



**USF Board of Trustees
Finance Committee
NOTES
November 15, 2022
Microsoft Teams Virtual Meeting**

I. Call to Order and Comments

The meeting of the Finance Committee was called to order by Chair Michael Griffin at 9:05am. 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 Chip Newton. 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 August 16, 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 August 16th meeting notes were unanimously approved as submitted by all committee members present.

b. 2023-24 USF Parking System Budget

Fell Stubbs, University Treasurer, presented the 2023-24 USF Parking System Operating Budget and requested approval at this time to meet a February filing requirement by the Board of Governors (BOG). This is the University's annual approval of the Parking System Operating Budget for FY 2023-24. The Parking System supports the Series 2016A parking system bonds, rated AA by Standard and Poor's. This rating was recently affirmed in September. The bonds were issued by the Florida Division of Bond Finance, who requires the approval and submission of a detailed operating budget to the BOG at least ninety (90) days before the beginning of the fiscal year which means a filing deadline in February of the coming year. The parking bonds are the only bonds issued by the Division of Bond Finance subject to this requirement.

The FY 2023-24 Operating Budget for the USF Parking Facilities Revenue Bonds reflects modest increases in permit and fee revenues in FY 2022-23 and FY 2023-24 due to the continued recovery from the pandemic with students and staff returning to campus. The FY 2022-23 estimate and the FY 2023-24 budget reflect adjustments to salaries consistent with objectives to restore multiple vacancies, increase wages to meet new university-wide minimum wage requirements, and market value adjustments; also, capital outlay expenditures to complete long-standing deferred preventative maintenance projects for the garages and lots and strategically replace and upgrade the aging bus fleet. In the Spring and Summer of 2023, Parking will conduct a comprehensive assessment of how demand for

services has evolved and seek to adjust the FY 2023-24 operating budget as needed. This would be a positive adjustment to cash flows and expenditures relative to the real revenues. The estimated unrestricted operating cash flows of \$13.7M in FY2022-23 and \$11.1M in FY 2023-24 provide support for the AA credit ratings. The Parking System also has \$12M in restricted reserves for debt service and for maintenance and equipment (a general reserve); they also hold some interest earned on reserve balances.

The budget format is from the Division of Bond Finance and contains three columns – actual for FY 2021-22; estimated pro forma for FY 2022-23; and projected budget for FY 2023-24. Revenue from Permits only increases modestly from FY 2021-22 (\$8.4M) to FY 2023-24 (\$9M). This revenue line item is critical for the Parking System, and it is still below the 2019 pre-pandemic level of \$11M. Overall, modest negative cash flow for the years presented. Debt service coverage ratio for FY 2021-22 was 2.06x coverage. A good, strong ratio which did benefit from federal funds; without the federal funds, the ratio was 1.43x coverage. Estimated coverage ratio for FY 2022-23 is 1.3x coverage and is projected to increase to 1.8x coverage in FY 2023-24.

A motion was made to approve the 2023-24 Operating Budget for USF Parking Facilities Revenue Bonds, Series 2016A. The motion was seconded and approved by all committee members present.

c. Energy Savings Contract and Award to Siemens

Mr. Stubbs 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 third energy savings contract award for Siemens. Siemens provided a scope of work to install critical electrical upgrades for resiliency; various structural, building envelope and civil improvements to the Central Energy Plant to address storm code and storm hardening requirements; chiller plant optimization and automation improvements for the Southeast Chiller Plant; general HVAC system upgrades at various buildings to reduce energy consumption; and lighting system upgrades at various buildings to reduce energy consumption. All construction, commissioning, design and engineering has a current estimated cost of \$8.5M and a not-to-exceed cost of \$8.95M. The contract will guarantee energy savings to the university of approximately \$14.9M over 20 years, which is guaranteed to exceed the costs of the upgrades and the cost of the financing. The financing will be provided by Banc of America Public Capital Corp at a fixed, long-term (20 years) tax-exempt rate of 4.09%.

The contract with Siemens as well as the financing with Banc of America Capital Corp were both procured by competitive process.

