



**USF Board of Trustees
Finance Committee
NOTES
May 24, 2022
Microsoft Teams Virtual Meeting**

I. Call to Order and Comments

The meeting of the Finance Committee was called to order by Chair Will Weatherford at 8:15am. Chair Weatherford asked Kiara Guzzo to call roll. Ms. Guzzo called roll with the following committee members present: Sandra Callahan, Shilen Patel, Melissa Seixas, Will Weatherford, and Chip Newton. A quorum was established. Chair Griffin joined the meeting after roll was called.

II. Public Comments Subject to USF Procedure

No requests for public comments were received.

III. New Business – Action Items

a. Approval of February 21, 2022 Meeting Notes

Upon request and receiving no changes to the draft meeting notes, Chair Weatherford requested a motion for approval, it was seconded and the February 21st meeting notes were unanimously approved as submitted by all committee members present.

b. Energy Savings Project and Award to Siemens

Fell Stubbs, University Treasurer, presented the agenda item. This item is requesting approval of an award of the energy performance contract agreement to Siemens Industry, Inc. This is the second energy savings contract award for Siemens. The Siemens contract will upgrade the chilled water system for Tampa (the previous contract, which is well under way, addresses the hot water system), with an estimated cost of \$9.4M and a not to exceed cost of \$9.9M. The contract will guarantee energy savings to the university of approximately \$19.2M over 20 years, which is guaranteed to exceed the costs of the project and the cost of the financing. The financing is provided by Banc of America Public Capital Corp at a fixed, long-term tax-exempt rate of 2.933%. The Siemens scope of work consists of install 2 chillers, removal of old primary pumps, installation of a condenser water pump and variable drives, plant optimization/demand flow, lighting upgrades to improve cooling system capacity and performance, all construction commissioning, design and engineering.

Trustee Callahan asked what secures the debt. Mr. Stubbs responded that the debt is essentially unsecured except for the pledged revenues.

A motion was made to award the Energy Performance Contract Agreement to Siemens Industry, Inc. as presented. The motion was seconded and approved by all committee members present.

c. Authorizing Issuance of Debt for USF SM Student Housing and Student Center Project

Mr. Stubbs presented the agenda item. This is a request to authorize the issuance of \$27M of 30-year tax-exempt debt by the USF Financing Corporation (USFFC), with a not to exceed authorization of \$30M, for the USF Sarasota-Manatee Housing and Student Center Project. The University is contributing \$16.5M of cash equity to fund the project. This project and the financing are being supported by the Tampa campus resources under OneUSF. This project is a mixed-use student housing and student center facility at the Sarasota-Manatee campus estimated to cost \$36M to \$42M. The new bonds will be issued on a parity basis to the USF Housing System. The Housing System has \$176M of bonds outstanding. The Housing System is rated A1 stable and A+ positive by Moody's and Standard & Poor's, respectively. The project's debt service coverage ratio is 1.06x. The Housing System's coverage ratio is 1.46x. This is a strong system according to Moody's and Standard & Poor's, but also the Florida Board of Governors. The project financing plan requires a debt service reserve be established, approximately \$1.8M. The USFFC will fund an additional \$2M in an owner's contingency, approximately 5% of the project's costs, for expected cost escalation (labor and material costs) over the 20-month construction period. The USFFC Board of Directors authorized the debt issuance on May 5th; the BOG has this authorization on its September agenda for approval.

Chair Weatherford stated that this is another incredible example of the importance of OneUSF, as this project would not have had the opportunity to move forward under the old structure. This a situation where the whole of USF can benefit a specific campus. This is a huge accomplishment - the prioritization of our branch campuses and making sure that they are benefitting from OneUSF. This is critical to ensure not only the growth but the ultimate success and the parity of experience that the students can have on the Sarasota-Manatee campus with the ones they have on the Tampa campus.

Trustee Seixas explained how this type of project was so transformative for the students on the St. Petersburg campus and she is glad the Sarasota students will have the same experience as well.

