



**Board of Trustees Finance Committee**

Wednesday, November 20, 2019  
1:30 – 3:00pm  
Tampa Campus – Alumni Center/Traditions Hall

*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 August 27, 2019 Meeting Notes](#) Chair Zimmerman
  - b. [2020-21 USF Parking System Budget](#) University Treasurer Fell Stubbs
  - c. [Expenditure Authorization Requests](#) Vice President/CFO Nick Trivunovich
- IV. New Business – Information Items
  - a. [Draft 2019 USF Financial Statements](#) University Controller Jennifer Condon
  - b. [Annual DSO Investment Reports](#) University Treasurer Fell Stubbs/DSO CFOs
    - 1. [USF Foundation](#) Chip Newton/Rob Fischman/Ken Souza
    - 2. [University Medical Services Assoc., Inc.](#) Rich Sobieray/Alisha Ozmeral
    - 3. [USF Research Foundation, Inc.](#) Nick Trivunovich/Patricia Gamble
  - c. [Honors College Update](#) Sr. Vice President David Lechner
- V. Adjournment Chair Zimmerman



**USF Board of Trustees  
Finance Committee  
NOTES  
August 27, 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 Jordan Zimmerman at 1:20pm. Chair Zimmerman called on Chief of Staff Dr. Cindy Visot to call roll. Dr. Visot called roll with the following committee members present: Jordan Zimmerman, Mike Carrere, Les Muma, Charlie Tokarz, and Alan Bomstein. A quorum was established. Trustees Stephanie Goforth, Mike Griffin, Byron Shinn and Nancy Watkins were also present.

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

No requests for public comments were received.

**III. New Business – Action Items**

**a. Approval of May 14, 2019 Meeting Notes**

Upon request and receiving no changes to the draft meeting notes, Chair Zimmerman requested a motion for approval, it was seconded and the May 14<sup>th</sup> meeting notes were unanimously approved as submitted by all committee members present.

**b. Expenditure Authorization Requests**

Nick Trivunovich, Vice President for Business & Finance and CFO, presented four expenditure authorization requests for approval by the Finance Committee.

1) New Expenditure Authorization Requests

- Davis Hall Renovation \$5,100,000  
Renovate the second floor of Davis Hall classroom/Office/Study building on USF St. Petersburg campus. Funded with PECO (\$3.1M) and E&G carry Forward (\$2M). This is an appropriate expenditure from E&G.
- 17 Davis Renovation \$2,050,330  
Renovate all space UMSA leases at 17 Davis office building in South Tampa to increase clinical footprint and upgrade the space. Funded with landlord tenant improvement allowance (\$1.65M) and Practice Plan resources (\$400K).
- MR Solutions – MRI, CT, and PET \$2,730,000  
Critical pieces of equipment for the cardiac research being done at the MCOM and Heart Institute downtown. The equipment will be used for studies involving small

animals. Additional Grant revenue expected to be achieved is \$10M. Funded with E&G Carryforward (Preeminence). The purchase of this equipment is an appropriate expenditure from E&G.

2) Updated Expenditure Authorization Request

- |                                    | <u>New Total</u> | <u>Increase</u> |
|------------------------------------|------------------|-----------------|
| o Kognito Online Training Platform | \$2,200,000      | \$900,000       |
- Initial request of \$1.3M was approved in March. The new increased amount crosses the \$2M threshold. This expenditure is the purchase of “At Risk,” a one-hour, cloud-based, online training series about mental health that empowers educators and other school personnel to identify, approach, and refer students of concern. Funded by FDOE grant. This is year 2 of a possible 3 year project.

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

- 3) Mr. Trivunovich also requested approval of modified authorization exemption for Research awards. The current exemption is for expenditures and funding approved by a Grant Sponsor to create a Sub-award from a USF grant. This modification would exempt engaging a vendor to provide goods or services to fulfill a grant obligation or deliverable, which were already approved by the grantor in the submission or proposal for the program’s budget. In effect this expenditure operates as a pass through whereby no USF funds are obligated. An example of this type of expenditure would be the Kognito Online Training Platform as noted above.

A motion was made to approve the modified expenditure authorization exemption for Research awards as presented. The motion was seconded and approved by all committee members present.

Mr. Trivunovich announced that a list of all POs over \$1M and their action or exemption has been provided to the Trustees in the Diligent Resource Center.

**IV. New Business – Information Items**

**a. Annual Finance Policy Reports**

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

**1. Investment**

The USF System investment portfolio consists of 10 USF and DSO portfolios (9 operating portfolios and 1 endowment portfolio). Combined USF/DSO portfolios total \$1.5B, up \$80M over 2018. All portfolios are in compliance with BOT Investment Policy. All portfolios are governed by the BOT Investment Policy and Investment Committees. All portfolios are subject to central oversight. Mr. Stubbs reviewed the balances and asset allocations of the Endowment and 9 operating portfolios as of 03/31/19. All asset allocations are within policy limits. Mr. Stubbs reviewed the University’s operating

portfolio. He noted that the 3 large DSOs (Foundation, UMSA and Research Foundation) will report later in the year. The University's operating portfolio is managed to provide liquidity to fund University operations; preserve capital; achieve positive absolute returns in all market conditions, year-in and year-out; and provide key support for Moody's and Standard & Poor's ratings. Performance in 2019 and returns for 1, 3, 5 year periods closely tracks our benchmarks. University investment returns have been stable and positive year after year despite market volatility. This is due to prudent risk management through a diversified portfolio and conservative structure. We are helped in achieving parity with market returns by keeping fund manager costs low (weighted expense ratio is 7 basis points). Near-term initiatives include: managing risks to achieve objectives; maintain optimum liquidity; monitor investment managers; active assessment of market exposures; and investment discipline – will not chase yield by accepting higher risk.

## 2. Debt Management

BOT Debt Management Policy objective is to strengthen the balance sheet. To achieve this objective requires active management. This is accomplished with prudent governance (USF/USF Financing Corporation); maintaining strong Moody's and Standard & Poor's credit ratings; effective use of USF debt capacity; and managing long-term cost of capital and risk. We manage our financing programs within an effective governance structure. This structure supports our continuous compliance effort, and importantly, has gained the confidence of the rating agencies. Three bond transactions closed in FY 2019 for \$53M – 1) financed the new USF St. Petersburg Housing Project; 2) converted 2010 Housing bonds; and 3) financed the acquisition of the University Diagnostic Institute. We currently manage 19 separate series of bonds. Over the past 14 years (since the Finance Corporation was formed), the University's debt portfolio has had 10 ratings upgrades and closed 48+ bond transactions for over \$1.8B. S&P has placed a *Positive Outlook* on all of the rated bonds for possible upgrade. Over the past 10 years, we have financed new projects important to the University, while maintaining respectable margins, good liquidity and reducing leverage, compared to our AA2 peers. Our debt structure has been managed to reduce risk and leverage and/or capitalize on market opportunities. Near-term initiatives include USF Research Park Lab and Office Project - \$27M; assessing our debt portfolio for refinancing candidates (over the past 5 years, refunded 16 of 19 outstanding bonds for interest rate savings); and the USF Sarasota-Manatee Student Housing Project (in development).