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.

d. Institutes & Centers (I&C) Report

Dr. Theresa Chisolm, Vice Provost, and Kevin Toso, Associate Director, presented the Institutes & Centers (I&C) Report. Dr. Chisolm explained that per BOG regulation for state of Florida Institutes and Centers (I&C), universities must provide annual financial reports to the BOG. In accordance with the updated regulation, these reports must now be approved by each University's board of trustees prior to submission. As the report must be

submitted to the BOG for all I&Cs for Fiscal Year 2021-2022 by close of business December 1, 2022, approval has been delegated to the Finance Committee to meet the BOG deadline. All future submissions will be brought to the entire BOT for approval at a regularly scheduled meeting. This financial reporting is not new; what is new is bringing to the BOT for approval. Dr. Chisolm provided an overview Institutes & Centers as well as BOG Regulation 10.015.

Mr. Toso gave an overview of the reporting process and data validation and provided highlights of the FY 2022 expenditures.

A motion was made to approve the Institutes & Centers Annual Report for 2022. The motion was seconded and approved by all Committee members present.

e. Expenditure Authorization

1. Threshold Changes

Jennifer Condon, Vice President for Business & Finance and Deputy CFO and Controller, presented the request to adjust USF expenditure approval authorization levels to align with SUS benchmark peers (UF, FSU, UCF). USF expenditure approval authorizations are more constrictive than our SUS peers. This request seeks approval to increase the authority delegated from the President to the CFO up to \$1.5M and increase the authority granted to the Board of Trustee Finance Committee Chair up to \$3M. Currently USF Procurement has authority for up to \$1M and then the BOT Finance Committee Chair has authority from \$1M up to \$2M and authority for \$2M and over is with the full Finance Committee. Our current process skips the CFO. This request would keep the Procurement limits the same (\$1M), would insert the CFO in the delegation of authority process, and would focus the Finance Committee on the higher dollar transactions.

Ms. Condon compared approval thresholds for FSU, UF and UCF to USF's current and recommended levels and presented USF volume information at the new authority levels. At the new levels, USF would still be below its peers FSU, UF, and UCF – all have more expansive authority at the CFO level and when they go to the BOT.

Action includes expenditures of USF and DSOs and will need to be approved by full Board if endorsed by Finance Committee. New thresholds would be effective 07/01/23.

Chair Griffin explained that he, Mr. Sobieray and Ms. Condon have been discussing this issue for some time. These thresholds are here for a reason, but given the activity and where pricing is going, we need to be sure that the Finance Committee Chair and the Finance Committee are focused on the on the higher ticket items. From a reporting standpoint, there are still reporting requirements in place to be sure the Finance Committee is aware of all spends over \$1M. The Chair is pleased with where we are headed and we will continue to look at these levels as we go forward.

Trustee Seixas asked why the threshold recommendation for the CFO (\$1.5M) wasn't higher. Chair Griffin explained that that was discussed and is something we will look at in the future. But given the history of why these thresholds are in

place, we should move slowly towards a major shift. We will continue to look at this, but this is the level Chair Griffin was most comfortable with.

A motion was made to recommend an increase in expenditure approval authorization limits for approval by full Board of Trustees as follows:

- Authorize CFO to approve transactions up to \$1.5M
- Authorize BOTFC Chair to approve transactions up to \$3M
- Require BOTFC approval of transactions greater than \$3M

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

2. Requests

Ms. Condon presented nine expenditure authorization requests for approval by the Finance Committee. USF's expenditure policy requires Finance Committee approval for all expenditures in excess of \$2M. Ms. Condon noted that a few would fall off the list with the new thresholds.

- Morgan Stanley – Advisor Services for P3 Opportunities

USF is requesting the authority to contract with Morgan Stanley for advisory services for P3 opportunities. We will review multiple opportunities for monetizing certain auxiliary revenue streams. The purpose is to generate much needed capital to reinvest in our students, faculty and infrastructure. The contract is a performance-based contract, which means that the expenditure amount will be a percentage-based transaction fee dependent upon the value of opportunities that are identified and executed. As opportunities are identified, they will come back to the Finance Committee for approval. This is not an approval to proceed unilaterally, but rather to engage Morgan Stanley on advisory services.

Trustee Seixas asked what other P3 work has Morgan Stanley done. Mr. Sobieray explained that they were the advisor for Ohio State (raised almost \$1.6B in various concession agreements for the university) and they are one of the biggest players in this arena (parking and housing), they are leaders in this market. Mr. Sobieray will send the Trustees information he has on Morgan Stanley and their roles in this.

Chair Griffin asked if the transaction fees structures were negotiated. Mr. Sobieray responded yes, the transaction fees were negotiated down. Morgan Stanley wanted 2.25% for parking and 2% for housing which were negotiated to 1.75%-1.875% and 1.5%-1.75% respectively.