A motion was made to authorize issuance of debt by USF Financing Corporation as presented and request approval by the Florida Board of Governors. The motion was seconded and approved by all committee members present.

d. 2022-23 Continuation Operating Budget

Masha Galchenko, Assistant Vice President and USF Budget Director, brought forward the 2022-23 Continuation Operating Budget for approval. This is an annual process and is required by the BOG. We are requesting approval of a Continuation Operating Budget due to pending state appropriation allocation decisions. Once the state appropriation bill has been signed, USF will prepare an operating budget for the next fiscal year according to our guidelines and the laws and regulations of the BOG and submit to the BOT for approval at a later meeting. We are requesting approval of a Continuation Operating Budget at the same level as the 2021-22 Operating Budget.

A motion was made to approve the 2022-23 Continuation Operating Budget at last year's Operating Budget level. A subsequent approval will be needed once the legislative budget process has concluded with the Governor's approval and the USF annual budget

has been established. The motion was seconded and approved by all Committee members present.

e. Judy Genshaft Honors College – New Philanthropic Funds Request

Carole Post, Vice President of Facilities and Public Safety Operations, presented the agenda item. This item is seeking approval of spending authority for use of new philanthropic funds for a specific change in scope for the Judy Genshaft Honors College. A new philanthropic donor committed to support the buildout of the Food Service Lab Studio on the 5th Floor, which is part of the academic experience. The cost is approximately \$231K.

Trustee Patel asked how the operating costs of the equipment will be paid once the facility is set up; will the operating overheads be budgeted through the different colleges and programs that use it. Ms. Post responded that the increase in the nature of the equipment is actually de minimis in terms of operating costs. There was always planned to be a kitchen facility in this space, this is just now an upgraded version, and the operating costs are intended be absorbed into the general operating costs of the building.

A motion was made to approve the increase in project budget by \$231K and to approve expenditure authority to purchase the desired kitchen equipment. The motion was seconded and approved by all Committee members present.

f. Expenditure Authorization Requests

Vice President Nick Trivunovich presented the expenditure authorization requests for approval by the Finance Committee. The University's expenditure policy requires all expenditures over \$2M to come to this committee for approval. In addition, any change over 10% from a previously approved expenditure authorization needs to be brought back to this committee as well. There are nine expenditure authorization requests for approval – three are previously approved expenditure authorizations that have changed by more than 10% from the amount originally requested and approved by the Committee and the other six are new requests.

Updated Expenditure Authorization Requests

	<u>New Total</u>	<u>Increase</u>
○ Elsevier ScienceDirect Ejournal Renewal Agreement	\$4,095,677	\$604,852

This request is for the perpetual purchase of selected Elsevier ScienceDirect Ejournal Subject Backfile Collections. This is a one-time purchase of the journal backfiles at the 25% discount level. This a one-time perpetual purchase with no recurring costs. The terms of this purchase were provided under the original 2017-2021 Elsevier ScienceDirect Master Agreement, extended through 12/31/2024 at the state level by UF for and on behalf of the SUS universities (Amendment #1), with USF's participation amendment under these terms dated 9/9/2021 (Amendment #2). This purchase is Amendment #3.

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

	<u>New Total</u>	<u>Increase</u>
○ Athletics Broadcast Production Service	\$7,164,551	\$3,164,551

The initial request and approval in February was for the authority to issue an ITN for services in executing broadcast and in-arena production of USF Athletics sponsored events for multimedia platforms at all Athletic facilities. These expenses were new to FY21 with the addition of our ESPN+ Broadcast Production Studio. This is required under our ESPN+ contract with our conference. The American Athletic Conference (AAC) requires USF Athletics to broadcast a number of events on the ESPN+ platform to fulfill contractual obligations to receive Media Rights revenue distributions from the Conference. These rights make up approximately 60% of USF's annual conference distribution, with an estimated revenue amount of \$3.5M. This expenditure was initially estimated at \$4M over 5 years, based on the previous two years of actual expenditures. This expenditure request has since increased with the total request now at \$7.164M for 4 years (three contract years with a fourth-year option). This increase is due to two factors: USF is now planning on hosting multiple AAC conference championships over this time period; and Gemstone has seen an increase in their costs and has built in possible cost escalations for future years in their contract proposal.

