



**Board of Trustees Finance Committee**

Thursday, November 16, 2023

TBD

Microsoft Teams Virtual Meeting

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

*Foundation Board Liaison:* Chip Newton

**A G E N D A**

- I. Call to Order and Comments Chair Michael Griffin
- II. Public Comments Subject to USF Procedure Chair Griffin
- III. New Business – Action Items
  - a. [Approval of August 8, 2023 Meeting Notes](#) Chair Griffin
  - b. [T-Mobile EBS Licenses Sale](#) University Treasurer Fell Stubbs
  - c. [2024-25 USF Parking System Budget](#) University Treasurer Fell Stubbs  
Vice President Carole Post
  - d. [Institutes & Centers \(I&C\) Report](#) Associate Vice President Masha Galchenko
  - e. [Expenditure Authorizations](#) Vice President Jennifer Condon
  - f. [Approve Sublease and Real Property Policy Exception](#) Vice President Jennifer Condon
- IV. New Business – Information Items
  - a. [Annual DSO Investment Reports](#) University Treasurer Fell Stubbs
    - 1. [USF Foundation](#)
    - 2. [University Medical Services Assoc., Inc.](#)
    - 3. [USF Research Foundation, Inc.](#)
  - b. [Draft 2023 USF Financial Statements](#) Vice President Jennifer Condon
  - c. [USF Student Housing Update](#) Associate Vice President Ana Hernandez
  - d. [DSO Financial Updates](#)
    - 1. [UMSA Update](#) USF Health CFO Steve Omli
    - 2. [Institute of Applied Engineering \(IAE\) Update](#) IAE CFO Scott Dalziel
  - e. [Budget Model Update](#) Special Advisor Darren Schumacher
- V. Adjournment Chair Griffin



**USF Board of Trustees  
Finance Committee  
NOTES  
August 8, 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 9:50am. Chair Griffin asked Kiara Gayle to call roll. Ms. Gayle called roll with the following Committee members present: Michael Griffin, Mike Carrere, Shilen Patel, and Melissa Seixas. A quorum was established. Will Weatherford joined the meeting after roll call.

**II. Public Comments Subject to USF Procedure**

No requests for public comments were received.

**III. New Business – Action Items**

**a. Approval of May 23, 2023 Meeting Notes**

Upon request and receiving no changes to the draft meeting notes, Chair Griffin requested a motion for approval, it was seconded and the May 23<sup>rd</sup> meeting notes were unanimously approved as submitted by all Committee members present.

**b. Legislative Budget Request (LBR)**

**1. USF LBR**

Mark Walsh, Assistant Vice President, presented the 2024-25 USF Legislative Budget Request (LBR). This is an annual exercise required of each state agency to submit to the Legislature a list of financial needs. The “state agency” equivalent for the State University System (SUS) is the Board of Governors (BOG). The BOG will submit the SUS’s official LBR. As a component of that, the BOG invites the state universities to submit ideas for their consideration in developing the statewide ask. University BOTs must sign off on these ideas for them to receive BOG consideration. USF’s draft LBR has already been submitted to meet the BOG-imposed university submission deadline of July 14, because the BOG must submit the statewide LBR to the Legislature by September 15. The request was noted as pending BOT approval when it was submitted. This is standard operating practice for all SUS institutions as the BOTs do not routinely meet over the summer. The BOG will be advised if there are any BOT amendments or failure to approve. This is in no way the last or final opportunity for our university to request funds of the Legislature; this is the beginning of the 2024-25 process. This LBR is very similar to what we submitted the past two years, culminating in the largest recurring increases in our institution’s history. We’ve followed that roadmap again as it has

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

USF's request for 2024-25 is a \$50M recurring increase through the Preeminence/National Ranking Program for the express purpose of implementing USF's Strategic Plan, with the goal of reaching the top 25 national public universities as measured by U.S. News & World Report (USN&WR).

Mr. Walsh explained that USN&WR, when they release their new rankings in about a month from now, are amending their formula quite substantially for the first time in a while. They will focus more weight in their rankings formula for 2024 on metrics that measure graduating students from diverse backgrounds, in which USF is already a national leader in achievement. And they are probably going to put less emphasis on input metrics regarding class sizes and profile of freshmen; deemphasizing that and put greater emphasis on output measures, particularly for low-income students. While that speaks well for us, we've had to use last year's ranking and formula to complete this exercise.

Mr. Walsh reviewed the details and specific investments of the request. The focus areas are pulled directly from our Strategic Plan. He also reviewed USN&WR's metrics for their rankings, as this is our path to the Top 25. USN&WR used 19 metrics to calculate their 2023 rankings and each of those 19 metric inputs are documented in the LBR. The documentation outlines USF's current performance on each metric and also how we perform against peer institutions. The metrics are broken down into two sections. The first section are the achievement metrics (i.e. graduation rates, retention rates, alumni giving rate, etc.). For 12 of these 13 metrics, USF performs inside the top 50 nationally. For the other one, USF is 51st. USF's average 2023 national ranking on these metrics is 37th. In the second section are the five metrics that measure an institution's available financial resources compared to its peers, along with the subjective peer assessment score metric. These are the only six (of 19 total) USN&WR metrics in which USF's current national ranking is outside the top 51 nationally. USF's average 2023 national ranking on these metrics is 82nd. Based on the analysis presented, USF performs today like the 37th best public institution in the US, but we are funded like and perceived like the 82nd best. This indicates that we are outperforming our numbers and USF is a great investment by the state. For the achievement metrics, we are high performing on a relatively lower budget and in order to reach the top 25, we are going to need additional resources. Relative to AAU in particular, average spending per student is nearly double what we have available to us and the average faculty salary is considerably higher (about 35-40% higher) than ours. So, if the Legislature were to invest in our request, we would invest it into the Strategic Plan, specifically in the areas of Business, Medicine, Engineering, and Science and Mathematics. These are specific disciplines in which the state says it has a need and where we have prioritized for investment. This is where the funds would go if the state decides to invest.

Chair Griffin asked for an update on the state general revenue collections/estimates. Mr. Walsh explained that the state is collecting over estimate quite considerably. For example, actual tax collections at the closeout of FY 22-23 on June 30, 2023, were more than \$1B over the March 2023 estimates. The state continues to collect quite robustly, about 5%-15% over the most recent (March 2023) estimates each month.

Much of it is attributable to sales tax and some is interest income that's quite high right now, and corporate income, which the state taxes above a certain threshold, is also doing well. The state's indicators are high; there is no reason to believe that is going to change. When the revenue estimators release their next official estimates in about two weeks, expect to see a substantial increase yet again in what they believe will be available to the Legislature to budget with come January.

Chair Weatherford thanked Mr. Walsh and the team. When we go to the Legislature every year and ask for a substantial amount of resources not just for our existing investments but for future investments, we have to share with them and tell them what our plans are for those resources. It is good to see that the areas we said we would focus on we have; as well as the results we've been able to see in the metrics that we are tracking. Our credibility is high; the AAU designation was a great third-party validator that we are investing in the right places and people are taking notice. Our Strategic Plan is working. The President and our team are doing a good job of making sure that when the state invests in us, they are getting a good return for those dollars. Hopefully we can continue to build off that credibility that we have in the Legislature and in Tallahassee and continue to invest these dollars wisely and get the highest rate of return for our community, for our students, for our faculty and for the University itself.

A motion was made to: approve the 2024-2025 Legislative Budget Request (LBR) for \$50,000,000 per BOG Request; and authorize the President (or their designee), in consultation with the Board Chair, to make necessary adjustments to the LBR. The motion was seconded and approved by all Committee members present.

## **2. FIO LBR**

Monty Graham, FIO Director, presented the Florida Institute of Oceanography (FIO) Academic Infrastructure Support Organization (AISO) 2024-2025 Legislative Budget Request in the amount of \$6.5M recurring. The purpose of this LBR is to accommodate an emergent and critical need for FIO's research vessels, Keys Marine Laboratory and scientific equipment use support directed to the SUS marine science community. This proposed investment will make tremendous strides towards achieving the BOG-approved FIO Strategic Plan goal of positioning Florida's SUS as the nation's premier coastal and oceanographic science collaborative.

FIO is an SUS-wide AISO hosted by USF. FIO's state appropriation historically comes through separate legislative appropriations, so an LBR is an important mechanism by which adjustments to FIO's state allocation can happen. Otherwise, FIO operates as an auxiliary. Consistent with the BOG regulation, any legislative requests by the AISO require consideration and approval by the Board of Trustees of the host institution or its designee. Florida, as a peninsular state, has the opportunity to become the premier location for coastal and ocean sciences and arguably our population in Florida has the most at stake around the oceans and coastal science. Key metrics FIO will support through new recurring investment are: increased student retention rates; increased graduation rates; increased annual R&D expenditures; attracting and supporting talented SUS faculty; enhanced diverse student enrollment and degree production; and new funded research proposal awards. The expenditure plan will target three specific areas: 1) investing in SUS faculty to support at sea ocean science and for expanded access to state of the art shared

technology and research platforms for all SUS scientists; 2) providing additional at sea experiential learning opportunities for undergraduate and graduate students; and 3) leveraging the student and faculty opportunities afforded by the FIO-operated Keys Marine Laboratory.

Chair Weatherford asked what we can tell the Legislature is the output they can see that will be beneficial for the state of Florida to justify this large investment. Dr. Graham responded that with respect to the impact on student success, currently FIO can afford to get about 400 students out on ships. With the requested increases, FIO can get about 2,000 students out on ships. FIO identified 51 programs and over 7,500 undergraduate students in the state that ought to have these experiences. These are opportunities for them to do independent projects, manage their degree programs, and finish their degrees sooner and be in the job market. For USF, the biggest impact would be in R&D expenditures and the ability to recruit new and talented faculty.

A motion was made to approve the 2024-2025 Legislative Budget Request (LBR) for FIO. The motion was seconded and approved by all Committee members present.

**c. 2023-24 University E&G Carryforward Spending Plan**

Masha Galchenko, Associate Vice President for Budget & Financial Analysis, presented the 2023-24 University E&G Carryforward Spending Plan. During last year's legislative session, universities' efforts on lifting restrictions on spending carryforward funds were successful. As of July 1, 2023, BOG regulation 9.007 has been amended pursuant to statutory changes made in Senate Bill 7026 related to carryforward. These changes include: elimination of the requirement that carryforward funds can only be spent on non-recurring items; elimination of the dollar limits on use of carryforward funds for fixed capital outlay projects; and authorization to use carryforward funds for maintenance reserve requirements. While operationally it is not the best practice to put recurring expenses against non-recurring funds, this change does allow some flexibility for determining the best use of resources going forward. Each university still has to prepare an E&G Carryforward Spending plan each year to be approved by their Board of Trustees and then submit to BOG for their approval. The President and Chief Financial Officer have to sign annual certification of the spending plan.

USF is estimated to start FY24 with \$984M in cash and investments. This balance is still estimated as FY23 has not officially closed yet. \$362M or 37% of this cash and investments balance is in carryforward funds. Compared to prior year, the \$362M in Carryforward funds is \$20.6M higher. USF had much more investments from the state in FY23, and some of the savings from unspent balances are held specifically for the new faculty hires that start in Fall 2023. USF also had slightly higher summer 2023 collections in tuition, our rolled encumbrances have increased, and our 7% BOG required reserve has gone up due to our state appropriation increasing. The remaining balance of \$241.56M is split 42%/58% between restricted or contractually obligated balances and commitment balances.

Included in the materials is the actual Carryforward Spending Plan with details in the BOG format. Both Restricted and Commitment balances are split between the pre-defined categories of Compliance, Audit and Security; Academic and Student Affairs; Facilities, Infrastructure, and IT; and UBOT Approved Operating Requirements.

In Restricted, the restricted by appropriation category that has funds for Florida Cyber, FIO, FHT and so on and accounts for 26% of the \$102M. 42% is within the Academic and Students Affairs category with expenditures like faculty startup and so on. And the Facilities, Infrastructure, and IT category accounts for 30% of the balance, with majority of the funds tied to renovation, repair, and maintenance projects across all campuses that are already in progress.

In Commitments, \$139M is mostly tied to Academic and Student Affairs category where the majority of the funds are within instructional and advising support with student services and financial aid close behind. Facilities, Infrastructure and IT account for 37% of these funds with the majority of funding dedicated to planned renovations, repairs or maintenance projects as well as emergency repairs.

Other University Board of Trustees Operating Requirements category includes non-recurring expenses in university support units like professional development and some small reserves or funds unallocated at this point for any specific expenses.

Trustee Carrere asked about the flexibility of the plan and if we can make changes to the plan once it is submitted. Ms. Galchenko responded that this is just a plan and we can make changes. The amount of the change and if the category changes would determine if additional approval is needed. The proposed action item would authorize the President, in consultation with the BOT Chair, to make necessary non-material adjustments, with the requirement that material changes be approved by the BOT.

Trustee Schneider asked if there are any significant restrictions still remaining on carryforward. Ms. Galchenko responded that the only significant restriction remaining is that carryforward still cannot be spent on new construction.

A motion was made to: 1) approve the 2023-24 University E&G Carryforward Spending Plan; 2) Board Chair approves (along with the USF President and the USF CFO) the FY 2024 Budget Certification Form; and 3) authorize the President, in consultation with the Board of Trustees Chairman, to make necessary non-material adjustments to the above, with the requirement that material changes be approved by the University Board of Trustees. This authorization does not modify the Board's expenditure policies. The motion was seconded and approved by all Committee members present.

#### **d. Fixed Capital Outlay Budget**

Vice President Carole Post presented the 2023-2024 Fixed Capital Outlay Budget. Per state statute, each university must adopt an annual capital outlay budget. This is part of the annual budget process. The process has changed in the last year. This year's process included an exhaustive polling across all colleges, campuses, and departments as to their proposed capital needs and for each project, an estimated project cost and fund source. All facility and capital projects projected to cost \$100K or more are included. Being on the Capital Outlay Budget Plan does not commit or guarantee funds to any specific project; project approvals are contingent on fund availability. All project and fund approvals follow USF expenditure policy guidelines. For a capital project to move forward, it must be included in the Capital Outlay Budget. 140 new projects (which is about average) were added to the list for FY24 with a projected total project budget of \$582M. The majority of the projects are less than \$1M.

Ms. Post reviewed trend analyses for the number of projects and project budget for the past few years. There was a spike in the number of projects for FY23 where we received the capital renewal dollars. That increased our number of projects by 87. Project budgets also escalated in FY23, reflecting the \$72.8M received as capital renewal. The FY24 jump in project budget projecting not only the increase in cost of capital work but also reflecting the inclusion this year of the on-campus stadium and its all-in budget of \$340M. We don't expect to spend the entire \$340M in FY24, but we are beginning to spend on certain stadium expenses and some of the enabling projects, so it does need to be included on the list this year.

Ms. Post also looked at the distribution of new projects across OneUSF (Tampa, Health, Sarasota-Manatee and St. Petersburg). The distribution is consistent with the size and scale of the entities relative to their capital needs. University-wide infrastructure projects (support all campuses) are included in Tampa.

Ms. Post also provided a breakdown by BOG reporting category, which aligns by funding source. This is what essentially gets submitted to the BOG. The details of this report are part of the meeting materials. In total, there are 460 projects, that come in just under \$1B worth of value that constitute our Fixed Capital Outlay Budget.

In conclusion, Ms. Post stated that just as we made improvements to the process for this year, we will continue to improve the process as we go forward. For the year ahead, we will continue to work to take an exhaustive approach across all of our entities so that we have one view and a clear visibility into what are capital needs. This next year we will be able to have better alignment with those deferred maintenance projects that are happening, as well as have greater visibility so we can better bundle projects and prioritize things more efficiently.

Trustee Schneider noted that Ms. Post discussed all of these projects with the Faculty Senate Leadership. The faculty are very appreciative for her process and what she's brought to the process (organizational structure, database decision-making). The faculty understand this work and are glad to have been engaged in this process.

A motion was made to: 1) approve the FY24 Fixed Capital Outlay Budget; 2) authorize the President, in consultation with the Board of Trustees Chair, to make necessary non-material adjustments to the FY24 Fixed Capital Outlay Budget, with the requirement that material changes be approved by the University Board of Trustees (this authorization does not modify the Board's expenditure policies); and 3) authorize the President, Board Chair, and CFO to execute a certification required by the State University System Board of Governors relating to the Fixed Capital Outlay Budget. The motion was seconded and approved by all Committee members present.

**e. Recreation Field Relocation Project**

Ms. Post presented the next step in the Recreation Field Relocation Project. This is step two of a multi-step process that concerns relocation of the recreation fields which is one of the enabling projects for the on-campus stadium. Step one was review of the relocation proposal which was approved by the Finance Committee in May and by the BOT in June. The process and the recommendation were presented as well as the concept of the recommendation which was to relocate a series of fields and maintenance facilities that are going to be displaced by the stadium and to move those functions to a vacant location at the southwest corner of campus. The location is part of the Research Foundation land which is designated for research purposes. So therefore the plan is designating this as a temporary use, estimating

about 7-10 years. During that time, there is no building or development planned for that location by the Research Foundation. When the proposal was presented, the estimated cost for this was not to exceed \$18M and we would return with details to follow. That figure was an estimate and we intended to do this in an incremental nature. That brings us to today. We are requesting approval of the initial tranche of \$9M which will enable us to complete the design, to mobilize the selected contractor (selected through a solicitation process), the contractor would then be enabled to bid the job, and that would provide us a more detailed project schedule and a final cost. We would then return to the Finance Committee for final funding approval at that time. Given the nature of the project and all that is involved, we did want to proceed quickly as we are under a tight timeline to get this done, but we also want to have full transparency. While the fields are deemed to be temporary for the location, the design is being done in a way that will enable the infrastructure investments to be permanent. Things like the underground utilities, the roadwork, the restrooms, will be able to serve longer term future development by the Research Foundation. A part of the investment will serve the Research Park's future needs. In addition, it will locate two large rec field complexes now closer together – there is already an existing rec field directly across the street, so it will co-locate those which could be advantageous for staging larger competitions, tournaments, and the like; will also bring some additional rec facilities closer to the west-side residence halls; and can streamline some of the maintenance activities.

Chair Weatherford asked when we expect this to transition from rec fields to research buildings. Allison Madden, COO of USF Research Foundation, explained that in the current plan, at least 250K square feet of research park/research development can be accommodated within each of two planned locations within the fitness loop. Growth of research infrastructure can continue while the rec fields are still in place.

A motion was made to approve design and pre-construction planning for the Recreation Fields Relocation Project in the amount of \$9M. The motion was seconded and approved by all Committee members present.

#### **f. Purchasing Threshold Changes**

Jennifer Condon, Vice President and Deputy CFO, addressed the Committee requesting approval to increase the thresholds for competitive solicitation. The request comes in two forms: 1) increase the competitive solicitation threshold from \$75K to \$150K; and 2) increase the small dollar competitive threshold from \$5K to \$10K. This is an efficiency item.

On June 22, 2023, the BOG approved the amendment to regulation 18.001 increasing the threshold requiring competitive solicitation from \$75K to \$150K. USF is recommending that we increase accordingly. USF's threshold has not changed since 2008. In FY23, USF had volume of 370 requisitions in range that required administrative oversight. Not everything over \$75K is competitively competed; we look for opportunities to piggyback on contracts, we have some consortium arrangements we can use, etc. But they do require administrative oversight, which makes this move much more efficient for us. Purchases will still flow through central procurement for compliance with competitive quotes as applicable and application of internal controls.

USF is also recommending that we increase small dollar competition threshold (i.e. micro-purchase threshold) from \$5K to \$10K. Currently, for every transaction over \$5K, we require two quotes. Again, USF's threshold has not changed since 2008. Federal micro-purchase threshold is \$50K. In FY23, USF had volume of 4,383 requisitions greater than \$5K; 1,089 of



these requisitions were between \$5K and \$10K. This change would increase efficiency for 25% of volume. When we move from \$5K to \$10K, we will be consistent with most of our SUS peers.

Chair Griffin stated that he is in favor of the changes and wants to be sure we continue to have an environment where competition is good and we continue to get the best possible value. There is a lot of spend within these thresholds and he wants to be sure there are policies in place that encourage competition whenever possible and in the best interests of the university. Ms. Condon explained that all of these procurement activities still flow through the central procurement office. Our buyers look very closely at the quotes received; we encourage access for the diverse supplier community. This will not change.

