99% in FY24; high debt service coverage ratios with a small reduction in FY25 due to the addition of the USF Sarasota-Manatee Housing Student Center debt coming online this fall.
 - USF Parking System – Strong "Aa3" rated system; continued pressure on revenues but otherwise strong performance; healthy reserves despite significant investments in facilities; Series 2016A bonds mature on July 1, 2026.
 - USF Marshall Student Center – Strong "Aa3" rated system; steady, consistent revenue growth; consistently strong debt service coverage ratios.

3) Derivatives

- Have been winding down our derivatives portfolio for the last 16 years from a high of \$278M in 2008 to \$46M in 2024. This is related to the one swap currently outstanding - Variable Rate Bonds Series 2012B. We are watching this and will eventually be able to convert this to fixed rate and terminate this swap associated.

d. DSO Updates

The FY25 DSO Annual Financial Plans were presented in May and included a projection for FY24. Three DSOs were either projecting operating losses or had thin liquidity margins, and this board is monitoring them more closely. Ms. Rodriguez presented the updates provided by the three DOSs – UMSA, HPCC, and Research Foundation.

1) UMSA Update

Originally forecasted a \$6.7M net operating loss; that loss has increased to a \$10M projected loss. UMSA has confirmed that is a non-cash accounting adjustment that was made and that was actually identified through an enhanced reconciliation process. No changes are anticipated to the FY25 approved financial plan. As previously reported, the healthcare delivery environment has changed drastically. Similar to most medical schools across the country, both public and private, UMSA is working with its primary hospital partner, TGH, to revise their funds flow model. The final agreement is under way and is expected to conclude by September 30, 2024. In the meantime, they've signed a bridge agreement which incorporates many of the key items that are going to be incorporated into the final agreement, and that includes \$22M in additional faculty salaries support, \$15.8M to replace the Dean's tax calculation, the assumption of UMSA deficits with an agreed upon cap. UMSA also provided an update on the USF Health Clinical Faculty compensation plan, which they have been working hard to finalize. The new compensation plan structure will align with the new funds flow model from TGH and new funding from USF.

2) HPCC

Prior net operating profit of \$881K has been revised downward to \$137K. However, this reflects a reduced reliance on a portion of the COVID-relief funds provided by the College of Medicine. No changes are anticipated to their FY25 approved financial plan. HPCC has reported that their most significant expense of approximately \$1.5M annually is related to the debt service on their \$10M of outstanding debt related to CAMLS. They are continuing to look for ways that they might be able to pay off that debt. In the meantime, they are working hard to establish a sustainable business model. They have expanded their research capabilities and received some federal grants, and they have also established a lease with the Florida Center for Emergency Medical Services. Finally, CAMLS is collaborating with TGH to engage large medical device companies.

3) Research Foundation

No major concerns from an overall business sustainability perspective. Liquidity is very strong. Their challenge has been in the delay of the lease up of their new building. Their forecast is on par. It actually improves slightly because of the net investment income. There is no change to their FY25 approved financial plan. For the new building, the first floor is fully leased up and their labs have waiting lists. The entire second floor has a very serious prospect. Most of the third floor will be leased up this fall following tenant build out by the College of Medicine virology facility and Dr. Albert Kim's medical engineering research facility. The remaining 9,000 square feet has a lot of interest from a federal entity as well as industry companies. They expect full lease up by FY26 and all of their other buildings are fully leased up and generating profit.

Trustee Simmons asked that since there is a critical need for lab space on campus and about 9,000 square feet in the new building, is there any pathway in which the university could actually lease that space to provide a short-term solution to the need to build out our research enterprise more. Ms. Rodriguez stated that there are some limitations on what we do with that space because it is a bond-financed facility. Ms. Condon explained that it has to do with the color of money and only DSO funds can be used on this bond-financed building. USF Health has access to UMSA funds so they are able to lease some of the space. It is more of a challenge for Academic Affairs and their funding sources. Provost Mohapatra added that the Research Council is looking at the use of F&A for this.

Chair Griffin stated that we want to fill this building so we can build more buildings for research and not just for our researchers, but third parties that can collaborate with our incredible faculty and leadership.

V. Adjournment

President Law made the following comments about today's meeting. She recognized the fact that the items that were approved today at this meeting represent an incredible amount of work by numerous people across this university. She specifically thanked our government relations and our financial and facilities leadership. Our focus has been to make sure that our budget and our plans are aligned with our strategic plan. Our ability to get to our goals of being a top 25 institution and having a billion dollars in research awards is absolutely dependent upon that deliberate and effective implementation of those approvals. She also thanked the Finance Committee and the Board of Trustees as a whole, because as we move together, we are going to be able to accomplish these goals and we are going to be bold.

Chair Griffin thanked the President for her leadership as this all starts with her.

Having no further business, the Finance Committee meeting was adjourned at 11:58am.

Agenda item: IIIb

USF Board of Trustees
December 10, 2024

Issue: University Auxiliary Facilities with Outstanding Revenue Bonds

Proposed action: Approve Operating Budget for USF Parking Facilities Revenue Bonds, Series 2016A

Executive Summary:

Board of Governors Regulation 9.008 'University Auxiliary Facilities with Outstanding Revenue Bonds' (amended June 22, 2017) requires universities with outstanding auxiliary revenue bonds issued by the Florida Division of Bond Finance to annually submit a detailed operating budget to the Board of Governors at least ninety (90) days before the beginning of the fiscal year. The USF Parking Facilities Revenue Bonds, Series 2016A, are the only USF bonds subject to this requirement.

The FY26 Operating Budget for the USF Parking Facilities Revenue Bonds is due to the BOG in February 2025. BOG Regulation 9.008 states that the operating budget for University Auxiliary Facilities must be approved by the USF Board of Trustees before submittal to the Board of Governors. For that reason, this filing is being presented at this time to the BOT Finance Committee so that it can be considered by the full Board of Trustees at its December 10, 2024 meeting.

Financial Impact:

The FY26 Operating Budget for the USF Parking Facilities Revenue Bonds reflects a modest increase in operating revenues and a modest decrease in operating expenses. The FY26 'Operating Capital Outlay' anticipates the purchase of two new diesel buses.

The FY25 'Operating Cash Carried Forward' decreased \$10.7M from the prior year primarily due to two critical 'Operating Capital Outlay' commitments made in FY24: (1) \$3M to fund the installation of garage fall protection equipment across 5 parking garages on the Tampa and St. Petersburg campuses, and (2) \$8M contribution to the development of the on-campus stadium.

The reduction in Debt Service in FY25 and FY26 is due to the amortization of the Series 2016A Revenue Bonds, which mature on July 1, 2026. Once the Bonds mature, the Division of Parking and Transportation can accelerate its capital improvement plan and make technological enhancements to its infrastructure.

The estimated unrestricted operating cash funds of \$5.5M in FY25 and \$5.7M in FY26 provide support for AA credit ratings.

Strategic Goal(s) Item Supports: **Goal 5: A strong, sustainable and adaptable financial base**
BOT Committee Review Date: **Finance Committee - November 19, 2024**
Supporting Documentation Online (please circle): **Yes** **No**
USF Parking Revenue Bonds, Series 2016A – Income and
Expenditure Statement (Operating Budget)
Prepared by: **Dawn Rodriguez, Acting Treasurer, (813) 974-7297**
Carole Post, Vice President, (813) 974-2612

INCOME AND EXPENDITURE STATEMENT				
UNIVERSITY :		University of South Florida		
BOND TITLE :		Parking Revenue Bonds: Series 2016A		
AUXILIARY FACILITY (IES) :		Series 2016A: Parking Garages 1, 2, 3, & 4		
		2023-24 Actual	2024-25 Estimated	2025-26 Projected
1. REVENUE CARRIED FORWARD				
A. Operating Cash Carried Forward:				
Liquid		16,565,906	5,861,385	5,559,205
Investments		0	0	0
Subtotal:		16,565,906	5,861,385	5,559,205
B. Replacement Reserve Forward:				
Debt Service Reserve		40,836	27,022	26,597
Maintenance & Equipment Reserve		3,589,110	3,676,609	3,799,223
General Reserve		8,506,516	8,570,241	8,680,808
Subtotal:		12,136,462	12,273,872	12,506,628
TOTAL CARRIED FORWARD (A +B):		28,702,368	18,135,257	18,065,833
2. CURRENT YEAR REVENUE / INFLOWS				
* Revenue		12,685,976	12,933,715	13,031,000
Interest Income		0	0	0
Other Income / Inflows		0	0	0
TOTAL CURRENT YEAR REVENUE:		12,685,976	12,933,715	13,031,000
3. SUMMARY OF AVAILABLE REVENUES (1 +2):				
		41,388,344	31,068,972	31,096,833
4. CURRENT YEAR EXPENDITURES / OUTFLOWS				
Salaries and Matching		4,331,300	4,789,076	4,932,748
Other Personal Services		413,305	425,000	431,375
Operating Expense		7,376,304	5,330,010	5,087,446
Repairs and Maintenance		0	0	0
Debt Service		2,043,390	1,185,490	1,185,520
Repair and Replacement Expense		0	0	0
Operating Capital Outlay		373,086	87,900	1,375,000
Other Outflows & Transfers Out		8,925,866	1,384,130	1,171,088
TOTAL EXPENDITURES:		23,463,251	13,201,606	14,183,177
5. TRANSFERS TO REPLACEMENT RESERVES				
Debt Service Reserve		0	0	0
Maintenance & Equipment Reserve		87,499	122,614	110,297
General Reserve		0	0	0
Subtotal:		87,499	122,614	110,297
6. TRANSFERS FROM REPLACEMENT RESERVES				
Debt Service Reserve		13,815	425	425
Maintenance & Equipment Reserve		0	0	0
General Reserve		146,439	87,900	1,375,000
Subtotal:		160,253	88,325	1,375,425
7. ENDING REPLACEMENT RESERVES (1B +5 -6)				
Debt Service Reserve		27,022	26,597	26,172
Maintenance & Equipment Reserve		3,676,609	3,799,223	3,909,520
General Reserve		8,360,077	8,482,341	7,305,808
Interest Earned on Reserve Balances		210,165	198,466	199,000
Subtotal:		12,273,872	12,506,628	11,440,500
8. ENDING OPERATING CASH (1A +2 -4 -5 +6)				
		5,861,385	5,559,205	5,672,156
9. SUMMARY OF ENDING REVENUES (7 +8)				
		18,135,257	18,065,833	17,112,656
* REQUIRED INFORMATION *				
Date budget approved by University Board of Trustees :	December 7, 2022	December 5, 2023	December 10, 2024	
Prepared By :	Scott Fox, Director, Parking & Transportation Services	Telephone :		
		Email :	scottfox@usf.edu	
* Revenue as outlined in the Bond Covenants to support the debt servicing of the bonds.				