Chair Weatherford stated that these production events are critical as they really enhance our brand overall. This increase in cost does probably not accurately reflect some of the savings that we will get from hosting more events as opposed to travelling to more events. While this is an increase in costs, we don't have an option; we have to be able to promote our Athletics and promote our brand through our Athletics. This is a necessary expenditure.

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

	<u>New Total</u>	<u>Increase</u>
○ Pharmaceutical Supplies/Cardinal Health	\$3,200,000	\$500,000

This is a request to increase the existing FY22 purchase order for the Pharmacy Plus program. This is the cost of goods involved with what the pharmacy supplies. The cost of these pharmaceutical supplies is covered through the revenue generated by the pharmacy operation. Pharmacy Plus is a full-service community pharmacy. The primary purpose of operating the pharmacy is to provide our College of Pharmacy students with the opportunity to practice all aspects of the pharmacy operations, patient safety, and prescription education as part of their advanced pharmacy practice experience rotation. The expenditure increase is necessary due to the increased volume in the Pharmacy Plus program during the current fiscal year. Based on the remaining balance on the blanket purchase order and the anticipated expenses and revenue for FY22, an additional \$500K will need to be added to the current \$2.7M purchase order for a new total of \$3.2M. The current purchase order was calculated using the average monthly sales for July 2020 - January 2021 (about \$226,000 per month), which we have exceeded.

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

New Expenditure Authorization Requests

- Pharmaceutical Supplies/Cardinal Health - \$3,500,000

This request is for Pharmaceutical Supplies for USF Health Pharmacy Plus (blanket purchase order) with Cardinal Health for FY23. The amount being requested for FY 2023 is \$3.5M for the purchase of pharmaceutical supplies. This is an increase of \$300K over FY22.

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

- USF Health ALZ 2nd Floor Renovation - \$2,230,175

This is a request to convert non-clinical space on the 2nd floor of ALZ to revenue-generating clinical space. This space is currently unused. This will be funded by the USF Health Deans Academic Support Fund (UMSA DASF).

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

- USF Health ALZ 4th Floor Renovation - \$2,132,654

This is a request to convert office space on the 4th floor of ALZ to research labs. This currently underutilized office space will be converted to a 1,500+ SF web lab space, including a dedicated equipment room, mechanical room, air handler and rooftop unit. Approximately \$1.9M of this renovation will be funded through the USF Health Deans Academic Support Fund (UMSA DASF) and the remaining \$250K from Research funds.

Chair Weatherford requested to have additional information provided to the Committee at a later date to give some context to the Byrd Alzheimer facility – the original intended use by the Legislature, how that changed, and how we are using it now. This will be helpful going forward, especially for newer board members.

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

- FM and Health Contracted Labor for General and Enhanced Cleaning - \$3,974,918

This is for outside custodial services to the same vendor for two purposes. The first aspect is to primarily provide general cleaning services for our USF Health buildings downtown. This portion is valued at \$2M and is funded from E&G and DSO funds. The second aspect is also estimated at approximately \$2M and is funded from E&G carryforward and is to hire

contracted custodial labor to mitigate challenges in recruiting and retaining staff in the FM Building Services department on the Tampa campus. This portion of the contract does not obligate us to the dollar amount noted but provides pricing and other operating criteria for use of these services on an as needed basis. These expenditures are allowable on both E&G and E&G carryforward.

