



**USF Board of Trustees
Finance Committee
NOTES
February 14, 2023
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 10:15am. Chair Griffin asked Kiara Guzzo to call roll. Ms. Guzzo called roll with the following committee members present: Michael Griffin, Mike Carrere, Rogan Donnelly, Shilen Patel, Melissa Seixas, and Will Weatherford. A quorum was established.

II. Public Comments Subject to USF Procedure

No requests for public comments were received.

III. New Business – Action Items

a. Approval of November 15, 2022 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 November 15th meeting notes were unanimously approved as submitted by all committee members present.

b. Stadium Deal Terms and Design Phase

Jay Stroman, Sr. Vice President for Advancement and Alumni Affairs, presented the Stadium Design Build Agreement (DBA) terms and requesting approval of the agreement contingent on representations from management, the DBA aligns with the term sheet, and approval of up to \$22M for the design-phase expenditures. Approval of the Stadium Design Build Agreement is the next step in the USF On-Campus Stadium Project. A site location was recommended and selected over a year ago; then a world-class design and build firm was selected (Barton Malow and Populous) last September. Since then, over the past couple months, we have been working hard on the overall contract which is about 95% complete (should be complete before the BOT meeting). The business term sheet is locked in and will be discussed today. This allows us to move into the next phase, which is the design phase. This initial design phase will result in the preparation and completion of the plans for the stadium and will include multiple opportunities for the USF community to provide input on the design of the stadium. This will provide a blueprint for the stadium and the costs associated with it; it will also allow us to have a detailed construction timeline. Today we are asking to move into the design phase which is asking to spend up to \$22M in the design phase to achieve these results. These funds are entirely funded from non-state sources, which would be philanthropy, some investment earnings that the University has accumulated over the years, and also spectrum assets sold years ago that have accumulated. This totals well

over the \$22M in a fund ready to pay for the design phase. Therefore, we are asking the Finance Committee to recommend to the full board the term sheet of the design build contract which includes not to exceed \$22M to get this design phase accomplished. The design phase will allow us to come back for phase two of this contract which is the actual construction of the stadium and present a financial plan that will allow us to accomplish this phase two. Additional BOT approval will be sought for the financing and construction of the project following the design phase. We were charged with this over a year ago; we have taken a systematic approach to this; and this is the next right step for the University.

Chair Weatherford commented that an incredible amount of work has been done by our team to get to this point. We started talking about this 18 months ago. This is a transformational project in the future of this university. This is a long time coming and is not cheap. Our team has put in the extra effort to make sure we are not using dollars that would go towards educating our students or paying our faculty to design and build this facility. These are dollars that are separate and apart from that. Almost every major university in America has figured out how to build a stadium on their campus, and we can too and we are going to. He appreciates the process that we are taking in being methodical and making sure we know what we are building before we commit to resources to build it; in making sure we are getting the best value for our dollars; and in having the right team in place (design firm, contractor, owner's rep) to build it. We have a first-class organization of people to build this stadium. This is an exciting time in our university's tenure.

Trustee Carrere also commented that the team and the university leadership have done an excellent job of moving this project forward. The scope and scale are clearly very expensive and we need to be careful in how we proceed. He has a great deal of confidence in the team and what they have done so far. He asked if the design and cost is based on our needs and desires or is it the other way around. Mr. Stroman explained that it is a parallel path; there is a lot of back and forth in this design stage that will make sure we stay aligned. Trustee Carrere asked that since we cannot use state funds, does the state still have to approve the project. Mr. Stroman responded yes, the BOG approves the project, especially the financial plan.

Trustee Schneider stated that from the faculty perspective, a clearer understanding of where the money is coming from is needed. Order of operations and communication of the funding and the process would be helpful for the faculty to understand this and how it relates to what they see/hear in the press.

Chair Griffin stated that this is the largest capital project in the university's history and this is a very transparent process. The team will continue to work to educate our boards and our faculty on this process including the financing.