**UNIVERSITY AXILIARY FACILITIES
NARRATIVE SUPPLEMENT TO INCOME AND EXPENDITURE STATEMENT
TO BE PROVIDED TO BOARD OF GOVERNORS MEMBERS**

1. Do the pledged revenues reported contain any overhead assessments ? If yes, please explain.

No. The pledged revenues reported do not contain overhead assessments.

2. Do pledged revenues or expenditures change year over year 10% or more ? If yes, please explain.

Yes, total expenses are expected to decrease by 44% from FY 2023-24 to FY 2024-25, and are projected to increase by 7% in FY 2025-26.

Salaries, benefits and OPS is expected to increase by 10% from FY 2023-24 to FY 2024-25 reflecting University salary increases and filling vacant positions. The FY 2025-26 Projection reflects a modest increase of 3%.

Operating Expense is expected to decrease by 28% (\$2M) from FY 2023-24 to FY 2024-25, due to a decrease in project expenses. The majority of the Garage Fall Protection projects were expensed in FY 2023-24, and few new projects will be expensed in FY 2024-25. Operating Expense is projected to decrease in FY 2025-26 by 5% (\$243k) due to a decrease in planned project expenses.

The reduction in Debt Service in FY 2024-25 and FY 2025-26 is due to the amortization of the Series 2016A Revenue Bonds, which mature on July 1, 2026.

Operating Capital Outlay is expected to decrease by 76% (\$285k) from FY 2023-24 to FY 2024-25 due to a decrease in planned purchases of capital equipment. Operating Capital Outlay is expected to increase from FY2024-25 to FY2025-26 by \$1.29M, which represents the purchase of 2 new diesel buses.

3. Please explain amounts categorized as "other".

Other Outflows and Transfers Out is primarily comprised of overhead assessment expense, which will decrease or increase relative to changes in Operating Expenses.

FY 2023-2024 Other Outflows and Transfers Out reflects an \$8M transfer in support of the University stadium project.

4. Add lines as needed for additional university comments. This information will be shared with Board of Governors members.

The FY 2024-25 Estimate and the FY 2025-26 Projected underscore our dedication to consistently providing high-quality services to the community. As our garages, parking lots, and buses inevitably age, the demand for comprehensive preventative maintenance and bus replacement grows. Moreover, in step with the evolving landscape of the University and its student population, we persist in leveraging technology to enhance the quality of our parking services and expand transportation alternatives.

Agenda Item: IIIc

USF Board of Trustees
Finance Committee
November 19, 2024

Issue: Expenditure Authorization Request

Proposed action:

Approval of the following expenditure over \$3,000,000:

- Partnership with Compass Group – Facilities Services Agreement with Southeast Service Corporation (“SSC”) \$30,000,000
-

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 item listed above.

Financial Impact: Authorization is being requested for \$30,000,000 in transactions for the current fiscal year through June 30, 2025.

Note that the 15-year Agreement effectively transfers the facilities management program from the University to SSC thereby reducing direct expenses of the University, including salaries, benefits, supplies, and other expenses. The intent of this partnership is to result in a net benefit to the University with annual savings estimated at over \$1 million.

Rather than request expenditure authority for the entire 15-year Agreement term, management will return to the Finance Committee to request expenditure authority on an annual basis and will provide updates on the status of the project and realized benefits.

Strategic Goal(s) Item Supports: Goals 1, 3, 4, 5
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: Partnership with Compass Group - Facilities Services Agreement with Southeast Service Corporation ("SSC")

Total Project/Initiative Cost: \$30,000,000 - Estimated cost for FY 2025 (excludes project management costs that will be billed separately and will be subject to standard approval thresholds).

Note that this Agreement effectively transfers the facilities management program from the University to SSC thereby reducing direct expenses of the University, including salaries, benefits, supplies, and other expenses. The intent of this partnership is to result in a net benefit to the University with annual savings estimated at over \$1 million.

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

Seeking expenditure authority for up to \$30,000,000 in FY 2025 for costs associated with the Facility Services Agreement with SSC. The 15-year Agreement provides SSC the exclusive right to provide Facility Services (including custodial, grounds, PO&M, and certain minor construction projects) for the University for the term of the Agreement.

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

The partnership with Compass Group, and SSC for the Facilities Services, supports an exciting vision for building upon our existing custodial, grounds, maintenance and minor project management programs, while providing our team members with additional opportunities for growth and development.

Over the next 15 years, the partnership is projected to be worth nearly \$320 million in cost savings and additional revenue for USF, including a signing bonus of \$47 million, which will be used to support our best place to work and best place to learn initiatives. The partnership will also result in efficiencies and advancements for our university that would not have been possible otherwise, as well as provide new internship and experiential learning opportunities for students.

As such, 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): *(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 If Other, please specify	Amount <i>(for each funding source)</i>
E&G		See below
Auxiliary		See below

To be funded by a combination of both sources based on utilization; total amount up to \$30M. This is an allowable expenditure on both 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?

None

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

N/A

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

N/A

- 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:

List Related Projects/Initiatives: (if any)

USF or Campus specific: USF

Prepared by: Dawn Rodriguez, Acting Treasurer

Date Requested: November 19, 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.

Agenda Item: IVa

USF Board of Trustees
Finance Committee
November 19, 2024

Issue: DSO Investment Reporting to the USF Board of Trustees

Proposed action: Informational

Executive Summary:

The USF Board of Trustees adopted the USF System Investment Policy in 2006.

- The USF Investment Policy applies to the University and Direct Support Organizations (DSOs).

DSOs are governed by independent Boards of Directors. DSO investments are governed by DSO Investment Committees.

Periodic DSO Investment Reports, for significant DSOs, will be provided to the USF Board of Trustees, upon request.

DSO Investment Reports as of June 30, 2024 being presented today are:

1. USF Foundation
2. University Medical Services Association, Inc. (UMSA)
3. USF Research Foundation, Inc.

Financial Impact:

The Direct Support Organizations of the University of South Florida (DSO) are organized and operated exclusively to assist the University to achieve excellence by providing supplemental resources from private gifts and bequests and valuable education support services. These organizations are authorized by Florida Statute 1004.28 to receive, hold and administer property and make expenditures for the University.

Strategic Goal(s) Item Supports: Goal 5: A strong, sustainable and adaptable financial base
BOT Committee Review Date: November 19, 2024

Supporting Documentation Online (please circle): Yes No

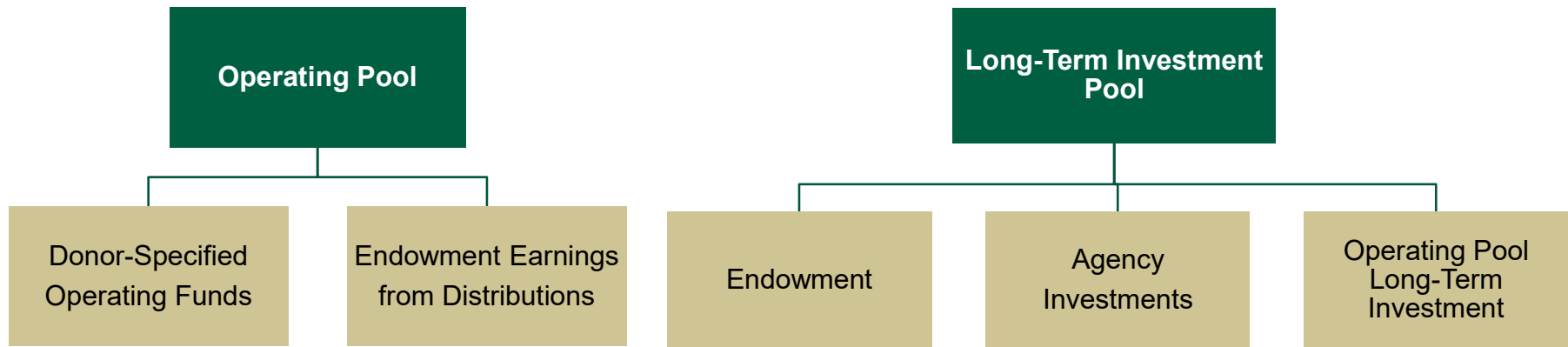
Prepared by: DSO Investment Reports
Dawn Rodriguez, Acting University Treasurer, (813) 974-7297



Annual Portfolio Review
for
University of South Florida Board of Trustees
Finance Committee

November 19, 2024

Foundation Asset Pools



- **About \$900 Million In Assets Under Management at Fiscal Year End 2024**
- **Investment Governance Provided By USF Foundation Board Of Directors**
 - Investment committee is responsible for financial oversight and administration of operating and endowment investment pools
 - Committee consists of fifteen voting members; Chairman – Brad Bernstein
 - Supported by Foundation investment staff and investment advisor Wilshire Associates (since 2000)
 - Rob Fischman – Vice President and Chief Financial Officer
 - Ken Souza – Assistant Vice President of Investments
 - Assets are managed based on investment policy guidelines approved by the Foundation Board
- **Foundation Investment Policies Are In Compliance With University Investment Policy**

Endowment Portfolio Performance



As of 6/30/2024	1-YR	3-YR	5-YR	10-YR	Inception
Endowment Fund	14.0%	3.3%	9.4%	8.3%	9.5%
Policy Benchmark	14.6	4.6%	9.0%	7.7%	9.0%
+/- Benchmark	-0.6%	-1.3%	0.4%	0.6%	0.5%