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

- USF Sarasota-Manatee Custodial & Maintenance Services - \$2,553,682

This is for outside custodial and maintenance services for the Sarasota-Manatee campus. The contract commits us for 3 years with an option for an additional 2 years (2 one-year renewals possible). The pricing of \$2.5M reflects all five years. There was a significant amount of competition for this contract as there were 12 respondents to the ITN. Our Sarasota-Manatee campus is confident that their selection provides the best combination of value, expertise and service.

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

- State of Florida Critical Infrastructure Risk Assessment - \$7,000,000

This \$7M request is for a comprehensive cybersecurity risk assessment to be managed by the Florida Center for Cybersecurity (Cyber Florida). This funding is based on a \$7M appropriation received from the state of Florida. Preliminary recommendations are due to the state by January 9, 2023, which is a very tight timeline. Unless we can move this date, we will need to move forward as quickly as possible. We expect to use an outside vendor to assist in this initiative with a portion of the funding to also be used to bolster our internal resources in managing and coordinating this project. There are still many details to work out on this project scope and potential third-party partner, so we are asking for approval to move forward with the caveat that our engagement with the final third-party vendor would be subject to the approval of the Board Chair, the Finance Committee Chair, and the President.

Chair Weatherford stated that this is a great opportunity for USF. The state of Florida is putting a substantial amount of weight on the shoulders of Cyber Florida and ultimately on USF to guide the state through the new risks that are facing our state and our government agencies throughout the state. This is a very large responsibility and will take a lot of planning. It shows the faith the state has in us and our team at Cyber Florida. He is very excited about the role we can play in helping the state solve this very critical problem.

Trustee Seixas asked if the other SUS universities are doing the same assessment and what guidance have we received from the BOG. Mr. Trivunovich responded that the intent here is for us to assist the other SUS universities in this assessment. We are the point for coordinating the

assessment across the other SUS universities and other portions of the state's infrastructure as well. Dr. Ron Sanders, Director Cyber Florida, added that the risk assessment mandated by the state focuses on Florida's critical infrastructure industries (the Department of Homeland Security has identified 16 of those). Universities and local government are part of that. Each university is conducting its own individual risk assessment and there is grant money appropriated to the state CIO to support additional university investments in their critical cybersecurity infrastructure.

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

g. DSO 2022-23 Annual Financial Plans

Fell Stubbs, University Treasurer, introduced the DSO FY2023 Annual Financial Plans. The DSOs are governed by independent boards of directors who have previously approved these FY2023 Financial Plans. The DSO Financial Plans are presented to the BOT for review and approval, pursuant to Florida Statutes and DSO bylaws.

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

Alicia Ozmeral presented for UMSA, MSSC and HSSO. The USF Tampa General Physicians Group (USFTGP) went live January 1, 2022. This initiative coupled with reductions in federal funding related to the pandemic are the main drivers of the changes in the financial statements of the practice plan. Decrease in operating profit of UMSA from \$26M in FY22 to \$8.9M in FY23. Key changes driving this decrease: decrease in revenue due to reduction in federal funding related to the pandemic; increase in some expenses to include increase in faculty salaries, TGP performing market analysis for all employees in order to recruit and retain the needed talent for the clinics, the creation and transition to USFTGP resulted about \$3.5M of additional capital costs (IT, benefits administration, general ledger, payroll, etc.) that must be funded by the practice plan during the first three years of the relationship, and financial austerity measures (reductions in travel, meals, memberships, continuing medical education) that were implemented in FY21 and FY22 in response to Covid are being relaxed and expenditures are returning to pre-pandemic levels as we return to normal operations. UMSA received \$14.7M in CARES funds in FY22. Anticipate using \$5M in FY22 and the remaining \$9.7M in FY23 to replenish the Dean's academic support fund for investment in future research recruits. On the statement of cash flow, anticipate ending FY22 with \$44M in receivables for upper payment limit programs related to Medicaid as all four quarters will likely be paid in July and August as they were in FY21. In FY23, we are projecting a return to normal and timely quarterly payments with receivables of about \$12M at the end of the year. As a result, we expect to end the year in a much better cash position with 60 days cash on hand. In our 3-year forecast, we anticipate modest growth in patient service revenue and faculty salaries resulting in an estimated 2% operating margin in FY24 and FY25.