A motion was made to approve the USF Stadium Design Build Agreement ("DBA") contingent on representations from management that the DBA aligns with the term sheet and to approve up to \$22M for the design phase expenditures. The motion was seconded and approved by all Committee members present.

c. Student Housing Rental Rates

Ana Hernandez, Assistant Vice President, Housing & Residential Education (HR&E), presented the 2023-2028 USF Student Housing Rate Proposal. USF Housing & Residential Education supports the USF Strategic Plan both in Goal One/*student success at USF and*

beyond and Goal Five/a strong, sustainable, and adaptable financial base. USF Housing on the Tampa campus, St. Petersburg campus and soon to be Sarasota campus is supported solely by the revenue that is generated by the student housing rates. Ms. Hernandez spoke to the value of living on campus and the contributions to student success. Ms. Hernandez reviewed COVID-19 impact on USF Housing and their recovery. USF Housing made adjustments, met their debt obligation, and recovered at an amazing pace. Demand is high; students want to be part of the on-campus residential experience. Tampa has twice as many applications from both FTICs and non-FTICs than at this point last year; St. Petersburg is 124% ahead of last year at this time. Financially, USF Housing has a history of meeting or exceeding debt service coverage ratio targets and continue to receive positive ratings from Moody's and S&P. Housing rates continue to be 100% covered by Florida Prepaid Dorm Plan. All Housing facility improvements are funded from revenue generated by student rent. Annual contributions are made to USF Housing reserves while maintaining minimum thresholds. The proposed rate increase will allow Tampa Housing to begin to build a reserve to partially fund the Argos Redevelopment Project from net income surplus. USF Housing has not raised rates since 2019. Ms. Hernandez gave a high-level facilities overview of the inventory available. There was a dip in activity during COVID, but came back very strongly with an approximately \$8M-\$9M of annual facility reinvestment on the Tampa campus. St. Petersburg campus has launched a facilities condition audit to build a strategic facilities reinvestment plan of their own. Ms. Hernandez provided an overview of priority projects for the Tampa campus for the current fiscal year as well as planned future projects. This demonstrates that we are both investing in the front of the house (what students can see and experience) as well as in the infrastructure/back of the house and asset management. St. Petersburg also has a list of future projects that will be informed by the facilities condition audit. Both campuses are looking at what the needs are and how we can most effectively plan for that in the future to care for the assets.

The proposal being presented today is a 5-year proposal which allows us to make strategic plans as to how we will reinvest in the residential experience. This 5-year plan calls for a 4.5% increase each year with Tampa implementing that in the first year (2023-24), St. Petersburg in the second year (2024-25), and Sarasota-Manatee in the third year (2025-26). Ms. Hernandez presented a comprehensive overview of all the different rates and options that are available to USF students, ranging from triple rooms and traditional community-style bathrooms, a variety of suites (both singles and doubles), and a variety of apartments. Living on campus is more than just a bed; living on campus includes 24-hour support, RAs, professional staff, and faculty living in the buildings; University Police, crisis response, emergency facility response on-call; convenience, connection, community, flexible leasing, USF IT wireless access, housing service desks, and more. Comparing to the local market, from Fall 2019 to 2022, off-campus rates increased 10-58% vs. 0% for USF. In looking at the rates across the SUS, UF has been approved for a 4.5% increase for 2021-2025; FSU has received a steady 2% increase each year while most SUS schools have had no increase; UWF has been approved for a 4% increase each year for four years; UNF is proposing a three-year 4.25% annual increase to their BOT in February 2023; FIU is proposing a 3% rate increase for Fall 2023 to their BOT in March 2023; FAMU and FAU will not be increasing their rates for Fall 2023; and UCF is still reviewing their plans.

The proposed action for today is to approve 5-year strategic housing rate increases as proposed with a commitment to annually report on impact, including occupancy and facility reinvestment.

Chair Griffin thanked Ms. Hernandez for the great presentation and for all her great work through the pandemic and after the pandemic in providing not only quality housing but safe housing for our students. What he likes about this the most is that this is going into reinvesting into the facilities that our students call their home. These are areas we need to address and cannot let slip behind.

