



Board of Trustees Finance Committee

Tuesday, May 14, 2019

1:30 - 3:30pm

Tampa Campus - Marshall Student Center Room# 3707

Trustees: Jordan Zimmerman, Chair; John Ramil, Vice Chair; Michael Carrere, Les Muma, Charlie Tokarz
Foundation Board Liaison: Alan Bomstein

A G E N D A

- I. Call to Order and Comments Chair Jordan Zimmerman
- II. Public Comments Subject to USF Procedure Chair Zimmerman
- III. New Business – Action Items
 - a. [Approval of February 12, 2019 Meeting Notes](#) Chair Zimmerman
 - b. [2019-20 Continuation Operating Budget](#) Assoc. Vice President Nick Setteducato
 - c. [2019-20 Preliminary Fixed Capital Outlay Budget](#) Vice President/CFO Nick Trivunovich
 - d. [USF System Five-Year Capital Improvement Plan \(2020-21/2024-25\)](#) Vice President/CFO
Nick Trivunovich
 - e. [Authorize Issuance of Debt for the Research Park Office/Lab Building](#) Sr. VP David Lechner
 - f. [DSO 2019-20 Annual Financial Plans](#) University Treasurer Fell Stubbs/
DSO CEOs and CFOs
 - 1. University Medical Services Assoc., Inc. & USF Medical Services Support Corp.
 - 2. USF Foundation, Inc
 - 3. USF Research Foundation, Inc.
 - 4. Sun Dome, Inc.
 - 5. USF Institute of Applied Engineering
 - 6. USF Health Professions Conferencing Corp.

7. USF Alumni Association, Inc.
8. USF Financing Corp. & USF Property Corp.

g. [Expenditure Authorization Requests](#) Vice President/CFO Nick Trivunovich

h. [Lease of Space to TGH](#) Sr. VP David Lechner

IV. New Business – Information Items

a. [Amended P3 Guidelines](#) Sr. Associate General Counsel Hilary Black

b. [Proposed Sigma Nu Greek Village Annex Project](#) Sr. Vice President David Lechner

V. Adjournment Chair Zimmerman



**USF Board of Trustees
Finance Committee
NOTES
Tuesday, February 12, 2019
Tampa Campus – Marshall Student Center Room # 3707**

I. Call to Order and Comments

The meeting of the Finance Committee was called to order by Chair Brian Lamb at 11:12am. The following committee members were present: Brian Lamb, Mike Carrere, Les Muma, John Ramil, Charlie Tokarz, and Judy Genshaft. A quorum was established. The following Trustees were also present: Oscar Horton, Deanna Michael, Byron Shinn, and Nancy Watkins.

II. Public Comments Subject to USF Procedure

No requests for public comments were received.

III. New Business – Action Items

a. Approval of October 29, 2018 Meeting Notes

Upon request and receiving no changes to the draft meeting notes, Chair Lamb requested a motion for approval, it was seconded and the October 29th meeting notes were unanimously approved as submitted by all committee members present.

b. Approve Revisions to USF BOT Debt Management Policy

Fell Stubbs, University Treasurer, presented for approval revisions to the USF BOT Debt Management Policy 06-003. USF's Debt Management Policy is being revised to conform certain sections of the Policy to the BOG Debt Management Guidelines, including selection of underwriters and advisors, consideration of the BOG Public-Private Partnership Guidelines, and the specification of continuing disclosure requirements in SEC Rule 15(c)2-12 and the reporting of subsequent events. Additionally, revisions were made to clarify debt management responsibilities, funding strategies and financing structures. USF follows the BOG guidelines and are now clarifying this in our Policy.

A motion was made to approve amendment to USF BOT Debt Management Policy USF BOT 06-003. The motion was seconded and approved by all committee members

c. Assumption of Subleasehold Interest and Acquisition of Building Improvements – University Diagnostic Institute (UDI)

David Lechner, Sr. Vice President for Business & Financial Strategy, presented the information related to proposed transaction with University Diagnostic Institute (UDI). UDI is a full service imaging facility located on the USF Research Park campus. UDI currently occupies the property by way of a 99 year sublease of the land granted in 1984. UDI wishes to assign their interest in the sublease and sell their building improvements to the USF Financing Corporation, but wants to continue to operate within the facility in the short term by way of a

five year space lease of the facility, paying market rates to the USF Financing Corporation for that use. The UDI subleased property is in the research area of the campus, and this transaction will allow USF to gain control of a strategic parcel of real estate and provide USF valuable flexibility in redeploying this space in the future for research or any other priority uses. The acquisition will be financed by the USF Financing Corporation utilizing a conventional mortgage obtained on a competitive basis. Appraisals were obtained supporting the purchase price of \$3.6M. The five-year leaseback payments (\$376K per year) will be dedicated to pay down the debt. The acquisition will not be consummated until environmental and other due diligence processes are completed.

Mr. Lechner noted that since this will be financed utilizing a conventional mortgage, it does not require BOG approval. He also noted that this is a very fair deal to both sides and has been a very amiable process.

Chair Lamb disclosed that he will not take action on this item as UDI banks with Fifth Third Bank. Chair Lamb also disclosed that he has not been involved in any of the negotiations.

A motion was made to approve the assumption of UDI's subleasehold interest and the acquisition of UDI's building improvements by the USF Financing Corporation and authorizing the execution of documents attendant to the assumption, acquisition and related financing. The motion was seconded and approved by all committee members except for Chair Lamb who abstained from voting after first disclosing his conflict.

d. Tampa Student Housing Rental Rates

Ana Hernandez, Assistant Vice President, Housing & Residential Education, presented the 2019-2020 USF Tampa Student Housing Rate Proposal. Ms. Hernandez reminded the Committee that in May 2016, the BOT approved the USF Tampa Student Housing Rental Request for three years (FYE 2017-2019). As a result of the predictable funding model, Housing & Residential Education has been able to invest \$36.77M in facilities infrastructure and upgrades while meeting or exceeding debt service coverage ratio targets. This reinvestment has extended the useful life of buildings and systems 15-20 years.

The final three buildings of the USF Village project opened in Fall 2018, bringing the total on-campus bed count to 6,329 student beds (added 1,098 new beds in USF Village and demolished 549 beds in remaining Andros buildings).

Ms. Hernandez explained the intangible value of on-campus housing, which includes greater safety; academic success (proven factor in graduation and retention rates); added convenience; variety of housing options; access to Living Learning communities; connection to campus life; and greater flexibility with on-campus experience (change rooms or roommates, length of contract). Chair Lamb stated that this applies across the entire USF System and indicates how we think about housing.

Chair Lamb thanked Ms. Hernandez and her team for their hard work over the past few years in greatly decreasing the deferred maintenance backlog, which had previously been at \$90M. In the last three years, over \$80M of deferred maintenance has been eliminated (\$30M from projects plus \$50M from demolition). Trustee Ramil stated that we are a learning organization and have been very strategic in how we've reinvested. Chair Lamb noted we do not see this at other SUS institutions; they are challenged with deferred maintenance.

Ms. Hernandez explained that we have created a high performing, financially stable, self-sustaining Housing system with a track record of progress. In order to strategically move forward, we are requesting a 1% average increase in housing rates for FY 2020 (starting fall 2019). Cost drivers for this request are salaries and benefits; utilities, repairs; cable, landscaping, amenities; and reduced fees from P3. While these costs are increasing much more than 1%, because of our sensitivity to student needs, we have elected to be less aggressive in our deferred maintenance program and absorb portions of the cost. In addition, this small increase keeps faith with BOT guidance of consistently modest increases versus no increases followed by large increases (aligned with discussion in 2015-16 at 3-year rate increase request); keeps USF rates lower than P3 rates and P3 rate of increase; keeps our rates comparable to other metro SUS institutions; and allows us to meet debt service ratios at 1.4x (helps Tampa and the entire system).

A motion was made to approve the 2019-2020 USF Tampa Student Housing Rate Proposal of a 1% average increase. The motion was seconded and approved by all committee members present.

e. Expenditure Authorization Requests

Nick Trivunovich, Vice President for Business & Finance and CFO, presented the expenditure authorization request for the Insightec equipment (MR guided focused ultrasound) purchase and 5-year service agreement for approval by the Finance Committee. MR guided focused ultrasound (MRgFUS) is a novel technique for precisely targeting therapeutic intervention within deep brain structures noninvasively – without skin incision, craniotomy or radiation. This is a research piece of equipment that can be used clinically as well. Pricing is an initial system payment of \$1,149,000, a per-procedure payment of up to \$850,000, and a total service fee of \$800,000 (5 years at \$160,000 per year) for a total of \$2,799,000 over the life of the contract. The purchase of the MRgFUS is funded through 3 parts:

1. Preeminence Funding: Initial Capital Investment - \$1,149,000
2. Patient service and clinical trial and federal research revenue:
 - a. The balance of \$850,000 paid through a per click charge
 - b. \$160,000 per year maintenance contract over 5 years = \$800,000 to support the service agreement.

Trustee Muma asked where the equipment would be located. Rich Sobieray stated that it will be at the Morsani Clinic. President Genshaft asked how this affects F&A. Dr. Sanberg stated that this expenditure will help in renegotiating our F&A rates with the federal government during this base year of negotiations; this will also help to offset our lack of building depreciation. Trustee Tocarz asked how the use of preeminence funds work. President Genshaft explained that we use preeminence funds to build on areas of strength and excellence. Chair Lamb further explained that we said we wanted to use preeminence funds to invest in neurology/brain; heart; and medical engineering. This is what we said we would do.

A motion was made to approve the expenditure authorization request for the Insightec equipment (MRgFUS) and 5-year service agreement in the amount of \$2,799,000. The motion was seconded and approved by all committee members present.

IV. New Business – Information Items

a. USF 2018 Audited Financial Statements

Jennifer Condon, University Controller, gave a brief review of the USF 2018 Audited Financial Statements. The financial statements and associated audit report were released by the State of Florida Auditor General on January 24, 2019. We received an unqualified/clean opinion with no adjustments. Chair Lamb reminded the committee that this item is part of our normal governance process to close out the audit.

b. Research Park Mixed Use Lab and Office Building

Paul Sanberg, President of USF Research Foundation, Allison Madden and Fell Stubbs gave a presentation on the need for expansion in the USF Research Park. The Research Park has experienced above market occupancy rates in its buildings (exceeds 90% occupancy; average 97%+ for the last seven years) due to the connection to talented faculty and students along with access to research facilities. The Research Foundation is looking to strengthen the life sciences and technology ecosystem by reinvesting the strength of its balance sheet and strong cash flows in the Research Park. The Research Foundation has been working hard on financial health and increasing debt capacity in order to reinvest in the Research Park. Investment in research facilities helps to increase the F&A from the federal government (F = facilities) and will help to expedite the path to AAU. The Research Park is currently at 99% occupancy with little available lab or office space. There have been no new buildings in the Research Park for the last 10 years (impacts F&A calculations).

The planned expansion is for a 120,000 SF office and lab space with Fowler frontage (Fowler and Spectrum). The proposed building will define the physical approach to the University and Research Park from I-275 and provide flexibility for long-term marketability and economic viability. The expansion is anticipated in the Research Park DRI (Development of Regional Impact) and Master Plan. The estimated project cost is \$37M. A demand study conducted by HR&A Advisors in December 2018 provided strong assurances that there is demand for lab and office space at the Research Park. This demand includes: 1.2M SF unmet demand for life science and tech space; 253K SF space needed for new faculty hires by 2022; and 35K SF unmet private sector demand from corporate partnerships. Project risks are: project cost exceeds expected rental rates; competition from other market tech parks; and delayed lease up of project space. A broker RFP will be issued soon to assist with pre-leasing the project.

The Research Foundation will contribute \$15M in cash to lower leverage and project risk. The Research Foundation will use its balance sheet strength as it has accumulated cash to use for this project. The Research Foundation will master lease the project to provide revenue and credit support until the project is fully leased, expected within five years. USF Financing Corporation will issue RFP for 20-year fixed rate taxable private placement debt and develop appropriate financing structure and agreements. The project pro forma was also presented and reviewed. Research Foundation revenue needed to support the project in first year at 1.30x debt service coverage ratio is \$1.7M – needed support will diminish as the building leases up and becomes revenue positive.

Chair Lamb wanted to better understand the sources of revenue for the project. He asked how much pre-lease is necessary to move forward. Mr. Stubbs responded 25-40%, without the Research Foundation support. Chair Lamb wanted to better understand the economics of this project and asked for a follow-up presentation at the next meeting.

c. USFSM Student Housing Project

Karen Holbrook, Regional Chancellor, and Eddie Beauchamp, Regional Vice Chancellor for Business & Finance, gave an update on the USFSM Student Housing Project. USFSM is committed to enhancing the student experience on campus. One of the areas being evaluated is the role student housing could play in student success and enriching campus life. The goal is to transform the USFSM Campus by adding residential facilities. Housing is critical to support enrollment growth, diversity objectives, academic goals and performance metrics. Residential facilities support recruitment/retention of high caliber students. Research shows that students living in a residence excel in persistence and academic performance and foster a sense of community on campus for all students. This Project has the support of the USFSM student body (88% of students agree that housing is important in building community and culture at USFSM) and projected demand of 100 beds at the current enrollment.

In August 2018, USFSM engaged Brailsford and Dunlavey (B&D) to complete a student housing demand study. B&D has completed its study from a comprehensive survey of USFSM students. The residential project concept is for 185-215 beds. This would include the 100 beds identified in the B&D demand study, plus 75 beds for New College of Florida (NCF) students, plus an additional 10-40 beds for USFSM students currently living with parents (30+ miles from campus). NCF students have a 4-year live on campus requirement. NCF has demand for 200 additional beds but they currently do not have the debt capacity to fund new housing. The plan would be to phase out the NCF students and fill the 75 beds with USFSM students.

Trustee Tocarz underscored the importance of this project to USFSM. Students do better and graduate within the 4-year window when living on campus. This will also help with pre-eminence.

Trustee Shin stated that this demand study only looks at current students; it does not look at students who would come to USFSM if housing were available.

Mr. Beauchamp and Trustee Shinn distributed a handout of the current USFSM master plan indicating the proposed site of the housing project.

Chair Lamb asked about the balance sheet implications of the project and how it will affect debt service ratios and debt capacity. Trustee Carrere asked about the plan for Tampa. Ms. Hernandez responded that it will be driven by demand. Currently don't expect to expand beds on campus for 4-5 years. 60% of Tampa's beds are freshmen. Chair Lamb asked about dining for USFSM. Mr. Beauchamp indicated that they are looking at several options and will come back to the Finance Committee with this issue. Trustee Horton asked what happens if New College isn't interested. Mr. Beauchamp responded that USFSM will either wait a few years or build a smaller facility (100-125 beds). Trustee Ramil likes the idea of going with New College initially to get going quicker, but wants to see them phased out quickly.

Chair Lamb asked for another update on this project at the next Finance Committee meeting.

d. USFSP Student Housing Update

Jacob Diaz, USFSP Dean of Students & Director of Housing and Residence Life, gave a report on USFSP student housing. In December 2016, the USF BOT approved a three-year USFSP housing rental rate increase plan (fiscal years 2017-2020) to achieve a preferred 1.4x debt service coverage ratio by fiscal year 2019-2020. The BOT's approval of the rental rate

increase requires USFSP staff to return annually to the Finance Committee to report on the performance of the housing system at USFSP to ensure that the assumptions underlying the increase remain valid. The rental rate increases were also in preparation for occupancy changes once the new residence hall project is completed and University housing returns to 95% occupancy and to address increasing costs of staffing, utilities, and maintenance of facilities. Several housing enhancements have been made including: additional staffing to meet service needs; painting in residence halls; updating lounge furniture in both RHO and USC; and added LED lighting to RHO. The goal is to enhance the student experience. Dr. Diaz also reported on the value of living on-campus; the cost pressures facing USFSP Housing; and the local market comparison (lack of affordable student housing near campus). Dr. Diaz reviewed financial performance to date and forecasted going forward. Able to reduce expenses by discontinuing student contracts at the Hilton (able to do this with triple occupancy). USFSP Housing is on target to meet a debt service coverage ratio of 1.39x in 2018-19. Dr. Diaz reported that USFSP Housing opened Fall 2018 at 111% occupancy with continued demand for on-campus housing. Chair Lamb asked that reserve dollar amounts for housing and dining be added to the Financial Projections chart.

e. DSO Mid-Year Forecasts

Each year, the DSOs prepare a Mid-Year Forecast – this Forecast is for FY 2019. These reports include a comparison of the Forecast to the FY 2019 Financial Plans approved by the BOT Finance Committee at its May 22, 2018 meeting, as well as actual results for FY 2018, FY 2017, and FY 2016. The DSOs have forecasted net operating profit, net change in cash, and provided explanations for major variances from Plan and provided management’s actions to correct unfavorable variances.

1. USF Health Professions Conferencing Corp.

Carol Post and Greg Vannette presented the mid-year forecast for USF Health Professions Conferencing Corp. (HPCC). Wages and Benefits increased year over year as a result of the recruitment of a permanent CAMLS executive director as well as fulfillment of the plan to restore key staffing that had attrited over time in alignment with increased CAMLS academic and event activities. This will be offset by increasing revenues going forward due to increasing demand for services and adding incremental business lines. HPCC has stabilized and will continue in a stabilized fashion. HPCC is forecasting to see increases in net operating profit, cash flow and cash on hand.

2. University Medical Services Assoc., Inc. & USF Medical Services Support Corp.

Rich Sobieray presented the mid-year forecasts for UMSA and MSSC combined. The Practice Plan has reached some stability and continues to improve. A good leadership team is finally in place to improve financials and operations. Revenues are growing faster than expenses. Should settle in at 4-5% operating profit margin. Positive cash flow and rebuilding reserves. UMSA/MSSC continues to meet its commitments to the BOT.

3. Sun Dome, Inc.

Michael Kelly and Brandon Hall presented the mid-year forecast for Sun Dome, Inc. (SDI). The Sun Dome is in its second year of transition of management with Tampa Bay Entertainment Properties (TBEP). USF basketball attendance is up 38% this year. FY 2019 revenues are short of plan, but managing expenses so operating profit will be better than projected. Trustee Muma asked if there have been any effects of the name change to

Yuengling Center. Mr. Kelly responded that there have been no negative effects and have seen an increase in the loge seating due to the new beer garden attracting more shows. Chair Lamb asked if the revenue from the naming rights is included in the mid-year numbers. Mr. Hall responded no. Mr. Trivunovich reminded the committee that the naming rights are included on the university side as the naming rights were pledged for the debt service on the arena renovations. The naming rights are just a portion of what pays for the renovation costs. Also, \$400K is transferred to the University to pay down the debt.

4. USF Foundation, Inc.

Joel Momberg and Rob Fischman presented the mid-year forecast for USF Foundation, Inc. This is another good year for the Foundation; receiving more high quality gifts even though this is a non-campaign year; USFSP donors are more generous than ever. The USF Foundation is still trying to get the endowment over \$500M. The main variance on the income statement is the decrease in investment income due to the investment markets. While the market has recovered in January and cash gifts are coming in better than ever to help offset the market fluctuations, the Foundation is still expecting a decrease in net operating profit. All other forecasted results do not vary significantly from the financial plan.

5. USF Institute of Applied Engineering

Dean Robert Bishop presented the mid-year forecast for USF Institute of Applied Engineering. This is a new Institute; it is fast moving and has yet to achieve the desired consistency of operations. Although FY started in July, did not receive funding until October, delaying execution of formation activities and associated expenses. Currently establishing infrastructure and governance. Accounting system should be in place by late February/early March. Secured financial support to offset expenditures. In discussions with Hillsborough County to provide funding (\$5.3M) to Institute matching University investment and commitment. The Institute will be short of plan for revenues and expenses due to the late start. Per Chair Lamb, since the Institute is off plan at midyear, they need to keep the Finance Committee updated on any changes.

6. USF Alumni Association, Inc.

Bill McCausland and Melissa Schaeffer presented the mid-year forecast for USF Alumni Association, Inc. The Association is focused on growing memberships and engaging alumni out of the area. Projecting a decrease in sponsorship and royalty revenue due to changes in the USF Credit Union affinity contract. Due to the decrease in this revenue, efforts are being made to reduce operating expenses in the area of membership printing, solicitation expenses, staff travel, and printing of Association produced publications. Life memberships are strong. In the past, scholarship gifts raised by Alumni development were housed within the Association. Effective the beginning of the current fiscal year, the Foundation has begun housing all scholarships within their financial records in order to keep them integrated. The Association will continue to manage the scholarships, but the dollars will be reported in the Foundation's net assets. This \$50K transfer is reflected in expenses. The unfavorable gap due to the location of scholarships is a transfer of assets and does not have an impact on the operating profit of the Association. Cash is on target. Chair Lamb asked why memberships are flat when we graduate 14,000 students per year. Mr. McCausland responded that most recent graduates do not think about alumni association until 7-8 years out, after they get settled in jobs, family, etc., but we stay in touch with them (one year full membership upon graduation).

7. USF Research Foundation, Inc.

Paul Sanberg and Patty Gamble presented the mid-year forecast for USF Research Foundation, Inc. Projecting Operating Revenue to track favorably to Financial Plan, with no significant unfavorable variances anticipated at this time. Projecting Operating Expenses to track favorably to Financial Plan as well, with exception of an unfavorable variance in expenses (non-recurring) associated with University Business Center. A delay in timing for completing the renovations of the space to be subletted, resulted in an unfavorable forecasted variance in net rent expense. Projecting a significant unfavorable variance in non-operating Investment Income (like the Foundation) which negatively impacts Income Statement. Variance is due to general market volatility. Non-cash transactions with no effect on Cash Flow. Mid-year forecast assumes positive return for Quarters 3 and 4, resulting in a net forecasted loss of -2.2% for fiscal year 2019.

8. USF Financing Corp. & USF Property Corp.

Fell Stubbs presented the mid-year forecast for USF Financing Corp. & USF Property Corp. This is a well-controlled organization that currently manages approximately \$400M in debt and \$80M in interest rate swaps. Total Revenues are forecasted to be slightly lower than plan (3%) due to a decrease in Housing System forecasted revenues due to a lower occupancy level than forecasted driven by the addition of 1,295 beds in the Village in fall 2018 and a decrease in UMSA forecasted revenues due to the recent refunding of the Series 2013 Certificates resulting in annual debt service savings of \$100K. Total Expenses are also forecasted to be slightly lower than plan (3%) due to a decrease in Housing System forecasted operating expenses, along with lower than anticipated maintenance expense; forecasted interest expenses have decreased due to debt service savings resulting from the Series 2010B and Series 2013B refunding transactions over the past six months; and lower than anticipated property insurance premiums. Cash Flows from Investing Activities and Financing Activities vary from the Plan due to two transactions that were not included in the Annual Plan as the timing and details of the transactions were not yet certain – issuing of Certificates of Participation for the USFSP Housing and Dining Project and the refunding of outstanding Series 2010B Housing Build America Bonds.

f. Creation of SEED Florida LLC

Paul Sanberg and Valerie McDevitt gave an overview of the business structure under the USF Research Foundation to hold general partnership interest in SEED Florida Early Stage Investment Fund. The goal of SEED Florida is to create a seed stage fund to invest in science and technology based Florida start-ups utilizing a hybrid of a venture capital fund and a crowd-funding platform. The fund is being created through a collaboration between USF and Florida Funders under a grant awarded by the federal U. S. Economic Development Association. The USF Research Foundation is looking to create a single member disregarded entity LLC to hold a general partnership interest in the fund to enable receipt of future revenue from the fund. The project will not require university funds for investment. Investment funds for SEED Florida will be raised from outside qualified investors in collaboration with Florida Funders. Structure of the fund includes required safeguards and disclosures for investors.

USF is dedicated to economic development in this region. Part of the incubator's role is to find funding for these companies. This is part of the continuum of the current process. This proposed structure was reviewed and developed with legal counsel. SEED Florida is a hybrid venture fund and crowd funding model approach and an opportunity for USF to be a leader in

innovation in the area of helping early stage companies with seed stage funding. The proposed structure provides protection from risk and lowers administrative burdens. Trustee Ramil asked if the University's assets are isolated from liability. Gerard Solis, General Counsel, responded that risk of litigation can never be eliminated, but the structure and operations of the SEED Fund will provide strong protections for the University and Trustees. The structure was reviewed by external counsel as well. This is a new initiative with high visibility. The SEED fund will not use state funds. President Genshaft asked that this be brought to SrVP as well.

V. Adjournment

Having no further business, Chair Lamb adjourned the Finance Committee meeting at 1:29pm.

Agenda Item: IIIb

USF Board of Trustees

June 6, 2019

Issue: 2019-20 Continuation Operating Budget

Proposed action: Approve 2019-20 Continuation Operating Budget at last year's Operating Budget level. A subsequent approval will be needed once the legislative budget process has concluded with the Governor's approval and the USF System annual budget has been established.

Executive Summary:

The University of South Florida System Board of Trustees (the BOT) is required to adopt an annual budget for the operation of the University. The BOT must approve the budget prior to July 1, 2019 for the State Comptroller to process cash releases for state funds. The universities are still required to submit a detailed operating budget to the BOG by August 21, 2019.

We are requesting approval of the following:

Approval of a Continuation Operating Budget at the same level as 2018-19 Operating Budget. We are requesting approval of a continuation budget due to pending performance based funding decisions. Once those decisions have been finalized, the USF System will prepare an operating budget according to our guidelines and the laws and regulations of the Board of Governors and submit to the BOT for approval at a later meeting.

Financial Impact: See attached.

Strategic Goal(s) Item Supports: Goal 4 – Sound Financial Management

Committee Review Date: Finance Committee - May 14, 2019

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

No

2019-20 Continuation Operating Budget Summary

USF System or Institution specific: USF System

Prepared by: Nell Peterson

974-6884

University of South Florida System
2019-20 Continuation Operating Budget Summary

	2017-18 BOT Approved Budget	2018-19 BOT Approved Budget	Requested Continuation Operating Budget for 2019-20
Budgeted Revenues:			
Educational & General (E&G)			
General Revenue	\$ 377,695,480	\$ 374,513,982	\$ 374,513,982
Lottery	\$ 43,354,188	\$ 50,016,975	\$ 50,016,975
Tuition (Budget Authority)	\$ 271,423,177	\$ 289,497,257	\$ 289,497,257
Interest	\$ 1,322,569	\$ 3,574,725	\$ 3,574,725
Total E&G	\$ 693,795,414	\$ 717,602,939	\$ 717,602,939
Contracts & Grants	\$ 474,697,590	\$ 490,181,105	\$ 490,181,105
Auxiliaries	\$ 274,425,511	\$ 291,758,299	\$ 291,758,299
Student Activities	\$ 27,854,373	\$ 27,732,168	\$ 27,732,168
Financial Aid	\$ 400,554,217	\$ 414,699,135	\$ 414,699,135
Concessions	\$ 690,718	\$ 769,579	\$ 769,579
Athletics	\$ 45,415,592	\$ 50,044,774	\$ 50,044,774
Technology Fee	\$ 9,832,273	\$ 10,108,174	\$ 10,108,174
Board Approved Fees	\$ 1,154,583	\$ 1,206,668	\$ 1,206,668
Self-Insurance Trust Funds	\$ 7,917,004	\$ 7,998,000	\$ 7,998,000
Faculty Practice	\$ 298,345,879	\$ 327,166,642	\$ 327,166,642
Total Revenue	\$ 2,234,683,154	\$ 2,339,267,483	\$ 2,339,267,483
Budgeted Expenditures:			
Salaries & Benefits	\$ 1,037,422,685	\$ 1,082,062,646	\$ 1,082,062,646
Expenses	\$ 588,767,970	\$ 588,521,408	\$ 588,521,408
Operating Capital Outlay	\$ 8,036,624	\$ 8,772,307	\$ 8,772,307
Risk Management Insurance	\$ 6,302,450	\$ 5,446,573	\$ 5,446,573
Financial Aid	\$ 398,231,544	\$ 412,722,460	\$ 412,722,460
Library Resources	\$ 6,794,387	\$ 5,834,992	\$ 5,834,992
Debt Service	\$ 3,243,855	\$ 2,987,930	\$ 2,987,930
Carry Forward	\$ 118,716,239	\$ 116,992,164	\$ 116,992,164
Non-Operating Expenses	\$ 209,226,782	\$ 241,056,042	\$ 241,056,042
Total Budgeted Expenditures	\$ 2,376,742,536	\$ 2,464,396,522	\$ 2,464,396,522

Note: The 2019-20 Continuation Budget is requested at last year's level with adjustments for reserves, transfers out, and carry forward expenditures. The USF System will prepare a 2019-20 budget for submission to the BOG by August 21, 2019 and for presentation to the Board of Trustees at a future meeting.

Agenda Item: IIIc

USF Board of Trustees
June 6, 2019

Issue: 2019-20 Preliminary Fixed Capital Outlay Budget

Proposed action: 1) Approval of 2019-20 Preliminary Fixed Capital Outlay Budget
2) Authorize the President to make necessary non-material adjustments to the 2019-20 Fixed Capital Outlay Budget, with the requirement that any material changes be approved by the University Board of Trustees Executive Committee.

Executive Summary:

Pursuant to 1011.012, Florida Statutes, the University Board of Trustees must adopt a fixed capital outlay budget for the fiscal year that designates proposed expenditures for the year from all fund sources.

Preliminary 2019-2020 Fixed Capital Outlay Budget:

The preliminary fixed capital outlay budget includes state appropriated funds and nonstate appropriated funds.

The budget for USF 2019-2020 State Appropriated Fixed Capital Outlay funds is based on the 2019 Appropriation Act and is consistent with approved legislative spending authority.

The preliminary budget for USF 2019-2020 Non-State Appropriated Fixed Capital Outlay Funds includes projects previously identified and approved by the UBOT to be funded from the issuance of debt.

Financial Impact:

The financial impact of the preliminary 2019-20 fixed capital outlay budget is \$45,148,448.

Strategic Goal(s) Item Supports: Goals 1, 2, 3 and 4

Committee Review Date: Finance Committee, May 14, 2019

Supporting Documentation Online (*please circle*):

2019-20 Preliminary Fixed Capital Outlay Budget

Yes

No

USF System or Institution specific: USF System

Prepared by: Nick Trivunovich, Vice President for Business & Finance and CFO

2019- 2020 PRELIMINARY FIXED CAPITAL OUTLAY BUDGET

State Appropriated Fixed Capital Outlay Budget

Projected Remaining Budget Authority Prior Year Appropriations - Maintenance, Repair, Renovation CPT Cooling Tower (5) \$354K; Laurel Dr Extension \$815K; Well Field \$153K Other \$672K; STP \$201K; SM \$292K	<u>\$ 2,487,236</u>
2018-2019 Appropriations - Maintenance, Repair, Renovation Cooling Tower \$1.3M; Various small projects (Roof, Infrastructure, Utilities, Bldg Systems, Exterior, Interior, ADA Fire Code)	<u>\$ 5,518,008</u>
Projected Remaining Budget Authority Critical Deferred Maintenance Appropriation	<u>\$ 13,396</u>
Projected Remaining Budget Authority Prior Year Appropriations Major Projects and Infrastructure	<u>\$ 18,253,420</u>
Projected Remaining Budget Authority Prior Year CITF Appropriations Wellness Complex \$15.7M; Smart Parking \$888K; STP \$1M; SM \$767K; Other \$450K	<u>\$ 18,876,388</u>
Total	<u>\$ 45,148,448</u>

Non-State Appropriated Fixed Capital Outlay Budget

Prior Year Appropriation Major Projects and Infrastructure Details	
<hr/>	
Morsani College of Medicine and Heart Health Institute	14,053,103
Davis Hall Remodel/Renovation	3,051,680
Other Projects	<u>1,148,637</u>
Total	<u>\$ 18,253,420</u>
Projected 2020 PECO Appropriation	<u>\$ 14,655,000</u>
Morsani College of Medicine and Heart Health Institute	

Agenda Item: IIIId

USF Board of Trustees
June 6, 2019

Issue: USF System Fixed Capital Outlay Legislative Budget Request
Five-Year Capital Improvement Plan 2020-2021/2024-2025

Proposed action:

1. Approval of the USF System Five-Year Capital Improvement Plan Summary and Project Detail and transmittal letter
 2. Authorize the President to make necessary nonmaterial adjustments to the Five-Year Capital Improvement Plan, with the requirement that any material changes be approved by the University Board of Trustees Executive Committee.
-

Executive Summary:

Pursuant to Sections 216.158, 216.043 and 1013.64, Florida Statutes, the preparation and submission of the State University System (SUS) Fixed Capital outlay (FCO) Budget Request requires that each college and university update its Capital Improvement Plan (CIP). The CIP, as used by the Florida Board of Governors, is intended to present the additional academic and academic support facilities needed for a five-year period for which state funds are requested. Separate sections on the CIP are provided for CITF projects and future projects which require state funding or may be funded from non-state sources, such as debt. Each institution's CIP will be used to select projects for inclusion within the SUS Three-Year PECO Project Priority List, to prepare the SUS Five-Year CIP.

Each University Board of Trustees must approve the University's CIP prior to submittal. The due date for submission is July 1, 2019.

Financial Impact:

Strategic Goal(s) Item Supports: Goal 1; Goal 2; Goal 3; Goal 4

Committee Review Date: Finance Committee, May 14, 2019

Supporting Documentation Online (please circle):

Yes

No

USF System or Institution specific: USF System

Prepared by: Nick Trivunovich, Vice President for Business & Finance and CFO

DATE **DRAFT**

Mr. Tim Jones, Vice Chancellor, Finance/Administration and Chief Financial Officer
Florida Board of Governors
325 W. Gaines Street, Suite 1614
Tallahassee, Florida 32399

Dear Mr. Jones:

The USF System is pleased to submit its 2020-2021/2024-2025 Fixed Capital Outlay Legislative Budget Request. The enclosed forms, data, and narratives reflect the instructions and directions for the preparation of the Capital Improvement Plan (CIP).

Major changes from the FY 2019-2020 submission include:

Project list has been prioritized based on directions in the BOG Memorandum dated April 17, 2019.

TPA- Interdisciplinary Science Research Lab Build Out project @ \$9,031,204 is no longer listed on the CIP-2 request based on BOG guidance for removal of projects that have not received funding effective July 1, 2017. Last funding year was FY 2013-14.

According to BOG Memorandum, debt projects previously listed in the now removed "Requests from Non-State Sources, Including Debt" were moved from the CIP2 document to this transmittal letter. The University is requesting Legislative authorization to use Debt to meet the Capital Construction requirements for the following projects:

- USF Research Park Mixed-Use Laboratory and Office Building @ \$42,000,000
- USFSP Construct Phase II Parking Garage @ \$9,200,000
- USFSM Student Housing @ \$35,722,572
- USFSM Student Center @ \$33,232,000

The following Non-State Source projects previously listed in the now removed "Requests from Non-State Sources, Including Debt" are:

- TPA- Honors College @ \$ 40,000,000
- TPA- USF Football Center @ \$40,000,000

The USF System project priority list includes every requested project, including projects for USF separately accredited institutions. Utilization data was taken into consideration in prioritization of the USF System CIP funding request. The USF System's building program and CIP was considered and approved by the University Board of Trustees at its June 6, 2019 meeting. Minutes of this meeting can be found at: <https://www.usf.edu/system/board-of-trustees/bot-meeting-archives.aspx>.

The USF System request is based on the Strategic Plan developed and approved by our Board of Trustees and supports the Board of Governors Strategic Plan goals and objectives. The priorities established in the strategic plan are reflected in proposals that focus on our commitment to providing access to the highest quality programs and robust research infrastructure. The USF System is a growing institution in one of Florida's fastest growing metropolitan areas and will continue to provide a strong return on state

investments through world-class education, research productivity, health care innovation, and community outreach.

If you or your staff have any questions regarding our submission or require additional information, please contact David Lechner at 813-974-3297.

Sincerely,

Jordan B. Zimmerman, Chair
USF Board of Trustees

cc: Judy Genshaft, USF System President
David Lechner, Senior Vice President for Business & Financial Strategy, USF System
Nick Trivunovich, Vice President for Business & Finance, USF System
Calvin Williams, Vice President for Administrative Services, USF System

Board of Trustees Finance Committee - New Business - Action Items

STATE UNIVERSITY SYSTEM
 Five-Year Capital Improvement Plan (CIP-2) and Legislative Budget Request
 Fiscal Years 2020-21 through 2024-25

CIP-2A, Summary of Projects - Revised April 15, 2019

DRAFT 5.7.19 4:15 pm

University: University of South Florida

Contact Name: _____ Phone Number: () _____ Email: _____

PECO-ELIGIBLE PROJECT REQUESTS

Priority No	Project Title	2020-21	2021-22	2022-23	2023-24	2024-25	Academic or Other Programs to Benefit from Projects	Net Assignable Square Feet (NASF)	Gross Square Feet (GSF)	Project Cost (\$)	Project Cost/ Per GSF (Proj. Cost/ GSF)	Educational Plant Survey Recommended Date/Rec No.
		Year 1	Year 2	Year 3	Year 4	Year 5						
1	USF Health Morsani College of Medicine and Heart Institute	14,655,000					USF Health	174,450	241,594 ***	172,900,000	\$ 716	USF EPS 2017 5.1
2	Renovate USF System Central Plants	8,063,098					Campus-wide	not appl	not appl	8,063,098	not appl	1.3a
3	Renovate Bio-Science Facility Research Labs (BSF)	18,105,993					Sciences	39,600	39,600	18,105,993	\$ 457	see Narrative
4	Renovations to Relocate University Police	10,525,868					Campus-wide	54,663	54,663 *	10,525,868	\$ 193	3.5
5	Academic STEM Facility (SM)	12,622,679	29,628,330	4,700,000			Multiple	45,450	75,000	46,951,010	626.01	3.9
6	Engineering Research Building 4	24,105,535	71,783,808	4,299,160			Engineering	104,979	173,215 ***	150,000,000	865.98	3.3
7	Facility Purchase (STP)	18,000,000					Multiple	54,000	81,000	18,000,000	222.22	pending
TOTAL		106,078,174	101,412,139	8,999,160	0	0						

* replaces a former new building request
 *** Includes private fundraising

Board of Trustees Finance Committee - New Business - Action Items

STATE UNIVERSITY SYSTEM
 Five-Year Capital Improvement Plan (CIP-2) and Legislative Budget Request
 Fiscal Years 2020-21 through 2024-25
 CIP-2B, Summary of Projects (Revised 04/15/2019)

DRAFT University of South Florida

5.1.19

CITF PROJECT REQUESTS

Priority No	Project Title	2020-21				
		Year 1	Year 2	Year 3	Year 4	Year 5
1	USF Wellness Center Complex Phase I	\$ 4,652,762				
2	USF Health Student Resource Center – Phase 1	\$ 731,922				
3	USFSP Coquina Hall Student Space Modification Phase II	\$ 443,097				
4	USFSP University Student Center Remodel	\$ 180,587	\$ 623,684	\$ 623,684	\$ 72,045	
5	USF Sarasota-Manatee Co-curricular and Wellness Support Facilities Phase VII	\$ 245,106				
TOTAL		\$ 6,253,474	\$ 623,684	623684	72045	0

Academic or Other Programs to Benefit from Projects	Net Assignable Square Feet (NASF)	Gross Square Feet (GSF)	Project Cost	Project Cost Per GSF (Proj. Cost/ GSF)	Committee Approval Date
Student Affairs	31,378	47,067	\$ 25,065,162	\$ 533	5.7.18
Student Affairs	8,400	12,600	\$ 1,961,170	\$ 156	5.9.18
Student Affairs	3,550	4,850	\$ 1,066,781	\$ 220	4.26.18
Student Affairs	5,000	5,000	\$ 1,500,000	\$ 300	4.11.19
Student Affairs	3,108	4,780	\$ 1,288,345	\$ 270	4.13.18

Board of Trustees Finance Committee - New Business - Action Items

STATE UNIVERSITY SYSTEM
 Five-Year Capital Improvement Plan (CIP-2) and Legislative Budget Request
 Fiscal Years 2020-21 through 2024-25
 CIP-2C, Summary of Projects - Revised April 15, 2019

DRAFT

4.30.19 University of South Florida

Non-State Supplemental Funding of PECO and/or CITF Projects only
 (Please do not include carry forward funds on this form)

Project	Year 1	Year 2	Year 3	Year 4	Year 5
1 USF Health Morsani College of Medicine and Heart Institute	60,351,882				
TOTAL	60,351,882	0	0	0	0

Gross Square Feet (GSF)	Project Cost	Project Cost Per GSF (Proj. Cost/ GSF)	Expected Source of Funding (if known)	Master Plan Approval Date
153,600	60,351,882	\$ 393	Fundraising	2015

Board of Trustees Finance Committee - New Business - Action Items

State University System of Florida CIP - 3 PROJECT DETAIL Revised April 15, 2019
 University Name: University of South Florida Page of

Project Address: USF Health Downtown Tampa

DRAFT 5.7.19

Project Title: USF Health Morsani College of Medicine and Heart Institute

CIP-3 A - NARRATIVE DESCRIPTION:
 The USF Health Morsani College of Medicine (MCOM) currently admits 120 medical students per year to the CORE program and 56 per year to the SELECT program (based in Tampa for Years 1 and 2 of the 4 year program). Therefore, at any given time, there are approximately 600 medical students on the Tampa campus. The current inventory of physical facilities is at its maximum capacity and cannot meet the needs of projected enrollment growth. The facility was originally built in the 1970's with a projected maximum capacity of 96 medical students per class (or roughly 400 medical students total). The new Morsani College of Medicine currently under construction will be co-located with the USF Heart Institute (MCOM + HI) in the heart of a vibrant downtown Tampa urban renewal project, attracting top-tier medical students, faculty and researchers; the new location also puts the medical school closer to its primary teaching affiliate, Tampa General Hospital, and the USF Health Center for Advanced Medical Learning & Simulation (CAMSLS). The educational space is being designed with maximum flexibility in mind while simultaneously infusing technology and innovation at every turn. A cornerstone will be two large lecture halls that can each accommodate 200 students and up to 400 students when combined. Other floors accommodate ten learning communities with ample small group learning space. A multipurpose experiential learning lab will enable integrated pedagogies moving students from theory to practice and bench to bedside. All of the future-facing educational space will be supported by a state-of-the-art library and information technologies knowledge exchange. The new MCOM building will also be the home of the new physician assistant (PA) program in addition to an array of inter-professional education activities. The Heart Institute portion of the MCOM + HI includes a clinic/medical research facility that will focus on cardiovascular research targeted to new methods to diagnose and treat CV disease and risk factors. Establishing this Cardiovascular Institute will enable USF Health to have state-of-the-art research facilities dedicated to the number one cause of death in Florida and the country, as well as educate an entire new generation of heart specialists for the region and beyond. One additional goal will be to provide education for patients as well. Constructing this ultramodern facility will bring to the Tampa Bay area a leading center for cardiovascular research by leading cardiac clinical trials and quickly bringing research discoveries from lab bench to patient bedside, and uniquely, to the patient's home (Bringing Science Home theme). It also will offer broad opportunities for collaborative research, within USF Health and also with USF partners.

CIP-3, B - PROJECT DESCRIPTION

Facility/Space Type	Net Area (NASF)	Net to Gross		Unit Cost (Cost/GSF)*	Construction Cost	Assumed Bid Date	Occupancy Date
		Gross Conversion	Gross Area (GSF)				
College of Med	64,000	1.35	86,400	380	32,832,000		
Heart Inst Labs	50,000	1.50	75,000	380	28,500,000		
Aud/Dining/Sup	31,890	1.35	43,052	380	16,359,570		
Faculty Offices	22,790	1.25	28,487	380	10,825,250		
Clinical Labs/Trial	5,770	1.50	8,655	380	3,288,900		
Totals	174,450		241,594		91,805,720		
*Apply Unit Cost to total GSF based on primary space type							
Remodeling/Renovation							
Total Construction - New & Rem./Renov.					91,805,720	Total	0

CIP-3, C - SCHEDULE OF PROJECT COMPONENTS

Component	ESTIMATED COSTS						Funded & In CIP
	Funded to Date	Year 1	Year 2	Year 3	Year 4	Year 5	
1. BASIC CONSTRUCTION COSTS							
a. Construction Cost (from above)	77,550,720	14,655,000					92,205,720
Add/Extraordinary Const. Costs							
b. Environmental Impacts/Mitigation							0
c. Site Preparation	1,000,000						1,000,000
d. Landscape/Irrigation	30,000						30,000
e. Plaza/Walks	20,000						20,000
f. Roadway Improvements	20,000						20,000
g. Parking							0
h. Telecommunication	1,630,408						1,630,408
i1. Electrical Service	40,000						40,000
i2. Electrical Utilities Impact	40,000						40,000
j. Water Distribution - Potable & Irrigation	40,000						40,000
k. Sanitary Sewer System	40,000						40,000
l. Chilled Water tie-ins and Hot Water syst	5,000						5,000
m. Extraordinary MEP Cost for Data Center							0
n. Storm Water System							0
o. Security System							0
p. Energy Efficient Equipment							0
q. Emergency Generator							0
r. UPS Units							0
s. Hurricane Hardening							0
Total Construction Costs	80,416,128	14,655,000	0	0	0	0	95,071,128
2. OTHER PROJECT COSTS							
a. Land/existing facility acquisition							0
b. Professional Fees	11,513,593						11,513,593
c. Fire Marshall Fees	102,678						102,678
d. Inspection Services	1,000,000						1,000,000
e. Insurance Consultant	268,306						268,306
f. Surveys & Tests	347,506						347,506
g. Permit/Impact/Environmental Fees	148,285						148,285
h. Artwork	100,000						100,000
i. Moveable Furnishings & Equipment	1,500,000						1,500,000
j. Project Contingency	2,496,622						2,496,622
Total - Other Project Costs	17,476,990	0	0	0	0	0	17,476,990
ALL COSTS 1+2	97,893,118	14,655,000	0	0	0	0	112,548,118

Appropriations to Date			Project Costs Beyond CIP Period			Total Project In CIP & Beyond
Source	Fiscal Year	Amount	Source	Fiscal Year	Amount	
PECO	2012-13	6,893,118	Morsani Gift	2011-12	\$18,000,000	
	2013-14	12,500,000	Fund Raising	TBD	\$42,351,882	
	2014-15	20,000,000				
	2015-16	17,000,000				
	2016-17	22,500,000				
	2017-18	12,000,000				
	2018-19	7,000,000				
	2019-20	0				
TOTAL		97,893,118	TOTAL		60,351,882	172,900,000

Board of Trustees Finance Committee - New Business - Action Items

State University System of Florida CIP - 3 PROJECT DETAIL Revised April 15, 2019

University Name University of South Florida

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Project Address: Tampa, St. Petersburg, and Sarasota Manatee Campuses

DRAFT 5.7.19

Project Title Renovate USF System Central Plants

CIP-3 A - NARRATIVE DESCRIPTION:
 USF TPA - 006 CPT Critical Steam / HW. B-5 Has Failed: Redundancy Lost. The CPT Steam Boiler System produces central heating and reheat hot water throughout campus including many critical Research, Medical and Health Facilities as well as providing potable hot water heating to many Residential Housing Facilities needed for student showers. Replacing CPT Boiler B-5 system is paramount to maintaining this necessary service. For greater energy efficiency we are converting the boilers from steam to condensing hot water. Consequences if not installed: Replacing critical steam boiler B-5 is necessary to maintaining operational plant capacity and redundancy. Additionally, the CPT Steam Boilers support humidity control systems necessary for critical hospital operating suites and medical research facilities and other important environmental and comfort systems throughout Campus. Not replacing the failed equipment will have a negative impact on sensitive research facilities, student experience and patients. At USF St. Petersburg two of the four centrifugal chillers in the central utility plant are 23 years old and will reach the end of their useful lives in the next 18 months. These two chillers have become very costly to maintain. This request will dramatically improve our reliability and increase capacity to attain the desired N+1 condition. Improved technology will result in significant efficiencies and energy savings when the new machines are operational. The request includes increasing the size of the two replacement chillers from 1,000 tons each to 1,200 – 1,300 tons each. USF Sarasota-Manatee (USFSM) requests funding to plan, design and construct the replacement of Chiller #2 and associated chilled water system improvements to support the glycol system. Chiller #2 has reached the end of its useful life and requires substantial maintenance investment on a recurring basis. The proposed project will replace the existing 280-ton chiller with a 320-ton chiller for increased capacity and efficiency. Additionally, a glycol pump and heat exchanger will be added to provide full redundancy for the glycol cooling system. Upon completion, the CEP chilled water system will have N+1 redundancy as recommended by USF System standards.