Trustee Griffin asked if all future debt issuances will be fixed. Mr. Stubbs explained that we used to issue variable rate debt, then convert to fix rates; we now issue fixed rate debt.

## 3. Derivatives

The BOT Derivatives Policy governs all derivatives. We have no unhedged positions and no new swaps since 2007. We are winding down the swap portfolio. We have two swaps outstanding for \$59M. Looking to exit remaining swaps (convert to fixed rate bonds), one expires this December.

Trustee Zimmerman thanked Mr. Stubbs for the excellent reports and the outstanding work.

### b. Supplier Diversity Program Update

Terrie Daniel, Assistant Vice President of Supplier Diversity, gave the annual program update for 2019. This is a holistic program supporting small, diverse businesses. The program provides educational tools and resources to USF employees and clients as well as in the community. The Program works to identify barriers and bring solutions. The Program gives minority businesses opportunities, making sure they have the right resources to compete in our process. USF's Supplier Diversity Program is larger than that of our SUS peers. USF has significantly invested in this program. In 2016/17, USF's spend with diverse-owned suppliers was \$18M. That spend increased \$10M in the first year of the program (2017/18 spend was \$28M) and an additional \$6M in year two (2018/19 spend was \$34M). The current percent of total spend with diverse suppliers is 8.9%. The goal is 13-20%. Trustee Goforth asked if our goal was an average. Ms. Daniel responded that our goal is based on the marketplace and would be different for other communities. Trustee Tokarz asked what are some of the barriers. Ms. Daniel explained that the biggest barrier is access to capital. Insurance requirements are also a barrier for small businesses. Ms. Daniel then showed the new promotional video for the Supplier Diversity Program. The video was well received by the Committee.

**V. Adjournment**

Having no further business, Chair Zimmerman adjourned the Finance Committee meeting at 2:04pm.

**Agenda Item: IIIb**

**USF Board of Trustees**  
December 3, 2019

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

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

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**Executive Summary:**

Board of Governors Regulation 9.008 “University Auxiliary Facilities with Outstanding Revenue Bonds,” amended June 22, 2017, requires universities with outstanding auxiliary revenue bonds to annually submit a detailed operating budget to the Board of Governors at least ninety (90) days before the beginning of the fiscal year.

BOG Regulation 9.008 also states that the operating budget for University Auxiliary Facilities must be approved by the Board of Trustees before submitting to the Board of Governors.

The Operating Budget for the USF Parking Facilities Revenue Bonds is due to the Board of Governors in February 2020 for the fiscal period 2020-2021.

**Financial Impact:**

The FY 2020-2021 Operating Budget for the USF Parking Facilities Revenue Bond, Series 2016A ensures that debt service coverage complies with bond covenants and remains at levels to maintain or improve credit ratings, and ensures that reserves are maintained at an appropriate level.

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<b>Strategic Goal(s) Item Supports:</b>	<b>Goal 4: Sound Financial Management</b>
<b>Committee Review Date:</b>	<b>Finance Committee - November 20, 2019</b>
<b>Supporting Documentation Online (please circle):</b>	<b>Yes</b> <b>No</b>
	USF Parking Revenue Bonds, Series 2016A – Income and Expenditure Statement (Operating Budget)
<b>USF System or Institution specific:</b>	<b>USF Tampa</b>
<b>Prepared by:</b>	<b>Fell L. Stubbs, University Treasurer, (813) 974-3298</b>

## INCOME AND EXPENDITURE STATEMENT

UNIVERSITY : University of South Florida

BOND TITLE : Parking Revenue Bonds: Series 2016A

AUXILIARY FACILITY (IES) : Parking Garages 1,2,3, &amp; 4

	2018-19 Actual	2019-20 Estimated	2020-21 Projected
<b>1. REVENUE CARRIED FORWARD</b>			
<b>A. Operating Cash Carried Forward:</b>			
Liquid	16,216,359	17,703,847	17,363,402
Investments	0	0	0
<b>Subtotal:</b>	<b>16,216,359</b>	<b>17,703,847</b>	<b>17,363,402</b>
<b>B. Replacement Reserve Forward:</b>			
Debt Service Reserve	23,984	23,984	23,984
Maintenance & Equipment Reserve	3,031,907	3,190,853	3,342,781
General Reserve	7,846,696	8,352,496	8,599,157
<b>Subtotal:</b>	<b>10,902,587</b>	<b>11,567,333</b>	<b>11,965,922</b>
<b>TOTAL CARRIED FORWARD (A +B):</b>	<b>27,118,946</b>	<b>29,271,180</b>	<b>29,329,324</b>
<b>2. CURRENT YEAR REVENUE / INFLOWS</b>			
* Revenue	14,422,183	13,832,078	14,000,000
Interest Income	4,209	3,339	3,900
Other Income / Inflows	0	0	0
<b>TOTAL CURRENT YEAR REVENUE:</b>	<b>14,426,392</b>	<b>13,835,417</b>	<b>14,003,900</b>
<b>3. SUMMARY OF AVAILABLE REVENUES (1 +2):</b>	<b>41,545,338</b>	<b>43,106,597</b>	<b>43,333,224</b>
<b>4. CURRENT YEAR EXPENDITURES / OUTFLOWS</b>			
Salaries and Matching	4,026,252	4,613,604	4,705,876
Other Personal Services	264,686	400,000	400,000
Operating Expense	4,036,137	4,800,000	4,800,000
Repairs and Maintenance	0	0	0
Debt Service	2,936,430	2,940,330	2,937,910
Repair and Replacement Expense	0	0	0
Operating Capital Outlay	368,135	370,000	450,000
Other Outflows & Transfers Out	829,459	900,000	920,000
<b>TOTAL EXPENDITURES:</b>	<b>12,461,099</b>	<b>14,023,934</b>	<b>14,213,786</b>
<b>5. TRANSFERS TO REPLACEMENT RESERVES</b>			
Debt Service Reserve	0	0	0
Maintenance & Equipment Reserve	158,946	151,928	153,000
General Reserve	318,859	0	0
<b>Subtotal:</b>	<b>477,805</b>	<b>151,928</b>	<b>153,000</b>
<b>6. TRANSFERS FROM REPLACEMENT RESERVES</b>			
Debt Service Reserve	0	0	0
Maintenance & Equipment Reserve	0	0	0
General Reserve	498,161	450,000	500,000
<b>Subtotal:</b>	<b>498,161</b>	<b>450,000</b>	<b>500,000</b>
<b>7. ENDING REPLACEMENT RESERVES (1B +5 -6)</b>			
Debt Service Reserve	23,984	23,984	23,984
Maintenance & Equipment Reserve	3,190,853	3,342,781	3,495,781
General Reserve	7,667,394	7,902,496	8,099,157
Interest Earned on Reserve Balances	685,102	696,661	685,100
<b>Subtotal:</b>	<b>11,567,333</b>	<b>11,965,922</b>	<b>12,304,022</b>
<b>8. ENDING OPERATING CASH (1A +2 -4 -5)</b>	<b>17,703,847</b>	<b>17,363,402</b>	<b>17,000,516</b>
<b>9. SUMMARY OF ENDING REVENUES (7 +8)</b>	<b>29,271,180</b>	<b>29,329,324</b>	<b>29,304,538</b>