A motion was made to approve the FY2023 combined Financial Plan for University Medical Services Assoc. Inc. and USF Medical Services Support Corp. The motion was seconded and approved by all Committee members present.

2. USF Foundation, Inc.

Jay Stroman presented for USF Foundation, Inc. The Foundation continues to operate well within the Financial Plan set forth last fall and nothing indicates that we will deviate. The fluctuating market is challenging for our endowment; our staff and investment committee are constantly looking at the situation and how we can mitigate risks. Will not have a 36% return like last year, but good work is still being done by our investment committee. Having a banner year in fundraising; expect the President to make an announcement in early fall regarding fundraising. Rob Fischman reviewed the financial statements. The change in the investment market is the major driver on the income statement. Through December 31, we were at a slight gain of about 2%. As of March 31, on which this report is based, were we at a loss of 1.8% and April and May have gone down since then. From a fundraising standpoint, under GASB accounting standards, we are not able to count some gifts. Deferred gifts and estate gifts as well as endowment pledges cannot be counted until they are received. These have to be counted differently on the financial statements due to GASB. So while we talk about a \$100M goal, our income statement only reflects \$60M in gifts and donations. With investment income/loss being the biggest driver, anticipating a 2% loss for FY22. Projection for next year is based on our long-term expectation of a 7% return. Despite current market conditions, our 3-, 5- and 10-year returns are still very strong.

A motion was made to approve the FY2023 Financial Plan for USF Foundation, Inc. The motion was seconded and approved by all Committee members present.

3. USF Research Foundation, Inc.

Dr. Sylvia Thomas presented for USF Research Foundation, Inc. The Research Foundation promotes, encourages, and enhances the research and innovation activities of USF. We continue to bridge laboratory research to intellectual property to start-ups, partnerships, and commercialization. The research innovation enterprise is inclusive of the research park, as well as our technology transfer office and USF Connect and incubator. Recently opened the new state-of-the-art research facility in the USF Research Park. This will strengthen connections between the university and the technology innovation business community. The Research Foundation will be responsible for the debt service and the operating costs for the new facility as we continue to fill the facility. This comes at an opportune time for the university and the Tampa Bay region as nationally recognized science and technology firms, innovators, financial investors and entrepreneurs are being drawn to the region and USF talent. The Research Park has been consistently at capacity in recent years. Therefore, we are letting our partners know we are open for new business. Identifying new revenue generating opportunities. Tech Transfer Office is envisioning an enhanced focus on commercialization and monetization. Diversifying intellectual property (IP) portfolio across patents, copyrights, trademarks and licenses. Overall, the Research Foundation is strong and is a key element to the USF annual economic impact and development of a skilled workforce. Patricia Gamble stated that the key initiative for FY23 is the new building. FY23 will be the first full year of operations for the facility. The new building adds 120,000 sf of new space to the Research Park; anticipating 60,000 sf will be occupied by the end of FY 2023, generating a little more than \$800K of rent revenue. Projecting by the end of FY24, 110,000 sf will be occupied with \$3.7M rent revenue coming in, producing a slight profit margin

of 4%. Looking to FY25, anticipating a full lease up generating rent revenue of \$5M and a 6.7% profit margin after debt service. The long-term goal of this is driving our upside performance in future years. There is a negative financial impact in FY23 as the first full year operating expenses for the new building is \$2.7M with \$800K projected for rent revenue. This generates a net operating loss of \$1.9M. The FY23 plan also includes 100% of the operating costs for the Technology Transfer Office. This cost allocation from the University produces a net loss of \$2.8M. This also contributes to the projecting operating loss. The established business within the Research Park (excluding the new building) continues to be very stable and does produce a positive net operating profit of 19% in the FY23 projection. Projecting a 4% increase in rent revenue for the Research Park for FY23 and keeping expenses relatively stable with a less than 1% increase in total expenses. On the cash flow statement, projecting \$321K cash from operating activities in FY23. After debt service and cap ex, negative change in cash of \$2.1M. Redeeming investments as planned to fund the new building buildout and debt service. Do have sufficient cash reserves to sustain that loss and still have sufficient days cash on hand in FY23 as well as going forward.