A motion was made to adjust USF competitive solicitation and small dollar competition thresholds to align with BOG and SUS, respectively, and to approve updates to USF regulation 4.02010, Procurement of Commodities, Contractual Services, Motor Vehicles, and Licenses, to 1) increase in competitive solicitation threshold from \$75,000 to \$150,000 and 2) increase small dollar (micro-purchase) threshold from \$5,000 to \$10,000. The motion was seconded and approved by all Committee members present.

#### **IV. New Business – Information Items**

##### **a. Annual Finance Policy Reports**

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

##### **1) Investment**

- USF has 10 investment portfolios.
- All portfolios are governed by investment committees.
- All portfolios are in compliance with the BOT Investment Policy revised on March 8, 2022.
- The total value of USF's investment portfolio reached a new record of \$1.8B.
- The University portfolio at \$884M and the Endowment portfolio at \$655M are the 2 largest of the 10 portfolios.
- Each portfolio plays a different role. USF has two types of portfolios – one endowment portfolio (held at the USF Foundation) and nine operating portfolios including the University's portfolio and all the DSOs.
- Growth in portfolios reflects investment performance and net cash flows.
- The University's portfolio is managed to provide essential liquidity; seeks to preserve capital; and seeks to achieve a positive annual return in all market conditions.
- The University has a strong liquidity position compared to our Moody's AA peers (237 Days Cash on Hand vs. 208 Days).
- The University's portfolio is structured to balance risk and return.
- We enhance our net investment returns by holding our investment expense ratios low, at only 4 basis points.

- We have great conviction regarding our portfolio structure to achieve our investment portfolio objectives. We have the right asset allocation to protect against downside risks and the right investment managers and funds. Our funds are diversified and low cost.
- University's portfolio is designed to preserve capital and minimize risk.
- University's portfolio is generating cash.
- Bond funds are rapidly repricing as interest rates rise. Note the improvement in the bond fund yield to maturity over the last two years or so.
- The unrealized losses are unwinding as markets stabilize.
- Current portfolio strategy: limit buy/sell transactions and grow cash position.
- FY 2022 was a highly unusual investment market. Both equities and bonds returns declined, which has not occurred since 1999. It resulted in the first year of losses (unrealized) for the USF portfolio.
- FY 2023 markets recovered, but remain challenged. The rising rate environment continues to affect bond values.
- Investment income recovered to \$29M in FY 2023. This is the second highest return over the past 10 years, and was a 3.8% return.

## 2) Debt Management

- USF currently has \$385M outstanding in debt.
- All 21 debt issues are in compliance with the BOT Debt Management Policy, as well as state and federal laws, and bond covenants.
- Assessed the impact of the new stadium debt on our USF debt capacity. Expect to maintain our ratios within our AA rated peer ratios.
- The Debt Management Policy was recently revised as of June 13, 2023.
- Moody's and Standard & Poor's both affirmed our AA credit ratings on the University last year. Presentations to Moody's & S&P expected in August 2023 – Annual Surveillance Reviews.
- Four financing projects were closed last year:
  - USF Sarasota-Manatee Housing and Student Center Project
  - Central Plant Modernization Project – Heating System Upgrades
  - Central Plant Modernization Project – Cooling System Upgrades
  - Central Plant Modernization Project – HVAC, Electrical and Light System Upgrades
- Anticipated financing project – USF Stadium Project (on BOG agenda for August 29-30, 2023). This is a pending \$340M project, funded with \$200M 20-year, fixed rate, taxable loan and \$140M equity.
- Actively managing our debt portfolio
- Financing high-profile, strategic projects at the request of the University
- Maintaining our strong credit ratings
- Creating opportunities to reduce risk and cost over the past 10 years
- Closed \$2B in bond transactions since 2005 (55 total)
- Achieved 13 ratings upgrades over the past 10 years
- Added \$75M of new debt in FY 2023 (USF Sarasota-Manatee Housing and Student Center Project and 3 ESCO projects)
- Debt Management policy measures demonstrate the maintenance of strong liquidity and low leverage compared to the Moody's medians for the past 10 years.
- Profiles for the University's three bond systems:

- USF Housing System – strong recovery following pandemic; high occupancy and debt coverage ratios.
- USF Parking System – slow recovery from pandemic due to some departments operating on a remote basis; remains a strong credit in terms of reserves and debt service coverage.
- USF Marshall Student Center – a strong, profitable credit with strong debt service coverage ratios.

### 3) Derivatives

- Have wound down our derivatives portfolio as designed from a high point of \$278M in 2008 to \$49M in 2023.
- Interest rate swaps have performed as expected reducing our long-term cost of capital.
- Converted our remaining interest rate swap from LIBOR (London Interbank Offered Rate) to SOFR (Secured Overnight Financing Rate, managed by Federal Reserve Bank of New York) in April of this year.

Chair Weatherford thanked Mr. Stubbs and his team for the work that they do to keep this university in good fiscal standing – managing the projects, maintaining liquidity, days cash on hand. They are focused on the right metrics.

#### b. UMSA Update

Steve Omli, USF Health CFO, gave an update on UMSA. This is a recurring request from the Finance Committee. In May, Mr. Omli presented to the Finance Committee a FY24 budget for UMSA with a (\$7.4M) deficit. This was largely based on UMSA's performance year-to-date that they were experiencing – costs have dramatically increased for healthcare and revenues are contractually obligated so cannot raise prices as costs increase. This put a squeeze on financial performance. With a soft close for FY23, the negative margin is around \$4M, due to an improvement in the 4th quarter. Much of the improvement had to do with new contracts with TGH that were implemented, as well as an increase in patient volume. These efforts are ongoing. Mr. Omli next discussed the opportunities to look at the funds flow for the clinical practice. On the one side, they are working with TGH and ECG Consultants to on the clinical funds flow between the practice and the hospital. Those meetings are on-going and things are moving forward in earnest. The idea is to de-risk the practice from the expenses and look at the entire revenue pipeline between a clinical practice and the hospital and where the margins exist and where TGH can really help the practice. USF is also engaging the Chartis Group to look at and evaluate the academic support for the Morsani College of Medicine. Traditionally, with a faculty practice plan, the clinical activity/revenue has subsidized some level of academic activity. Because of the new healthcare financial environment that we are in, we need to relook at that. Those are initiatives in FY24 to try to minimize financial losses both in the short run and the long run.

#### c. Budget Process Update – Allocations

Rich Sobieray, Sr. Vice President and CFO, gave a budget allocation update. The purpose of the update is to provide a summary of the allocation of the FY24 state appropriations. USF received over \$91M of new state funding for FY24. \$14M was allocated for a specific purpose at USF Health (Veterans HBOT clinical trial) and we had some additional funds left to distribute. Several themes, that were important to the Trustees, were laid out at the Budget Workshop back in April. These themes were: 1) people; 2) recruitment and retention of

faculty and staff; 3) student success, mainly health and wellness; and 4) infrastructure. With the President's leadership, we split these dollars into things we had to do (salary increases – negotiated and strategic; contracts – IT/HR information systems, etc.; university transformation funds – President has access to throughout the year to address our strategic priorities; Veterans HBOT clinical trial). A total of \$58M for those specific purposes. The remaining funds were distributed among the identified themes – faculty recruitment (research and instruction); student success (health and wellness, career services); and infrastructure (facilities operations, JGHC operating costs, police department/public safety).

Chair Griffin stated it is very important how we articulate how these new dollars are being spent. We want to continue to demonstrate the incredible return on investment that USF provides the taxpayers of Florida. What he particularly likes about the plan is that we continue to provide our President with the flexibility around strategic areas of investment, especially the areas that we don't know today, and also the increased emphasis on mental health services for our students.

**d. RCM Update**

Ms. Galchenko gave a brief update on RCM. These updates become especially important during fiscal year 2024 as we are entering a parallel year. Since the last update (during the Budget Workshop in April and the Finance Committee in May), we have been socializing the model with key stakeholders gathering feedback. A series of model adjustments have been discussed and evaluated with the Resource Allocation Workgroup and the model for the parallel year has been "locked" based on the overall guiding principles. The model still allows for various scenario adjustments during the year to account for unanticipated situations.

Currently we are in the stage of Recommendation Approval through the stakeholders including hosting Deans' Retreat later this week. And during this FY24 parallel year we will be hosting training and informational sessions as well as refining policies and supporting infrastructure.

Ms. Galchenko presented the updated timeline with us being toward the end of the Phase 2 of model socialization and feedback aggregation, slowly but surely moving into Phase 3 of parallel year.

During the parallel year, we will work on developing trainings refining policies and establishing model management structure while not disrupting current operations. We need to make sure various constituents have tools they need to operate in the new budget environment.

As mentioned before, we will continue to socialize the model with university stakeholders including launching a website with model general details and frequently asked questions. In the meantime, we will refresh the model with FY24 budget figures and begin our FY24 parallel year.

During this year we will focus on refining budget development process and timeline, evaluate supporting policies, and aligning the model to any anticipated operating changes (embedded services rollout, for example). And maybe the most important step would be to provide needed resources and toolkits to leaders and budget officers across the university to manage within the new model.

Chair Griffin thanks Ms. Galchenko and stressed again the importance of this implementation, being critical to our rise to the Top 25. He also stated that the board support an expectation of success here with the RCM throughout the university.

Trustee Schneider asked about the rollout of the new website. Ms. Galchenko indicated that they are finalizing the draft of the website and hope to make it live by the end of the month. This will be a public-facing website.

**e. Embedded Services Update**

Angie Sklenka, Sr. Vice President and Chief Human Resources and Administrative Officer, gave an update on the embedded services roll out plan. Ms. Sklenka reminded the Committee why embedded services and of the benefits to users and employee/units. Higher ed is in the middle of complete disruption. Work is changing every day and our employees have to prepare for the future by recognizing a more modern and aligned work environment. When you think about the future work and upscaling employees, the results will be a more even service level experience that our faculty, students, and staff receive from functional areas as well as a cost savings due to efficiencies. When you look at career pathing and productivity, the longer we can upscale our people and keep them with USF, the higher levels of productivity we will get from those individuals. When you revisit the Board interests, the President's interests and the University's interests, all things aligns because we are able to focus on our mission and that mission then can be well developed and understood through the faculty and the student success. We don't want to corrode our margins by bloating overhead services; we want to give a very lean and efficient scalable experience in all areas. And that is what embedded services will do for our university. If we do nothing at all, the Oracle product will not be able to realize the approximate \$50M in cost avoidance over 5 years due to inconsistency in structure; units will pay for inefficiencies due to duplication; and employees will lose career pathing and growth opportunities. Dependencies for next steps are: RCM supports the budget for the embedded service dollars aligned to functional leader(s); move from generalist to focused model - correct split structure (in terms of job duties HR/Finance/Administrative/Academic Program); communication and satisfaction measurements essential for adoption - focus on career pathways, compliance and efficiency; leaders adopt plan and support the change (paradigm shift) - OneUSF is top consideration and status quo is no longer in the best interest of USF. Ms. Sklenka reviewed the current state of the pilots that have been activated (Executive Services, Academic Affairs, Health, Branch Campuses). Mr. Sobieray briefly provided the status of the finance portion. Lastly, Ms. Sklenka provided the standard model for how you might be able to roll this overall enterprise objective out and have it remain sticky through time. It is about a year project with five major milestones.

Trustee Schneider commented that while she has been at USF a long time, it wasn't until this year, as Faculty Senate President, that she realized that the HR person in her college did not report to central HR and the business person in her college did not report to central in the way that she envisioned it in a large organization. When you have each area having a different HR model or a different travel procedure or business process, then we don't have USF operating as one and is not effective or efficient. This is a very significant change that is happening across the organization that will ultimately be for the health and success of USF. This will move us towards consistency and efficiency.

Chair Griffin thanked Ms. Sklenka for her efforts on this and stated she has the full support of the of the Board.

**V. Adjournment**

President Law made the following comments about today's meeting. This was a very meaty meeting that shows that a lot of things are going on at USF. We started off with our legislative initiatives for next year and how we will continue to press for increased opportunities to work our legislators to fund some of the needs that we need to continue our effort toward being the very best now as an AAU institution. We talked about operational changes that are being done in order to achieve efficiencies, in order to achieve a better working environment, and to put us in a position where we can achieve our goals in a holistic manner with everyone working towards the same effort. The President thanked all who worked on these initiatives – there is a lot of work here, and we have great people; we are in very good hands.

Chair Griffin, on behalf of the Board, thanked the President for her leadership and all the successes we continue to have as we power through not only the strategic plan, but getting to the Top 25 and beyond.

Having no further business, the Finance Committee meeting was adjourned at 11:48am.

**Agenda item: IIIb**

**USF Board of Trustees**

December 5, 2023

**Issue:** Authorize Sale of Educational Broadband Service (EBS) Licenses

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**Proposed action:** Authorize Sale of 8 EBS Licenses to T-Mobile

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**Executive Summary:**

The University of South Florida is the licensee of eight Educational Broadband Service (EBS) licenses issued by the Federal Communication Commission (FCC). USF currently leases its eight 2.5 GHz EBS licenses to T-Mobile under a 30-year lease agreement that matures in 2041. The FY 2023 lease payment is \$1.736 million.

T-Mobile is the only major operator building a nationwide 5G network in 2.5 GHz licenses and utilizes the USF EBS licenses in the Tampa Bay market. USF received EBS license valuation analyses from KPMG Consulting and RBC Capital Markets under various discounted cash flow and auction value assumptions.

T-Mobile has offered to acquire the University’s eight 2.5 GHz EBS licenses for \$30 million. The University pledged the contingent EBS license sale to the USF Stadium Project as a component of the \$140 million of equity funds.

The sale of the EBS licenses is contingent on the FCC approval of the transfer of the licenses. The anticipated timeframe for this approval is three to six months.

**Financial Impact:**

T-Mobile has offered to acquire USF’s eight EBS licenses for \$30 million.

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**Strategic Goal(s) Item Supports:** Goal 5: Strong, Sustainable and Adaptable Financial Base  
**Committee Review Date:** Finance Committee - November 16, 2021  
**Supporting Documentation Online (please circle):** Yes No  
**Prepared by:** Fell L. Stubbs, University Treasurer, (813) 974-3298

**UNIVERSITY OF SOUTH FLORIDA**  
**EDUCATIONAL BROADBAND SERVICE (EBS) LICENSES**

<b>Call Sign</b>	<b>Channels</b>	<b>Licensee</b>	<b>Market</b>	<b>License Expiration</b>	<b>Consideration Allocation</b>	<b>Purchasing Entity</b>
WNC860	G1, G2, G3, G4, KG1, KG2, KG3	University of South Florida	Clearwater	05/12/2027	\$5,500,000	Clearwire Spectrum Holdings III, LLC
WNC859	B1, B2, B3, B4, JB1, JB2, JB3	University of South Florida	St. Petersburg	05/12/2027	\$5,500,000	Clearwire Spectrum Holdings III, LLC
WHR736	D1, D2, D3, D4, JD1, JD2, JD3	University of South Florida	Tampa	08/13/2029	\$3,000,000	NSAC LLC
WHB828	G1, G2, G3, G4, KG1, KG2, KG3	University of South Florida	Tampa	08/13/2029	\$5,500,000	Clearwire Spectrum Holdings III, LLC
KD54001	G1, G2, G3, G4, KG1, KG2, KG3	University of South Florida	Lakeland	03/31/2032	\$200,000	NSAC LLC
WHF223	B1, B2, B3, B4, JB1, JB2, JB3	University of South Florida	Tampa	07/29/2027	\$6,000,000	Clearwire Spectrum Holdings III, LLC
WHR820	B1, B2, B3, B4, JB1, JB2, JB3	University of South Florida	Sarasota	07/29/2027	\$2,600,000	Clearwire Spectrum Holdings III, LLC
WND370	B1, B2, B3, B4, JB1, JB2, JB3	University of South Florida	Port Charlotte	05/01/2028	\$1,700,000	Clearwire Spectrum Holdings III, LLC



**Agenda item: IIIc**

## **USF Board of Trustees**

December 5, 2023

**Issue:** University Auxiliary Facilities with Outstanding Revenue Bonds

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

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### **Executive Summary:**

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

The FY25 Operating Budget for the USF Parking Facilities Revenue Bonds is due to the BOG in February 2024. BOG Regulation 9.008 states that the operating budget for University Auxiliary Facilities must be approved by the USF Board of Trustees before submitting to the Board of Governors. For that reason, this filing is being presented at this time to the BOT Finance Committee so that it can be considered by the full Board of Trustees at its December 5, 2023 meeting.

### **Financial Impact:**

The FY25 Operating Budget for the USF Parking Facilities Revenue Bonds reflects a modest increase in both operating revenues and operating expenses.

The FY25 'Operating Cash Carried Forward' decreased \$12.6M from the prior year due to two critical commitments: (1) \$3M dedicated to the installation of garage fall protection equipment across 5 parking garages on the Tampa and St. Pete campuses, and (2) \$8M pledged to the development of the on-campus stadium.

The cost of the garage fall protection equipment (\$3M) is reflected in the FY24 'Operating Capital Outlay', together with ongoing deferred maintenance projects (\$1M). The contribution to the on-campus stadium (\$8M) is reflected in the FY24 'Other Outflows & Transfers Out', together with overhead assessment expense (\$1M).

The reduction in Debt Service in FY24 and FY25 is due to the amortization of the Series 2016A Revenue Bonds, which mature on July 1, 2026.

The estimated unrestricted operating cash funds of \$5.4M in FY24 and \$5.1M in FY25 provide support for AA credit ratings.

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**Strategic Goal(s) Item Supports:** **Goal 5: A strong, sustainable and adaptable financial base**  
**Committee Review Date:** **Finance Committee - November 16, 2023**  
**Supporting Documentation Online (please circle):** **Yes** **No**  
USF Parking Revenue Bonds, Series 2016A – Income and  
Expenditure Statement (Operating Budget)  
**Prepared by:** **Fell L. Stubbs, University Treasurer, (813) 974-3298**  
**Carole Post, Vice President, (813) 974-2612**

INCOME AND EXPENDITURE STATEMENT			
UNIVERSITY : University of South Florida			
BOND TITLE : Parking Revenue Bonds: Series 2016A			
AUXILIARY FACILITY (IES) : Parking Garages 1, 2, 3 &4			
	2022-23 Actual	2023-24 Estimated	2024-25 Projected
<b>1. REVENUE CARRIED FORWARD</b>			
<b>A. Operating Cash Carried Forward:</b>			
Liquid	15,934,143	16,565,906	5,392,642
Investments	0	0	0
<b>Subtotal:</b>	<b>15,934,143</b>	<b>16,565,906</b>	<b>5,392,642</b>
<b>B. Replacement Reserve Forward:</b>			
Debt Service Reserve	28,132	40,836	40,000
Maintenance & Equipment Reserve	3,474,101	3,589,110	3,676,609
General Reserve	8,593,171	8,506,516	8,401,332
<b>Subtotal:</b>	<b>12,095,404</b>	<b>12,136,462</b>	<b>12,117,941</b>
<b>TOTAL CARRIED FORWARD (A +B):</b>	<b>28,029,547</b>	<b>28,702,368</b>	<b>17,510,583</b>
<b>2. CURRENT YEAR REVENUE / INFLOWS</b>			
* Revenue - Permit/Decal/Other	9,656,166	9,511,080	9,717,955
* Revenue - Transportation Access Fee	3,247,546	3,250,000	3,250,000
Interest Income	0	0	0
Other Income / Inflows	0	0	0
<b>TOTAL CURRENT YEAR REVENUE:</b>	<b>12,903,712</b>	<b>12,761,080</b>	<b>12,967,955</b>
<b>3. SUMMARY OF AVAILABLE REVENUES (1 +2):</b>	<b>40,933,259</b>	<b>41,463,448</b>	<b>30,478,538</b>
<b>4. CURRENT YEAR EXPENDITURES / OUTFLOWS</b>			
Salaries and Matching	4,070,282	3,840,000	4,032,000
Other Personal Services	345,123	370,000	388,500
Operating Expense	3,897,757	4,285,000	4,499,250
Repairs and Maintenance	0	0	0
Debt Service	2,934,550	2,043,390	1,185,490
Repair and Replacement Expense	0	0	0
Operating Capital Outlay	324,805	4,000,000	2,000,000
Other Outflows & Transfers Out	584,424	9,308,455	982,778
<b>TOTAL EXPENDITURES:</b>	<b>12,156,940</b>	<b>23,846,845</b>	<b>13,088,018</b>
<b>5. TRANSFERS TO REPLACEMENT RESERVES</b>			
Debt Service Reserve	0	0	0
Maintenance & Equipment Reserve	115,009	87,499	189,000
General Reserve	0	0	0
<b>Subtotal:</b>	<b>115,009</b>	<b>87,499</b>	<b>189,000</b>
<b>6. TRANSFERS FROM REPLACEMENT RESERVES</b>			
Debt Service Reserve	1,765	500	300
Maintenance & Equipment Reserve	0	0	0
General Reserve	213,291	100,000	100,000
<b>Subtotal:</b>	<b>215,056</b>	<b>100,500</b>	<b>100,300</b>
<b>7. ENDING REPLACEMENT RESERVES (1B +5 -6)</b>			
Debt Service Reserve	26,367	40,336	39,700
Maintenance & Equipment Reserve	3,589,110	3,676,609	3,865,609
General Reserve	8,379,880	8,406,516	8,301,332
Interest Earned on Reserve Balances	141,105	133,768	135,000
<b>Subtotal:</b>	<b>12,136,462</b>	<b>12,257,229</b>	<b>12,341,641</b>
<b>8. ENDING OPERATING CASH (1A +2 -4 -5)</b>	<b>16,565,906</b>	<b>5,392,642</b>	<b>5,083,579</b>
<b>9. SUMMARY OF ENDING REVENUES (7 +8)</b>	<b>28,702,368</b>	<b>17,649,871</b>	<b>17,425,220</b>

**\* REQUIRED INFORMATION \***

Date budget approved by University Board of Trustees :                      December 7, 2021              December 7, 2022              December 5, 2023  
Prepared By : Marie Bowen    Telephone :    813-974-8329

\* Revenue as outlined in the Bond Covenants to support the debt servicing of the bonds.