Returns are net of fees

Total Pool Assets

\$743 Million

NACUBO Endowment Assets

\$708 Million

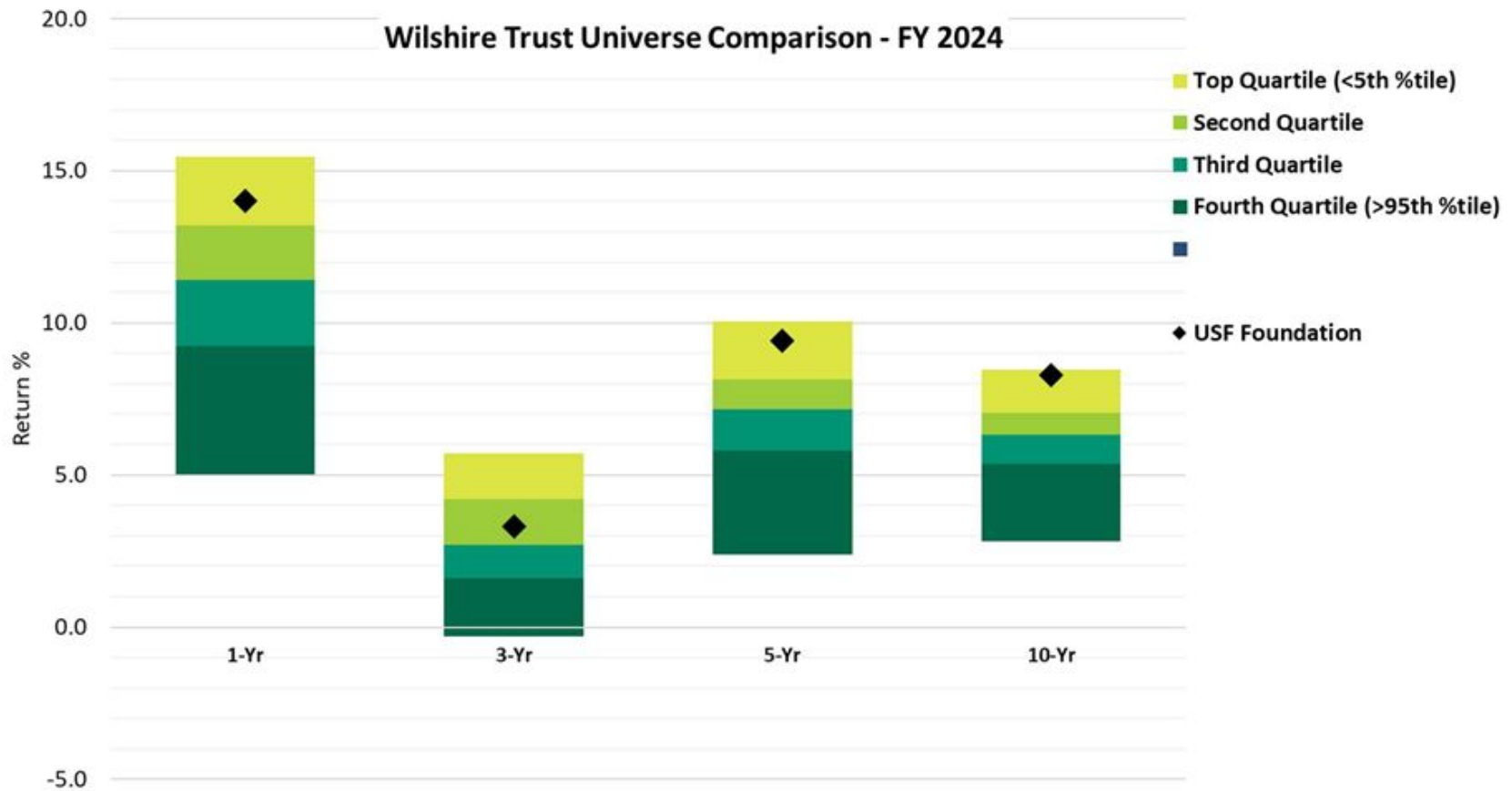
Asset Class	Alloc %	1-Yr	3-Yr	5-Yr	10-Yr	Non-Marketable	Alloc %	Return
Domestic Equity	33%	22.8%	5.7%	13.1%	11.5%	Private Real Assets	6%	IRR: 6.5%
<i>Wilshire 5000 Index</i>	30%	23.2	8.4	14.4	12.4	(Real Estate, Natural Rs)		5-Yr Return: 4.7%
International Equity	28%	16.1	-0.2	8.6	6.3	<i>Consumer Price Index + 5%</i>	<i>10%</i>	<i>5-Yr Return: 9.4%</i>
<i>MSCI ACWI ex US</i>	27.5%	11.6	0.5	5.5	3.8	Alternatives	9%	IRR: 13.5%
Fixed Income	19%	9.1	1.5	3.3	3.6	(Private Eq, Venture Cp)		5-Yr Return: 16.4%
<i>Barclays Agg/ML HY</i>	20%	7.3	0.5	2.5	3.2	<i>MSCI AC World</i>	<i>10%</i>	<i>IRR: 9.3%</i>
Public Real Assets	4%	7.3	3.3	5.3	3.1			<i>5-Yr Return: 11.5%</i>
<i>Custom Benchmark</i>	2.5%	6.9	3.5	5.0	2.1			

Non-Marketable Returns as of 3/31/2024

Benchmarking



- USF Endowment Long-Term Performance Maintained Its Top Quartile Ranking Despite FY 2024 Return Ranking Near Median



Source: Wilshire Consulting
TUCS Index consists of 873 endowments and foundations

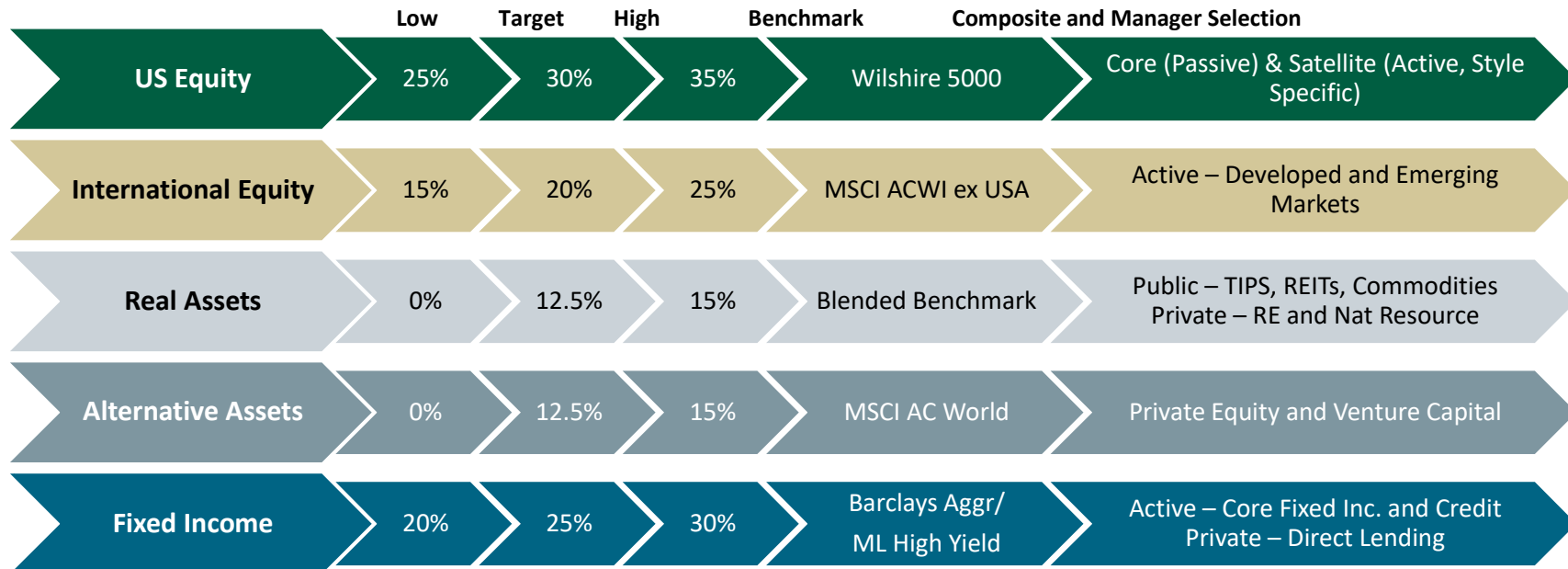
FY 2024 Return Attribution and Asset Allocation



• Endowment Returns Compared to Policy Benchmark

- US and international equity contributed to performance on an absolute basis and international equity contributed to return vs. benchmark as active managers beat benchmarks
- Alternatives (private equity and venture capital partnerships) detracted from short-term results on slower exit activity in the marketplace; however the asset class is still a significant long-term contributor with a 15.7% 10-year return
- Private real assets detracted from short-term performance on headwinds in the commercial real estate market

Allocation Targets – Effective 7/1/2024



Investment Committee Initiatives



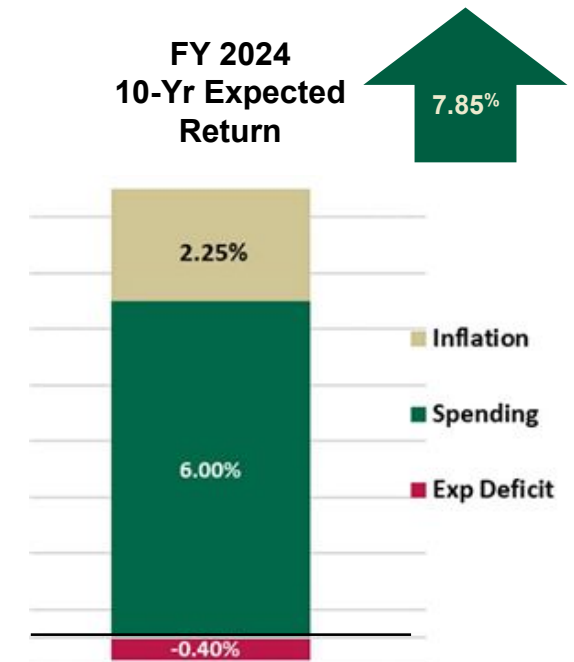
FY 2024 Investment Committee Actions

- Revision and implementation of new strategic asset allocation, reducing target allocation to international equity in favor of additional assets in alternatives, private credit, and core fixed income
- Committed to several private equity buyout partnerships

Endowment Long-Term Growth Expectations

- Return projections were made based on 12/31/2023 market conditions
- Distributions have increased to keep pace with inflation due to rising five-year average market value

	Target Allocation	FY 2023 10-Yr Expected Return	Expected Excess Return from Active Mgmt	Total 10-Yr Expected Return
Growth Assets				
US Equity	30%	5.00%	0.50%	5.50%
Non-US Equity	20%	6.35%	1.25%	7.60%
Private Markets	12.5%	8.60%	1.00%	9.60%
Risk Minimizing Assets				
Core Fixed Income	10%	4.75%	0.70%	5.45%
Credit Assets				
Opportunistic Credit	8%	6.22%	1.00%	7.22%
Private Credit	7%	8.35%	1.50%	9.85%
Inflation Hedging Assets				
Public Real Assets	2.5%	6.60%	0.50%	7.10%
Private Real Assets	10%	6.95%	1.50%	8.45%
Inflation	--	2.25%		2.25%