**\* REQUIRED INFORMATION \***

Date budget approved by University Board of Trustees :	December 14, 2017	December 4, 2018	December 3, 2019
Prepared By : Raymond Mensah	Telephone :	974-0672	

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

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

1. Do the pledged revenues reported contain any overhead assessments ? If yes, please explain.  
No. The pledge revenues reported do not contain overhead assessments
  
2. Do pledged revenues or expenditures change year over year 10% or more ? If yes, please explain.  
Yes; total expenditures changed by more then 10% due to: filling several open positions, special capital projects as well as several repair and preventative maintenance projects.
  
3. Please explain amounts categorized as "other".  
Expenditures "Other Outflows & Transfers Out" - Overhead assessment expense
  
4. Add lines as needed for additional university comments. This information will be shared with Board of Governors members.



**Agenda Item: IIIc**

**USF Board of Trustees**  
Finance Committee  
November 20, 2019

**Issue:** Expenditure Authorization Requests

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**Proposed action:** Approval of proposed expenditure authorization exemption for pass through expenses.

No individual Expenditure Authorizations are being brought forward at this meeting. However, approval of an additional expenditure authorization exemption is being requested. The new exemption would read as follows:

Expenditures based on funds collected by the university on behalf of students or other university constituents that are then remitted by the university to a third party to provide a service to the student or other university constituent. In some cases the university charges a pre-negotiated fee or surcharge to the third party on the funds remitted, but the fee or surcharge does not affect the service provided to the end user. These are pass through expenses that do not create financial risk to the university.

An example of this exemption would be the University payments to Aramark. Funds are collected from students for their meal plans and deposited into a University account. These funds are then remitted to Aramark.

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**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 an exemption to the policy as noted above.

**Financial Impact:** N/A

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<b>Strategic Goal(s) Item Supports:</b>	<b>Goal 4: Sound Financial Management</b>
<b>Committee Review Date:</b>	<b>November 20, 2019</b>
<b>Supporting Documentation Online (<i>please circle</i>):</b>	Yes <input type="radio"/> No <input checked="" type="radio"/>
<b>USF System or Institution specific:</b>	<b>USF System</b>
<b>Prepared by:</b>	<b>Nick Trivunovich, Vice President/CFO (813) 974-3297</b>

**Agenda Item: IVa**

**USF Board of Trustees**  
Finance Committee  
November 20, 2019

**Issue:** Preliminary University 2019 Annual Financial Reports (System)

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**Proposed action:** Informational

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**Executive Summary:**

Jennifer Condon, Controller will provide highlights of the Fiscal Year 2019 Financial Statements. Presentation will include a discussion of 2019 versus 2018 variances in excess of \$10 million and 10% as well as variances in excess of \$20 million.

Financial Statements provided as supporting documentation include:

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

**Financial Impact:**

N/A

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**Strategic Goal(s) Item Supports: Goal 4: Sound Financial Management**  
**Supporting Documentation Online (*please circle*): Yes**  
**USF System or Institution specific: USF System**  
**Prepared by: Jennifer Condon, (813)974-7696**



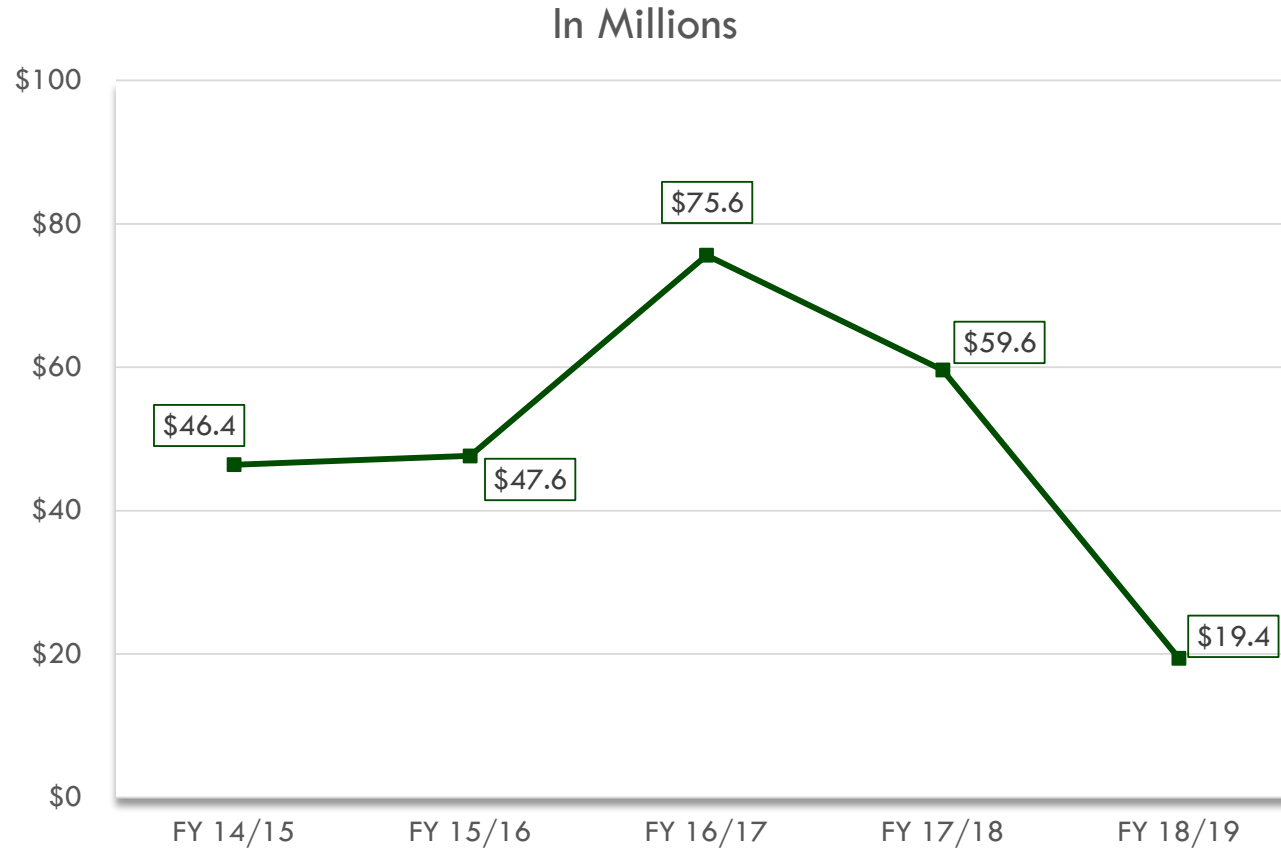
# Fiscal Year 2018-2019 Financial Statement Highlights