CIP-3, B - PROJECT DESCRIPTION

Facility/Space Type	Net Area (NASF)	Net to Gross Conversion	Gross Area (GSF)	Unit Cost (Cost/GSF)*	Construction Cost	Assumed Bid Date	Occupancy Date	Space Detail for Remodeling Projects			
								BEFORE		AFTER	
								Space Type	Net Area (NASF)	Space Type	Net Area (NASF)
Totals	0		0		0						
*Apply Unit Cost to total GSF based on primary space type											
Remodeling/Renovation											
Total Construction - New & Rem./Renov.					0	Total		Total	0	Total	0

CIP-3, C - SCHEDULE OF PROJECT COMPONENTS

	ESTIMATED COSTS						
	Funded to Date	Year 1	Year 2	Year 3	Year 4	Year 5	Funded & In CIP
1. BASIC CONSTRUCTION COSTS							
a. Construction Cost (from above)							0
Add'l/Extraordinary Const. Costs							
b. Environmental Impacts/Mitigation							0
c. Site Preparation							0
d. Landscape/Irrigation							0
e. Plaza/Walks							0
f. Roadway Improvements							0
g. Parking ___ spaces							0
h. Glycol System (SM)		100,000					100,000
i. Electrical Service (SM)		30,000					30,000
j. Chiller #2 Replacement (SM)		600,000					600,000
k. Chiller #1 & #2 Replacement (SP)		3,000,000					3,000,000
l. Boiler Replacement		2,784,000					2,784,000
m. Storm Water System							0
n. Inflation 3%		195,420					195,420
Total Construction Costs	0	6,709,420	0	0	0	0	6,709,420
2. OTHER PROJECT COSTS							
a. Land/existing facility acquisition							0
b. Professional Fees		605,550					605,550
c. Fire Marshall Fees		16,774					16,774
d. Inspection Services		67,094					67,094
e. Insurance Consultant		4,026					4,026
f. Surveys & Tests							0
g. Permit/Impact/Environmental Fees		35,210					35,210
h. Artwork							0
i. Moveable Furnishings & Equipment							0
j. Project Contingency		625,025					625,025
Total - Other Project Costs	0	1,353,678	0	0	0	0	1,353,678
ALL COSTS 1+2	0	8,063,098	0	0	0	0	8,063,098

Appropriations to Date			Project Costs Beyond CIP Period			Total Project In CIP & Beyond
Source	Fiscal Year	Amount	Source	Fiscal Year	Amount	
TOTAL		0	TOTAL		0	8,063,098

Board of Trustees Finance Committee - New Business - Action Items

State University System of Florida CIP - 3 PROJECT DETAIL Revised April 15, 2019

University Name University of South Florida

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Project Address: Tampa Campus

DRAFT 5.1.19

Project Title Renovate Bio-Science Facility Research Labs (BSF)

CIP-3 A - NARRATIVE DESCRIPTION:

The BioScience Facility (BSF) was built in 1993 with 60,000 gross square feet on 3 floors, and has never undergone a major renovation. It is used for Chemistry and Biology research, supporting externally funded research by faculty members, graduate students and undergraduate researchers. It is subdivided into small labs that are in poor condition making it difficult to recruit new STEM faculty to the space. We will reconfigure the floor plan from ~45 small labs into six 6500 sf open labs, with a total of 3600 linear feet of assignable bench space that can be dynamically assigned depending on the size and funding of each individual research group. This will expand the capacity and capability of the building to support research, increasing the number of faculty driven research groups from 17 to 26. Both Biology and Chemistry need to recruit new faculty in the areas of Genome Integrity, Mechanisms of Aging, Structural and Computational Biology, Bacterial Pathogenesis, Synthetic Organic Chemistry, Drug Discovery, and Biochemistry. These programs will improve national rankings of the College of Arts and Sciences and support both the BOG and BOT strategic plans by increasing the quality of STEM research and increasing both undergraduate and graduate student success expected at a Preeminent University, resulting in "well-educated citizens able to work in diverse fields from Science and engineering to medicine and bioscience to computer science". Most of the undergraduates educated in Biology and Chemistry plan careers in bioscience and medicine while the majority of graduate students look to careers in biotechnology, chemistry or academia. Several upcoming degree program revisions in both Chemistry and Biology will benefit from this renovation. Note this project does not change current space type uses, therefore Educational Plant Survey may not be necessary.

CIP-3, B - PROJECT DESCRIPTION

Facility/Space Type	Net Area (NASF)	Net to Gross Conversion	Gross Area (GSF)	Unit Cost (Cost/GSF)*	Construction Cost	Assumed Bid Date	Occupancy Date	Space Detail for Remodeling Projects			
								BEFORE		AFTER	
								Space Type	Net Area (NASF)	Space Type	Net Area (NASF)
Totals	0		0		0			Research Lab	39,600	Research Lab	39,600
Remodeling/Renovation			39,600	350	13,860,000			Total	39,600	Total	39,600
Inflation 3%					415,800			Total		Total	39,600
Total Construction - New & Rem./Renov.					14,275,800						

*Apply Unit Cost to total GSF based on primary space type

CIP-3, C - SCHEDULE OF PROJECT COMPONENTS

	Funded to Date	ESTIMATED COSTS					Funded & In CIP
		Year 1	Year 2	Year 3	Year 4	Year 5	
1. BASIC CONSTRUCTION COSTS							
a. Construction Cost (from above)		14,275,800					14,275,800
Add'l/Extraordinary Const. Costs							
b. Environmental Impacts/Mitigation							0
c. Site Preparation							0
d. Landscape/Irrigation							0
e. Plaza/Walks							0
f. Roadway Improvements							0
g. Parking ___ spaces							0
h. Telecommunication							0
i. Electrical Service							0
j. Water Distribution							0
k. Sanitary Sewer System							0
l. Chilled Water System							0
m. Storm Water System							0
n. Emergency Generator		350,000					350,000
Total Construction Costs	0	14,625,800		0	0	0	14,625,800
2. OTHER PROJECT COSTS							
a. Land/existing facility acquisition							0
b. Professional Fees			1,462,580				1,462,580
c. Fire Marshall Fees			36,565				36,565
d. Inspection Services			365,645				365,645
e. Insurance Consultant			8,775				8,775
f. Surveys & Tests			36,565				36,565
g. Permit/Impact/Environmental Fees			73,129				73,129
h. Artwork			0				0
i. Moveable Furnishings & Equipment			400,000				400,000
j. Project Contingency			1,096,935				1,096,935
Total - Other Project Costs	0		3,480,193	0	0	0	3,480,193
ALL COSTS 1+2	0		18,105,993	0	0	0	18,105,993

Appropriations to Date			Project Costs Beyond CIP Period			Total Project In CIP & Beyond
Source	Fiscal Year	Amount	Source	Fiscal Year	Amount	
TOTAL		0	TOTAL		0	18,105,993

Board of Trustees Finance Committee - New Business - Action Items

State University System of Florida CIP - 3 PROJECT DETAIL Revised April 15, 2019

University Name University of South Florida

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Project Address: Tampa Campus

DRAFT 5.7.19

Project Title Renovations to Relocate University Police

CIP-3 A - NARRATIVE DESCRIPTION:

USF Police need facilities to support the daily UPD operations and emergency needs in order to adequately serve increasing needs and changing threats to public safety. The project location at NEC offers enhanced access, better visibility, more timely response to threats, and a more hardened building and is therefore an ideal location. With USF growth in sponsored research, overall campus population, residential student population, and legislatively expanded jurisdiction of University Police Department (UPD), all include greater demand on public safety and emergency management resources, personnel, and space to support the USF mission. The current 1950's facility was originally a small house, never intended to support a modern day law enforcement agency. Patrol, Investigations, Administration and support staff do not have adequate space to perform their duties, some work in closets converted to office space. The existing facility continues to deteriorate including major plumbing and electrical issues. Inadequate parking and storage areas stifle the department's ability to grow and meet the community's expectations. The existing police facilities are approximately 9,000 NASF and 14,410 GSF; including a deteriorated doublewide trailer used for student-oriented self-defense training and other departmental training. Site constraints make it impossible to expand the current facility. The existing UPD building was not constructed to withstand the minimum hurricane force winds required by current code. The UPD needs a facility of size to accommodate 100 sworn police officers and 25 civilian employees. In order to relocate the existing NEC occupants of different disciplines, remodeling of the Radio, TV, and MHA buildings is required. This remodeling project replaces the Public Safety Building project previously requested for PECO funding which has 2017 Educational Plant Survey Recommendation 3.5.

CIP-3, B - PROJECT DESCRIPTION

Facility/Space Type	Net Area (NASF)	Net to Gross Conversion	Gross Area (GSF)	Unit Cost (Cost/GSF)*	Construction Cost	Assumed Bid Date	Occupancy Date				
							BEFORE		AFTER		
Radio			8,852		0						
TV			19,132		0						
MHA			8,400		0						
NEC			18,279		0						
Totals	<u>0</u>		<u>54,663</u>	102	<u>5,600,000</u>						
*Apply Unit Cost to total GSF based on primary space type											
Remodeling/Renovation											
Inflation 3%											
					168,000						
Total Construction - New & Rem./Renov.					<u>5,768,000</u>	Total	<u>0</u>	Total	<u>0</u>	Total	<u>0</u>

CIP-3, C - SCHEDULE OF PROJECT COMPONENTS

ESTIMATED COSTS

	Funded to						Funded & In CIP
	Date	Year 1	Year 2	Year 3	Year 4	Year 5	
1. BASIC CONSTRUCTION COSTS							
a. Construction Cost (from above)		5,768,000					5,768,000
Add'l/Extraordinary Const. Costs							
b.Environmental Impacts/Mitigation							0
c. Site Preparation							0
d. Asbestos study and abatement		55,000					55,000
e. Plaza/Walks							0
f. Roadway Improvements							0
g. Parking spaces 50		200,000					200,000
h. Telecommunication		516,000					516,000
i1. Electrical Service		200,000					200,000
i2. Electrical Utilities Impact							0
j. Water Distribution - Potable & Irrigation							0
k. Sanitary Sewer System							0
l.Chilled Water tie-ins and Hot Water systems							0
m. Extraordinary MEP Cost							0
n. Storm Water System							0
o. Security System		400,000					400,000
p. Energy Efficient Equipment							0
q. Emergency Generator		300,000					300,000
r. UPS Units							0
s. Hurricane Hardening		400,000					400,000
Total Construction Costs	0	7,839,000					7,839,000
2. OTHER PROJECT COSTS							
a.Land/existing facility acquisition							0
b.Professional Fees		783,900					783,900
c.Fire Marshall Fees		19,598					19,598
d.Inspection Services		195,975					195,975
e.Insurance Consultant		4,703					4,703
f.Surveys & Tests		19,598					19,598
g.Permit/Impact/Environmental Fees		39,195					39,195
h.Artwork							0
i.Moveable Furnishings & Equipment		840,000					840,000
j.Project Contingency		783,900					783,900
Total - Other Project Costs	0	2,686,868	0	0	0	0	2,686,868
ALL COSTS 1+2	0	10,525,868	0	0	0	0	10,525,868

Appropriations to Date			Project Costs Beyond CIP Period			Total Project In CIP & Beyond
Source	Fiscal Year	Amount	Source	Fiscal Year	Amount	
TOTAL		<u>0</u>	TOTAL		<u>0</u>	<u>10,525,868</u>

Board of Trustees Finance Committee - New Business - Action Items

State University System of Florida CIP - 3 PROJECT DETAIL Revised April 15, 2019

University Name University of South Florida

Page of

Project Address: Tampa Campus

DRAFT 5.7.19

Project Title Engineering Research Building 4

CIP-3 A - NARRATIVE DESCRIPTION:

The College of Engineering is improving the overall student educational experience—both undergraduate and graduate; providing faculty and staff access to key technological areas; building stronger relationships between research and teaching; and inducing innovation. Our investments are aligned with USF's and the College's strategic priorities. In particular, our investments support our continued contribution to the ten Tier 1 Performance Metrics upon which the Performance Based Funding is based, Carnegie, and AAU metrics. As part of this effort we are in an ongoing process of attracting and recruiting faculty and talented graduate students in critical research areas. We must reach to 225 tenured/tenure earning faculty and 1000 doctoral students, and be among the top 30 public ranked Colleges of Engineering. The Engineering Building 4 is the key missing component that limits our ability to achieve the USF goals. We must create a landscape where the boundaries between industry and academia are blurred and where the educational obstacles imposed by historical customs of separating students in the various disciplines are removed. Engineering Building 4 is envisioned as a 250,000ft² facility devoted to impactful discovery, with no discernable internal departmental boundaries, integrated laboratories and teaching spaces devoted to solving pressing challenges of the times— starting with environmental issues around water, cybersecurity, automation and rehabilitation robotics, medical devices and health care, secure and renewable energy, safe and efficient transportation—, readily transitioning to new challenges as they arise. This will be an iconic locale where intellectual collisions occur between engineers, scientists, doctors, nurses, business, artists, and others needed to address the problems of interest and concern. The project is included in the 2015-2020 Tampa Campus Master Plan and will be LEED Silver. Educational Plant Survey Recommendation number 3.3

CIP-3, B - PROJECT DESCRIPTION

Facility/Space Type	Net Area (NASF)	Net to Gross Conversion		Gross Area (GSF)	Unit Cost (Cost/GSF)*	Construction Cost	Assumed Bid Date	Occupancy Date		
		Conversion	Gross							
Classroom	4,000	1.65		6,600	338	2,229,084				
Teaching Lab	10,000	1.65		16,500	364	6,006,165				
Study	16,000	1.65		26,400	327	8,638,872				
Research Lab	69,979	1.65		115,465	433	50,020,744				
Office	5,000	1.65		8,250	339	2,798,153				
Totals	104,979			173,215		69,693,018				
*Apply Unit Cost to total GSF based on primary space type										
Remodeling/Renovation										
Inflation 3%						2,090,791				
Total Construction - New & Rem./Renov.						71,783,808	Total	0	Total	0

CIP-3, C - SCHEDULE OF PROJECT COMPONENTS

1. BASIC CONSTRUCTION COSTS	ESTIMATED COSTS						Funded & In CIP
	Funded to Date	Year 1	Year 2	Year 3	Year 4	Year 5	
a. Construction Cost (from above)			71,783,808				71,783,808
Add/Extraordinary Const. Costs							
b. Environmental Impacts/Mitigation							0
c. Site Preparation		40,000					40,000
d. Landscape/Irrigation		125,000					125,000
e. Plaza/Walks		178,000					178,000
f. Roadway Improvements		625,000					625,000
g. Parking		0					0
h. Telecommunication		300,000					300,000
i1. Electrical Service		250,000					250,000
i2. Electrical Utilities Impact		525,200					525,200
j. Water Distribution - Potable & Irrigation		50,000					50,000
k. Sanitary Sewer System		20,000					20,000
l. Chilled Water tie-ins and Hot Water systems		400,000					400,000
m1 . Chilled Water Distribution		500,000					500,000
m2. Plant Impact fee		2,117,901					2,117,901
n. Storm Water System		420,000					420,000
o. Security System		300,000					300,000
p. Energy Efficient Equipment		150,000					150,000
q. Emergency Generator		625,000					625,000
r. UPS Units		350,000					350,000
s. Hurricane Hardening		1,107,943					1,107,943
Total Construction Costs	0	8,084,044	71,783,808	0	0	0	79,867,852
2. OTHER PROJECT COSTS							
a. Land/existing facility acquisition							0
b. Professional Fees		10,382,821					10,382,821
c. Fire Marshall Fees		199,670					199,670
d. Inspection Services		798,679					798,679
e. Insurance Consultant		47,921					47,921
f. Surveys & Tests		199,670					199,670
g. Permit/Impact/Environmental Fees		399,339					399,339
h. Artwork				100,000			100,000
i. Moveable Furnishings & Equipment				4,199,160			4,199,160
j. Project Contingency		3,993,393					3,993,393
Total - Other Project Costs	0	16,021,491	0	4,299,160	0	0	20,320,651
ALL COSTS 1+2	0	24,105,535	71,783,808	4,299,160	0	0	100,188,503

Appropriations to Date			Project Costs Beyond CIP Period			Total Project In CIP & Beyond
Source	Fiscal Year	Amount	Source	Fiscal Year	Amount	
			Fundraising	TBD	\$49,811,497	
			to add GSF and research equipment			
TOTAL		0	TOTAL		49,811,497	150,000,000

Board of Trustees Finance Committee - New Business - Action Items

State University System of Florida CIP - 3 PROJECT DETAIL Revised April 15, 2019

University Name University of South Florida

Page 1 of 1

Project Address: St. Petersburg Campus

DRAFT 04.30.19

Project Title Facility Purchase

CIP-3 A - NARRATIVE DESCRIPTION:

This project inclusion is identified in section 4.5.2 future land acquisition in the 2015-2025 USFSP Campus Master Plan Update. This has been adopted by the USF Board of Trustees in December 2015 and will respond to the USFSP Strategic Plan goals of 10,000 students in 10 years and future program growth objectives including up to 20 new majors over the next 5 years. The facility will also serve to further USF St. Petersburg's pursuit of additional research initiatives in conjunction with the USF system's pursuit of preeminent research opportunities.

Bayboro Station is an existing 3-story facility located on the southern end of the USF St. Petersburg campus. This facility is 81,000 gross square feet and has over four acres of land. The top floor has been leased by USFSP in the past for classroom and faculty office space, but has since been vacated.

Purchasing this facility will allow USF St. Petersburg to expand STEM, research and related academic programs to students. There is a high demand for these academic programs from our regional employers.

A USF St. Petersburg Campus Master Plan Amendment included the proposed property acquisition area into the Campus Master Plan. EPS is pending.

CIP-3, B - PROJECT DESCRIPTION

Facility/Space Type	Net Area (NASF)	Net to Gross Conversion	Gross Area (GSF)	Unit Cost (Cost/GSF)*	Construction Cost	Assumed Bid Date	Occupancy Date	Space Detail for Remodeling Projects			
								BEFORE		AFTER	
								Space Type	Net Area (NASF)	Space Type	Net Area (NASF)
Totals	<u>0</u>		<u>0</u>		<u>0</u>						
*Apply Unit Cost to total GSF based on primary space type											
Remodeling/Renovation	<u>0</u>		<u>0</u>								
Total Construction - New & Rem./Renov.					<u>0</u>	Total		<u>0</u>	Total		<u>0</u>

CIP-3, C - SCHEDULE OF PROJECT COMPONENTS

	Funded to Date	ESTIMATED COSTS					Funded & In CIP
		Year 1	Year 2	Year 3	Year 4	Year 5	
1. BASIC CONSTRUCTION COSTS							0
a. Construction Cost (from above)							0
Add'l/Extraordinary Const. Costs							0
b. Environmental Impacts/Mitigation							0
c. Site Preparation							0
d. Landscape/Irrigation							0
e. Plaza/Walks							0
f. Roadway Improvements							0
g. Parking ___ spaces							0
h. Telecommunication							0
i. Electrical Service							0
j. Water Distribution							0
k. Sanitary Sewer System							0
l. Chilled Water System							0
m. Storm Water System							0
n. Energy Efficient Equipment							0
Total Construction Costs		0	0	0	0	0	0
2. OTHER PROJECT COSTS							
a. Land/existing facility acquisition			18,000,000				18,000,000
b. Professional Fees							0
c. Fire Marshal Fees							0
d. Inspection Services							0
e. Insurance Consultant							0
f. Surveys & Tests							0
g. Permit/Impact/Environmental Fees							0
h. Artwork							0
i. Moveable Furnishings & Equipment							0
j. Project Contingency							0
Total - Other Project Costs		0	18,000,000	0	0	0	18,000,000
ALL COSTS 1+2		0	18,000,000	0	0	0	18,000,000

Appropriations to Date			Project Costs Beyond CIP Period			Total Project In CIP & Beyond
Source	Fiscal Year	Amount	Source	Fiscal Year	Amount	
TOTAL		<u>0</u>	TOTAL		<u>0</u>	<u>18,000,000</u>

Agenda item: IIIe

USF Board of Trustees
June 6, 2019

Issue: USF Research Park Mixed Use Lab and Office Facility Project

Proposed action: Authorize Issuance of Debt by USF Financing Corporation and Request Approval by the Florida Board of Governors

Executive Summary:

The USF Financing Corporation (USFFC) proposes to construct the USF Research Park Mixed Use Lab and Office Project (the "Project"). The Project consists of a 3-story, 120,000 square foot research laboratory and office facility with retail and dining amenities. Project design is expected to commence in October 2019 and the Project is expected to be complete in January 2021. The Project will be located near the southeastern corner of the USF Research Park on the NE corner of Spectrum Blvd and Fowler Avenue. The Project is included on the USF Research Foundation (USFRF) master plan. The Project is not required to be on the University's master plan. The Project addresses projected demand for laboratory and office space.

Total Project costs are expected to be \$42,000,000, which includes \$27,000,000 of design/construction costs for the core and shell facility; \$10,000,000 of tenant improvements; \$2,400,000 in capitalized interest; a \$2,400,000 debt service reserve; and \$112,000 of costs of issuance.

The Project will be financed by USFFC with proceeds from a fixed rate, taxable revenue bond in an amount not to exceed \$27,000,000 (the "Debt") and a \$15,000,000 cash equity contribution from the USFRF. The Debt will be structured with a 20-year final maturity with level debt service at an expected taxable rate of 6.00%. The Debt will be privately placed with a commercial bank that will be selected through a competitive selection process. USFRF will ground lease the facility site to USFFC. USFRF will manage and operate the Project and will make lease payments to USFFC equal to 1.30 times the required debt service payments. Lease payments will be secured by a lien on the rental revenues from three existing, unencumbered, office buildings in the USF Research Park and the Project.

See attached Resolution and appendices.

USFFC is legally authorized to secure the Debt with the revenues to be pledged pursuant to section 1010.62, Florida Statutes. No proceeds of the Debt will be

used to finance operating expenses of the University, USFRF or USFFC. The issuance of the Project Debt is in compliance with the Debt Management Guidelines adopted by the Florida Board of Governors on April 27, 2006, as subsequently amended, the USF Board of Trustees Debt Management Policy, and applicable law.

Financial Impact:

A demand study performed by HR&A Advisors, Inc. determined that demand for office and laboratory space at the USF Research Park is currently unmet in the market. Sources of demand are linked to the University’s economic development objectives and have grown as the University has invested in Tampa’s research programs and enterprises. With assurances that there is demand for lab and office space at the USF Research Park, the University is in a position where it can develop a mixture of tenants for the Project to support its institutional and economic development goals.

The Project will enhance the University’s research and economic development missions by concentrating on tenants in market sectors that align with the University’s Research Strategic Plan focus areas.

The Project is projected to produce a debt service coverage ratio of 1.49x in 2021-22, the first full year of operations and debt service, an internal rate of return estimated at 7.5%, a net present value of \$7.9 million, and will make a positive annual financial contribution to the University.

Strategic Goal(s) Item Supports:	Goal 4: Sound Financial Management	
Committee Review Date:	May 14, 2019	
Supporting Documentation Online (please circle):	<input checked="" type="radio"/> Yes	<input type="radio"/> No
<ul style="list-style-type: none"> ○ Presentation ○ BOT Authorizing Resolution ○ Demand Study ○ Project Summary ○ Draw Schedule ○ Sources and Uses of Funds ○ Debt Service Schedule ○ Description of Security ○ Historical and Projected Revenues and Debt Service Coverage ○ Negotiated Sale Analysis 		
USF System or Institution specific:	USF System	
Prepared by:	Fell L. Stubbs, University Treasurer, (813) 974-3298	

USF Research Park Lab and Office Project



Presentation to the Finance Committee

May 14, 2019

Today's Objectives

- Overview of project
- Description of the financing
- Sources / Uses
- Mitigating our risks
- Review of Coverage / Backing
- Path forward



Project Overview

Planned Expansion

- 120,000 SF office and lab space
- Fowler frontage
- Defines the physical approach to the University and Research Park from I-275
- Flexibility for long-term marketability and economic viability
- Expansion is anticipated in the Research Park DRI* and Master Plan
- Project Cost: \$37 million



3

*DRI = Development of Regional Impact

Project was presented to finance committee at February meeting.



Why? The Unmet Need *

1	Inst.				
	% Needs Met	CLASSROOM	TEACH LAB	STUDY	RES LAB
	FPU	50%	175%	103%	53%
	FIU	71%	69%	34%	48%
	USF	74%	93%	48%	36%
	UCF	74%	48%	24%	53%
	UF	84%	81%	53%	57%
	UNF	90%	98%	62%	72%
	FAU	91%	88%	38%	45%
	FGCU	93%	98%	39%	10%
	FSU	99%	110%	61%	75%
	UWF	111%	110%	80%	18%
	FAMU	118%	167%	80%	24%
	NCF	189%	171%	212%	60%

This table is a side by side comparison of space needs met, in percentage terms, using current and proposed space formula factors

Per this space needs analysis by BOG, USF has:

36%

Of its minimum required research lab space.



* Chart Source: BOG Staff – February 6, 2019

Why? “Aged Out” Lab Spaces



Mechanical systems (installed 1992) have exceeded standard life span of 20 to 25 years.



Hydronic heating piping and valves system has had numerous failures and leaks.



Images – BSC Labs



Successful Debt Structuring

- Debt Issued by USF Financing Corp
- \$27 million, taxable, fixed rate bonds
- Private placement
- Financing meets all BOG debt management guidelines
- RFP issued for placement, 3 responses received
- No restrictive covenants



Sources / Uses of Funds

(amounts in thousands)

SOURCES OF FUNDS		USES OF FUNDS	
DESCRIPTION	AMOUNT	DESCRIPTION	AMOUNT
Bond proceeds	\$27,000	Core / Shell / Design *	\$27,038
Research Foundation equity contribution	15,000	Tenant improvements	10,000
		Debt service reserve	2,420
		Capitalized interest	2,430
		Costs of issuance	112
Total Sources	<u>\$42,000</u>	Total Uses	<u>\$42,000</u>



Mitigating Our Risks

- Supported by demand study
- Good equity infusion
- Funded debt reserve
- Integrated construction / design team
- GMP Fixed Day One
- Partnering with a national broker
- Strong revenue backing



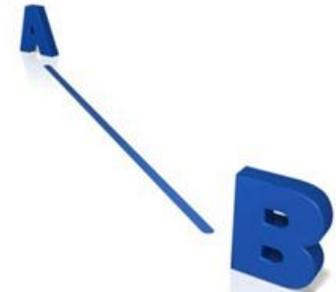
Strong Coverage and Backing

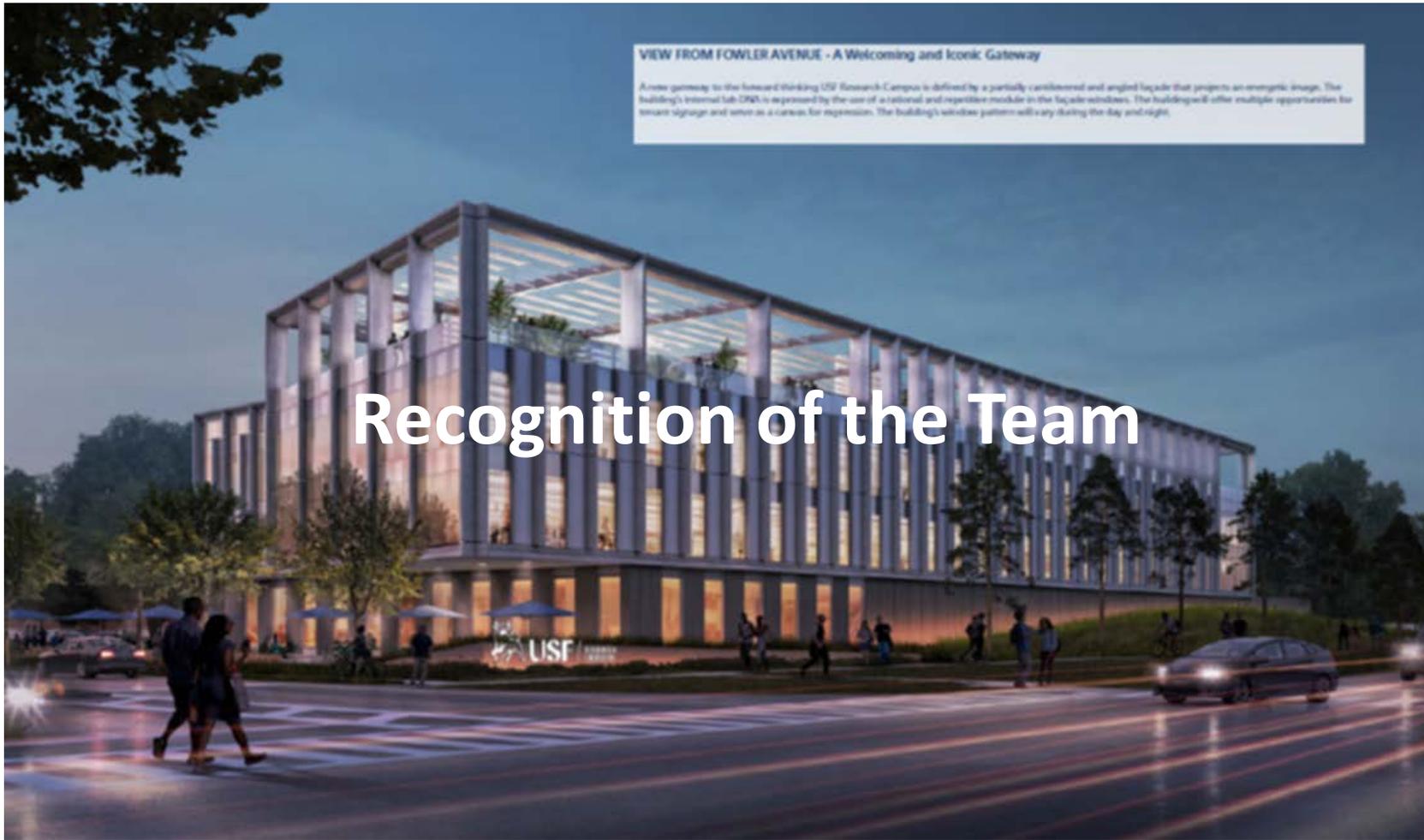
- Research Park income at \$3 million
- Debt coverage of 1.49x in 20 / 21
- Conservative assumptions:
 - Coverage works at 6% (current est. market 4.3% to 4.6%)
 - Estimates a five year lease-up
- Overall USF impact (after issuance):
 - 1.4% debt service / op expense (Aa2 peers 4.2%)
 - 2.4x cash and investments / debt (Aa2 peers 1.2x)



Project Timeline

Activity	Targeted Timing
Presentation of project to BOT for information	February 12, 2019
Approval by USF Research Foundation Board	April 23, 2019
Approval by USF Facilities Corporation Board	April 30, 2019
Approval by USF Board of Trustees Finance Committee	May 14, 2019
Approval by USF Board of Trustees	June 6, 2019
Preparation of Board of Governors and Division of Bond Finance Materials	Now through July 31
Approval by Board of Governors	October 30, 2019
Start of Design	October 2019
Completion of Project	January 2021





Requested Action

Approve resolution authorizing the issuance of \$27 million of debt to fund the USF Research Park Laboratory and Office Project





**UNIVERSITY OF
SOUTH FLORIDA**

A PREEMINENT
RESEARCH
UNIVERSITY

A RESOLUTION AUTHORIZING THE ISSUANCE OF DEBT AND REQUESTING THE FLORIDA BOARD OF GOVERNORS TO APPROVE THE ISSUANCE OF SUCH DEBT TO FINANCE A PORTION OF THE COSTS OF THE CONSTRUCTION OF THE MIXED USE LAB AND OFFICE PROJECT TO BE LOCATED IN THE USF RESEARCH PARK, TAMPA, FLORIDA, AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE UNIVERSITY OF SOUTH FLORIDA BOARD OF TRUSTEES:

Section 1. The University of South Florida Board of Trustees (the "Board of Trustees") of the University of South Florida (the "University") hereby authorizes the issuance of debt by the USF Financing Corporation (the "DSO") and requests the Florida Board of Governors to approve the issuance of debt in an amount not to exceed \$27,000,000 (the "Debt") for the purpose of financing a portion of the costs of the development of a mixed use laboratory and office building to be located in the USF Research Park, Tampa, Florida on a site owned by the USF Research Foundation (the "Foundation") adjacent to the Tampa campus of the University. The Foundation is the Owner/Operator of the USF Research Park.

Section 2. The Project will consist of a 3-story, approximately 120,000 square foot research laboratory and office facility with retail and dining amenities. The Project is not required to be on the University's Master Plan. Construction of the Project is expected to begin in January 2020 and is expected to be completed by January 2021. The Foundation will contribute \$15,000,000 in cash equity to the costs of the Project (the "Contribution"). Proceeds of the Debt and the Contribution are anticipated to be sufficient to complete the construction of the Project without the use of additional funds. Legislative approval of the Project has been obtained pursuant to Section 1010.62(7)(a), Florida Statutes. No proceeds of the Debt will be used to finance operating expenses of the University or the DSO.

Section 3. In consideration of the DSO incurring the Debt necessary to finance a portion of the costs of the Project, the Foundation will ground sublease the Project site to the DSO which will finance and construct the building and master lease the building to the Foundation. The Foundation will manage and operate the Project and will agree to make lease payments to the DSO equal to 1.30 times the required debt service payments on the Debt. The DSO will secure its payment obligations to the bank making the loan to it with lease payments received from the Foundation. Payments made by the Foundation will be secured by a lien on the rental revenues from three existing, unencumbered, office buildings in the USF Research Park and the Project, as more particularly described in item (f) of Appendix A attached hereto. The DSO is legally authorized to secure the Debt with the revenues to be pledged pursuant to section 1010.62, Florida Statutes. The University is also committed to ensuring that sufficient revenues will be generated to fulfill the DSO's obligations with respect to the Debt.

Section 4. The Debt will bear interest at a fixed rate and will mature not more than 20 years after issuance, including any extensions or renewals thereof. The Project has an estimated useful life that exceeds 40 years, which is beyond the anticipated final maturity of the Debt. The

Debt will bear interest at a taxable rate.

Section 5. The issuance of the Debt on a taxable basis is in the best interests of the DSO due to the high level of for-profit tenants to be located at the Project.

Section 6. The Debt will be sold through a private placement with a bank. A private placement is necessary to reduce the cost of financing by entering into a loan agreement with a bank versus issuing bonds in the public market. An analysis showing that a private placement is desirable and in the best interest of the DSO is described in item (h) of Appendix A attached hereto. The bank will be selected through a competitive selection process.

Section 7. The Board of Trustees will comply, and will require the DSO to comply, with all requirements of federal and state law relating to the Debt. Because the Debt is a bank loan, the continuing secondary market disclosure of information does not apply to the Debt, however the bank will receive annual financial information related to the Project.

Section 8. The Chair and Executive Director of the DSO and other authorized representatives of the DSO and the Board of Trustees are hereby authorized to take all actions and steps, to execute all instruments, documents, and contracts, including, but not limited to, executing and delivering the ground sublease and master lease agreements described herein, selecting the bank, and to take all other actions as they may deem necessary or desirable, in connection with the execution, sale and delivery of the Debt.

Section 9. In making the determination to finance the Project, the Board of Trustees have reviewed the information attached to Appendix A and finds that the issuance of the Debt is in compliance with the Debt Management Guidelines adopted by the Board of Governors on April 27, 2006, as subsequently amended by the Board of Governors, the University's debt management policy, and applicable law.

Section 10. EFFECTIVE DATE. This Resolution shall become effective immediately upon its adoption.

ADOPTED this 6th day of June, 2019.

Appendix A

The following documents have been reviewed by the Board of Trustees prior to the execution of this Resolution:

- a. The demand study;
- b. The project summary;
- c. A draw schedule for the project;
- d. Sources and uses of funds for the project;
- e. An estimated debt service schedule;
- f. A description of the security supporting repayment and the lien position the debt will have on that security;
- g. A five year history, if available, and a five year projection, of the pledged revenues and the debt service coverage; and
- h. The negotiated sale analysis.



USF Research Foundation – Research Park

DEMAND STUDY

DECEMBER 2018

Report Overview and Executive Summary

Background

Economic Overview

Market Trends

Programmatic Recommendations

Financial Analysis

Recommendations and Next Steps

HR&A Advisors conducted a demand study to understand the feasibility of adding new office and lab space to the USF Research Park campus.

MANDATE

The University of South Florida Research Foundation (USFRF) supports economic development in the Tampa Bay region by training students for productive careers, by supporting research and technology transfer, and by providing information and scholarly resources needed by the community. Ultimately, USFRF represents the University's link between their institutional resources and the growing innovation economy, especially for the life sciences and biotech industries.

To further this mission, USFRF plans to build out the rest of its 112-acre site to create a world class innovation and research hub. The next step in its expansion process is determining whether the existing 400,000 SF campus can support another lab or office building in the short term.

HR&A was contracted to conduct a market analysis of lab, office, and supporting amenity space for USF's market, before forming programmatic recommendations on what an additional building might include. HR&A's study concluded with a high-level financial feasibility analysis of the programs and a set of sensitivity tests to inform the USF Research Foundation's decision.

Source: USFRF Mission Statement

Market Analysis Methodology

This study is critically informed by a synthesis of qualitative and quantitative findings. HR&A supplemented data analysis with stakeholder outreach, including in-person interviews on the USFRF campus as well as follow-up phone conversations. HR&A engaged the following stakeholders:

- **University stakeholders, faculty, and USFRF leadership**, including department heads, executive staff, and the heads of departmental institutes;
- **Representatives from local economic development entities**, including the Tampa-Hillsborough EDC and !P Tampa;
- **Interest groups**, including BioFlorida and Buchanan, Ingersoll & Rooney; and
- **Real estate developers and brokers** active in the Tampa market.

The expansion of the Research Park represents a crucial next step in the accomplishment of the Research Foundation's larger goals.

OBJECTIVES

USF Research Park has the opportunity to bring together USF's world class research capabilities, medical institutions including Morsani Medical College, Moffitt Cancer Center, Shriners's Hospital, the Veteran's Administration Hospital, and the business community of Tampa to create a destination for academic-industry partnerships and cutting-edge research.

Already a national leader in technology transfer, USFRF must determine how to best use its resources, including an ample supply of real estate and strong research funding streams, to grow the next generation of life sciences and tech companies.

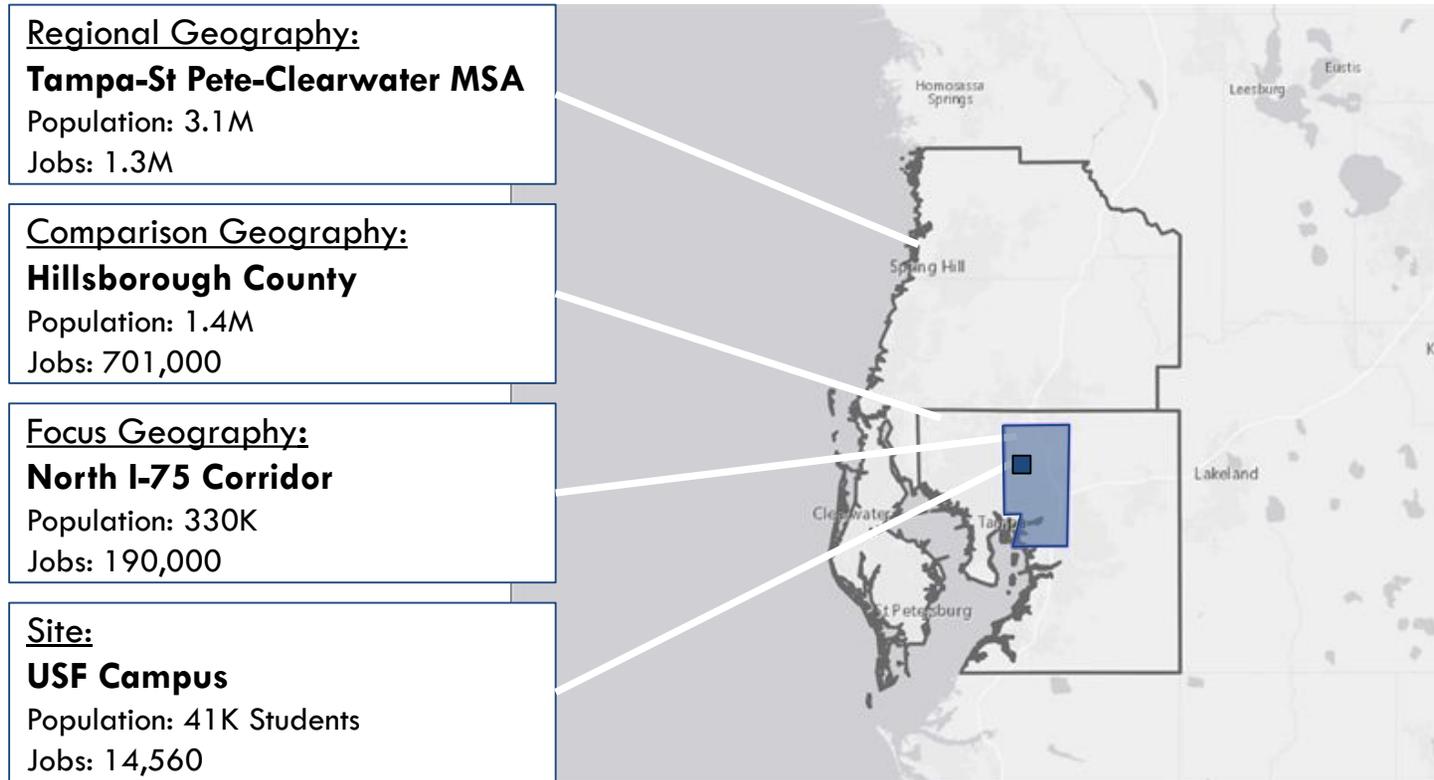
USF has the opportunity to strengthen its **life sciences and tech ecosystem** by providing **spaces for new startups** while also offering lab space to **established corporations** to harness their professional expertise. By creating a multi-tenanted setting, USFRF can create **an environment that facilitates the transdisciplinary conversations** to further spur innovation.

Perspectives on University Demand for Innovation Space

Stakeholders who informed HR&A's understanding of what is desired for the Research Park include:

- **Paul Sanberg**, USF Research Foundation
- **Rebecca Puig**, USF Research & Innovation
- **David Lechner**, USF Business & Financial Strategy
- **Valerie McDevitt**, USF Technology Transfer Office
- **Michael Bloom**, USF Office of Corporate Partnerships
- **Morgan Holmes**, USF Office of Corporate Partnerships
- **Steve Liggett**, USF College of Health
- **Sri Sridharan**, FL Center for Cybersecurity
- **Sudeep Sarkar**, USF Department of Computer Science
- **Jose Zayas-Castro**, USF College of Engineering

HR&A’s market analysis studied the demand drivers for lab and office space across comparable and competitive geographies to assess the potential for the new facility.



Demand for space at the Research Park is intimately related to the economic climates of surrounding geographies. Conditions in the North I-75 Corridor most closely reflect development trends seen around campus, while trends at the county and MSA level informed macroeconomic elements of this demand study. In terms of expectations for tenanting, three sources of demand were investigated. First, **historical development trends** were indicative of market expectations of growth. Secondly, **job growth** in sectors aligned with USFRF’s research activities informed the demand for research space within the context of the aforementioned development trends. Finally, **growth within the University** was examined to determine the endogenous demand for space at USF.

Source: ESRI, compilation of ACS 2012-2016; USF Facts & Statistics

Demand for additional office and lab space at the Research Park will derive from three categories, each showing strong indicators for demand currently unmet in the market.

Historical and Projected Development Trends	Growth in Aligned Industries	Internal Demand at USF
<p>4.5M SF Office Office absorption in Hillsborough County, past five years</p>	<p>7,170 jobs In applicable Life Sciences and Tech industries by 2023</p>	<p>15% Annual research funding growth from 2013-2017</p>
<p>31% Increase in Class A rents in Hillsborough County, past five years</p>	<p>2.1M SF Additional space demanded by Life Sciences & Tech firms by 2023</p>	<p>253k SF Demanded by new faculty hires by 2022</p>
<p>290k SF Average annual leasing turnover for lab users in Tampa MSA</p>	<p>1.2M SF Unmet demand for Life Science and Tech space</p>	<p>35k SF Unmet private sector demand from corporate partnerships</p>

The Research Park should consider different sources of demand when determining the mixture of lab and office types that the new facility might support. Many of these sources of demand are intricately linked with USF’s own economic development objectives and have grown as the University has invested in the Tampa research ecosystem. As one of the leading forces behind Tampa’s transition into a life sciences and tech hub, USF is now set to reap the rewards of earlier investments in the community by tapping into pent-up demand for research space on campus.

Based on strong demonstrations of demand, HR&A developed three programmatic scenarios, each of which has the potential to fulfill different institutional goals for USFRF.

	Scenario 1	Scenario 2	Scenario 3
Tenant Ratio	<i>The Brand Anchor</i>	<i>The Convergence</i>	<i>The Corporate Hub</i>
Larger Firm	22k SF (~1 firm)	44k SF (~2 firms)	65k SF (~3 firms)
Start-Up	37k SF (~45 firms)	37k SF (~45 firms)	41k SF (~50 firms)
Institutional	61k SF (~58 PI's)	39k SF (~38 PI's)	14k SF (~13 PI's)
Program			
Office	84k SF (70% total)	72k SF (60% total)	60k SF (50% total)
Dry Lab	18k SF (15% total)	24k SF (20% total)	30k SF (25% total)
Wet Lab	18k SF (15% total)	24k SF (20% total)	30k SF (25% total)

With strong assurances that there is demand for lab and office space at the Research Park, USF is in an enviable position from which it can curate a mixture of tenants to support its institutional and economic development goals.

Research parks function at the highest level when they are driven by compelling programs, rather than by real estate decisions alone. The programs suggested in this study intend to encourage USFRF to think strategically about how it can leverage Research Park tenants to achieve its larger goals. Depending on **USFRF's preferred programmatic mix** as well as **its ability to recruit private-sector tenants**, the three options span a set of scenarios depicting different proportions of larger tenants, balanced out by start ups and institutional tenants. Each of the three scenarios has different allocations of office, dry lab, and wet lab space, depending on the facility preferences of each tenant type.