Trustee Schneider asked if this has been discussed with the Budget Committee. Mr. Sobieray responded yes, it has been discussed with the Revenue Generating Committee (subcommittee of the Budget Committee). Right now bringing Morgan Stanley on is just an evaluation, we want to see what opportunities exist. We are not suggesting that we are ready to execute on anything yet. Just want to be sure we have the information we need to make a sound decision about what direction we should go. There are a lot of steps in this process and it will take some time.

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

- Cypress C&D Apartment Renovation

This request is to replace flooring in apartments, hallways, entry and elevator lobbies with LVT, paint door frames, update apartment signage, update kitchens and baths to meet current residential standards. This is for Cypress C & D which house 296 beds in apartment-style living. This request is \$2.8M and is budgeted in the Tampa Housing & Residential Education (HRE) Auxiliary Reserves. The project is included in HRE Facilities Project Plan and 2022-2023 USF Fixed Capital Outlay Plan.

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

- Roof repair/replacement

This request is for roofing repair/replacement on one-story buildings in Holly, Maple, and Magnolia. Includes roof access stairs. These buildings are non-residential and are used for office space and student services/activity spaces. The building roofs are beyond their useful life span and are prone to leaks. This request is \$2.5M and is budgeted in the Tampa Housing & Residential Education (HRE) Auxiliary Reserves. The project is included in HRE Facilities Project Plan and 2022-2023 USF Fixed Capital Outlay Plan.

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

- USF Health Student Resource Center/MDA Renovations

This request is in the amount of \$3,946,777 for renovations at MDA (USF Health Center for Wellness, Engagement, Leadership, and Learning, also known as the WELL). This is the fourth phase of a project that had previously been approved by this board. This phase completes the development of the student support services area at the Health Complex on the Tampa Campus. Funding sources are CITF (\$3.1M) and carryforward (\$800K). Since this is a renovation, carryforward is an allowable source. Prior approvals include Fixed Capital Outlay, Health CITF Committee, Tampa Campus CITF Committee, and funds allocated by the state.

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

- Low-Voltage Cabling Installation Providers ITN

IT would like to conduct an ITN to build a structured pool of vendors to provide low-voltage cabling installation services as well as equipment to lock in costs. There will be no commitment for the University to spend any money with the vendors, this will just provide us with a contract avenue to conduct installations, maintenance, and repairs as needed. This will be a competitive procurement. Estimated spend is \$7.5M over 5 years. IT wishes to conduct

this ITN to develop a list of diverse vendors and develop a structured cost for installation and equipment for the life of the agreements. This will allow IT to better estimate project costs over the life of the agreements. This ITN does not require funding for a specific project at this point. Funding sources will be identified for each individual project as they arise.

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

- Tampa Sports Authority License Agreement

This request is a 5-year renewal for use of Raymond James Stadium for up to 7 collegiate football games per season with an opportunity to host a Conference Championship. It includes the game fee, ticket surcharge as well as the support costs incurred by the Tampa Sports Authority for the USF Football games. The estimated cost is \$17.05M for five years (dependent on the number of games per year and the attendance at those games). Year 1-5 of the renewal are estimated based on 7 games with attendance of 30,000 fans per game. The agreement does allow for early termination with 24 months notice.

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

- Chilled Water Infrastructure Upgrade, SM

This request is for chilled water infrastructure upgrades at the Sarasota-Manatee campus in the amount of \$2.2M. Sarasota-Manatee campus is expanding to include a new residence hall and student center, and a nursing-STEM academic facility. These new facilities will get their chilled water from the existing central energy plant which currently lacks the capacity to produce the volume of chilled water required by the campus expansion. This project will provide a new chiller, pumps, valves, ice storage, and associated piping to support campus expansion. This project was included on the Fixed Capital Outlay plan. This project will be funded from carryforward funds and is an allowable expense.

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

- Office Supplies Prime Supplier

This request is for a new contract in the amount of \$4.7M over 6.75 years (\$700K annually) with Office Depot for office supplies (university-wide). This is a declining commodity spend due to changing business processes and remote work. Participation agreement to be co-terminous with the parent FIU agreement on August 12, 2027. There are two one-year renewal option years available (included in the authorization request). Agreement may be cancelled without cause. USF participated in an FIU ITN sourcing office supplies with the award going to Office Depot, USF's incumbent prime supplier. Office Depot is established in the USF eProcurement platform.

Market basket analysis of offer was approximately a 40% savings from list plus highly discounted core list of items plus 10% rebate.