*Board of Trustees Finance Committee Meeting  
November 20, 2019*



## Fiscal Year 2018-2019 Financial Statement Highlights

### HISTORICAL CHANGE IN CASH & INVESTMENTS



Change in cash/investments naturally adjusts for GASB future commitments.



## Fiscal Year 2018-2019 Financial Statement Highlights

### KEY FINANCIAL RESULTS: ADJUSTED FOR FUTURE COMMITMENTS

<b>Net Operating Results (in millions)</b>	<b>2018</b>	<b>2019 *</b>
Unadjusted Net Operating Results	\$ (2.9)	\$ (31.9)
OPEB and Related Deferrals	22.9	15.7
Pension and Related Deferrals	23.2	26.7
Adjusted Net Operating Results	\$ 43.2	\$ 10.5

<b>Unrestricted Net Position (in millions)</b>	<b>2018</b>	<b>2019 *</b>
Unadjusted Unrestricted Net Position	\$ (165.8)	\$ (211.7)
OPEB and Related Deferrals	498.0	513.7
Pension and Related Deferrals	165.3	192.0
Adjusted Unrestricted Net Position	\$ 497.5	\$ 494.0

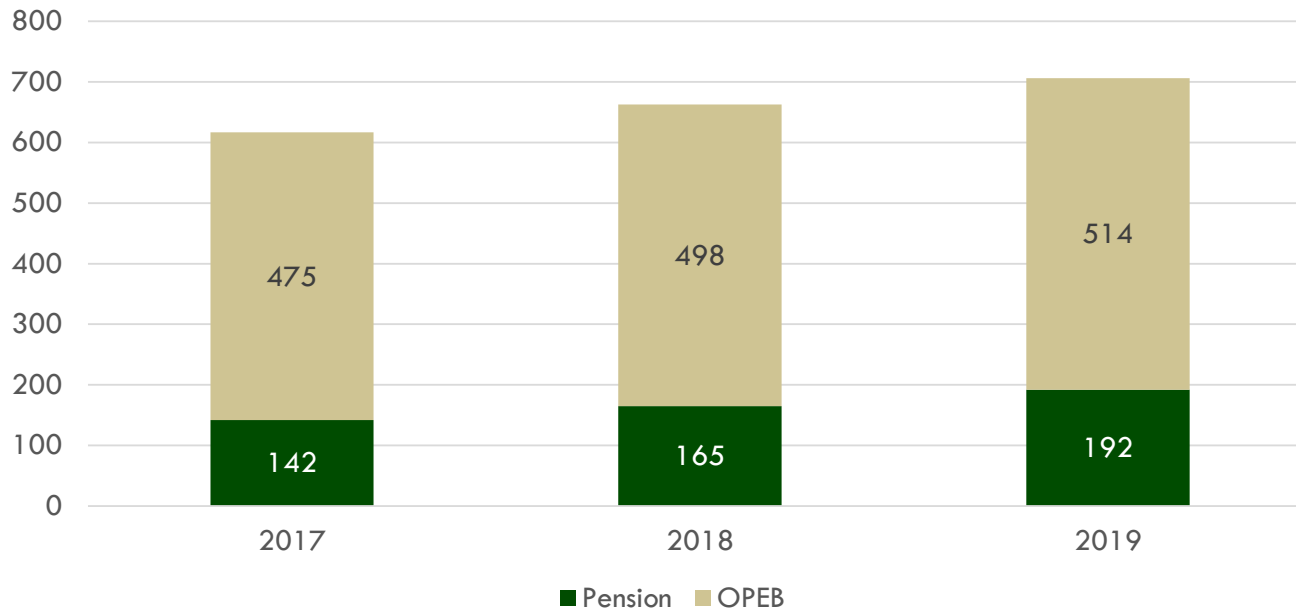
\* Fiscal year 2019 figures are unaudited.