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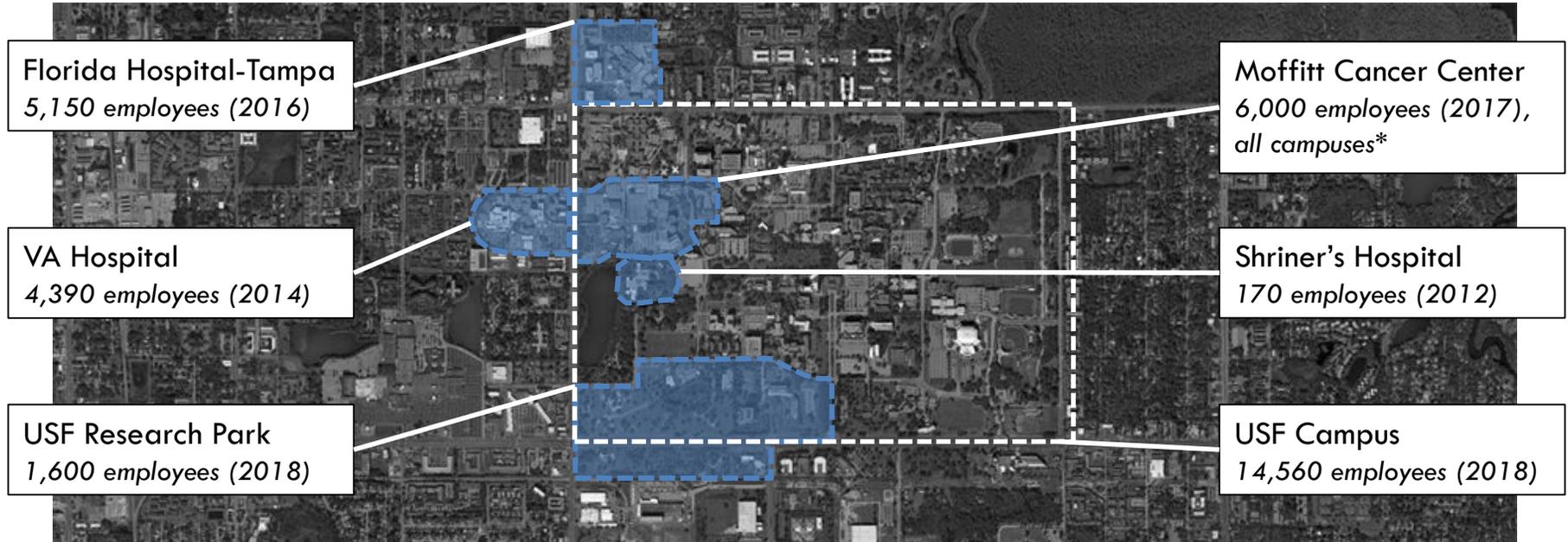
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USF is at the heart of a thriving cluster of life sciences and medical institutions, with more than 30,000 workers in the “eds & meds” industries employed around campus.



Recent expansions from four major hospitals have established the area as one of Tampa's leading life sciences cluster. The growth of these institutions has attracted significant federal research funding that has encouraged a vibrant ecosystem with a robust start-up scene to enjoy a symbiotic relationship with these major players.

Source: James A Haley VA; Moffitt Cancer Center; Shriners' Children's Hospital

Since its founding in 1956, USF has rapidly evolved into the leading research institution for the Tampa Bay region.

\$475M

in Federal Research Funding (2017)

#10 Nationwide

for tech transfer among universities

117

in US Patents Granted in 2017-2018

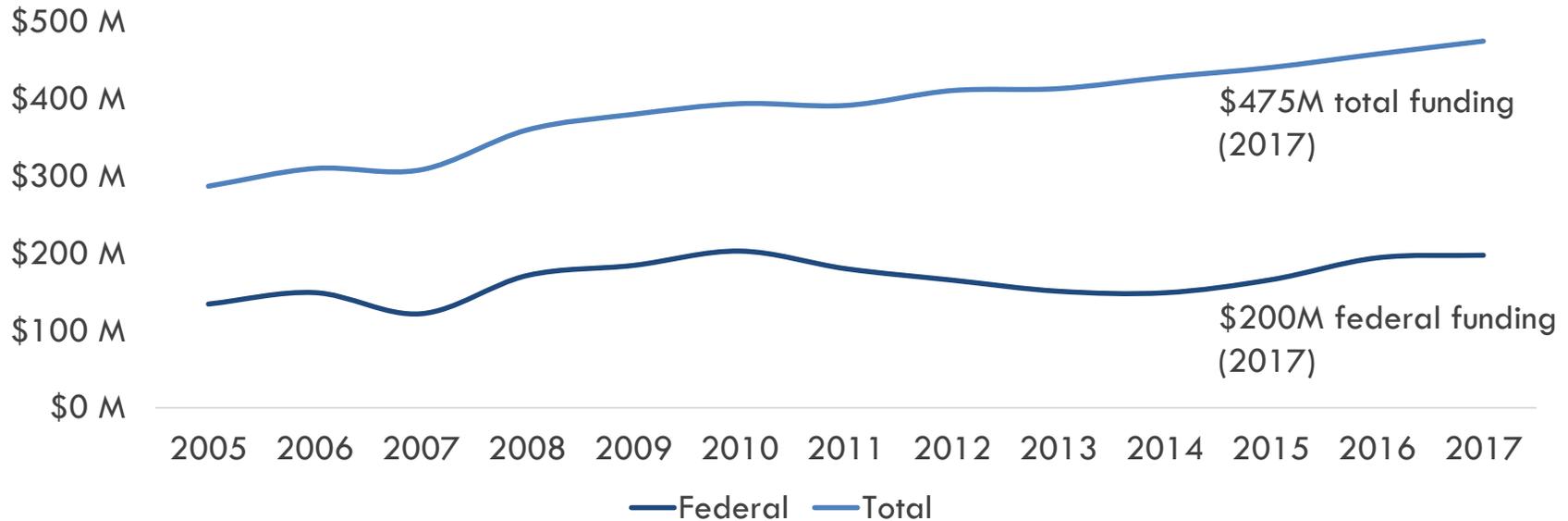


The rapid development of USF's research capabilities has spurred economic activity in the region, as the area surrounding campus has become a hub for life sciences and tech industries. With the backing of the university, over 113 US patents were granted to university-related entities in 2013-14, better than all but 9 institutions in the country. Supporting both small and large businesses in the creation of new technology and ideas, USF supported more than **5,900 jobs** and generated **\$1B in economic activity** throughout the Tampa region by leveraging its \$475M of federal research funding in 2017.

Source: USF Research Strategic Plan, 2017-2021; USFRI Points of Pride

USF has benefitted from a steady stream of federal research dollars, as well as a growing amount of private research funding.

USF Research Funding, FY 2005-2017

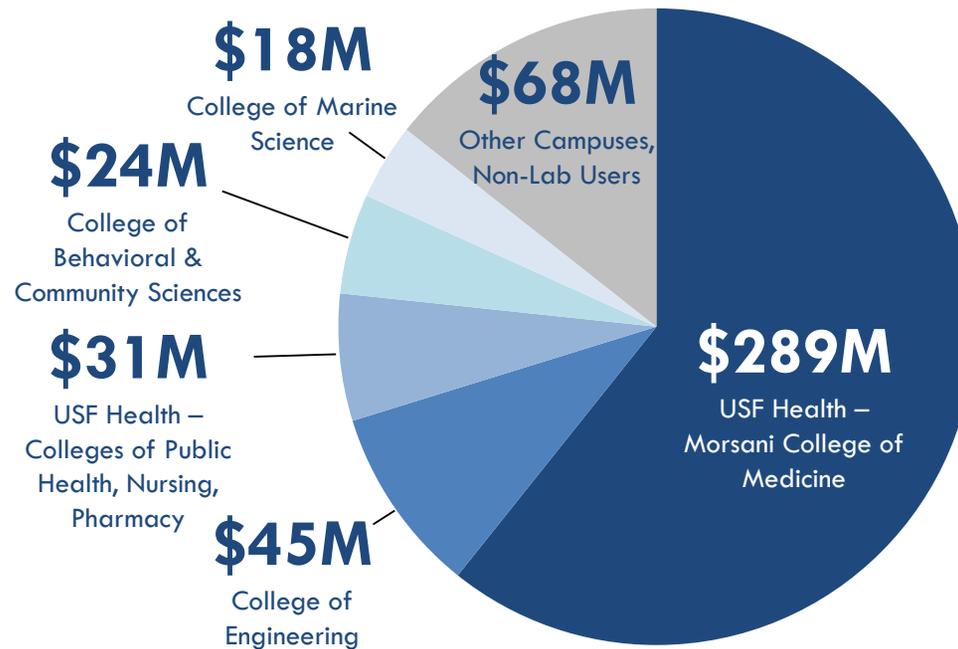


USF has grown its research initiatives considerably, ranking as the **fifth-fastest growing research institution in the US** from 2000-2010 and **expanding by 15% between FY 2013-2017**. This growth has raised USF to the top tier of research institutions in America, ranking 29th among all public universities nationwide. As these research programs have strengthened, they have also diversified their funding sources. In 2005, only 53% of USF's funding derived from non-federal sources, while in 2017, **69% came from non-federal sources**.

Source: USF Annual Report of Research Activities, FY 2017

The growth of USF’s research funding is largely tied to medical research, with the College of Engineering being the next largest recipient of funding.

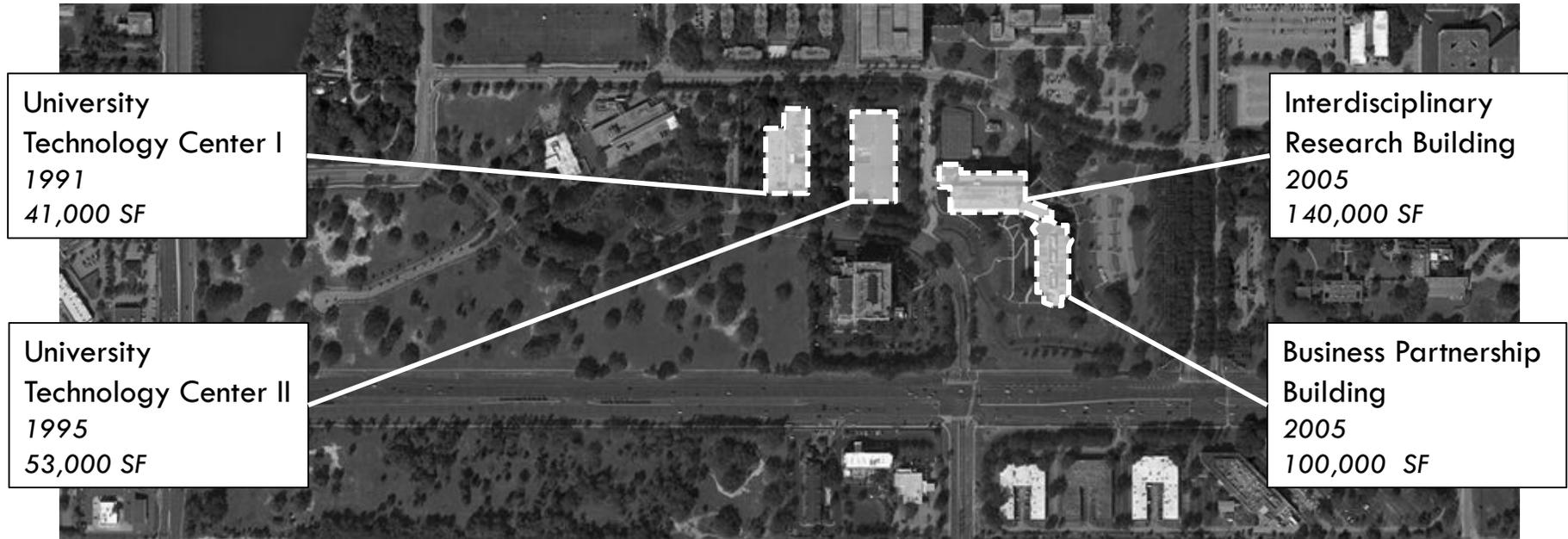
USF Research Funding by Department, FY 2017



The majority of research funding garnered by USF is targeted for USF Health, and in particular the Morsani College of Medicine. While this department has seen substantial **growth of +29% over the past five years**, not all programs at USF have experienced similar growth. Over the same period, the College of Engineering saw funding decrease by -19%.

Source: USF Annual Report of Research Activities, FY 2017

USF Research Park sits on the southern edge of campus, allowing researchers to interface with both on-campus academics and private businesses located nearby.



With a **112-acre site**, the USF Research Park has ample room to expand and can leverage easy access to major interstates as well as a controlled campus environment. At the same time, the Research Park has expressed interest in continuing to expand its connections with university resources by **building stronger connections with nearby academic buildings** like the College of Engineering. A 2009 update to the Research Park's master plan noted that a maximum of 2.3 million gross square feet might be developable across the Park. Moving forward, the Research Park may consider expanding with additional entitlements to allow for denser development patterns that are seen in leading urban research parks throughout the country.

Demand from within the Research Park has filled much of the space, and a successful incubator program may be a source of demand for additional space moving forward.

23 life sciences firms

14,100 SF tenanted

11 tech firms

8,900 SF tenanted

6 business services firms

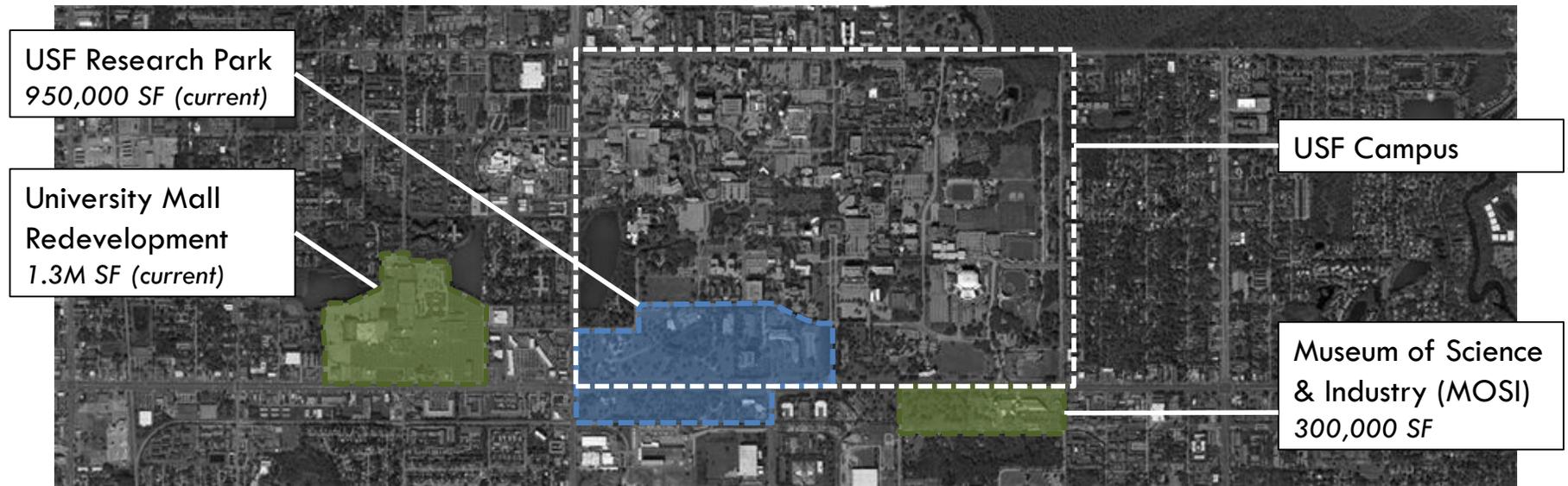
3,700 SF tenanted



USFRF currently provides almost **37,000 SF** of space, including 10,000 SF of amenities and communal space, to **40 small businesses and start-ups** through USF Connect. This incubator serves as a crucial piece in bringing institutional research to market. Amenities and shared lab space allow students and professors to take advantage of a quality creative environment that would otherwise not be available to small-scale operations. The incubator's wide range of rents allow a variety of small businesses to take the next step toward market-readiness.

Source: USF Research Foundation

Nearby vacancies present intriguing opportunities for the large-scale redevelopment of Fowler Avenue that could further enhance USFRF's attractiveness to new research activity.



Two key sites directly adjacent to the main campus present major opportunities for redevelopment. As **MOSI** vacates for a new location downtown, the large purpose-built building could attract an innovative reuse proposal that can leverage the University's proximity. The **University Mall's proposed redevelopment** transitioning from under-utilized retail to a mixed-use urban-neighborhood format suggests ambitious plans for the Fowler Ave corridor. Currently entitled for **3.5M square feet** of mixed used development, developers currently are currently applying for **7.8M square feet** of entitlements, anchored by office and professional uses, with new hotel, restaurant, fitness, and recreation amenities. The proposed redevelopment plan could be transformative for the area, if the market is able to absorb such scale. These efforts, and others to revitalize the Fowler Ave corridor, have been backed by innovation-oriented economic development advocates like !P Tampa, which reports that over **2.1M square feet of new construction** have been permitted along the corridor since 2015.

Source: Tampa Bay Times, Oct 2017

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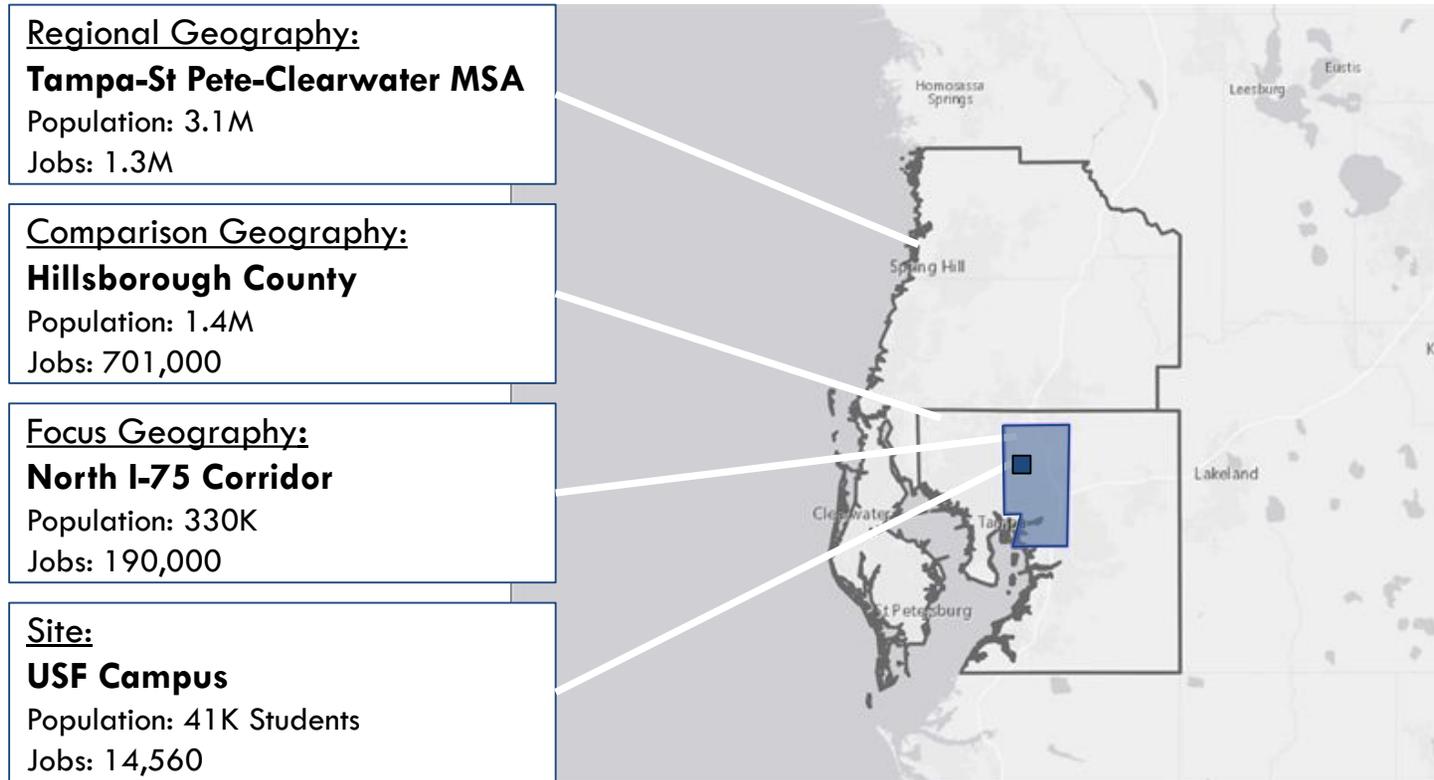
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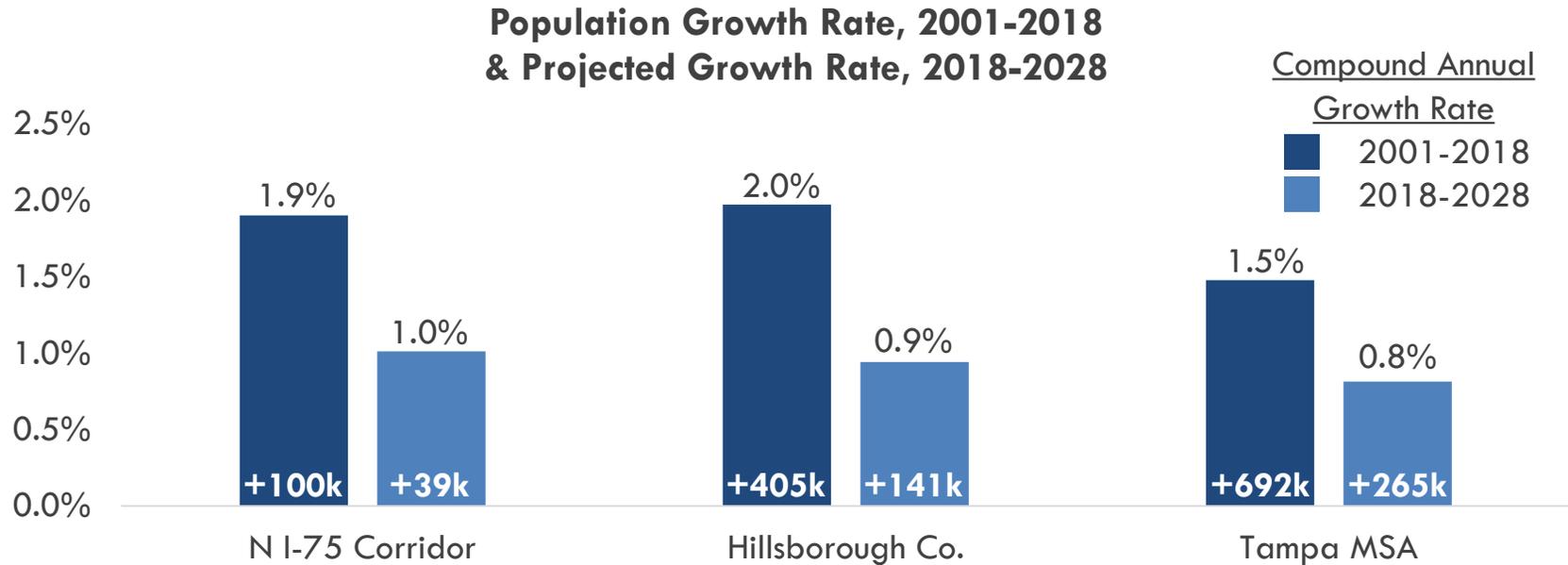
HR&A’s market analysis focused on the North I-75 Corridor surrounding USF and is informed by additional analysis of Hillsborough County and the Tampa Bay MSA.



The growth of the USF-Tampa campus is reflective of the overall growth of the Tampa Bay region in recent years. Of Tampa Bay’s three major cities, Tampa has historically been a center of industry and commerce, as opposed to the tourism-focused economies of Clearwater and St. Petersburg. The USF Research Park campus lies to the north of Tampa’s downtown core, straddling the City’s border with unincorporated Hillsborough County and in the middle of the North I-75 Corridor.

Source: ESRI, compilation of ACS 2012-2016; USF Facts & Statistics

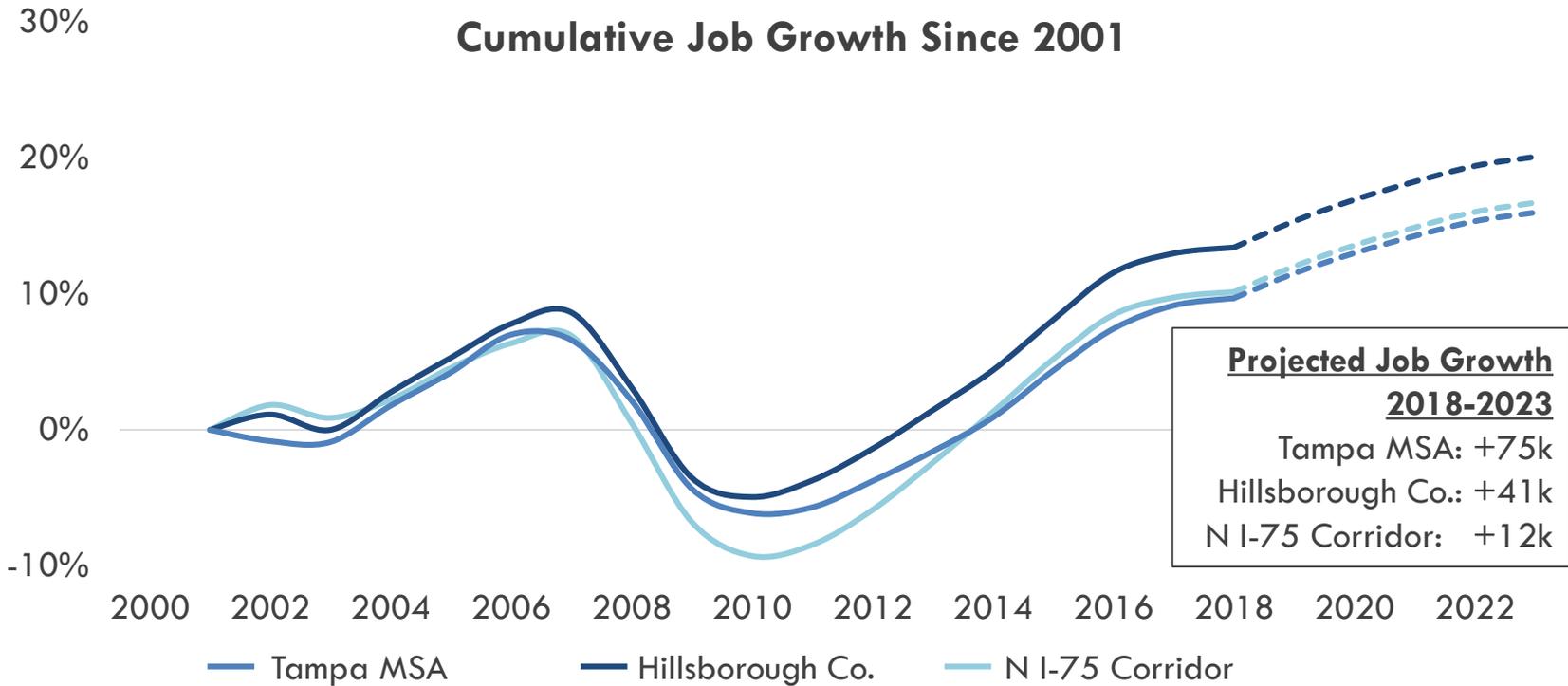
The population of the N I-75 corridor has grown faster than the MSA, and is projected to continue to outpace the region, gaining another 39k residents over the next ten years.



Between 2001 and 2018, the N I-75 Corridor grew at an annual rate of 1.9%, adding 100,000 new residents. In comparison, Hillsborough County grew by 2.0% per year, while the entire Tampa Bay MSA grew by 1.5% per year, reaching a total population of 3.1 million residents in 2018. Overall in 2018, the population of the N I-75 corridor accounted for 12% of the region’s total population. Over the next ten years this growth is projected to slow, with Hillsborough County growing by an average rate of 0.9% through 2028, when the total county population is projected to reach 1.6 million.

Source: ESRI Business Analyst

The job market has recovered since the Great Recession, with all three geographies having returned to peak employment and projected to grow over then next ten years.

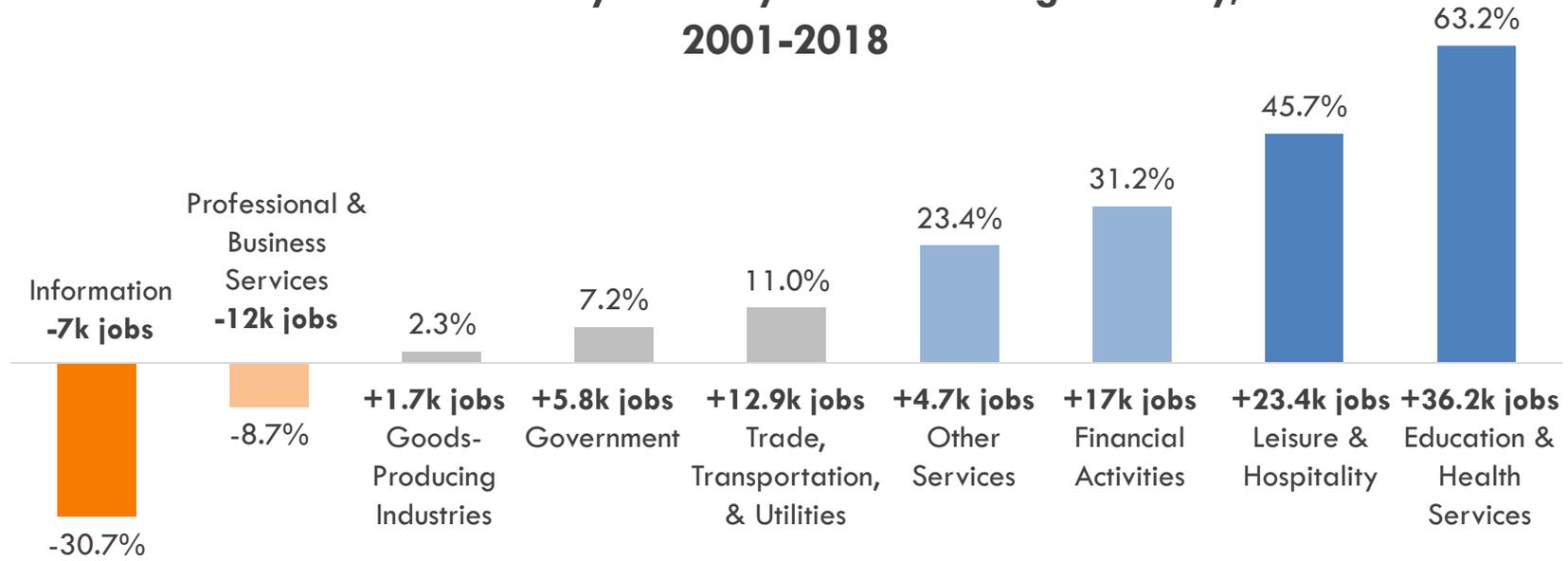


Between 2001 and 2018, the N I-75 Corridor saw job growth of 0.6% annually, adding nearly 18,000 new jobs. In comparison, Hillsborough County grew by 0.7% annually, while the entire Tampa Bay MSA grew by 0.6%, reaching 1.3 million jobs in 2018. Overall in 2018, employment in the N I-75 Corridor accounted for 15% of the region’s total. **Tampa Bay gained 20,000 jobs in 2017**; this resulted in an increase of 1.6% from 2016 to 2017. Job growth is projected to continue at moderate paces, with Hillsborough County to continue growing at an average rate of 0.9% annually through 2028, when total employment in the county is projected to reach 770k.

Source: EMSI

Hillsborough County has seen its strongest growth in the education and health services industries, with other office-using sectors declining or experiencing sluggish growth.

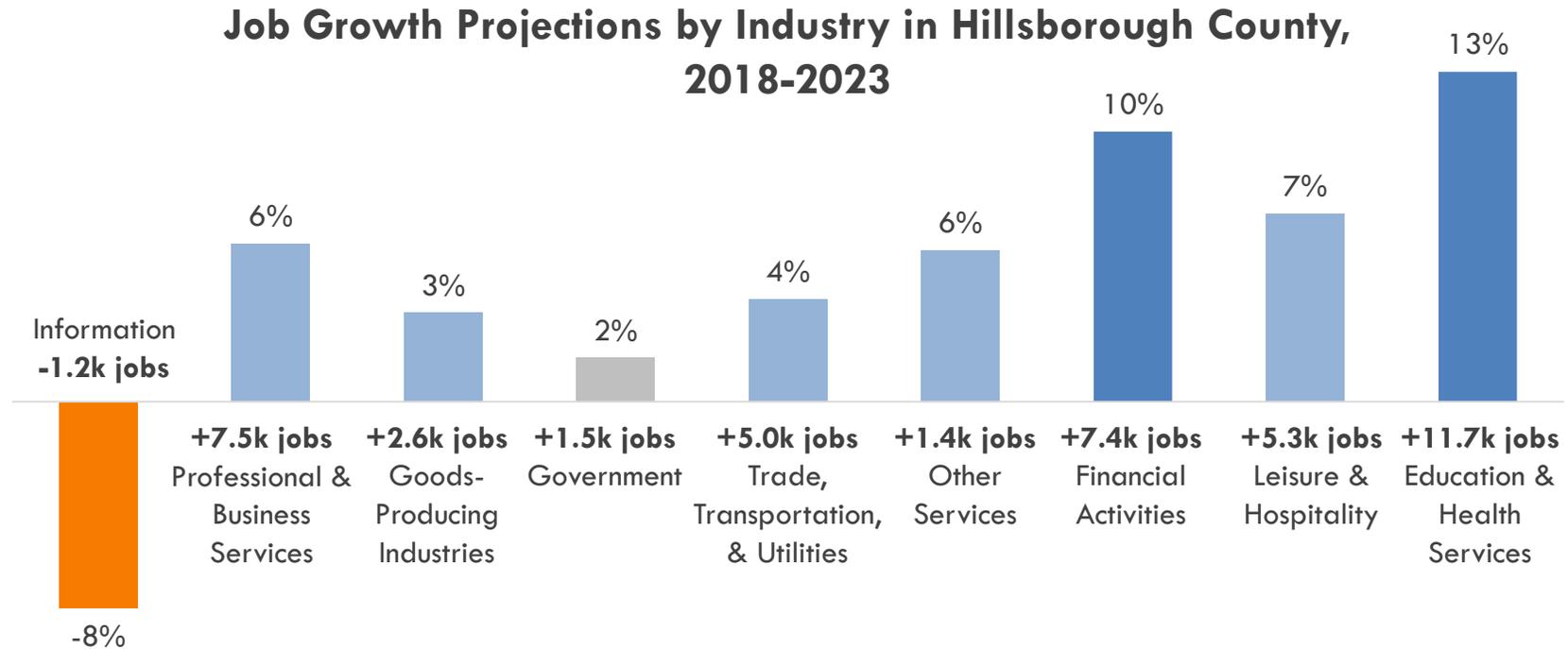
Job Growth by Industry in Hillsborough County, 2001-2018



The Hillsborough County economy has evolved over the past two decades, experiencing strong growth in its **“Eds and Meds” industries**. The growth of these higher-earning, innovation-oriented industries at the County level has supported the growth of the life sciences and medical hub around USF’s own campus. However, as with much of Florida, **lower-paying tourism industries have also grown** during this period, while growth in what has traditionally been Hillsborough’s largest sector, **Professional & Business Services, has declined** in recent years.

Source: EMSI; Industries sorted by NAICS super sectors

Hillsborough County’s base industries are predicted to grow, with three high-paying sectors leading growth in terms of absolute jobs.



In the next five years, Hillsborough County is expected to gain as many as **26,600 jobs** in the high-paying sectors of **Education & Health, Financial Activities, and Professional & Business Services**. The North I-75 Corridor alone is projected to gain up to 7,500 jobs in those sectors, including **4,000 Eds & Meds jobs**. Overall, job growth projections indicate that there may be substantial demand for office and lab product in the mid-term.

Source: EMSI; Industries sorted by NAICS super sectors

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HR&A analyzed three different sources of demand as it sized the space needs of potential tenants of a new building at the Research Park.

1) Historical Absorption in the Regional Market

By analyzing historical development trends and the pipeline of development projects, HR&A determined how new development is currently meeting demand for office and lab space. Expiring leases were analyzed to identify the degree of activity related to lease turnover. Additionally, this analysis was informed by short case studies of the quality and types of spaces that may compete with the new USFRF facility.

2) Projected Growth in Aligned Industries

HR&A assessed regional growth in industries that are aligned with current activities at the Research Park. Namely, these industries include segments of the life sciences and technology fields. Firms in these industries may spur additional collaboration with start-ups or university researchers, many of which are engaged in medical or tech activities.

3) Internal Demand at USF

HR&A determined a range of demand for institutionally tenanted space through conversations with department heads and analysis of university space projections. Preferences of the Research Foundation may ultimately determine the optimal mix of University programs with private firms.

Filling Demand

USFRF is in a position to pull tenants in from multiple components of the Tampa market. Depending on preferences for the program and pairings of different types of tenants, USFRF may have the ability to select between tenants from these three fields:

- **Corporate Tenants:** Larger corporate tenants may serve as anchors for the building and provide professional expertise and mentorship for incubator tenants.
- **Start-up Firms:** The USF Connect Incubator may see demand from start-ups grow as the tech and life sciences sectors in Tampa strengthen.
- **Institutional Research:** Additional space in the new building may serve space-constrained elements of USF's academic departments and research programs.

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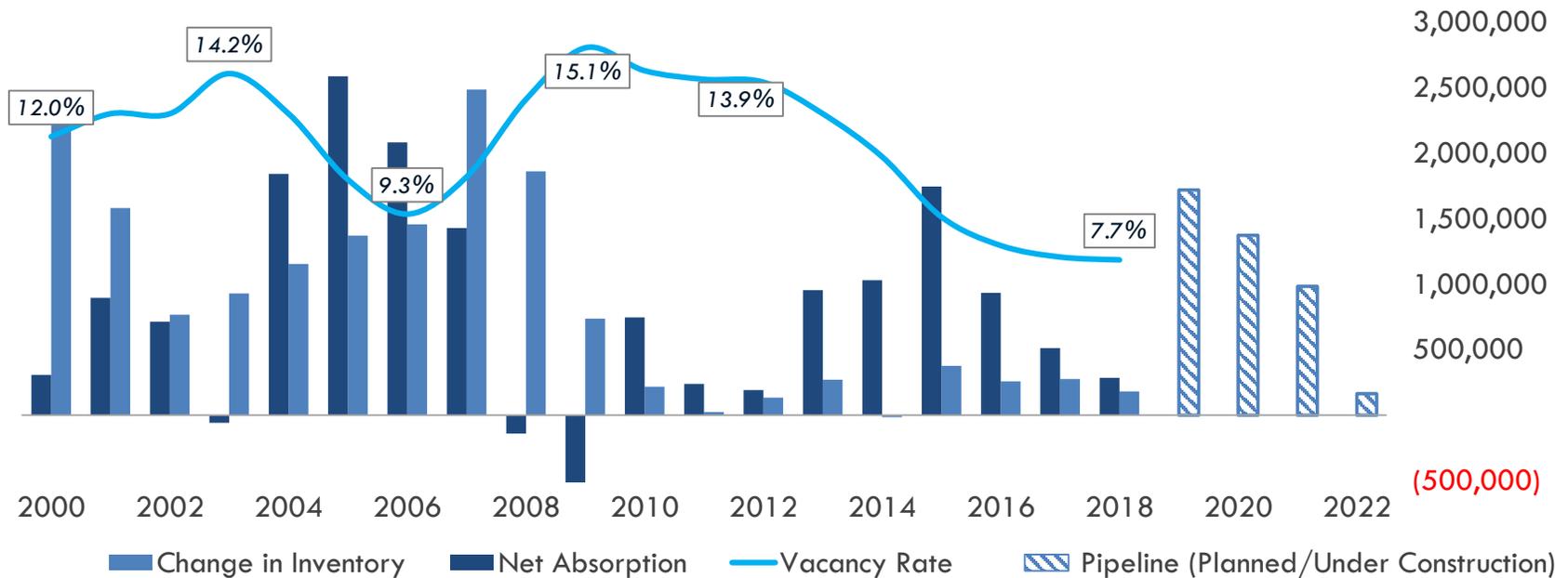
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Development trends for Hillsborough County indicate the office market has recovered from the Recession, with strong absorption in recent years tightening the market.

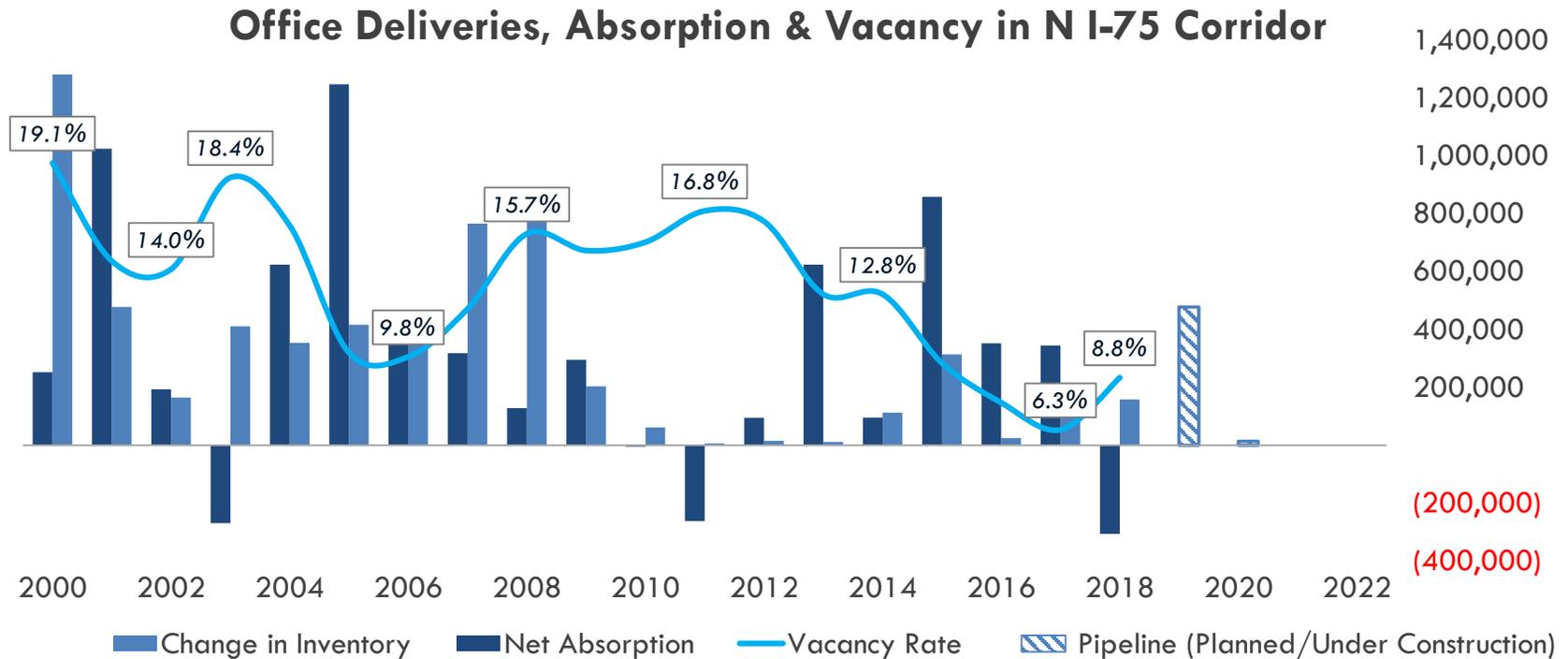
Office Deliveries, Absorption & Vacancy in Hillsborough Co.



The Hillsborough County office market has rebounded from significant oversupply during the Great Recession. While still far from the level of activity seen in the 2000s, Tampa is experiencing an increase in office absorption that is tightening vacancy rates, with **4.5 million SF of net new absorption over the past five years**. The optimism behind the market is best evidenced by large-scale investments at Water Street, Midtown Tampa, and Armature Works, each of which will create new mixed-use office districts. Growth of the office market reflects the strong job growth in general in Tampa, inducing an **additional 5.2 million SF of planned development** to augment Hillsborough County’s total inventory of 69 million SF.

Source: Costar, Nov 2018

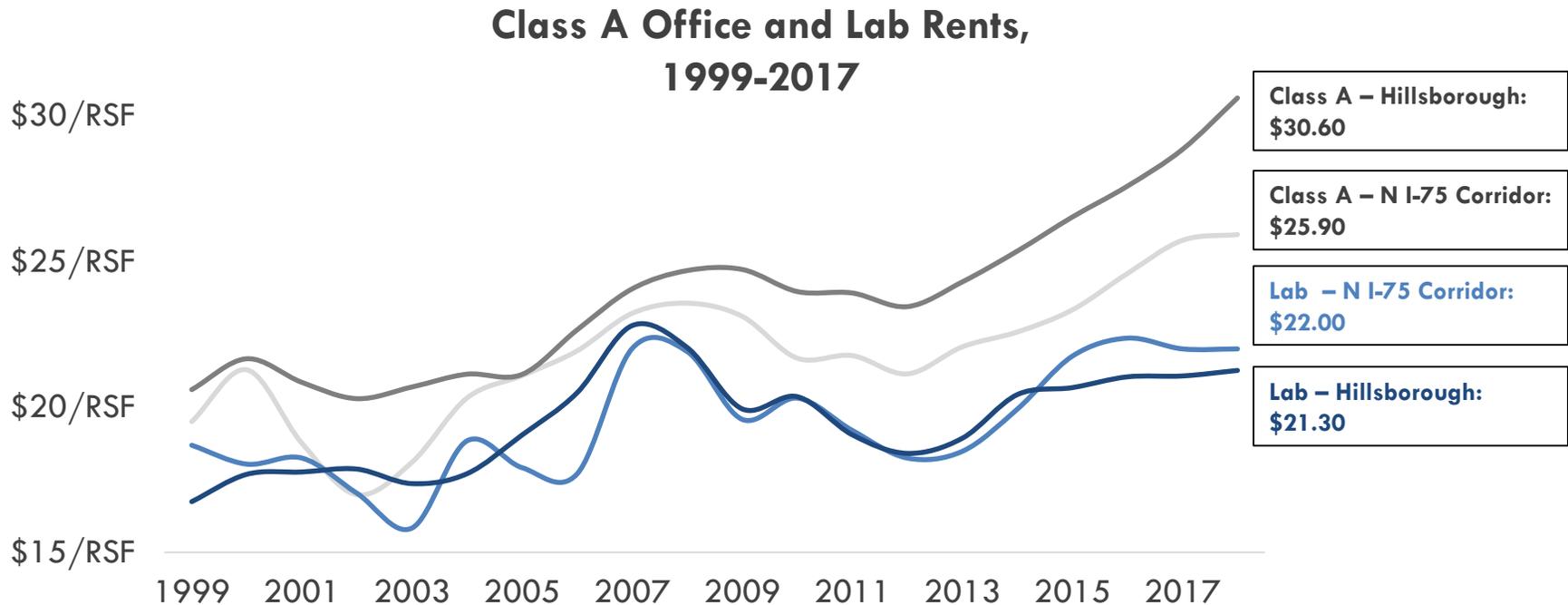
The North I-75 Corridor Office Market has followed County trends, with more volatility, experiencing higher vacancies in the Great Recession, and lower today.