Operating Pool Investment Program



- **Investment Objective – Long-Term Preservation of Capital**
 - Foundation management conducts an actuarial review of the operating funds’ cash flow activity in order to forecast the pool’s liquidity needs; this becomes the basis of the investment strategy
 - Asset allocation was reviewed in 2024, based on risk/return forecasts for each asset class

Tier I Vehicle	Liquidity 35%	Tier II Capital Preservation 45%	Tier III Capital Enhancement 20%
<ul style="list-style-type: none"> • Money Market Funds • Bond Ladder 		<ul style="list-style-type: none"> • Active Investment Grade Bonds • Short-Term High Yield • Internal Loans 	<ul style="list-style-type: none"> • Long-Term Investment In Endowment Pool

- **FY 2024 Investment Performance – Assets \$156 Million**

As of 6/30/2024	1-YR	3-YR	5-YR	10-YR	Inception	Portfolio Yield
Operating Pool	7.8%	1.3%	2.9%	3.0%	4.5%	6/30/2024 5.54%
Policy Benchmark	6.0%	0.7%	2.5%	2.7%	4.3%	6/30/2023 4.68%

Investment Report USF Health Care

University Medical Service Association, Inc. and
Medical Services Support Corporation

November 19, 2024

Steve Omli



Investment Committee Structure

- Subcommittee of the USF Health Care Executive Management Committee (EMC) responsible for the oversight and authority of the investment fund
- Committee membership overlays with the University Investment Committee

Members	Title	Tenure
Steve Omli, MBA, CMA, CSCA (Chair)	Chief Financial Officer, USF Health	2 years
Dawn Rodriguez	Acting University Treasurer and Assistant Vice President University of South Florida	<1 year
Mark Moseley, MD, MHA, CPE	Professor and Chair, Department of Internal Medicine USF Health Morsani College of Medicine	12 years
Yuting DiGiovanni, PhD	Associate Professor, MUMA College of Business	< 1 year

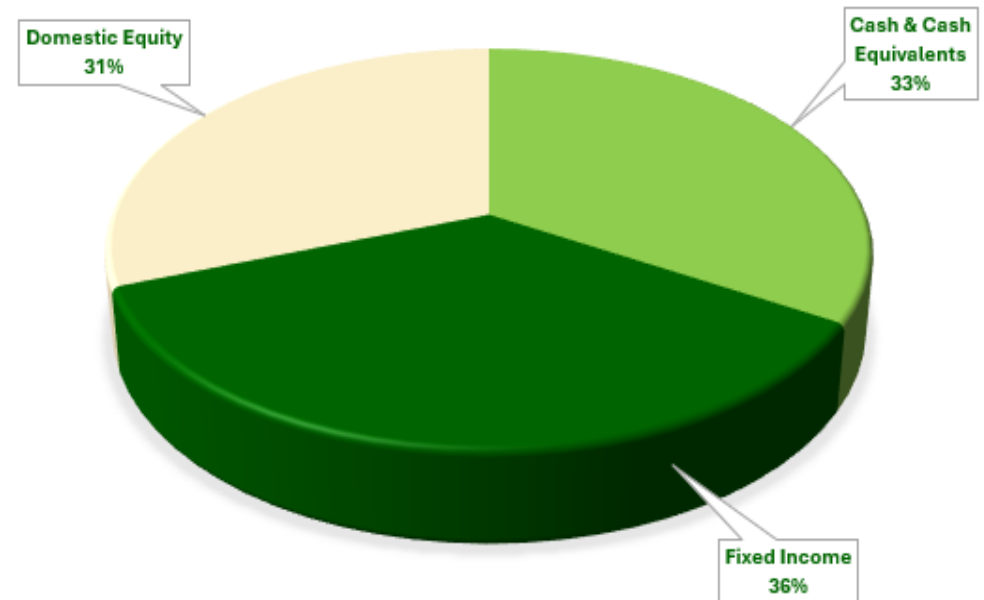
Investment Management

- **Portfolio Objectives**
 - Maintain adequate liquidity, with target days cash on hand of 60-90 days.
 - Actual days of 34.4 due to slower cash flow related to Change Healthcare cyber attack impacting provider re-enrollment process.
- Primarily consists of mutual funds that are first allocated to short-term funds for liquidity purposes, then to long-term for operating needs.
- A total portfolio return which outperforms appropriate market and asset benchmark portfolio returns over a rolling 1, 3, and 5-year time horizon, net of all investment expenses.
- Positive rolling 5-year total return, net of inflation as defined by the Consumer Price Index (CPI), and net of all fund investment and operating expenses.
- Target allocations are reviewed once per year & voted on by the committee.
- UMSA/MSSC Investment Policy complies with USF Investment Policy.
- Utilize the University's investment consultant, Cambridge Associates.

USFHealth

Asset Allocation and Targets

As of 6/30/2024	Asset Allocation		Target Allocation	
	\$, Millions	%	\$, Millions	%
Short-Term Funds:				
Cash & Cash Equivalents	\$12.7	34%	\$7.1	19%
Fixed Income	\$13.6	36%	\$21.4	56%
Total Short-Term Funds	\$26.3	69%	\$28.5	75%
Long-Term Funds:				
Domestic Equity	\$11.7	31%	\$7.1	19%
International Equity	\$0.0	0%	\$1.0	3%
Real Assets	\$0.0	0%	\$0.9	2%
Other Permissible Investments	\$0.0	0%	\$0.5	1%
Total Long-Term Funds	\$11.7	31%	\$9.5	25%
Total Portfolio / Days Cash on Hand	\$38.0	34.4	\$38.0	100%



USFHealth

Portfolio Performance

As of 6/30/2024	QTR	1-YR	3-YR	5-YR	Inception
Weighted Portfolio Return	2.51%	14.53%	4.80%	7.83%	5.14%
Portfolio Benchmark	2.49%	14.58%	4.84%	7.90%	5.22%
+/- Benchmark	0.02%	0.05%	0.04%	0.07%	0.08%



USF Research Foundation, Inc. Annual Investment Portfolio Review

**June 30, 2024
for
University of South Florida Board of Trustees
Finance Committee**

USF Research Foundation, Inc. Investment Portfolio

As of June 30, 2024

3 Investment Accounts

- Long Term Investments (+ 10 Years)

USF Foundation LT Operating Investment Fund	\$ 22,202,114
USF Foundation Endowment Fund	15,246,036

Total Long Term Investments	\$ 37,448,150
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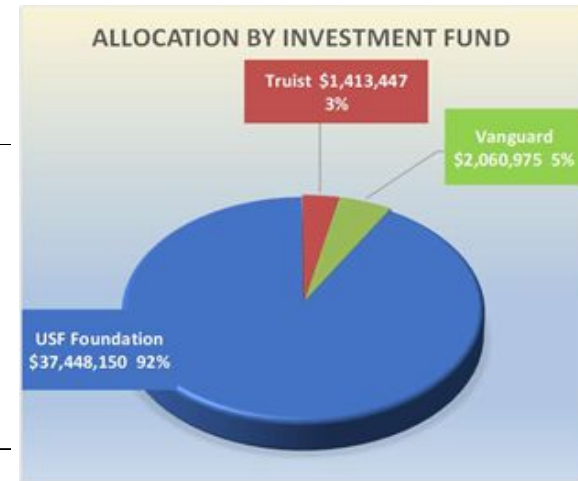
- Intermediate Term Investments

3-10 Years	1,413,447
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- Short Term Investments

1-3 years	2,060,975
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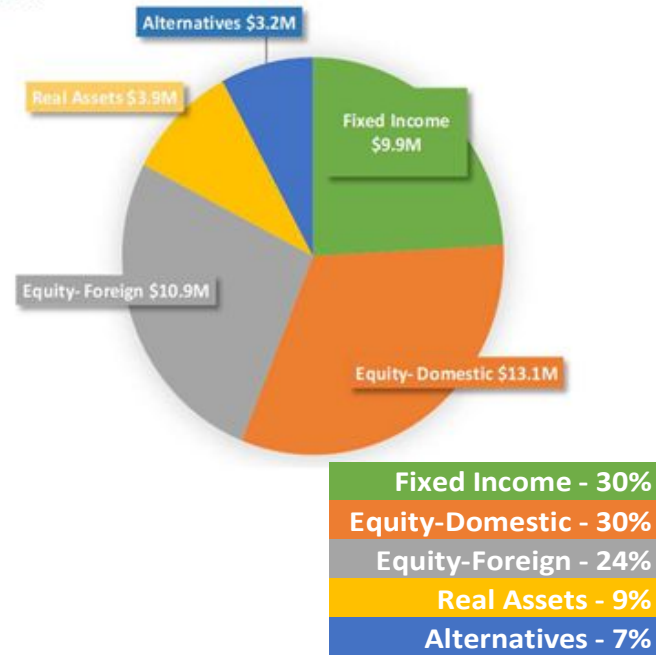
	\$ 40,922,572
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USF Research Foundation, Inc. Portfolio Asset Class Allocation

As of June 30, 2024

Asset Class	Long Term Foundation	Intermediate Truist	Short Term Vanguard	Total
Fixed Income	19%	41%	100%	\$ 9,872,258
Equity- Domestic	33%	43%		\$ 13,080,283
Equity- Foreign	28%	16%		\$ 10,854,882
Real Assets	10%			\$ 3,894,608
Alternatives	9%			\$ 3,220,541
Grand Total	100%	100%	100%	\$ 40,922,572