Trustee Seixas asked if there is a plan to address alleviating, adjusting or changing the mandatory meal plan requirement on the St. Petersburg campus. This is a considerable amount for students to carry each year. Ms. Hernandez responded that this is not part of the housing proposal; this is managed through the contractual relationship with Aramark. Ms. Hernandez explained she brought a group together from all of the campuses, including representatives from dining and Auxiliary Services, and raised this question and concern specifically for the St. Petersburg campus. Auxiliary Services is currently working on a plan to try to phase out the mandatory requirement for the non-FTIC students on the St. Petersburg campus that live in the apartments. To eliminate the requirement completely for the non-FTICs and align it with the Tampa requirement would be at a significant financial loss and therefore it would increase the rates for all of the meal plans for all of the students. This challenge calls for a strategic approach and Auxiliary Services will be making recommendations to the CFO. For background, the reason there is a different meal plan requirement at St. Petersburg, is that St. Petersburg is not in a position to support the level of dining that we wanted to make sure we were able to add as we opened up Osprey Hall with just the FTICs required to be on a meal plan. The non-FTIC mandate was part of the contract negotiation. However, as the dining program becomes more mature and with the number of non-meal plan holders that are utilizing the facilities and meal plans purchased by non-residential students, the dining program is becoming more sustainable and may allow us to start removing the mandate from some of the populations.

Rich Sobieray, Sr. Vice President & CFO, added that we are looking at every angle around the students to ensure the OneUSF experience. But we can't look at these things in a silo. It's tough to look at just meals when we are talking about housing and other things that impact students. We are looking at this quite aggressively so that we can see and push ourselves towards that OneUSF experience at some point in the future, but not just around meals, but around everything else we do as a university as well. You may see meal plan prices go up, and other aspects of the student experience go down. We are trying to make sure we minimize the negative impacts on one particular group.

Trustee Seixas believes the four-year mandatory meal plan requirement at St. Petersburg is significant and worth looking at. Occupancy at St. Petersburg is very good at 98% and we want to make sure we don't lose these students as they get further into their USF experience. She would also like to know how this strategy with housing rates aligns with recruitment and retention efforts and would like to see this addressed when it is presented to the BOT. Lastly, she asked if we have started looking at the market comparison for Sarasota-Manatee. Ms. Hernandez responded yes, a robust, in-depth market analysis/assessment was done by an outside firm in conjunction with the Sarasota-Manatee housing project when it was brought to the BOT for approval.

Mr. Sobieray stated that Trustee Seixas brought up some very good points and that information on all costs to students (student's cost of education) will be added to the agenda for the upcoming budget workshop.

A motion was made to approve 2023-2028 USF Student Housing Rates as presented. The motion was seconded and approved by all Committee members present.

d. Expenditure Authorizations

Jennifer Condon, Vice President for Business & Finance and Deputy CFO and Controller, presented six expenditure authorization requests for approval by the Finance Committee.

○ Microsoft Enrollments – 4-Year Extension

This is a comprehensive request for all the current Microsoft enrollments, including the Primary OneUSF Enrollment (provides the Office, email, and online services for all faculty, staff, and students of USF and also includes our site license for all server licenses) and IT Azure Enrollment (licenses the IT Azure cloud environment that supports over 80% of the computer, storage and server infrastructure used to run USF’s critical business systems). The purpose of this request is to extend out the end dates of each of our enrollments for 4 years and maintain the current discount structure we have in place (discounts of more than \$900K annually across all the enrollments). Also includes some modest cost escalation at 5% per year which is what Microsoft allows for in their contracts. We have not historically seen a 5% increase, we’ve only seen a 2% increase, but we do budget for the 5% per the contract. The spend for the next 4 years is estimated to be approximately \$24.5M. As each renewal comes due on a yearly basis IT will negotiate with Microsoft to ensure we maximize the buying power of USF.

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

○ Firewall/VPN Services

This request is for an upfront payment of \$2.3M for firewall/VPN services. This is a 5-year contract. The existing firewall infrastructure which protects USF’s digital infrastructure and assets is going “end of life” this fiscal year. This upgrade of the current firewall infrastructure will continue to protect USF’s digital infrastructure and assets, and devices on the USF wired and wireless networks. This purchase also includes Virtual Private Network capabilities (hardware and licensing) for people and services needing to connect to the network securely and remotely, which is required to maintain our cybersecurity insurance policy.