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

- Lab Supplies, Equipment & Services Prime Supplier

This request is for a new contract in the amount of \$33M over 6.6 years (\$5M annually) with Fisher Scientific for lab supplies (university-wide). This is an increasing commodity spend correlated to an increase in research spending. Participation agreement to be co-terminous with the parent UF agreement on June 30, 2027. There are two one-year renewal option years available (included in the authorization request). Agreement may be cancelled without cause. UF conducted ITN sourcing lab supplies on behalf of the SUS with the award going to Fisher Scientific, USF's incumbent prime supplier. Fisher Scientific is established in the USF eProcurement platform. Participation Agreement highlights include new 0.65% rebate, access to exceptional discounts benchmarked for Academic/Medical Research Institutions and discounts for Hotlist items representing ~25% of the high-volume items and waived transportation charges.

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. Annual DSO Investment Reports

- 1. USF Foundation**
- 2. University Medical Services Assoc., Inc.**
- 3. USF Research Foundation, Inc.**

Mr. Stubbs presented the Annual DSO Investment Reports. This is an annual request from the Finance Committee for the three largest DSOs (USF Foundation, UMSA, and USF Research Foundation). These reports are as of 06/30/22. Per request, these reports address the following: portfolio governance; performance for 1, 3, 5 and from inception time periods; asset allocation; recent initiatives; and objectives. All three reports are consistent with the request. All three portfolios had a difficult 12 months ending June 30, 2022, although this is coming off a very strong performance in the previous year. The portfolios gave back some, but not all, of their previous year's returns. The Foundation's one-year return was -11.3%; UMSA was -9.4% for the year; and Research Foundation was -10.9% for the year.

b. Draft 2022 Financial Statements

Ms. Condon provided highlights of the draft FY 2022 financial statements. Ms. Condon reviewed significant items on the income statement and the balance sheet. GASB Accounting for Pension & Other Post Employment Benefits (OPEB) are actuarially estimated liabilities of promises to retirees which are out of USF control and significantly impacted by annual investment returns, covered payroll proportions, and various other actuarial assumptions. Even though the State of Florida pays the contributions,

USF must record the liability and cannot record the offsetting receivable. This is an issue for every public higher education institution. OPEB and GASB continue to impact net operating results and net position. Our Unadjusted Net Operating Results for FY2022 is (\$18M). We have operated in a deficit position for the past three years and FY2022 is the smallest deficit position. After adding back the annual expenses booked for pension and other post employment benefits, we are still in a deficit position of (\$32.8M). While the adjusted results were a surplus in FY2021, for FY2022 this is a deficit due to a \$73M year over year decrease primarily caused by unrealized investment losses. Our FY2021 unrealized investment gains became unrealized investment losses in FY2022. A cumulative picture of this is our unrestricted net position. Our unadjusted unrestricted net position is also a deficit (\$330.4M). When we adjust off the significant non-cash accruals for OPEB and pension and related deferrals, we end up with a \$523.8M positive adjusted unrestricted net position. Another significant accounting pronouncement happened in FY2022. This turned our operating leases into capital leases. The net effect of all of this is very insignificant. We had a \$0.5M impact predominantly from a reclassification of a pre-paid related to Moffit and some revenue received in advance from Tampa General Hospital.