USF Research Foundation, Inc. Investment Performance

As of June 30, 2024

ASSET CLASS	Inception Date	Market Value (\$)	Quarter To Date (%)	Cumulative Trailing 1 Year (%)	Annualized Trailing 3 Year (%)	Annualized Trailing 5 Year (%)	Annualized Since Inception (%)
SHORT TERM INVESTMENTS							
Treasury Money Market	10/18/18	\$1.3	1.3%	5.4%	3.1%	2.1%	2.4%
Fixed Income - Domestic (180 days +)	10/21/13	\$0.8	1.0%	6.0%	0.4%	1.7%	2.6%
VANGUARD Portfolio Return							
INTERMEDIATE TERM INVESTMENTS							
Fixed Income - Domestic	11/01/13	\$0.6	-0.4%	3.6%	-2.2%	0.0%	1.6%
Equity - Domestic	11/01/13	\$0.6	1.4%	19.8%	5.5%	12.2%	10.8%
Equity - Foreign	11/01/13	\$0.2	0.9%	14.2%	2.3%	9.9%	0.0%
TRUIST Portfolio Return (net of fees)			0.9%	11.4%	1.3%	6.5%	6.4%
LONG TERM INVESTMENTS (USF Foundation Endowment Pool)							
Fixed Income - Domestic	06/30/95	\$7.2	1.3%	9.1%	1.5%	3.3%	5.7%
Equity - Domestic	09/30/95	\$12.5	2.4%	22.9%	5.7%	13.1%	11.0%
Equity - Foreign	06/30/95	\$10.6	1.1%	16.1%	-0.2%	8.6%	7.0%
Real Assets	03/31/97	\$3.9	-0.3%	-0.9%	5.2%	4.9%	4.5%
Alternative Investments	12/31/98	\$3.2	NA 1	NA 1	NA 1	NA 1	NA 1
USF FOUNDATION Portfolio Return			1.5%	14.0%	3.3%	9.4%	9.5%
TOTAL PORTFOLIO / WEIGHTED RETURN		\$40.9	1.5%	13.5%	3.2%	8.9%	
PORTFOLIO BENCHMARK			1.9%	14.1%	4.5%	8.6%	
VALUE ADD			-0.5%	-0.6%	-1.3%	0.3%	

USF Research Foundation, Inc. Liquidity

CASH and INVESTMENTS at June 30, 2024		\$ 55,607,809
Less Restricted Cash		
Debt Service Fund		(754,167)
Fiduciary Funds		(2,008,977)
Custodial Funds		(22,409,095)
Less Financing Commitment New Building, not funded from Operating Income		
Equity Requirement		(9,989)
Less Long-term Investment - USF Foundation Endowment Fund		(15,246,036)
Available for Operations		<u>\$ 15,179,545</u>
Days Cash on Hand at June 30, 2024		377
FY24 Total Annual Expenses		\$ 18,917,815
Less Depreciation & Amortization		(4,232,437)
Annual Operating Expenses		<u>\$ 14,685,378</u>

USF Research Foundation, Inc. Investment Governance

- Administrative Finance Committee is responsible for financial oversight of investment portfolio
- USF Research Foundation defers to the USF Foundation for management of long term investments. The Foundation has retained Wilshire Associates as its investment advisor since 2000
- Assets are managed by investment advisors based on investment policy guidelines
- Research Foundation investment policy is in compliance with University investment policy
- Committee is comprised of 3 members to include 2 internal and 1 external with investment management experience. The Committee is chaired by Jennifer Condon, Vice President and Deputy CFO, University of South Florida and current members include Dr. Sylvia Thomas, Interim Vice President for Research & Innovation; President and Chief Executive Officer, USF Research Foundation, and Mr. Harry D. Venezia, Jr., Managing Director, HealthCare Capital Advisors.

USF Research Foundation, Inc. Investment Portfolio Objectives

- Long Term Investments (USF Foundation Endowment Investment Pool) +10 years
 - Investment of assets consistent with long term investment objectives of Foundation
 - Investment agreement provides for auto-reinvestment of dividends and administrative fee differential on operating investment fund
 - Withdrawals limited to one per calendar year; minimum of 60 days notification

- Intermediate Investments 3-10 years
 - Asset allocation to reflect less risk tolerance than long term investments
 - Investment growth
 - Immediate accessibility to reserve funds with no restriction on frequency of withdrawals

- Short Term Investments (Vanguard) 1-3 years
 - Investment of excess operating funds and custodial cash while maintaining liquidity

Agenda Item: IVb

USF Board of Trustees
Finance Committee
November 19, 2024

Issue: Fiscal Year 2024 Financial Statement Highlights

Proposed action: Informational

Executive Summary:

Jennifer Condon, Vice President and CFO will provide highlights of the Fiscal Year 2024 draft Financial Statements.

The presentation will include highlights for fiscal year 2024 as well as a discussion of fiscal year 2024 versus 2023 variances exceeding \$10 million and 10% and variances greater than \$20 million, regardless of percentage.

Financial Statements provided as supporting documentation include:

- A. 3 Year Comparable Statement of Net Position (University only)
- B. 3 Year Comparable Statement of Revenues, Expenses and Changes in Net Position (University only)

Financial Impact:

N/A

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: Masha Galchenko, Associate Vice President and Controller

Fiscal Year 2023-2024 Financial Statement Highlights

Board of Trustees Finance Committee Meeting

Jennifer Condon
Vice President and Chief Financial Officer

November 19, 2024



Strong overall operating results

Net Operating Results (in millions)	2022	2023	2024*
Unadjusted Net Operating Results	(\$18.0)	\$34.9	\$32.2
Pension, OPEB and Related Deferrals	(14.8)	(5.6)	48.7
Adjusted Net Operating Results	(\$32.8)	\$29.3	\$80.9

Unrestricted Net Position (in millions)	2022	2023	2024*
Unadjusted Unrestricted Net Position	(\$330.4)	(\$302.8)	(\$328.9)
Pension, OPEB and Related Deferrals	854.2	848.8	897.4
Adjusted Unrestricted Net Position	\$523.8	\$546.0	\$568.5

* Fiscal year 2024 figures are unaudited

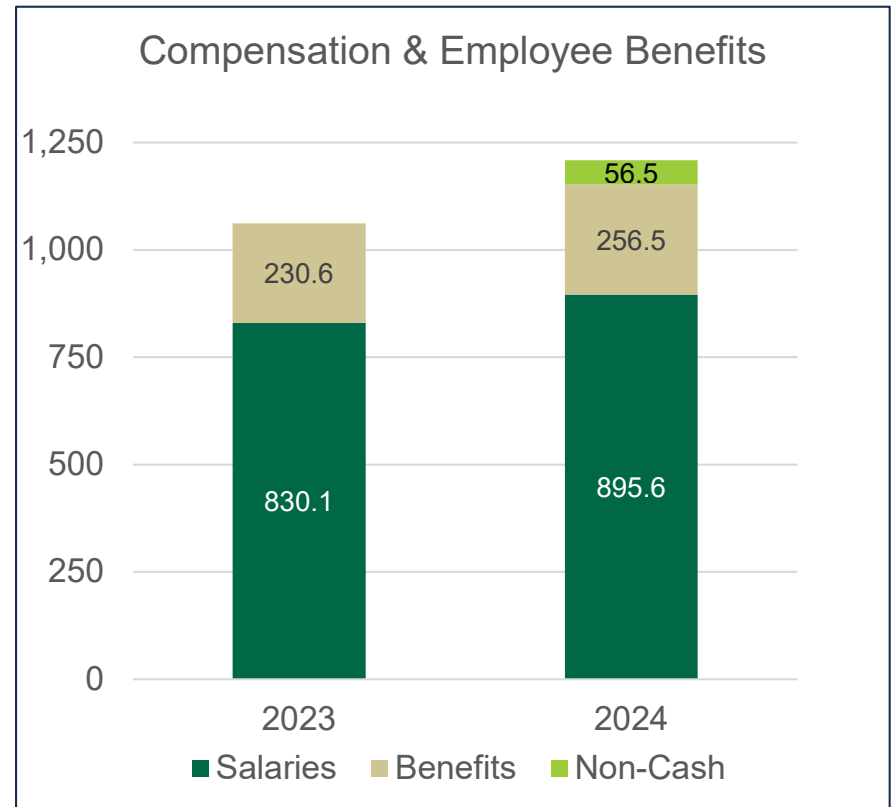
Increased funding expands operations

Major Fund Sources

- ↑ \$86M State Appropriations
- ↑ \$107M Contracts/Grants

Major Fund Uses

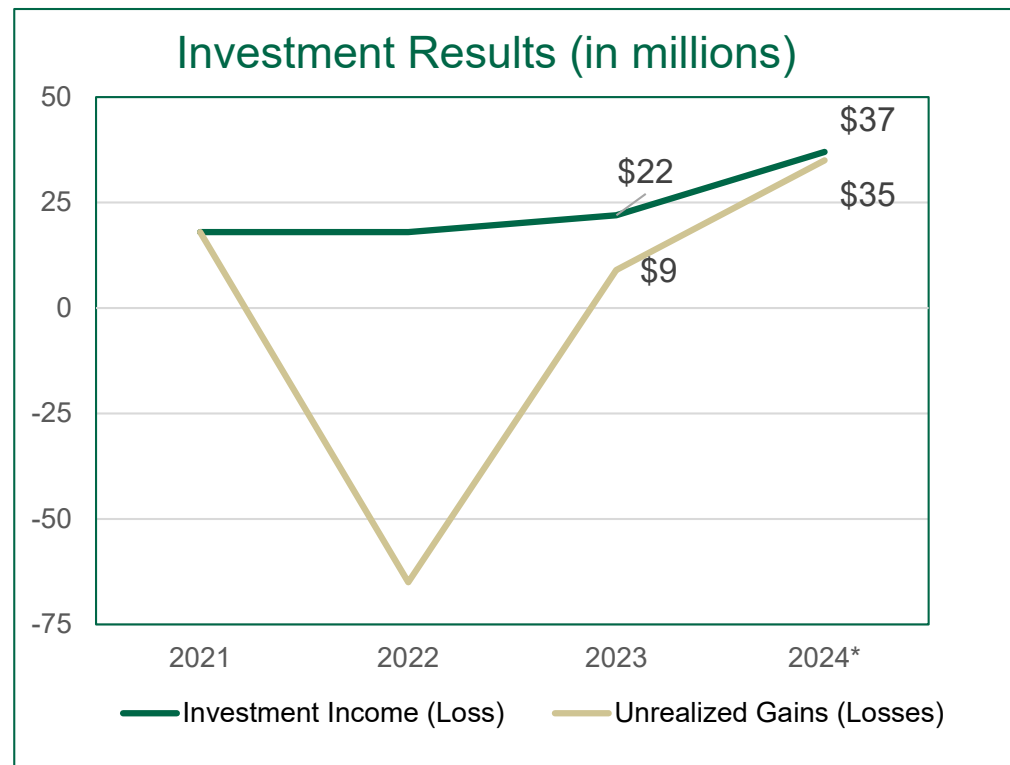
- ↑ \$147M Compensation/Benefits
- ↑ \$78M Services/Supplies



Cash & Investments balances total \$1B

- \$26M ↑ unrealized gains
- \$15M ↑ investment income
- Operational Restrictions
 - 35% State Appropriations, Fees
 - 25% Auxiliary
 - 28% Agency, Contract & Grant, Aid, Loan, DSO
 - 7% Construction, Payroll Holding
 - 5% Other