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

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

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

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

Yes, total expenses are expected to increase by more than 10% from FY23 to FY24 and decrease from FY24 to FY25.

Operating Expenses are expected to increase from FY23 to FY24 by \$387k due to general cost escalation such as transportation and maintenance costs.

Operating Capital Outlay expenses are expected to increase from FY23 to FY24 by \$3.6M, due to special projects for garage fall protection and deferred preventative maintenance on parking garages. From FY24 to FY25, Operating Capital Outlay expenses are expected to decrease by \$2M.

Other Outflows and Transfers Out is generally comprised primarily of overhead assessment expense, which will increase relative to increasing Operating Expenses.

FY 23-24 Other Outflows and Transfers Out reflects an \$8M transfer in support of the University stadium project.

Debt Service will decrease in FY24 and FY25 due to the amortization of the Series 2016A Revenue Bonds, which mature on July 1, 2026.

**3. Please explain amounts categorized as "other".**

Expenditures "Other Outflows & Transfers Out" - Overhead assessment expense  
FY 23-24 Other Outflows and Transfers Out reflects an \$8M transfer in support of the University stadium project.

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

The FY 2023-24 Estimate and the FY 2024-2025 Budget underscore our dedication to consistently providing high-quality services to the community. As our garages, parking lots, and buses inevitably age, the demand for comprehensive preventative maintenance and bus acquisitions grows. Moreover, in step with the evolving landscape of the University and its student population, we persist in leveraging technology to enhance the quality of our parking services and expand transportation alternatives.

**Agenda Item: IIIId**

**USF Board of Trustees**

December 5, 2023

**Issue:** Required submission of the Institute and Centers (I&C) Annual report of 2023 to the Board of Governors

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**Proposed action:**

- 1) Approval of Institutes & Centers Annual Report
  - 2) Authorize the President or her designee to make necessary non-material adjustments to the Institute and Centers Annual report of 2023, with the requirement that any material changes be approved by the University Board of Trustees Executive Committee.
- 

**Executive Summary:**

As part of Board of Governors Regulation 10.015, for state of Florida Institutes and Centers (I&C), universities must provide annual reports to the Board of Governors. In accordance with the updated regulation, these reports must be approved by each University's board of trustees prior to submission.

The report must be submitted to the BOG for all I&Cs for Fiscal Year 2022-2023 by close of business December 15, 2023.

**Financial Impact:** see attached

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**Strategic Goal(s) Item Supports:** Goal 5: A strong, sustainable, and adaptable financial base: To practice continuous visionary planning and sound stewardship throughout USF to ensure a strong and sustainable financial base and adapt proactively to emerging opportunities in a dynamic environment.

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

**Prepared by:** Masha Galchenko, Associate Vice President, Budget and Financial Analysis



Board of Trustees Finance Committee - New Business - Action Items

I&C Information				Expenditure Information (Fiscal Year 2022-2023)						Staff/Faculty (FY 2022-2023)	Evaluation Information			
1. Institution Name	3. Center Code	4. Center Name	5A. Center Status (Board Records)	5B. Center Status (Institution)	6.Total FY 2022-23 Expenditures	7. Expenditures: State & E&G	8. Expenditures: Contracts & Grants	9. Expenditures: Fees for Service	10. Expenditures: Private and Trust Funds	11. Staff / Faculty FTE	12. Year of Most Recent Evaluation	13. Year of Prior Evaluation	14. Rational for Missing Evaluations	
University of South Florida	40.1610	M3 Center for Hospitality Technology and Innovation	Active	Active	35,961.60	0.00	0.00	0.00	35,961.60	0.11	2021	2017	NA: No Missing Evaluations	
University of South Florida	40.1620	CAS Center for Complex Data Systems	Active	Active	0.00	0.00	0.00	0.00	0.00	0.00	2019	2016	NA: No Missing Evaluations	
University of South Florida	40.1630	Global Health & Infectious Diseases Research	Active	Active	18,616,814.80	3,455,765.78	14,501,948.93	174,406.13	484,693.96	27.01	2017	2016	NA: No Missing Evaluations	
University of South Florida	40.1640	Institute for Data Analytics and Visualization	Active	Active	0.00	0.00	0.00	0.00	0.00	0.00	2017	NA	Institute established 2015; first evaluation 2017	
University of South Florida	40.1650	Center for Infectious Disease Ecology Research (CIDER)	Active	Active	0.00	0.00	0.00	0.00	0.00	0.00	2018	NA	Center established 2016; first evaluation 2018	
University of South Florida	40.1660	the World Health Organization Collaborating Center on Social Market	Active	Active	42,387.02	0.00	0.00	0.00	42,387.02	0.16	2017	NA	Center established 2017; first evaluation 2017	
University of South Florida	40.1670	USF Health Neuroscience Institute	Active	Active	1,763,632.77	1,217,621.31	177,220.25	9,833.14	358,958.07	8.29	NA	NA	Institute established 2017; first evaluation will be 2024	
University of South Florida	40.1680	USF Center for Advanced Biomedical Imaging	Active	Active	152,908.79	0.00	152,908.79	0.00	0.00	1.51	NA	NA	Center established 2017; first evaluation will be 2024	
University of South Florida	40.1690	Center for Marketing and Sales Innovation	Active	Active	339,860.36	0.00	0.00	121,183.96	218,676.60	0.30	NA	NA	Center established 2018; first evaluation will be 2025	
University of South Florida	40.1700	World Health Organization Collaborating Center for Onchocerciasis Dis	Active	Active	20,247.43	0.00	0.00	20,247.43	0.00	0.00	NA	NA	Center established 2019; first evaluation will be 2026	
University of South Florida	40.1710	Institute for Artificial Intelligence	Active	Active	1,372,511.65	0.00	1,372,511.65	0.00	0.00	1.73	NA	NA	Institute established 2019; first evaluation will be 2026	
University of South Florida	40.1720	Center of Cryptographic Research	Active	Active	212,237.00	10,687.88	193,997.47	3,751.75	3,799.90	0.46	NA	NA	Center established 2020; first evaluation will be 2027	
University of South Florida	40.1730	Center for Justice Research & Policy	Active	Active	416,933.13	55,026.32	346,664.68	0.00	0.00	1.25	NA	NA	Center established 2021; first evaluation will be 2028	
University of South Florida	40.1740	Center for Digital Heritage and Geospatial Information (CDHGI)	Active	Active	944,874.10	393,889.92	495,104.41	25,963.67	25,916.10	7.00	NA	NA	Center established 2021; first evaluation will be 2028	
University of South Florida	40.1750	University of South Florida Institute for Microbiomes	Active	Active	1,099,739.97	1,069,804.07	2,832.92	(2,673.03)	29,776.01	2.50	NA	NA	Institute established 2021; first evaluation will be 2028	
University of South Florida	40.1760	Center for the Advancement of Food Security and Healthy Communities	Active	Active	138,097.30	46,170.63	41,832.91	0.00	50,093.76	0.56	NA	NA	Center established 2021; first evaluation will be 2028	
University of South Florida	40.1770	Muma COB TGH People Development Institute (PDI)	Active	Active	650,069.30	0.00	0.00	0.00	650,069.30	0.00	1.33	NA	NA	Institute established 2021; first evaluation will be 2028
University of South Florida	40.1780	USF Center of Excellence in Maternal and Child Health Education, Sci	Active	Active	763,962.91	143,318.39	620,644.52	0.00	0.00	0.00	1.98	NA	NA	Center established 2022; first evaluation will be 2029
University of South Florida	40.1790	Fintech Center at the Kate Tiedemann School of Business and Finance	Active	Active	209,250.92	178,573.10	0.00	0.00	30,677.82	1.16	NA	NA	Center established 2022; first evaluation will be 2029	
University of South Florida	40.1800	Family Study Center	Active	Active	1,762,599.92	138,571.57	1,555,103.87	559.88	68,364.60	12.15	NA	NA	Center established 2022; first evaluation will be 2029	
University of South Florida	40.8034	Florida-France Linkage Institute	Active	Active	0.00	0.00	0.00	0.00	0.00	0.00	2019	2017	NA: No Missing Evaluations	
University of South Florida	40.9090	Florida Policy Exchange Center on Aging	Active	Active	384,515.09	5,000.00	360,178.31	18,608.65	528.13	0.93	2021	2014	NA: No Missing Evaluations	
University of South Florida	40.9114	Small Business Development Center - Affiliate	Active	Active	2,989,230.21	268,385.94	1,993,842.88	0.00	27,001.39	16.55	2016	2012	NA: No Missing Evaluations	
University of South Florida	40.9163	Lawton and Rhea Chilea Center for Healthy Mothers and Babies (Health	Active	Active	14,580,831.35	45,847.94	14,269,363.80	16,021.22	249,598.39	22.49	2016	2013	NA: No Missing Evaluations	
University of South Florida	40.9200	The John Scott Dailey Florida Institute of Government	Active	Active	569,805.58	90,383.95	232,626.63	246,471.21	323.79	2.59	2017	2013	NA: No Missing Evaluations	
University of South Florida	99.9999	Center for Drug Discovery and Innovation (formerly FCoE-BITT)	Active	Active	0.00	0.00	0.00	0.00	0.00	0.00	NA	NA	This is a Center of Excellence; No Evaluations have been completed to date	
University of South Florida	40.9220	Center for Families Impacted by Substance Use (CFISU)	Active	Active	104,808.37	0.00	85,434.58	0.00	19,373.79	0.71	NA	NA	Center established 2022; first evaluation will be 2029	
University of South Florida	40.9230	Global and National Security Institute	Active	Active	157,793.88	157,793.88	0.00	0.00	0.00	0.07	NA	NA	Institute established 2022; first evaluation will be 2029	
University of South Florida	40.9231	School Mental Health Collaborative: Research, Training, and Technical Assistance Center	Active	Active	0.00	0.00	0.00	0.00	0.00	0.00	NA	NA	Center established 2022; first evaluation will be 2029	
University of South Florida	40.9232	Living Heritage Institute and Story Studio	Active	Active	37,584.78	0.00	36,069.95	0.00	1,514.83	0.00	NA	NA	Institute established 2022; first evaluation will be 2029	
University of South Florida	40.9233	Institute for Russian, European, and Eurasian Studies	Active	Active	186,078.44	60,482.36	4,815.44	0.00	120,780.64	0.95	NA	NA	Institute established 2022; first evaluation will be 2029	
University of South Florida	40.9234	Institute for Digital Exploration (IDEX)	Active	Active	102,663.85	50,341.75	8,854.71	40,202.38	3,265.01	0.54	NA	NA	Institute established 2022; first evaluation will be 2030	
University of South Florida	40.9235	National Resource Center for Health and Safety in Child Care and Early	Active	Active	187,893.03	0.00	184,721.58	0.00	3,171.45	0.96	NA	NA	Center established 2023; first evaluation will be 2030	
University of South Florida	40.9236	Immigrant Well-Being Research Center	Active	Active	190,911.57	154,445.20	36,428.87	0.00	37.50	0.41	NA	NA	Center established 2023; first evaluation will be 2030	

Board of Trustees Finance Committee - New Business - Action Items

<b>INSTITUTE &amp; CENTERS (I &amp; C) ANNUAL REPORTING DATA REQUEST TEMPLATE</b> <i>Please Provide the Information Requested for each Active Center of Excellence</i> <i>Add rows for additional Centers of Excellence, as necessary</i>								
1. Institution Name	2. Center Type	3. Center Code	4. Center Name	5. Established Year	6. Cumulative Total State Funds Received	7. Cumulative Total Non-State Funds Received	8. Fiscal Year State Funds Received	9. Fiscal Year Non-State Funds Received
University of South Florida	CoExcellence	40.1780	USF Center of Excellence in Maternal and Child Health Education, Science and Practice	2022	296,214.87	1,093,993.00	143,318.39	547,011.00
University of South Florida	CoExcellence	99.9999	Center for Drug Discovery and Innovation (formerly FCoE-BITT)	2007	4,020,309.69	15,397,416.99	0.00	0.00



Board of Trustees Finance Committee - New Business - Action Items

**INSTITUTE & CENTERS (I & C) ANNUAL REPORTING DATA REQUEST TEMPLATE**  
 Please Provide the Information Requested for each I&C not captured in the 1-Annual Reporting tab

I&C Information					Expenditure Information (Fiscal Year 2022-2023)								
I&C Information					All I&Cs								
1. Center Type	2. Center ID Number	3. Center Name	4. Center Status	5. Established Year	6. Total FY Expenditures	7. Expenditures from State and E&G Funds	8. Expenditures from Contracts & Grants	9. Expenditures from Fees for Service	10. Expenditures from Private & Trust Funds	11. Cumulative Total State Funds Received	12. Cumulative Total Non-State Funds Received	13. Fiscal Year State Funds Received (FY2022-23)	14. Fiscal Year Non-State Funds Received (FY2022-23)
University	40.9237	Center for Sustainable Democracy	Active	2023	N/A: Not operational in FY 2022-2023	N/A: Not operational in FY 2022-2023	N/A: Not operational in FY 2022-2023	N/A: Not operational in FY 2022-2023	N/A: Not operational in FY 2022-2023	N/A: Not operational in FY 2022-2023			

# Institutes & Centers Annual Review

USF Board of Trustees Finance Committee  
November 16, 2023

*Masha Galchenko,  
Associate Vice President, Budget and Financial Analysis*



## SUS BOG Regulation 10.015 Institutes & Centers

- Defines Institutes & Centers for the SUS
- Expected to enhance existing university activities
- Two types:
  - State of Florida Institute or Center
  - University Institute or Center
- Requires University BOT to adopt policies for “*establishing, operating, evaluating, reviewing and disbanding*” (USF Policy 10.063)
  - Office of Decision Support oversees the processes for establishment, evaluation/review and disbanding of University Institutes & Centers (<https://www.usf.edu/ods/accreditation/institutes-centers.aspx>)
  - Deans/Vice Presidents are responsible for operating Institutes & Centers
  - B&F oversees the collection of annual and periodic financial reports

## SUS BOG Regulation 10.015 Institutes & Centers

- Specifies Institutes & Centers reporting requirements - Amendments to SUS BOG Regulation on 03-30-2022 now include approval of annual financial reporting and certification of 7-year reviews by the BOT
  - **Annual Financial Reporting (*Today's Action Item*):**
    - No later than December 15 of each year, expenditure information for the prior fiscal year shall be provided to the BOG. Annual reports must be approved by the board of trustees of the host university prior to submission.
  - **7-year reviews:**
    - Formal review process must occur at least once every 7 years
    - Summary of the evaluation/review must be provided to the board of trustees for certification that all required components were included.
      - 13 reviews required for this year to be presented at BOT ACE in November

# The data has been validated

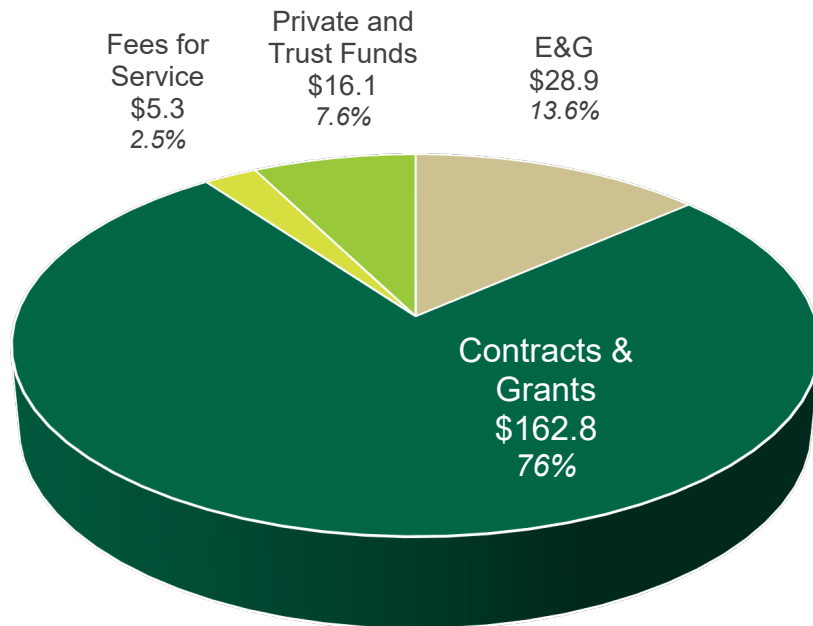
Financial and FTE information is validated by the center/institute and the college/area that oversees it.

Business & Finance reviews each I&C with college/area to assure accuracy and documentation

Data is submitted to BOT for approval and archived.

## FY 2023 – I&C Expenditures by funding source

Total all sources \$213.1M



All amounts are in millions

## Number of I&Cs by College

Arts & Sciences	27
Medicine	17
Public Health	13
Engineering	12
Business	10
Education	7
All others	<u>14</u>
<b>Total</b>	<b>100</b>

**Agenda Item: IIIe**

**USF Board of Trustees**  
Finance Committee  
November 16, 2023

**Issue:** Expenditure Authorization Requests

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**Proposed action:**

- 1) Approval of updated Expenditure Authorization Requests:
    - a) Taneja College of Pharmacy at MDD no change in value/  
funding source change
    - b) MDD Floors 6, 7, 8 no change in value/  
funding source change
  
  - 2) Approval of the following University expenditures over \$3,000,000:
    - a) MDF Research Functional Magnetic Resonance  
Imaging (fMRI) Core Facility \$4,500,000
    - b) MDF Hyperbaric Oxygen Therapy (HBOT) Clinical  
Research Center \$4,500,000
  
  - 3) Approval of the following DSO expenditures over \$3,000,000:
    - a) Innovative Education Location in Research Park \$3,275,000
    - b) MCOM Infectious Disease Research \$16,700,000
- 

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

**Financial Impact:** Authorization is being requested for \$28,975,000 in transactions.

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**Strategic Goal(s) Item Supports:** Goal 5: A strong, sustainable, and adaptable financial base  
**BOT Committee Review Date:**  
**Supporting Documentation Online (please circle):** Yes No  
**Prepared by:** Jennifer Condon, Vice President, Acting CFO and Controller  
(813) 974-3297

## USF Approval of Expenditures Exceeding Three Million Dollars

**Project/Initiative Name:** USF Health Taneja College of Pharmacy

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**Total Project/Initiative Cost:** \$18,420,000

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**Description:** Request to change fund source; no project budget increase

### Background

The USF Health downtown facility was completed in January 2020. At that time, several floors were planned as shell spaces for future build-out and expansion. This project is one of those buildouts; it was initiated and approved in 2022 to build-out of floors 11 & 12 to provide classroom, maker, learning, and support spaces.