Higher peak vacancy, lower vacancy recently, fewer deliveries, and more recent spikes in absorption indicate that the market for the North I-75 Corridor is slightly more volatile than that of Hillsborough County, but on a whole reflects trends seen across the wider area. This submarket contains almost 18 million SF of the total 69 million SF of office space in Hillsborough County (all classes). Of that, Class A office product makes up 7.3 million SF in the N I-75 Corridor and 23.8 million SF in Hillsborough Co. Within the past five years, almost **1.3 million SF of net new absorption** occurred in the N I-75 Corridor, while almost **500,000 SF of future development** is in the pipeline.

Source: Costar, Nov 2018

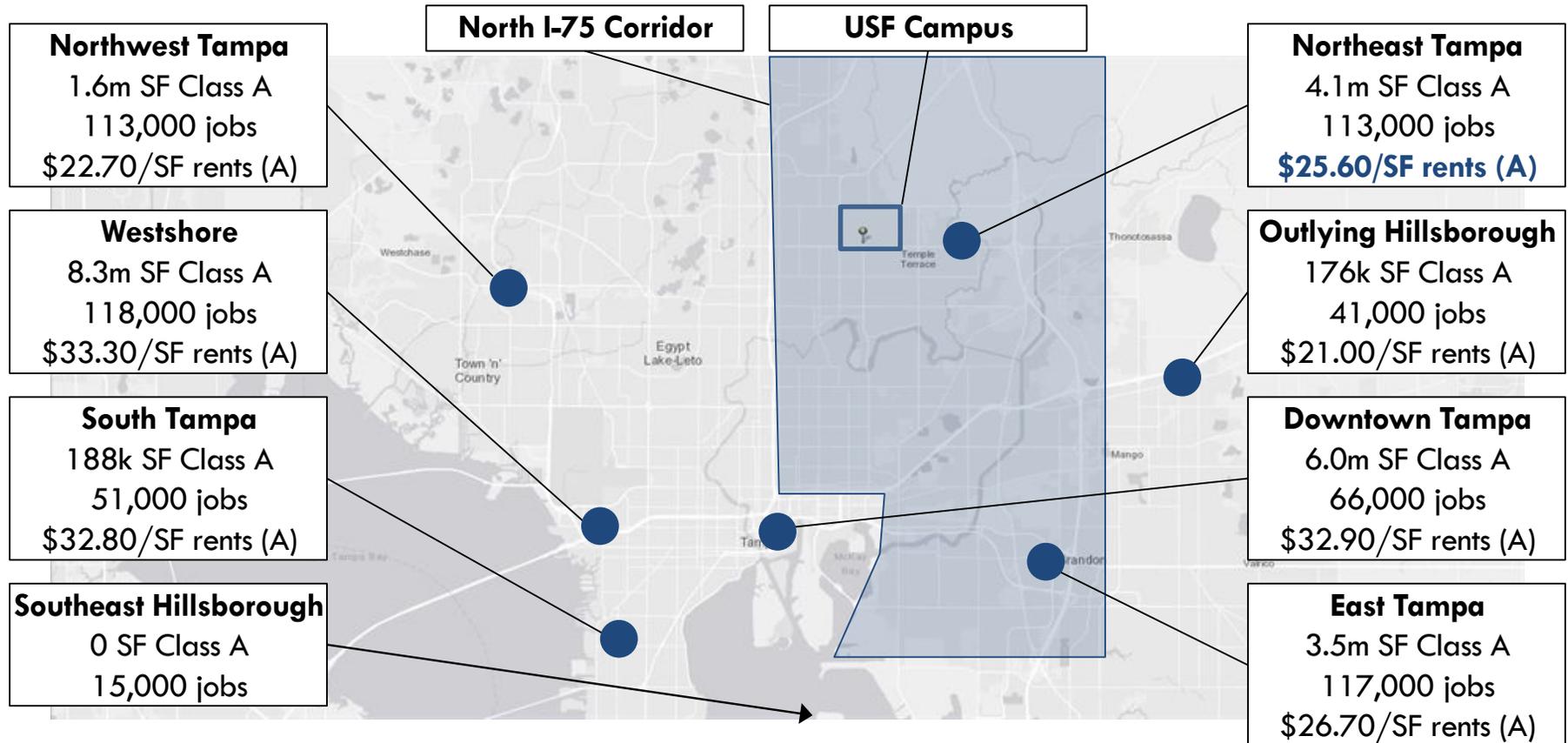
Lab rents in the Hillsborough County and N I-75 Corridor Submarkets have lagged the growth of Class A rents, with County Class A space increasing 31% over past five years.



Although Class A rents in the North I-75 Corridor are far exceeded by Class A rents across the larger Hillsborough County area, lab rents in the Corridor have risen above those of Hillsborough County’s in recent years. However, the low lab rents in the market in general, combined with high costs of lab construction, may inhibit the development of additional lab product. The Research Park is uniquely positioned to deal with this constraint in that it already has land available, which may lower total development costs to support the project’s development economics.

*Note: R&D/Medical uses serve as proxy for lab
Source: Costar, Nov 2018*

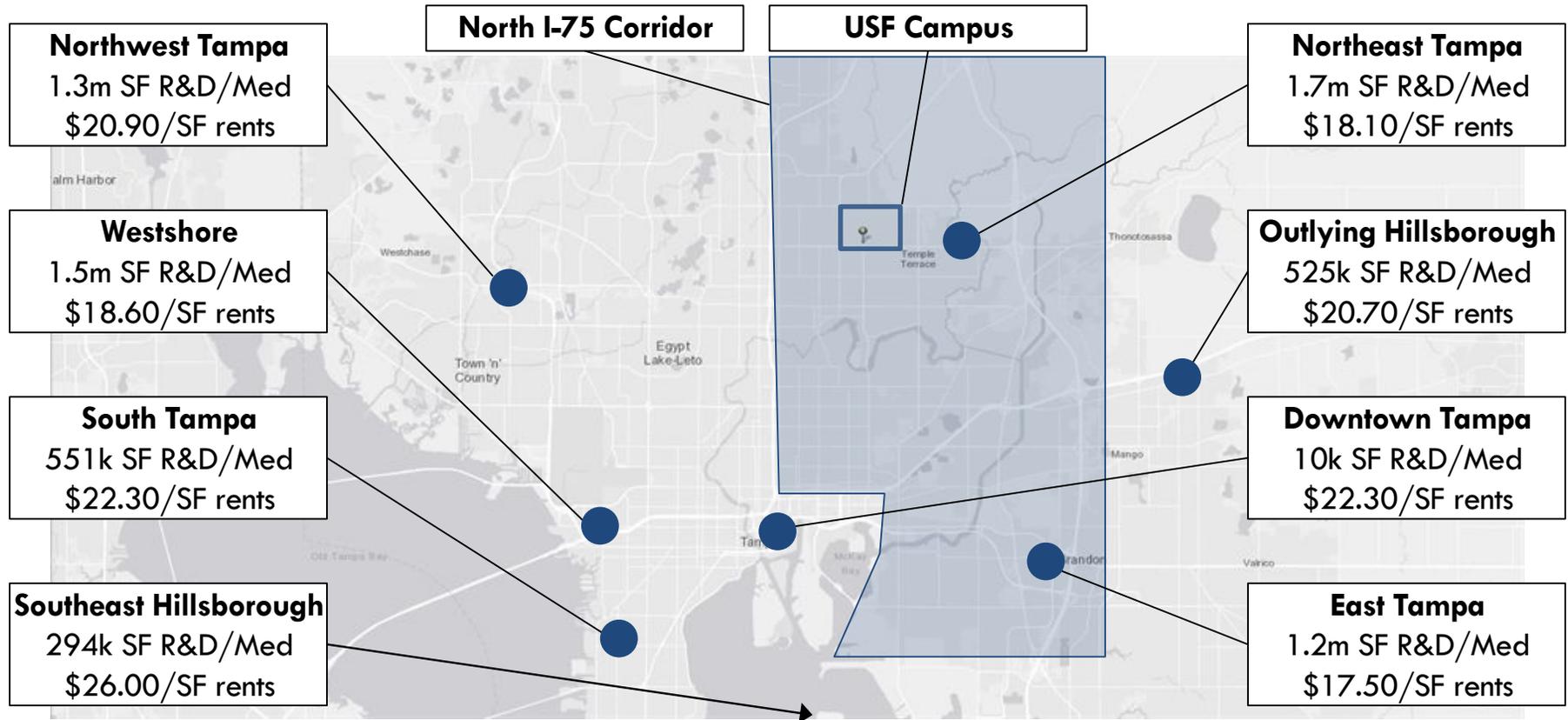
Existing Class A office product in Tampa is concentrated in Westshore and Downtown and is able to attract higher rents than near the USF campus.



USF is one of several competing job centers in Hillsborough County. While office development has typically been concentrated in suburban-style office park formats throughout the Tampa Bay area, there has been a shift toward mixing uses in an effort to draw in tenants by amenitizing the surrounding environs. Water Street in Downtown Tampa and Midtown Tampa near Westshore are two of the most significant examples of this new trend in office development.

Source: Costar, Nov 2018

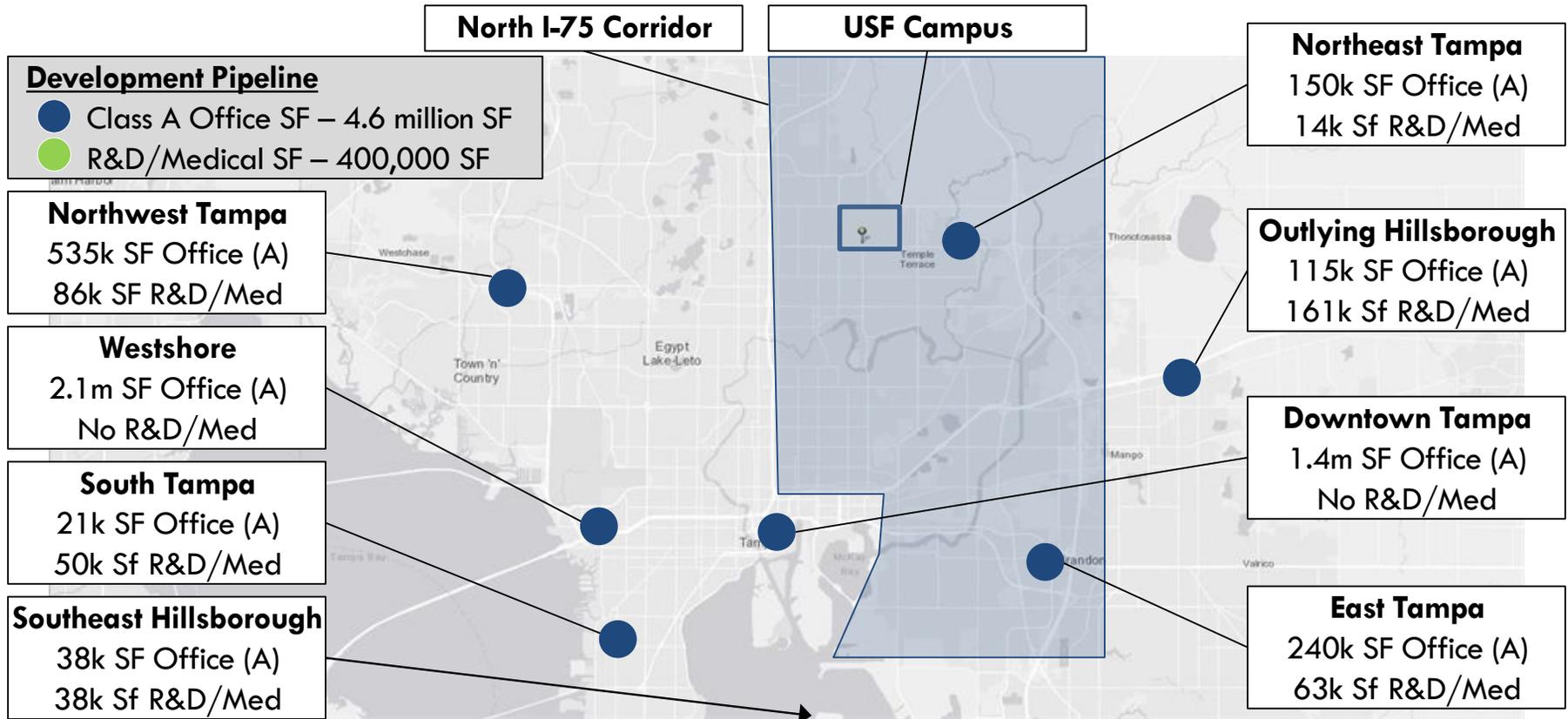
Major lab tenants tend to congregate in Westshore or other established office parks while start-up businesses have fewer options for lab-specific space.



New lab product in Tampa is noted by local brokers to be extremely limited. Although there are competing lab clusters, high construction costs and the limited capacity of emerging companies to pay sufficiently high rents has constrained development. Many start ups seeking lab space cannot afford rents that would justify new construction, while high construction costs discourage speculative lab development. USFRF may have an advantage over private developers, as land costs do not factor in for development and financing may be achieved at lower rates.

Source: Costar, Nov 2018; R&D/Medical uses serve as proxy for lab

Looking ahead, the Hillsborough market is expecting more than 4.6 million SF of Class A office space to be delivered by 2022, but only 400,000 SF of lab space is projected.

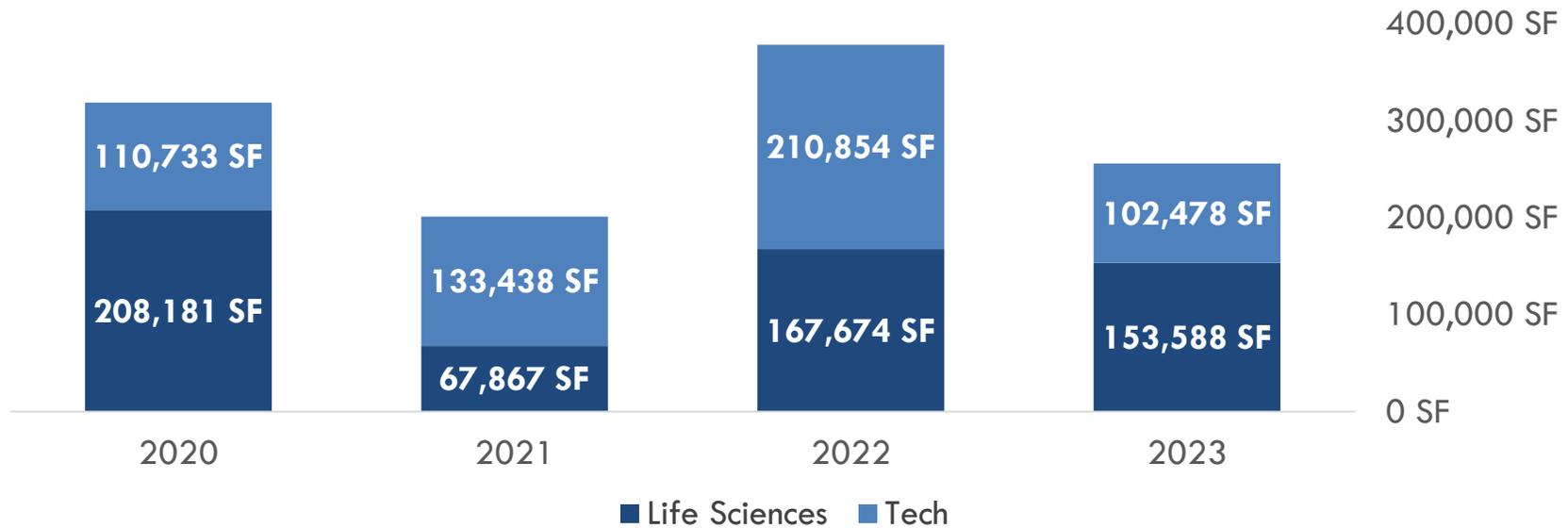


Although there is **significant office development in the Tampa Bay region**, especially around the Water Street and Midtown Tampa projects, there is **very limited lab product** in the development pipeline. The Northeast Tampa submarket adjacent to the USF campus is projecting only 150,000 SF of Class A office and 14,000 SF of R&D/Medical lab space. Considering the rents required to support high-quality development, many start-up companies that USF typically attracts may be locked out of the market for appropriately amenitized lab space.

Source: Costar, Nov 2018; R&D/Medical uses serve as proxy for lab

Over 1.4 million SF of leased lab space rented by 65 different tech and life sciences firms are expected to come up for renewal by 2023 in the Tampa Bay area.

Lab Lease Expirations (SF) by Year, Hillsborough County



Demand may also stem from existing firms looking to relocate to higher quality or better value product. As the development pipeline for lab space is constrained by middling rents and higher construction costs, lab supply will likely continue to contract due to the obsolescence of older product. To anchor the project and support the tenanting of USF departments and private start ups, USFRF may look to bring in more established firms who already have a presence in the Tampa area.

Source: JLL, Health Care/Technology Upcoming Expirations (Q3 2018)

There are several successful precedents serving a range of firm sizes located throughout the Tampa Bay Area that both compete with and compliment the USF Research Park.



Case Study: TEC GARAGE



TEC GARAGE is a mixed-use business incubator near downtown St. Pete that incorporates research and entrepreneurship in technology, life sciences, marine sciences and advanced manufacturing.

For \$15/day or \$125/month, users gain access to shared/private offices, conference rooms, and kitchen.

Key Info

\$12M
Project Cost

20K
Square Feet

36
Businesses

400
Jobs Created

Case Study: Lake Nona Life Sciences Incubator



The **UCF LIFE SCIENCES INCUBATOR** in Orlando is equipped with 7 wet lab spaces, robust infrastructure, strong business support and state-of-the-art shared equipment, all available to the region's most promising life science and biotech startups.



Amenities include private offices, conference rooms and a large fully equipped communal laboratory with shared research instrumentation and autoclave facilities. Rent for each lab is \$2,200 - \$2,800/month.



Key Info

\$4M
Project Cost

7
Wet Labs

10K
Square Feet

Case Study: Embarc Collective



The **EMBARC COLLECTIVE**, slated to open in Downtown Tampa in March 2019, is an upcoming accelerator backed by Water Street developer Jeff Vinik. For a monthly fee, membership will include “support pillars” such as coaching, an on-site recruiting strategist, marketing assistance, a global network of investors, and in-house development offerings.

In addition to private workspaces, it will include facilities for podcasting, collaboration, and gatherings of 250+. A public cafe, outdoor lounge, and lending library are intended to set the space apart. Monthly fees will start at \$465 per person per month.

Key Info

32K
Square Feet

**CAFÉ +
EVENT
SPACE**

\$10M
Project Cost

Case Study: Bristol-Meyers Squibb



At Bristol-Meyers Squibb's **CAPABILITY CENTER**, the staff of about 600 work in research and development, IT, human resources and finance supporting the company's biopharmaceutical business.

The 4-year-old office facility was named one of Tampa Bay's top workplaces, notching the No. 11 spot among mid-sized businesses. There are no private offices, as everyone gets a open-air desk. Separate divisions blend together in the open layout office, and staff meetings are followed by social gatherings.



Key Info

600
Employees

130K
Square Feet

\$21M
Project Cost

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HR&A identified five focus areas of the life sciences sector to more specifically inform the demand for lab and office space at the new USFRF facility.

Breaking Down Anticipated Life Sciences Growth

The life sciences sector is rapidly growing in Hillsborough County, bringing in more funding, creating new jobs, and demanding more space. HR&A examined national trends and reports to identify different constituents of the “life sciences” sector – that may have unique considerations for the USFRF facility.

Biopharmaceutical Manufacturing:

- Medicinal & Botanical Manufacturing
- Pharmaceutical Preparation Manufacturing
- In-Vitro Diagnostic Substance Manufacturing
- Biological Product Manufacturing

Biopharmaceutical Distribution:

- Medical, Dental and Hospital Equipment & Supplies Merchant Wholesalers
- Ophthalmic Goods Merchant Wholesalers
- Drugs & Druggists’ Sundries Merchant Wholesalers

Research, Testing, & Medical Laboratories:

- Testing Laboratories
- Research & Development in Biotechnology
- Research and Development in the Physical, Engineering & Life Sciences
- Medical Laboratories
- Diagnostic Imaging Centers

Medical Devices & Equipment:

- Optical Instrument & Lens Manufacturing
- Electromedical & Electrotherapeutic Apparatus Manufacturing
- Analytical Laboratory Instrument Manufacturing
- Irradiation Apparatus Manufacturing
- Surgical & Medical Instrument Manufacturing
- Surgical Appliance & Supplies Manufacturing
- Dental Equipment & Supplies Manufacturing
- Ophthalmic Goods Manufacturing
- Dental Laboratories

Hospitals:

- General Medical & Surgical Hospitals
- Psychiatric & Substance Abuse Hospitals
- Specialty Hospitals

**Note: While future growth in this sector would likely be located in adjacent hospital facilities, aligned research activities could occur at USF Research Park’s new facility.*

Source: Batelle/BIO and precedent HR&A analysis

Life sciences and hospital employment has grown at a rate of 4-5x faster than overall employment in Hillsborough County.

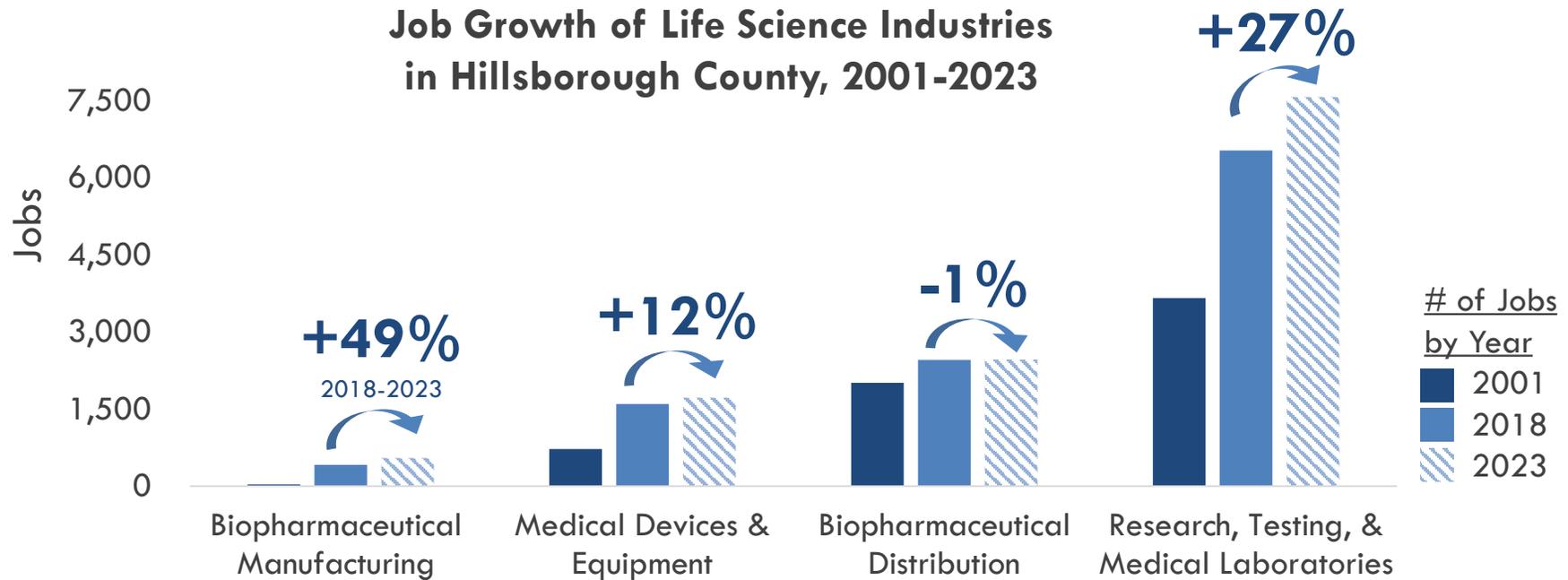
Life Sciences Subsectors in Hillsborough County, 2001-2018

Industry	2001 Jobs	2018 Jobs	Jobs Gained	% Job Growth	2018 Avg Wages
Biopharmaceutical Manufacturing	36 jobs	414 jobs	+379 jobs	+1064%	\$77,000
Medical Devices & Equipment	721 jobs	1,598 jobs	+877 jobs	+122%	\$71,500
Biopharmaceutical Distribution	2,011 jobs	2,454 jobs	+443 jobs	+22%	\$93,200
Research, Testing, & Medical Laboratories	3,656 jobs	6,528 jobs	+2,872 jobs	+79%	\$66,700
SUBTOTAL (Lab users):	6,424 jobs	10,994 jobs	+4,570 jobs	+71%	\$73,700
Hospitals	16,371 jobs	25,430 jobs	+9,059 jobs	+55%	\$57,000
TOTAL:	22,795 jobs	36,424 jobs	+13,629 jobs	+60%	\$62,000

The high-wage life sciences industry offers an appealing opportunity to bring highly skilled jobs to the area while working hand-in-hand with existing medical institutions. The Life sciences sector has seen strong growth across the board, with **sector-wide growth of +60%** from 2001-2018, compared to the Hillsborough average for all industries of +13% over that time. While the growth of lower wage Hospital-related jobs is associated with the **steady expansion of institutions** like Moffitt Cancer Center, Florida Hospital, and Morsani College of Medicine, the exponential **growth of higher wage industries** like Biopharmaceutical Manufacturing and Medical Device & Equipment product reflect the hotbed of innovative activity that has taken hold in the area over the past two decades.

Source: EMSI Business Analyst

The life sciences cluster is expected to continue its growth over the next five years, aligned with USF’s own efforts to grow research in these areas.



In recent years, the Biopharmaceutical Manufacturing sub-sector, previously non-existent in Hillsborough Co., has grown exponentially, gaining 400 employees since 2015. Although larger, more established life sciences sub-sectors are expected to grow more in absolute terms, **innovative sectors like Biopharmaceutical Manufacturing reflect the expansion of research activities within the regional ecosystem into new fields.** USFRF’s own goals encourage the growth of these underexplored sectors, and additional research space should be prepared to accommodate the demands of industries that don’t fully exist yet.

Source: EMSI Business Analyst

Up to 379,000 square feet of new demand for space in Hillsborough County over the next five years can be linked to the growth projections of these industries.

Life Sciences Subsectors Growth in Hillsborough County, 2018-2023

Industry	2018 Jobs	2023 Jobs	Jobs Gained	Est. Total SF Demand
Biopharmaceutical Manufacturing	414 jobs	547 jobs	+133 jobs	39k RSF
Medical Devices & Equipment	1,598 jobs	1,722 jobs	+124 jobs	36k RSF
Biopharmaceutical Distribution	2,454 jobs	2,462 jobs	+8 jobs	2k RSF
Research, Testing, & Medical Laboratories	6,528 jobs	7,569 jobs	+1,041 jobs	302k RSF
SUBTOTAL (Lab users):	10,994 jobs	12,300 jobs	1,306 jobs	379k RSF
Hospitals*	25,430 jobs	27,686 jobs	+2,256 jobs	654k RSF
TOTAL:	36,424 jobs	39,986 jobs	+3,562 jobs	1,033k RSF

Assumes 290 RSF per employee (IFMA)

Job growth projections for Hillsborough County's thriving life sciences industries indicate a substantial amount of space will be demanded over the next five years. However, strong demand projections for subsectors like Research, Testing, & Medical laboratories indicate that a substantial amount of demand for product similar to the Research Park's exist, while little product is in the pipeline to fill this demand.

*Job growth in the hospital industry will likely consume space on a hospital campus, rather than in new lab space.
Source: Square footage estimates from IFMA San Diego, 2009

HR&A also examined subsectors of the tech industry to inform the demand for lab and office space at the new USFRF facility.

Breaking Down Anticipated Tech Growth

Nationwide, tech-focused industries are becoming increasingly relevant in the wake of the tech revolution. Although firms across all industries are increasingly using technology to support their business activities, HR&A has identified several key subindustries related to research and the creation of new technologies.

Tech Equipment Manufacturing

- Computer and Electronic Product Manufacturing
- Electrical Equipment, Appliance, and Component Manufacturing
- Transportation Equipment Manufacturing

Tech Professional Services

- Software Publishers
- Data Processing, Hosting, and Related Services
- Other Information Services
- Computer Systems Design and Related Services
- Management, Scientific, and Technical Consulting Services
- Scientific Research and Development Services
- Other Professional, Scientific, and Technical Services

With a number of high-caliber research centers, like the Florida Center for Cybersecurity, USF's campus is a desirable location for tech firms who may wish to collocate with USFRF's valuable institutional resources. With a sector-wide growth of 53% in the Hillsborough tech industry, the demand pool may be heavily weighted with high-value tech firms. In general, these firms provide high-paying jobs, with the industry-wide salary of \$92,000 in Hillsborough County exceeding the average salary of \$61,000 for all industries (2018).

Source: Precedent HR&A analysis

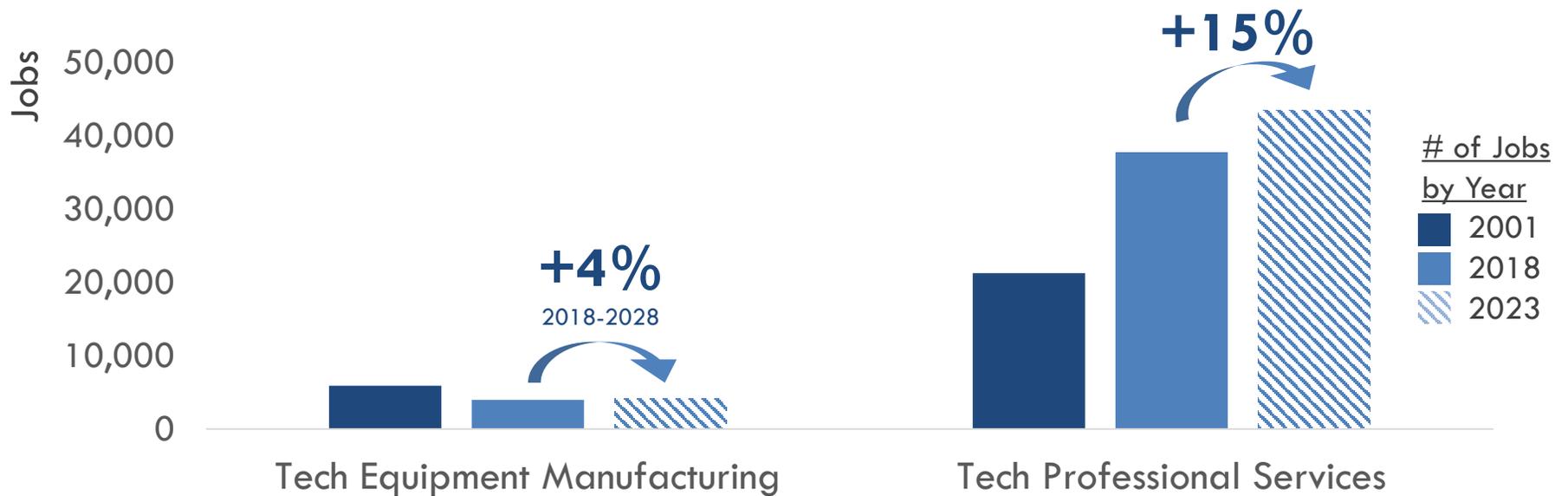
While equipment manufacturing employment has declined since 2001, professional tech services have grown dramatically, gaining 16,500 jobs.

Tech Subsectors in Hillsborough County, 2001-2018

Industry	2001 Jobs	2018 Jobs	Jobs Gained	% Job Growth	2018 Avg Wages
Tech Equipment Manufacturing	5,925	3,975	(1,950)	(33%)	\$79,900
Computer and Electronic Product Manufacturing	2,940	1,455	(1,486)	(51%)	\$81,400
Electrical Equipment, Appliance, and Component Manufacturing	1,004	1,166	161	16%	\$88,400
Transportation Equipment Manufacturing	1,981	1,355	(626)	(32%)	\$70,800
Tech Professional Services	21,306	37,818	16,512	77%	\$94,000
Software Publishers	225	2,264	2,039	907%	\$120,700
Data Processing, Hosting, and Related Services	4,106	2,821	(1,285)	(31%)	\$115,300
Other Information Services	180	859	679	377%	\$88,000
Computer Systems Design and Related Services	8,205	12,593	4,388	53%	\$109,600
Management, Scientific, and Technical Consulting Services	5,198	11,021	5,822	112%	\$82,600
Scientific Research and Development Services	689	2,660	1,971	286%	\$82,400
Other Professional, Scientific, and Technical Services	2,703	5,600	2,897	107%	\$66,400
Total	27,231	41,793	14,562	53%	\$91,567

Tech sectors are projected to gain 5,900 new jobs over the next five years, indicating the potential for strong demand for office with computational/dry lab facilities.

Job Growth of Tech Industries in Hillsborough County, 2001-2023



The growth of the high-paying tech sector in Hillsborough County can be dichotomized into a stagnant tech equipment manufacturing subsector and a booming tech professional services subsector. As the Tampa Bay area on a whole shifts away from a manufacturing-based economy, Hillsborough County’s tech equipment manufacturing sector has seen a decline from 2001 figures and is projected to stabilize near its current employment levels. The professional services side, however, is due to continue its strong growth, possibly offering 15% more jobs by 2023 at competitive salaries of \$94,000 annually.

Over the next five years, tech sectors are projected to require more than 1.7M new SF of space throughout Hillsborough County.

Tech Subsectors Growth in Hillsborough County, 2018-2023

Industry	2018 Jobs	2023 Jobs	Jobs Gained	Est. Total SF Demand
Tech Equipment Manufacturing	3,975	4,138	163	61k
Computer and Electronic Product Manufacturing	1,455	1,515	60	23k
Electrical Equipment, Appliance, and Component Manufacturing	1,166	1,219	54	20k
Transportation Equipment Manufacturing	1,355	1,404	49	18k
Tech Professional Services	37,818	43,515	5,697	1,652k
Software Publishers	2,264	2,795	530	154k
Data Processing, Hosting, and Related Services	2,821	2,830	9	3k
Other Information Services	859	996	137	40k
Computer Systems Design and Related Services	12,593	14,401	1,808	524k
Management, Scientific, and Technical Consulting Services	11,021	12,140	1,119	325k
Scientific Research and Development Services	2,660	3,372	712	206k
Other Professional, Scientific, and Technical Services	5,600	6,981	1,381	400k
Total	41,793	47,653	5,860	1,713k

Assumes 375 RSF per manufacturing employee and 290 RSF per professional services employee (ORG Architects & WXY Architects, 2017)

Regional industries aligned with the Research Park’s mission are projected to drive growing demand for dry and wet lab space.

379k RSF

Projected demand in 2023 for lab-using life sciences industries

+

1,713k RSF

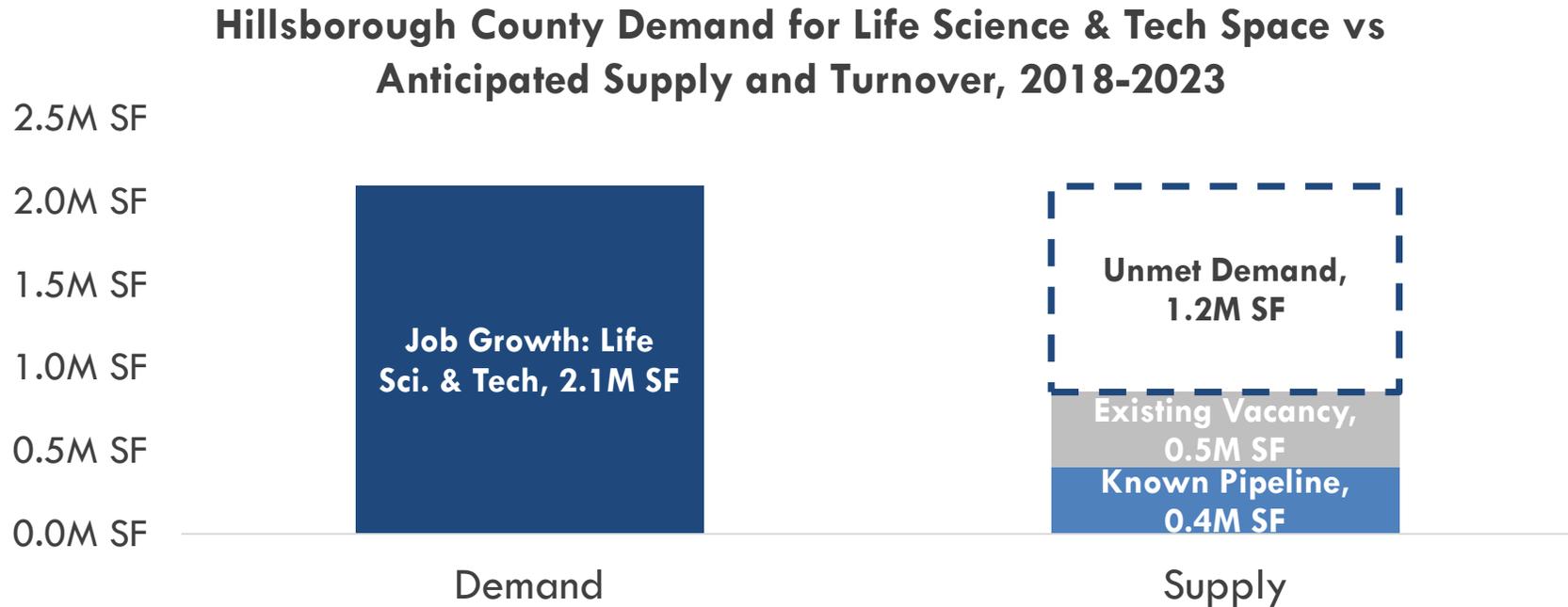
Projected demand in 2023 for tech industries

2,092k RSF

Combined projected demand in 2023 for focus industries

Immense growth in the life sciences and tech sectors is projected to continue in Hillsborough County through 2023, and with 4.2M SF of office space in the development pipeline meant to serve the whole Hillsborough County economy, the market will ostensibly be undersupplied by 2023. Should growth in these focus industries continue at current projections, USFRF may have a stable source of demand from tenants in tech and the life sciences.

With strong growth projected in the lab-using industries such as life sciences and tech, there may be a supply gap for this market in the next five years.



With almost **7,200 jobs expected** to be created in Hillsborough County in the **life sciences and tech industries by 2023**, there will be **some 2.1 million SF of new demand for lab and office space**. With only 400,000 SF in the development pipeline as of now (and some 500,000 SF of existing product sitting vacant), there could be up to **1.2 million SF of unmet demand** for space by 2023. If more product is not created, this constrained market signals that rents may rise or vacancy may continue to fall.

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- *Summary Office and Lab Demand*
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The growth of USF's academic departments may produce a sustainable source of endogenous demand for research space that can backfill market-based demand.

Findings from *USF Research Laboratory 5-year Strategic Plan Space Assessment, 2017*

Department	Projected New Primary Investigators	% Growth from 2017	Projected Additional Research SF Demand
Engineering	+70	+68%	69k SF
Arts & Sciences	+75	+42%	81k SF
Marine Sciences	+15	+38%	15k SF
Behavioral Sciences	+20	+31%	18k SF
Health – Medicine	+52	+24%	57k SF
Health – Nursing	+5	+500%	7k SF
Health – Public Health	+5	+71%	6k SF
TOTAL:			253k SF

Internal growth experienced by USF's lab-using departments can potentially be located within the next expansion of the USF Research Park. It should not be expected that all new space at the Research Park accommodates the above departments, or that all the above departments are accommodated within the proposed space. As seen in the 15% growth of research funding during the five years between FY 2013-2017, the University is growing rapidly. Strong growth is projected to continue for non-hospital-based lab-users like Engineering, Arts & Sciences, and Behavioral Sciences, indicating there is substantial endogenous demand within the University.

Source: *Research Laboratory 5-year Strategic Plan Space Assessment*

Additionally, due to a lack of excess space, the USF Research Park has had to turn down requests from several prospective life science and tech tenants.

7 Corporate Inquiries

Received seeking space since Dec 2017

~1k SF

Avg. space requested by each tenant

~7k SF

Annual space demanded by corporations

~35k SF

Aggregate unmet demand from corporate tenants over the next 5 years

Although the Research Park has been successful at producing a large quantity of start-ups, **it does not currently have a strong corporate presence on campus from established life sciences or tech companies.** These companies may benefit from the entrepreneurial energy surrounding the USF Connect incubator and the research funding brought in by USF programs. The Research Park has not been able to capitalize on these features, in large part due to space constraints. Since December 2017, the Office of Corporate Partnerships has had to pass on seven inquiries from firms in the bioscience or cyber spaces, citing a lack of space.

Source: USFRF

Even amongst the most aligned departments, there is excess internal demand for new office and lab space.

While individual departments have indicated substantial demand for lab space across a variety of USF's research programs, not all of these users are well-suited for space at the Research Park's new building.

Some programs, like the College of Nursing and the College of Marine Sciences, have purpose-built facilities elsewhere where new hires would likely be placed. The Colleges of Medicine, Public Health, and Behavioral Sciences may also tend to consolidate new hires within their existing spaces, though to a lesser degree than Nursing or Marine Sciences. Research within the Colleges of Engineering and Arts & Sciences, however, would likely be most aligned with the goals of the new facility. Beyond the projections included previously, additional conversations with representatives of three different departments placed total research space needs between 254k SF – 329k SF in the near- to mid-term.

Additional considerations include that demand from these academic programs should be balanced with potential offers made to the Office of Corporate Partnerships and the Technology Transfer Office, and that USFRF may wish to allocate lab space to institutional users in concert with larger plans to grow desired industries on the Research Park campus.

Demand Projections for USF Programs

Primary Alignment

- **USFRF Leadership Offices:** 30k SF
- **Potential Corporate Partnerships Tenants:** 35k SF
- **College of Engineering:** 69k SF
- **College of Arts & Sciences:** 81k SF
- **Cyber Security and Computer Science:** 8k SF
- **TOTAL: 223k SF**

Secondary Alignment

- **College of Behavioral Sciences:** 18k SF
- **USF Health - Medicine:** 57k SF
- **USF Health – Public Health:** 6k SF
- **TOTAL: 81k SF**

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An assessment of three different drivers of demand indicates that there is substantial demand from various sources for lab and office space at USF Research Park

Historical and Projected Development Trends	Growth in Aligned Industries	Internal Demand at USF
<p>4.5M SF Office Office absorption in Hillsborough County over past five years</p>	<p>7,170 jobs In applicable Life Sciences and Tech industries by 2023</p>	<p>15% Annual research funding growth from 2013-2017</p>
<p>31% Increase in Class A rents in Hillsborough County, past 5 years</p>	<p>2.1M SF Additional space demanded by Life Sciences & Tech firms by 2023</p>	<p>253k SF Demanded by new faculty hires by 2022</p>
<p>290k SF Average annual leasing turnover for lab users in Tampa MSA</p>	<p>1.2M SF Unmet demand for Life Science and Tech space</p>	<p>35k SF Unmet private sector demand from corporate partnerships</p>

The Research Park should consider different sources of demand when determining the mixture of lab and office types that the new facility might support. Job growth in the lab-using sectors of tech and life sciences alone is expected to produce 1.2 million SF in unmet space demand by 2023 across the county. Should projected growth from lab-using sectors not supply a sufficient demand to tenant the building (in terms of established or start-up private-sector tenants), substantial annual leasing turnover indicates that excess space could be filled from capturing near-term tenant “churn.” Additionally, should the private sector not produce sufficient demand to totally fill the space, tenaning demand from within the University itself could likely support the balance of the building.

With excess demand stemming from a variety of sources, USF has a unique opportunity to be intentional in its selection of tenants.

Tenant Typologies:



**Start-up
Firms**



**Institutional
Research**



**Established
Corporations**

University research park best practices require that facilities and industrial partnerships are **program driven**, rather than real estate driven. USF is in the ideal position where market demand and internal drivers will allow for the university to **purposefully curate tenancy** to serve the best interest of students, research, tech transfer and economic growth. USF should thoughtfully consider the key objectives of comparative programmatic scenarios as they contemplate both the financial objectives as well as their leadership role as a research institution.

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Research Parks can be most successful when the programming and physical design encourage interactions between researchers from different disciplines.

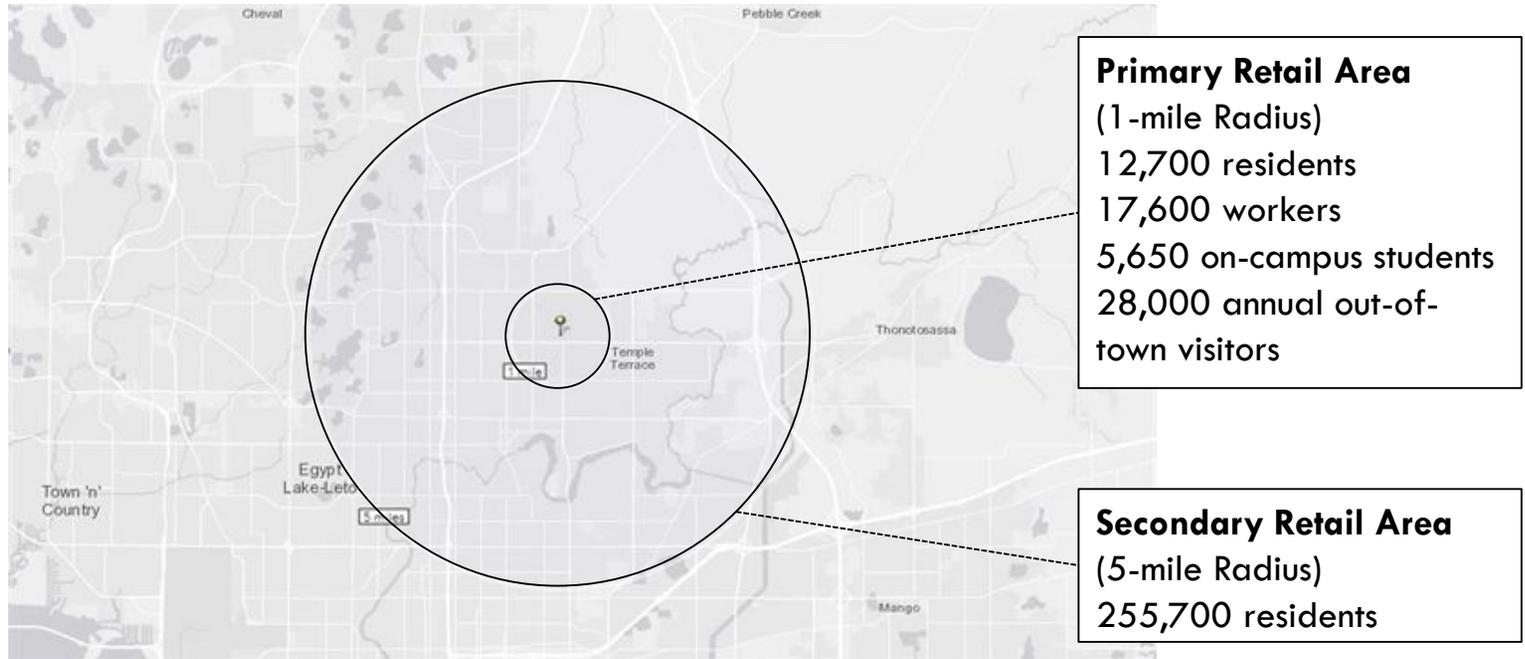


Centennial Campus – North Carolina State University

At the Centennial Campus, NC State has created an inviting environment that serves as a third space for employees from different companies to interact with one another and inspire transdisciplinary conversations.