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

○ Huron Grants Management System Contract

This is a request to purchase and install a new Huron Grants Management System in the amount of \$2.3M. Huron Consulting LLC will install the Huron Research Suite’s Grants & Agreements *Software as a Service* system. This software is needed to optimize operations by enabling real-time analytics and adjustments and by providing faculty and end-users with transparency into Sponsored Research processes. The initial term of the contract is 5 years with implementation costs of \$600K and

Software as a Service cost of \$301K in the first year with a 5% increase each subsequent year. This will be funded with carry forward and E&G funds. From a procurement standpoint, the Office of Research did look at multiple systems and the Huron system was deemed to be the system that would meet most of their needs. Both UF and UCF are currently using this system.

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

- ALZ 6th Floor Remodel Space to Research Labs

This is a request in the amount of \$2.5M to remodel space on the 6th floor of ALZ to 1,500+ SF wet lab space. The needed lab space will include open benches, small dedicated support room/s, PI office space and sitting space for support staff. Space includes a dedicated equipment room, mechanical room, air handler and rooftop unit. This will be funded with carry forward and is an allowable use of these funds.

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

- LIB Student Success/Life Enhancements

This is a request to remodel space in the Library. This project will provide space renovations to student support services including tutoring spaces, student academics success space, the writing center, and student undergraduate research initiatives on the second floor of the Library. The project will also include a large multifunctional, multi-purpose room with space dividing walls to create larger and smaller spaces for student study and meeting spaces. The space will be outfitted with advanced technology to allow collaboration, interaction and connections with others. CITF funding has previously been used to fund remodeling of floors in the building. The total cost for the project is \$2.8M comprised of \$2.1M in CITF funds and \$690K in Library Carry Forward funds. These are both allowable funding sources.

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

- Lehigh Valley Health Network (LVHN) Campus

This is a request to invest \$2M in space in Pennsylvania as part of the Lehigh Valley Health Network (LVHN) Campus. USF has a partnership with Lehigh Valley Health Network (the Select Program) where we participate with Lehigh Valley on a cohort of MD students. These students spend a couple years in Tampa and a couple years in Lehigh Valley. This is a request to invest in the space they are using in Pennsylvania. The funds are collected as part of the billing for the Select students. The funds are available in an auxiliary fund and are budgeted as part of a reinvestment reserve that is created in accordance with the affiliation agreement. Some of these funds (about \$1M) were previously used to build out some of the space in the downtown medical building and therefore this is consistent with our prior practice of using these reinvestment funds.

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. USF 2022 Audited Financial Statements

Ms. Condon gave a brief review of the USF 2022 Audited Financial Statements. The financial statements and associated audit report were released by the State of Florida Auditor General on December 16, 2022. USF received an unqualified/clean opinion with no adjustments, no findings. There were no adjustments to the financial information/results that were presented at the November 15, 2022 Finance Committee meeting. This closes the fiduciary loop; the statements were issued as presented in November.

b. DSO Mid-Year Forecasts

Fell Stubbs, University Treasurer, reported that all DSOs have provided their mid-year forecasts for the fiscal year ending June 30, 2023, and have compared this forecast to the financial plan approved by the BOT Finance Committee at its May 24, 2022 meeting. Mr. Stubbs provided an overview of all of the DSOs mid-year forecasts together with DSO provided highlights. The forecasts were reviewed and approved by the DSO boards of directors.

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

- Forecasting Operating profit of \$4.9M for FY23.
- Forecasting Net Operating loss of \$(3.6M) for FY23.
- Most important risk is the healthcare labor shortage. Challenging labor market has led to increased labor costs and cancelled clinics and vacancies in revenue cycle operations resulting in payment delays and increased write-offs.
- Management is increasing its efforts on recruiting and retention.
- Management will reduce discretionary spending and focus on increasing clinical productivity.
- Forecasting ending the year with 31 days cash on hand and a \$24M reduction in its cash position as a result.
- Primary drivers to this decrease in cash position are \$9.9M of investments in revenue generating capital equipment and buildouts of clinical space plus a \$21M receivable for Medicaid managed care supplemental payment program expected to be received in July or August of the next fiscal year.