The project was originally approved by the Finance Committee on 8/16/22 with a budget of \$18.42M. The project is progressing on schedule and within budget; however, we are requesting to change the fund source for the project as noted below. This change will enable USF Health to redirect some of the Dean's Academic Support Funds that were previously earmarked for this project to other critical investments.

### Summary of Request

Project Funding Sources:

<b>Funding Source</b>	<b>Previously Approved Request</b>	<b>Revised Request</b>
Philanthropy	\$10.2M	\$10.2M
State Appropriation (Section 197):	\$5M	\$5M
Dean's Academic Support Fund:	\$3.22M	\$1.72M
Carry Forward:		\$1.5M
<b>Total</b>	<b>\$18.42M</b>	<b>\$18.42M</b>

Approval is requested to revise the fund sources used on this project as indicated in the table above to replace a portion of the Dean's Academic Support Funds originally earmarked for this project with funds from the Carry Forward. As stated, this will enable those academic support funds to be re-directed to immediate critical needs while this project can also continue to press forward. It is targeted to be completed in August 2024.



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

Strategic Goal #1 – Student success at USF and beyond, specifically:

1A: Increase the development and availability of high-impact educational experiences for student success.

1B: Enhance the Pedagogical excellence of faculty in teaching and learning.

1C: Enhance support for student engagement, co-curricular activities and well-being at USF. 1E: Prepare students for professional and leadership success in a competitive environment.

Strategic Goal #2 – Faculty excellence in research and innovation, specifically:

2D: Identify and support areas for cross-collaboration between colleges while leveraging the distinctive identities of each of USF’s campus communities.

Strategic Goal #4 – A diverse and inclusive community for learning and discovery, specifically: 4B: Enhance academic programs and curricula to be inclusive of diverse perspectives.

4C: Increase and sustain the availability of flexible/adaptive instructional environments and research spaces aligned equitably with unique campus needs to promote access and success.

4D: Foster a positive employee experience that embraces a dynamic workplace environment.

Strategic Goal #5 – A strong, sustainable, and adaptable financial base, specifically:

5C: Ensure cost-effective and strategic use of resources in support of the university’s mission.

**Funding Source(s):**

<b>Funding Source</b>	<b>Value</b>
Philanthropy	\$10.2M
State Appropriation (Section 197):	\$5M
Dean’s Academic Support Fund:	\$1.72M
Carry Forward:	\$1.5M
<b>Total</b>	<b>\$18.42M</b>

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

Budgeted

**Prior Approval Process:**

Original approval by Finance Committee on 8/16/2022  
Capital Improvement Plan, Fixed Capital Outlay

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

College of Nursing Expansion

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**USF or Campus specific:** USF Health Downtown Campus (MDD)

**Prepared by:** Steve Omli

**Date Requested:** 10/05/2023

**USF Policy 0-100 requires approval of this expenditure by the USF Board of Trustees Finance Committee.**

## USF Approval of Expenditures Exceeding Three Million Dollars

**Project/Initiative Name:** USF Health Heart Institute Lab space build-out

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**Total Project/Initiative Cost:** \$14,630,000

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**Description:** Request to change fund source; no project budget increase

### Background

The USF Health downtown facility was completed in January 2020. At that time, several floors were planned as shell spaces for future build-out and expansion. This project is one of those buildouts; it was initiated and approved in 2022 to build-out of floors 6-7-8 to provide additional core labs and research support spaces.

The project was originally approved by the Finance Committee on 11/16/21 with a budget of \$14.63M. The project is progressing on schedule and within budget; however, we are requesting to change the fund source for the project as noted below. This change will enable USF Health to redirect some of the Dean's Academic Support Funds that were previously earmarked for this project to other critical investments.

### Summary of Request

<u>Funding Source</u>	<u>Previously Approved Funds</u>	<u>Revised Request</u>
Dean's Academic Support Fund	\$14.63M	\$8.13M
Foundation		\$1.0M
Foundation Loan		\$5.5M
<b>Total</b>	<b>\$14.63M</b>	<b>\$14.63M</b>

Approval is requested to revise the fund sources used on this project as indicated in the table above to replace a portion of the Dean's Academic Support Funds originally earmarked for this project with funds from the USF Foundation, including a loan which will be paid back by the Dean's Academic Support Fund over a 5-year period. As stated, this will enable those academic support funds to be re-directed to immediate critical needs while this project can also continue to press forward. It is targeted to be completed in January 2024.

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

2. To conduct high-impact research and innovation to advance frontiers of knowledge, solve global problems and improve lives.
3. To be a major social and economic engine creating robust global, national and regional partnerships to build a prosperous and sustainable future for our regional communities and the State of Florida.
4. To provide a safe, inclusive, and vibrant community for learning, discovery, creative activities, and transformative experiences enabled through adaptive design of physical, social and digital environments.
5. To practice continuous visionary planning and sound management throughout USF to ensure a strong and sustainable financial base, and to adapt proactively to emerging opportunities in a dynamic environment.

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**Funding Source(s):**

Deans Academic Support Fund (\$8.13M), Foundation (\$1.0M), Philanthropy Loan (\$5.5M)

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

Budgeted

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**Prior Approval Process:**

Original approval by Finance Committee on 11/16/21  
Capital Improvement Plan, Fixed Capital Outlay

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

USF Health Morsani College of Medicine and Heart Institute original construction.

---

**USF or Campus specific:** USF Health Downtown Campus (MDD)

**Prepared by:** Steve Omli

**Date Requested:** 10/05/2023

**USF Policy 0-100 requires approval of this expenditure by the USF Board of Trustees Finance Committee.**

**USF Approval of Expenditures  
Exceeding Three Million Dollars**

**Project/Initiative Name:** Construction of a Research Functional Magnetic Resonance Imaging (fMRI) Core Facility for the University of South Florida (USF)

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**Total Project/Initiative Cost:** \$4,500,000 (target)

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**Description:** Spending authority for funds to build-out space for state funded research initiative.

Background

The University of South Florida has secured \$3 million in state funding from the Florida Legislature (State Funded C&G), \$1 million from Congressionally Directed funding via The Health Resources & Services Administration (HRSA), and a \$500,000 contribution by the Deans Fund for the acquisition, installation, and development of the region's sole academic functional magnetic resonance imaging (fMRI) facility. This initiative will establish a dedicated fMRI Research Core Facility at the University of South Florida (USF) in Tampa, enhancing the institution's research capabilities.

Summary of Request

The establishment of the USF fMRI Research Core is poised to significantly elevate the scope of clinical, translational, and fundamental research in various disciplines, including neuroscience, neurology, neurosurgery, psychiatry, nursing, psychology, and medical engineering. By providing the essential infrastructure, it equips us to compete effectively for NIH funding and to integrate this technology into human clinical trials. Additionally, it opens avenues for the Tampa Bay Metro area residents to access state-of-the-art clinical trials for conditions as debilitating as Alzheimer's and Parkinson's Disease. The project's focal point involves the renovation of a dedicated section on the ground floor of the MDF building to house the fMRI imaging and operation facilities.

Conclusion

An expenditure authorization of \$4.5 million is being requested for the construction of the FMRI facility. It's important to note that the project is currently in its initial design phase, and as such, the costs presented are preliminary estimates. These costs will be subject to further approval subsequent to the design and pricing assessments conducted by the construction manager. The final project cost will be established upon the conclusion of the design phase. However, due to time constraints dictated by the project's expedited nature, early expenditure authorization is imperative.

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

Goal 2: To conduct high-impact research and innovation to advance frontiers of knowledge, solve global problems and improve lives.

Goal 3: To be a major social and economic engine creating robust global, national and regional partnerships to build a prosperous and sustainable future for our regional communities and the State of Florida.

Goal 4: To provide a safe, inclusive and vibrant community for learning, discovery, creative activities and transformative experiences enabled through adaptive design of physical, social and digital environments.

Goal 5: To practice continuous visionary planning and sound management throughout USF to ensure a strong and sustainable financial base, and to adapt proactively to emerging opportunities in a dynamic environment.

---

**Funding Source(s):**

State Funded	\$3 million
Federal Funded	\$1 million
Dean's Fund	\$500K

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

Budgeted

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**Prior Approval Process:** USF Health Leadership

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

N/A

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**USF or Campus specific:** Tampa campus, Health  
**Prepared by:** Clifton Gooch, MD, Joseph Jackson, MBA  
**Date Requested:** 11/16/2023

USF Policy 0-100 requires approval of this expenditure by the USF Board of Trustees Finance Committee.

## **USF Approval of Expenditures Exceeding Three Million Dollars**

**Project/Initiative Name:** USF Health Faculty Office Building (MDF) — Hyperbaric Oxygen Therapy (HBOT) Clinical Research Center

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**Total Project/Initiative Cost:** \$4,500,000 (target)

---

**Description:** Spending authority for funds to build-out space for state funded research initiative.

### Background

USF Health has been designated \$14 million in state funding by the Florida Legislature to lead a thorough clinical trial aimed at evaluating the medical efficacy of hyperbaric oxygen therapy in the treatment of PTSD and traumatic brain injuries, specifically for veterans and active-duty military service members. This vital undertaking demands cutting-edge facilities and essential resources for its successful execution. To meet these requirements, USF Health has allocated \$4.5 million from E&G Carryforward funds, ensuring the necessary renovations, equipment, and upgrades are in place for this groundbreaking research initiative.

### Summary of Request

The renovation project is scheduled for the presently unoccupied administrative space, with a specific focus on the 1200 and 1300 suites situated on the first floor of the MDF building. This area was formerly utilized by the HR department but now stands vacant. The renovation project is primarily concentrated on the south and west sections of the ground floor, ensuring an efficient and purposeful transformation of this space.

### Conclusion

Approval for an expenditure of \$4.5 million is requested to support the construction of the Hyperbaric Oxygen Therapy facility. The projected overall project expenses provided here serve as initial estimates and will be subject to further confirmation following the design and pricing stages managed by the construction team. The ultimate project cost will be firmly established upon the conclusion of the design phase. However, it is imperative to secure early expenditure authorization due to the accelerated nature of the project, driven by the forthcoming clinical trial dates and associated time constraints.

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

Goal 2: To conduct high-impact research and innovation to advance frontiers of knowledge, solve global problems and improve lives.

Goal 3: To be a major social and economic engine creating robust global, national and regional partnerships to build a prosperous and sustainable future for our regional communities and the State of Florida.

Goal 5: To practice continuous visionary planning and sound management throughout USF to ensure a strong and sustainable financial base, and to adapt proactively to emerging opportunities in a dynamic environment.

---

**Funding Source(s):** E&G Carryforward

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

Budgeted

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**Prior Approval Process:** USF Health Leadership

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

n/a

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**USF or Campus specific:** Tampa campus, Health  
**Prepared by:** Joseph M. Jackson  
**Date Requested:** 11/16/2023

**USF Policy 0-100 requires approval of this expenditure by the USF Board of Trustees Finance Committee.**



## **USF Approval of Expenditures Exceeding Three Million Dollars**

**Project/Initiative Name:** Innovative Education Location in USF Research Park

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**Total Project/Initiative Cost:** Renovation Not to Exceed \$3.275M

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**Description:** Seeking spending authorization for up to \$3.275M for design, engineering and construction to renovate space in UTA/3702 Spectrum for Innovative Education.

This space is currently occupied by USF Research & Innovation (R&I) – transfer to Innovative Education will reduce R&I lease commitment and ensure the building is productively occupied.

### Summary of Request

The approximately 9,300 square feet, “Innovative Co-Lab” operates as a dynamic hub where the intersections of learning, creativity, and collaboration converge. Its mission centers on the empowerment of both faculty and students with the vital knowledge and digital skills required for the seamless integration of innovation into teaching, learning, and career advancement. Simultaneously, it plays a pivotal role in generating revenue for the university by upskilling the Tampa Bay community, contributing to the institution's financial sustainability.

Under the guidance of a dedicated team of experts, the Co-Lab offers a diverse array of resources to individuals aspiring to acquire modern skills that empower students at all levels to excel academically and achieve lifelong success. These resources encompass a FabLab, granting participants opportunities to delve into mixed realities, augmented reality, precision lasers, 3D printing, and other leading-edge technologies. Additionally, the Co-Lab houses a Podcasting Suite, Production Rooms, a Virtual Production Studio, and communal learning spaces fostering hands-on engagement, flexible seating, and active exploration for a dynamic learning experience.

Whether a faculty member seeking to enhance teaching in a digital environment, a student aspiring to broaden skill sets, or a member of local and global business communities looking to thrive in the digital era, the Innovative Co-Lab serves as a central hub for inventive thinking and collaborative learning, a place where innovation converges with practical upskilling.

### Return on Investment Considerations

**Cost Savings:** The facility will be used to train faculty in creating their own multimedia content and integrating it into courses, reducing reliance on content development teams and resulting in increased capacity and cost savings over time.

**Revenue Generation:** The facility will generate revenue by offering it for use during non-peak hours to upskill the business community.

The virtual production studio's versatility in hosting live virtual workshops and conferences will provide an additional source of revenue.

**Long-term Benefits:** Over time, the facility's contribution to improved teaching and learning experiences, coupled with a strong corporate training program, will enhance the university's reputation, attracting more students and partnerships for long-term ROI.

**Community Engagement:** The facility's engagement with the local community will contribute to positive public relations and may lead to potential donations or partnerships with local businesses.

### Conclusion

While finalizing the full design and engineering, we are seeking to proceed with an aggressive schedule and are requesting expenditure authority for \$3.275M to complete design, engineering and construction activities.

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

Strategic Goal 1: Student Success at USF and beyond.

*This facility will promote student success through upskilling students as well as developing student learning experiences.*

Strategic Goal 2: Faculty excellence in research and innovation.

*This facility will ensure faculty success through upskilling faculty on the latest teaching and learning technologies to incorporate into research and teaching.*

Strategic Goal 3: Partnerships and engagement with local, national and global impact AND Strategic Goal 5: A strong, sustainable, and adaptable financial base

*The facility encourages partnerships with vast business communities for upskilling and reskilling, bringing additional revenue streams to the university.*

Strategic Goal 4: A diverse and inclusive community for learning and discovery.

*The facility will be a dynamic learning and discovery hub where the intersections of learning, creativity, and collaboration converge.*

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**Funding Source(s):**

Auxiliary and Research Foundation

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

Budgeted

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**Prior Approval Process:**

None

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

None

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**USF or Campus specific:** Research Park

**Prepared by:** Allison Madden and Christine Brown

**Date Requested:** 10/25/2023

**USF Policy 0-100 requires approval of this expenditure by the USF Board of Trustees Finance Committee.**

## **USF Approval of Expenditures Exceeding Three Million Dollars**

**Project/Initiative Name:** MCOM Virology & Infectious Disease Facility in  
USF Research Park, 3814 Spectrum

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**Total Project/Initiative Cost:** Build Out Not to Exceed \$16.7M

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**Description:** Seeking spending authorization for up to \$16.7M for design, engineering, construction and furnishing to build out approximately 21,604 usable square feet of laboratory and office space to support recruitment of virology and infectious disease research teams in RSB/3814 Spectrum for Morsani College of Medicine.

### Summary of Request

The 21,604 usable square foot build-out within the new Research Park core and shell building will house extensive laboratory facilities up to the high containment level of BSL-3, a vivarium, offices and open workspaces. The project has advanced to 90% construction documents and will be ready to proceed with construction should the Board of Trustees approve. Pricing includes design, engineering, construction, fixed equipment, IT infrastructure and furnishings.

### Conclusion

While finalizing the 100% construction documents, we are seeking to proceed with an aggressive schedule and are requesting expenditure authority for \$16.7M for design, engineering, construction and furnishing. We are also requesting leasing authority as detailed above.

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

Strategic Goal 1: Student Success at USF and beyond.

*This facility will promote student success with laboratory experience in state-of-the-art facilities under the direction of highly funded faculty research teams.*

Strategic Goal 2: Faculty excellence in research and innovation.

*This facility will contribute to the recruitment of highly funded faculty research teams. The facility will further expand the funding capacity of the faculty.*

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### **Funding Source(s):**

MCOM RIA and Research Foundation

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

Budgeted

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**Prior Approval Process:**

None

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

None

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**USF or Campus specific:** Research Park

**Prepared by:** Allison Madden

**Date Requested:** 10/25/2023

**USF Policy 0-100 requires approval of this expenditure by the USF Board of Trustees Finance Committee.**

**Agenda Item: IIIf**

**USF Board of Trustees**  
December 5, 2023

**Issue:** Approve MCOM Sublease in the USF Research Park Building and Real Property Policy Exception for USF/USF Research Foundation lease term exceeding 10 years.

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**Proposed action:** Authorize USF to enter into a 20-year sublease for MCOM Infectious Disease Research Space in USF Research Park RSB/3814 Spectrum Blvd exceeding \$5 million and approve exception to Real Property Policy for lease term exceeding 10 years.

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**Executive Summary:**

[USF Board of Trustees Real Property Policy 09-001](#) is intended to guide the real property management program for the real property of the University and Direct Support Organizations to attain maximum benefit with an acceptable degree of risk and at an acceptable cost.

According to the policy, the Board of Trustees reserves for itself the right to review and approve material real property transactions, which are defined as transactions with a cumulative cost over the term of the lease exceeding \$5,000,000. The policy also sets the initial term of USF space lease as not to exceed 10 years.

Given the materiality of the proposed sublease which is estimated at \$35.7 million over a 20-year life and the request for exception to the 10-year initial lease term, we are requesting BOT approval to enter the sublease, which will commence upon the completion of construction, which is expected in September 2024 should approval be received at this meeting.

The sublease terms are \$32.00 per square foot of base rent plus the pro-rata share of operating expenses for the building which are estimated at \$10 per square foot, accelerating 3% per year. There is a provision for \$4 million of tenant improvement build-out costs to be amortized over the life of the sublease at a rate of 6%.

	20-Year Life	Annual Avg
Base Rent	21,968,358.33	1,098,417.92
Operating Expenses	6,865,111.98	343,255.60
Amortized Tenant Improvement	6,877,737.60	343,886.88
Estimated Total	35,711,207.91	1,785,560.40

**Financial Impact:**

This sublease is to be funded from Morsani College of Medicine RIA funds. The space is intended to house highly funded research teams that are being recruited to join the University. The productivity of these newly recruited teams will increase F&A recovery.