Increasingly, today's workforce has shown preferences towards amenitized work environments. For auto-oriented settings, these amenities can take the form of conveniences like easily accessible food and beverage or quality of life elements like recreational facilities and open space. Retail is often an important component of placemaking and can be especially effective at rounding out a single-use development like a research or office park. To determine what types of retail may work well on this site, HR&A undertook a retail gap analysis.

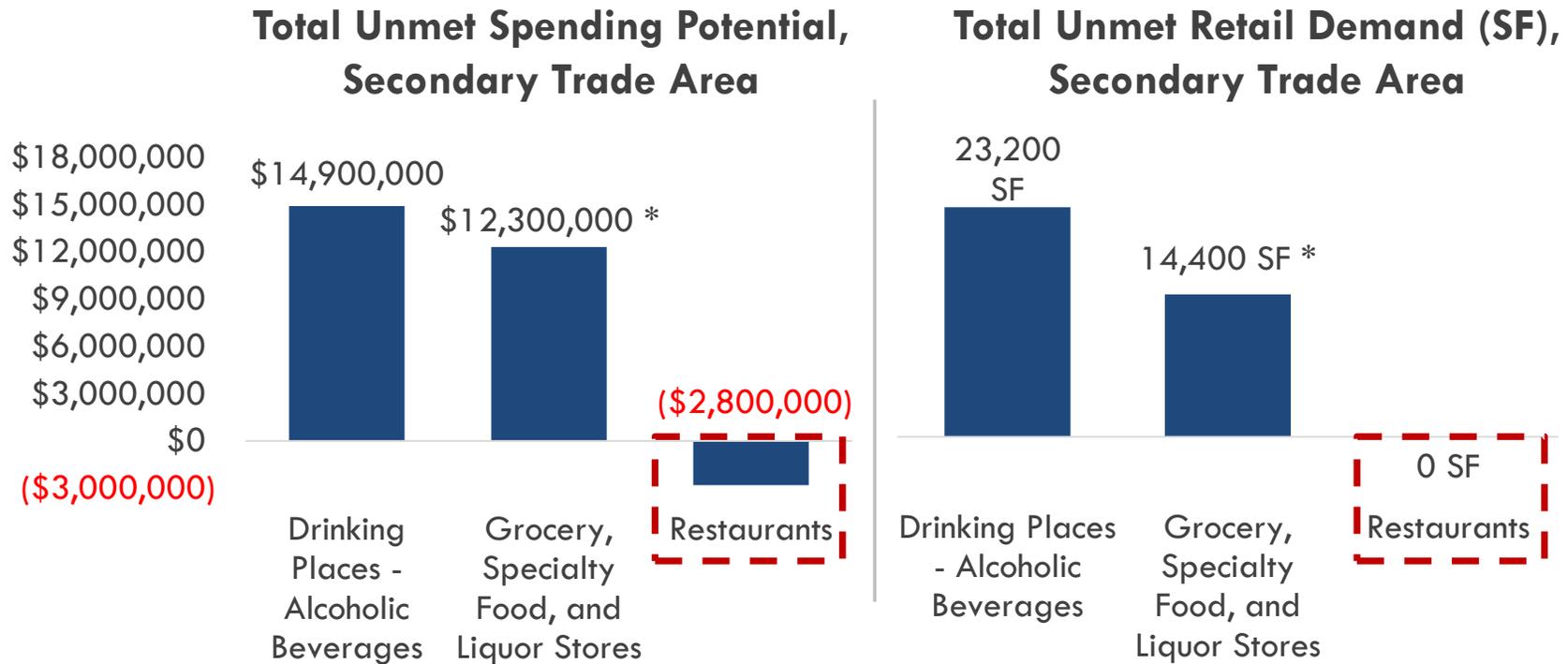
Amenities in the form of retail or dining can provide compelling placemaking benefits to research parks while also activating the space for users other than employees.



To determine the amount of unutilized spending potential in the market, HR&A conducted a retail gap analysis of two sub-markets surrounding USF's campus. Considering the employee, student, and residential populations around the site as well as the existence of regional-serving retail at the University Mall, this retail gap analysis was targeted toward revealing what restaurant and other food & beverage opportunities might be market-supportable on the site.

Source: ESRI Business Analyst

While there is some unmet spending potential for food & beverage focused retail, the sit-down restaurant sector is currently over-supplied within a five-mile radius.



The area surrounding USF is generally over-retailed, hindering the opportunity for convenience retail to be supported by the existing market on the USFRF campus. However, as noted by multiple stakeholders, there is a desire for fine dining options in the immediate vicinity or even on campus. While many “white-tablecloth” restaurant operators are likely to be deterred by the challenging retail climate, there is a possibility that enough demand exists to support a modified fine dining concept, such as a private on-campus service that can support the needs of USFRF.

Source: HR&A analysis

*This analysis does not account for the on-campus Publix Supermarket that opened in December 2018, the first ever on-campus grocery store in Publix’s portfolio.

A white-tablecloth restaurant located at the Research Park would have to capture 99% of the potential market fine dining market within a five-mile radius of USF.

\$277.0 million

Total annual spending potential for restaurants in secondary trade area



0.73%

of restaurants landscape classified as “fine dining”



\$2,022,100

in spending potential for fine dining

versus

\$2 Million

average sales required per fine dining establishment

Nationwide, fine dining makes up 0.73% of the total restaurant landscape and only 1.4% of the full-service restaurant landscape. The total fine dining industry in the US makes up over \$10 billion dollars in annual sales, with an average per unit volume of almost **\$2 million dollars per unit**. In comparison to the rest of the industry, the average unit volume for all full-service restaurants is \$824,000 per unit per year. Assuming that \$2 million dollars of spending potential are needed to support one white-tablecloth restaurant, the \$275,000 in spending potential in the **primary trade area is insufficient** for this use, it is improbable to assume that a restaurant here could **capture 99% of the \$2,022,100 of spending potential** in the secondary market.

Source: CHD Expert

Although an independent fine dining option may not be supportable, USFRF could potentially explore a partnership with a private-sector food services provider.



United Technologies Corporate Dining Facility
Farmington, CT – Serves 150

With a 4,000 SF dining room and a 2,150 SF kitchen that can serve 150 people, this facility provides a fine dining option for business leaders in a suburban office park setting. It also includes a “networking area” with casual seating to provide for day-to-day dining needs.



Wilton Corp. Park Executive Dining Room
Wilton, CT – Serves 20

This executive dining and conference room provides a flexible dining option for the Wilton Corporate Park, a similarly suburban location with limited population to support permanent fine dining. With less frequent usage than a full-service restaurant, the park’s food service operator, Sodexo, provides catering on-demand.

Thinking creatively about how multi-use spaces can address the lack of fine dining around the USF campus, USFRF may consider including a dining room with adjacent warming kitchen in plans for the new facility, to be operated by the University’s food service provider or an independent provider under a separate contract. Source: CHK Architects

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HR&A developed three programmatic scenarios for financial sensitivity testing, representing a spectrum of tenant mixes and mix of office and lab spaces.

	Scenario 1	Scenario 2	Scenario 3
Tenant Ratio	<i>The Brand Anchor</i>	<i>The Convergence</i>	<i>The Corporate Hub</i>
Larger Firm	22k SF (~1 firm)	44k SF (~2 firms)	65k SF (~3 firms)
Start-Up	37k SF (~45 firms)	37k SF (~45 firms)	41k SF (~50 firms)
Institutional	61k SF (~58 PI's)	39k SF (~38 PI's)	14k SF (~13 PI's)
Program			
Office	84k SF (70% total)	72k SF (60% total)	60k SF (50% total)
Dry Lab	18k SF (15% total)	24k SF (20% total)	30k SF (25% total)
Wet Lab	18k SF (15% total)	24k SF (20% total)	30k SF (25% total)

Based on interviews with potential occupants, existing demand in the Tampa market, and preferences of life sciences and tech firms nationally, HR&A has identified a set of three programmatic options to guide USFRF's development of a new 120k RSF building. Depending on **USFRF's preferred programmatic mix** as well as **its ability to recruit private-sector tenants**, the three options span a set of scenarios depicting different proportions of larger tenants, balanced out by start ups and institutional tenants. Each of the three scenarios has different allocations of office, dry lab, and wet lab space, depending on the facility preferences of each tenant type.

Scenario 1 leverages the presence of a focused industry anchor to catalyze innovative activities while serving broad demand for academic-driven space.

Scenario 1	
Tenant Ratio	
Larger Firm	22k SF ~1 firm
Start-up	37k SF ~45 firms
Institutional	61k SF ~58 PI's
Program	
Office	84k SF 70% total
Dry Lab	18k SF 15% total
Wet Lab	18k SF 15% total

The Brand Anchor

The single large firm tenant strategy provides an opportunity for USF to seek out a high-quality corporate partner with brand cachet to anchor the facility and promote a targeted research focus. A larger number of university programs would find value in having proximity to the brand tenant in order to facilitate joint research, student experiences, and faculty engagement. Start-up companies with products and services that would benefit the brand tenant would create market potential and a valuable “win-win” environment.

This scenario focuses on meeting the wide-spread need for new space from multiple institutional sources. Due to the strong demand within USF, this program may provide the quickest and most sure lease-up. Larger firms must be selected judiciously as a firm that is well-aligned with USFRF’s main research activities can catalyze new research and innovation.

Programmatically, this scenario provides proportions of lab and office space comparable to what is seen at stand-alone incubators. It is understood that much of the University’s excess demand is related to a need for offices and computational space. Additionally, institutional users may be more willing to share high-cost lab space than corporate clients, allowing USFRF to consolidate lab space in this scenario.

Scenario 2 offers USFRF a middle ground between corporate anchors and heavy institutional presence, allowing start-ups to benefit from exposure to both.

Scenario 2	
Tenant Ratio	
Larger Firm	44k SF ~2 firms
Start-up	37k SF ~45 firms
Institutional	39k SF ~38 PI's
Program	
Office	72k SF 60% total
Dry Lab	24k SF 20% total
Wet Lab	24k SF 20% total

The Convergence

A well-balanced mix of large firms, start-ups, and university programs provides an opportunity to derive a more flexible marketing strategy and broader partnership potential. Without one single brand tenant, the facility could converge multiple research interests with varied start-up companies engaging with a smaller, but more diverse representation from institutional research and academic programs. As market demands change, this model provides an opportunity to mix up uses and demand more quickly.

This balanced mixture of entrepreneurial activity, institutional research, and corporate visioning will foster translational conversations between each tenant typology. Should demand from private sector established firms or start-ups fall short, the program has a secure backstop of excess demand from institutional sources.

The programmatic distribution of space also strikes a balance between a lab-dominated setting (as in Scenario 3) and a more standard office-to-lab mixture (as in Scenario 1). For this and all other scenarios, lab space dedicated to start-ups can be supplemented with academic users of lab space should demand from smaller firms prove insufficient to fill the area allotted.

Scenario 3 emphasizes a strong corporate presence to position the Research Park as a hub for multiple industry partnerships.

Scenario 3	
Tenant Ratio	
Larger Firm	65k SF ~3 firms
Start-up	41k SF ~50 firms
Institutional	14k SF ~13 PI's
Program	
Office	60k SF 50% total
Dry Lab	30k SF 25% total
Wet Lab	30k SF 25% total

The Corporate Hub

The Corporate Hub will be a center of industrial activity at USF, populated by corporate users and a healthy mix of growing start-ups. While still offering some strategic institutional presence, this strategy plays to economic development objectives, developing a more robust corporate culture within the Research Park and providing a magnet for future private sector interest and investment. Ultimately, this scenario enhances the USF Research Park brand as a true hub for university and industry partnerships.

Here, institutional presence is limited to around 11% of the floor area. While this portion could be leased to researchers, it may be more beneficial for the incubator to use this space to provide support services for small businesses. A balance can be struck between supporting the start-up environment while still providing the research activity that attracts corporate tenants.

This scenario provides the highest proportions of lab space of the three presented options. It is assumed that corporate tenants would select to locate at USFRF due to the research opportunities here. It is less likely that these corporate tenants would seek to locate non-lab office space at the Research Park given the supply of Class A product elsewhere in the Tampa market.

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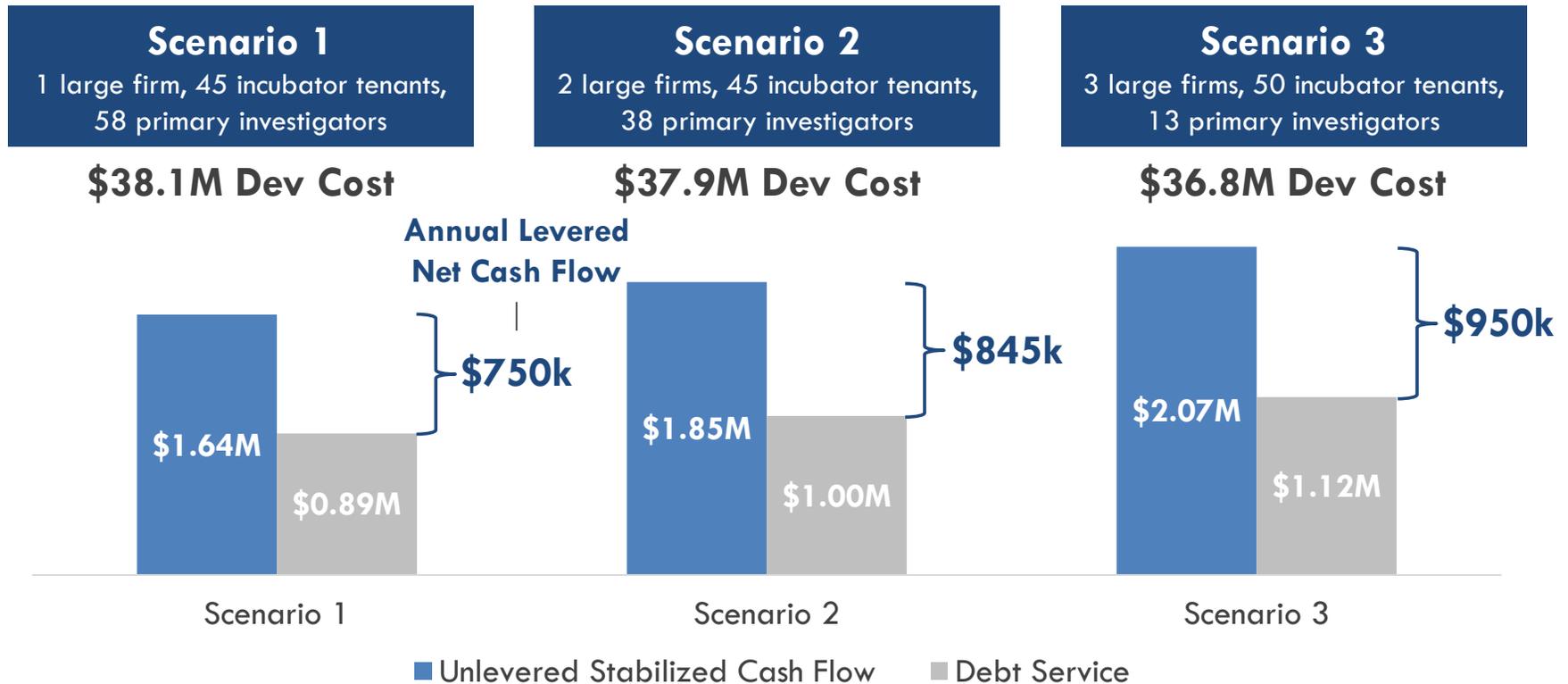
Recommendations and Next Steps

The financial feasibility analysis is used to provide a framework for the anticipated performance of the new facility during a stabilized year of operation.

Rents		Construction Costs	Development Assumptions
\$25.9/RSF Class A Office <i>(Costar, N I-75 Corridor)</i>		\$196/GSF Class A Office Hard+Soft Costs <i>(JLL Office Fit-out Guide 2018)</i>	120k RSF Anticipated program size for the new building
\$30.4/RSF Dry Lab Space <i>(USF Connect)</i>	\$43.0/RSF Wet Lab Space <i>(USF Connect)</i>	\$272/GSF Dry Lab All-in Costs <i>(CBRE Fit-out Guide, HR&A Comparables)</i>	4.3% USF Cost of Capital
8.8% Office Vacancy <i>(Costar, N I-75 Corridor)</i>	6.5% Lab Vacancy	\$535/GSF Wet Lab All-in Costs <i>(CBRE Fit-out Guide, HR&A Comparables)</i>	7.0% Lab & Office Cap Rates <i>(Avison Young, CBRE Med/Office)</i>

Rents were determined through an analysis of current asking rents in the N I-75 Corridor. For all three uses, this financial analysis assumed that **start-up tenants would pay a discounted rent** (-21% for office and dry lab and -29% for wet lab); this discount was determined by comparing current incubator rents to market-rate rents. Construction costs were derived from broker reports and architectural sources and informed by HR&A precedents for wet lab and dry lab fit-out costs. Cap rates were also taken from broker reports for their respective product types. **Wet and dry lab estimates are inclusive of fit-out costs**; office assumes a \$45/RSF tenant improvement cost to the landlord. It is assumed that USFRF would bear the full cost of the lab fit-out in order to attract smaller tenants who could not afford up-front fit-out costs. In actuality, larger established tenants would likely cover a significant portion of their fit-out costs.

The project is likely to not require annual operating assistance once the property stabilizes.



Different rents charged to different tenant typologies produce a range of annual levered cash flows that the University could bring in. Scenario 3 produces the largest annual surplus cash flow, but also assumes that corporate clients take on tenant improvement costs for lab. This option also relies on multiple large firms to locate at the new facility. Should recruiting these firms prove unfeasible or not preferred by USFRF, the options relying more heavily on university tenants do not severely decrease the annual surplus.

Although the project may not meet a private developer's financial hurdles, the fulfillment of a larger institutional mission may be considered in tandem with return metrics.

Sensitivities on Internal Rate of Return	Scenario 1 1 large firm, 45 incubator tenants, 58 primary investigators	Scenario 2 2 large firms, 45 incubator tenants, 38 primary investigators	Scenario 3 3 large firms, 50 incubator tenants, 13 primary investigators
<u>10-year Hold</u>	-1.1%	0.4%	1.9%
<u>20-year Hold</u>	5.1%	5.9%	6.8%
<u>30-year Hold</u>	6.4%	7.1%	7.7%
<u>99-year Hold</u>	7.3%	7.7%	8.2%

Because of its unique institutional expectations, **traditional return metrics for assessing the development feasibility of the new facility may be less applicable to USFRF**. It is assumed the USFRF will retain the building for a longer timeframe than a private-sector developer. USFRF may consider this development financially feasible when many private developers would not. Three key factors increase the feasibility for USFRF:

- 1) USFRF does not need to pay for land acquisition for this building.
- 2) A portion of the high lab fit-out costs are likely to be borne by established corporate tenants.
- 3) As a state-supported academic institution, USF has a lower cost of capital than private developers might.

Financial feasibility and project cost can also be affected by the concessions USFRF makes in terms of tenant improvements offered to corporate prospects.

Sensitivities on Internal Rate of Return	Scenario 1 1 large firm, 45 incubator tenants, 58 primary investigators	Scenario 2 2 large firms, 45 incubator tenants, 38 primary investigators	Scenario 3 3 large firms, 50 incubator tenants, 13 primary investigators
<u>Baseline:</u> <u>USF Assumes TI's</u>	<i>USF assumes all lab fit-out costs. USF assumes \$45/RSF of office fit-out. Assumes 10-year hold.</i>		
IRR:	-1.1%	0.4%	1.9%
<u>Alternate:</u> <u>Large Firm Assumes TI's</u>	<i>Corporations assume their portion of lab fit-out. USF assumes \$45/RSF of office fit-out. Assumes 10-year hold.</i>		
IRR:	-0.4%	2.5%	6.4%

In the baseline scenario, it is assumed that USF pays for all lab fit-out costs and assumes the market standard of \$45/RSF in TI's for office space. This may increase the attractiveness of the site to corporate tenants. If corporate tenants are required to assume the fit-out costs for their lab spaces, the USFRF's returns will increase, making all scenarios, and scenario 3 in particular more financially attractive.

Adjustments in anticipated market performance should be taken into account when deciding on the preferred scenario.

Sensitivities on Excess Levered Cash Flow	Scenario 1 1 large firm, 45 incubator tenants, 58 primary investigators	Scenario 2 2 large firms, 45 incubator tenants, 38 primary investigators	Scenario 3 3 large firms, 50 incubator tenants, 13 primary investigators
<u>Baseline</u>	\$750k	\$845k	\$950k
<u>Market Rent Increase</u> (+10%)	\$825k	\$930k	\$1,045k
<u>No Rent Discount</u> (for Start-ups)	\$1,045k	\$1,090k	\$1,135k
<u>Increased Vacancy</u> (+2.5% Vacancy)	\$715k	\$805k	\$905k

Variations in market performance as measured by changes to rent and vacancy rates will also impact development feasibility. As rent and vacancy levels change in the North I-75 Corridor while this project undergoes pre-development, the University's decision may be informed by these sensitivities. Similarly, should the start-up market advance in a direction that indicates that competitive start-ups no longer require rent subsidies, the project becomes more financially advantageous for USFRF.

Report Overview and Executive Summary

Background

Economic Overview

Market Trends

Programmatic Recommendations

Financial Analysis

Recommendations and Next Steps

Recommendations and Next Steps

Because research parks are positioned at the crossroads of university oversight and private interests, the development, financing and operation has always been complicated. The rise of “Innovation Districts” over the past five years has put unexpected pressures on existing university run parks and has made the work even more complex. The popularity of urban tech hubs requires research parks to consider a whole range of new issues as the plan future development. Parks must ask themselves how their approach will meet the changing nature of work, the desire for more amenitized and programmed environments, and the requirement for dynamic public-private partnerships.

Regardless of where they are in their life cycle, such developments require a **“market and innovation reboot”** usually transitioning the current strategy and planning through a new **“Launch, Start-Up, and Stabilization”** phase to address current market demands in the innovation marketplace.



Recommendations and Next Steps

The Research Foundation continues to provide consistent oversight, ensuring that the physical assets remain leased and maintained and developing a project that delivers high value back to the University. In addition to this Demand Study, HR&A suggests that USF consider the following regarding USF Research Park market demands and feasibility:

Campus and Facilities

- Update the *2009 USF Research and Development Park Master Plan*, noting the potential for additional entitlements to allow the Park to respond to the denser development patterns emerging in leading urban research parks
- Identify a specific site plan area for new development
- Update real estate financial models and funding sources
- Enhance the “campfire” of the Sanberg Family Inventors Commons that serves as an accessible and affordable convergence space for tenants and visitors

Organization

- Secure a 3-5-year business plan approval
- Established metrics of project success, both financial and programmatic

Curriculum and Programs

- Seek out university participation from academic and research interests
- Conduct market and benchmarking research
- Reevaluate and re-formulate Research Park tenant requirement, partnership agreements, and required policy approvals
- Devise a public space programming and curation strategy, including funding and implementation models
- Engage the community to help guide programming decisions



USF Research Foundation – Research Park

DEMAND STUDY

DECEMBER 2018

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS**

Project Summary

University of South Florida

USF Research Park Mixed Use Lab and Office Facility Project

Project Description: The University of South Florida Research Park Mixed Use Lab and Office project consists of a 3-story, estimated 120,000 square-foot research laboratory and office facility with retail and dining amenities (together, the “Project”). Project financing will be provided through the issuance of debt by the USF Financing Corporation (the “DSO”) in an amount not to exceed \$27,000,000 (the “Debt”) and a \$15,000,000 equity contribution by the University of South Florida Research Foundation, Incorporated (“USFRF”).

The USF Research Park, as a center for research and innovation, facilitates collaboration, innovation, development, transfer and commercialization of technology. USFRF provides facilities and programs for both startup and established research companies.

The Project’s typical lab floor plan will have a ratio of 40% lab, 30% office and 30% that will flex between lab and office in line with industry trends. The lab floor plan will give consideration to large, medium and/or small tenants with reduced corridor allocation to maximize rentable space. The Building Owners and Managers Association guideline for mixed use facilities is most advantageous to the owner with a reduced common area/corridor ratio load factor. The design will incorporate flexibility for long-term marketability and economic success.

The retail and dining amenities will be contracted to a third-party vendor who will be responsible for costs for interior build-out, equipping of the facilities and for operations.

The Project is included on the USFRF master plan and it addresses projected demand for laboratory and office space. The Project is not required to be on the University’s master plan. With its location on Fowler Avenue, it defines the approach to the University and the USF Research Park.

Site Location: The Project will be located near the southeastern corner of the USF Research Park on the NE corner of Spectrum Blvd and Fowler Avenue.

Projected Start and Opening Date:

The Project is anticipated to be approved by the DSO Board of Directors on April 30, 2019 and the USF Board of Trustees on June 6, 2019. Project design is expected to commence in October 2019 and the Project is expected to be complete in January 2021.

In September 2018, USFRF initiated a procurement for a national, prominent firm to conduct a feasibility/demand study. Recommendations from chief executives of the Association of University Research Parks were sought and three firms were identified. HR&A Advisors, Inc., led by Robert Geolas (who notably operated the Research Triangle Park), was selected. The study was delivered on December 20, 2018.

On November 20, 2018, the DSO and USFRF initiated a competitive procurement process for design and construction services for the core and shell of the Project. Five proposals were received from qualified, experienced firms by the December 18 due date. On February 27, 2019, Skanska USA and Gensler & Associates, who successfully completed large projects for the University, were selected as the design-builder for the Project. Skanska Gensler is committed to deliver the Project at a guaranteed maximum price of \$27,000,000.

On February 8, 2019, the DSO and USFRF initiated a competitive procurement process for marketing and brokerage services. Three proposals were received from qualified, experienced firms by the February 28 due date. On March 18, 2019, CBRE was selected as the broker for the Project.

Construction Phase:

Project design will commence in October 2019, followed by the commencement of construction in January 2020 with Project completion in January 2021 (16 months in total).

Project Cost:

Design and construction costs for the proposed core and shell facility are expected to total \$27,000,000 with tenant improvement costs of \$10,000,000 paid as the facility leases up. Total Project costs are expected to be \$42,000,000, which includes \$27,000,000 of design/construction costs; \$10,000,000 of tenant improvements; \$2,400,000 in capitalized interest; a \$2,400,000 debt service reserve fund; and \$112,000 of costs of issuance. Funding for these Project costs will be provided from a bond amount of \$27,000,000 and \$15,000,000 of cash equity. (See *Estimated Sources and Uses of Funds*).

Operation of retail and dining amenities will be outsourced to a third-party vendor/operator, who will be responsible for interior build-out, equipping the facilities and operations.

Financing Structure:

The Project will be financed with 20-year, fixed rate, taxable debt issued by the USF Financing Corporation (“DSO”) in an amount of \$27,000,000; excluding capitalized interest (\$2,430,000) and costs of issuance (\$112,000), as well as a \$15,000,000 cash equity contribution from the USFRF. The Debt will be privately placed with a commercial bank. On April 11, 2019, the DSO initiated a competitive procurement process for direct purchase of taxable revenue bonds. Three proposals were received from qualified, experienced banks by the April 26 due date. The Debt will be structured with a 20-year final maturity and level debt service.

While current market rates are 4.3%-4.6%, for the purpose of projections, debt service coverage is based on a taxable fixed interest rate of 6.00%. Given the high level of for-profit tenants, the Project will be financed with taxable debt.

A debt service reserve equal to the maximum annual debt service on the bonds will be funded and held at the bank.

Proceeds of the Debt and the equity contribution are anticipated to be sufficient to complete the construction of the Project without the use of additional funds. No proceeds of the Debt will be used to finance operating expenses of the University or USFRF.

Quantitative Demand For Project:

The demand study performed by HR&A Advisors, Inc. determined that demand for office and laboratory space at the USF Research Park will derive from three categories, each showing strong indicators for demand currently unmet in the market.

1. Historical and projected development trends
2. Growth in aligned industries
3. Internal demand at the University

Sources of demand are linked to the University’s economic development objectives and have grown as the University has invested in Tampa’s research programs and enterprises. As one of the leading forces behind Tampa’s transition into a life sciences and tech hub, the University is now set to reap the rewards of earlier

investments in the community by accessing pent-up demand for research space.

With assurances that there is demand for lab and office space at the USF Research Park, the University is in a position where it can develop a mixture of tenants for the Project to support its institutional and economic development goals.

It is expected that the Project will enhance the University's research and economic development missions by concentrating on tenants in market sectors that align with the University's Research Strategic Plan focus areas of:

1. **Brain and Spinal Cord:** Neuroscience, neuromorphic computing, cognitive sciences, aging, hearing loss, Alzheimer's, Parkinson's and other neurodegenerative diseases, prostheses, and spinal cord and traumatic brain injury prevention and mitigation.
2. **Data Science:** Data analytics, financial data analysis, pattern recognition in big data, digital visualization, electronic health records, health informatics and digital humanities.
3. **Heart:** Basic, translational and clinical research, and cardiovascular disease-related care.
4. **Human Security:** Cybersecurity, global security, military research, food security, spread and control of infectious diseases, promoting civil societies and social networks.
5. **Research Translation:** Intellectual property into products, industry collaborations, software services, startups, processes, and policies that improve the human condition, including supporting economic development and job creation.
6. **Water:** Marine science, purification, supply and management, ocean ecology, coastal ecosystems, fisheries, natural hazards and sustainability.

Assessment of Private Sector Alternatives:

The University considered a public-private partnership (P3) structure prior to the Project evaluation process. P3 projects can provide advantages for large size, accelerated delivery schedule, risk transfers, scale and density of the project, need to address significant deferred maintenance on buildings to be demolished, and avoiding commensurate use of the University's bonding capacity. However, those attributes were not present for the Project and a University-financed model was selected. Consideration of the size, scope and nature of the Project, combined with a strong balance sheet of USFRF,

did not make the P3 delivery method advantageous. In the P3 scenario that was considered, the cost to tenants would have been higher, as the development, operating and financing costs were higher for this approach.

The P3 structure would also have placed the University in a subordinate position regarding design input, financial benefits, operational controls and the ability to fully integrate the P3 project with existing research facilities in the USF Research Park. The strong balance sheet and operating performance of the USFRF make this Project very manageable.

Security/Lien Structure: In consideration of the DSO incurring the debt necessary to finance a portion of the costs of the Project, USFRF will ground sublease the Project site to the DSO which will finance and construct the building and master lease the building to USFRF. USFRF will manage and operate the Project and will agree to make lease payments to the DSO equal to 1.30 times the required debt service payments on the Debt. Payments made by USFRF will be secured by a lien on the rental revenues from three existing, unencumbered, office buildings in the USF Research Park and the Project. The DSO is legally authorized to secure the Debt with the revenues to be pledged pursuant to section 1010.62, Florida Statutes.

Pledged Revenues & Debt Service Coverage: The revenues available to pay debt service consist of pledged revenues that will include the revenues from the Project. The pledged and Project's operating revenues are projected at \$5,400,674 in FY22 and \$6,296,569 in FY23, which, net of operating expense, yields a net debt service coverage ratio of 1.49x and 1.70x, respectively. (See *Historical and Projected Debt Service Coverage*)

Return on Investment: The pledged revenues and Project is expected to achieve an internal rate of return (IRR) estimated at 7.5%, based upon assumptions provided by the University. (See *Projected IRR*)

Method of Sale: The Project Debt will be issued using a taxable, fixed interest rate structure, in the form of Lease Program Revenue Bonds. The DSO is an infrequent issuer without a broad investor base, and the pledge of non-tax-based revenues is considered somewhat weaker (by the market) than a general receipts/obligations pledge. Consequently, based on the analysis of the characteristics of the proposed Project debt, the DSO concluded that a negotiated sale is in the best interest of the University and DSO.

**Selection of
Professionals:**

The professionals involved in this transaction were selected through a competitive process. The bond counsel for the Debt will be Bryant Miller Olive P.A. and the financial advisor will be PFM Financial Advisors LLC.

Recommendation:

USF Financing Corporation
USF Research Park Mixed Use Lab and Office Project

Project Account Draw Schedule

<u>Date</u>	<u>Monthly Draw</u>	<u>Project Account Balance</u>
		\$ -
Oct-19	\$ -	0
Nov-19	0	27,038,235
Dec-19	1,502,124	25,536,111
Jan-20	1,502,124	24,033,987
Feb-20	1,502,124	22,531,863
Mar-20	1,502,124	21,029,738
Apr-20	1,502,124	19,527,614
May-20	1,502,124	18,025,490
Jun-20	1,502,124	16,523,366
Jul-20	1,502,124	15,021,242
Aug-20	1,502,124	13,519,118
Sep-20	1,502,124	12,016,993
Oct-20	1,502,124	10,514,869
Nov-20	1,502,124	9,012,745
Dec-20	1,502,124	7,510,621
Jan-21	1,502,124	6,008,497
Feb-21	1,502,124	4,506,373
Mar-21	1,502,124	3,004,248
Apr-21	1,502,124	1,502,124
May-21	1,502,124	0
TOTAL	\$ 27,038,235	

STATE OF FLORIDA, BOARD OF GOVERNORS
UNIVERSITY OF SOUTH FLORIDA
USF Financing Corporation
Estimated Sources and Uses of Funds
USF Research Park Mixed Use Lab and Office Project

<u>Sources of Funds</u>		<u>Basis for Amounts</u>
Bond / Loan Proceeds	\$ 27,000,000	Anticipated par amount of fixed rate debt to be issued by USF Financing Corporation at an assumed taxable interest rate of 6.00% for 20 years; in no event to exceed \$27,000,000.
Other Sources of Funds	\$ 15,000,000	Anticipated cash equity contributed by USF Research Foundation
	<hr/>	
Total Sources of Funds	<u>\$ 42,000,000</u>	
<u>Uses of Funds</u>		
Project Cost (Planning, Design & Construction):	\$ 27,038,235	Planning, Design and Construction of Building, Sitework and Landscaping, Parking and Energy Plant (\$25.4 M), plus Miscellaneous & Contingency (\$1.6 M).
	\$ 10,000,000	Tenant Improvements
Estimated Interest to be paid during Construction (Capitalized Interest):	\$ 2,430,000	Represents 18 months of capitalized interest to be paid from debt proceeds at an interest rate of 6.00%.
Debt Service Reserve Fund	\$ 2,420,000	Represents one year of estimated debt service.
Costs of Issuance	\$ 111,765	Bond Counsel Fee (\$40,000), Financial Advisor Fee (\$20,000), and Other Misc. (\$51,765).
	<hr/>	
Total Uses of Funds	<u>\$ 42,000,000</u>	

USF Financing Corporation
USF Research Park Mixed Use Lab and Office Project

Debt Service on Proposed Debt

Assumptions								
Par Amount		\$27,000,000						
Rate (%)		6.00%						
Term (Yrs.)		20						
		Less:						
Fiscal					Capitalized	Annual Debt		
Year	Beg. Balance	Borrowing	Principal	Interest	Interest	Service	End. Balance	
0	2020	\$0	\$27,000,000	\$0	\$810,000	(\$810,000)	\$0	\$27,000,000
1	2021	\$27,000,000	\$0	\$0	\$1,620,000	(\$1,620,000)	\$0	\$27,000,000
2	2022	\$27,000,000	\$0	\$800,000	\$1,620,000	\$0	\$2,420,000	\$26,200,000
3	2023	\$26,200,000	\$0	\$848,000	\$1,572,000	\$0	\$2,420,000	\$25,352,000
4	2024	\$25,352,000	\$0	\$898,880	\$1,521,120	\$0	\$2,420,000	\$24,453,120
5	2025	\$24,453,120	\$0	\$952,813	\$1,467,187	\$0	\$2,420,000	\$23,500,307
6	2026	\$23,500,307	\$0	\$1,009,982	\$1,410,018	\$0	\$2,420,000	\$22,490,326
7	2027	\$22,490,326	\$0	\$1,070,580	\$1,349,420	\$0	\$2,420,000	\$21,419,745
8	2028	\$21,419,745	\$0	\$1,134,815	\$1,285,185	\$0	\$2,420,000	\$20,284,930
9	2029	\$20,284,930	\$0	\$1,202,904	\$1,217,096	\$0	\$2,420,000	\$19,082,026
10	2030	\$19,082,026	\$0	\$1,275,078	\$1,144,922	\$0	\$2,420,000	\$17,806,947
11	2031	\$17,806,947	\$0	\$1,351,583	\$1,068,417	\$0	\$2,420,000	\$16,455,364
12	2032	\$16,455,364	\$0	\$1,432,678	\$987,322	\$0	\$2,420,000	\$15,022,686
13	2033	\$15,022,686	\$0	\$1,518,639	\$901,361	\$0	\$2,420,000	\$13,504,047
14	2034	\$13,504,047	\$0	\$1,609,757	\$810,243	\$0	\$2,420,000	\$11,894,290
15	2035	\$11,894,290	\$0	\$1,706,343	\$713,657	\$0	\$2,420,000	\$10,187,947
16	2036	\$10,187,947	\$0	\$1,808,723	\$611,277	\$0	\$2,420,000	\$8,379,224
17	2037	\$8,379,224	\$0	\$1,917,247	\$502,753	\$0	\$2,420,000	\$6,461,978
18	2038	\$6,461,978	\$0	\$2,032,281	\$387,719	\$0	\$2,420,000	\$4,429,696
19	2039	\$4,429,696	\$0	\$2,154,218	\$265,782	\$0	\$2,420,000	\$2,275,478
20	2040	\$2,275,478	\$0	\$2,275,478	\$136,529	\$0	\$2,412,007	\$0
Totals:			\$27,000,000	\$27,000,000	\$21,402,007	(\$2,430,000)	\$45,972,007	

USF Financing Corporation
USF Research Park Mixed Use Lab and Office Project

7. *A description of the security supporting the repayment of the proposed debt and the lien position the debt will have on that security. If the lien is junior to any other debt, the senior debt must be described. Furthermore, a description of why the debt is proposed to be issued on a junior lien basis must be provided. A statement citing the legal authority for the source of revenues securing repayment must also be provided.*

In consideration of the DSO incurring the debt necessary to finance a portion of the costs of the Project, USFRF will ground sublease the Project site to the DSO which will finance and construct the building and master lease the building to USFRF. USFRF will manage and operate the Project and will agree to make lease payments to the DSO equal to 1.30 times the required debt service payments on the debt. Payments made by USFRF will be secured by a lien on the rental revenues from three existing, unencumbered, office buildings in the USF Research Park and the Project. The DSO is legally authorized to secure the debt with the revenues to be pledged pursuant to section 1010.62, Florida Statutes.

Board of Trustees Finance Committee - New Business - Action Items

Attachment II

STATE OF FLORIDA, BOARD OF GOVERNORS
 University of South Florida
 USF Financing Corporation - USF Research Park Mixed Use Lab and Office Project
 HISTORICAL AND PROJECTED DEBT SERVICE COVERAGE (1)

USF Research Foundation	Historical				Estimated	Projected						
	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Operating Revenues (2)												
University Technology Center I (3702 Spectrum Blvd)	\$1,002,330	\$1,027,888	\$1,052,228	\$1,075,363	1,070,109	\$1,102,212	\$1,135,279	\$1,169,337	\$1,204,417	\$1,240,550	\$1,277,766	\$1,316,099
University Technology Center II (3650 Spectrum Blvd)	850,998	931,723	865,877	915,386	904,828	931,973	959,932	988,730	1,018,392	1,048,944	1,080,412	1,112,824
Multi-Tenant Office Building (3802 Spectrum Blvd) (3)	2,570,714	3,054,429	1,906,475	2,091,679	2,315,406	2,384,868	2,456,414	2,530,107	2,606,010	2,684,190	2,764,716	2,847,657
New USF Research Mixed Use Lab and Office Project (4)	0	0	0	0	0	0	0	712,500	1,467,750	2,267,674	3,114,272	3,656,778
Total Pledged Operating Revenues	\$4,424,042	\$5,014,040	\$3,824,579	\$4,082,427	\$4,290,343	\$4,419,053	\$4,551,625	\$5,400,674	\$6,296,569	\$7,241,357	\$8,237,166	\$8,933,359
Annual Debt Service:												
Existing Debt - Series 2013A (5)	\$923,034	\$903,194	\$981,719	\$961,456	\$1,044,480	\$1,013,082	\$0	\$0	\$0	\$0	\$0	\$0
Existing Debt - Series 2013D (6)	874,683	874,713	50,682	0	0	0	0	0	0	0	0	0
Proposed - Fixed Rate Taxable Bonds (20 Yr @ 6.00%) (7)	0	0	0	0	0	0	0	2,420,000	2,420,000	2,420,000	2,420,000	2,420,000
Total Debt Service	\$1,797,717	\$1,777,907	\$1,032,401	\$961,456	\$1,044,480	\$1,013,082	\$0	\$2,420,000	\$2,420,000	\$2,420,000	\$2,420,000	\$2,420,000
Estimated Maximum Annual Debt Service	\$1,877,907	\$1,877,907	\$1,044,480	\$1,044,480	\$1,044,480	\$1,013,082	\$0	\$2,420,000	\$2,420,000	\$2,420,000	\$2,420,000	\$2,420,000
Coverage Ratios:												
Annual Debt Service	2.46x	2.82x	3.70x	4.25x	4.11x	4.36x	N/A	2.23x	2.60x	2.99x	3.40x	3.69x
Maximum Annual Debt Service	2.36x	2.67x	3.66x	3.91x	4.11x	4.36x	N/A	2.23x	2.60x	2.99x	3.40x	3.69x
Total USF Research Foundation Revenues Pledged	\$4,424,042	\$5,014,040	\$3,824,579	\$4,082,427	\$4,290,343	\$4,419,053	\$4,551,625	\$5,400,674	\$6,296,569	\$7,241,357	\$8,237,166	\$8,933,359
Operating Expenses (2)												
University Technology Center I (3702 Spectrum Blvd)	\$272,391	\$301,128	\$244,381	\$200,925	193,154	\$198,949	\$204,917	\$211,065	\$217,397	\$223,918	\$230,636	\$237,555
University Technology Center II (3650 Spectrum Blvd)	169,110	225,492	152,697	177,173	149,987	154,487	159,121	163,895	168,812	173,876	179,092	184,465
Multi-Tenant Office Building (3802 Spectrum Blvd) (3)	1,487,446	1,490,395	888,944	930,872	989,076	1,018,748	1,049,311	1,080,790	1,113,214	1,146,610	1,181,008	1,216,439
New USF Research Mixed Use Lab and Office Project (4)	0	0	0	0	0	0	0	350,125	684,178	1,037,187	1,409,234	1,645,533
Total Operating Expenses	\$1,928,947	\$2,017,015	\$1,286,022	\$1,308,970	\$1,332,217	\$1,372,184	\$1,413,349	\$1,805,874	\$2,183,599	\$2,581,591	\$2,999,971	\$3,283,992
Projected Net Income	\$2,495,095	\$2,997,025	\$2,538,557	\$2,773,457	\$2,958,126	\$3,046,870	\$3,138,276	\$3,594,799	\$4,112,969	\$4,659,766	\$5,237,195	\$5,649,367
Implied Net Coverage Ratios												
<i>For Information Purposes Only, Pledge is Gross</i>												
Annual Debt Service	1.39x	1.69x	2.46x	2.88x	2.83x	3.01x	N/A	1.49x	1.70x	1.93x	2.16x	2.33x
Maximum Annual Debt Service	1.33x	1.60x	2.43x	2.66x	2.83x	3.01x	N/A	1.49x	1.70x	1.93x	2.16x	2.33x

Notes & Assumptions

- (1) The financial information related to revenues and expenses was provided by the USF Research Foundation
- (2) Revenue and expense estimates for Fiscal Year 2018-19 are based on actual figures through March 31 plus a projection for the final three months. Revenue and expense projections for Fiscal Years 2021 through 2025 for the existing three buildings are based on annual increases in rental rates of 3%.
- (3) Multi-Tenant Office Building (3802 Spectrum Blvd) Revenues declined in FY 2017 due to the departure of a 23,015 square foot tenant - The Charles Stark Draper Laboratory, Inc. The space was subsequently re-leased to new tenants and is currently being renovated. Occupancy for the entire building has returned to 92% as of FY 2019.
- (4) The new USF Research Mixed Use Lab and Office Project is expected to be complete in January 2021; however, the financial projections incorporate a more conservative assumption that the building will open in June 2021. Revenue projections for the first full year, FY 2022, are based on a 21% occupancy rate and market rental rates for office space (\$27.00/SF) and laboratory space (\$30.00/SF). Expense projections for FY 2022 are based on USF's base operations and maintenance factors at the 21% occupancy rate. Revenue and expense projections for FY 2023, FY 2024, FY 2025 and FY 2026 are based on occupancy rates of 42%, 63%, 83% and 95%, respectively, and include a 3% annual escalation rate.
- (5) The Series 2013A loan financed the construction of University Technology Center I and II. The loan matures in FY 2020, with a final payment date of December 1, 2019.
- (6) The Series 2013D loan financed the construction of the Multi-Tenant Office Building. During FY 2017, USF Research Foundation used \$9,525,000 in cash to pay off the loan in advance of its August 1, 2034 maturity.
- (7) The proposed debt is anticipated to be issued December 2019 or January 2020 and is based on a par amount of \$27,000,000 with a 20 year term at a 6.00% taxable interest rate. The debt, along with a cash contribution from the USF Research Foundation of \$15,000,000, will fund the construction of the Project, tenant improvements, a capitalized interest fund, a debt service reserve fund, and an estimated amount for costs of issuance. Debt service for FY 2020 and FY 2021 will be paid from bond proceeds (capitalized interest).

USF Financing Corporation
USF Research Park Mixed Use Lab and Office Project

Competitive versus Negotiated Sale Analysis

Conclusion and Recommendation Regarding Method of Sale

The USF Financing Corporation proposes to issue debt for the purpose of financing a mixed use laboratory and office building to be located on the USF Research Park (the “Project”). The Board of Governors Debt Management Guidelines require that prior to issuing any debt obligations an analysis be done to assess the relative benefits of a negotiated sale versus a competitive sale.

While the Debt related to the Project is anticipated to be issued using a fixed interest rate, the current state of the economy has resulted in changing investor demand. The pledge of non-tax based revenues is considered more speculative and vulnerable compared to a general receipts or general obligation pledge of the University. The Project’s pro forma is primarily based on certain assumptions and growth projections; thus, the view of the pledge will be somewhat uncertain. Additionally, the USF Financing Corporation is an infrequent issuer and does not have a broad investor base.

Based on the analysis of the characteristics of the proposed USF Research Park Mixed Use Lab and Office Project, USFFC has concluded that a negotiated sale is in the best interest of the University and the Financing Corporation.