194
Days Cash
on Hand



Scope of remaining significant variances

- **Changes from fiscal year 2023 to 2024 in excess of 10% and \$10 million, and**
- **Changes from fiscal year 2023 to 2024 in excess of \$20 million, regardless of percentage**

Capital Asset activity

Balance Sheet Increases

➤ Assets

- \$38M Net Depreciable Capital Assets (JGHC)
- \$44M Non-depreciable Capital Assets (CIP)
- \$13M Other Non-Current Assets

➤ Net Position

- \$78M Invested in Capital Assets
- \$33M Restricted for Expendable Capital Projects

Income Statement

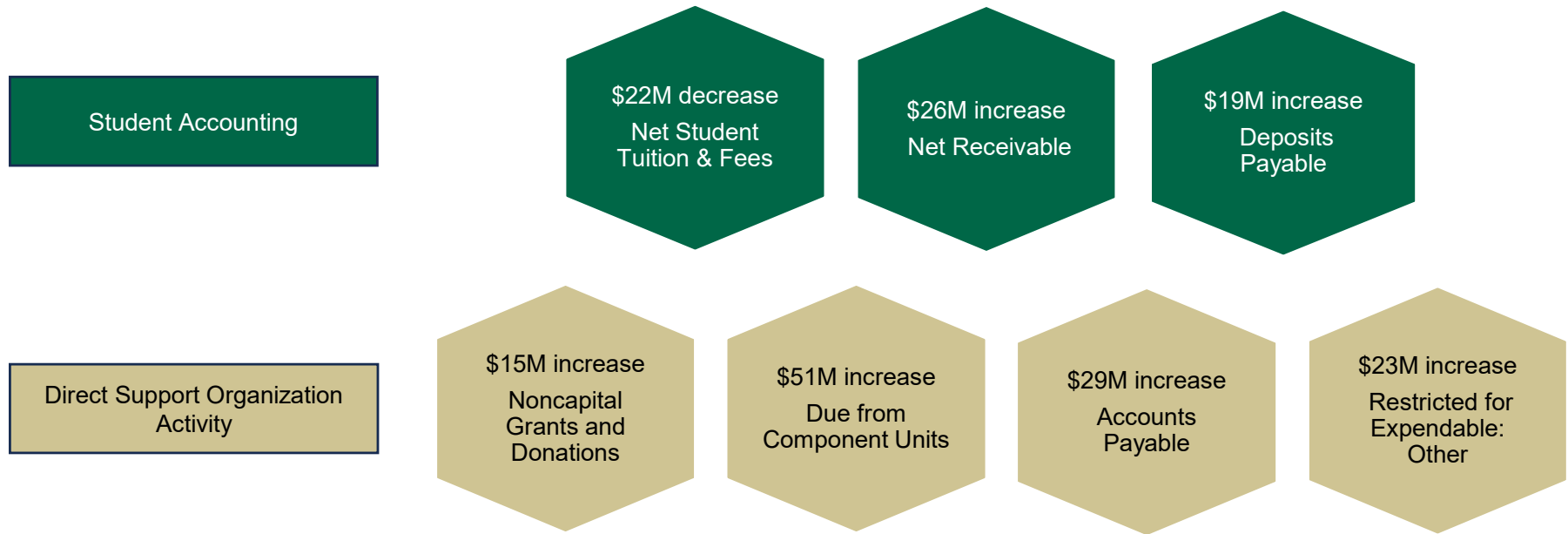
➤ Increases

- \$31M Gain on Disposal of Capital Assets (Spectrum Sale)

➤ Decreases

- \$84M Capital Appropriations (FY23 Deferred Maintenance and CON)

Remaining variances caused by timing...



Questions?



UNIVERSITY OF SOUTH FLORIDA
A Component Unit of the State of Florida
Statement of Net Position
in thousands
2024 UNAUDITED

	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2024 Increase (Decrease)	Percent
ASSETS					
CURRENT ASSETS:					
Cash and Cash Equivalents	\$92,733	\$77,605	\$69,582	(\$8,023)	-10%
Investments	697,487	785,032	786,377	1,346	0%
Receivable, Net	98,853	87,808	114,105	26,297	30%
Loans, Leases and Notes Receivable, Net	1,379	523	345	(178)	-34%
Due From State	28,983	122,803	119,659	(3,144)	-3%
Due From Component Units	30,755	15,463	66,647	51,184	331%
Other Assets	340	330	404	74	22%
Total Current Assets	950,529	1,089,564	1,157,119	67,555	6%
NON-CURRENT ASSETS:					
Restricted Cash and Cash Equivalents	1,498	2,559	5,152	2,593	101%
Restricted Investments	90,173	122,236	155,377	33,142	27%
Loans, Leases and Notes Receivable, Net	7,115	7,500	7,102	(398)	-5%
Other Non Current Assets	3,388	16,320	29,740	13,420	82%
Depreciable Capital Assets, Net	1,181,372	1,199,712	1,237,655	37,943	3%
Nondepreciable Capital Assets	106,062	126,423	170,140	43,718	35%
Right to Use Leases, Net	29,137	36,249	35,424	(825)	-2%
Total Noncurrent Assets	1,418,745	1,510,998	1,640,591	129,593	9%
DEFERRED OUTFLOWS OF RESOURCES					
Pension Resources	108,308	134,807	141,977	7,170	5%
Other Post Employment Benefits	168,609	136,031	109,707	(26,324)	-19%
Total Deferred Outflows of Resources	276,917	270,838	251,684	(19,154)	-7%
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$2,646,190	\$2,871,400	\$3,049,394	\$177,994	6%
LIABILITIES					
Current Liabilities:					
Accounts Payable	\$39,828	\$28,648	\$57,326	28,677	100%
Construction Contracts Payable	8,709	7,757	11,026	3,269	42%
Accrued Salaries and Wages	46,841	38,646	35,841	(2,805)	-7%
Deposits Payable	5,929	6,368	25,777	19,409	305%
Due to Component Units	5,563	1,982	58	(1,923)	-97%
Unearned Revenues	40,277	83,603	71,904	(11,699)	-14%
CIP Debt Payable	2,768	1,938	1,123	(815)	-42%
Revenue Received in Advance	0	0	0	-	N/A
Installment Purchase Notes Payable	12,316	12,589	14,255	1,665	13%
Capital Leases	0	0	0	-	N/A
Right to Use Leases Payable (including SBITA)	4,795	8,931	7,922	(1,008)	-11%
Accrued Self-Insurance Claims	1,368	1,043	905	(138)	-13%
Compensated Absences Liability	11,372	13,384	14,244	860	6%
Post Employment Health Care Benefits Payable	9,584	9,905	10,851	946	10%
Pension Liability	474	75	0	(75)	-100%
Other Current Liabilities	26	231	172	(60)	-26%
Total Current Liabilities	189,852	215,101	251,403	36,303	17%
Noncurrent Liabilities					
Capital Improvement Debt Payable	4,210	2,272	1,148	(1,123)	-49%
Installment Purchase Notes Payable	219,557	233,906	240,577	6,672	3%
Capital Leases	0	0	0	-	N/A
Right to Use Leases Payable (including SBITA)	24,345	25,315	20,066	(5,249)	-21%
Accrued Self-Insurance Claims	30,601	21,904	22,502	598	3%
Compensated Absences Liability	92,214	96,370	103,303	6,933	7%
Federal Advance Payable	1,013	0	0	-	N/A
Revenue Received in Advance	0	0	0	-	N/A
Post Employment Health Care Benefits Payable	538,182	383,939	406,279	22,340	6%
Pension Liability	148,508	380,223	456,696	76,473	20%
Other Noncurrent Liabilities	4,609	5,267	4,881	(386)	-7%
Total Noncurrent Liabilities	1,063,239	1,149,196	1,255,453	106,257	9%
DEFERRED INFLOWS OF RESOURCES					
Service Concession Arrangement Receipts	108,811	106,247	103,683	(2,564)	-2%
Pension Resources	226,502	24,357	20,147	(4,210)	-17%
Other Post Employment Benefits	207,939	321,035	255,092	(65,944)	-21%
Leases	24,270	23,345	22,420	(925)	-4%
Total Deferred Inflows of Resources	567,523	474,984	401,342	(73,643)	-16%
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	\$1,820,614	\$1,839,281	\$1,908,198	\$68,917	4%
NET POSITION:					
Invested in Capital Assets, Net of Related Debt	923,683	983,831	1,061,963	78,132	8%
Restricted for Expendable:					
Debt Service	1,687	1,640	1,708	68	4%
Loans	5,445	4,780	5,546	767	16%
Capital Projects	26,276	140,166	173,439	33,274	24%
Other	198,925	204,493	227,413	22,919	11%
Unrestricted	(330,439)	(302,790)	(328,873)	(26,083)	9%
Total Net Position	825,576	1,032,119	1,141,196	109,077	11%
Total Liabilities and Net Position	\$2,646,190	\$2,871,400	\$3,049,394	\$177,994	6%

University of South Florida
A Component Unit of the State of Florida
Statement of Revenues, Expenses, and Changes in Net Position
in thousands
2024 UNAUDITED