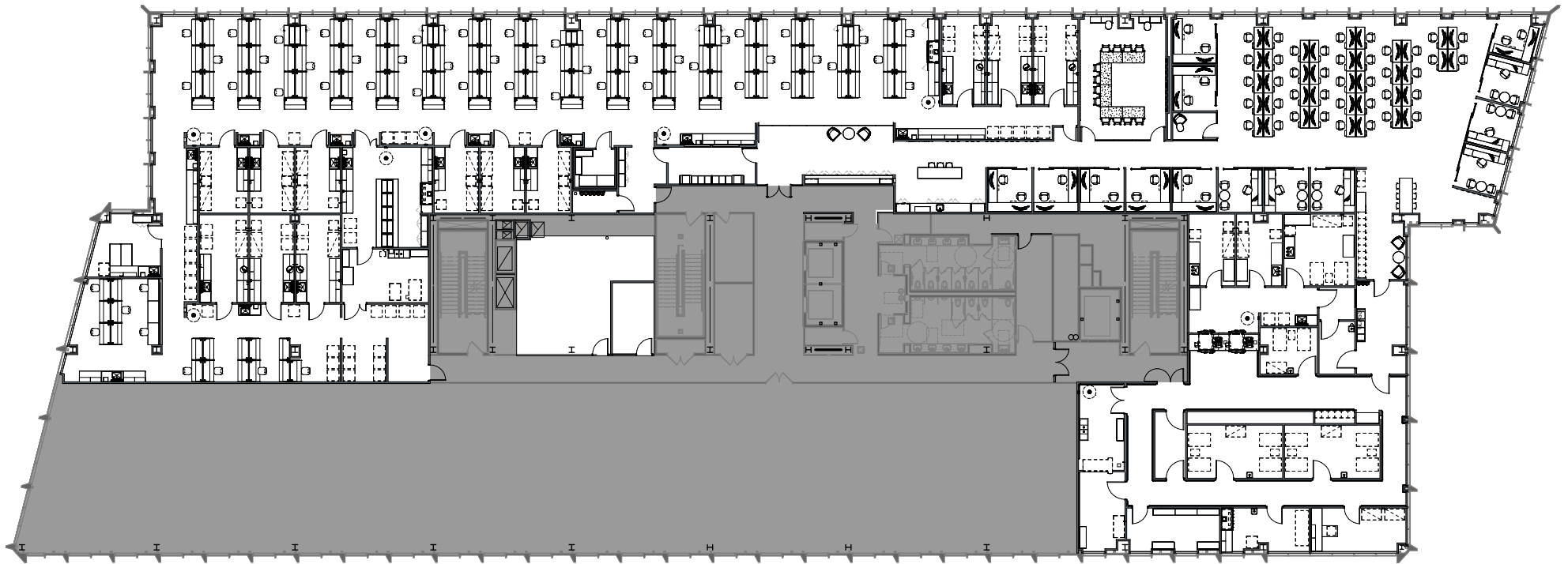
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**Strategic Goal(s) Item Supports:** Goal 1: Student Success at USF and beyond. Goal 2: Faculty excellence in research and innovation. Goal 5: A strong, sustainable and adaptable financial base

**BOT Committee Review Date:** Finance Committee - November 16, 2023

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

**Prepared by:** Jennifer Condon, Vice President, Acting CFO and Controller



USF Research Foundation, Inc.

**USF Health Virology & Infectious Disease Facility**

**Gensler**

Floor Plan - Level 03

©2022 Gensler



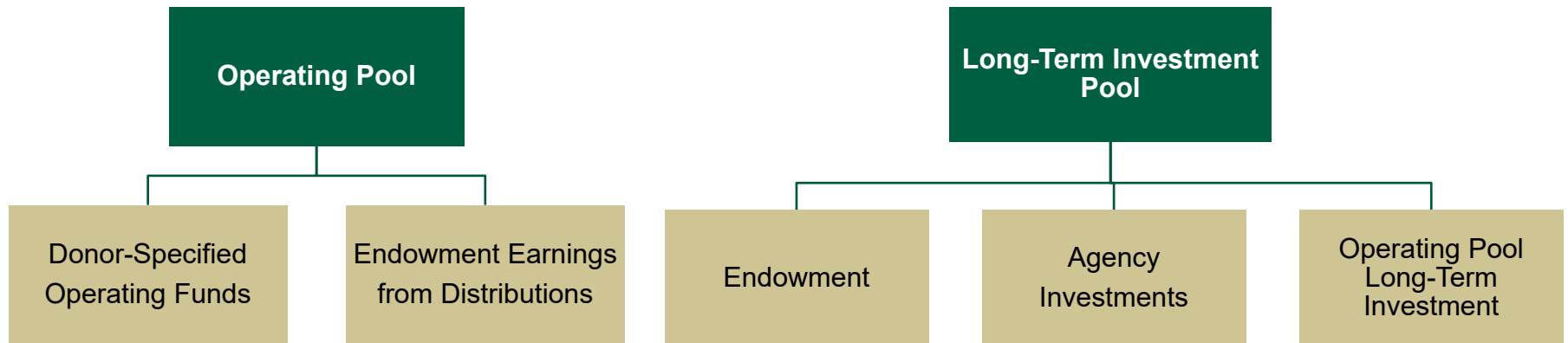




**Annual Portfolio Review**  
for  
**University of South Florida Board of Trustees**  
**Finance Committee**

November 16, 2023

# Foundation Asset Pools



- **Endowment Assets Reside In Long-Term Investment Pool**
- **Investment Governance Provided By USF Foundation Board of Directors**
  - Investment committee is responsible for financial oversight and administration of operating and endowment investment pools
  - Committee consists of twelve voting members; Chairman – Brad Bernstein
  - Supported by Foundation investment staff and investment advisor Wilshire Associates (since 2000)
    - Rob Fischman, VP and CFO
    - Ken Souza, Sr. Director of Investments
  - Assets are managed based on investment policy guidelines approved by the Foundation Board
  - Foundation investment policies are in compliance with University investment policy and with applicable laws

# Endowment Portfolio Performance



As of 6/30/2023	1-YR	3-YR	5-YR	10-YR	Inception
Endowment Fund	9.1%	9.3%	7.8%	8.9%	9.4%
Policy Benchmark	13.1%	9.3%	7.5%	8.2%	8.8%
+/- Benchmark	-4.0%	--	0.3%	0.7%	0.6%

Returns are net of fees

<b>Total Pool Assets</b>	<b>\$674 Million</b>	<b>NACUBO Endowment Assets</b>	<b>\$638 Million</b>
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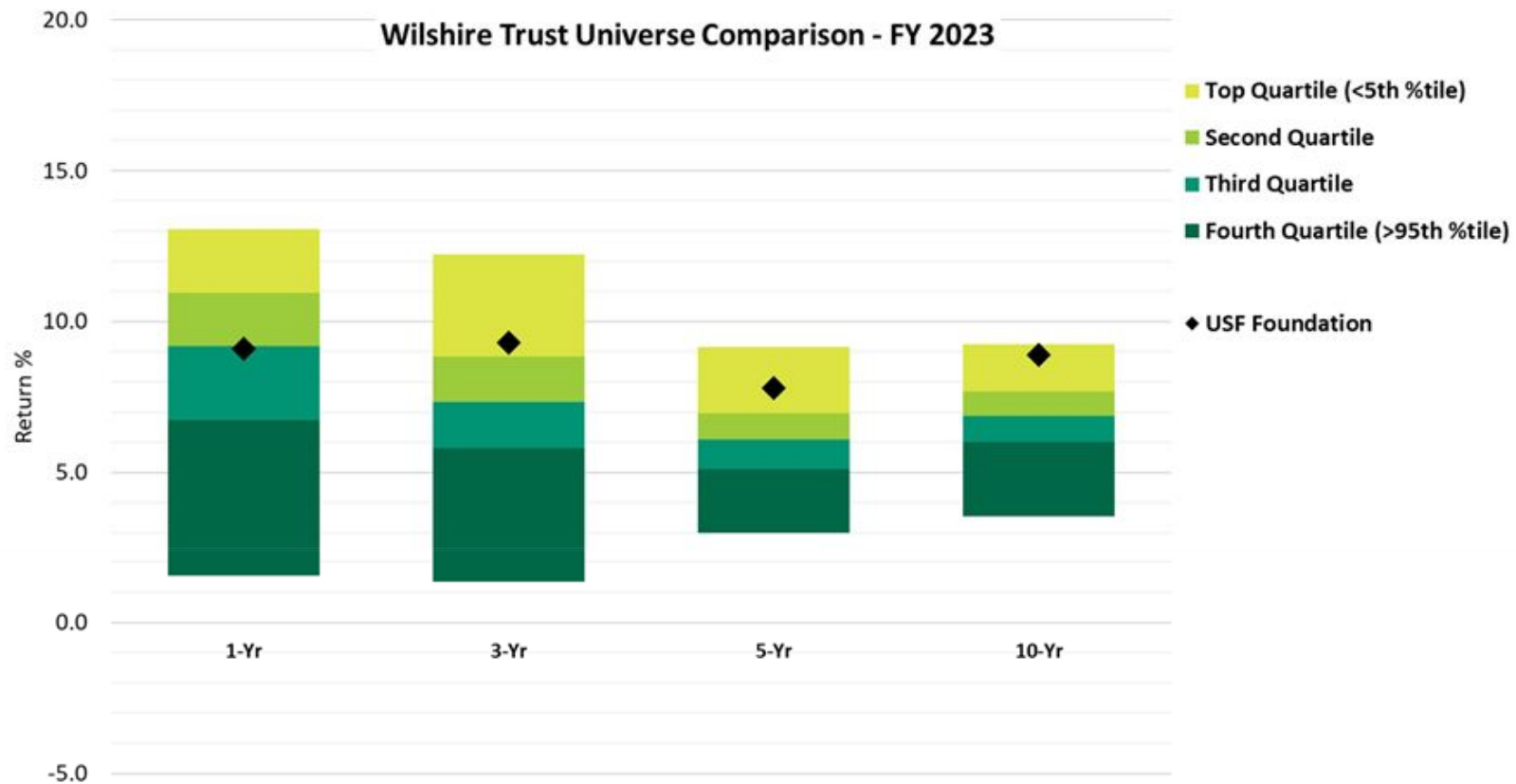
Asset Class	Alloc %	1-Yr	3-Yr	5-Yr	10-Yr	Non-Marketable	Alloc %	Return
Domestic Equity	33%	18.1%	12.1%	10.2%	11.7%	Private Real Assets (Real Estate, Natural Rs)	6%	IRR: 11.2% 5-Yr Return: 7.8%
<i>Wilshire 5000 Index</i>	30%	19.1	14.2	11.7	12.5	<i>Consumer Price Index + 5%</i>	10%	5-Yr Return: 9.1%
International Equity	27%	15.4	7.0	5.0	7.0	Alternatives (Private Eq, Venture Cp)	9%	IRR: 16.4% 5-Yr Return: 19.0%
<i>MSCI ACWI ex US</i>	27.5%	12.7	7.2	3.5	4.7	<i>MSCI AC World</i>	10%	IRR: 6.3% 5-Yr Return: 9.2%
Fixed Income	22%	3.8	1.4	3.1	3.5			
<i>Barclays Agg/ML HY</i>	20%	5.4	0.5	2.6	3.3			
Public Real Assets	4%	1.7	8.0	4.2	3.2			
<i>Custom Benchmark</i>	2.5%	2.3	7.7	4.2	2.5			

Non-Marketable Returns as of 3/31/2023

# Benchmarking



- USF Endowment Long-Term Performance Maintained Its Top Quartile Ranking Despite FY 2023 Return Ranking Near Median



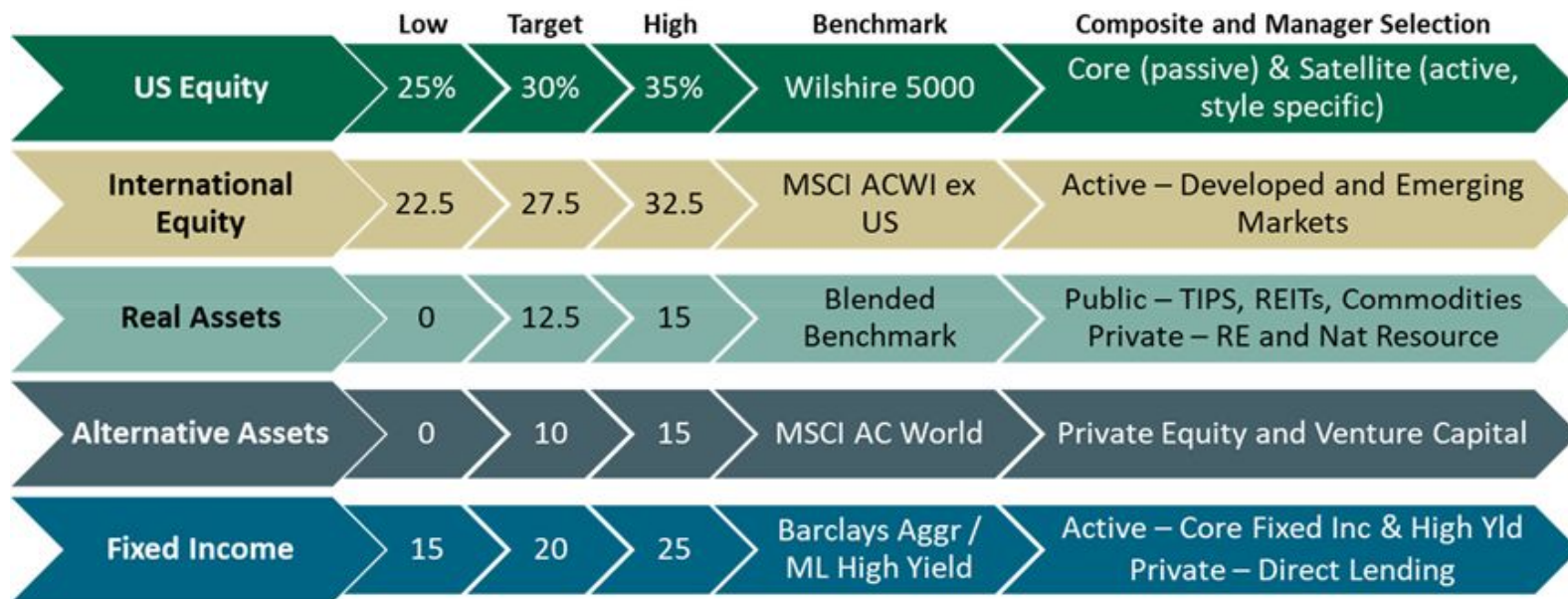
Source: Wilshire Consulting  
TUCS Index consists of 948 endowments and foundations

# FY 2023 Return Attribution and Asset Allocation



- **Endowment Returns Compared to Policy Benchmark**
  - US and international equity contributed to performance on an absolute basis and international equity contributed to return vs. benchmark as active managers beat benchmarks
  - Fixed income continued to suffer from rising rates, but private credit provided a boost to the sector
  - Alternatives (private equity and venture capital partnerships) detracted from short-term results as asset valuations faced headwinds; however asset class is still a significant long-term contributor with a 17.3% 10-year return

## Allocation Targets – Effective 7/1/2021

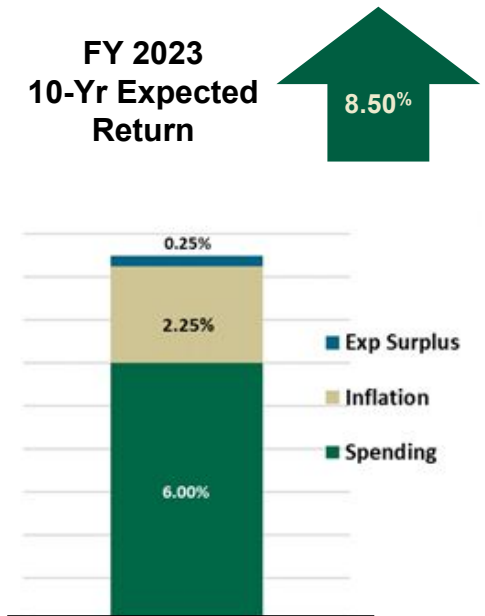


# Meeting Long-Term Investment Goals



- **FY 2023 Investment Committee Initiatives**
  - Implementation of new managers in US large cap growth and core fixed income
  - Committed to partnerships in alternatives: private equity buyouts and distressed debt
- **Endowment Long-Term Growth Expectations**
  - Return projections were made based on 12/31/2022 market conditions
  - Increases to the fixed income sectors have been the most notable changes to return projections
  - Distributions have increased to keep pace with inflation due to rising five-year average market value

	Target Allocation	FY 2023 10-Yr Expected Return	Expected Excess Return from Active Mgmt	Total 10-Yr Expected Return
<b>Growth Assets</b>				
US Equity	30%	6.50%	0.50%	7.00%
Non-US Equity	27.5%	7.60%	1.25%	8.85%
Private Markets	10%	9.90%	1.00%	10.90%
<b>Risk Minimizing Assets</b>				
Core Fixed Income	7%	4.90%	0.70%	5.60%
<b>Credit Assets</b>				
Opportunistic Credit	8%	6.64%	1.00%	7.64%
Private Credit	5%	8.85%	1.50%	10.35%
<b>Inflation Hedging Assets</b>				
Public Real Assets	2.5%	6.25%	0.50%	6.75%
Private Real Assets	10%	6.85%	1.50%	8.35%
Inflation	--	2.25%		2.25%



# Operating Pool Investment Program



- Investment Objective – Long-Term Preservation of Capital
  - Foundation management conducts an actuarial review of the operating funds’ cash flow activity in order to forecast the pool’s liquidity needs; this becomes the basis of the investment strategy
  - Asset allocation was revised in 2021, based on risk/return forecasts for each asset class

Tier I Liquidity Vehicle 35%	Tier II Capital Preservation 45%	Tier III Capital Enhancement 20%
<ul style="list-style-type: none"> <li>• Money Market Funds</li> <li>• Bond Ladder</li> <li>• Days Cash On Hand = 197 Days (includes certain assets in Tiers I &amp; II)</li> </ul>	<ul style="list-style-type: none"> <li>• Active Investment Grade Bonds</li> <li>• Short-Term High Yield</li> <li>• Internal Loans</li> </ul>	<ul style="list-style-type: none"> <li>• Long-Term Investment In Endowment Pool</li> </ul>

- FY 2023 Investment Performance – Assets \$156 Million

As of 6/30/2023	1-YR	3-YR	5-YR	10-YR	Inception	Portfolio Yield
Operating Pool	↑ 3.3%	↑ 0.6%	↑ 2.5%	↑ 2.8%	↑ 4.3%	6/30/2023 4.68%
Policy Benchmark	↑ 3.5%	↑ 0.1%	↑ 2.5%	↑ 2.7%	↑ 4.3%	6/30/2022 3.28%

:



# Investment Report USF Health Care

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

**November 16, 2023**

Steve Omli



## Investment Committee Structure

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

Members	Title	Tenure
Steve Omli, MBA, CMA, CSCA (Chair)	Chief Financial Officer, USF Health	1 year
Harvey M. Greenberg, MD, MBA	Community Member	12 years
Fell Stubbs, MBA	University Treasurer and Associate Vice President, USF Executive Director, USF Financing Corporation/USF Property Corporation	11 years
Mark G. Moseley, MD, MHA, CPE	Chief Clinical Officer USF Health, Associate Vice President USF Health, Associate Dean for Clinical Affairs Morsani College of Medicine	2 years

# Investment Management

- **Portfolio Objectives**
  - Maintain adequate liquidity:
    - Target 60-90 days cash on hand.
    - Actual 48.4 days cash on hand due to delays in Upper Payment Limit (UPL) funds.
  - Mirrors university investment allocations.
  - Primarily consists of long-term funds; however, allocations to short term funds are permissible.
  - A total portfolio return which outperforms appropriate market and asset benchmark portfolio returns over a rolling 1, 3, and 5-year time horizon, net of all investment expenses.
  - Positive rolling 5-year total return, net of inflation as defined by the Consumer Price Index (CPI), and net of all fund investment and operating expenses.
  - Target allocations are reviewed once per year & voted on by the committee.
  - The UMSA/MSSC Investment policy complies with the March 8, 2022 updates to the USF Investment Policy.
- **Utilize the University's investment consultant, Cambridge Associates.**

USFHealth




# Asset Allocation

## As of June 30, 2023

ASSET CLASS	ACTUAL		RECOMMENDED TARGETS		RECOMMENDED TARGET RANGE	
	\$. Millions	%	\$. Millions	%	Min	Max
<b>SHORT-TERM FUNDS</b>						
Cash & Cash Equivalents (< 180 days) <i>Trust Operating Account</i>	\$23.0 \$23.0	47%	\$9.2 19%		0%	100%
Domestic Fixed Income <i>Vanguard Short-Term Bond Index Fund</i> <i>Vanguard Short-Term Corporate Bond Index Fund</i>	\$10.6 \$10.5 \$0.1	22%	\$27.6 56%		0%	90%
<b>TOTAL SHORT-TERM FUNDS</b>	<b>\$33.6</b>	<b>69%</b>	<b>\$36.8</b>	<b>75%</b>	<b>70%</b>	<b>85%</b>
<b>LONG TERM FUNDS</b>						
Fixed Income - Domestic <i>Vanguard Short-Term Bond Index Fund</i> <i>Vanguard Short-Term Corporate Bond Index Fund</i>	\$0.0 \$0.0 \$0.0	0%	\$0.0 0%		0%	40%
Fixed Income - Foreign	\$0.0	0%	\$0.0	0%	0%	20%
Equity - Domestic <i>Vanguard 500 Index</i>	\$12.4 \$12.4	25%	\$9.3 18%		50%	80%
Equity - Foreign <i>Vanguard Developed Markets Index</i> <i>Vanguard Emerging Markets Stock Index Fund</i>	\$3.1 \$1.7 \$1.4	6%	\$1.2 3%		0%	20%
Real Assets	\$0.0	0%	\$1.2	3%	0%	20%
All Other Permissible Investments	\$0.0	0%	\$0.6	1%	0%	20%
<b>TOTAL LONG TERM FUNDS</b>	<b>\$15.5</b>	<b>31%</b>	<b>\$12.3</b>	<b>25%</b>	<b>15%</b>	<b>30%</b>
<b>TOTAL CASH AND INVESTMENTS</b>	<b>\$49.1</b>	<b>100%</b>	<b>\$49.1</b>	<b>100%</b>		
Days Cash & Investments on hand @ 6/30/23	48.4					