2. USF Foundation, Inc.

- Forecasting Operating profit of \$24.1M for FY23.
- Change in cash is an increase of \$1.16M.
- Reporting days cash on hand at fiscal year end of 473 days.
- Most important opportunity and/or risk is the ability to attract, recruit and retain industry top talent.
- Investment performance is driving the decrease in net operating profit compared to the fiscal year financial plan approved by the BOT.

- These return projections will not negatively impact endowment spending distributions as the five-year average market value used to calculate earnings distributions has actually increased.

3. USF Research Foundation, Inc.

- Forecasting Operating loss of \$(4.7M) for FY23.
- Change in cash is a decrease of \$2.8M, compared to a decrease of \$2.1M in the financial plan.
- Reporting days cash on hand at fiscal year end of 412 days.
- Most important opportunity and/or risk is the risk created by a reduced forecast in occupancy for the new research building. This risk will be mitigated somewhat by a corresponding decrease in operating expenses affected by this lower occupancy.
- Most important action to close significant unfavorable variances: focused on grant applications and fundraising activities that are in process to develop a 12,000 square foot expansion of incubator facilities that would fuel occupancy within the new building. Also focusing on licensing high-value Intellectual Property agreements.

4. USF Health Professions Conferencing Corp.

- Forecasting Operating profit of \$1.265M for FY23, same as financial plan.
- Change in cash at year end decreased \$457K from the original plan of \$2.255M.
- Days cash on hand forecasted at 44 days down from 56 days.
- Most important opportunity and/or risk is the recruitment of a human factors scientist at USF Health CAMLS through Dr. Lockwood's support which would lead to a \$250K simulation modalities training, evaluation and research effort with USF SOCOM as well as support of two Air Force small business technology transfer grants.
- Risk is the lack of capacity at the CAMLS facility due to high demand during peak months of February, March and April.
- Most important actions to close significant unfavorable variances: continue to maintain momentum post-COVID travel restrictions for simulation-based training to industry, government, and hospital health system clients.

5. Sun Dome, Inc.

- Forecasting Operating profit of \$470K for FY23, up slightly from the financial plan of \$422K.
- Days cash on hand forecasted at 421 days.
- Most important opportunity and/or risk is the opportunity for high quality events in the facility. The first two quarters of FY23 have focused on booking high quality events with some of the largest promoters in the business (Live Nation, AEG).
- Most important actions to close significant unfavorable variance: negative variance to cash flow is due to increased advanced sales being carried to FY23 rather than as originally anticipated. This is a timing difference.

6. USF Institute of Applied Engineering

- Forecasting Operating profit of \$1.08M for FY23.

- Forecasting cash at year end of \$314K.
- Days cash on hand forecasted at 8 days.
- Most important opportunity and/or risk is IAE's revenue plan for FY23 that can be characterized as aggressive. The original plan included a 94% increase in revenue above the FY22 actual level. IAE projects to miss this revenue target by \$2.1M. However, the current forecast of \$15.77M still represents an increase of 66% on a year over year basis. Expenses are also down relative to budget as a result of less business activity than in the original FY23 plan.
- Most important action to close significant unfavorable variance of 8 days cash on hand forecasted with a reduction to plan of 23 days is IAE regularly and closely monitoring cash flows and accelerating invoicing and managing expenses to improve IAE's cash position.

7. USF Alumni Association, Inc.

- Forecasting a Net Operating profit of \$417K.
- Reporting days cash on hand at fiscal year end of 151 days.
- Operating profit is \$14K favorable to budget.
- Change in cash is consistent with expectations outlined in the budget.
- Most important opportunity and/or risk is receiving the requested financial support of \$954K from the University and Foundation that allows the DSO to achieve its fiscal year goals.