**Competitive vs. Negotiated Sales: Analysis of Conditions Favoring Each Method of Sale
USF Financing Corporation, USF Research Park Mixed Use Lab and Office Project**

Debt Structure	Conditions Favoring a Competitive Sale	Conditions Favoring a Negotiated Sale	Sale Type Favored By Conditions	Explanation
Pledged Revenues	General Obligation or Strong Revenue Stream	Non-tax based or Project Supported Revenues	N	The pledged payments are classified as non-tax based, project supported revenue. Florida law does not allow the University to issue general obligation bonds and/or permit the pledging of student tuition revenues (i.e. a “general receipts pledge” that includes all non-State revenues of the University). Due to the limited pledge of the rental revenues, lack of a security interest in assets of the University and/or the land, and the lack of a tax-based revenue pledge, this gross revenue pledge is a weaker pledge and is considered more speculative and vulnerable than a general obligation or general receipts pledge.
Security Structure	Conventional resolution and cash flow: Rate Covenant and Coverage	Unusual or weak covenants	C	The Debt will be secured by a lien on lease payments to be made by the USF Research Foundation to the USF Financing Corporation to include rental revenues. USF Research Foundation will manage and operate the Project and will agree to make lease payments to the Financing Corporation equal to 1.30 times the required debt service payments on the debt.
Debt Instrument	Traditional Serial and Term Bonds, Semi-annual Interest and Annual Maturities	Use of Innovative Structuring, Structure to Attract Particular Investors	N/C	It is anticipated that the Debt will be structured as a privately placed bank loan and will bear interest at a taxable rate given the high level of for-profit tenants.
Size	A transaction the size of which the market is used to and can comfortably manage.	A large size which the market cannot readily handle without the need to consolidate syndicates	N	The anticipated \$27,000,000 issue may be challenging for a single bank.
Credit Quality	Conditions Favoring a Competitive Sale	Conditions Favoring a Negotiated Sale	Sale Type Favored By Conditions	Explanation
Rating	‘A’ or better	Below Single A	N	The Debt is anticipated to be issued as a private placement with a bank; thus, it is not anticipated that an underlying rating will be sought from the rating agencies.
Outlook	Stable	Uncertain, Vulnerable or weak	N	Due to the pledge of rental revenues and the facility lease structure, the market’s reaction to the Debt outlook will likely be stable. However, because the Project’s pro forma is based on certain assumptions and growth projections, the view of the pledge will be somewhat uncertain.

Board of Trustees Finance Committee - New Business - Action Items

Issuer Characteristics	Conditions Favoring a Competitive Sale	Conditions Favoring a Negotiated Sale	Sale Type Favored By Conditions	Explanation
Type of organization	Well Known Broad-based General Purpose Borrower	Special Purpose, Independent Authority	N	There is implied credit strength for the Financing Corporation Debt from the University. However, the Financing Corporation is the borrower, not the University, which increases the need for pre-marketing efforts for the transaction. Also, the Debt is not a general obligation of the State of Florida, the University or the Financing Corporation.
Frequency of issuance	Regular borrower in the public market	New or infrequent issuer	N	The USF Financing Corporation is an infrequent issuer in the public market.
Market Conditions	Conditions Favoring a Competitive Sale	Conditions Favoring a Negotiated Sale	Sale Type Favored By Conditions	Explanation
Market Awareness	Active Secondary Market with broad Investor Base	Little or no institutional Awareness of Issuer	N/C	While the Financing Corporation has a considerable amount of bonds outstanding in the public market, it does not have a broad investor base.
Interest Rates	Stable/Predictable Market	Volatile or declining market	N	The financial markets have been volatile, especially recently with concerns over trade tariffs. A negotiated sale provides flexibility to access the market during favorable times of strong demand.
Supply and Demand	Strong Investor Demand, Good Liquidity, Light Forward Calendar	Oversold Market/heavy supply	N/C	As interest rates change periodically, and in most cases frequently, the importance of accessing the market during favorable times of strong demand is significant.
Changes or anticipated changes in the law	No recent changes or anticipated changes	Recent changes which the market has not adapted to and which would require additional marketing efforts to explain.	N	While there have not been recent changes to Florida law regarding the issuance of debt by universities and their direct support organizations, the recent changes in federal law continue to affect the market. A negotiated sale allows for additional marketing efforts to explain the potential impact of such changes in law on the debt issued.

Agenda Item: IIIf

USF Board of Trustees

June 6, 2019

Issue: DSO Annual Financial Plans for FY 2020

Proposed action: Approve DSO Annual Financial Plans for FY 2020

Executive Summary:

The Direct Support Organizations of the University of South Florida (DSOs) have prepared their Annual Financial Plans for FY 2020 for review and approval by the USF Board of Trustees, pursuant to Florida Statutes and DSO Bylaws.

Each DSO has provided a Financial Plan Statement which includes the Corporation's mission, key drivers for improvements in the FY 2020 Plan over prior year, material capital expenditures, key risks for the FY 2020 Plan, and major initiatives for FY 2021 and FY 2022.

The Financial Plans, comprised of both Income Statement and Statement of Cash Flows, include a comparison of Net Operating Profit and Net Cash Position for the FY 2020 Financial Plan to the current FY 2019 Forecast, and also provide the original FY 2019 Financial Plan that was approved by the BOT Finance Committee at its May 22, 2018 Meeting, and Actuals for FY 2018 and FY 2017. The Financial Plans also include a three-year forecast.

DSOs are governed by independent Boards of Directors. DSOs have obtained approval of their FY 2020 Financial Plan from their Board or DSO Finance / Audit Committee in advance of this meeting.

The DSOs are:

1. University Medical Services Association, Inc. &
USF Medical Services Support Corporation
2. USF Foundation, Inc.
3. USF Research Foundation, Inc.
4. Sun Dome, Inc.
5. USF Institute for Applied Engineering
6. USF Health Professions Conferencing Corporation
7. USF Alumni Association, Inc.
8. USF Financing Corporation & USF Property Corporation



DIRECT SUPPORT ORGANIZATIONS

ANNUAL FINANCIAL PLANS

FISCAL YEAR 2020

May 14, 2019



DSO Annual Financial Plans for FY 2020

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UMSA/MSSC Combined

Annual Financial Plan for FY 2020

FINANCIAL PLAN STATEMENT

State the DSO's Statutory Mission which Supports the Goals of the University

- University Medical Service Association, Inc. (UMSA) is organized as a not for profit, university faculty practice plan. Pursuant to UMSA's operations and activities, exclusively for the support and benefit of the University of South Florida (USF) and its Health Sciences Center, USF Health, the specific purposes for which UMSA is organized shall include the collection, administration and distribution of funds exclusively for the support of the clinical, education and research objectives of USF Health and the University in accordance with the USF Health Faculty Practice Plan regulations.
- Medical Services Support Corporation (MSSC) is organized as a not for profit organized to operate a health care consortium which supports and enhances the University of South Florida's (USF's) approved programs of education, research and service.

List Key Drivers for the 2020 Financial Plan Over 2019 - Focus on Cash Flows and Adequacy of Reserves

- Overall, UMSA/MSSC continues to meet its financial targets and improve its operating margin and cash position presented to the Board of Trustees in 2015. UMSA/MSSC is now generating positive operating margins and cash flows and is therefore rebuilding its cash reserves.
- UMSA/MSSC is assuming a stable operating margin and an improvement in cash flow in FY2020 over FY2019. This is based on the following assumptions:
 - 1. Total revenues will increase 4% or \$14M due to:**
 - a. Patient Service Revenue is projected to grow at 5% or almost \$10M due to mostly organic growth (3%) and revenue optimization initiatives (2%).
 - b. Grants, Contracts & Awards and Other Revenue are projected to decrease primarily due to contract revenue with TGH remaining flat and the practice plan not receiving additional academic support from state dollars.
 - c. UMSA will receive new incremental Medicaid Physicians Supplemental (UPL) and Low Income Pool (LIP) payments of \$6M due to an increasing rate. For this rate, the State of Florida will require the practice plan to demonstrate a return to the State on patient outcomes and costs. Plans are currently under development to meet the State's needs.
 - 2. Total expenses will increase 5% or \$15M due to:**
 - a. Growth in the clinical enterprise through faculty recruitment and new clinical staff and associated other operating costs (\$15.7M). This equates to approximately an additional 20 clinical faculty and almost 50 clinical staff to support the growing clinical operations.
 - b. Reduction in support for HPCC of \$700K. HPCC is performing much better financially and therefore requires less support from the Dean in FY2020.
 - c. UMSA also has a few departments under stress due to unexpected physician departures and/or restructuring of clinical operations. These challenges require investment by UMSA and therefore causes costs to increase faster than revenues.
 - 3. Cash and Investments are expected to grow by 13% or almost \$5.5M due to:**
 - a. Positive cash from operations of almost \$10.5M, investments of \$(6.0)M and financing of \$(2.0)M.
 - b. The rate of increasing cash from FY2019 to FY2020 will slow by 67% or almost \$5M primarily due to an increasing UPL/LIP receivable.
 - c. UMSA will also continue to move more cash from its operating account to its investments to ensure compliance with UMSA Investment Committee requirements.

Describe Material Capital Expenditures in the 2020 Financial Plan - Provide Details and ROI Expectations

- There are no material capital expenditures planned for FY2020 outside of space renovations or normal equipment replacements and break and fix.

Identify Key Risks That Might Affect the 2020 Financial Plan

- CMS and State not approving the incremental increase in UPL and LIP.
- The amount of program investment in the medically underserved population will impact potential margins and cash reserves. CMS and AHCA will require some form of investment to demonstrate our commitment to serving the needs of this population.
- The impact of going live with EPIC Professional Billing July 1, 2019 on the performance of practice plan's revenue cycle operation.
- The success of clinical departments achieving the margin targets assigned to them, including those clinical departments under stress.

List Major DSO Initiatives that will Drive Increases in Operating Earnings for 2021 and 2022

- UPL and LIP will continue to be a major contribution to the bottom line of UMSA/MSSC through 2022. UMSA/MSSC will have to demonstrate investment in improving access and outcomes of this medically underserved population. Therefore, Days Cash on Hand may be affected by the decisions made by the organization to invest in serving the needs of this population.
- The ability of the organization to improve ASC and Imaging bottom-lines will have a significant impact on the achievement of the projected margins. USF Health will need to decide whether the projected improvements can be achieved on our own or with a partner.
- The joint venture discussion with Tampa General Hospital will have a significant impact on the practice plan past FY2020 if successful.



UMSA/MSSC Combined
Annual Financial Plan for FY 2020

INCOME STATEMENT

(In thousands)

	FY 2020 FINANCIAL PLAN	FY 2019 ESTIMATE (as of 3/31/19)	Variance		FY 2019 FINANCIAL PLAN	FY 2018 ACTUAL RESULTS	FY 2017 ACTUAL RESULTS
			\$	%			
<u>REVENUES</u>							
Net Patient Service	\$200,146	\$190,230	\$9,916	5 %	\$185,751	\$172,391	\$166,362
Grants, Contracts & Awards	75,861	75,110	751	1 %	72,217	72,454	68,336
UPL	32,290	26,290	6,000	23 %	22,560	22,606	7,329
Other Revenue	37,800	40,438	(2,638)	(7)%	34,758	35,776	39,458
Total Revenues	\$346,097	\$332,068	\$14,029	4 %	\$315,286	\$303,227	\$281,485
<u>EXPENSES</u>							
Faculty Support	\$120,410	\$114,183	\$6,227	5 %	\$112,415	\$112,135	\$102,578
Housestaff Support	11,982	11,618	365	3 %	11,128	11,922	11,723
Other Staff Support	76,736	72,838	3,898	5 %	70,903	65,467	67,992
Depreciation/Amortization	4,518	4,714	(195)	(4)%	5,400	4,824	5,397
Other Expenses	57,785	54,456	3,329	6 %	50,129	49,185	49,737
University Support - Salaries	59,658	57,514	2,144	4 %	54,135	54,291	46,495
DSO Support - HPC Salaries	310	1,000	(690)	(69)%	790	1,035	1,530
Total Expenses	\$331,400	\$316,321	\$15,078	5 %	\$304,900	\$298,859	\$285,452
OPERATING PROFIT BEFORE NON-CASH CHANGES	\$14,698	\$15,747	\$(1,049)	(7)%	\$10,386	\$4,368	\$(3,967)
Contribution to MCOM - Downtown	(2,000)	(5,000)	3,000	60 %	0	0	0
Unrealized Investment Gains (Losses)	0	(954)	954	100 %	0	725	1,428
Change in Fair Value of Swaps	0	0	0	%	0	0	0
Non-Cash Impact of Epic Conversion	(1,131)	1,576	(2,707)	(172)%	1,300	(931)	(931)
Total Non-Cash Changes	\$(3,131)	\$(4,378)	\$1,247	28 %	\$1,300	\$(206)	\$497
NET OPERATING PROFIT	\$11,567	\$11,369	\$198	2 %	\$11,686	\$4,162	\$(3,470)
Operating Profit Margin	4%	5%	(0)%		3%	1%	-1%



UMSA/MSSC Combined
Annual Financial Plan for FY 2020

STATEMENT OF CASH FLOWS

(In thousands)

	FY 2020	FY 2019	Variance		FY 2019	FY 2018	FY 2017
	FINANCIAL	ESTIMATE	\$	%	FINANCIAL	ACTUAL	ACTUAL
	PLAN	(as of 3/31/19)			PLAN	RESULTS	RESULTS
<u>OPERATING ACTIVITIES</u>							
Net Operating Profit	\$11,567	\$11,369	\$198	2 %	\$11,686	\$4,162	\$(3,405)
Adjustments for Non-Cash Activities:							
Depreciation/Amortization	4,518	4,714	(195)	(4)%	5,400	4,824	5,369
Non Cash Impact of EPIC	1,131	(1,576)	2,707	172 %	(1,300)	931	931
Unrealized Gains	0	954	(954)	(100)%	0	(725)	(1,428)
Adjustments for Changes in Operating Assets and Liabilities	(6,769)	466	(7,235)	(1,553)%	466	(289)	(7,071)
Total Cash From Operating Activities	\$10,447	\$15,926	\$(5,479)	(34)%	\$16,252	\$8,903	\$(5,604)
<u>INVESTING ACTIVITIES</u>							
Capital Expenditures	\$(3,000)	\$(3,225)	\$225	7 %	\$(4,750)	\$(2,563)	\$(1,873)
Net (Purchases) Sales of Investments	(3,000)	(3,000)	0	0 %	0	(9,828)	13,382
Total Cash From Investing Activities	\$(6,000)	\$(6,225)	\$225	4 %	\$(4,750)	\$(12,391)	\$11,509
<u>FINANCING ACTIVITIES</u>							
Proceeds of Long-Term Debt	\$0	\$0	\$0	%	\$0	\$0	\$0
Lease Payments to USFFC on MOBs	(2,000)	(2,262)	262	12 %	(2,262)	(2,310)	(2,368)
Total Cash From Financing Activities	\$(2,000)	\$(2,262)	\$262	12 %	\$(2,262)	\$(2,310)	\$(2,368)
CHANGE IN CASH	2,447	7,439	(4,992)	(67)%	9,240	(5,798)	3,537
Cash, Beginning of Year	14,100	6,661	7,439	112 %	7,085	12,459	8,922
Cash, End of Year	\$16,547	\$14,100	\$2,447	17 %	\$16,325	\$6,661	\$12,459
Total Cash & Investments	\$47,534	\$42,087	\$5,447	13 %	\$41,312	\$28,119	\$23,448
Days Cash on Hand	53	49	3	7 %	51	35	31



UMSA/MSSC Combined
Annual Financial Plan for FY 2020

3-YEAR FORECAST

(In thousands)

	ACTUAL & ESTIMATED			FORECAST		
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
ASSETS						
Cash & Investments	\$23,448	\$28,119	\$42,087	\$47,534	\$53,487	\$60,185
Fixed Assets	58,326	56,065	54,576	53,086	51,505	49,971
Other Assets	56,768	65,929	61,617	64,698	67,933	71,329
Total Assets	\$138,542	\$150,113	\$158,280	\$165,318	\$172,925	\$181,486
LIABILITIES						
Payables	\$6,257	\$8,449	\$6,617	\$6,608	\$6,729	\$6,852
Long-Term Debt	53,528	51,176	48,914	46,652	44,390	42,238
Other Liabilities	13,931	18,699	19,592	15,279	13,599	12,105
Total Liabilities	\$73,716	\$78,324	\$75,123	\$68,539	\$64,718	\$61,194
NET ASSETS	\$64,826	\$71,788	\$83,157	\$96,779	\$108,206	\$120,291
Days Cash on Hand	31	35	49	53	57	60
REVENUES						
Net Patient Service	\$166,362	\$172,391	\$190,230	\$200,146	\$211,726	\$223,977
Grants, Contracts & Awards	68,336	72,454	75,110	75,861	76,615	77,376
UPL	7,329	22,606	26,290	32,290	26,290	21,405
Other Revenues	49,493	47,260	52,805	37,800	49,500	64,821
Total Revenues	\$291,520	\$314,711	\$344,435	\$346,097	\$364,131	\$387,579
EXPENSES						
Faculty Support	\$102,578	\$112,135	\$114,274	\$120,410	\$122,938	\$125,519
Housestaff Support	11,723	11,922	11,618	11,982	11,806	11,632
Other Staff Support	67,992	65,467	72,838	76,736	78,171	79,633
Depreciation/Amortization	5,397	4,824	4,714	4,518	5,581	6,894
Other Expenses	59,707	60,669	66,823	57,785	66,107	75,628
University Support - Salaries	46,495	54,291	57,514	59,658	65,530	71,980
DSO Support - HPCC Salaries	1,530	1,035	909	310	250	202
Total Expenses	\$295,422	\$310,342	\$328,688	\$331,400	\$350,383	\$371,487
Operating Profit Before Non-Cash Changes	\$(3,902)	\$4,368	\$15,747	\$14,698	\$13,748	\$16,092
Total Non-Cash Changes	\$497	\$(206)	\$(4,378)	\$(3,131)	\$(1,000)	\$(1,000)
NET OPERATING PROFIT	\$(3,405)	\$4,162	\$11,369	\$11,567	\$12,748	\$15,092
Operating Profit Margin	-1%	1%	5%	4%	4%	4%



USF FOUNDATION, INC.

Annual Financial Plan for FY 2020

FINANCIAL PLAN STATEMENT

State the DSO's Statutory Mission which Supports the Goals of the University

- The University of South Florida Foundation aids and promotes excellence in the educational, research and service activities of USF by seeking, receiving and administering private gifts for the benefit of the University. We enhance resources that support the strategic objectives of the University of South Florida System within a culture of cooperation and collaboration.

List Key Drivers for the 2020 Financial Plan Over 2019 - Focus on Cash Flows and Adequacy of Reserves

- The USF Foundation's ambitious USF: Unstoppable Campaign ended June 30th of fiscal year 2018 raising a historic \$1.1 billion to support the USF System. The Foundation remains as committed and energized as ever with a goal of \$100 million for fiscal year 2019, to facilitate the crucial impact of philanthropy on the USF System through engaging alumni and friends.
- The Foundation's Investment Committee continues to actively monitor the performance and liquidity of our asset allocation and investment managers and take action when appropriate to enhance the growth and benefit of the endowment to USF over a long-term horizon. Our short-term and long-term returns are consistently in the top quartile amongst our peers. Our goal is to grow the endowment next year through continued solid investment returns and gifts.
- The Foundation supports program activities of the University for USF faculty & staff, student scholarships, research initiatives, and capital projects according to donor restrictions. These expenses can be funded by current gifts estimated on the annual plan, existing balances in accounts from gifts and distributions received in prior years, or projected endowment distributions during the year of about \$17.7 million. With the assistance of the Foundation, spending from these sources is directed by the colleges and units designated by our donors as the beneficiaries of their gifts.

Describe Material Capital Expenditures in the 2020 Financial Plan - Provide Details and ROI Expectations

- The Foundation receives contributions to support capital improvements on behalf of the USF System. As these capital projects commence, funds are provided to USF Facilities Planning for expenditure. Fundraising efforts related to capital projects for the USF Health Downtown Expansion, Athletics Football Center and the Honors College are expected to be provided to the university during FY20.

Identify Key Risks That Might Affect the 2020 Financial Plan

- Budget fluctuations experienced by the USF System have led to varying levels of reliance and utilization of Foundation funds. While Foundation sources of support like the endowment provide a small percentage of the System's overall budget, this source is critical for many University programs while providing a funding catalyst for others to achieve the University's goals and aspirations.
- The Investment Committee prudently considers market volatility risk associated with each asset class in balance with potential rates of return when conducting its annual review of the endowment asset allocation. The goal of this process is to minimize the volatility of the investment performance and provide a more consistent, reliable stream of income to the University.
- University support of Foundation personnel is essential to continue the high level of fundraising as demonstrated through the Unstoppable Campaign. The Foundation's cost to raise a dollar remained low at 16 cents per dollar during the length of the Unstoppable Campaign. In other words, for every dollar invested in fundraising during the Campaign, the Foundation has raised over six dollars in return.
- Due to a legislative change made to the governance structure of university direct support organizations during 2018, the Foundation will be required to convert from Financial Accountings Standards to standards set by the Governmental Accounting Standards Board (GASB). The FY19 forecast and FY20 financial plan reflect the anticipated changes as a result of this conversion to report under the GASB reporting model. The impact of this conversion is anticipated to result in approximately \$32 million decrease in total assets, \$21 million increase to liabilities with an overall decrease in net position of \$53 million.

List Major DSO Initiatives that will Drive Increases in Operating Earnings for 2021 and 2022

- The Foundation will continue to support the University's goal surrounding its Student Success initiative with fundraising for scholarships and fellowships. During the Campaign, the Foundation secured several transformational gifts to the university including naming of the Muma College of Business, the Kate Tiedemann College of Business at USF St Pete, the Lynn Pippenger School of Accountancy, the Zimmerman School of Advertising and Mass Communications, Collier Student Success Center in the Muma College of Business and Pippenger Hall in the USF St Pete Kate Tiedemann College of Business. These gifts will attract faculty and students globally and provide for greater learning and career opportunities for students.
- Research and Innovation is continually supported through the Foundation's efforts in securing philanthropic, private research grants. During the Unstoppable Campaign approximately \$52.9 million in philanthropic grants were received to support research efforts in areas such as Health, Engineering and Education. In addition, Endowed Chair and Professorship funds provide a predictable, steady stream of earnings to support the Chair or Professors' research efforts in perpetuity.
- Cultivating university partnerships, both public and private, is a goal of the Foundation. The generosity of our donors ensures an environment rich in research, teaching, learning and discovery. The Foundation has captivated the attention of donors with the exciting opportunities to become highly visible partners of USF Health Morsani College of Medicine and the USF Heart Institute, as they relocate and construct a state of the art facility on donated property in the Channelside area of downtown Tampa.
- The Foundation enhances the economic base for USF through the annual support generated from the Foundation's endowment. The endowment provides over \$17 million each year to support USF faculty, students and programs. The endowment along with other gifts for current operations provides over \$49 million in annual support to USF.



USF FOUNDATION, INC.

Annual Financial Plan for FY 2020

INCOME STATEMENT

(In thousands)

	FY 2020 FINANCIAL PLAN	FY 2019 ESTIMATE (as of 3/31/19)	Variance		FY 2019 FINANCIAL PLAN	FY 2018 ACTUAL RESULTS	FY 2017 ACTUAL RESULTS
			\$	%			
<u>REVENUES</u>							
Gift & Donations	\$48,100	\$47,600	\$501	1 %	\$51,100	\$56,330	\$38,867
Investment Income (Loss)	47,668	17,875	29,793	167 %	45,263	52,617	63,943
University Support	12,450	12,427	23	0 %	12,427	12,680	13,305
Other Revenues	551	550	1	0 %	970	1,250	2,743
Total Revenues	\$108,769	\$78,452	\$30,318	39 %	\$109,760	\$122,877	\$118,858
<u>EXPENSES</u>							
Program Services							
Salaries & Benefits	\$24,915	\$24,668	\$247	1 %	\$24,665	\$21,850	\$20,786
Scholarship & Fellowship	7,792	7,715	77	1 %	7,713	9,723	8,330
Service & Independent contractors	5,273	5,170	103	2 %	5,169	4,187	4,284
Supplies	1,203	1,191	12	1 %	1,193	980	1,341
Other Transfers & Expenses	29,064	10,362	18,702	180 %	10,159	10,933	11,897
Total Program Service Expense	68,247	49,106	\$19,141	39 %	48,899	47,673	46,638
Fundraising & Operating Expenses							
Salaries & Benefits	14,727	14,581	146	1 %	\$14,402	\$14,501	\$13,979
Service & Independent contractors	2,074	1,028	1,046	102 %	778	1,037	910
Other Transfers & Expenses	1,900	1,440	460	32 %	1,900	1,828	2,409
Total Fundraising & Operating Expenses	18,700	17,049	1,651	10 %	17,080	17,366	17,298
Total Expenses	\$86,947	\$66,155	\$20,792	31 %	\$65,979	\$65,039	\$63,936
OPERATING PROFIT BEFORE NON-CASH CHANGES	\$21,822	\$12,297	\$9,526	77 %	\$43,781	\$57,838	\$54,922
Total Non-Cash Changes	\$0	\$0	\$0	%	\$0	\$0	\$0
NET OPERATING PROFIT	\$21,822	\$12,297	\$9,526	77 %	\$43,781	\$57,838	\$54,922
Operating Profit Margin	20%	16%		4 %	40%	47%	46%



USF FOUNDATION, INC.

Annual Financial Plan for FY 2020

STATEMENT OF CASH FLOWS

(In thousands)

	FY 2020 FINANCIAL PLAN	FY 2019 ESTIMATE (as of 3/31/19)	Variance		FY 2019 FINANCIAL PLAN	FY 2018 ACTUAL RESULTS	FY 2017 ACTUAL RESULTS
			\$	%			
<u>OPERATING ACTIVITIES</u>							
Net Operating Profit	\$21,822	\$12,297	\$9,526	77 %	\$43,781	\$57,838	\$54,922
Adjustments for Non-Cash Activities:							
Investment (gains) losses	(23,407)	(45,015)	21,608	48 %	(45,263)	(52,617)	(63,943)
Change in assets & liabilities	3,246	3,594	(348)	(10)%	(6,171)	(5,134)	2,042
Total Cash From Operating Activities	\$1,661	\$(29,125)	\$30,786	106 %	\$(7,653)	\$87	\$(6,979)
<u>INVESTING ACTIVITIES</u>							
Capital Expenditures	\$(475)	\$(595)	\$120	20 %	\$(650)	\$(458)	\$(2,936)
Net (Purchases) Sales of Investments	6,054	3,205	2,849	89 %	13,932	7,067	13,605
Interest dividends reinvested	(6,436)	(5,621)	(815)	(14)%	(4,989)	(6,112)	(4,466)
Total Cash From Investing Activities	\$(857)	\$(3,011)	\$2,154	72 %	\$8,293	\$497	\$6,203
<u>FINANCING ACTIVITIES</u>							
Principal Paid on Debt	\$(360)	\$(350)	\$(10)	(3)%	\$(371)	\$(362)	\$(352)
Total Cash From Financing Activities	\$(360)	\$(350)	\$(10)	(3)%	\$(371)	\$(362)	\$(352)
CHANGE IN CASH							
	444	962	(518)	(54)%	269	222	(1,128)
Cash, Beginning of Year	1,987	1,025	962	94 %	1,191	803	1,931
Cash, End of Year	\$2,431	\$1,987	\$444	22 %	\$1,460	\$1,025	\$803
Total Cash & Investments	\$93,688	\$105,047	\$(11,359)	(11)%	\$83,319	\$83,867	\$80,084
Days Cash on Hand	393	580	(186)	(32)%	461	472	458



USF FOUNDATION, INC.

Annual Financial Plan for FY 2020

3-YEAR FORECAST

(In thousands)

	ACTUAL & ESTIMATED			FORECAST		
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<u>ASSETS</u>						
Cash & Investments	\$80,084	\$83,867	\$105,047	\$93,688	\$88,405	\$90,173
Fixed Assets	9,732	10,003	10,915	10,855	10,795	10,735
Other Assets	544,203	602,625	558,882	597,093	636,554	674,747
Total Assets	\$634,019	\$696,495	\$674,844	\$701,636	\$735,754	\$776,117
<u>LIABILITIES</u>						
Payables	\$1,444	\$937	\$2,832	\$2,387	\$2,395	\$2,419
Long-Term Debt	5,447	5,086	5,086	4,333	3,942	3,981
Other Liabilities	32,001	37,506	55,959	62,127	57,202	57,774
Total Liabilities	\$38,892	\$43,529	\$63,877	\$68,847	\$63,539	\$64,174
NET ASSETS	\$595,127	\$652,966	\$610,967	\$632,789	\$672,215	\$711,943
Days Cash on Hand	458	471	580	393	457	457
<u>REVENUES</u>						
Gifts & Fundraising Revenue	\$38,867	\$56,330	\$47,600	\$48,100	\$48,581	\$49,553
University Support	13,305	12,680	12,427	12,450	12,677	\$12,931
Other Revenues	66,686	53,867	18,425	48,219	48,701	\$49,188
Total Revenues	\$118,858	\$122,877	\$78,452	\$108,769	\$109,959	\$111,671
<u>EXPENSES</u>						
Salaries & Benefits	\$34,765	\$36,351	\$39,249	\$39,641	\$40,835	\$41,652
Scholarships & Fellowships	8,330	9,723	7,715	7,792	7,948	\$8,107
Other Expenses	20,841	18,965	19,191	39,514	21,750	\$22,185
Total Expenses	\$63,936	\$65,039	\$66,155	\$86,947	\$70,533	\$71,944
Operating Profit Before Non-Cash Changes	\$54,922	\$57,838	\$12,297	\$21,822	\$39,426	\$39,728
Total Non-Cash Changes	\$0	\$0	\$0	\$0	\$0	\$0
NET OPERATING PROFIT	\$54,922	\$57,838	\$12,297	\$21,822	\$39,426	\$39,728
Operating Profit Margin	46%	47%	16%	20%	36%	36%



USF Research Foundation, Inc.

Annual Financial Plan for FY 2020

FINANCIAL PLAN STATEMENT

State the DSO's Statutory Mission which Supports the Goals of the University

- The University of South Florida Research Foundation was established to promote, encourage, and enhance the research activities of University of South Florida faculty, staff and students.

The Research Foundation provides a mechanism for the funding of licensed research and development activities at the University. As a DSO, the Research Foundation provides broad and flexible financial mechanisms to administer private research contracts and grants, including corporate and private foundation-sponsored programs. We assist the University by working in cooperation with the University's Technology Transfer Office in the commercialization of University inventions including license agreements, and receipt and distribution of royalties related to intellectual property.

The USF Innovation Enterprise, which encompasses the USF Research Park, Technology Transfer, USF Office of Corporate Partnerships and the Tampa Bay Technology Incubator, contributes to a robust innovation-based ecosystem to include community startups and corporate partnerships with the University.

The Research Foundation owns and manages real property assets that include the USF Research Park and various buildings that are located within the Park. Revenue is generated primarily through long-term leases of facilities utilized by the University research enterprise and private sector entities seeking research relationships with the University.

Projected rent revenue to be received from the University in FY2020 for the leasing of Research Park facilities is \$8.26M. University rents are included in rental revenue on the accompanying Income Statement.

On behalf of the University, the Research Foundation also manages the fiscal operations of the USF Tampa Bay Technology Incubator Program.

List Key Drivers for the 2020 Financial Plan Over 2019 - Focus on Cash Flows and Adequacy of Reserves

- FY2020 Financial Plan projects a positive cash flow from Operations of \$4.8M, with a net positive cash flow of \$1.5M available for reserves.

Describe Material Capital Expenditures in the 2020 Financial Plan - Provide Details and ROI Expectations

- \$688 thousand of tenant improvements may be expended to generate additional rent revenues if needed. If the leases are not awarded or the improvements are not required for lease incentive, the funds will not be expended.
- \$661 thousand of capital expenditures are included in the FY 2020 Plan for maintaining functionality of the property and buildings. These include replacing an HVAC RTU, mechanical controls upgrade, and projects designed to reduce operating utility costs and preserve the buildings within the Research Park, as Class A properties.
- \$150 thousand to convert from Banner system to a new and expanded financial reporting system designed to improve our business processing.

Identify Key Risks That Might Affect the 2020 Financial Plan

- Occupancy within the Research Park is at near capacity. While there is on-going risk of lease terminations, there continues to be encouraging interest in available space. The demand study procured for the new mixed use lab and office project validates this interest.

List Major DSO Initiatives that will Drive Increases in Operating Earnings for 2021 and 2022

- The proposed construction of a new mixed use lab and office project to be located in the USF Research Park. As the owner/operator of the Research Park, we will work with the USF Financing Corporation to issue debt, execute a ground sublease and master lease for the proposed project. Construction of the core and shell is expected to begin January 2020 with completion scheduled by January 2021.



USF Research Foundation, Inc.

Annual Financial Plan for FY 2020

INCOME STATEMENT

(In thousands)

	FY 2020 FINANCIAL PLAN	FY 2019 ESTIMATE (as of 3/31/19)	Variance		FY 2019 FINANCIAL PLAN	FY 2018 ACTUAL RESULTS	FY 2017 ACTUAL RESULTS
			\$	%			
<u>REVENUES</u>							
Rental Revenue	\$9,144	\$8,551	\$593	7 %	\$8,390	\$8,379	\$8,061
Intellectual Property Revenue	3,160	3,476	(316)	(9)%	3,050	3,728	2,307
NMR Use License Fee	307	307	0	0 %	307	307	307
Other Operating Revenues	257	262	(6)	(2)%	266	244	185
Total Revenues	\$12,868	\$12,597	\$271	2 %	\$12,014	\$12,657	\$10,860
<u>EXPENSES</u>							
Salaries & Benefits	\$1,437	\$1,384	\$53	4 %	\$1,384	\$1,347	\$1,212
Intellectual Property & Other Program Exp	2,360	2,776	(416)	(15)%	2,579	3,045	1,811
Operations - Research Park	3,607	3,007	600	20 %	3,116	3,075	2,895
Contractual Services & Other Operating	149	141	8	6 %	140	165	131
UBC Net Exp (University Business Center)	24	314	(289)	(92)%	199	4	-
Interest Expense	533	620	(87)	(14)%	620	687	863
Depreciation & Amortization	2,767	2,604	163	6 %	2,736	2,907	2,822
Total Expenses	\$10,877	\$10,845	\$31	0 %	\$10,775	\$11,230	\$9,733
OPERATING PROFIT BEFORE NON-OPERATING REVENUE	\$1,991	\$1,751	\$240	14 %	\$1,239	\$1,427	\$1,127
Investment Income	2,023	1,540	483	31 %	1,895	3,117	3,465
Other Non-Operating Income (Loss)	0	0	0	%	-	-	(30)
Total Non-Cash Changes	\$2,023	\$1,540	\$483	31 %	\$1,895	\$3,117	\$3,434
NET INCOME	\$4,014	\$3,291	\$723	22 %	\$3,133	\$4,544	\$4,562
Operating Profit Margin	15%	14%	2 %		10%	11%	10%



USF Research Foundation, Inc.

Annual Financial Plan for FY 2020

STATEMENT OF CASH FLOWS

(In thousands)

	FY 2020 FINANCIAL PLAN	FY 2019 ESTIMATE (as of 3/31/19)	Variance		FY 2019 FINANCIAL PLAN	FY 2018 ACTUAL RESULTS	FY 2017 ACTUAL RESULTS
			\$	%			
<u>OPERATING ACTIVITIES</u>							
Net Income	\$4,014	\$3,291	\$723	22 %	\$3,133	\$4,544	\$4,562
Adjustments for Non-Cash Activities:							
Less Non-Cash Investment (Gain)	(2,023)	(1,540)	(483)	(31)%	(1,895)	(3,114)	(3,447)
Add back Depreciation/Amortization Exp	2,767	2,604	163	6 %	2,736	2,907	2,822
Add back Other Non-Cash Expenses	18	149	(131)	(88)%	75	25	158
Less Other Non-Cash Revenue	-	(23)	23	100 %	(30)	(49)	(79)
Add Cash Other Income Restatement	-	-	-	%	-	786	640
Adjustments for Changes in Operating Assets and Liabilities	-	-	-	%	-	(783)	346
Total Cash From Operating Activities	\$4,777	\$4,482	\$295	7 %	\$4,020	\$4,316	\$5,002
<u>INVESTING ACTIVITIES</u>							
Capital Expenditures	\$(1,534)	\$(1,374)	\$(160)	(12)%	\$(1,852)	\$(591)	\$(698)
Net (Purchase) Sale of Investments	-	-	-	%	-	(1,000)	(2,000)
Issuance of Seed Capital Loans (net)	-	(25)	25	100 %	(150)	(17)	(150)
Transfer from Venture Investment Fund	-	25	(25)	(100)%	150	50	150
Total Cash Used Investing Activities	\$(1,534)	\$(1,374)	\$(160)	(12)%	\$(1,852)	\$(1,558)	\$(2,698)
<u>FINANCING ACTIVITIES</u>							
Principal Payments	\$(1,745)	\$(1,720)	\$(25)	(1)%	\$(1,720)	\$(1,590)	\$(1,565)
Redeem Investments for New Building	3,194	-	3,194	%	-	-	-
Cash Outlay: New Bldg Debt Reserve Fund	(2,420)	-	(2,420)	%	-	-	-
Cash Outlay: New Bldg Interest Costs	(774)	-	(774)	%	-	-	-
Redeem Investments for Debt Payoff	-	-	-	%	-	-	\$9,254
Pay Off Research Park Building Debt	-	-	-	%	-	-	(9,525)
Total Cash Used Financing Activities	\$(1,745)	\$(1,720)	\$(25)	(1)%	\$(1,720)	\$(1,590)	\$(1,836)
CHANGE IN CASH	1,498	1,388	110	8 %	448	1,168	469
Cash, Beginning of Year	7,466	6,077	1,388	23 %	6,026	4,909	4,440
Cash, End of Year	\$8,964	\$7,466	\$1,498	20 %	\$6,474	\$6,077	\$4,909
Total Cash & Investments	\$43,377	\$43,524	\$(148)	(0)%	\$41,209	\$40,622	\$35,430
Days Cash on Hand	332	381	(50)	(13)%	298	325	253



USF Research Foundation, Inc.

Annual Financial Plan for FY 2020

3-YEAR FORECAST

(In thousands)

	ACTUAL & ESTIMATED			FORECAST		
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<u>ASSETS</u>						
Cash & Investments	\$35,430	\$40,622	\$43,524	\$43,377	\$46,195	\$47,624
Fixed Assets	34,100	31,901	30,012	29,664	27,940	25,528
Other Assets	18,244	18,837	18,895	18,895	18,895	18,895
Total Assets	\$87,774	\$91,360	\$92,431	\$91,935	\$93,029	\$92,046
<u>LIABILITIES</u>						
Payables	\$2,205	\$2,284	\$2,036	\$2,097	\$2,160	\$2,225
Long-Term Debt	20,465	18,875	17,155	15,410	14,635	13,830
Other Liabilities	7,880	7,646	7,935	8,173	8,418	8,671
Total Liabilities	\$30,550	\$28,806	\$27,126	\$25,681	\$25,214	\$24,726
NET ASSETS	\$57,224	\$62,554	\$65,305	\$66,255	\$67,815	\$67,320
Days Cash on Hand	253	325	381	332	420	389
<u>REVENUES</u>						
Rental Revenue	\$8,061	\$8,379	\$8,551	\$9,144	\$9,272	\$9,494
Intellectual Property Revenue	2,307	3,728	3,476	3,160	3,260	3,360
Other Revenues	492	551	569	564	567	570
Total Revenues	\$10,860	\$12,657	\$12,597	\$12,868	\$13,099	\$13,423
<u>EXPENSES</u>						
Salaries & Benefits	\$1,212	\$1,347	\$1,384	\$1,437	\$1,480	\$1,524
Operations - Research Park	2,895	3,075	3,007	3,607	3,459	3,688
Other Expenses	5,627	6,808	6,455	5,833	5,745	5,826
Total Expenses	\$9,733	\$11,230	\$10,845	\$10,877	\$10,683	\$11,039
Operating Profit Before Non-Cash Changes	\$1,127	\$1,427	\$1,751	\$1,991	\$2,415	\$2,384
Total Non-Cash Investment Income	\$3,434	\$3,117	\$1,540	\$2,023	\$2,109	\$2,093
NET INCOME	\$4,562	\$4,544	\$3,291	\$4,014	\$4,524	\$4,478
Operating Profit Margin	10%	11%	14%	15%	18%	18%



Sun Dome, Inc.

Annual Financial Plan for FY 2020

FINANCIAL PLAN STATEMENT

State the DSO's Statutory Mission which Supports the Goals of the University

- Continue to enhance awareness and perception in the local market and nationally, promoting Yuengling Center as a premiere event and hospitality venue.

List Key Drivers for the 2020 Financial Plan Over 2019 - Focus on Cash Flows and Adequacy of Reserves

- The 2020 Financial Plan reflects a slight increase in revenue of \$37 thousand or 2%, while maintaining operating expenses at a consistent level with the prior fiscal year. It should be noted that the 2019/2020 budget does not project any additional Men's or Women's basketball games. As a result, the 2019/2020 budget reflects a decrease in basketball-related event income of approximately \$110 thousand compared to the 2018/2019 forecast. Excluding the impact of these additional games, the fiscal year increase in operating revenue climbs from \$37 thousand to \$147 thousand, or 8%. Building upon the success of the 2018/2019 fiscal year, the primary driver for the projected increase in revenue is event quality.
- The 2019 Financial Plan projects a decrease in the fiscal year cash balance of \$231 thousand, primarily due to the fact that payment of the 2018/2019 projected incentive fees of \$150 thousand is expected to occur in 2019/2020.
- Based upon the 2020 projected Financial Plan, it is not currently anticipated that the Sun Dome Arena will require cash funding in 2019/2020 to sustain operations.
- The FY2020 Financial Plan operating cash flows of \$182 thousand do not cover debt service requirements of \$413 thousand, further reducing year end cash balance to \$231 thousand.

Describe Material Capital Expenditures in the 2020 Financial Plan - Provide Details and ROI Expectations

- Yuengling Center/ TBEP staff are working to produce a 10-yr asset management plan for the University with the intent to provide a roadmap on how we help maintain the buildings' critical infrastructures, extend the life of the building, and incorporate fan experience elements. Through this exercise, a timeline will produce a better understanding of the lifespan surrounding many of these tangible assets, therefore allowing for enhanced decision making around necessary capital expenditures. These costs have been excluded from the financial statements included herein, as it is anticipated that USF will provide the funding and the related assets will be recorded on USF books' consistent with the building/ building improvements.

Identify Key Risks That Might Affect the 2020 Financial Plan

- The 2020 Financial Plan factors in 7 concerts/ events, which have not been confirmed. In the event, these shows do not come to fruition, it could negatively impact profitability on a net basis by approximately \$382 thousand (significant decrease from the 2018/2019 budget which included 12 unnamed events).
- The 2020 Financial Plan assumes attendance and related event profitability with respect to USF Men's and Women's basketball will remain consistent with 2018- 2019 (with the exception of the additional games played in 2018/2019).
- The 2020 Financial Plan does not factor in a contingency for any extraordinary maintenance, repairs or rate increases in insurance premiums.
- Negative operating net cash flows are a risk.

List Major DSO Initiatives that will Drive Increases in Operating Earnings for 2020 and 2021

- Identify multi-show deals and concert series opportunities to increase event bookings
- Re-establish and build on relationships with top promoters
- Strategic booking to include a diverse programming of quality events that crosses all genres
- Continue to provide "Blue Ribbon" service to our consumers, improving upon the brand perception in the local and national marketplace



Sun Dome, Inc.

Annual Financial Plan for FY 2020

INCOME STATEMENT

(In thousands)

	FY 2020 FINANCIAL PLAN	FY 2019 ESTIMATE (as of 3/31/19) ⁽²⁾	Variance		FY 2019 FINANCIAL PLAN	FY 2018 ACTUAL RESULTS	FY 2017 ACTUAL RESULTS⁽¹⁾
			\$	%			
<u>REVENUES</u>							
Direct Event Income	\$559	\$455	\$103	23 %	\$696	\$264	\$0
Ancillary Revenue	1,341	1,406	(66)	(5)%	1,097	1,121	0
Miscellaneous	90	91	(1)	(1)%	68	110	0
Total Revenues	\$1,989	\$1,953	\$37	2 %	\$1,861	\$1,494	\$0
<u>EXPENSES</u>							
Salary & Benefits	\$957	\$911	\$46	5 %	\$882	\$817	\$0
General & Administrative	466	450	16	4 %	463	427	0
Marketing & Sales	41	26	15	60 %	22	22	0
Equipment & Supplies	91	65	25	39 %	65	53	0
Utilities	31	33	(2)	(6)%	36	31	0
Insurance	126	125	1	1 %	126	152	0
Transition Expenses	0	0	0	%	0	96	0
Incentive Fees/ Profit Share	50	150	(100)	(67)%	224	0	0
Total Expenses	\$1,762	\$1,760	\$2	0 %	\$1,819	\$1,596	\$0
OPERATING PROFIT BEFORE NON-CASH CHANGES	\$227	\$192	\$35	18 %	\$42	\$(102)	\$0
Unrealized Investment Gains (Losses)	0	0	0	%	0	0	0
Total Non-Cash Changes	\$0	\$0	\$0	%	\$0	\$0	\$0
NET OPERATING PROFIT	\$227	\$192	\$35	18 %	\$42	\$(102)	\$0
Operating Profit Margin	11%	10%		2 %	2%	-7%	#DIV/0!

⁽¹⁾ Prior Management Company⁽²⁾ Based upon 4/5/19 Bi-weekly forecast submitted to USF



Sun Dome, Inc.

Annual Financial Plan for FY 2020

STATEMENT OF CASH FLOWS

(In thousands)

	FY 2020 FINANCIAL PLAN	FY 2019 ESTIMATE (as of 3/31/19) ⁽²⁾	Variance		FY 2019 FINANCIAL PLAN	FY 2018 ACTUAL RESULTS	FY 2017 ACTUAL RESULTS ⁽¹⁾
			\$	%			
<u>OPERATING ACTIVITIES</u>							
Net Operating Profit	\$227	\$192	\$35	18 %	\$42	\$(102)	\$0
Adjustments for Non-Cash Activities:							
(Increase) Decrease in Accounts Receivable	0	0	0	%	0	122	0
(Increase) Decrease in Prepaids	0	0	0	%	0	2	0
Increase (Decrease) in Accounts Payable	17	18	(1)	(7)%	(104)	25	0
Increase (Decrease) in Accrued Liabilities	(65)	40	(105)	(263)%	238	554	0
Increase (Decrease) in Deferred Revenue	3	33	(30)	(90)%	100	(317)	0
Total Cash From Operating Activities	\$182	\$284	\$(102)	(36)%	\$276	\$284	\$0
<u>INVESTING ACTIVITIES</u>							
Capital Expenditures ⁽³⁾	0	0	0	%	0	0	0
Total Cash From Investing Activities	\$0	\$0	\$0	%	\$0	\$0	\$0
<u>FINANCING ACTIVITIES</u>							
Net Event Revenue Transfers to USFFC - debt pmt	\$(413)	\$(413)	\$0	0 %	\$(449)	\$(544)	\$0
Total Cash From Financing Activities	\$(413)	\$(413)	\$0	0 %	\$(449)	\$(544)	\$0
CHANGE IN CASH	(231)	(129)	(102)	(79)%	(173)	(260)	0
Cash, Beginning of Year	575	704	(129)	(18)%	704	964	0
Cash, End of Year	\$344	\$575	\$(231)	(40)%	\$532	\$704	\$0
Total Cash & Investments	\$344	\$575	\$(231)	(40)%	\$532	\$704	\$0
Days Cash on Hand	71	119	(48)	(40)%	107	161	#DIV/0!