USFHealth

## Portfolio Performance

As of 6/30/2023	QTR	1-YR	3-YR	5-YR	Inception
Weighted Portfolio Return	4.14%	10.48%	7.69%	0.12%	5.41%
Portfolio Benchmark	4.14%	10.52%	7.70%	0.12%	5.42%
+/- Benchmark	0.00%	 0.04%	 0.01%	0.00%	 0.01%



# **USF Research Foundation, Inc. Annual Investment Portfolio Review**

**June 30, 2023  
for  
University of South Florida Board of Trustees  
Finance Committee**

## USF Research Foundation, Inc. Investment Portfolio

As of June 30, 2023

### 3 Investment Accounts

#### - Long Term Investments (+ 10 Years)

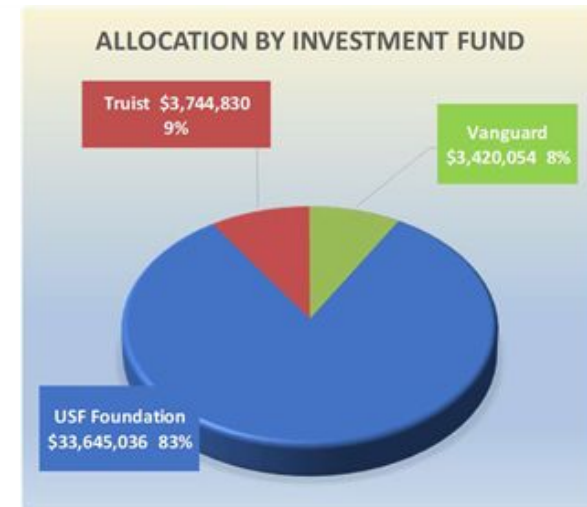
USF Foundation LT Operating Investment Fund	\$ 19,668,704
USF Foundation Endowment Fund	13,976,332
<b>Total Long Term Investments</b>	<b>\$ 33,645,036</b>

#### - Intermediate Term Investments

Truist Investments	3,744,830
Foundations & Endowments Specialty Practice	

#### - Short Term Investments

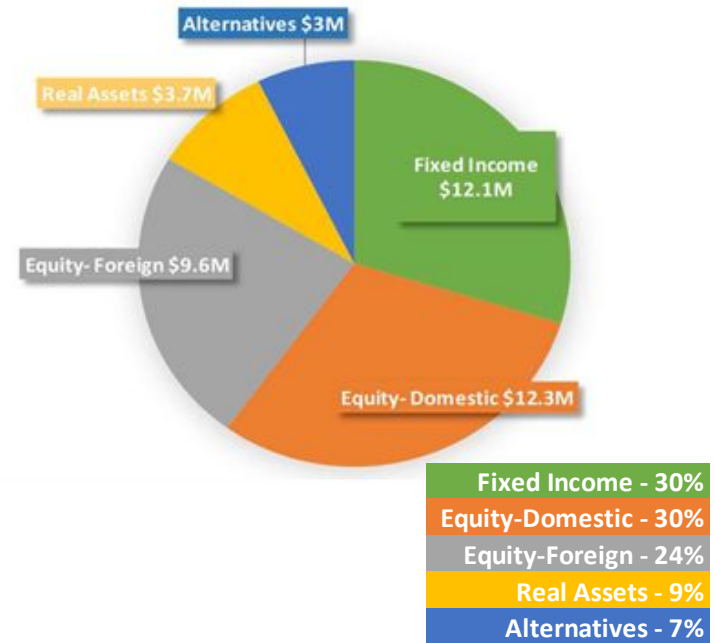
Vanguard	3,420,054
<b>Total</b>	<b>\$ 40,809,920</b>



## USF Research Foundation, Inc. Portfolio Asset Class Allocation

As of June 30, 2023

Asset Class	Long Term Foundation	Intermediate Truist	Short Term Vanguard	Total
Fixed Income	21%	34%	100%	\$ 12,144,692
Equity- Domestic	33%	48%		\$ 12,344,215
Equity- Foreign	27%	18%		\$ 9,625,650
Real Assets	10%			\$ 3,700,954
Alternatives	9%			\$ 2,994,408
<b>Grand Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>\$ 40,809,920</b>





# USF Research Foundation, Inc. Investment Performance

## As of June 30, 2023

ASSET CLASS	Inception Date	Market Value (\$)	Quarter To Date (%)	Cumulative Trailing 1 Year (%)	Annualized Trailing 3 Year (%)	Annualized Trailing 5 Year (%)	Annualized Since Inception (%)
<b>SHORT TERM INVESTMENTS</b>							
Treasury Money Market	10/18/18	\$2.7	1.2%	3.7%	1.3%	NA <sup>1</sup>	NA <sup>1</sup>
Fixed Income - Domestic (180 days +)	10/21/13	\$0.7	0.1%	1.7%	-0.9%	1.7%	2.4%
<b>VANGUARD Portfolio Return</b>							
<b>INTERMEDIATE TERM INVESTMENTS (Truist Investment Services)</b>							
Fixed Income - Domestic	11/01/13	\$1.3	-0.8%	-0.6%	-3.5%	0.8%	1.4%
Fixed Income - Foreign							
Equity - Domestic	11/01/13	\$1.8	7.5%	16.5%	11.9%	10.4%	9.9%
Equity - Foreign	11/01/13	\$0.7	3.3%	20.5%	9.8%	6.5%	0.0%
<b>TRUIST Portfolio Return (net of fees)</b>			<b>3.6%</b>	<b>10.0%</b>	<b>5.7%</b>	<b>5.6%</b>	<b>5.9%</b>
<b>LONG TERM INVESTMENTS (USF Foundation Endowment Pool)</b>							
Fixed Income - Domestic	06/30/95	\$7.4	1.0%	3.8%	1.4%	3.1%	5.6%
Fixed Income - Foreign							
Equity - Domestic	09/30/95	\$10.6	7.6%	18.1%	12.1%	10.2%	10.6%
Equity - Foreign	06/30/95	\$8.9	4.3%	15.4%	7.0%	5.0%	6.7%
Real Assets	03/31/97	\$3.7	-1.4%	-3.7%	8.5%	6.4%	4.7%
Alternative Investments	12/31/98	\$3.0	NA <sup>2</sup>	NA <sup>2</sup>	NA <sup>2</sup>	NA <sup>2</sup>	NA <sup>2</sup>
<b>USF FOUNDATION Portfolio Return</b>			<b>3.6%</b>	<b>9.1%</b>	<b>9.3%</b>	<b>7.9%</b>	<b>9.4%</b>
<b>TOTAL PORTFOLIO / WEIGHTED RETURN</b>		<b>\$40.8</b>	<b>3.4%</b>	<b>8.7%</b>	<b>8.3%</b>	<b>7.0%</b>	
<b>PORTFOLIO BENCHMARK</b>			<b>4.0%</b>	<b>12.2%</b>	<b>8.4%</b>	<b>6.8%</b>	
<b>VALUE ADD</b>			<b>-0.7%</b>	<b>-3.5%</b>	<b>-0.2%</b>	<b>0.2%</b>	
<sup>1</sup> Investments have not been in existence for periods equal to or exceeding 5 years.							
<sup>2</sup> Endowment Private Equity and Venture Capital Investments do not lend themselves well to interim return calculations.							
<b>PORTFOLIO BENCHMARKS</b>							
Vanguard Benchmark - Bloomberg US 1-5Yr Corporate Bond Index			0.07%	1.72%	0.82%	1.81%	2.49%
iMoneyNet Money: MFR 100% Treasury Funds Avg			1.10%	3.31%	1.13%	1.21%	1.93%
Truist Blended Benchmark			4.58%	12.03%	7.55%	7.33%	7.38%
USF Foundation - Policy Index			4.27%	13.14%	9.30%	7.45%	8.81%

## USF Research Foundation, Inc. Liquidity

<b>CASH and INVESTMENTS at June 30, 2023</b>	\$	45,068,402
<b>Less Restricted Cash</b>		
Debt Service Fund		(725,000)
Fiduciary Funds		(1,954,902)
Custodial Funds		(6,186,111)
<b>Less Financing Commitment New Building, not funded from Operating Income</b>		
FY 24 Building Interest to USFFC		(762,092)
FY 24 Principal Payment (due 01.01.24)		(1,014,264)
Equity Requirement		(4,330,727)
<b>Less Long-term Investment - USF Foundation Endowment Fund</b>		(13,976,332)
<b>Available for Operations</b>	<b>\$</b>	<b>16,118,973</b>
<b>Days Cash on Hand at June 30, 2023</b>		<b>515</b>
FY23 Total Annual Expenses	\$	16,032,096
Less Depreciation & Amortization		(4,599,451)
Annual Operating Expenses	\$	11,432,645

## USF Research Foundation, Inc. Investment Governance

- Administrative Finance Committee is responsible for financial oversight of investment portfolio
- USF Research Foundation defers to the USF Foundation for management of long term investments. The Foundation has retained Wilshire Associates as its investment advisor since 2000
- Assets are managed by investment advisors based on investment policy guidelines
- Research Foundation investment policy is in compliance with University investment policy
- Committee is comprised of 3 members to include 2 internal and 1 external with investment management experience. The Committee was chaired by Richard Sobieray, Chair, USF Senior Vice President, Financial Strategy and Administrative Services and Chief Financial Officer through September 2023. Current members include Dr. Sylvia Thomas, Interim Vice President for Research & Innovation; President and Chief Executive Officer, USF Research Foundation, Mr. Harry D. Venezia, Jr., Managing Director, HealthCare Capital Advisors, and the Committee will be chaired by Jennifer Condon, Vice President and Deputy CFO, University of South Florida.

## USF Research Foundation, Inc. Investment Portfolio Objectives

- Long Term Investments (USF Foundation Endowment Investment Pool)
  - Investment of assets consistent with long term investment objectives of Foundation
  - Investment agreement provides for auto-reinvestment of dividends and administrative fee differential on operating investment fund
  - Withdrawals limited to one per calendar year; minimum of 60 days notification
  
- Intermediate Investments (Truist)
  - Funding source for creditor required equity commitment towards cost of interior buildout/tenant improvements of 3814 Spectrum Research Park Laboratory & Office building
  - Asset allocation to reflect less risk tolerance than long term investments
  - Investment growth
  - Immediate accessibility to reserve funds with no restriction on frequency of withdrawals
  
- Short Term Investments (Vanguard)
  - Investment of excess operating funds and custodial cash while maintaining liquidity

**Agenda Item: IVb**

**USF Board of Trustees**  
Finance Committee  
November 16, 2023

**Issue:** Fiscal Year 2023 Financial Statement Highlights

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**Proposed action:** Informational

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**Executive Summary:**

Jennifer Condon, Vice President, Acting CFO and Controller will provide highlights of the Fiscal Year 2023 draft Financial Statements.

The presentation will include highlights for fiscal year 2023 as well as a discussion of fiscal year 2023 versus 2022 variances exceeding \$10 million and 10% and variances greater than \$20 million, regardless of percentage.

Financial Statements provided as supporting documentation include:

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

**Financial Impact:**

N/A

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

**BOT Committee Review Date:**

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

**Prepared by:** Jennifer Condon, Vice President, Acting CFO and Controller

# Fiscal Year 2022-2023 Financial Statement Highlights

Board of Trustees Finance Committee Meeting

Jennifer Condon November 16, 2023



## Net Operating Results improved \$53M to \$35M

### Primary Drivers

#### ➤ Increases

- \$90M State Appropriations
- \$78M Net Investment Income
- \$52M Grants and Contracts

### Offset by

#### ➤ Increases

- \$108M Compensation & Employee Benefits
- \$51M Services & Supplies

## Unrestricted Net Position improved \$28M

## Pension & Other Post Employment Benefits

Net Operating Results (in millions)	2021	2022	2023*
Unadjusted Net Operating Results	(\$41.0)	(\$18.0)	\$34.9
Pension, OPEB and Related Deferrals	81.3	(14.8)	(5.6)
Adjusted Net Operating Results	\$40.3	(\$32.8)	\$29.3

Unrestricted Net Position (in millions)	2021	2022	2023*
Unadjusted Unrestricted Net Position	(\$381.4)	(\$330.4)	(\$302.8)
Pension, OPEB and Related Deferrals	869.1	854.2	848.8
Adjusted Unrestricted Net Position	\$487.7	\$523.8	\$546.0

\* Fiscal year 2023 figures are unaudited.

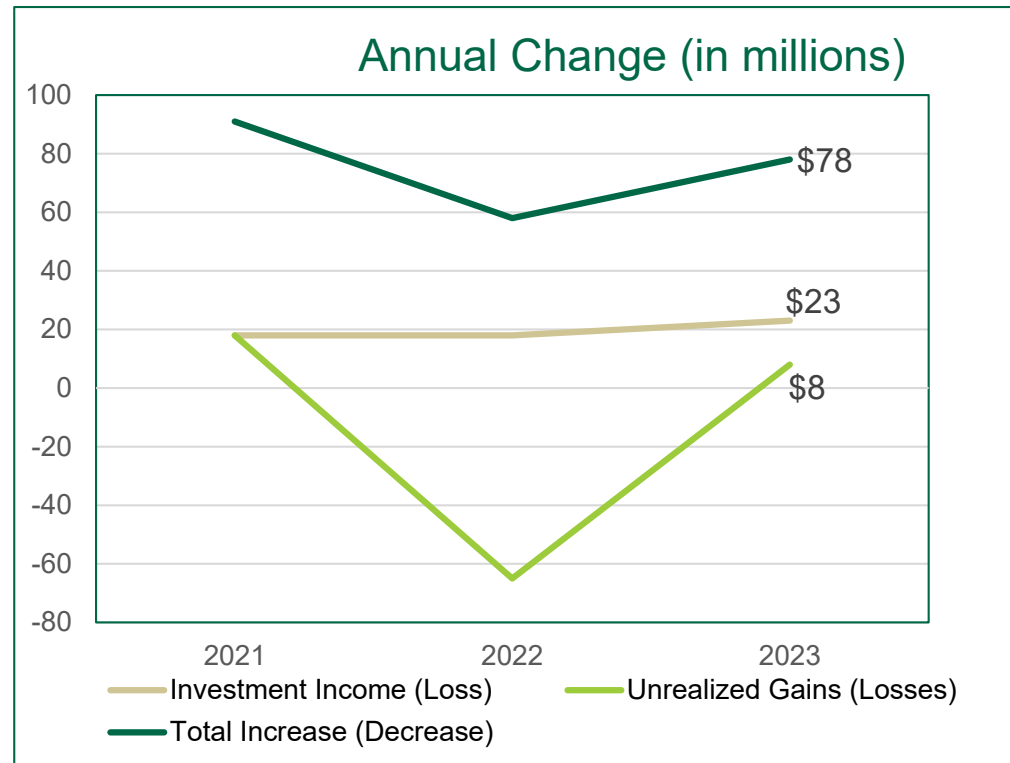


# Cash/Investments balance totals \$987.4M

- \$73.7M ↑ unrealized gains
- \$4.5M ↑ investment income
- Operational Restrictions
  - 37% State Appropriations, Fees
  - 24% Auxiliary
  - 24% Agency, Contract & Grant, Aid, Loan, DSO
  - 9% Construction, Payroll Holding
  - 6% Other

226  
Days Cash  
on Hand

3  
Years  
Positive



## Capital Asset Activity → Significant Variances

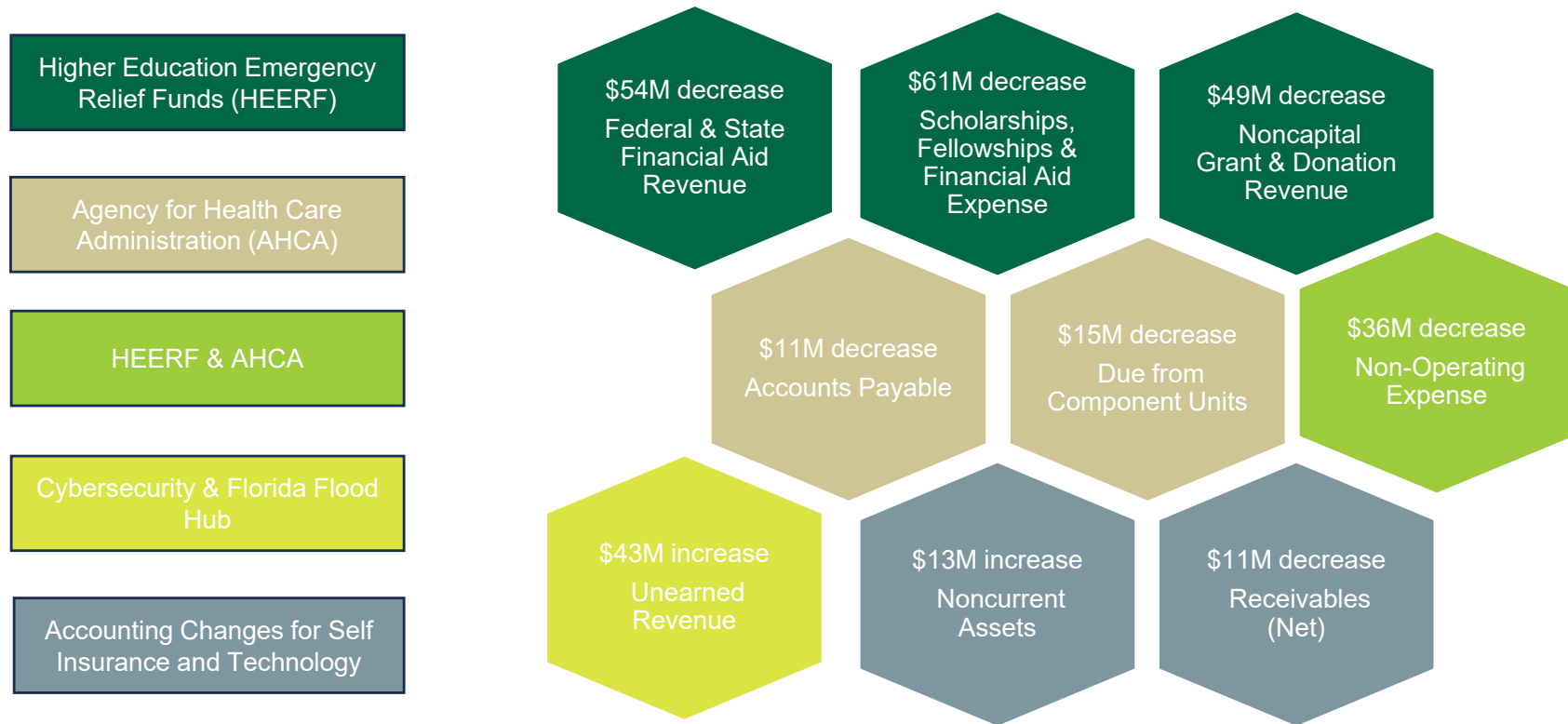
### Balance Sheet Increases

- Assets
  - \$94M Due from State
  - \$20M Nondepreciable Capital Assets
- Net Position
  - \$60M Invested in Capital Assets
  - \$114M Restricted for Expendable Capital Projects

### Income Statement Increases

- \$100M Capital Appropriations
  
- \$18M Capital Grants, Contracts Donations and Fees

# Remaining Significant Variances



# Questions?



**UNIVERSITY OF SOUTH FLORIDA**  
**A Component Unit of the State of Florida**  
**Statement of Net Position**  
 in thousands  
**2023 UNAUDITED**