**Fiscal Year 2018-2019 Financial Statement Highlights**

**RECENT GASB STATEMENTS: POST EMPLOYMENT BENEFITS**

Net Cumulative Balance Sheet Impact



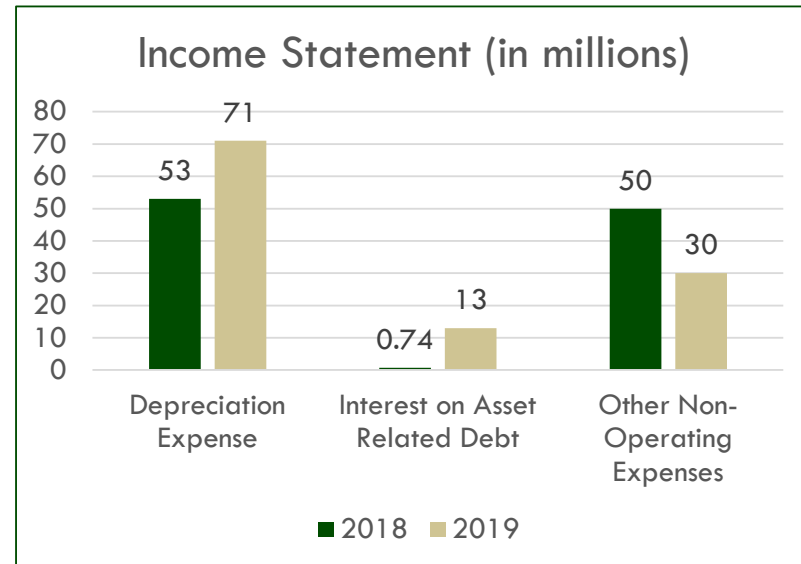
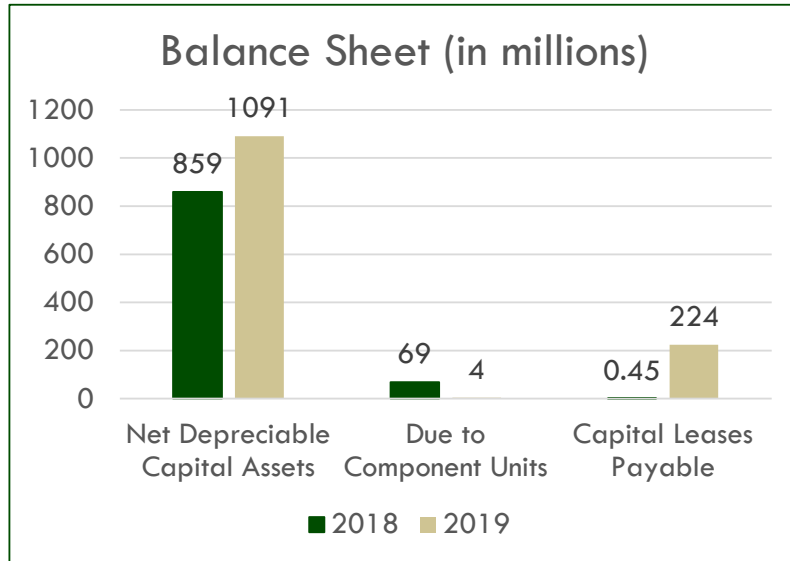
- |                                 |                       |                    |
|---------------------------------|-----------------------|--------------------|
| • Deferred Outflows (asset):    | Pension ▲ \$9         | OPEB ▼ \$2         |
| • Accrued Liability:            | Pension ▲ \$21        | OPEB ▼ \$11        |
| • Deferred Inflows (liability): | <u>Pension ▲ \$15</u> | <u>OPEB ▲ \$25</u> |
| • Net Balance Sheet:            | Pension ▲ \$27        | OPEB ▲ \$16        |

\* Fiscal year 2019 figures are unaudited.



**Fiscal Year 2018-2019 Financial Statement Highlights**

**EFFECT OF USF FINANCING CORPORATION FASB TO GASB**



\* Fiscal year 2019 figures are unaudited.



## Fiscal Year 2018-2019 Financial Statement Highlights

### SCOPE OF REPRESENTED VARIANCES

- **Changes from fiscal year 2018 to 2019 in excess of 10% and \$10 million, plus**
- **Changes from fiscal year 2018 to 2019 in excess of \$20 million regardless of percentage**





## Fiscal Year 2018-2019 Financial Statement Highlights

### BALANCE SHEET (IN MILLIONS)

Note: Remaining variances significantly attributable to Morsani COM & HHI

Account	2017	2018	* 2019	\$	%	KPI	PY KPI
Due From State	\$90	\$86	\$29	\$(56)	(66)%	●	●
Nondepreciable Capital Assets	\$61	\$99	\$191	\$92	93%	●	●
Accounts Payable	\$27	\$36	\$23	\$(13)	(37)%	●	●
Revenue Received in Advance			\$20	\$20	N/A	●	●
Net Position: Invested in Capital Assets, Net of Related Debt	\$743	\$809	\$923	\$114	14%	●	●
Net Position Restricted for Expendable Capital Projects	\$101	\$92	\$24	\$(68)	(74)%	●	●

\* Fiscal year 2019 figures are unaudited.

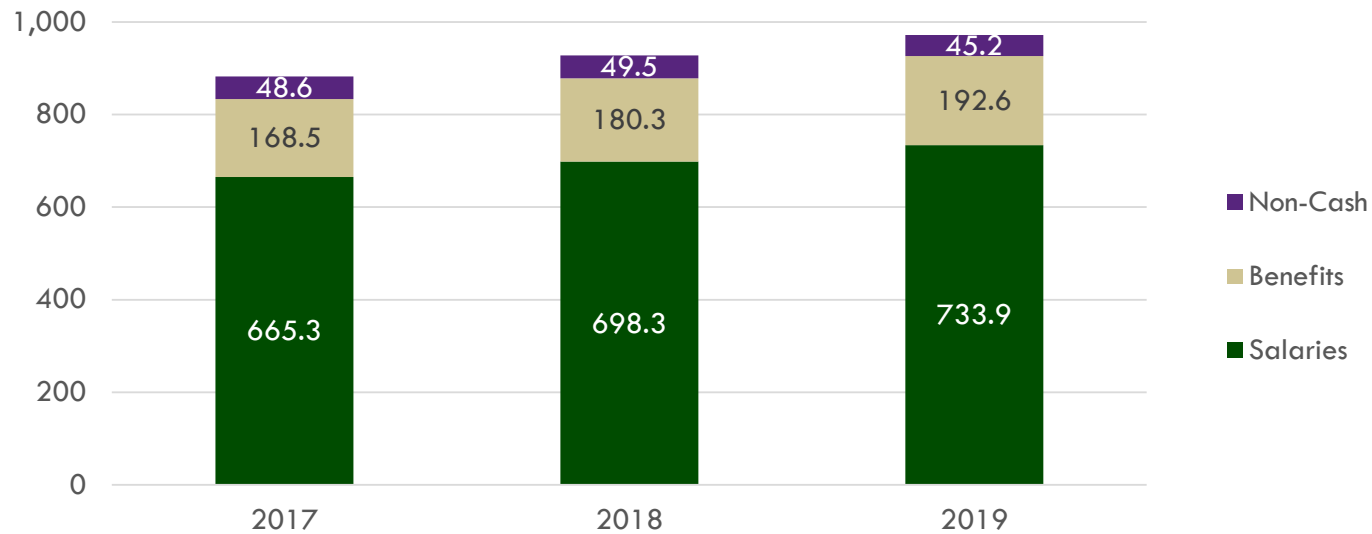


## Fiscal Year 2018-2019 Financial Statement Highlights

### INCOME STATEMENT (IN MILLIONS)

Account	2017	2018	* 2019	\$	%	KPI	PY KPI	Notes
Compensation & Employee Benefits	\$882	\$928	\$972	\$44	5%	●	●	Expansion, filled vacancies, bargained increases
Net Investment Income	\$25	\$18	\$41	\$23	126%	●	●	Unrealized Gains & Losses

### Compensation & Employee Benefits



\* Fiscal year 2019 figures are unaudited.