Chair Weatherford stated that this is to be expected with a new facility coming online and leasing up. This is an investment we are making as an institution.

Trustee Seixas asked about the leasing and marketing strategy for the new building. Ms. Gamble explained that the focus is on tenancy, not from the university, but with partnership opportunities with private industry. Working with brokers. Targeting companies in technology that are in alignment with our strategic plan in terms of our signature focus areas.

A motion was made to approve the FY2023 Financial Plan for USF Research Foundation, Inc. The motion was seconded and approved by all Committee members present.

4. USF Health Professions Conferencing Corporation

Dr. Haru Okuda presented for USF Health Professions Conferencing Corp. (HPCC). HPCC oversees CAMLS and the USF Health Office of Continuing Professional Development. As CAMLS is dependent on face-to-face training for its revenue, the past couple years were very challenging. Anticipating a return to normal in Q3 and Q4 of FY22. Taking that success into FY23. So as not to be solely dependent on face-to-face training, expanding revenue through research and mobile training program (CAMLS without Walls). Also expanding consulting program and building a like-type facility similar to CAMLS in St. Croix. Greg Vannette reviewed the financial plan. Projecting \$400K profit in FY22; \$100K through March 31 and the remaining \$300K will be in Q4. Will do \$300K four times in FY23; projected profit \$1.3M. Returning to pre-Covid volumes and profitability but with a much greater diversified client base. Will accomplish those FY23 results and deliver our mission from several angles; our successful client strategy to postpone and now build up our external client training is gaining momentum; delivering services at cost to USF including PO&M funding; and maximizing the use of CAMLS in expanding our reach by delivering training throughout Tampa Bay and beyond, setting ourselves apart as an exceptional meeting and training venue to propel us beyond FY23.

A motion was made to approve the FY2023 Financial Plan for USF Health Professions Conferencing Corp. The motion was seconded and approved by all Committee members present.

5. Sun Dome, Inc.

Michael Kelly presented for Sun Dome, Inc. (SDI). Mr. Kelly expressed his appreciation for our partnership with Vinik Sports Group (VSG). You learn a lot about your partners when you go through a crisis like we did with the pandemic. Having an industry leader like VSG that helps us through these tumultuous times has been beneficial to us. They've done an excellent job of managing our expenses when events were hard to come by and now as events are starting to come back in greater abundance. They are the right partner for us. Ashley Leko reviewed the forecast for FY23. Continuing to focus on rebounding from the pandemic and its lasting impact on the entertainment landscape. VSG's efforts to keep the arena ready for operation throughout the pandemic has been successful in securing some of the top-tier acts over the last several months and now have numerous dates on hold for at the start of the next fiscal year. We are looking to leverage the partnership to expand opportunities to host non-ticketed events such as graduations, conventions and other community business functions. High quality events will lead to increased ancillary revenues and the perception and reputation of the Yuengling Center will continue to grow positively. This strategic initiative could result in approximately \$1.7M in total ancillary revenue which is a 17% increase over our expected FY22 projections. VSG continues to minimize costs efficiently and effectively to ensure we are managing cash flows without sacrificing the quality of the events or the state of the building. With ticketed events continuously being booked, we will have a steady flow of cash on hand that will allow the venue to stay current with outstanding liabilities incurred because of the previous Covid closures. The SDI board and VSG continue to review operations and are working to determine an appropriate timeline for repayment of the deferred liabilities so that we can make VSG whole while trying to maintain the liquidity of SDI. We would like to show incremental improvement on everything we are doing right now. If we continue to have steady growth, the success we are seeing now will continue, and grow. Projecting operating profit of \$422K which is a 30% increase over prior year plan.