	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2023 Increase (Decrease)	Percent
<b>ASSETS</b>					
<b>CURRENT ASSETS:</b>					
Cash and Cash Equivalents	\$70,218	\$92,733	\$77,605	(\$15,127)	-16%
Investments	675,809	697,487	785,032	87,545	13%
Receivable, Net	109,807	98,853	87,808	(11,045)	-11%
Loans, Leases and Notes Receivable, Net	1,937	1,379	523	(856)	-62%
Due From State	31,841	28,983	122,803	93,819	324%
Due From Component Units	26,254	30,755	15,463	(15,292)	-50%
Other Assets	891	340	330	(10)	-3%
<b>Total Current Assets</b>	<b>950,529</b>	<b>950,529</b>	<b>1,089,564</b>	<b>139,035</b>	<b>15%</b>
<b>NON-CURRENT ASSETS:</b>					
Restricted Cash and Cash Equivalents	145	1,498	2,559	1,061	71%
Restricted Investments	77,651	90,173	122,236	32,062	36%
Loans, Leases and Notes Receivable, Net	1,396	7,115	7,500	385	5%
Other Non Current Assets	8,803	3,388	16,320	12,932	382%
Depreciable Capital Assets, Net	1,237,079	1,181,372	1,199,712	18,340	2%
Nondepreciable Capital Assets	49,326	106,062	126,423	20,361	19%
Right to Use Leases, Net	0	29,137	36,249	7,112	24%
<b>Total Noncurrent Assets</b>	<b>1,418,745</b>	<b>1,418,745</b>	<b>1,510,998</b>	<b>92,254</b>	<b>7%</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension Resources	158,339	108,308	134,807	26,499	24%
Other Post Employment Benefits	182,739	168,609	136,031	(32,578)	-19%
<b>Total Deferred Outflows of Resources</b>	<b>276,917</b>	<b>276,917</b>	<b>270,838</b>	<b>(6,079)</b>	<b>-2%</b>
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$2,646,190</b>	<b>\$2,646,190</b>	<b>\$2,871,400</b>	<b>\$225,210</b>	<b>9%</b>
<b>LIABILITIES</b>					
<b>Current Liabilities:</b>					
Accounts Payable	\$21,010	\$39,828	\$28,648	(11,180)	-28%
Construction Contracts Payable	1,438	8,709	7,757	(952)	-11%
Accrued Salaries and Wages	46,184	46,841	38,646	(8,195)	-17%
Deposits Payable	5,930	5,929	6,368	439	7%
Due to Component Units	0	5,563	1,982	(3,582)	-64%
Unearned Revenues	38,147	40,277	83,603	43,325	108%
CIP Debt Payable	2,703	2,768	1,938	(830)	-30%
Revenue Received in Advance	800	0	0	-	N/A
Installment Purchase Notes Payable	171	12,316	12,589	274	2%
Capital Leases	11,573	0	0	-	N/A
Right to Use Leases Payable (including SBITA)	0	4,795	8,931	4,136	86%
Accrued Self-Insurance Claims	1,203	1,368	1,043	(325)	-24%
Compensated Absences Liability	9,068	11,372	13,384	2,012	18%
Post Employment Health Care Benefits Payable	8,492	9,584	9,905	321	3%
Pension Liability	999	474	75	(399)	-84%
Other Current Liabilities	25	26	231	205	778%
<b>Total Current Liabilities</b>	<b>147,743</b>	<b>189,852</b>	<b>215,101</b>	<b>25,249</b>	<b>17%</b>
<b>Noncurrent Liabilities</b>					
Capital Improvement Debt Payable	6,979	4,210	2,272	(1,938)	-46%
Installment Purchase Notes Payable	351	219,557	233,906	14,349	7%
Capital Leases	221,634	0	0	-	N/A
Right to Use Leases Payable (including SBITA)	0	24,345	25,315	970	4%
Accrued Self-Insurance Claims	30,992	30,601	21,904	(8,097)	-28%
Compensated Absences Liability	91,650	92,214	96,370	4,156	5%
Federal Advance Payable	1,478	1,013	0	(1,013)	-100%
Revenue Received in Advance	18,467	0	0	-	N/A
Post Employment Health Care Benefits Payable	514,887	538,182	383,939	(154,243)	-29%
Pension Liability	443,634	148,508	380,223	231,715	156%
Other Noncurrent Liabilities	4,635	4,609	5,267	658	14%
<b>Total Noncurrent Liabilities</b>	<b>1,334,705</b>	<b>1,063,239</b>	<b>1,149,196</b>	<b>85,957</b>	<b>8%</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Service Concession Arrangement Receipts	111,377	108,811	106,247	(2,565)	-2%
Pension Resources	12,927	226,502	24,357	(202,145)	-89%
Other Post Employment Benefits	229,257	207,939	321,035	113,096	54%
Leases	0	24,270	23,345	(925)	-4%
<b>Total Deferred Inflows of Resources</b>	<b>353,561</b>	<b>567,523</b>	<b>474,984</b>	<b>(92,538)</b>	<b>-16%</b>
<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS OF RESOURCES</b>	<b>\$1,836,010</b>	<b>\$1,820,614</b>	<b>\$1,839,281</b>	<b>\$18,667</b>	<b>1%</b>
<b>NET POSITION:</b>					
Invested in Capital Assets, Net of Related Debt	929,676	923,683	983,831	60,148	7%
<b>Restricted for Expendable:</b>					
Debt Service	1,810	1,687	1,640	(47)	-3%
Loans	6,171	5,445	4,780	(665)	-12%
Capital Projects	32,133	26,276	140,166	113,890	433%
Other	207,841	198,925	204,493	5,569	3%
Unrestricted	(381,406)	(330,439)	(302,790)	27,648	-8%
<b>Total Net Position</b>	<b>796,225</b>	<b>825,576</b>	<b>1,032,119</b>	<b>206,543</b>	<b>25%</b>
<b>Total Liabilities and Net Position</b>	<b>\$2,632,235</b>	<b>\$2,646,190</b>	<b>\$2,871,400</b>	<b>\$225,210</b>	<b>9%</b>

**University of South Florida**  
**A Component Unit of the State of Florida**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
in thousands  
**2023 UNAUDITED**

	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2023 Increase (Decrease)	Percent
<b>Operating Revenues</b>					
Student Tuition & Fees	416,277	426,898	444,897	\$17,999	4%
Less: Tuition Scholarship Allowances	(155,687)	(145,928)	(167,369)	(21,441)	15%
Net Student Tuition & Fees	260,590	280,970	277,528	(3,442)	-1%
Federal Grants & Contracts	193,787	210,419	251,359	40,940	19%
State & Local Grants & Contracts	28,166	32,525	39,167	6,642	20%
Nongovernmental Grants & Contract	201,596	210,662	215,080	4,418	2%
Sales & Services of Auxiliary Enterprises	102,990	149,484	161,322	11,838	8%
Interest on Loans Receivable	121	119	106	(13)	-11%
Other Operating Revenue	8,114	9,979	9,306	(672)	-7%
<b>TOTAL OPERATING REVENUES</b>	<b>795,363</b>	<b>894,157</b>	<b>953,867</b>	<b>59,710</b>	<b>7%</b>
<b>Operating Expenses</b>					
Compensation & Employee Benefits	1,036,470	952,929	1,061,239	108,311	11%
Services & Supplies	243,232	304,246	355,279	51,033	17%
Utilities and Communications	23,347	26,448	31,752	5,304	20%
Scholarships, Fellowships and Waivers	139,024	162,870	101,765	(61,105)	-38%
Depreciation Expense	78,285	86,032	89,962	3,930	5%
Self Insurance Claims & Expenses	3,714	1,064	(637)	(1,701)	-160%
<b>TOTAL OPERATING EXPENSES</b>	<b>1,524,073</b>	<b>1,533,588</b>	<b>1,639,359</b>	<b>105,771</b>	<b>7%</b>
<b>Total Operating Income (Loss)</b>	<b>(728,710)</b>	<b>(639,431)</b>	<b>(685,492)</b>	<b>(46,062)</b>	<b>7%</b>
<b>NonOperating Revenues (Expenses)</b>					
State Appropriations	437,246	437,920	527,578	89,658	20%
Federal and State Student Financial Aid	182,340	207,653	153,985	(53,667)	-26%
Noncapital Grants and Donations	68,565	86,694	37,930	(48,764)	-56%
Investment Income	18,066	17,703	22,237	4,534	26%
Unrealized Gains & Losses	18,249	(64,701)	9,021	73,723	-114%
Net Investment Income	36,314	(46,999)	31,258	78,256	-167%
Other Non-Operating Revenues	2,602	4,780	3,668	(1,112)	-23%
Gain/Loss on Disposal of Capital Assets	(794)	(400)	(1,393)	(993)	248%
Interest on Asset-Related Debt	(11,569)	(11,962)	(12,096)	(134)	1%
Other Non-Operating Expenses	(26,949)	(56,237)	(20,537)	35,700	-63%
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>687,755</b>	<b>621,449</b>	<b>720,392</b>	<b>98,943</b>	<b>16%</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>(40,955)</b>	<b>(17,982)</b>	<b>34,899</b>	<b>52,881</b>	<b>-294%</b>
<b>Contributions and Transfers</b>					
Capital Appropriations	7,330	14,751	115,107	100,355	680%
Capital Grants, Contracts, Donations and Fees	10,245	32,581	50,833	18,252	56%
<b>Change in Net Position</b>	<b>(23,380)</b>	<b>29,351</b>	<b>200,839</b>	<b>171,488</b>	<b>584%</b>
<b>Total Net Position - Beginning</b>	<b>819,606</b>	<b>796,226</b>	<b>825,577</b>	<b>29,351</b>	<b>4%</b>
<b>Adjustments to Beginning Net Position</b>	<b>0</b>	<b>0</b>	<b>5,703</b>	<b>5,703</b>	<b>N/A</b>
<b>Total Net Position - Ending</b>	<b>796,226</b>	<b>825,577</b>	<b>1,032,119</b>	<b>206,542</b>	<b>25%</b>

**Agenda Item: IVc**

**USF Board of Trustees**  
Finance Committee  
November 16, 2023

**Issue:** USF Student Housing Update

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**Proposed action:** Information Item

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**Executive Summary:**

In March 2023, the USF Board of Trustees approved a five-year strategic housing rate increase for all three campuses with a commitment that we would return annually to report on impact, including occupancy and facility reinvestment. This strategic rate plan supports the USF Housing & Residential Education path of growth, reinvestment, and stewardship resulting in increased student demand for on-campus housing and reliable coverage of our bond covenants and debt service.

We are returning, as promised, with an update (Year 2 of 5) to validate the early Board decision.

**Financial Impact:**

Housing operation is an Auxiliary funded by student rental revenues and Housing & Residential Education capital reserves.

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**Strategic Goal(s) Item Supports:** Goal 5: A strong, sustainable, and adaptable financial base: To practice continuous visionary planning and sound stewardship throughout USF to ensure a strong and sustainable financial base and adapt proactively to emerging opportunities in a dynamic environment.

**BOT Committee Review Date:** Finance Committee, November 16, 2023

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

**Prepared by:** Ana Hernandez, Associate Vice President, Housing & Residential Education



# USF Housing & Residential Education

USF Board of Trustee Finance Committee  
November 16, 2023



# Strategic Plan Alignment

In March 2023, the Board of Trustees approved a 5-year strategic housing rate plan for 4.5% annual increases. We are returning as promised to validate your earlier decision to support an annual 4.5% increase.

## Goal One:

### ***Student Success at USF and beyond***

The on-campus residential experience provides:

- *High-impact educational experiences*
- *Enhances support for student engagement, co-curricular activities and well-being at USF*
- *Positively contributes to recruitment, retention, and graduation rates.*

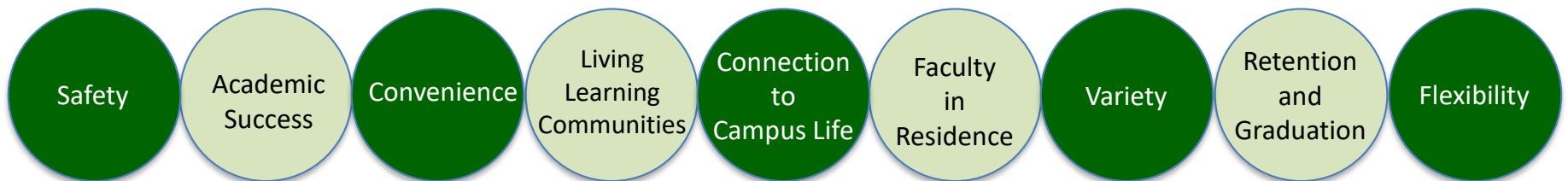
## Goal Five:

### ***A strong, sustainable, and adaptable financial base***

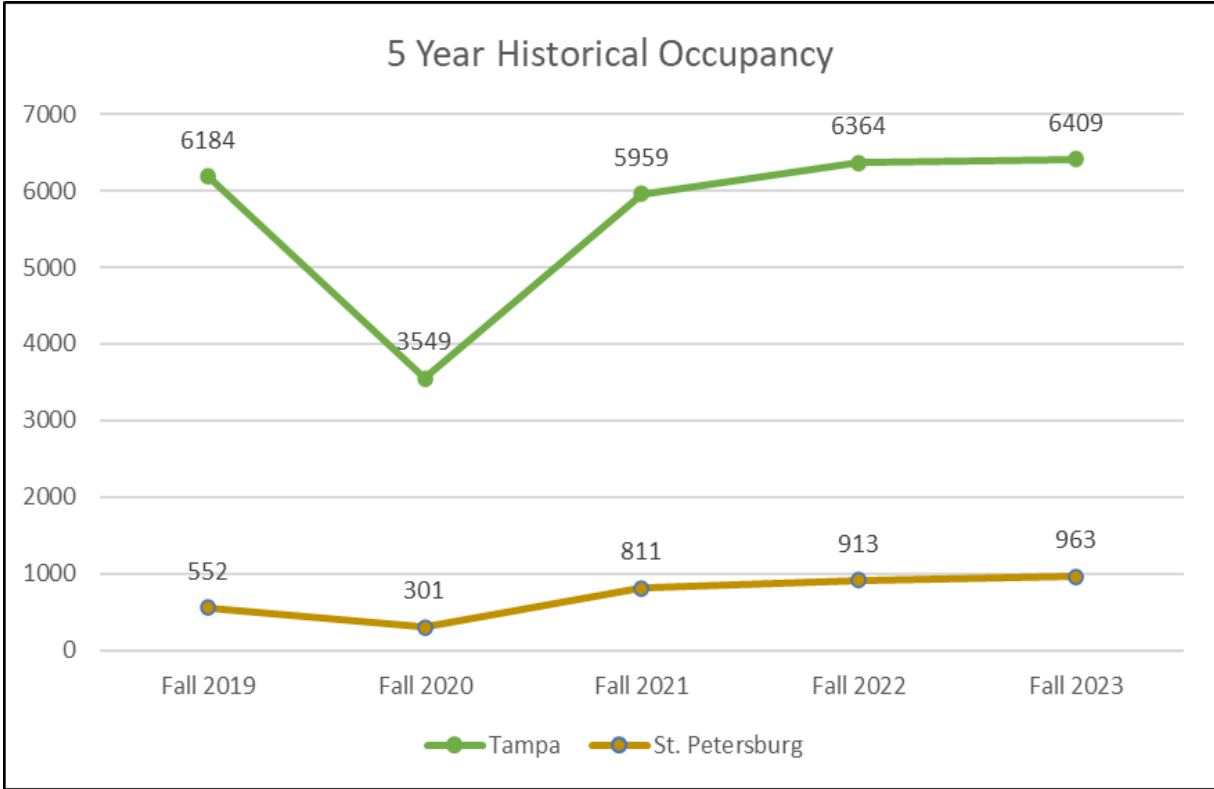
The approved strategic housing rate plan supports the objective to:

*Design a strategic, transparent, and predictable budget model.*

## Value of Living On-campus – More than just a bed



# Strong Demand Continues to Grow



Year	Tampa	St. Petersburg
Fall 2023	99%	102%*
Fall 2022	97%	96%
Fall 2021	88%	86%
Fall 2020	54%	34%**
Fall 2019	97%	102%*



\* Converted double occupancy to triple occupancy to accommodate additional demand.  
 \*\* COVID-19 impact as well as increased capacity for Osprey Hall coming online.

## Competitive with SUS Peers & Local Markets

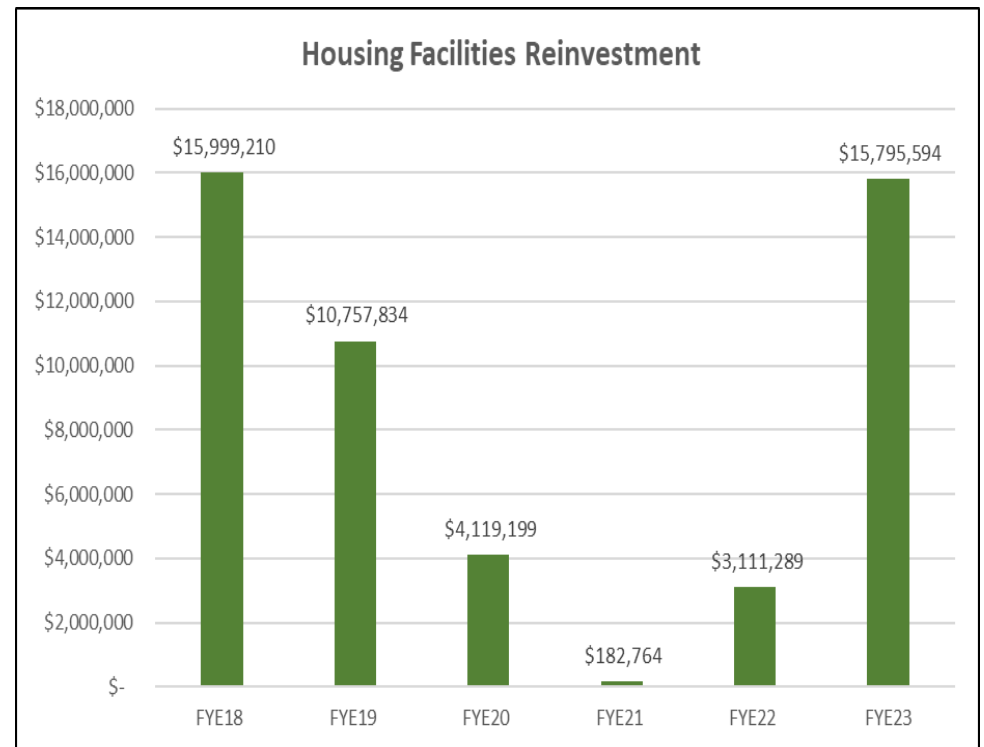
Approved SUS Rate Increases	Fall 2023	Fall 2024	Fall 2025	Fall 2026	Fall 2027
FAMU	0	...	...	...	...
FAU (Pending)	0	TBD	...	...	...
FGCU	0	5%	5%	5%	5%
FIU (Pending)	0	TBD	...	...	...
FPU	9%	4.5%	4.5%	3%	3%
FSU	4.5%	4.5%	4.5%	4.5%	4.5%
NCF	0%	0%	TBD	TBD	TBD
UCF	4.5%	4%	4%	4%	4%
UF	4.5%	4.5%	4.5%	...	...
UNF	4.25%	4.25%	4.25%	...	...
<b>USF</b>	<b>4.5%</b>	<b>4.5%</b>	<b>4.5%</b>	<b>4.5%</b>	<b>4.5%</b>
UWF	4%	4%	4%	4%	4%

USF rate increase aligned with similar multi-year rate increases approved by respective Boards of Trustees throughout SUS.

Fall 2023 to Fall 2024 off-campus housing rates increased 11.6% compared to USF approved 4.5% increase.

# USF Housing Facilities Reinvestment

- **49%** of total gross square feet is between **21 and 62 years old**. (Argos, Beta, Castor, Kosove, Holly & Magnolia.)
- The newest USF-owned residential building on the Tampa campus is 14 years old Juniper-Poplar Hall. (Excludes P3 Village). The newest building at St. Petersburg is Osprey Hall which is 3 years old.
- USF Tampa Housing & Residential Education has invested **\$50 million** in facilities infrastructure and upgrades in support of the 2017-2026 Deferred Maintenance Program.
- Advancing the redevelopment plan for the Argos community (Beta, Castor, Kosove), the original residential buildings from the 1960s, located between Marshall Student Center and the new football stadium.
- A strategic facilities reinvestment plan (2024 – 2034) is being developed for St. Petersburg Housing facilities. Facilities Condition Audit completed Fall 2023.