**UNIVERSITY OF SOUTH FLORIDA**  
**A COMPONENT UNIT OF THE STATE OF FLORIDA**  
**STATEMENT OF NET POSITION**  
in thousands  
**2019 UNAUDITED**

	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2019 Increase (Decrease)	Percent
<b>ASSETS</b>					
<b>CURRENT ASSETS:</b>					
Cash and Cash Equivalents	\$70,037	\$68,640	\$50,651	(\$17,989)	-26%
Investments	611,679	669,949	703,311	33,362	5%
Receivable, Net	110,057	70,725	67,282	(3,442)	-5%
Loans and Notes Receivable, Net	2,142	2,151	2,057	(94)	-4%
Due From State	90,478	85,719	29,347	(56,372)	-66%
Due From Component Units	8,981	11,908	16,572	4,664	39%
Inventories	232	269	269	1	0%
Other Assets	1,110	1,261	903	(358)	-28%
<b>Total Current Assets</b>	<b>894,715</b>	<b>910,622</b>	<b>870,392</b>	<b>(40,230)</b>	<b>-4%</b>
<b>NON-CURRENT ASSETS:</b>					
Restricted Cash and Cash Equivalents	2,051	1,718	978	(740)	-43%
Restricted Investments	65,165	68,227	72,919	4,692	7%
Loans and Notes Receivable, Net	3,973	2,954	2,461	(493)	-17%
Other Non Current Assets	0	0	8,013	8,013	
Depreciable Capital Assets, Net	791,479	858,853	1,091,113	232,260	27%
Nondepreciable Capital Assets	60,862	98,554	190,620	92,067	93%
<b>Total Noncurrent Assets</b>	<b>923,530</b>	<b>1,030,306</b>	<b>1,366,104</b>	<b>335,798</b>	<b>33%</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred Outflows of Pension Resources	137,405	156,442	165,246	8,804	6%
Deferred Outflows of Other Post Employment Benefits		11,492	9,867	(1,625)	-14%
<b>Total Deferred Outflows of Resources</b>	<b>137,405</b>	<b>167,934</b>	<b>175,113</b>	<b>7,179</b>	<b>4%</b>
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$1,955,650</b>	<b>\$2,108,862</b>	<b>\$2,411,609</b>	<b>\$302,747</b>	<b>14%</b>
<b>LIABILITIES</b>					
<b>Current Liabilities:</b>					
Accounts Payable	\$27,149	\$35,605	\$22,546	(13,059)	-37%
Construction Contracts Payable	3,695	7,474	13,939	6,465	86%
Accrued Salaries and Wages	32,791	35,280	38,408	3,128	9%
Deposits Payable	13,902	4,621	4,532	(90)	-2%
Due to Component Units	78,033	69,045	4,027	(65,018)	-94%
Unearned Revenues	43,588	29,665	31,425	1,760	6%
CIP Debt Payable	2,483	2,538	2,598	60	2%
Installment Purchase Notes Payable	61	139	114	(25)	-18%
Capital Leases	43	130	10,060	9,930	7658%
Accrued Self-Insurance Claims	1,332	1,598	1,400	(197)	-12%
Compensated Absences Liability	6,342	6,694	6,630	(64)	-1%
Post Employment Health Care Benefits Payable	0	6,279	6,279	-	0%
Pension Liability	2,607	2,209	2,058	(151)	-7%
Other Current Liabilities	0	21	22	1	5%
<b>Total Current Liabilities</b>	<b>212,028</b>	<b>201,298</b>	<b>144,037</b>	<b>(57,261)</b>	<b>-28%</b>
<b>Noncurrent Liabilities</b>					
Capital Improvement Debt Payable	17,473	14,934	12,336	(2,598)	-17%
Installment Purchase Notes Payable	174	189	75	(114)	-60%
Capital Leases	17	315	214,308	213,994	67966%
Accrued Self-Insurance Claims	25,085	26,088	27,957	1,870	7%
Compensated Absences Liability	75,779	78,826	81,807	2,982	4%
Federal Advance Payable	3,087	7,502	7,533	32	0%
Revenue Received in Advance				20,000	
Post Employment Health Care Benefits Payable	145,284	440,115	429,500	(10,615)	-2%
Pension Liability	274,846	305,611	326,585	20,974	7%
<b>Total Noncurrent Liabilities</b>	<b>541,744</b>	<b>873,579</b>	<b>1,120,102</b>	<b>246,523</b>	<b>28%</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Service Concession Arrangement Receipts	3,611	54,512	116,511	61,999	114%
Deferred Inflows of Pension Resources	2,060	13,967	28,581	14,614	105%
Deferred Inflows of Other Post Employment Benefits	0	63,109	87,752	24,643	39%
<b>Total Deferred Inflows of Resources</b>	<b>5,672</b>	<b>131,587</b>	<b>232,844</b>	<b>101,256</b>	<b>77%</b>
<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS OF RESOURCES</b>	<b>\$759,444</b>	<b>\$1,206,464</b>	<b>\$1,496,983</b>	<b>\$290,519</b>	<b>24%</b>
<b>NET POSITION:</b>					
Invested in Capital Assets, Net of Related Debt	743,215	808,912	922,846	113,934	14%
<b>Restricted for Expendable:</b>					
Debt Service	1,752	1,754	1,751	(2)	0%
Loans	5,801	5,051	5,118	67	1%
Capital Projects	100,735	91,374	23,539	(67,836)	-74%
Other	131,630	161,147	173,089	11,942	7%
Unrestricted	213,073	(165,840)	(211,717)	(45,877)	-28%
<b>Total Net Position</b>	<b>1,196,206</b>	<b>902,398</b>	<b>914,626</b>	<b>12,229</b>	<b>1%</b>
<b>Total Liabilities and Net Position</b>	<b>\$1,955,650</b>	<b>\$2,108,862</b>	<b>\$2,411,609</b>	<b>\$302,747</b>	<b>14%</b>