⁽¹⁾ Prior Management Company⁽²⁾ Based upon 4/5/19 Bi-weekly forecast submitted to USF⁽³⁾ Assumes USF funding of Capital expenditures with related assets maintained on USF's books' (consistent with the current reporting of the building/ building improvements).



Sun Dome, Inc.
Annual Financial Plan for FY 2020

3-YEAR FORECAST

(In thousands)

	ACTUAL & ESTIMATED			FORECAST		
	FY 2017 ⁽¹⁾	FY 2018	FY 2019 ⁽²⁾	FY 2020	FY 2021	FY 2022
ASSETS						
Cash & Investments	\$0	\$704	\$575	\$344	\$598	\$829
Accounts Receivable	0	124	124	124	124	124
Fixed Assets ⁽³⁾	0	0	0	0	0	0
Other Assets	0	0	0	0	0	0
Total Assets	\$0	\$828	\$699	\$468	\$722	\$953
LIABILITIES						
Payables	\$0	\$248	\$266	\$283	\$296	\$312
Accrued Liabilities	0	647	687	622	815	898
Deferred Revenue	0	143	176	179	212	231
Total Liabilities	\$0	\$1,037	\$1,129	\$1,084	\$1,323	\$1,441
NET ASSETS	\$0	\$(209)	\$(430)	\$(616)	\$(601)	\$(488)
Days Cash on Hand		161	119	71	109	141
REVENUES						
Direct Event Income	\$0	\$264	\$455	\$559	\$716	\$788
Ancillary Revenue	0	1,121	1,406	1,341	1,630	1,793
Miscellaneous	0	110	91	90	90	90
Total Revenues	\$0	\$1,494	\$1,953	\$1,989	\$2,436	\$2,671
EXPENSES						
Salary & Benefits	\$0	\$817	\$911	\$957	\$1,004	\$1,055
General & Administrative	0	427	450	466	489	514
Marketing & Sales	0	22	26	41	43	45
Equipment & Supplies	0	53	65	91	96	100
Utilities	0	31	33	31	33	34
Insurance	0	152	125	126	132	139
Transition Expenses	0	96	0	0	0	0
Incentive Fees/ Profit Share ⁽⁴⁾	0	0	150	50	213	255
Total Expenses	\$0	\$1,596	\$1,760	\$1,762	\$2,010	\$2,142
Operating Profit Before Non-Cash Changes	\$0	\$(102)	\$192	\$227	\$426	\$529
Total Non-Cash Changes	\$0	\$0	\$0	\$0	\$0	\$0
NET OPERATING PROFIT	\$0	\$(102)	\$192	\$227	\$426	\$529
Operating Profit Margin	0%	-7%	10%	11%	17%	20%

⁽¹⁾ Prior Management Company⁽²⁾ Based upon 4/5/19 Bi-weekly forecast submitted to USF⁽³⁾ Assumes USF funding of Capital expenditures with related assets maintained on USF's books' (consistent with the current reporting of the building/ building improvements).⁽⁴⁾ FY 20 & FY 21 Profit Share calculation factors in an assumption for capital expenses of \$250K/ year.



USF Institute of Applied Engineering

Annual Financial Plan for FY 2020

FINANCIAL PLAN STATEMENT

State the DSO's Statutory Mission which Supports the Goals of the University

- The USF Institute of Applied Engineering provides agile, best value engineering products and services to enhance the performance, effectiveness and safety of our customers. The Institute's customers include the Department of Defense, other federal, state and local agencies, and industry. The Institute provides engineering solutions in alignment with the following core competencies: Autonomous Systems; Human Performance Enhancement; Data Analytics; Cyber and Electromagnetic Domain Security; and Transportation and Energy infrastructure. By focusing on product and service solutions, the Institute expands the University's traditional research portfolio while providing increased research and education opportunities to both USF faculty and students.

List Key Drivers for the 2020 Financial Plan Over 2019 - Focus on Cash Flows and Adequacy of Reserves

- The Institute is in active negotiations for up to seven contracts, with a total value, including anticipated Florida High Tech Corridor Matching funds, up to \$3.2M. Six of these contracts are federally funded (either directly or pass through with an industry partner). Additional details on the nature and status of these contracts is provided separately.
- In addition, the Institute is actively responding to a USSOCOM solicitation to enter into a "a long term contractual agreement with an Academic institution within the local (two hour) MacDill AFB geographic area". The Institute anticipates USSOCOM's next steps on this task order contract to be formally announced via FedBizOps this summer, with award later in FY20.
- Revenue collections from these contracts and other potential sponsors are expected to start in early FY20 and into FY21. Indirects collected from these collected revenues, along with USF support, will fund Institute operating expenses. In addition, 1% of contract revenues collected will be provided to university for compliance and other support USF provides to the Institute.
- Having an adequate reserve for expenditures to post before collections are deposited in order to continue contract research without lapses due to temporary lack of funding is a concern. Timely receipt of University funding will lower this cash flow risk.
- Institute is in discussions with Hillsborough County to provide funding to Institute matching University investment and commitment. To be voted on at HC Commissioners meeting on May 15.

Describe Material Capital Expenditures in the 2020 Financial Plan - Provide Details and ROI Expectations

- The Capital Expenditures in the FY2020 Financial Plan are for manufacturing equipment that is a requirement to do business with a potential research sponsor.

Identify Key Risks That Might Affect the 2020 Financial Plan

- Having enough available cash on hand in order to support research expenditures before collections are deposited from sponsors.
- If an agreement is reached between HC and the Institute, the Institute intends to amend its FY20 budget to account for this significant revenue source. However, the current financial plan does not require this funding.

List Major DSO Initiatives that will Drive Increases in Operating Earnings for 2021 and 2022

- Due to the anticipated duration and requirements scope of the USSOCOM task order contract, the Institute expects revenue collected under this contract will represent the majority of the projected revenue growth in 21-22.
- Meanwhile, the Institute continues to engage with other government and industry sponsors in the state of Florida and beyond to support their requirements.



USF Institute of Applied Engineering

Annual Financial Plan for FY 2020

INCOME STATEMENT

(In thousands)

	FY 2020 FINANCIAL PLAN	FY 2019 ESTIMATE (as of 3/31/19)	Variance		FY 2019 FINANCIAL PLAN	FY 2018 ACTUAL RESULTS	FY 2017 ACTUAL RESULTS
			\$	%			
REVENUES							
Contracts & Grants Revenue	843	0	843	%	886	0	0
Contracts & Grants Revenue - Potential	1,407	0	1,407	%	0	0	0
University Support	\$602	\$491	\$111	23 %	\$491	\$0	\$0
College of Engineering Support	79	374	(295)	(79)%	0	0	0
Florida High Tech Corridor Matching	150	0	150	%	0	0	0
Donated Materials, Supplies & Equip.	0	0	0	%	0	0	0
Donated Furnished Rent Free Space	73	0	73	%	0	0	0
Total Revenues	\$3,154	\$865	\$2,289	265 %	\$1,377	\$0	\$0
EXPENSES							
Salaries & Benefits	\$803	\$77	\$726	943 %	\$347	\$0	\$0
College of Engineering Salary Support	79	374	(295)	(79)%	0	0	0
Gifts In-Kind Expense	73	0	73	%	20	0	0
Travel, Materials, Supplies, Software & Equip.	70	54	16	30 %	712	0	0
Banking, Insurance, Audit, Tax Services	50	36	14	39 %	18	0	0
Facilities, Utilities, Telecomm., Security	91	12	79	658 %	9	0	0
Direct Program Costs	1,966	0	1,966	%	271	0	0
University Support	22	0	22	%	0	0	0
Total Expenses	\$3,154	\$553	\$2,601	470 %	\$1,377	\$0	\$0
OPERATING PROFIT BEFORE NON-CASH CHANGES	\$0	\$312	\$(312)	(100)%	\$0	\$0	\$0
Unrealized Investment Gains (Losses)	0	0	0	%	0	0	0
Total Non-Cash Changes	\$0	\$0	\$0	%	\$0	\$0	\$0
NET OPERATING PROFIT	\$0	\$312	\$(312)	(100)%	\$0	\$0	\$0
Operating Profit Margin	0%	36%		(36)%	0%	#DIV/0!	#DIV/0!



USF Institute of Applied Engineering

Annual Financial Plan for FY 2020

STATEMENT OF CASH FLOWS

(In thousands)

	FY 2020 FINANCIAL PLAN	FY 2019 ESTIMATE (as of 3/31/19)	Variance		FY 2019 FINANCIAL PLAN	FY 2018 ACTUAL RESULTS	FY 2017 ACTUAL RESULTS
			\$	%			
<u>OPERATING ACTIVITIES</u>							
Net Operating Profit	\$0	\$312	\$(312)	(100)%	\$481	\$0	\$0
Adjustments for Non-Cash Activities:							
Adjustments for Changes in Operating Assets and Liabilities	47	(8)	55	688 %	(242)	0	0
Total Cash From Operating Activities	\$47	\$304	\$(257)	(85)%	\$239	\$0	\$0
<u>INVESTING ACTIVITIES</u>							
Capital Expenditures	\$(119)	\$(81)	\$(38)	(47)%	\$0	\$0	\$0
Net (Purchases) Sales of Investments	0	0	0	%	0	0	0
Total Cash From Investing Activities	\$(119)	\$(81)	\$(38)	(47)%	\$0	\$0	\$0
<u>FINANCING ACTIVITIES</u>							
Proceeds of Long-Term Debt	\$0	\$0	\$0	%	\$0	\$0	\$0
Principal Payments	0	0	0	%	0	0	0
Interest Payments	0	0	0	%	0	0	0
Total Cash From Financing Activities	\$0	\$0	\$0	%	\$0	\$0	\$0
CHANGE IN CASH	(72)	223	(295)	(132)%	239	0	0
Cash, Beginning of Year	223	0	223	%	0	0	0
Cash, End of Year	\$151	\$223	\$(72)	(32)%	\$239	\$0	\$0
Total Cash & Investments	\$151	\$223	\$(72)	(32)%	\$239	\$0	\$0
Days Cash on Hand	17	147	(130)	(88)%	63		



USF Institute of Applied Engineering

Annual Financial Plan for FY 2020

3-YEAR FORECAST

(In thousands)

	ACTUAL & ESTIMATED			FORECAST		
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<u>ASSETS</u>						
Cash & Investments	\$0	\$0	\$223	\$151	\$277	\$602
Fixed Assets	0	0	81	200	200	200
Other Assets	0	0	17	18	18	19
Total Assets	\$0	\$0	\$321	\$369	\$495	\$821
<u>LIABILITIES</u>						
Payables	\$0	\$0	\$9	\$17	\$18	\$18
Long-Term Debt	0	0	0	0	0	0
Other Liabilities	0	0	0	0	0	0
Total Liabilities	\$0	\$0	\$9	\$17	\$18	\$18
NET ASSETS	\$0	\$0	\$312	\$352	\$478	\$803
Days Cash on Hand			147.2	17.5	18.9	30.8
<u>REVENUES</u>						
University Support	\$0	\$0	\$491	\$602	\$602	\$602
Contracts & Grants Revenue	0	0	0	2,250	4,888	7,140
Other Revenues	0	0	374	302	150	0
Total Revenues	\$0	\$0	\$865	\$3,154	\$5,640	\$7,742
<u>EXPENSES</u>						
Salaries & Benefits	\$0	\$0	\$451	\$882	\$907	\$933
Direct Program Expense	0	0	0	1,966	4,164	5,897
Other Expenses	0	0	102	306	292	310
Total Expenses	\$0	\$0	\$553	\$3,154	\$5,363	\$7,140
Operating Profit Before Non-Cash Changes	\$0	\$0	\$312	\$0	\$277	\$602
Total Non-Cash Changes	\$0	\$0	\$0	\$0	\$0	\$0
NET OPERATING PROFIT	\$0	\$0	\$312	\$0	\$277	\$602
Operating Profit Margin			36%	0%	5%	8%



USF HEALTH PROFESSIONS CONFERENCING CORPORATION

Annual Financial Plan for FY 2020

FINANCIAL PLAN STATEMENT

State the DSO's Statutory Mission which Supports the Goals of the University

- The mission of USF Health Professions Conferencing Corporation (HPCC), a direct support organization and Florida not-for-profit corporation, is to support the goals of the University of South Florida and its Board of Trustees, namely to help achieve academic excellence, enable pre-eminent research, and facilitate top quality healthcare services.

HPCC helps to achieve these goals through a range of activities and entities, including the Center for Advanced Medical Learning and Simulation (CAMLs) which has as its vision to improve healthcare through lifelong education and learning and whose mission is to create and provide experiential learning that improves clinical skills and patient care in our community and around the globe. HPCC also supports the efficient administration of the USF Health Office of Continuing Professional Development (CPD) as well as several USF Health international programs.

List Key Drivers for the 2020 Financial Plan Over 2019 - Focus on Cash Flows and Adequacy of Reserves

- HPCC has achieved, and is targeted to maintain, a 90-day cash position, notwithstanding the FY20 planned reduction of investment support ('DSO (UMSA) Support – Continuing Ed – Faculty, Students') from \$1m to \$250k. The FY20 investment support is planned to be used to upgrade aging medical simulation equipment and to make improvements to the CAMLS facility to enable more flexible and configurable use of its training and education spaces.
- In FY20, 'Revenue for Continuing Professional Development' is forecasted to be 19% greater than FY19 due to the continued increase in commercial funding from medical education companies (MECs) for Continuing Medical Education (CME) activities. Consistent with this business line, 'Direct Program Expense' (pass through funds) is also projected to increase, but at a lower rate (11% compared to FY19). Because program expenses are expected to increase at a lower rate than revenue, HPCC will retain more bottom line revenue than in past years to cover the cost of managing the CME programs and administering the USF Health accreditations. Because this business line is projected to continue to grow in FY20, the plan accounts for the addition of one FTE to support CPD/CME programming, the cost of which should be offset by incremental revenue. Incremental revenue is expected to be positively impacted by a change in the CPD pricing model for accreditation services that will take effect in FY20, the first adjustment made in nearly 10 years.
- FY20 'CAMLs-Industry, Societies, Healthcare' is forecasted to decrease 4% due to the non-recurrence of a physician training program conducted in concert with the Mexican government.
- The 'DSO (UMSA) Support - Continuing Ed.-Faculty, Students' for the development and delivery of continuing academic and professional simulation education for students and practitioners will reduce to \$250K. This support along with HPCC's strong financial performance will support programming and reinvestment in equipment and facility improvements.
- FY20 'Wages and Benefits' assumes the following: a cost-of-living increase for all FTE's; filling a vacancy in the role of instructional designer for program development; the addition of a CPD coordinator (noted above); the addition of a role in the business development team; and transition of an A/V technician from contract staff to full-time employee. Note that 'Wages - program driven temporary staffing' reflects personnel associated with specific training programs, the cost of which is typically a full pass through.
- FY20 'Depreciation-Purchased & Donated Assets' continues to decrease as assets become fully depreciated. The planned capital investments that began in FY19 to maintain simulation training equipment and facility maintenance will increase future annual depreciation expense.

Describe Material Capital Expenditures in the 2020 Financial Plan - Provide Details and ROI Expectations

- HPCC plans to increase its inventory of simulator manikins to meet increasing demand and replace aging equipment to maintain service delivery expectations. We are also identifying new space technologies to enable more flexible and configurable use of high demand training space to balance the competing demands of USF Health and external clients. The total capital expenditures planned for FY20 is projected to be \$600K.

Identify Key Risks That Might Affect the 2020 Financial Plan

- CAMLS is experiencing a resurgence in activities and requests for its training spaces resulting in competing demands for key spaces at peak demand periods. It will be a continuing challenge to ensure the highest and best use of the limited space while balancing the need to enable optimum use by USF Health students and expanded use by entrepreneurial and external users.
- More hospital and industry clients are building their own simulation centers and developing internal training programs. This reinforces the need for CAMLS to diversify its business lines and identify and cultivate new clients.

List Major DSO Initiatives that will Drive Increases in Operating Earnings for 2021 and 2022

- In FY20, HPCC is expected to achieve incremental growth in its portfolio, particularly through identifying new business lines and client opportunities. These may include: a) diversifying the portfolio to include government and not-for-profit contracts such as the Department of Veterans Affairs and Pinellas County, b) developing programming that occurs off-site ('CAMLS Without Walls') which exports CAMLS' talent, tools, and resources while freeing up space for internal uses, c) developing original simulation training content focused on Simulation Center Management, a somewhat untapped market; and d) identifying opportunities to synchronize with and build on the expanding USF/USF Health presence downtown.
- CAMLS is part of a growing operational consortium which supports USF Health's downtown facilities and spaces to achieve economies of scale, increased purchasing power, and improved service to students, staff, and clients. This may result in more cost effective adjustments to personnel needs and operating expenditures in the coming years.



USF HEALTH PROFESSIONS CONFERENCING CORPORATION

Annual Financial Plan for FY 2020

INCOME STATEMENT

(In thousands)

	FY 2020	FY 2019	Variance		FY 2019	FY 2018	FY 2017
	FINANCIAL PLAN	ESTIMATE (as of 3/31/19)	\$	%	FINANCIAL PLAN	ACTUAL RESULTS	ACTUAL RESULTS
REVENUES							
Continuing Professional Development	\$7,205	\$6,036	\$1,169	19 %	\$1,857	\$3,943	\$2,289
CAMLS - USF Health Programming	2,786	2,765	21	1 %	2,927	3,158	2,222
CAMLS - Industry, Societies, Healthcare	4,341	4,501	(160)	(4)%	3,980	5,381	4,619
Other HPCC Divisions	392	393	(1)	(0)%	405	523	810
In Kind Donations	40	40	0	0 %	40	22	41
Rents, Parking, Rebates, Interest	629	648	(19)	(3)%	529	531	362
Gain on Sale of Fixed Assets	0	0	0	%	0	10	434
University Support-Plant Operations & Maint.	1,293	1,293	0	0 %	1,293	1,293	1,293
University Support-Educational wages/supplies	0	0	0	%	0	0	755
University Support	0	0	0	%	0	0	943
DSO (UMSA) Support	0	0	0	%	0	0	401
DSO (UMSA) Support - Wages and Benefits	60	60	0	0 %	0	0	0
DSO (UMSA) Support - Continuing Ed Faculty, Students	250	1,000	(750)	(75)%	1,000	1,033	1,530
Total Revenues	\$16,996	\$16,735	\$260	2 %	\$12,031	\$15,893	\$15,699
EXPENSES							
Wages and Benefits	\$4,278	\$3,874	\$404	10 %	\$3,704	\$3,124	\$3,052
Wages - program driven temporary staffing	300	200	100	50 %	200	254	244
Utilities, Leases, Maint., Supplies, Marketing	2,094	2,210	(116)	(5)%	2,234	2,466	3,274
Direct Program Expense	7,936	7,149	788	11 %	3,430	5,744	4,589
Interest	528	567	(39)	(7)%	567	681	726
In Kind Expense	40	40	0	0 %	40	22	41
Depreciation-Purchased & Donated Assets	1,067	1,440	(374)	(26)%	1,307	1,720	1,972
DSO (UMSA) Support	0	0	0	%	0	0	366
Total Expenses	\$16,243	\$15,480	\$764	5 %	\$11,482	\$14,011	\$14,264
OPERATING PROFIT BEFORE NON-CASH CHANGES	\$752	\$1,256	\$(503)	(40)%	\$549	\$1,882	\$1,434
Unrealized Investment Gains (Losses)	0	0	0	%	0	0	0
Total Non-Cash Changes	\$0	\$0	\$0	%	\$0	\$0	\$0
NET OPERATING PROFIT	\$752	\$1,256	\$(503)	(40)%	\$549	\$1,882	\$1,434
Operating Profit Margin	4%	8%		(3)%	5%	12%	9%



USF HEALTH PROFESSIONS CONFERENCING CORPORATION

Annual Financial Plan for FY 2020

STATEMENT OF CASH FLOWS

(In thousands)

	FY 2020 FINANCIAL PLAN	FY 2019 ESTIMATE (as of 3/31/19)	Variance		FY 2019 FINANCIAL PLAN	FY 2018 ACTUAL RESULTS	FY 2017 ACTUAL RESULTS
			\$	%			
<u>OPERATING ACTIVITIES</u>							
Net Operating Profit	\$752	\$1,256	\$(503)	(40)%	\$549	\$1,882	\$1,434
Adjustments for Non-Cash Activities:							
Depreciation	1,067	1,440	(374)	(26)%	1,307	1,720	1,972
(Gain)/Loss on sale of fixed assets	0	0	0	%	0	(10)	(434)
Adjustments for Changes in Operating Assets and Liabilities	0	0	0	%	0	(553)	(856)
Total Cash From Operating Activities	\$1,819	\$2,696	\$(877)	(33)%	\$1,856	\$3,039	\$2,116
<u>INVESTING ACTIVITIES</u>							
Capital Expenditures	\$(600)	\$(200)	\$(400)	(200)%	\$(200)	\$(345)	\$(441)
Net (Purchases) Sales of Investments	0	0	0	%	0	46	385
Total Cash From Investing Activities	\$(600)	\$(200)	\$(400)	(200)%	\$(200)	\$(299)	\$(56)
<u>FINANCING ACTIVITIES</u>							
Proceeds of Long-Term Debt	\$0	\$0	\$0	%	\$0	\$0	\$0
Principal Payments	(1,121)	(1,138)	17	1 %	(1,138)	(1,148)	(1,524)
Total Cash From Financing Activities	\$(1,121)	\$(1,138)	\$17	1 %	\$(1,138)	\$(1,148)	\$(1,524)
CHANGE IN CASH	98	1,358	(1,260)	(93)%	518	1,592	536
Cash, Beginning of Year	3,666	2,308	1,358	59 %	1,810	716	180
Cash, End of Year	\$3,764	\$3,666	\$98	3 %	\$2,328	\$2,308	\$716
Total Cash & Investments	\$3,764	\$3,666	\$98	3 %	\$2,328	\$2,308	\$716
Days Cash on Hand	91	95			84	69	21



USF HEALTH PROFESSIONS CONFERENCING CORPORATION

Annual Financial Plan for FY 2020

3-YEAR FORECAST

(In thousands)

	ACTUAL & ESTIMATED			FORECAST		
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
ASSETS						
Cash & Investments	\$716	\$2,309	\$3,666	\$3,764	\$3,814	\$3,814
Fixed Assets	19,959	18,548	17,308	16,841	16,366	16,047
Other Assets	1,591	1,963	1,963	1,963	1,963	1,963
Total Assets	\$22,266	\$22,820	\$22,937	\$22,568	\$22,143	\$21,824
LIABILITIES						
Payables	\$2,576	\$2,997	\$2,997	\$2,997	\$2,997	\$2,997
Long-Term Debt	16,121	14,934	13,796	12,675	11,462	10,318
Other Liabilities	2,647	2,086	2,086	2,086	2,086	2,086
Total Liabilities	\$21,344	\$20,017	\$18,879	\$17,758	\$16,545	\$15,401
NET ASSETS	\$922	\$2,803	\$4,058	\$4,810	\$5,598	\$6,423
Days Cash on Hand	21.26	68.57	95.32	90.53	90.71	90.06
REVENUES						
Program revenues	\$13,559	\$15,352	\$16,088	\$16,367	\$16,694	\$17,028
Other Revenues	2,140	541	648	629	642	655
Total Revenues	\$15,699	\$15,893	\$16,735	\$16,996	\$17,336	\$17,682
EXPENSES						
Salaries & Benefits	\$3,296	\$3,378	\$4,074	\$4,578	\$4,670	\$4,763
Program services	10,242	9,952	10,839	11,137	11,360	11,587
Interest	726	681	567	528	517	507
Total Expenses	\$14,264	\$14,011	\$15,480	\$16,243	\$16,547	\$16,857
Operating Profit Before Non-Cash Changes	\$1,434	\$1,882	\$1,256	\$752	\$788	\$825
Total Non-Cash Changes	\$0	\$0	\$0	\$0	\$0	\$0
NET OPERATING PROFIT	\$1,434	\$1,882	\$1,256	\$752	\$788	\$825
Operating Profit Margin	9%	12%	8%	4%	5%	5%



University of South Florida Alumni Association, Inc.

Annual Financial Plan for FY 2020

FINANCIAL PLAN STATEMENT

State the DSO's Statutory Mission which Supports the Goals of the University

- The USF Alumni Association exists to assist in the success of the University of South Florida. The Alumni Association is in the alumni engagement and cultivation ("friend raising") business. The focus of the Association is to strengthen relationships with Alumni through myriad activities, thus leading to their long-term involvement with the University of South Florida. Activities include alumni opportunities for volunteering, event participation, student mentoring, recognition programs, and financial support. All of this engagement activity by Alumni and friends supports the University as a whole. While the long term revenue associated with the Association's support is not directly reflected in the Association's financial statements, alumni engagement combined with development activity helps to facilitate fundraising success.

List Key Drivers for the 2020 Financial Plan Over 2019 - Focus on Cash Flows and Adequacy of Reserves

- Membership solicitation programs are expected to increase membership revenue by 8%.
- A 21% increase in event revenue and sponsorships is expected due to the Alumni Association's focus on hosting preeminent events that connect and engage Alumni. Events such as the Green and Gold Gala have experienced a substantial increase in attendance and donor cultivation, and we expect this to continue.

Describe Material Capital Expenditures in the 2020 Financial Plan - Provide Details and ROI Expectations

- No capital expenditures in 2020 planned.

Identify Key Risks That Might Affect the 2020 Financial Plan

- Some potential sponsors have yet to sign a contract. Companies have been identified and conversations are ongoing to convert these prospects into Association sponsors, but the risk exists that this projected increase in sponsorship revenue will not materialize.

List Major DSO Initiatives that will Drive Increases in Operating Earnings for 2021 and 2022

- Improve alumni engagement and participation at the chapter/society level by implementing an improvement program that provides for myriad relevant connection activities. Further, establish a culture of giving through scholarships benefiting a local USF student with a goal of 70% of all chapters and societies having established scholarship endowments. USFAA currently has 43 chapters and societies, with 25 groups with established scholarship funds.
- The Association currently has 5,485 life members and continues to focus on life membership as a priority engagement initiative for alumni and friends of the university.



University of South Florida Alumni Association, Inc.
Annual Financial Plan for FY 2020

INCOME STATEMENT

(In thousands)

	FY 2020	FY 2019	Variance		FY 2019	FY 2018	FY 2017
	FINANCIAL	ESTIMATE			FINANCIAL	ACTUAL	ACTUAL
	PLAN	(as of 3/31/19)	\$	%	PLAN	RESULTS	RESULTS
<u>REVENUES</u>							
Membership	\$556	\$515	\$41	8 %	\$519	\$490	\$547
University Support	625	625	0	0 %	625	625	625
DSO (Foundation) Support	174	75	99	132 %	-	-	-
Royalties	465	546	(81)	(15)%	532	576	612
License Plate Revenue	405	386	19	5 %	432	383	388
Sponsorships	282	250	32	13 %	301	180	134
Investment Income (Loss)	267	260	7	3 %	259	238	218
Event and other Revenue	242	182	60	33 %	157	194	116
Gifts and Donations	174	143	31	22 %	195	179	198
Total Revenues	\$3,190	\$2,982	\$208	7 %	\$3,020	\$2,865	\$2,838
<u>EXPENSES</u>							
Salaries & Benefits	\$1,916	\$1,777	\$139	8 %	\$1,726	\$1,691	\$1,514
Membership and Membership Services	192	191	1	1 %	217	181	261
Printing & Duplicating	16	11	5	45 %	23	14	37
Event Services	334	278	56	20 %	274	246	237
Professional Services	85	95	(10)	(11)%	92	98	96
Postage	60	53	7	13 %	57	53	59
Travel	63	57	6	11 %	71	57	50
Advertising & Marketing	18	26	(8)	(31)%	27	24	34
Insurance	52	50	2	4 %	50	50	41
Community Relations	28	23	5	22 %	28	42	38
Credit Card Fees	29	26	3	12 %	21	25	23
Other expenses	17	24	(7)	(29)%	22	33	30
Bad debt expense	-	-	0	%	-	16	3
University Support - Scholarships	76	74	2	3 %	74	76	83
Total Expenses	\$2,886	\$2,685	\$201	7 %	\$2,682	\$2,606	\$2,506
OPERATING PROFIT BEFORE NON-CASH CHANGES	\$304	\$297	\$7	2 %	\$338	\$259	\$332
Unrealized Investment Gains (Losses)	341	128	214	167 %	432	376	538
Total Non-Cash Changes	\$341	\$128	\$214	167 %	\$432	\$376	\$538
NET OPERATING PROFIT	\$645	\$425	\$221	52 %	\$770	\$635	\$870
Operating Profit Margin	10%	10%		(0)%	11%	9%	12%



University of South Florida Alumni Association, Inc.

Annual Financial Plan for FY 2020

STATEMENT OF CASH FLOWS

(In thousands)

	FY 2020 FINANCIAL PLAN	FY 2019 ESTIMATE (as of 3/31/19)	Variance		FY 2019 FINANCIAL PLAN	FY 2018 ACTUAL RESULTS	FY 2017 ACTUAL RESULTS
			\$	%			
<u>OPERATING ACTIVITIES</u>							
Net Operating Profit	\$645	\$425	\$221	52 %	\$770	\$635	\$870
Adjustments for Non-Cash Activities:							
Unrealized gain on investments	(341)	(128)	(214)	(167)%	(432)	(376)	(538)
Adjustments for Changes in Operating Assets and Liabilities	100	140	(40)	(29)%	140	(99)	(196)
Total Cash From Operating Activities	\$404	\$437	\$(33)	(8)%	\$478	\$160	\$136
<u>INVESTING ACTIVITIES</u>							
Net (Purchases) Sales of Investments	\$(401)	\$(435)	\$34	8 %	\$(477)	\$(155)	\$(148)
Total Cash From Investing Activities	\$(401)	\$(435)	\$34	8 %	\$(477)	\$(155)	\$(148)
<u>FINANCING ACTIVITIES</u>							
Proceeds of Long-Term Debt	\$0	\$0	\$0	%	\$0	\$0	\$0
Principal Payments	0	0	0	%	0	0	0
Interest Payments	0	0	0	%	0	0	0
Total Cash From Financing Activities	\$0	\$0	\$0	%	\$0	\$0	\$0
CHANGE IN CASH	3	3	1	36 %	1	5	(12)
Cash, Beginning of Year	7	6	1	17 %	6	1	13
Cash, End of Year	\$10	\$9	\$2	22 %	\$7	\$6	\$1
Total Cash & Investments	\$1,475	\$1,382	\$93	7 %	\$1,382	\$1,343	\$1,224
Days Cash on Hand	187	184	3	1 %	188	188	178



University of South Florida Alumni Association, Inc.

Annual Financial Plan for FY 2020

3-YEAR FORECAST

(In thousands)

	ACTUAL & ESTIMATED			FORECAST		
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<u>ASSETS</u>						
Cash & Investments	\$1,224	\$1,343	\$1,382	\$1,475	\$1,519	\$1,565
Restricted Cash & Investments	5,535	5,957	6,430	6,771	7,214	7,658
Other Assets	365	313	360	360	360	360
Total Assets	\$7,124	\$7,613	\$8,172	\$8,606	\$9,094	\$9,582
<u>LIABILITIES</u>						
Payables	\$189	\$99	\$150	\$150	\$150	\$150
Long-Term Debt	0	0	0	0	0	0
Other Liabilities	2,022	2,140	2,206	2,256	2,281	2,306
Total Liabilities	\$2,211	\$2,239	\$2,356	\$2,406	\$2,431	\$2,456
NET ASSETS	\$4,913	\$5,374	\$5,816	\$6,200	\$6,663	\$7,126
Days Cash on Hand	178	188	188	187	187	187
<u>REVENUES</u>						
Membership	\$631	\$533	\$515	\$556	\$593	\$637
University and Other Support	625	625	700	799	799	799
Other Revenues	1,582	1,707	1,767	1,835	1,927	1,982
Total Revenues	\$2,838	\$2,865	\$2,982	\$3,190	\$3,319	\$3,418
<u>EXPENSES</u>						
Salaries & Benefits	\$1,514	\$1,691	\$1,777	\$1,916	\$1,973	\$2,033
Event Expenses	237	246	278	334	344	354
Other Expenses	755	669	630	636	655	675
Total Expenses	\$2,506	\$2,606	\$2,685	\$2,886	\$2,973	\$3,062
Operating Profit Before Non-Cash Changes	\$332	\$259	\$297	\$304	\$346	\$356
Total Non-Cash Changes	538	376	128	341	368	398
NET OPERATING PROFIT	\$870	\$635	\$425	\$645	\$715	\$754
Operating Profit Margin	12%	9%	10%	10%	10%	10%



USF Financing Corporation & USF Property Corporation

Annual Financial Plan for FY 2020

FINANCIAL PLAN STATEMENT

State the DSO's Statutory Mission which Supports the Goals of the University

- The Financing Corporation is the University's financing arm and is expected to provide low cost, low risk, long-term financing for the University's major capital projects.

List Key Drivers for the 2020 Financial Plan Over 2019 - Focus on Cash Flows and Adequacy of Reserves

- The FY 2020 Financial Plan assumes that existing programs will continue to generate sufficient revenues to cover all debt service, operating and other costs, as well as providing adequate reserves.
 - Housing System Revenues for FY 2020 are based on Tampa and St. Petersburg budgets and a projected 1.40x debt service coverage ratio.
 - All other Revenues are based on reduced pass-through lease payments as a result of lower debt service requirements.
- \$30M Series 2018 Certificates of Participation - USF St. Petersburg Housing and Dining Project
 - On January 16, 2019, the Corporation issued the \$30M Series 2018 Certificates of Participation to fund the construction of the 375-bed USF St. Petersburg Housing and Dining Project. The final maturity date is 2048. The Certificates were issued at a tax-exempt all-in fixed interest rate of 3.99%. This is significantly less than the 5.00% interest rate included in the financing plan approved by the Board of Trustees in July 2018.
 - The cash flows from the issuance of the debt and the subsequent investment in capital assets are reflected in the FY 2019 Estimate and the FY 2020 Plan.
 - During construction, interest expense is capitalized and, thus, not reflected in the FY 2019 Estimate or the FY 2020 Plan.
- \$15M Series 2019 Refunding Certificates of Participation - Refunded the Series 2010B Housing Build America Bonds
 - On January 16, 2019, the Corporation refunded the \$15M outstanding Series 2010B Housing Build America Bonds with the issuance of the Series 2019 Refunding Certificates of Participation with a final maturity date of 2040. The Certificates were issued at a tax-exempt all-in fixed interest rate of 3.68%. This refunding resulted in annual debt service savings of \$120,000. The present value savings of \$1.8M equals 11.8% of the refunded debt and exceeds the 5% minimum refunding savings required by the Board of Governors.
 - The reduction in debt service is reflected in the lower Interest Expense in FY 2019 and FY 2020.
- Anticipated \$27M USF Research Park Mixed Use Lab and Office Project
 - On April 30, 2019, the Corporation Board will consider the approval of \$27M, 20-year, taxable, fixed rate Revenue Bonds to fund the construction of a 120,000 sq ft mixed use laboratory and office building to be located in the USF Research Park.
 - Upon approval by the Corporation Board, the Project is anticipated to be approved by the University Board of Trustees on June 6, 2019, and by the Florida Board of Governors in October 2019.

Describe Material Capital Expenditures in the 2020 Financial Plan - Provide Details and ROI Expectations

- \$30 Million USF St. Petersburg Housing & Dining Project - The Project was approved by the Board of Governors in November 2018 and the debt was issued in January 2019.
 - Design and construction of the Project began in January 2019; the Project is expected to open in July 2020.
 - Based on revenue and expense assumptions, the Project is expected to generate a positive Net Present Value of \$15.6 Million.
 - Project capital expenditures are expected to be \$5.5 Million in FY 2019 and \$20.5 Million in FY 2020.
- USF Health South Tampa - Muma Women's Center Project - \$1.5 Million in project capital expenditures is expected in FY 2019.

Identify Key Risks That Might Affect the 2020 Financial Plan

- The Corporation manages exposures to adverse operating and financial performance on a monthly basis for each of its 14 debt programs, its interest rate swap, and the related University auxiliaries or DSOs.
- The Corporation closely manages its compliance programs, including compliance with the IRS, SEC, and bond/loan covenants.
- USF's borrowing rates have been affected by changes in market conditions and the rising yield curve.

List Major DSO Initiatives that will Drive Increases in Operating Earnings for 2021 and 2022

- The Corporation will continue to work with University and campus leaders to assist with structuring new debt programs or restructure existing programs to meet their needs.
- The Corporation will continue to maintain positive relationships with Moody's / Standard & Poor's, Board of Governors, Division of Bond Finance, and commercial and investment banks.



USF Financing Corporation & USF Property Corporation
Annual Financial Plan for FY 2020

INCOME STATEMENT

(In thousands)

	FY 2020 FINANCIAL PLAN	FY 2019 ESTIMATE (as of 3/31/19)	Variance		FY 2019 FINANCIAL PLAN	FY 2018 ACTUAL RESULTS	FY 2017 ACTUAL RESULTS
			\$	%			
<u>REVENUES</u>							
Housing debt payment	\$44,959	\$44,860	\$99	0 %	\$46,437	\$47,783	\$44,522
Marshall Center debt payment	1,339	1,459	(120)	(8)%	1,459	1,496	1,523
Athletics debt payment	1,785	1,794	(9)	(1)%	1,787	1,960	1,985
Arena debt payment	778	821	(43)	(5)%	813	876	883
DSO (UMSA) debt payment	4,094	4,138	(44)	(1)%	4,392	4,262	4,085
DSO (HPCC) debt payment	1,450	1,453	(3)	(0)%	1,455	1,750	1,851
Total Revenues	\$54,405	\$54,525	\$(120)	(0)%	\$56,343	\$58,127	\$54,849
<u>EXPENSES</u>							
Housing operating expense	\$25,624	\$25,465	\$159	1 %	\$26,906	\$27,664	\$25,994
Management fee	719	706	13	2 %	706	691	672
Interest expense on debt	10,521	11,233	(712)	(6)%	11,829	12,147	12,330
Depreciation expense	8,300	8,051	249	3 %	8,005	7,825	7,811
General and administrative expenses	550	526	24	5 %	560	574	541
Total Expenses	\$45,714	\$45,981	\$(267)	(1)%	\$48,006	\$48,901	\$47,348
<u>OTHER REVENUES (EXPENSES)</u>							
University/DSO support - debt programs	\$(9,075)	\$(8,728)	\$(347)	(4)%	\$(8,457)	\$(9,432)	\$(7,502)
Loss on debt extinguishment	0	(171)	171	100 %	(28)	(71)	(54)
Interest income	500	454	46	10 %	221	332	71
Total Expenses	\$(8,575)	\$(8,445)	\$(130)	(2)%	\$(8,264)	\$(9,171)	\$(7,485)
OPERATING PROFIT BEFORE NON-CASH CHANGES	\$116	\$99	\$17	17 %	\$73	\$55	\$16
Gain in INTO USF equity investment	500	500	0	0 %	600	333	1,835
Change in fair value of swaps	0	(1,078)	1,078	100 %	0	3,953	6,945
Support (to) from University/DSO to offset swaps	0	1,078	(1,078)	(100)%	0	(3,953)	(6,945)
Total Non-Cash Changes	\$500	\$500	\$0	0 %	\$600	\$333	\$1,835
NET OPERATING PROFIT	\$616	\$599	\$17	3 %	\$673	\$388	\$1,851
Operating Profit Margin	0.2%	0.2%		0 %	0.1%	0.1%	0.0%



USF Financing Corporation & USF Property Corporation
Annual Financial Plan for FY 2020

STATEMENT OF CASH FLOWS

(In thousands)

	FY 2020 FINANCIAL PLAN	FY 2019 ESTIMATE (as of 3/31/19)	Variance		FY 2019 FINANCIAL PLAN	FY 2018 ACTUAL RESULTS	FY 2017 ACTUAL RESULTS
			\$	%			
<u>OPERATING ACTIVITIES</u>							
Net Operating Profit	\$616	\$599	\$17	3 %	\$673	\$388	\$1,851
Adjustments for Non-Cash Activities:							
Amortization of debt issuance costs	98	94	4	4 %	91	89	89
Loss on debt extinguishment	0	171	(171)	(100)%	28	71	54
Depreciation expense	8,300	8,051	249	3 %	8,005	7,825	7,811
Amortization of premiums on debt	(1,797)	(1,580)	(217)	(14)%	(1,580)	(1,723)	(1,840)
Change in fair value of swaps	0	1,078	(1,078)	(100)%	0	(3,953)	(6,945)
Change in INTO USF equity investment	(500)	(500)	0	0 %	(600)	(333)	(1,835)
Cash dividend received from INTO USF	0	0	0	%	0	0	6,000
Changes in Operating Assets and Liabilities	20,157	23,266	(3,109)	(13)%	21,253	23,697	21,936
Total Cash From Operating Activities	\$26,874	\$31,179	\$(4,305)	(14)%	\$27,870	\$26,061	\$27,121
<u>INVESTING ACTIVITIES</u>							
Capital Expenditures	\$(20,467)	\$(6,617)	\$(13,850)	(209)%	\$(800)	\$(4,177)	\$0
Proceeds from maturity of CD	5,736	6,096	(360)	(6)%	6,024	6,000	0
Purchase of CD	(5,736)	(5,596)	(140)	(3)%	(6,096)	(6,024)	(6,000)
Net (Purchases) Sales of Investments	20,258	(27,672)	47,930	173 %	(2,242)	(1,644)	(3,155)
Total Cash From Investing Activities	\$(209)	\$(33,789)	\$33,580	99 %	\$(3,114)	\$(5,845)	\$(9,155)
<u>FINANCING ACTIVITIES</u>							
Cash Paid for Debt Issuance Costs	\$0	\$(463)	\$463	100 %	\$(53)	\$(58)	\$(53)
Proceeds of Long-Term Debt	0	30,140	(30,140)	(100)%	0	0	0
Proceeds of Long-Term Debt - Refunding	0	33,065	(33,065)	(100)%	17,925	33,708	37,920
Principal Payments - Refunding	0	(33,065)	33,065	100 %	(17,925)	(33,708)	(37,920)
Principal Payments	(12,839)	(12,198)	(641)	(5)%	(12,198)	(11,733)	(11,076)
Interest Payments	(13,826)	(13,369)	(457)	(3)%	(13,505)	(13,815)	(12,337)
Security Pledged to (Returned from) Counterparty	0	(1,000)	1,000	100 %	1,000	5,390	5,500
Total Cash From Financing Activities	\$(26,665)	\$3,110	\$(29,775)	(957)%	\$(24,756)	\$(20,216)	\$(17,966)
CHANGE IN CASH	0	500	(500)	(100)%	0	0	0
Cash, Beginning of Year	503	3	500	16,667 %	3	3	3
Cash, End of Year	\$503	\$503	\$0	0 %	\$3	\$3	\$3
Total Cash & Investments	\$47,168	\$67,812	\$(20,644)	(30)%	\$42,080	\$40,067	\$38,400
Days Cash on Hand	395	398	(3)	(1)%	370	342	339



USF Financing Corporation & USF Property Corporation

Annual Financial Plan for FY 2020

3-YEAR FORECAST

(In thousands)

	ACTUAL & ESTIMATED			FORECAST		
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
ASSETS						
Cash & Investments	\$38,400	\$40,067	\$67,812	\$47,168	\$42,807	\$43,927
Fixed Assets	241,654	239,679	238,242	250,409	247,109	238,042
Other Assets	83,567	68,873	63,181	58,633	49,100	42,305
Total Assets	\$363,621	\$348,619	\$369,235	\$356,210	\$339,016	\$324,274
LIABILITIES						
Payables - Interest and Construction	\$5,708	\$7,348	\$7,484	\$7,616	\$5,700	\$5,502
Long-Term Debt	334,976	321,621	341,070	327,782	311,832	296,620
Interest Rate Swap & Other Liabilities	17,504	13,829	14,031	14,047	14,076	14,125
Total Liabilities	\$358,188	\$342,798	\$362,585	\$349,445	\$331,608	\$316,247
NET ASSETS	\$5,433	\$5,821	\$6,650	\$6,765	\$7,408	\$8,027
Days Cash on Hand	339	342	398	395	398	402
REVENUES						
Housing debt payment	\$44,522	\$47,783	\$44,860	\$44,959	\$50,534	\$52,050
DSO (UMSA) Debt Payment	4,085	4,262	4,138	4,094	4,017	4,022
DSO (HPCC) Debt Payment	1,851	1,750	1,453	1,450	1,437	1,461
Other Debt Payments	4,391	4,332	4,074	3,902	3,894	3,840
Total Revenues	\$54,849	\$58,127	\$54,525	\$54,405	\$59,882	\$61,373
EXPENSES						
Housing Operating Expense	\$25,994	\$27,664	\$25,465	\$25,624	\$28,159	\$29,003
Interest Expense on Debt	12,330	12,147	11,233	10,521	11,263	11,015
Depreciation Expense	7,811	7,825	8,051	8,300	9,067	9,067
Other Expenses	1,213	1,336	1,403	1,269	1,318	1,369
Total Expenses	\$47,348	\$48,972	\$46,152	\$45,714	\$49,807	\$50,454
OTHER REVENUES / EXPENSES						
University/DSO support - debt programs	(7,502)	(9,432)	(8,728)	(9,075)	(10,181)	(11,011)
Other Revenues - Interest Income	17	332	454	500	500	500
Total Other Revenues / Expenses	\$(7,485)	\$(9,100)	\$(8,274)	\$(8,575)	\$(9,681)	\$(10,511)
Operating Profit Before Non-Cash Changes	\$16	\$55	\$99	\$116	\$394	\$407
Total Non-Cash Changes - INTO USF	\$1,835	\$333	\$500	\$500	\$500	\$500
NET OPERATING PROFIT	\$1,851	\$388	\$599	\$616	\$894	\$907
Operating Profit Margin	0.0%	0.1%	0.2%	0.2%	0.7%	0.7%

Agenda Item: IIIg

USF Board of Trustees
Finance Committee
May 14, 2019

Issue: Expenditure Authorization Requests

Proposed action:

- 1) Approval of the following expenditures over \$2,000,000:
 - a) Wiley Ejournals Renewal Agreement \$4,664,090
 - b) Adobe Acrobat and Creative Cloud License
Renewal Agreement \$2,373,520
-

Executive Summary: The USF System 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 million and the approval of the Finance Committee for the procurement of goods and services above \$2 million. Approval is being requested for the items listed above.

Financial Impact: Authorization is being requested for \$7,037,610 in transactions.