# Historical Performance & Impact

	2021-2022	2022-2023	2023-2024 Projected
<b>Operations</b>	<ul style="list-style-type: none"> <li>Implemented recovery plan</li> <li>Restructured service model</li> <li>Reactivated facilities projects</li> <li>Filled vacant positions to near pre-COVID levels</li> </ul>	<ul style="list-style-type: none"> <li>Unprecedented cost escalations</li> <li>Supply chain challenges</li> <li>Recruitment and retention efforts in response to changing labor market and campus comparisons</li> </ul>	<ul style="list-style-type: none"> <li>Continue to experience an inflationary environment</li> <li>Focused efforts on facilities reinvestment plan</li> <li>Continue to respond to labor market and campus initiatives on human capital</li> </ul>
<b>DSC Ratio</b>	<p><b>Tampa:</b> 2.55 Final DSC Ratio 1.90 DSC w/o one-time Federal funding</p> <p><b>St. Pete:</b> 1.86 Final DSC Ratio 1.66 DSC w/o one-time Federal funding</p>	<p><b>Tampa:</b> 1.65 Final DSC Ratio</p> <p><b>St. Pete:</b> 1.59 Final DSC Ratio</p>	<p><b>Tampa:</b> 1.50 Projected DSC Ratio</p> <p><b>St. Pete:</b> 1.49 Projected DSC Ratio</p> <p><b>Sarasota-Manatee:</b> TBD</p>

All Housing facility improvements are funded from revenue generated by student rent (No E&G, Carry forward, or bonds)

Annual contributions made to USF Housing reserves including a reserve in Tampa to partially fund the Argos Redevelopment Project from net income surplus  
Fall 2024 is Year 2 of the 5-Year Plan

Rates continue to be 100% covered by Florida Prepaid Dorm Plan.

2024-2025 OneUSF Median Housing Rate = \$8,670/academic year

2024-2025 OneUSF Weighted Average Rate = \$8,839/academic year

## USF Housing Facility Reinvestment - Completed

PROJECTS FOR FY 2023 - TAMPA
Cypress C & D Apartment Renovations
Holly Apartment Flat Roof Upgrade
Holly A, B, C, & F Flooring Upgrade
Holly Environmental Controls
Holly HVAC Sensors
Juniper-Poplar Chiller Replacement Phase 1
Magnolia Outside Air
Maple Suites Flat Roof Upgrade
Maple Fire Alarm Upgrade
IT Infrastructure System Upgrade - North
Elevator Safety Upgrade
Kosove & Beta Mattress Replacement
Card Access Control System Assessment

PROJECTS FOR FY 2023 – ST. PETERSBURG
Pelican HVAC Deep Cleaning
Pelican Exterior Pressure Washing
Pelican Elevator Remodel
Pelican Corridor Painting
Ibis Exterior Pressure Washing
Ibis USC Camera Installation
Ibis IT Infrastructure Upgrade

## USF Housing Facility Reinvestment Priorities

PROJECTS FOR FY 2024 - TAMPA
Juniper-Poplar Chiller Replacement Phase 2
Castor ERV
Cypress A & B Bathroom Renovation
Cypress A, B, C, & D Exterior Sealing
Holly Attic Insulation
Cypress & Holly HVAC Deep Cleaning
Maple A & B Bathroom Upgrade
Housing Card Access System Upgrade
Flooring Upgrades
Mattress Upgrades
Interior Painting
Argos Redevelopment Project

PROJECTS FOR FY 2024 – ST. PETERSBURG*
Pelican Shower Pan Replacement
Pelican Hot Water Recirculation Pump
Pelican Interior Painting
Ibis Window Blinds Upgrade

\* Facilities Condition Assessment completed in September 2023. A comprehensive 10-year plan is being developed.

## 2024-2025 USF Housing Rates

Campus	USF Room Type	Bed Count	2023-2024 Annual Rate	% Increase	\$ Increase	2024-2025 Annual Rate
STP	USF Triple (PEL)	42	\$5,844	4.50%	\$263	\$6,107
STP	USF Suite Triple (IBIS)	99	\$5,844	4.50%	\$263	\$6,107
TPA	USF Traditional Triple	12	\$6,140	4.50%	\$276	\$6,416
TPA	USF Traditional Double	650	\$6,140	4.50%	\$276	\$6,416
TPA	USF Suite Double	1452	\$7,800	4.51%	\$352	\$8,152
TPA	USF Traditional Single	10	\$8,080	4.50%	\$368	\$8,448
TPA	USF Apartment Double	196	\$8,296	4.53%	\$374	\$8,670
STP	USF Suite Double (IBIS)	124	\$9,010	4.50%	\$405	\$9,415
STP	USF Suite Double - 4 person (OSP)	240	\$9,010	4.50%	\$405	\$9,415
TPA	USF Apartment Single – 4 person	1471	\$9,296	4.48%	\$418	\$9,714
STP	USF Suite Single - 3 person (OSP)	15	\$9,342	4.50%	\$420	\$9,762
STP	USF Suite Single - 4 person (OSP)	120	\$9,342	4.50%	\$420	\$9,762
STP	USF Apartment Single - 4 person (PEL)	307	\$9,342	4.50%	\$420	\$9,762
TPA	<i>P3 End Suite Double w/private bath</i>	38	\$9,380	4.50%	\$422	\$9,802
TPA	USF Suite Corner Double	80	\$9,920	4.52%	\$448	\$10,368
TPA	<i>P3 Suite Double w/private bath</i>	852	\$9,930	4.49%	\$444	\$10,376
SAR	USF Suite Double	120	-	-	-	\$10,376
TPA	USF Apartment Single – 2 person	48	\$10,296	4.51%	\$464	\$10,760
TPA	<i>P3 Traditional Single</i>	23	\$11,030	4.50%	\$496	\$11,526
SAR	USF Apartment Single – 4 person	40	-	-	-	\$12,040
TPA	<i>P3 Suite Single w/private bath</i>	25	\$12,260	4.50%	\$552	\$12,812
SAR	USF Apartment Single – 2 person	20	-	-	-	\$13,184
SAR	USF Suite Super Single	10	-	-	-	\$14,008



**Agenda Item: IVd**

**USF Board of Trustees  
Finance Committee  
November 16, 2023**

**Issue:** Direct Support Organization (DSO) Financial Updates

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**Proposed action:** Information

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**Executive Summary:**

The FY 2024 DSO Annual Financial Plans were presented in May 2023.

Based on the information provided, the BOT Finance Committee is monitoring two DSOs more closely.

The University Medical Services Association (UMSA) and Institute for Applied Engineering (IAE) will review their financial performance for the first quarter of FY24.

**Financial Impact:**

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

**BOT Committee Review Date:** November 16, 2023

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

**Prepared by:** Steve Omli, USF Health CFO  
Scott Dalziel, IAE CFO

# UMSA Update

**BOT Finance Committee**

Steve Omlí

November 16, 2023



# Agenda

- Improved Q1 Forecast Estimate
- Update on Major Action Items
  - Qagenda
  - TGH Contracts
  - USF – TGH Funds Flow Initiative

**Forecast Summary - FY24 Q1**

**UMSA**

	Q1 YTD Actual (000)				Q1 Annual Forecast and Budget (000)				
September 2023 YTD	Q1 ACT YTD	Q1 BUD YTD	Variance	%	Actual Plus Budget Forecast	Actual Plus Trend Forecast	Predicted Forecast	FY24 Annual Budget	Variance
<b>REVENUES</b>									
Patient Service Revenue	49,734	50,904	(1,169)		224,701	220,719	221,233	225,870	(4,637)
UPL Revenue	8,063	8,115	(52)		32,515	32,558	32,501	32,501	0
Grants, Contracts, and Awards Revenue	30,232	31,910	(1,678)		128,702	123,524	123,861	130,380	(6,519)
Other Operating Revenue	9,910	9,083	826		37,058	34,548	37,414	37,851	(437)
<b>Total Revenue</b>	<b>97,940</b>	<b>100,012</b>	<b>(2,073)</b>	<b>-2%</b>	<b>422,977</b>	<b>411,349</b>	<b>415,010</b>	<b>426,603</b>	<b>(11,593)</b>
<b>EXPENSES</b>									
Faculty Support	57,116	59,076	1,960		246,331	240,052	243,325	248,291	4,966
House Staff Support	4,580	4,138	(442)		17,013	18,342	17,234	16,571	(663)
Other Staff Support	7,140	8,246	1,106		30,666	27,511	29,548	31,773	2,224
USFTGP Staff Support	17,192	18,679	1,487		74,378	69,825	73,209	75,864	2,655
USFTGP Other Expenses	879	307	(572)		1,800	3,518	1,215	1,228	12
Depreciation	1,837	1,493	(344)		6,257	7,276	6,208	5,912	(296)
Other Operating Expenses	9,664	11,433	1,769		43,553	37,849	42,469	45,470	3,001
<b>Total Expenses</b>	<b>98,408</b>	<b>103,371</b>	<b>4,963</b>	<b>5%</b>	<b>419,998</b>	<b>404,373</b>	<b>413,209</b>	<b>425,109</b>	<b>11,900</b>
<b>Operating Profit Before Non-Cash Changes</b>	<b>(468)</b>	<b>(3,359)</b>	<b>2,891</b>		<b>2,979</b>	<b>6,976</b>	<b>1,801</b>	<b>1,494</b>	<b>307</b>
Investment Income, Net	(307)	0	(307)		(307)	(307)	0	0	0
Less Other Nonoperating expense	3,224	2,186	(1,039)		9,782	8,743	8,743	8,743	0
Interest and Gain (Loss) on disposal of capit	556	0	(556)		0	0	0	0	0
<b>Total Non-Cash Changes</b>	<b>(4,087)</b>	<b>(2,186)</b>	<b>(1,902)</b>		<b>(10,089)</b>	<b>(9,050)</b>	<b>(8,743)</b>	<b>(8,743)</b>	<b>0</b>
<b>NET OPERATING PROFIT</b>	<b>(4,556)</b>	<b>(5,545)</b>	<b>989</b>		<b>(7,110)</b>	<b>(2,074)</b>	<b>(6,942)</b>	<b>(7,249)</b>	<b>307</b>



## USF Institute of Applied Engineering, Inc.

FY 2024 Annual Financial Plan Update

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### FINANCIAL PLAN STATEMENT

#### **State the DSO's Statutory Mission that Supports the Goals of the University**

- USF IAE provides best value engineering products and services to enhance the performance, effectiveness and safety of its Department of Defense and other national security customers. By focusing on applied research and advanced tech development, IAE expands USF's research portfolio while providing increased opportunities to faculty and students.

#### **Describe Key Initiatives to Meet Expectations for Sustained Positive Operating Performance, Strong Cash Flow, and Maintenance of Unrestricted Liquidity (90 days Cash on Hand)**

- IAE is in year four of its \$85M USSOCOM task order contract and entered into a 5 year \$10M task order based contract supporting USCENTCOM & the USAF 6th Air Refueling Wing. Existing and new task orders, along with contracts with USAF, SOFWERX, and others are projected to generate \$13M in FY24.
- The IAE has initiated performance improvement projects focused on increasing automation of workflows, quality of data management, and compliance with contractual requirements scheduled to come online in the 1st quarter. This includes implementation of an Enterprise Resource Management system to streamline workflow efficiency and quality.
- Throughout FY24, the IAE will be realigning indirect costs across the portfolio of contracts, increasing business process efficiencies, and targeting strategic business development opportunities to diversify and grow the portfolio.

#### **Describe Management's Actions to Mitigate Operating Risks in the Current Challenging Business Environment**

- Timing of initiation of new contracts is a primary operational risk. In effort to mitigate this risk, the IAE is in the process of hiring a Business Development Director to lead strategic expansion of our services, further expand the pipeline of opportunities, & drive execution of projects in the pipeline.
- The IAE has recently restructured to align the team to deliver optimal results in FY24. The IAE is refining roles and procedures to maximize utilization rates for Project Management & Engineering staffing.

#### **List Major Long-Term Strategies That Will Drive Upside Financial Performance for 5 Years: FY 2024 - FY 2028**

- IAE has designed and ready to start construction for a 8000 sq ft research facility. The facility includes the Rapid Experimentation Laboratory, establishing IAE as a premiere Internet-of-Things applied research provider to DoD and other sponsors. The REL is scheduled to open summer 2023 opening up new business opportunities with customers within USSOCOM, USCENTCOM, & 6ARW who are awaiting it's opening.
- USCENTCOM has recently submitted an endorsement requesting a University Affiliated Research Center (UARC) be designated in support of their requirements which the IAE is uniquely positioned to support on behalf of the State of Florida. Designation as a UARC will provide the IAE with a baseline of R&D funding resources and expansion of contracting capabilities throuout the DoD.



**USF Institute of Applied Engineering, Inc**  
FY 2024 ACTUAL to BUDGET - SEPT 30, 2023

**INCOME STATEMENT**

(In thousands)

	Q1 FY 2024 YTD 9/30/2023	FY 2024 FINANCIAL PLAN Q2-Q4	FY2024 ACTUAL to BUDGET	FY2024 FINANCIAL PLAN	Variance	
					\$	%
<b><u>REVENUES</u></b>						
Contracts Revenues	2,655	9,507	12,162	12,675	(514)	(4)%
Hillsborough County Grant	12	0	12	0	12	#DIV/0!
Other Revenues	0	875	875	875	0	0 %
<b>Total Revenues</b>	<b>2,667</b>	<b>10,382</b>	<b>13,048</b>	<b>13,550</b>	<b>(502)</b>	<b>(4)%</b>
<b><u>EXPENSES</u></b>						
<b><u>Direct Project Expenses</u></b>						
Salaries & Benefits	840	2,417	3,257	3,195	62	2 %
Subcontractors	630	3,727	4,357	4,969	(612)	(12)%
Other Direct Costs	119	324	443	431	12	3 %
USF Shared Services	44	200	244	267	(23)	(8)%
<b>Total Direct Project Expenses</b>	<b>1,633</b>	<b>6,668</b>	<b>8,301</b>	<b>8,862</b>	<b>(561)</b>	<b>(6)%</b>
<b><u>General Administrative Expenses</u></b>						
Salaries & Fringe	768	2,590	3,357	3,358	(1)	(0)%
Sales & Marketing	7	27	33	36	(2)	(7)%
Professional Services	150	79	229	146	83	57 %
Human Resources	8	22	30	29	1	2 %
Facilities	84	403	487	511	(24)	(5)%
Other G&A Expenses	42	244	287	333	(46)	(14)%
<b>Total G&amp;A Expenses</b>	<b>1,059</b>	<b>3,365</b>	<b>4,424</b>	<b>4,412</b>	<b>11</b>	<b>0 %</b>
<b>Total Expenses</b>	<b>2,692</b>	<b>10,033</b>	<b>12,725</b>	<b>13,274</b>	<b>(550)</b>	<b>(4)%</b>
<b>OPERATING PROFIT BEFORE NON-CASH CHANGES</b>	<b>(25)</b>	<b>349</b>	<b>324</b>	<b>276</b>	<b>48</b>	<b>17 %</b>
Depreciation & Amortization	51	293	344	391	(46)	(12)%
<b>Total Non-Cash Changes</b>	<b>(76)</b>	<b>56</b>	<b>(20)</b>	<b>(114)</b>	<b>94</b>	<b>(82)%</b>
<b>NET INCOME</b>	<b>(76)</b>	<b>56</b>	<b>(20)</b>	<b>(114)</b>	<b>94</b>	<b>(82)%</b>
<b>Operating Profit Margin</b>	<b>-1%</b>	<b>3%</b>	<b>2%</b>	<b>2%</b>		<b>(3)%</b>



**USF Institute of Applied Engineering, Inc**  
FY 2023 ACTUAL to BUDGET REPORT - SEPT 30, 2023

**STATEMENT OF CASH FLOWS**

(In thousands)

	Q1 FY 2024 YTD 9/30/2023	FY 2024 FINANCIAL PLAN	Variance		FY 2023 ACTUAL RESULTS	FY 2022 ACTUAL RESULTS	FY 2021 ACTUAL RESULTS
			\$	%			
<b><u>OPERATING ACTIVITIES</u></b>							
Net Income	(76)	(114)	38	(34)%	551	82	409
Less: Adjustments							
Depreciation & Amortization	51	391	(339)	(87)%	206	195	64
Change in Working Capital							
Current Asset Changes	501	441	60	14 %	6	(805)	(1,267)
Current Liability Changes	(300)	(455)	156	(34)%	(329)	2,076	1,766
<b>Total Cash From Operating Activities</b>	176	262	(86)	(33)%	434	1,548	972
<b><u>INVESTING ACTIVITIES</u></b>							
Capital Expenditures	(7)	0	(7)	#DIV/0!	(301)	(408)	(589)
<b>Total Cash From Investing Activities</b>	(7)	(301)	294	(98)%	(301)	(408)	(589)
<b><u>FINANCING ACTIVITIES</u></b>							
Capital Lease Non-Interest Payments	0	0	0	#DIV/0!	(73)	174	0
<b>Total Cash From Financing Activities</b>	0	(73)	73	(100)%	(73)	174	0
<b>CHANGE IN CASH</b>	169	262	(93)	(36)%	61	1,313	383
Cash, Beginning of Year	2,022	1,578	444	28 %	1,961	648	265
<b>Cash, End of Year</b>	2,190	1,840	351	19 %	2,022	1,961	648
<b>Total Cash &amp; Investments</b>	2,190	1,840	351	19 %	2,022	1,961	648
<b>Days Cash on Hand</b>	63	51	12	23 %	54	75	37



**USF Institute of Applied Engineering, Inc**  
 FY 2023 REPORT - SEPT 30, 2023

**BALANCE SHEET**

(In thousands)

	CURRENT YEAR 9/30/2023	PRIOR FISCAL YEAR 6/30/2023	Variance	
			\$	%
<b>ASSETS</b>				
<b><u>Current Assets</u></b>				
Cash and Cash Equivalents	2,186	2,022	164	8 %
Accounts Receivable	1,802	2,273	(471)	(21)%
Prepayments and Other Current Assets	42	71	(29)	(41)%
<b>Total Current Assets</b>	<b>4,029</b>	<b>4,366</b>	<b>(337)</b>	<b>(8)%</b>
<b><u>Noncurrent Assets</u></b>				
Capital Assets:				
Laboratory Equipment and Fixtures, Net	950	989	(39)	(4)%
<b>TOTAL ASSETS</b>	<b>4,980</b>	<b>5,355</b>	<b>(376)</b>	<b>(7)%</b>
<b>LIABILITIES</b>				
<b><u>Current Liabilities</u></b>				
Accounts Payable	3,622	3,824	(202)	(5)%
Accrued Expenses	88	107	(19)	(18)%
Current portion of right-to use lease liability	49	127	(78)	(62)%
<b>Total Current Liabilities</b>	<b>3,758</b>	<b>4,058</b>	<b>(300)</b>	<b>(7)%</b>
<b><u>Long-term Liabilities</u></b>				
Long Term Lease Liability	101	101	0	0 %
<b>Total Current Liabilities</b>	<b>101</b>	<b>101</b>	<b>0</b>	<b>0 %</b>
<b>NET POSITION</b>	<b>1,120</b>	<b>1,196</b>	<b>(76)</b>	<b>(6)%</b>



**Agenda Item: I Ve**

**USF Board of Trustees  
Finance Committee  
November 16, 2023**

**Issue:** Provide an update on USF model based budgeting process and related materials

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**Proposed action:** Information

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**Executive Summary:**

Business & Finance team has been charged with design and implementation of a model-based budgeting process. This will be a status update on the design of the model.

**Financial Impact:** Model encourages responsible financial management and fosters a culture of accountability, transparency, and collaboration. Allows for greater alignment with USF Strategic Goals and Objectives during the budgeting process.

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

**BOT Committee Review Date:** November 16, 2023

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

**Prepared by:** Darren Schumacher