8. USF Financing Corporation & USF Property Corporation

- Forecasting an Operating Profit of \$2.7M; on target to exceed the \$1.4M in the approved financial plan.
- Forecasted days cash on hand is 420 days; on target to exceed 394 days in the approved financial plan.
- Most important opportunity and/or risk: last October 31, the Corporation issued the \$30M Series 2022 Certificates of Participation to fund, along with the \$16.5M cash contribution from the University, the USF Housing and Student Center Project located on the Sarasota-Manatee campus. The project is underway and the Corporation is closely monitoring risks to the project; specifically, supply chain disruptions and cost inflation. University funded an owner's contingency of over \$4M to mitigate some of these risks.
- Most important actions to close significant unfavorable variances: the Financing Corporation does not report having any significant unfavorable variances.

Chair Griffin thanked Mr. Stubbs for this report. He commented that there are good unfavorable balances and some that are concerning. There are one or two items he would like us to improve our unfavorable situation, particularly areas that are not tied to market conditions and external factors. There are some missed projections that he hopes are looking better in the next report, if not, these are some things that warrant deeper conversation by this committee.

Trustee Carrere also thanked Mr. Stubbs for this report. He stated that it points out some issues that warrant closer scrutiny. He asked if we are still comfortable with the direction of the connection with UMSA and TGH and how we are creating a whole new entity that would basically join these two entities together and provide for better efficiencies. He asked if we are still comfortable with this direction and is this a potential reason for under performance at

UMSA. Mr. Sobieray responded that he is very comfortable with where we are and the progress we've made. He explained that any time you bring two different companies together with different structures, you are going to have some initial duplication that is going to cause a little bit of a spike in costs and investment in that relationship. Over time this will work out. We are seeing some duplication initially and will require some investment, but we will start to see economies of scale.

Trustee Carrere also asked about Research. At one point we were recruiting for a new head of Research, he asked the current status and how it is potentially impacting the ability to attract more research dollars and fill up the facilities and investments we've made in this area. President Law responded that we have an interim Vice President of Research identified at this time and we have not moved forward with any searches waiting for the new provost to be online. The good news is the provost that is coming online is very familiar with the research area and will be helpful to us as we start making our plans to move forward. As it relates to the actual research building, we have a little movement on that and some uses have been identified, but it has not moved as quickly as we had hoped. An update will be provided at the BOT meeting.

c. Capital Renewal/Deferred Maintenance Update

Carole Post, Vice President for Facilities and Public Safety Operations, gave an update on the FY23 capital renewal/deferred building maintenance program to include a program recap, status report, and next steps. This is the \$72.8M received from the State as part of the Rescue Plan Act. The strategy to allocate and manage this investment was presented to and approved by the BOT in June 2022. Due to the magnitude of the allocation, a very rigorous and structured approach was adopted to meet our objectives: 1) use every dollar to its highest and best use; 2) ensure a data driven approach; 3) align with USF's Strategic Plan objectives and initiatives; 4) successfully meet the spending deadlines and criteria; and 5) ensure rigorous oversight for tracking progress. Identified 87 critical projects university-wide for this funding. Most are utility and plant operations. These improvements will impact all colleges across all campuses and facilities and more than half (39 projects with estimated cost of \$40.8M) are for university-wide improvements. While the \$72.8M received from the state is transformational for us, it represents less than 20% of our overall deferred maintenance that had built up over time. USF size and scale requires approximately \$45M annually to sustain a state of good repair; average investment in prior years has been \$5M.

Ms. Post provided examples of the assessment process which was a very comprehensive approach. These were all very data driven in setting the priorities. Roofs is a classic example. It is a very expensive and vulnerable asset. Information was presented on their location, age, and capital renewal needs. When a roof fails, it is one of our more expensive remediation efforts. It also has a cascading effect for what is under the roof as well. 7 roof projects are underway across all campuses at a cost of \$5.9M. Our HVAC systems (heating and cooling) are also aged and vulnerable and the implications when they fail are also quite catastrophic for us. 12 HVAC projects have been identified in the process across all campuses at a cost of \$17.3M.