**University of South Florida**  
**A Component Unit of the State of Florida**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**in thousands**  
**2019 UNAUDITED**

	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2019 Increase (Decrease)	Percent
<b>Operating Revenues</b>					
Student Tuition & Fees	403,982	412,903	410,945	(\$1,958)	0%
Less: Tuition Scholarship Allowances	(110,784)	(131,614)	(142,051)	(10,438)	8%
Net Student Tuition & Fees	293,198	281,289	268,893	(12,396)	-4%
Federal Grants & Contracts	201,794	207,919	210,239	2,320	1%
State & Local Grants & Contracts	26,825	28,009	30,116	2,107	8%
Nongovernmental Grants & Contract	167,072	195,673	179,009	(16,664)	-9%
Sales & Services of Auxiliary Enterprises	147,665	146,152	149,506	3,355	2%
Interest on Loans Receivable	204	202	214	12	6%
Other Operating Revenue	11,411	12,720	11,234	(1,486)	-12%
<b>TOTAL OPERATING REVENUES</b>	<b>848,169</b>	<b>871,964</b>	<b>849,212</b>	<b>(22,752)</b>	<b>-3%</b>
<b>Operating Expenses</b>					
Compensation & Employee Benefits	882,382	928,091	971,769	43,678	5%
Services & Supplies	298,359	323,126	311,802	(11,325)	-4%
Utilities and Communications	24,412	24,512	24,790	278	1%
Scholarships, Fellowships and Waivers	70,601	90,214	97,141	6,926	8%
Depreciation Expense	49,082	52,588	71,169	18,581	35%
Self Insurance Claims & Expenses	7,867	3,020	4,137	1,117	37%
<b>TOTAL OPERATING EXPENSES</b>	<b>1,332,703</b>	<b>1,421,552</b>	<b>1,480,807</b>	<b>59,255</b>	<b>4%</b>
<b>Total Operating Income (Loss)</b>	<b>(484,534)</b>	<b>(549,588)</b>	<b>(631,595)</b>	<b>(82,007)</b>	<b>15%</b>
<b>NonOperating Revenues (Expenses)</b>					
State Appropriations	387,160	420,566	426,591	6,025	1%
Federal and State Student Financial Aid	91,884	134,685	147,474	12,789	9%
Noncapital Grants and Donations	23,735	21,954	25,561	3,607	16%
Investment Income	17,887	16,951	17,951	1,000	6%
Unrealized Gains & Losses	7,065	1,337	23,437	22,099	1652%
Net Investment Income	24,952	18,289	41,388	23,099	126%
Other Non-Operating Revenues	6,030	2,294	2,621	328	14%
Gain/Loss on Disposal of Capital Assets	9,965	(840)	(392)	448	-53%
Interest on Asset-Related Debt	(763)	(736)	(13,445)	(12,709)	1726%
Other Non-Operating Expenses	(31,488)	(49,502)	(30,121)	19,381	-39%
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>511,475</b>	<b>546,709</b>	<b>599,677</b>	<b>52,967</b>	<b>10%</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>26,941</b>	<b>(2,878)</b>	<b>(31,918)</b>	<b>(29,040)</b>	<b>1009%</b>
<b>Contributions and Transfers</b>					
Capital Appropriations	39,311	27,971	19,880	(8,092)	-29%
Capital Grants, Contracts, Donations and Fees	937	10,937	16,460	5,523	50%
<b>Change in Net Position</b>	<b>67,188</b>	<b>36,030</b>	<b>4,422</b>	<b>(31,608)</b>	<b>-88%</b>
<b>Total Net Position - Beginning</b>	<b>1,129,017</b>	<b>1,196,206</b>	<b>902,398</b>	<b>(293,808)</b>	<b>-25%</b>
<b>Adjustments to Beginning Net Position</b>	<b>0</b>	<b>(329,838)</b>	<b>7,806</b>	<b>337,644</b>	<b>-102%</b>
<b>Total Net Position - Ending</b>	<b>1,196,206</b>	<b>902,398</b>	<b>914,626</b>	<b>12,228</b>	<b>1%</b>

**Agenda Item: IVb**

**USF Board of Trustees**  
Finance Committee  
November 20, 2019

**Issue:** DSO Investment Reporting to the USF Board of Trustees

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**Proposed action:** Informational

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**Executive Summary:**

The USF Board of Trustees adopted the USF System Investment Policy in 2006.

- The USF Investment Policy applies to the University and Direct Support Organizations (DSOs).

DSOs are governed by independent Boards of Directors. DSO investments are governed by DSO Investment Committees.

Periodic DSO Investment Reports, for significant DSOs, will be provided to the USF Board of Trustees.

DSO Investment Reports as of June 30, 2019 being presented today are:

1. USF Foundation
2. University Medical Services Association, Inc. (UMSA)
3. USF Research Foundation, Inc.

**Financial Impact:**

The Direct Support Organizations of the University of South Florida (DSO) are organized and operated exclusively to assist the University to achieve excellence by providing supplemental resources from private gifts and bequests and valuable education support services. These organizations are authorized by Florida Statute 1004.28 to receive, hold and administer property and make expenditures for the University.

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<b>Strategic Goal(s) Item Supports:</b>	<b>Goal 4: Sound Financial Management</b>	
<b>Committee Review Date:</b>	<b>November 20, 2019</b>	
<b>Supporting Documentation Online (please circle):</b>	<b>Yes</b>	<b>No</b>
	DSO Investment Reports	
<b>USF System or Institution specific:</b>	<b>USF System</b>	
<b>Prepared by:</b>	<b>Fell L. Stubbs, University Treasurer, (813) 974-3298</b>	