A motion was made to approve the FY2023 Financial Plan for Sun Dome, Inc. The motion was seconded and approved by all Committee members present.

6. USF Institute of Applied Engineering

Dean Robert Bishop presented for USF Institute of Applied Engineering (USF IAE). IAE is a start-up within an academic environment. It is a unique enterprise in academia. With the investment by Hillsborough County and the USF, IAE was able to move forward this past year. Eric Forsyth presented the financial plan. This is a growing business; adjusting to handle the growth. Our sponsors are what drives our growth. IAE is in year three of its \$85M USSOCOM task order contract. IAE signed its first grant with West Point, partnered with CUTR on a multimillion task order contract with ENSCO, and projects more contracts connecting faculty and small business. Entering final year of grant with Hillsborough County. Projecting doubling contract revenue in FY23 (from \$7M to \$14M). Projecting an increase in salary/benefits (anticipating staff growth). Can

adjust as we go forward if growth does not occur as expected. Using the investments to grow the business.

A motion was made to approve the FY2023 Financial Plan for USF Institute of Applied Engineering. The motion was seconded and approved by all Committee members present.

7. USF Alumni Association, Inc.

Bill McCausland presented for USF Alumni Association, Inc. The focus of the Alumni Association is to strengthen the relationships we have with our now 383,000 alumni through our activities, hopefully leading to their long-term involvement with the University. This has not changed during the pandemic; our alumni need us and we have been there for them. There are a couple initiatives that will materially impact the financial plan: 1) have transitioned to a general membership program; and 2) focus on regional alumni engagement; engaging Alumni at the chapter and society level to increase the number of alumni who will have long term involvement with USF. For FY23, need full support of the University and the Foundation so we can continue our efforts. On the financial statement, expecting \$606K net income in FY23. Increase in revenue for FY23 is due to an increase in funding from the University and a significant increase in gifts from our life member annual giving program associated with our life membership program. Projecting an increase in expenses of \$318K for FY23. This is largely associated with personnel - expect to be fully staffed for FY23; budget for a 5% salary increase; and 2 new positions. On the statement of cash flows, our cash at the end of the year is expected to be consistent with our balance in prior years.

A motion was made to approve the FY2023 Financial Plan for USF Alumni Association, Inc. The motion was seconded and approved by all Committee members present.

8. USF Financing Corporation & USF Property Corporation

Mr. Stubbs presented for USF Financing Corp. & USF Property Corp. The corporations operate in concert. Have a strong working board of six directors composed of industry experts. The Financing Corp. is the dedicated financing arm of USF, pursuant to statute. The corporations are planning a major project to support the new bond issuance for the Sarasota-Manatee campus Housing and Student Center project. This will include management of the project; a presentation to Moody's and Standard & Poor's to rate the bonds; managing the selection of investment bankers; managing the approval of the BOG; issuing public bonds in September or October in the capital markets; and negotiation of a design/build contract with the selected design and construction companies. Revenues are expected to be \$15.5M in FY23. These revenues are conduit lease payments of debt service from the financed projects for the University and certain DSOs. Net operating profit is projected to be \$1.4M. Mr. Stubbs noted that the corporations have no employees but are fully supported by the University and the Treasurer's Office. The financing activities on the statement of cash flows discloses the \$27M proceeds of long-term debt for the Sarasota-Manatee project, and \$6.5M in capital expenditures which are the construction draws expected for the project. Cash and investments are expected to be \$68.4M at the end of FY23. These funds are project funds or reserves for the series of bonds that are held at

numerous trustee banks. Days cash on hand (a very good liquidity measure) is expected to be 394 days. Over the past few years, this has been a very strong measure of support for these bond programs by the Financing Corp. The 3-year forecast shows consistent profit margins across these years as well as very strong liquidity measures. The Financing Corp. and the Property Corp. have closed \$2B worth of bond transactions; renegotiated contracts; and developed over 2 million square feet of properties for the University and its DSOs.