For all 87 projects, a data-driven assessment was performed. All of the work to prepare for this was done about a year back. Planning began in early spring of 2022. Our list was submitted to the BOG in May 2022. In that list, we itemized each item, its scope and projected budget. Some budgets were based on actual quotes, some were based on historical costs. Funds were not received until November 2022. We also received spending guidelines

along with the funds that include: project lists are locked - no adapting or adjusting to changing needs; project 'budgets' are locked - may not move funds across projects to adjust for inflation-driven increases or share savings where achieved; and project cost shortfalls must be funded by other university funds. Discussions on these items has not had a great deal of flexibility yet. The good news on this front is that the original deadlines for having these funds expended have been relaxed and we've been given more realistic deadlines. We have to the end of 2024 to obligate these funds and to the end of 2026 to liquidate.

As part of the status report, Ms. Post presented metrics on project status, schedule and budget. The budget alignment piece is where we are encountering a few challenges as previously alluded to, relating to formulating these quotes in early 2022 and now executing on these initiatives more than a year later. Some projects are running over expected budget and many are running under budget and our ability and desire to try to readjust and move funds around to meet our underlying target would be our goal. This is in process now, working with the state and others. Will keep the committee updated.

Our #1 project is our water tower repair, which involves relining our water tower interior and improving functionality. This is the university's primary source for fresh water and drinking water. We will also be upgrading the exterior. The project is starting in a few weeks and should be completed this summer.

Overall, the challenges and risks ahead of us include: construction industry still experiencing long lead times; most projects involve infrastructure that is in high demand locally, statewide, and nationally (and with other SUS institutions); and BOG guidelines are extremely inflexible. As these projects get up and running and start to have impacts, we are mindful of how aggressively we are moving and we need to be transparent and how we understand these projects will create some inconveniences and some facility and service disruptions across all three campuses. The key is ensuring all stakeholders and the community are kept aware in advance and can prepare accordingly. One way we will do this is by introducing a mapping system which is live now in beta (final content is being formalized currently). The mapping system was presented to the committee.

Next steps include: continue to provide updates to this committee and others and incorporate feedback; continue to define and refine the scopes of the projects to work within the budget constraints we have; establish communications plan; socialize and engage with all stakeholders; and periodically update USF Leadership and BOT.

Chair Griffin thanked Ms. Post. He stated that this is very important. Over the past couple years we have authorized a lot of projects from various funding sources. Not only is there a lot in flight, but there is a lot of uncertainty around where project costs are going and around the stadium. We are working with Tallahassee to provide greater flexibility of funds, particularly those in carry forward.

Chair Weatherford commented that this is an impressive body of work. He thanked Ms. Post and the team for their effort in identifying the problem and creating a real strategy to attack it piece by piece. No questions that the resources have not been there from the state for almost a decade to help maintain and operate these facilities on our campuses. It has been a real challenge and finally we do have some resources and some hope that there will be more to come to help us with this. But you have to have a sober assessment of what the problem is and how big it is and complex it is before you can really attack it. This is a very scientific, very focused, and very prioritized presentation.

Trustee Schneider commented it is very clear that we have a lot of deferred maintenance needs but we also have an issue with forward looking projects. She wants everyone to be aware that it's just not about what we haven't been able to do, but what we won't be able to do going forward.

d. Budget Update

Mr. Sobieray gave a brief budget update. We are in the process of the FY24 budget planning and currently wrapping up the support units and the colleges will be starting over the next couple weeks with their presentations and submitting their budget requests. Once that is completed, we will inventory all the requests and present those to the budget committee for their recommendations. During the budget workshop scheduled for the end of April, the President, the Trustees, and advisory board members of the regional campuses will have an opportunity to look at that priority list and tweak it as necessary so that by the end of the meeting and as we go into the May BOT Committee meetings and board meeting, we have a final budget by June 30 for FY24. Understanding we won't probably have what we might get from the State, and we can tweak it accordingly, but at least we will know that based on those recommendations how far down the list we can possibly go depending on the incremental resources we may receive from Tallahassee.

The budget workshop itself will talk about the FY24 budget and we will also be bringing the new funds flow model, the RCM budget, to the workshop. We are working with Huron currently on the draft document. We will ensure that we can socialize this appropriately across the university in preparation for its transition and rollout. The five-year financial plan that is attached to the strategic plan will be presented in August.

V. Adjournment

Having no further business, the Finance Committee meeting was adjourned at 11:54am.