Ms. Condon then explained variances between 2021 and 2022 in excess of \$10M and 10% as well as variances in excess of \$20M. USF is operating very well. This can be seen by the change on the balance sheet in cash & investments balances. We added \$58M in cash & investments to our balance sheet. This is a 7% increase primarily accountable to the auxiliary recovery coming out of the COVID pandemic. 4 additional accounts fit the criteria on the balance sheet. Net Receivables decreased \$11M of which \$12.5M was a decrease in the CARES receivable. Net depreciable capital assets decreased by \$56M. This is an unusual variance. Depreciation expense exceeded additions in FY2022. Nondepreciable capital assets increased \$57M due to all the construction in progress on campus (JGHC, Wellness, IPF). When the projects are completed, they will become depreciable capital assets and our capital assets additions will exceed depreciation and next year these two items are expected to be reversed. Accounts payable increased \$19M due to the accrual for the upper payment limit payments for Medicaid (AHCA). Increases are caused by year end timing; we receive the funds from UMSA and then pay the State of Florida. 10 accounts fit the criteria on the income statement – all green, all good. Increase in net tuition & fees of \$20M – gross tuition was up, scholarship allowance was down. Auxiliary sales and services increased \$46M due to COVID recovery in Housing, Dining Athletics. Both federal/state financial aid and noncapital grants & donations were up due to the student and institutional components of the Higher Education Emergency Relief Funds (HEERF). Capital grants, contracts, donations & fees was also up due to construction in progress (funding coming over from USFF for JGHC and IPF). Net investment income decreased (turned into a loss) – this was not unexpected due to market conditions over the past year. This category combines real investment income and unrealized gains and losses. In FY 2021, we had \$36M in investment income; in FY 2022, we had a \$47M loss. Ms. Condon stressed these are unrealized losses – we have not sold any of these investments, nor do we plan to until they are no longer losses. A graph of Net Investment Income was provided which showed investment income and unrealized gains/losses separately over the past three years. Investment income was constant from year to year. Unrealized gains and losses accounted for the entire variance (\$14M in losses in FY2020, \$18M in gains in FY2021 and \$65M in losses in FY2022). On the expense side, compensation & employee benefits decreased \$84M due to the previously mentioned pension adjustments. There is a one-year investment lag (one year in arrears); this will reverse next year. Services & supplies increased (grant subcontracts, dining, travel) due to emergence from pandemic. Scholarships, fellowships & waivers increased - this the expense to the federal funds (student HEERF) revenue. Other non-operating expenses increased \$29M also due to the

pandemic (payments to UMSA for faculty practice plan lost revenue and expenses for graduate medical education). Even though we had some increases in expenses, this is good because we are emerging from the pandemic.

Mr. Sobieray echoed that the financial statements look good. He explained that the challenge we have as a university with a balance sheet and income statement that looks relatively strong is that over 70% of our cash has some form of restriction and the things we need money for need more unrestricted funds (need access to more than the 30% unrestricted funds available to us). We are working different angles to try to improve that picture. That is the challenge from a university perspective - we need more unrestricted funds available to us so we can use it for the purposes that we need it for at this particular point in time as a university.

c. Resource Allocation Model

Mr. Sobieray gave an overview of the planned resource allocation model for USF. The current incremental budget process has run its course. Decisions are centrally driven, and changes are at the margins of historical base budgets. The central incremental budget decisions over time have caused a maldistribution of resources relative to growth needs; the sense of inappropriate entitlements to challenge the legitimacy of the centralized budget model; the lack of incentive to adequately engage the full range of resources that might be available; and mistrust between senior leadership and Deans. RCM is not a new concept. This is a modern way of looking at the world that we live in and work in. Many universities have moved to this model, including UF, FIU, and UCF is just moving to RCM as well. The big-time universities have already moved to this and are in their version 2.0 and 3.0 and are working to upgrade and update their particular models. RCM is an entrepreneurship and accountability model; it is not a resource generation model. RCM is simply an allocation model. It allocates all revenues and all expenses based off of drivers so that we can see at a college level/program level who provides resources to the institution and who are those that require more subvention. We can then ask the questions about where our future investment needs to be as an organization. The model utilizes strategic investment/subvention to achieve a balance between local (college) optimization and investment in the best interest of the university as a whole. All resources are not allocated out to the colleges. There is a subvention/strategic investment pool that is kept centrally so that the University (President, Trustees) still steers the ship as we go forward.

RCM is important for USF's strategic and financial success. USF's current incremental budget approach to resource management is not sustainable because it limits the university's ability to strategically deploy resources while at the same time disincentivizing colleges and schools from being active "partners" in the success of university. RCM comports with broadly accepted guiding principles approved in FY2022. RCM provides Deans with greater responsibility and authority to align the needs of their colleges with that of the university. RCM enables and rewards entrepreneurship through shared revenue ownership. RCM enables cost/benefit trade-offs by connecting revenues and their associated expenses. This means we can better direct resources to strategies that provide high academic return relative to their net costs. RCM does not introduce new expenses, but it does create the opportunity to examine allocated costs with respect to the quality of services delivered. RCM provides a basic foundation for analysis, including funds flow, portfolio, margin, service cost, and strategic investment/subvention. RCM does not suggest that all university activities should be profitable; we will always have some sort of subvention. Quality considerations and strategic priorities may well warrant financial support. RCM

implementation is a multi-year process. We will run it parallel in FY24; in FY25 we will implement in small increments; and will fully rollout in FY27. We are committed to periodically reviewing and refining the approach as warranted.