	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2024 Increase (Decrease)	Percent
Operating Revenues					
Student Tuition & Fees	426,898	444,897	438,527	(\$6,370)	-1%
Less: Tuition Scholarship Allowances	(145,928)	(167,369)	(183,411)	(16,042)	10%
Net Student Tuition & Fees	280,970	277,528	255,116	(22,412)	-8%
Federal Grants & Contracts	210,419	251,359	286,647	35,288	14%
State & Local Grants & Contracts	32,525	39,167	53,996	14,829	38%
Nongovernmental Grants & Contract	210,662	215,080	271,476	56,397	26%
Sales & Services of Auxiliary Enterprises	149,484	161,322	173,512	12,190	8%
Interest on Loans Receivable	119	106	60	(46)	-43%
Other Operating Revenue	9,979	9,306	11,864	2,558	27%
TOTAL OPERATING REVENUES	894,157	953,867	1,052,671	98,804	11%
Operating Expenses					
Compensation & Employee Benefits	952,929	1,061,239	1,208,553	147,313	14%
Services & Supplies	304,246	355,279	432,889	77,611	22%
Utilities and Communications	26,448	31,752	31,766	14	0%
Scholarships, Fellowships and Waivers	162,870	101,765	95,938	(5,827)	-6%
Depreciation Expense	86,032	89,962	91,617	1,656	2%
Self Insurance Claims & Expenses	1,064	(637)	2,090	2,727	-428%
TOTAL OPERATING EXPENSES	1,533,588	1,639,359	1,862,853	223,494	15%
Total Operating Income (Loss)	(639,431)	(685,492)	(810,182)	(124,689)	20%
Non-Operating Revenues (Expenses)					
State Appropriations	437,920	527,578	613,221	85,643	16%
Federal and State Student Financial Aid	207,653	153,985	158,872	4,887	3%
Noncapital Grants and Donations	86,694	37,930	52,944	15,015	40%
Investment Income	17,703	22,237	37,304	15,067	68%
Unrealized Gains & Losses	(64,701)	9,021	35,043	26,022	288%
Net Investment Income	(46,999)	31,258	72,348	41,090	131%
Other Non-Operating Revenues	4,780	3,668	3,987	319	9%
Gain/Loss on Disposal of Capital Assets	(400)	(1,393)	29,888	31,281	-2246%
Interest on Asset-Related Debt	(11,962)	(12,096)	(13,689)	(1,593)	13%
Other Non-Operating Expenses	(56,237)	(20,537)	(75,148)	(54,611)	266%
TOTAL NON-OPERATING REVENUES (EXPENSES)	621,449	720,392	842,424	122,032	20%
Income (Loss) Before Contributions and Transfers	(17,982)	34,899	32,242	(2,657)	-8%
Contributions and Transfers					
Capital Appropriations	14,751	115,107	30,848	(84,259)	-73%
Capital Grants, Contracts, Donations and Fees	32,581	50,833	45,988	(4,846)	-10%
Change in Net Position	29,351	200,839	109,077	(91,762)	-313%
Total Net Position - Beginning	796,226	825,577	1,032,119	206,542	25%
Adjustments to Beginning Net Position	0	5,703	0	(5,703)	-100%
Total Net Position - Ending	825,577	1,032,119	1,141,196	109,077	13%

Agenda Item: IVc

USF Board of Trustees
Finance Committee
November 19, 2024

Issue: Report to Board of Trustees for Selected DSOs

Proposed action: Informational

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 future Committee Meetings.

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

Strategic Goal(s) Item Supports:	Goal 5: A strong, sustainable, and adaptable financial base
BOT Committee Review Date:	Finance Committee, November 19, 2024
Supporting Documentation Online (please circle):	Yes No
Prepared by:	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

FINANCIAL PLAN STATEMENT

November 2024 Update

FY 2024 Performance and Audit Results, and FY 2025 Financial Plan

- **FY 2024 – \$11.1M net operating loss, 34 days cash on hand**
 - Prior FY 2024 forecast - \$10.1M net operating loss, 35 days cash on hand
 - The impact of Change Healthcare cyber-attack was visible on the FY 2024 balance sheet – estimated \$8M of the \$9.5M decrease in cash, with patient AR also increasing by \$8M.
 - Academic practice plans have seen declines in reimbursements in recent years, while labor costs continue to increase. This trend continued for UMSA in FY24:
 - Operating revenues increased 5.9% or \$21.9M from FY23, primarily from contract revenues.
 - Operating expenses increased 9.3% or \$33.7M, primarily due to salary and benefits for Faculty, USFTGP and administrative staff.
 - Overall, net position increased \$15.7M or 7.2% mainly due to UPL receivable, which was received in Q1 FY25.
- **Auditors issued an unmodified or clean audit opinion for FY24. No findings or adjusting entries.**
- **No change to the FY25 Financial Plan – Breakeven operations, 28 days cash on hand**

Update to USF-TGH Affiliation and Funds Flow

The Global PSA between USF and TGH was executed on November 7, 2024.

TGH's incremental investment for FY25 is estimated at \$32.5M (bringing total investment to \$162M) and includes the following:

- GME Program - Increase of \$2.7M
- Clinical Faculty Support – Increase of \$14M
- Mission Support – Increase of \$15.8M

USF Health Clinical Faculty Compensation Plan

USF Health has begun implementing the new MCOM faculty compensation plan for its clinical faculty. The compensation plan structure aligns with the funds flow from TGH and compensates faculty at a benchmark level for all missions and assignments. Approximately half of the eligible faculty were implemented in October, with the remainder to be implemented in November. This compensation plan improves transparency, consistency, productivity and affordability while being more competitive in the marketplace.

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

FINANCIAL PLAN STATEMENT

November 2024 Update

FY 2024 Financial Performance and Audit Results, and FY25 Financial Plan

- **FY 2024 – \$104K net operating profit, 20 days cash on hand**
 - Prior FY 2024 forecast - \$137K net operating profit, 21 days cash on hand
- **Auditors issued an unmodified or clean audit opinion for FY24. No adjusting entries required.**
- **No change to the FY25 Approved Plan – \$707K net operating profit, 13 days cash on hand**
 - HPCC 1Q25 performance is expected to be close to the budgeted amount. The August forecast showed a positive \$70k variance to budget, but Hurricane Helene erased that positive variance.
 - Hurricane Milton will impact 2Q operations and Net Operating Profit, however HPCC expects to recover much of the lost revenue throughout the remainder of the fiscal year.

Key Actions

The DSO has taken the following actions to return it to profitability, reduce the 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.
 - In FY25, MCOM will provide support to pay the debt service amount up to \$1.2M from the remaining COVID relief funding.
2. HPCC is working to maximize 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 cash flow.
3. 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.
4. As part of our strategic business efforts for FY25, CAMLS increased marketing and discounts to encourage clients to come during low-volume months.
5. 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

FINANCIAL PLAN STATEMENT

November 2024 Update

FY 2024 Performance and Audit Results, and FY 2025 Financial Plan

- **FY 2024 - \$4.2M net operating loss and \$4.1M nonoperating income, for an overall loss of \$88k; 300+ days cash on hand**
 - Prior FY 2024 forecast - \$5M net operating loss and \$1.7M nonoperating income, for an overall loss of \$3.3M; 376 days cash on hand
- **Auditors issued an unmodified or clean audit opinion for FY24. No findings or adjusting entries.**
- **No change to the FY25 Approved Plan – \$3.6M net operating loss; 221 days cash on hand**

Status of Lease-Up of New Building

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.

- College of Medicine Virology Facility Lease (25,549 rentable sq. ft.) on 3rd / top floor:
 - Lease commences on November 1, 2024.
- Dr. Albert Kim’s Medical Engineering research facility (1,779 rentable sq. ft.) on 3rd / top floor:
 - Lease will commence in November 2024, with substantial completion of the build-out.
- The remaining ~9,000 sq. ft. on the 3rd / top floor is drawing interest from a federal entity as well as industry companies.
- The roughly 36,000 sq. ft. 2nd 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 a blue-chip architecture firm to prepare the pricing package.
 - In the meantime, we are also vetting interest from other industry companies.
- All Soft Landing Labs (short-term use expected) on the 1st floor are leased with a waiting list.
- Funding opportunities for build-out of additional labs on the 1st floor are being explored.

Agenda Item: IVd

USF Board of Trustees
Finance Committee
November 19, 2024

Issue: USF Capital Renewal and Current Facilities Conditions Update

Proposed action: Informational Presentation

Executive Summary:

On June 15, 2022, the Office of Administrative Services (OAS) presented a plan to the University Board of Trustees setting forth a strategy for the allocation and oversight of \$72.8 million dollars designated for deferred maintenance projects. The funds were part of a statewide investment in deferred maintenance across the State University System (SUS). On August 16, 2022, OAS returned to the Finance Committee seeking expenditure authorization for projects with a cost projected between \$2-4 million which was approved. At that time, it was agreed that periodic progress reports would be provided to the Finance Committee.

Following this commitment, OAS provided an update to the Finance Committee on February 14, 2023. An additional update was planned for February 27, 2024, but was postponed due to a heavy meeting agenda.

This presentation provides a review of the capital renewal / deferred building maintenance program, a status update on the projects and associated funding, highlights from recent facilities conditions assessments, and sets forth the plan to continue progress to complete the projects and meet all expenditure compliance requirements within the established timelines.

Financial Impact:

\$72.8 M received from state-appropriated federal funding.

Strategic Goal(s) Item Supports: This initiative aligns with Strategic Goal #5

BOT Committee Review Date: November 19, 2024

Supporting Documentation Online (please circle):

Yes

No

Prepared by: Jen Fleischman, Assistant Vice President for Administration and Operations

Capital Renewal Briefing USF Board of Trustees Finance Committee

Fall 2024

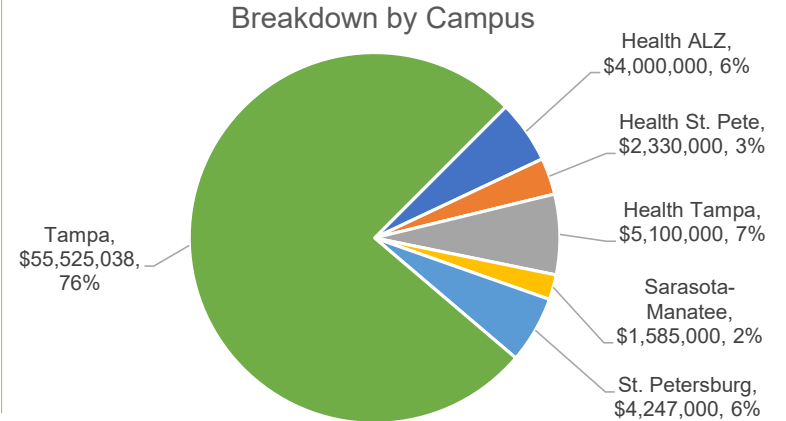
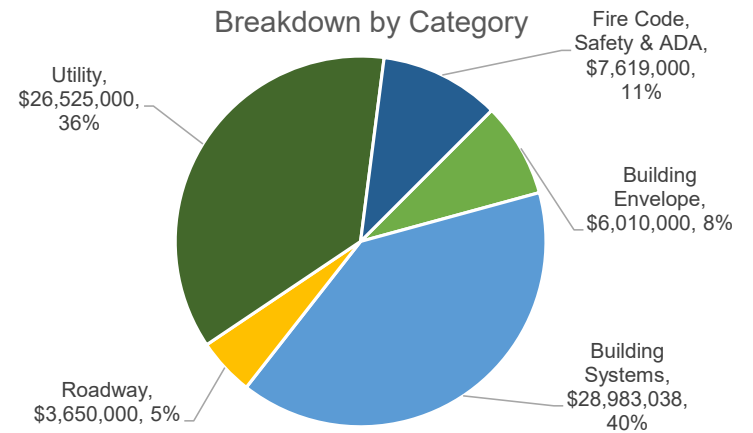
Carole Post, J.D.
VP of Facilities and Public Safety Operations