A motion was made to approve the FY2023 Financial Plan for USF Financing Corporation and USF Property Corporation. The motion was seconded and approved by all Committee members present.

h. Student Green Energy Fee

Alexis Mootoo, Associate Vice President for Student Success Resource Management & Development, presented the Student Green Energy Fee item. The Student Green Energy Fee (SGEF) is a nominal \$1/credit hour fee allocated to promote sustainability, reduce energy costs, limit greenhouse gas emissions, and conserve energy. The fee aligns with our strategic plan goal to increase fiscal self-sufficiency through monetary savings from decreased energy costs. The fee serves as the driving force behind student-led campus projects aiming to improve energy use and establish technologies that directly lower the University's emissions, waste and/or energy consumption. The projects supported by the fee are chosen by three steering committees (one on each campus) consisting of students, faculty and staff. The fee was implemented on Tampa and St. Petersburg Campuses in 2011. In anticipation of consolidation, in 2019, Sarasota Student Government approved the same \$1/credit hour SGEF. The fee has had significant impact with respect to energy cost savings. \$12M has been collected to date; \$9M has been spent.

Pursuant to BOG regulation, the BOT on a periodic basis needs to review the fee to determine if the fee met its intended outcomes and whether the fee should be increased, decreased, discontinued or maintained. The BOT shall submit its findings to the BOG. Any subsequent decreases or continuation in these fees over the next five years (the next due date for the periodic review) are delegated to the BOT, with notification to the Chancellor.

This action item requests the BOT to accept the recommendation of management, based on its review of the existing fee and its application to date, to approve the continuation of the current fee. This is consistent with the most recent Student Government referendum supporting the need to continue with this fee on all of USF's campuses.

A motion was made to approve the continuation of the \$1 per credit hour Student Green Energy Fee. The motion was seconded and approved by all Committee members present.

IV. New Business – Information Items

a. Budget Update

Rich Sobieray, Sr. Vice President and CFO, gave an update on the budget planning project. Mr. Sobieray gave a special thanks to everyone either participating directly or supporting this important effort. None of this is possible without the important contributions of so many from across OneUSF. Deliverables for FY22 are to design and recommend: 1) a new value driven university-wide budget process and resource allocation model that balances the budget and builds on the diverse, equitable and inclusive culture at USF; and 2) a new research F&A

distribution model that incentivizes research productivity and provides the necessary resources for investment in growth of our research enterprise. By the end of this fiscal year, we will achieve the following: 1) a new budget model that is transparent and predictable; 2) a more modern funds flow model with phase 1 roll-out in FY23 with investments prioritized around the strategic plan, university rankings and achieving AAU status; 3) a 5-year plan for positioning the university for fiscal health beginning in FY23; 4) a restructured research enterprise with a more modern F&A distribution model; and 5) improved communication and engagement across OneUSF. Mr. Sobieray described the progress that has been made to date. A new budget model has been designed and is currently in process. Started with the support function areas and now the colleges are doing their presentations. From the budget model, we will have requests with which the Trustees and the President will have the ability to prioritize the spend for FY23 and decide where investments are necessary. A new funds flow model is in development. This is an RCM-type model where the funds flow through the colleges with a certain amount of money kept centrally for strategic investment. This is a much more transparent model from the standpoint that the colleges will know how the funding works and what to expect in future years as the model rolls out. This will be a multi-year rollout with full rollout for FY27. Working on balancing the Tampa E&G budget which has been under stress. We have strategies for balancing this particular budget and ensuring the University is set up for long-term financial success. We will do this through revenue generation and operational effectiveness and efficiency. We are making significant progress on a new F&A distribution model. The researchers are excited. This has been a long time coming.

Chair Griffin thanked Mr. Sobieray and the team for their great work.

V. Adjournment

Having no further business, Chair Griffin adjourned the Finance Committee meeting at 10:05am.