Strategic Goal(s) Item Supports:	Goal 4: Sound Financial Management	
Committee Review Date:	May 14, 2019	
Supporting Documentation Online (please circle):	Yes	No
USF System or Institution specific:	USF System	
Prepared by:	Nick Trivunovich, Vice President/CFO	
	(813) 974-3297	

USF System Approval of Expenditures Exceeding One Million Dollars

Project/Initiative Name: Wiley Ejournal Multi-year Renewal

Total Project/Initiative Cost: \$4,664,090

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

This license provides access to Wiley Online Library ejournal content, as part a five-year agreement, negotiated at the state level by the University of Florida on behalf of the State University System of Florida. This renewal is retroactive effective 01/01/19.

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

This journal content supports Goal Two of the 2013-2018 Strategic Plan (“high impact research and innovation to change lives, improve health, and foster sustainable development and positive societal change) through support of multi-disciplinary research with access to over 1500 high-impact research journals.

Funding Source(s):

E&G

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

Budgeted. USF Tampa \$3,112,910.23 USF Shimberg \$1,423,459.43 (over five years)
USF Tampa Amendments for additional online content: \$127,720.22.

Prior Approval Process:

Dean of the USF Libraries, Todd Chavez

List Related Projects/Initiatives: (if any)

Elsevier Ejournal Multi-Year Renewal; Springer Ejournal Multi-Year Renewal, all negotiated for and on behalf of the State University System of Florida.

USF System or Institution specific:

Prepared by: Laura Pascual

Date Requested: 5/2/2019

USF System Policy 0-100 requires approval of this expenditure by the USF Board of Trustees Finance Committee Chair. Approval must be granted in writing and may be granted by electronic communication.

USF System Approval of Expenditures Exceeding One Million Dollars

Project/Initiative Name: Adobe Acrobat and Creative Cloud License Agreement

Total Project/Initiative Cost: \$2,373,520.44 over 3 Years

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

This is a 3 year renewal for the license agreement for the use of Adobe Acrobat and Creative Cloud for faculty, staff, students, and computer labs. There are 3 equal yearly payments of \$791,173.48.

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

The Adobe products are strategic to the University. Adobe Acrobat Pro is available to all Faculty, Staff and Students and critical to the daily business operations as well as creating dynamic content for the classroom. We currently have 45 Faculty teaching the Creative Cloud products in the classroom and approximately 7000 students using the Adobe Suite and continuing to grow.

Funding Source(s):

Tech Fee funds \$2,347,288.44 and AUX funds \$26,232

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

The Tech Fee funds have been approved for the full 3 years of the agreement and the AUX funds are budgeted in the Information Technology department budget

Prior Approval Process:

This is an annual renewal of our maintenance and support for Adobe Products

List Related Projects/Initiatives: (if any)

N/A

USF System or Institution specific: USF System

Prepared by: Carl Smith

Date Requested: 5-1-19

USF System Policy 0-100 requires approval of this expenditure by the USF Board of Trustees Finance Committee Chair. Approval must be granted in writing and may be granted by electronic communication.

Agenda Item: IIIh

USF Board of Trustees

June 6, 2019

Issue: Lease of space to Tampa General Hospital

Proposed action: Approval to lease space to Tampa General Hospital

Executive Summary:

Tampa General Hospital is a long-standing strategic partner to USF in many areas.

USF Health has reached a tentative agreement with Tampa General Hospital (TGH) whereas TGH will transfer \$20 million to USF Health in consideration for a long-term lease of space in USF Health's new Morsani College of Medicine (MCOM) and Heart Institute in downtown Tampa. The leased space will be used to deliver joint USF Health/TGH healthcare-related services in coordination with the clinical, teaching and research missions of the new building. The context for this agreement is the accelerating clinical partnership and integration between USF Health and TGH.

The lease is for approximately 25,000 square feet, will be prepaid in its entirety in advance, and covers a 25 year period.

The lease was approved by the TGH board on May 6, 2019.

Financial Impact: \$20 million (inflow to USF)

Strategic Goal(s) Item Supports: Goal 4 - Sound financial management

Committee Review Date: May 14, 2109

Supporting Documentation Online (please circle):

Yes

No

USF System or Institution specific: USF Health

Prepared by: David Lechner, Sr. Vice President Business & Financial Strategy



USF Health

Prepaid Lease with TGH

Presentation to Finance Committee

May 14, 2019



Objective

- Share the proposed transaction
- Obtain approval of transaction



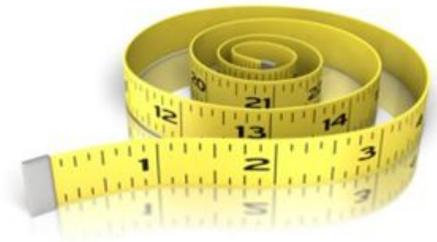
Key Deal Points

- Lease of approximately 25,000 square feet
 - First floor – 6,501
 - Ninth floor – 8,933
 - Twelfth floor – 9,679
- Lease term – 25 years
- Includes signage
- Includes common area costs of \$10 / sf in advance
- Consideration – payment of \$20 million in advance



Other Factors

- Rentals per square foot (net)
 - First floor - \$49 (plus actual operating costs)
 - Ninth and Twelfth \$35 (plus common area costs at actual)
- Rates supported by third party real estate consultant



Strategic Advantages to Transaction

- Integral to teaching, research and outreach missions
- Solidifies the strategic partnership
- Creates co-branded imaging center on ground floor
- Creates TGH urgent care on the ground floor
- Creates heart health co-location on ninth floor
- Creates executive wellness on twelfth floor
- Paves the way for increasing partnerships



Questions?





**UNIVERSITY OF
SOUTH FLORIDA**

A PREEMINENT
RESEARCH
UNIVERSITY

Agenda Item: IVa

USF Board of Trustees
Finance Committee Meeting
May 14, 2019

Issue: Changes to the BOG Public-Private Partnership (P3) Guidelines

Proposed action: Informational

Executive Summary:

The Florida Board of Governors approved changes to the BOG Public-Private Partnership (P3) Guidelines on March 28, 2019. The initial BOG P3 Guidelines were adopted in 2016. To date, USF has successfully utilized the P3 structure for two projects: the Village P3 Housing Project and the on-campus Publix grocery store. This discussion will highlight each amendment and provide a corresponding assessment on the impact to USF's operations and practice.

Financial Impact: none

Strategic Goal(s) Item Supports: Goal 4: Sound Financial Management

Committee Review Date: NA

Supporting Documentation Online (*please circle*): Yes

No

Memorandum to Chair Zimmerman, 04/16/19
BOG P3 Guidelines (blackline version)

USF System or Institution specific: USF System

Prepared by: Hilary Black, Sr. Associate General Counsel



To: USF Board of Trustees Chair Jordan Zimmerman
From: The University of South Florida Office of General Counsel
Date: April 16, 2019
Re: **Revision to FL BOG Public-Private Partnership Guidelines**

The following memo outlines the changes to the BOG Public-Private Partnership (P3) Guidelines approved by the Board of Governors on March 28, 2019. The initial BOG P3 Guidelines were adopted in 2016. To date, USF has successfully utilized the P3 structure for two projects: the Village P3 Housing Project and the on-campus Publix grocery store.

Each amendment is set out below with a corresponding assessment as to the impact on USF operations and practice.

Amendments

1. Section II (C) Projects Not Subject to the Guidelines (page 4 of the attached)

This section provides exemption from BOG approval for limited specific projects described therein. Previously, subparagraph (c) contained an exemption for certain transactions between a limited liability company in which the University and/or a DSO is a controlling member or the manager, and the private entity. In the initial drafting of the BOG Guidelines, this exemption was requested because of a specific transaction that was already in progress with one of the SUS institutions. As noted by BOG staff, this exemption was only asserted for that one transaction, and therefore, is being deleted in these revisions.

Assessment: To date, this unique transaction structure did not meet the objectives of any of the USF projects and will have minimal impact on future planning for USF P3 projects.

2. Section IV Request for Information or Pre-Solicitation Conference (pages 5,6)

This new section allows the University to hold a pre-solicitation conference and/or issue a Request for Information (RFI) prior to the formal solicitation process. This clarification was added to allow Universities to engage in these activities to gauge the interest of the private sector and the feasibility of a proposed P3 transaction. Pre-solicitation fact-finding is becoming a national best practice for P3s.

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Assessment: This is a useful clarification for future USF projects—the information gained in this process will allow USF to drive for the most advantageous financing structure for the University.

3. Section V Procurement Procedures (page 6)

The new language requires the University to submit a copy of the formal solicitation document (such as the Invitation to Negotiate used by USF in our P3 transactions) to both the BOG staff and the State Division of Bond Finance (DBF) when it is released. Previously, USF included our ITN in the binder provided to BOG and DBF as part of the approval process within the required 90 days in advance of the BOG meeting.

Assessment: On its face, this amendment aligns with USF’s usual level of transparency with these documents and only changes the timing of submittal.

4. Section IV (k)- Term of Lease (page 9)

The new language provides for the possibility of extending the P3 lease term beyond the previously required 40 years from substantial completion. For student life transactions (housing, parking), the P3 Guidelines now provide the term shall not exceed the useful life of the facility (assumed to be 50 years if built to University construction standards in accordance with F.S. 1013.64). However, to utilize this extension, the University must demonstrate the benefits to the University, including additional cash flow to the University, the DSO and the private entity as compared to the 40 year term. For all other projects (non-student life projects), the University will need to demonstrate that the lease term is reasonable based on industry norms and the term shall not exceed 99 years.

Assessment: This amendment starts to bring the P3 Guidelines more in line with industry standard term lengths and could prove helpful for future USF projects. The USF Village P3 project received approval for an exception to the prior 40 year term restriction to allow for a 45 year term and, therefore, permit a more advantageous financing structure for the University.

5. Section VII- Approval Process and Required Information (pages 10- 15)

The first change to this section removes the provision for Universities to utilize a pre-approval process for P3 projects. This pre-approval process was originally designed to allow Universities to respond to the accelerated pace of the private sector. Gaining pre-approval of

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the BOG removes the approval risk for the private entity and allows for greater surety of the transaction. Presently, the private partner is required to go “at risk” for all predevelopment costs incurred prior to approval. However, in practice, the BOG and the DBF did not favor the pre-approval process and USF was not able to take advantage of this process for past transactions.

Assessment: The amended P3 Guidelines now track what was already effectively in practice.

The second change of this section in subparagraph (a) (4) on page 11 of the attached, requires Universities to submit a full draft of the P3 agreements, rather than a statement of key terms as previously allowed. USF has provided a substantially complete lease agreement at the time of approval for our prior transactions, along with the summary of the key terms enumerated in the prior P3 Guidelines. This allowed USF to finalize the material key terms within the document prior to the approval process, but address the less material terms of the agreement after approval, allowing for a more expeditious approval time and providing greater surety to the private entity that the transaction would proceed.

Assessment: The new amendment will increase the time the private entity is at risk for the predevelopment costs without the comfort of approval.

A requirement was also added in section (f) for Universities to notify both BOG and DBF staff prior to executing any amendment that would materially change the terms of previously approved and executed P3 documents.

Assessment: This change matches our practice and is consistent with our commitments to transparency. We would provide the same disclosure to the Board of Trustees.

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STATE
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Board of Governors

PUBLIC-PRIVATE PARTNERSHIP GUIDELINES

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I. PURPOSE OF GUIDELINES

Section 1013.171(1), Florida Statutes, authorizes each university board of trustees to negotiate and enter into agreements to lease real property under its jurisdiction to non-profit and for-profit corporations registered by the Secretary of State to do business in this state, for the purposes of erecting thereon facilities and accommodations necessary and desirable to serve the needs and purposes of the university, as determined by the system-wide strategic plan adopted by the Board of Governors. Section 1004.28(6), Florida Statutes, specifies that agreements by a DSO to finance, design and construct, lease, lease-purchase, purchase, or operate facilities are likewise subject to the provisions of sections 1013.171 and 1010.62, Florida Statutes. With regard to property that is owned by a direct support organization (DSO), section 1013.171(3) requires that the university board of trustees obtain a long-term lease from the DSO prior to construction of educational facilities. A long-term lease is defined as the greater of 40 years or the useful life of the facility.

The purpose of these guidelines is to provide: (i) a structure for the universities and university DSO to use in evaluating certain transactions with private third parties that will result in the construction of facilities for the use and/or benefit of a university, its students, faculty or staff, and (ii) the process for approval of such transactions. Monetization of existing university facilities is not permitted under these guidelines absent specific legislative authorization.

II. DEFINITIONS

As used in these Guidelines, the term:

(a) "Facility" means a building or other facility and related improvements (but not landscaping or appurtenances alone) that: (i) is for purposes related to the housing, transportation (including parking), health care, research or research-related activities, food service, retail sales or student activities of the university or, if authorized by specific legislation, hotels, convention centers, stadiums or other facilities; (ii) is being constructed primarily for use by the university and/or its students, faculty, or staff; and (iii) is located on land under the jurisdiction of a state university, including property leased from the Board of Trustees of the Internal Improvement Trust Fund.

(b) "Public-Private Partnership" or "P3" means an agreement or agreements between a university board of trustees, or a DSO, and a Private Party whereby the Private Party will, at least, be responsible for the construction and capital financing of a Facility.

(c) "Private Party" means a natural person, corporation, general partnership, limited partnership, joint venture, business trust, public-benefit corporation, non-profit entity, or other private business entity.

(d) "Project" means a Private Party's construction and capital financing of a Facility on the campus of a state university or on other real property directly owned by, or under the jurisdiction of, the university or by the state and leased to the university, accomplished through a Public-Private Partnership, with the Project costs being paid for, whether up front or over time, with revenues generated by the Project or other university or DSO revenues allowable for such purpose pursuant to section 1010.62, Florida Statutes. Project costs shall include construction and financing and may also include design and/or operational costs of the Facility.

(e) "University Board" means a university's Board of Trustees when acting as a board to review or approve a matter.

Projects not subject to the Guidelines

Notwithstanding the foregoing, the following transactions are not Projects and therefore not subject to these guidelines and may be accomplished by the universities or their DSOs in accordance with any requirements under applicable laws, regulations and Board of Governors' and relevant university's policies and guidelines:

(a) Any transaction where the university or the DSO will be directly responsible for repayment of any debt associated with the construction of a Facility pursuant to section 1010.62, Florida Statutes, and the Board of Governors' Debt Management Guidelines.

(b) Any transaction where the university or DSO is hiring a Private Party to provide services including, but not limited to, management services agreements, unless such agreements involve a Private Party's construction and financing of a new facility or facility renovations costing more than \$5,000,000.

~~(c) Any transaction between a limited liability company in which the university and/or DSO is a controlling member or the manager (LLC), and a Private Party for the capital financing and construction of a Facility on real property that is not directly owned by the university or by the state and leased to the university, and which is located off campus and not immediately adjacent to, or across a public way from, the university's campus. However, the university shall notify the Board Office and the State Division of Bond Finance of any transaction contemplated by the LLC under this exception at least sixty (60) days prior to solicitation of binding agreements with the Private Party. In addition, the university shall at a minimum provide the ITN at the time it is disseminated, response of the selected vendor, and the draft lease. The~~

~~university shall provide any other relevant information requested by the Board Office or the State Division of Bond Finance. If the information raises any issues regarding the proposed Facilities, financing, activities, or operations to be conducted, then the Chancellor shall consult with the Chair of the Facilities Committee about whether to submit the proposed transaction to the Board of Governors for review. This exception does not apply in those instances where the university or a university DSO will be a tenant occupying more than 10% of the gross square footage of the Facility; in that event, the entire transaction is subject to Board of Governors approval.~~

(d) Any operating lease where the university or the DSO is the lessee for a building or portion thereof not on the university's campus.

(e) Any transaction involving construction of a Facility being funded solely with state fixed capital outlay appropriations or other legislative appropriation, or by those non-state source and other funds authorized pursuant to section 1013.74(2) (a), Florida Statutes, excluding lease arrangements otherwise controlled by these guidelines, or by other non-state source funds that are appropriate for use for the Project, or by both such appropriated state funds and non-state source funds.

(f) Any Project with a total cost of \$5,000,000 or less.

(g) Any Energy Performance-Based Contracts, in accordance with the provisions of section 1013.28, Florida Statutes, not to exceed \$10,000,000.

III. USE OF QUALIFIED PROFESSIONALS

The use of qualified professionals, whether in-house or external to the university or DSO, or both, is essential to the success of any Project. A university or DSO should determine that current university or DSO staff have the requisite experience to negotiate the type of Project under consideration by the university and that, if necessary, external independent financial advisors and outside legal counsel, such as bond counsel, have been retained prior to Project solicitation as described in Section IV.

IV. REQUEST FOR INFORMATION OR PRE-SOLICITATION CONFERENCE

A university may hold a pre-solicitation conference and/or issue a request for information to inform the business community of a potential opportunity, and to solicit feedback regarding the parameters and methodology of the solicitation prior to its formal release of a solicitation.

Any notice for a request for information or pre-solicitation conference should be advertised in conformance with the university's procurement announcement procedures or regulations. Neither a request for information, nor a pre-solicitation conference, are a solicitation, and a university is not required to utilize any information, nor is a vendor who responds excluded from participating in any resulting solicitation.

In the event the university uses a pre-solicitation procedure, this information should be included in any submission of materials to the Board of Governors for consideration.

IVV. PROCUREMENT PROCEDURES

(a) A university or DSO shall solicit proposals from Private Parties for the Project and provide an electronic copy of the solicitation document to the Board Office and the State Division of Bond Finance at the time it is disseminated. The solicitation should be in the form of an Invitation to Negotiate (ITN) or other procurement process to ensure the flexibility necessary to structure the Project in a manner that:

1. Is in the best interests of the university or the DSO.
2. Is for a Facility that is owned by the university or the DSO or for a Facility for which ownership will be conveyed to the university or the DSO. Removal of the Facility and restoration of the property at the option of the university or DSO by, or at the cost of, the Private Party upon the expiration or termination of the agreement may be provided to the extent permitted by law.
3. Includes a plan with adequate safeguards in place to reasonably mitigate and manage foreseeable risk of future costs or service disruptions for the university or the DSO in the event of material default or cancellation of the Public-Private Partnership. For example, restrictive covenants, recognition and subordination agreements, and/or recordation obligations, or other protections may reasonably protect the interests of the university or DSO in the Project and, if applicable, the real property owned or controlled by the university or the DSO on which the Project is located.
4. Has adequate safeguards in place to reasonably ensure that the university's or DSO's debt rating will not be adversely affected by the Project.
5. Assures an open, competitive and transparent procurement process.
6. Provides criteria and metrics to allow an objective evaluation of any competing respondents' proposals.

(b) At a minimum, the procurement process (which may be conducted in phases) should require the following information from respondents:

1. A description of the Facility, a schedule for the initiation and completion of the Facility, and the total Project cost based on the initially identified Project scope and conditions.
2. If applicable, a description of the method by which the Private Party proposes to secure the necessary property interests that are required for the Project.
3. A financing plan sufficient to determine the adequacy and expected type of revenues or assets to service the proposed debt or equity investment of the Private Party and related covenants or conditions. If the Private Party intends to use its own assets for the Project, sufficient information must be provided that substantiates the availability of the assets to be used for the Project (e.g., financial statements, etc.). For residence halls, parking facilities, and any other Facility where students will be charged a fee for use or occupancy of the Facility, an explanation of university involvement in establishing and overseeing the assessment of fees, a schedule detailing the proposed fees used to prepare pro-forma cash flows over the term of the Public-Private Partnership and the methodology, limits, and approvals for, and circumstances that would allow, increases to such fees over the term.
4. A description of the qualifications of the Private Party, the qualifications of any other entities that will provide services on the Project, and key persons who will be responsible for the Project.
5. A schedule of projected revenues, expenses, debt service, excess cash flow, the distribution of excess cash flow to the university, DSO or Private Party and the anticipated return on investment and internal rate of return to the Private Party for the term of the P3.

VI. PROJECT FEASIBILITY AND REQUIREMENTS

Prior to entering into a binding agreement for a Public-Private Partnership subject to these guidelines, the university or DSO shall consider the feasibility of the Project and have sufficient information to determine:

(a) The need for the Project in relation to other facility needs of the university and whether current or projected demand exists that is adequate in relation to the cost of the Project.

(b) The financial feasibility of the Project, including all sources of revenues necessary to fully fund the construction, operation and maintenance of the Project, together with an assessment of whether the total cost is reasonable in relation to similar facilities, taking into account the total value of the Project to meet university goals and the availability or unavailability of any lower-cost means to achieve the same total value, and for student facilities, such as housing, that costs to the student have been considered. To the extent the Project contemplates the payment of funds by the university or DSO in connection with required Project costs, such as debt service, utilities, or maintenance, then such revenues are subject to the revenue restrictions of section 1010.62, Florida Statutes, and applicable Debt Management Guidelines. If the Project contemplates mixed uses (e.g., housing, parking, retail sales, food service, etc.), the financial feasibility analysis should consider whether a functional relationship exists between the various uses, while not inequitably shifting additional costs to students if the Project entails student use.

(c) The cost of any services to be provided by the university or the DSO in relation to the Project.

(d) The effect, if any, of the Project on the university's or DSO's credit rating. If any debt of the University or DSO (direct or imputed by a rating agency) is being used to finance the Project, provide an explanation as to the effect, if any, of the Project on debt previously issued and an analysis of the impact, if any, on the financial performance of similar auxiliary enterprises and why the Project is not being included as a part of the existing auxiliary enterprise system.

(e) The percentage equity in the Project by the Private Party in relation to total Project costs, and the credit quality of all debt associated with the Project, including any public or indicative ratings provided by any rating agency.

(f) The projected revenues to be received by the university or DSO over the term of the agreement if the Project is revenue-generating, and the proposed use(s) of those revenues. For revenue-generating Projects utilizing debt, the projected revenues should provide a coverage ratio of 1.20x projected debt service during the first full year of Project operations and each subsequent year. If a coverage ratio of 1.20x is not projected to be achieved, a justification should be provided as to why the proposed debt does not meet this coverage ratio. If the Project only meets the required 1.2x debt service coverage ratio due to the deferral of debt repayment beyond the construction term of the Facility or using ascending debt service to reduce initial debt service payments, a

justification should be provided as to why the structure does not comply with the Board's Debt Management Guidelines.

(g) The provision of an adequate reserve fund for expenses relating to operations, maintenance and renewal or replacement, if applicable.

(h) Any material economic, operational, or technological risks associated with the Project.

(i) Whether the Private Party has the available sources of funding or other financial resources that are necessary to carry out the Project.

(j) That the Private Party has sufficient staff with the necessary experience and qualifications to perform the construction activities and any operational, managerial, or technical services for the Project.

(k) For student life Projects (such as student housing or student parking), the term of any lease agreement associated with a Facility shall not exceed forty (40) years, or the life expectancy of the Facility, and shall include consideration for eventual ownership of the Facility by the university or DSO. As a practical consideration, the university shall provide a summary of its ownership interests in the property, including if applicable, the remaining term on the lease from the state. In making the determination of the life expectancy of the Facility, the standard fifty (50) year assumption found in section 1013.64 (1)(a), Florida Statutes, may be used, if the Facility is being constructed in conformity with university construction standards and codes. However, any lease term in excess of forty (40) years requires an analysis to demonstrate the benefits, including the additional cash flow distributions to the university, the DSO and the Private Party of the longer term period when compared to a 40 year term. The analysis shall also include a comparison of the return on investment and internal rate of return to the Private Party under a 40 year lease to the longer term. All other Projects require an analysis indicating that the lease term is reasonable based on industry norms; however, in no case may a lease exceed 99 years. As a practical consideration for all Projects, the university shall provide a summary of its ownership interests in the property, including if applicable, the remaining term on the lease from the state.

(l) The term of the debt should not exceed thirty (30) years, exclusive of the time required for construction of the Facility.

VII. APPROVAL PROCESS AND REQUIRED INFORMATION

All Projects that are subject to these guidelines must be approved by the university board of trustees and the Board of Governors. The Board of Governors and the State Division of Bond Finance should be notified when a Project is contemplated by the university to come before the trustees for consideration.

In advance of entering into binding agreements for a Project that is subject to these guidelines, a university or DSO shall obtain approval by the Board of Governors. ~~Approval can be requested either prior to soliciting competitive bids or proposals for a Project if the university or DSO provides all necessary information to enable the Board of Governors to reach a determination, or at the conclusion of the negotiation process with the Private Party.~~

~~For Projects receiving advance approval from the Board of Governors, the university or DSO shall submit the final draft agreement with the Private Party and a certification to the Chancellor's Office at the conclusion of the negotiation process with the Private Party, but prior to the university or DSO entering into a binding agreement(s), that either: (i) affirms the final Project agreement(s) is within the parameters previously approved by the Board of Governors, or (ii) provides an explanation of the areas where the Project agreement(s) departs from those parameters. If the certification affirms the final Project agreement(s) is within the parameters previously approved by the Board, no further action of the Board is required unless the Chancellor, in consultation with the State Division of Bond Finance, within ten (10) business days of receiving the university or DSO's submission, concludes the final Project Agreement(s) is outside the scope of the prior approval. In that event, or if the certification indicates a departure from the prior approval, the final Project agreement(s) will be submitted to the Board of Governors for consideration.~~

(a) For Projects that are subject to these Guidelines, the following Project information is required to be submitted to the Board Office and to the State Division of Bond Finance no later than ninety (90) days prior to the meeting at which the issue could be considered by the Board of Governors. Universities may provide the information in advance of the competitive procurement process, or at any stage during the procurement process ~~if seeking prior approval:~~

1. Evidence of approval of the Project by the university board of trustees for both university and DSO projects, and by the DSO board for DSO projects, or the dates on which all such required approvals have been scheduled and noticed. ~~For advance approval, evidence that the university board of trustees or DSO has approved the parameters of the Project and will be responsible for reviewing and approving the final Project prior to the university or DSO entering into binding agreement(s) for the Project, and the names and qualifications of any external legal and financial experts who will advise the university or DSO.~~

2. The Facility Program, feasibility studies or consultant reports (if available), and any financial studies or analysis of the financial feasibility of the Project, including the impact of the Project on similar activities of the university.
3. An analysis that provides the quantitative metrics justifying the need for the construction of the Project.
4. A copy of the proposed agreement(s) ~~or a statement of key terms of the proposed agreement(s)~~ with the Private Party, and letter from legal counsel describing, with particularity, the provisions in the agreement(s) that are designed to protect the university or the DSO in the event of a material default by the Private Party. ~~If seeking advance approval, information must be submitted explaining the key terms of the proposed agreement(s) including:~~ (i) the maximum term of the lease and the term of the debt, and provisions designed to protect the university or the DSO in the event of a material default; (ii) a description of financing options and parameters; (iii) what will be required of the Private Party to demonstrate the ability to obtain financing and, if applicable, service the Project; (iv) the type of experience and qualifications the Private Party and its key personnel should possess; (v) the anticipated schedule for solicitation, negotiation, design and construction; (vi) a statement whether the university or DSO will own the Facility upon the end of the term or may have an option to require the Private Party to remove the Facility at its own expense; (vii) a statement explaining options for addressing maintenance and repairs of the Facility; (viii) projections showing anticipated revenues, expenses, debt service, excess cash flow, and the expected return on investment and internal rate of return to the Private Party for the term of the Project; (ix) and an explanation of university or DSO involvement, methodology, limits, or controls in approving initial and future fees or rental rates if student fees or rental rates are a source of revenue for the Project, including a description of the parameters applicable to such fees or rental rates (e.g., not more than X% above the cost of comparable existing facilities or existing fees).
5. An analysis calculating the expected rate of return for a revenue-generating Project or other appropriate quantitative metrics, and the anticipated uses of any revenues returned to the university or DSO.
6. Information demonstrating the provision of an adequate reserve fund for expenses relating to operations, maintenance and renewal, or replacement; or ultimate demolition, if applicable.

7. A cost benefit analysis showing that the P3 methodology is a cost effective method of delivering the Project that provides the best value to the university or DSO, taking into account the availability or unavailability of other funding sources, including: (i) the cost of tax-exempt financing; (ii) the costs of constructing, operating and financing the Project; (iii) any quantifiable savings in operational or other costs; (iv) the benefits to be realized by the university or DSO by using the P3 methodology; (v) and, if the Project will be primarily utilized by students, the cost-benefit to the student that considers the cost of existing campus and market options as compared to the Project and the value added to students in amenities or other material aspects of the Project. A value for money analysis, or other such analysis used by the university in reaching this conclusion may be included.
8. Projected cash flow analyses showing revenues, expenses, debt service, excess cash flow, the distribution of excess cash flow to the university, DSO or Private Party and return on investment and internal rate of return to the Private Party for the term of the Project. The projected cash flow should include any anticipated or planned refinancings by the Private Party and how any such refinancing will affect cash flow distributions to the university, DSO or Private Party and the internal rate of return or return on investment to the Private Party.
9. A description of any purchase option, how the purchase option for the Facility was developed, and the price and terms of the purchase under the option if known at the time the Project agreements are signed, or if not known unless and until the option is later exercised, the methodology for determining the price and terms of the purchase at that time and anticipated funding plan.
10. An explanation of how the Project is consistent with the strategic priorities and mission of the university, with appropriate references to both the university strategic plan and mission statement.
11. A statement that the Project is included in the campus master plan, or is not required to be included in the campus plan, with appropriate references and documentation. The specific location of the Project shall be provided on the current campus map if located on campus.
12. A description of any amounts to be paid to the Private Party by the university or DSO, the purpose of the payment, and the timing and source(s) of revenues for such payment. In addition, an explanation of

whether the university or DSO intends to fund any aspect of the Project, and if so, an explanation of the purpose, timing and the source(s) of revenues to be used.

13. A description of any liens or other encumbrances that will be placed on real property owned by the state, university, or DSO.
14. All other information provided to and relied upon by the university board of trustees in making the decision to approve the Project and enter into the agreement as outlined in Section V above; and any other data that the university wishes to be considered by the Board of Governors or Board staff.
15. Identify whether the university or DSO is following the authority provided by section 1013.171 (1), or section 1013.171 (2), or section 1013.171 (3), Florida Statutes.
16. Any other information reasonably requested by the Board of Governors or the State Division of Bond Finance.

(b) The foregoing information shall be submitted to the Board office and the State Division of Bond Finance in duplicate, hard copy, and bound in a three-ring binder, together with one electronic copy. The formal letter of transmission must be signed by the official point of contact for the university or DSO, ~~and specify the type of approval being sought, e.g., regular or advance approval.~~ The letter will identify the legal counsel for the university or DSO, the financial advisor for the university or DSO, and other university or DSO officials as appropriate. All private and public partners will be identified, including contact information, and the source of financing will be identified, ~~unless seeking advance approval.~~

(c) The information shall be analyzed by Board of Governors staff and by the State Division of Bond Finance. The Board of Governors staff will consult with the State Division of Bond Finance in reaching a recommendation regarding Board of Governors' approval made in sufficient time for consideration of the Project at the Board of Governors' meeting ninety (90) days following submission by the university or DSO. Should the State Division of Bond Finance disagree with any recommendation of the Board of Governors staff or suggest that any additional information be presented to the Board of Governors, such recommendations or information shall be included with the recommendation provided by the Board of Governors staff to the Board of Governors. Any material amendments to the submission by the university or the DSO after university board of trustees' approval may require re-authorization by the respective boards. The ninety (90) day period in this clause and the following clause may be reduced if the university has kept the Board of Governors' staff and State Division of

Bond Finance well informed of the Project and associated material terms in advance of the submission, in which event the Board of Governors staff and State Division of Bond Finance may reasonably agree with the university on a shorter review period in support of the commercial feasibility of the Project. Supporting documentation shall also include a draft resolution to be adopted by the Board of Governors approving the Project and any associated transactions as necessary.

(d) The Board of Governors will consider the following factors in connection with its review and approval of the Project and proposed agreement(s):

1. The Project is necessary to fulfill a need of the university, is consistent with the university's distinctive mission as set forth in the current approved Accountability Plan and master plan, and is in the best interests of the university.
2. The Project information supports the need, demand, and cost of the Project, and demonstrates that the Project is both financially and operationally a prudent undertaking by the university or DSO, in light of the objectives of the university.
3. The proposed agreement(s) contain adequate recourse for the university or the DSO in the event of a material default by the Private Party.
4. An analysis of the cost to students, if it is a Project that entails student use, in order to keep the cost of education affordable.
5. The material business terms of the Public Private Partnership, including the distribution of any excess cash flow from the Project to the university, DSO or Private Party and the reasonableness of the related return on investment and internal rate of return.
6. The nature of the auxiliary enterprise and its impact on any existing university or DSO enterprise or system.
7. Any other factors which the Board of Governors determines are appropriate to consider in reaching a decision on any issue relating to the review and approval of the Project and the proposed agreement(s).

(e) Any real property lease or use agreement involving real property owned by the Board of Trustees of the Internal Improvement Trust Fund must receive approval from the Board of Trustees of the Internal Improvement Trust Fund to the extent

required by law or by the university's master lease agreement with the Board of Trustees of the Internal Improvement Trust Fund.

(f) If circumstances exist such that the university or DSO contemplate any material change in the terms of the Project Agreement after a Project receives Board of Governors' approval, the university or DSO must notify the Board Office and the State Division of Bond Finance within ten (10) business days and in any event, prior to entering into a binding amended agreement with the Private Party. If the change in terms raises any issues regarding the proposed Facilities, financing, activities, or operations to be conducted, the Chancellor shall consult with the Chair of the Facilities Committee about whether to re-submit the proposed transaction to the Board of Governors for further review and approval. In addition, if a material change in terms is contemplated by the university or the DSO at any time after the Project Agreement has been executed, the university or DSO shall notify the Board of Governors staff and the State Division of Bond Finance prior to amending the Project Agreement.

VIII. TERMS OF THE AGREEMENT

Depending on the risks presented to the interests of the university or DSO and the type of Project, taking into account the location (on or off campus), purpose, and effect of disruption to use of the Facility (for example, the severity of effects of disruption to a parking facility, office, or dormitory, may be different), any agreement with a Private Party should provide adequate provisions in relation to the risks posed, and generally should include (or have sound justification to not include) the following:

(a) Procedures that govern the rights and responsibilities of the university or DSO and the Private Party in the course of the construction, or construction and operation of the Project, and in the event of the termination of the agreement or a material default by the Private Party. The safeguards for mitigating and managing disruption of use and operations should be proportionate to the risk, including for example, if applicable, restrictive covenants, recognition and subordination agreements, and/or recordation obligations, assumption of the duties and responsibilities of the Private Party by a party that funded, in whole or part, the Project or by the board, or other protections to mitigate and manage foreseeable consequences of a material default by the Private Party of the Public-Private Partnership or the Private Party's financing. If required by section 1013.171, Florida Statutes, the agreement must provide for the transfer or purchase of property or other interests of the Private Party by the university.

(b) Review of the design of the Facility by the university or DSO and, if the design conforms to standards acceptable to the university or DSO, the approval of the

university. This subparagraph does not require the Private Party to complete the design of the Facility before the execution of the agreement.

(c) Delivery of performance and payment bonds, letters of credit, or other security acceptable to the university or DSO in connection with the construction, or construction and operation of the Project, in the form and amount satisfactory to the university or DSO.

(d) Inspection rights of the Facility to ensure that the Private Party's activities are acceptable to the university or DSO in accordance with the agreement.

(e) Maintenance of general liability and property insurance by the Private Party in the form and amount satisfactory to the university or DSO and sufficient to provide reasonable coverage of tort liability to the public and employees and to enable the continued operation of the Facility.

(f) If the agreement includes operation and maintenance of the Facility by the Private Party, maintenance, repair and replacement requirements for the Facility, and monitoring and remedial rights for the university or DSO to ensure that the Facility is properly maintained.

(g) If applicable, periodic filing by the Private Party of the appropriate financial and operating information for the Project and/or Private Party, which may include financial statements and audit rights for the university or DSO, to ensure any requirements in the agreement are met.

(h) A provision that deems the Private Party's failure to fund current operational and maintenance costs if required by the agreement to constitute a material default.

(i) A provision describing all fees to be charged to users for use or occupation of the Facility, and the methodology, limits, approvals for, and circumstances that would allow for increases or decreases to such fees. Such fees should be within the range of fees customarily charged for the use or occupation of like facilities in the State University System, taking into account the purpose, amenities, and location of the Facility.

(j) A provision that outlines the responsibilities of the Private Party, including the terms and conditions that the university or DSO determine serve the best interests of the university.

(k) A provision under which each party agrees to provide notice of default and cure rights for the benefit of the other party.

(l) A provision that requires transfer of the Facility to the university or DSO at the expiration of the agreement or in the event of earlier termination of the agreement, if required by section 1013.171, Florida Statutes, or a provision that otherwise provides for the removal of the Facility and the restoration of the real property as a university or DSO option.

(m) If the Private Party's financing for the Project is secured by a leasehold mortgage or other instrument affecting title to the Facility and the Facility is ultimately to be transferred to the university or DSO, a provision requiring the Private Party to satisfy the same at the conclusion of the term of the agreement or upon earlier termination so that Facility is transferred to the university or DSO without any such encumbrances at the conclusion of the term of the agreement or upon earlier termination.

(n) If the agreement provides to the university or DSO a purchase option at any time prior to the termination of the agreement or a termination payment, a provision describing the terms of the purchase option.

(o) A provision stating that: (i) the full faith and credit of the university, Board of Governors or State of Florida has not been pledged to secure the financing of the Private Party and (ii) if the university or DSO chooses to assume the development or operation of the Facility on account of the Private Party's default, the assumption of the development or operation of the Facility does not obligate the university or DSO to pay an obligation of the Private Party from sources other than revenues from the Facility.

(p) A provision identifying the party responsible for the payment of any property taxes on the Facility, and what entity receives the benefit of any future waiver of property taxes.

(q) A provision that the term of the Project debt should not exceed thirty (30) years after the construction period.

IXVIII. REPORTING REQUIREMENT

At a minimum, the Private Party should provide an annual report to the Board of Governors staff office and the university as soon as practical, but not more than ninety (90) days, following the close of the fiscal year. Additionally, the university will comply with any reporting requirements specified in the Project approval resolution of the Board of Governors, which shall, at a minimum, require a comparison of actual results



to original projections. To the extent required by generally accepted accounting principles, information regarding any Public Private Partnership arrangement must be included in the university's or DSO's annual financial report, and such financial information as deemed necessary by the State's Chief Financial Officer or Chancellor should be submitted in connection with submissions required by Board Regulation 9.009, Preparation of State University System Financial Statements.

IX. BOARD OF GOVERNORS POWERS

These guidelines provide a framework for review by the Board of Governors of proposals for Public-Private Partnerships involving a university or DSO. The guidelines do not limit the authority of the Board of Governors to review any proposal of a university or DSO. These guidelines do not provide a university or DSO with a legally enforceable right to have a proposal approved by the Board of Governors.

Agenda Item: IVb

USF Board of Trustees
Finance Committee Meeting
May 14, 2019

Issue: Proposed Sigma Nu Greek Village Annex Project

Proposed action: Informational

Executive Summary: Sigma Nu alumni have approached USF wanting to build an annex to their house in the Greek Village. The facility would be constructed using funds raised by the alumni group and is estimated to cost approximately \$2 million. Funds raised will be deposited at the USF Foundation for this purpose. Construction would not begin until 80% of the funds are in hand with the final 20% due when the project is 50% complete.

The facility will be constructed according to USF standards, with construction oversight by USF facilities management. Construction will be bid through USF procurement.

Financial Impact: None

Strategic Goal(s) Item Supports: Student success

Committee Review Date: n/a

Supporting Documentation Online (please circle): Yes No

USF System or Institution specific: USF Tampa

Prepared by: David Lechner, Sr. Vice President Business & Financial Strategy
(813-974-3297)

Sigma Nu Annex Project

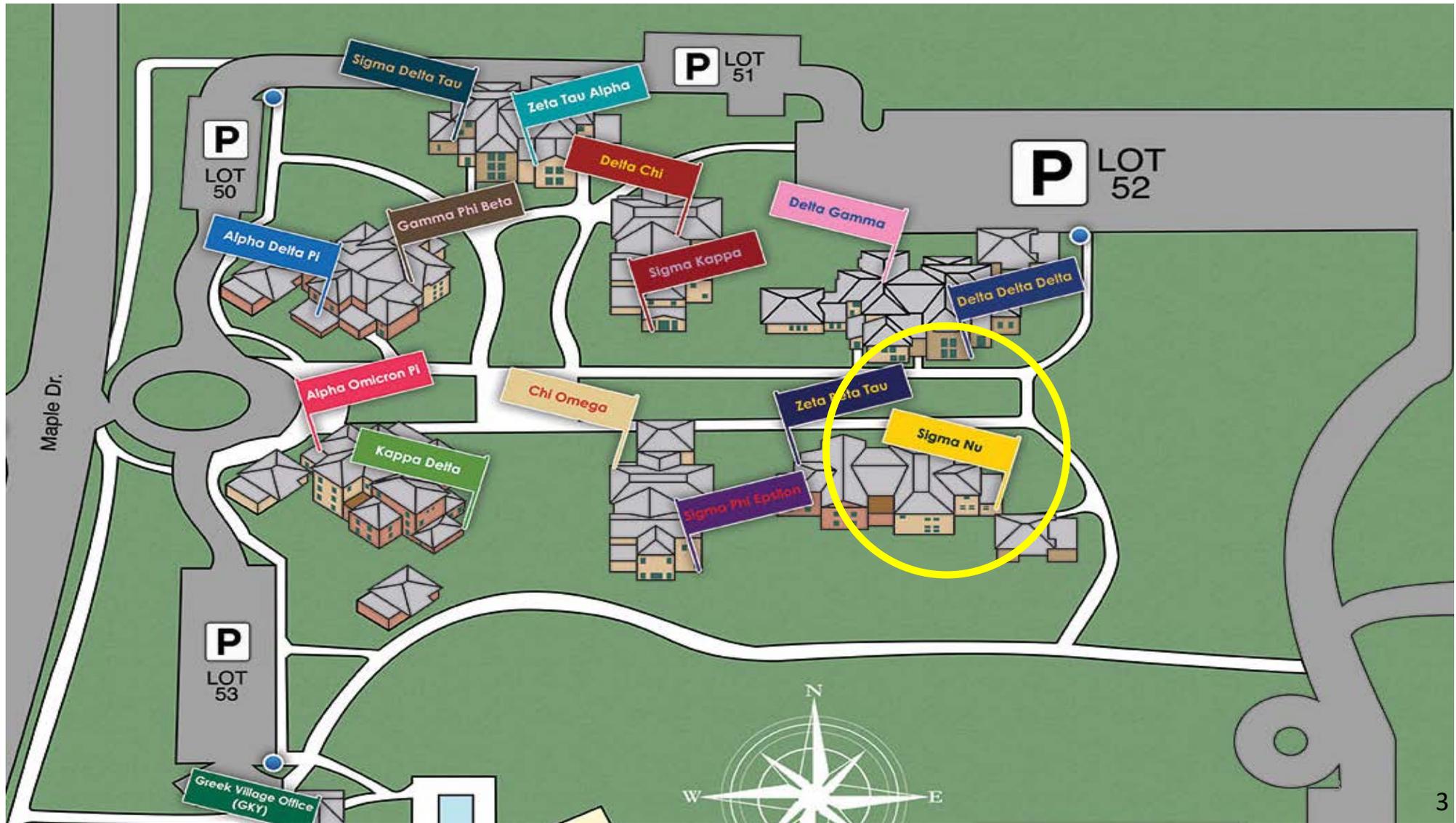
Presentation to Finance Committee

May 14, 2019

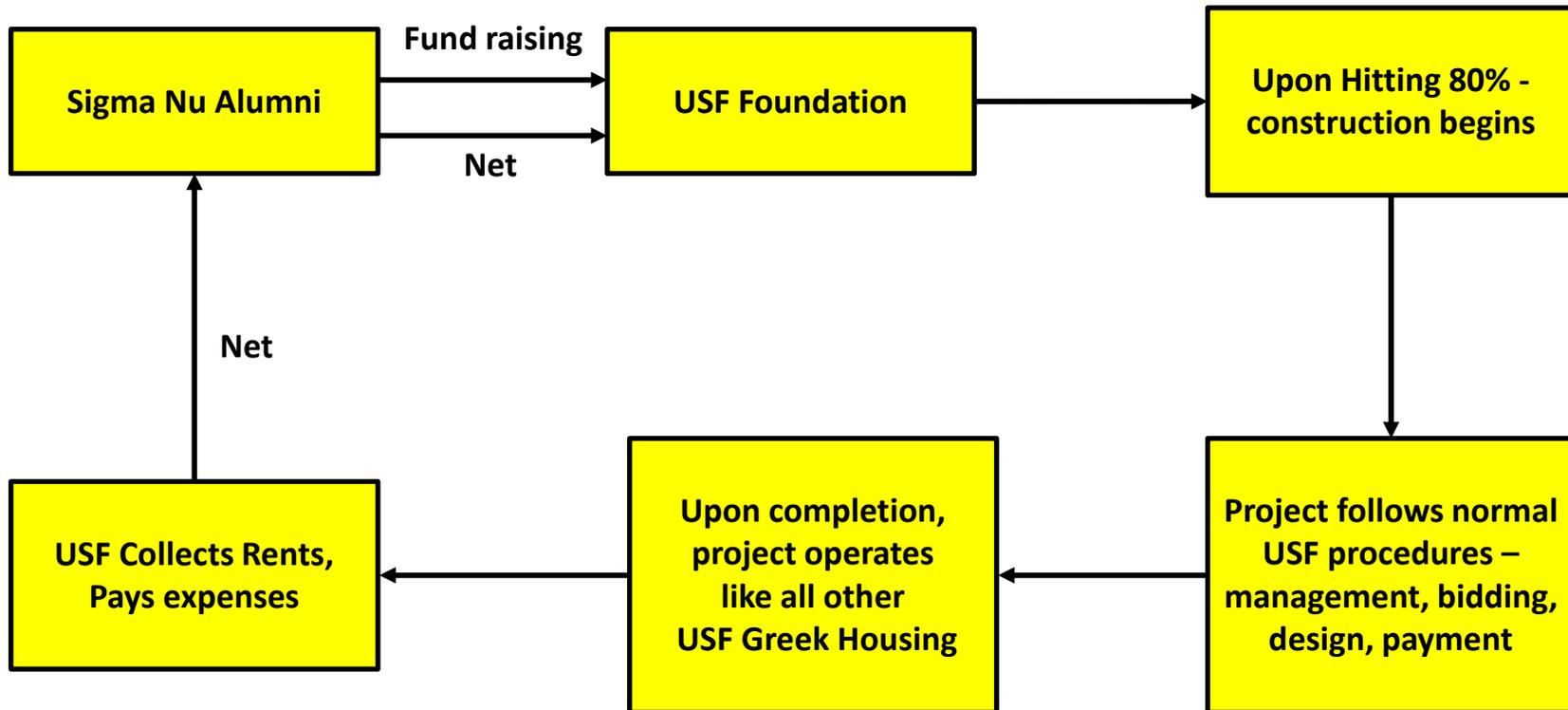
The Objective

Alums of Sigma Nu
wish to construct an annex to the existing house
in the Greek Village at their cost.





Essence of the Agreement



“Take-Aways”

- No financial exposure to USF
- Protects existing bond structure
- Creates new, modern space for students
- Is a “portable” concept that can be offered to others



Questions





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