All campuses and Health will participate in the RCM model. The three (3) campuses (Tampa, SM, STP) will participate in the revenue and expense portions of the model. USF Health will participate in the expense portion of the model only.

Mr. Sobieray recently attended the NACUBO national meeting. He shared what he learned from representative from many of the universities who have implemented RCM who were there as well. These included: we are on the right track; RCM can be a powerful facilitator of strategic implementation; avoid excessive complexity; ensure academic and financial planning are in-sync; be aware and minimize unproductive competition and misaligned Incentives; provide sufficient central strategic investment pool; and communication is key.

Mr. Sobieray provided a pictorial of how we are changing in going from an incremental budget approach to RCM and the impact on the funds flow model.

Lastly, Mr. Sobieray addresses the strategic investment fund. One of the biggest lessons learned from previous universities who have rolled out RCM (including UF) is to make sure to provide sufficient central strategic investment pool. The purpose is to maintain the balance between individual college/school desires and university strategic priorities. The pool should be between 2% - 5% of total revenue (we will aim for 2% initially, which based on a \$2.5B operation would be a \$50M investment pool). We want to ensure that the President and the Trustees have access to this pool to make those critical decisions around how to steer the University in the direction they want it to go.

Chair Griffin thanked Mr. Sobieray for a great briefing. This is a continuous process and he is pleased with where this is heading to empower our deans (those closest to our students) to drive student success. Relying on universities that are a bit ahead of us in this to learn about their lessons learned and that we not doing this in a silo or vacuum is much appreciated. He is looking forward to continued progress updates.

Trustee Seixas commented that she appreciated the bullet point on unproductive competition internally. She further stated that going into this, it is truly the overall financial health of the university that is paramount, not the individual colleges. She then asked how well is everyone prepared for this change and what is the role of chancellor at the regional campuses and does RCM bring benefit to the regional campuses. Mr. Sobieray responded that we have been working with EAB (Educational Advisory Board) who are putting together a training program and tools for leadership including the deans. We want them to be successful. We want them to understand how the model works, what strategies they can use, and what tools they have available to them to make certain decisions that they have to make. We will be providing online education as well as in-person education – no short cuts in this area. In response to the branch campuses, Mr. Sobieray responded that there will be an overarching RCM model that will impact all the campuses including Health. And then once the resources are set at the campus level, they will also then have an RCM model that rolls out the distribution of the resources down to the colleges. The chancellors will still have access to a strategic investment fund as well. The strategic investment fund will not just be pooled centrally. There will be opportunities for the chancellors, working with the President, to make sure that the campuses and the ship that is being driven takes them into consideration as we move this forward and we strengthen the campuses as well along this journey. He further stated that as we mature, he envisions a President's advisory

committee (includes the President, Regional Campus Chancellors, Health Executive VP, Provost, CFO) that sits over top this entire operation and looks at the strategic investment fund, making sure the resources are distributed appropriately out of this fund.

Trustee Schneider informed the group that the Faculty Senate created the Academic Planning & Budget Council, led by Dr. Tim Boaz who has been working with Mr. Sobieray and has been involved in the budget committees. She expressed interest in the EAB training and Mr. Sobieray provided additional details. Trustee Schneider further expressed that in addition to the Deans, the faculty have a role in understanding this process (the training, etc.) If faculty have entrepreneurial ideas, there is not currently a mechanism across the university for those to be elevated or to be considered. Therefore, the Faculty Senate has to have a role in understanding RCM and helping all of the faculty, not just from the college down. Mr. Sobieray explained that the website will be updated and there will be online training. He has updated the committees and increased Faculty Senate participation. He is also getting Student Government involved as well.

President Law thanked Mr. Sobieray and the Budget Committee for all their work. This presentation is the culmination of an incredible amount of work that has gone into rethinking how we are more strategic about our funding, our revenue generation, our cost containment. There are a lot of things on the outside of the RCM budget process that are going on at the same time. This is not the only thing happening. And they will all come together in a much better way to run a university and to make sure that we are being thoughtful about how we are expending our limited funds in those areas which provide the most benefit for our students, our faculty, our research and our communities.

President Law recognized Dr. Boaz and Ms. Condon who started with this process when she first came onboard as Interim President by bringing to her attention how much they tried to impact how the budget was looked at and that there were systemic problems. We have now come up with a solution that will ultimately put us far ahead of many of our peers and give us the leg up we need to achieve our goals.

V. Adjournment

Having no further business, Chair Griffin adjourned the Finance Committee meeting at 10:50am.