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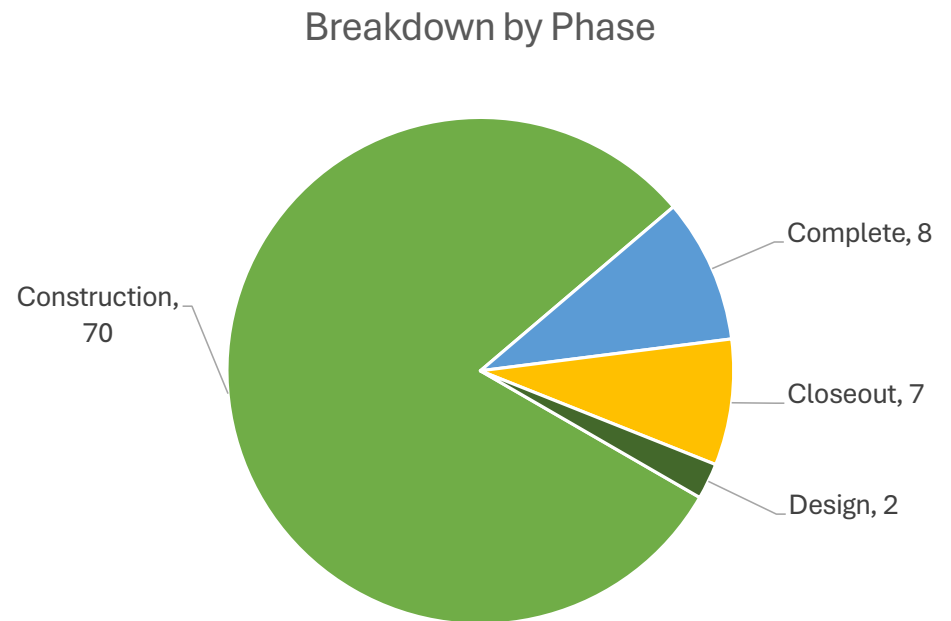
Capital Renewal Program Recap

- **\$72.8M** received in FY23 from State per House Bill 5001 (2022) Section 197
- Identified 87 projects based on factors such as:
 - probability of failure or outage
 - impact of failure or outage
 - feasibility to repair/replace in the required timelines
- Typically HVAC, electrical, roofing, ADA, and buildings systems
- Improvements impact all colleges and campuses



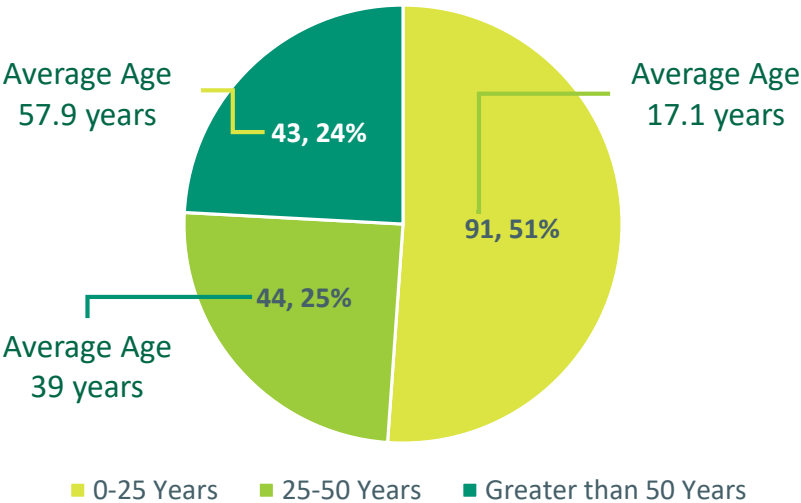
Progress Update

- ✓ Successfully 'realigned' funding for 70 of the 87 projects (surplus budgets cover deficits).
- ✓ Will meet the 100% encumbrance deadline of 12/31/24.
- Tracking to meet 'spend' deadline of 12/31/26; currently expensed \$30.7M as of 9/30/24.

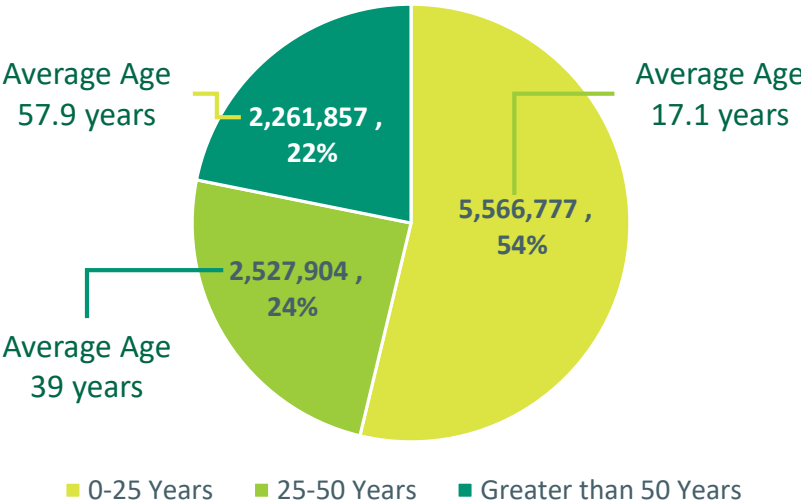


Summary of All Facilities by Age (Tampa Campus)

Count of Facilities by Age Group



Total GSF by Age Group

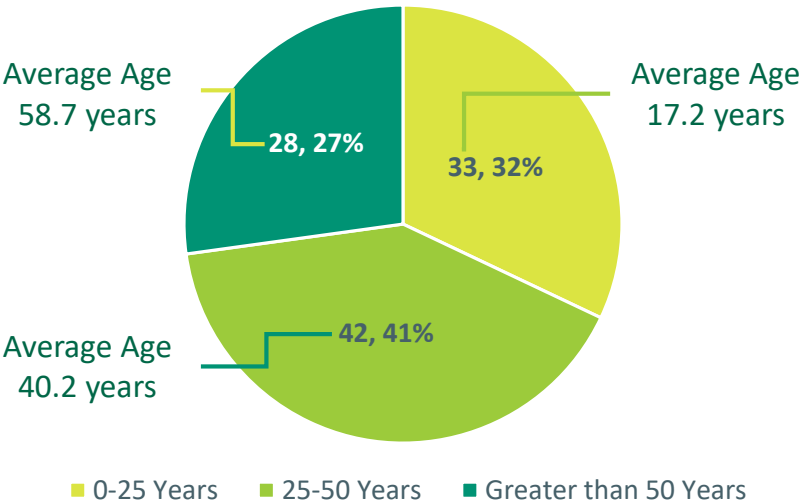


*Includes Facilities that are greater than 5,000 GSF in size
Excludes Shriners Building and Garages*

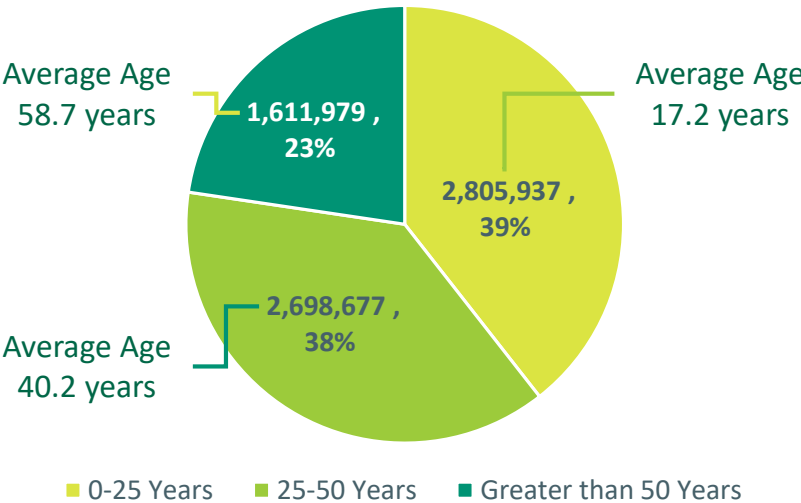


Summary of Academic & Research Facilities (Tampa Campus)**

Count of Facilities by Age Group



Total GSF by Age Group



For facilities that are greater than 5,000 GSF in size

**Excludes Auxiliary Funded Facilities, Athletics Facilities, and Shriners Building

Facilities Inspection Data

College of Arts & Sciences

KEY	
5	Excellent Condition
4	Good Condition
3	Average Condition
2	Poor Condition
1	Very Poor Condition

Building	Age	ROOF		HVAC		CONDITION INSPECTION							Overall Score
		Year	Age	Year	Age	Air Vents	Ceiling Tiles	Flooring	Furniture	Lighting	Walls	Restrooms	
BEH	49	2021	2	1975	48	2.5	2	3.5	3	3	2	2.5	2.6
BSF	31	1992	31	1990	33	2.5	3	3	2	3.5	3	3	2.9
CHE	63	2006	17	2004	19	2.5	3	3.5	3.5	3	3	3	3.1
CHS	30	2006	17										
CIS	33	2005	18	1989	34	2.5	3	4	3	3.5	4	2	3.1
CMC	59	2011	12	1963	60	3	2	3	3	3	3	2	2.7
CPR	52	2007	16	2015	8	3	3	2	3	4	4	2	3.0
FAO	54	2008	15	1969	54	3	3.5	3	3	4	4	2	3.2
ISA	14	2011	12	2011	12	4	2.5	4	4	4	3	4	3.6
NES	19	2004	19	2004	19	4	4	4	4	4	3.5	4	3.9
PCD	23	2000	23	2000	23	3	4	4	3.5	3.5	4	3.5	3.6
SCA	55	1968	55	1998	25	3	4	2.5	3	4	3	2	3.1
SOC	55	2009	14	2017	6	3	2	4	3.5	4	3	2	3.1
TVB	23	1998	23	1998	23	5	5	5	5	5	5	5	5.0
Average	40		19		28								3.3

Next Steps: Aligning Capital Investments with Priorities

- Reimagine the Fixed Capital Outlay (FCO) and Capital Improvement Plan (CIP) processes to align with university priorities focused on academic and research facilities
- Focus on re-purposing existing facilities
 - ISA 7th Floor - Medical Engineering Facility Remodel
 - ALN Building - Student Success and Public Facing Function Remodels
- Continue to address Capital Renewal needs beyond 'Project 87'

Questions / Feedback



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