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

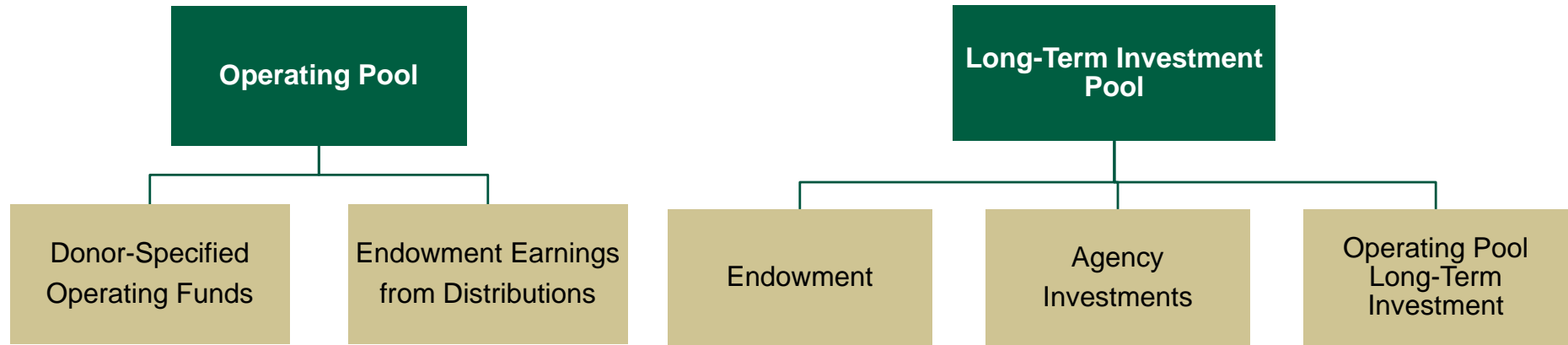
November 20, 2019



# Foundation Asset Pools



UNIVERSITY OF SOUTH FLORIDA  
**FOUNDATION**



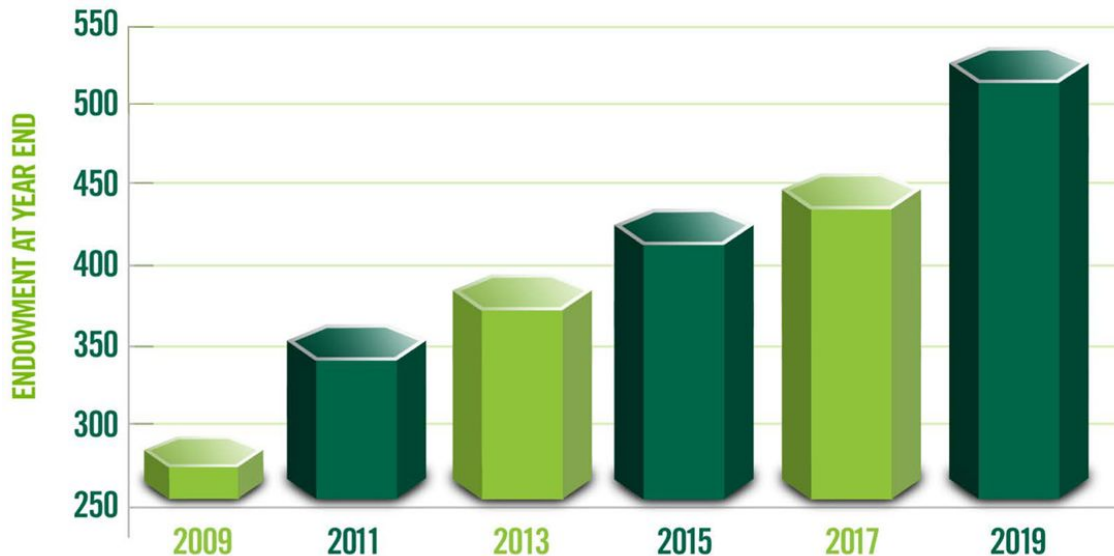
- **Endowment Assets Reside in Long-Term Investment Pool**
- **Investment Governance Provided By USF Foundation Board of Directors**
  - Investment committee is responsible for financial oversight and administration of operating and endowment investment pools, supported by Foundation investment staff and investment advisor Wilshire Associates (since 2000)
  - Assets are managed based on investment policy guidelines approved by the Foundation Board
  - Foundation investment policies are in compliance with University investment policy and with applicable laws

# \$500 Million Endowment



UNIVERSITY OF SOUTH FLORIDA  
**FOUNDATION**

- **Endowment Reaches \$500 Million Milestone, Completing the Twelfth Preeminence Metric**



- Achievement is the result of a University-wide effort to boost endowment assets by end of fiscal year
- USF becomes the third institution within the State University System to reach a \$500 million endowment
- USF is one of only three institutions, nation-wide established after 1950 to have a \$500 million endowment

## The 10-Year March to \$500 Million



\* Investment gains are net of all fees and expenses, including the Foundation administrative fee.



# Endowment Portfolio Performance



UNIVERSITY OF SOUTH FLORIDA  
**FOUNDATION**

As of 6/30/2019	QTR	1-YR	3-YR	5-YR	10-YR	Inception
<b>Endowment Fund</b>	3.3%	6.0%	11.4%	7.3%	10.7%	9.5%
<b>Policy Benchmark</b>	3.3%	6.7%	10.2%	6.5%	10.1%	9.0%
<b>+/- Benchmark</b>	--	-0.7%	1.2%	0.8%	0.6%	0.5%
<b>Ranking* (Percentile)</b>	43%	46%	6%	12%	6%	--

\* Source: TUCS Total Return of Master Trusts Foundation & Endowment Portfolios Universe

Returns are net of fees

## Total Pool Assets

**\$532 Million**

Asset Class	Alloc %	1-Yr	3-Yr	5-Yr	10-Yr
<b>Domestic Equity</b>	<b>35%</b>	<b>7.9%</b>	<b>14.8%</b>	<b>10.0%</b>	<b>15.2%</b>
<i>Wilshire 5000 Index</i>	<i>35%</i>	<i>9.1</i>	<i>14.0</i>	<i>10.3</i>	<i>14.7</i>
<b>International Equity</b>	<b>26%</b>	<b>-1.7</b>	<b>11.3</b>	<b>4.1</b>	<b>7.6</b>
<i>MSCI ACWI ex US</i>	<i>25%</i>	<i>1.3</i>	<i>9.4</i>	<i>2.2</i>	<i>6.5</i>
<b>Fixed Income</b>	<b>21%</b>	<b>8.0</b>	<b>5.0</b>	<b>4.0</b>	<b>6.5</b>
<i>Barclays Agg/ML HY</i>	<i>20%</i>	<i>7.8</i>	<i>4.9</i>	<i>3.9</i>	<i>5.6</i>
<b>Public Real Assets</b>	<b>3%</b>	<b>1.6</b>	<b>2.2</b>	<b>0.8</b>	<b>-</b>
<i>Custom Benchmark</i>	<i>2.5%</i>	<i>2.8</i>	<i>1.6</i>	<i>-0.6</i>	<i>-</i>

## NACUBO Endowment Assets

**\$514 Million**

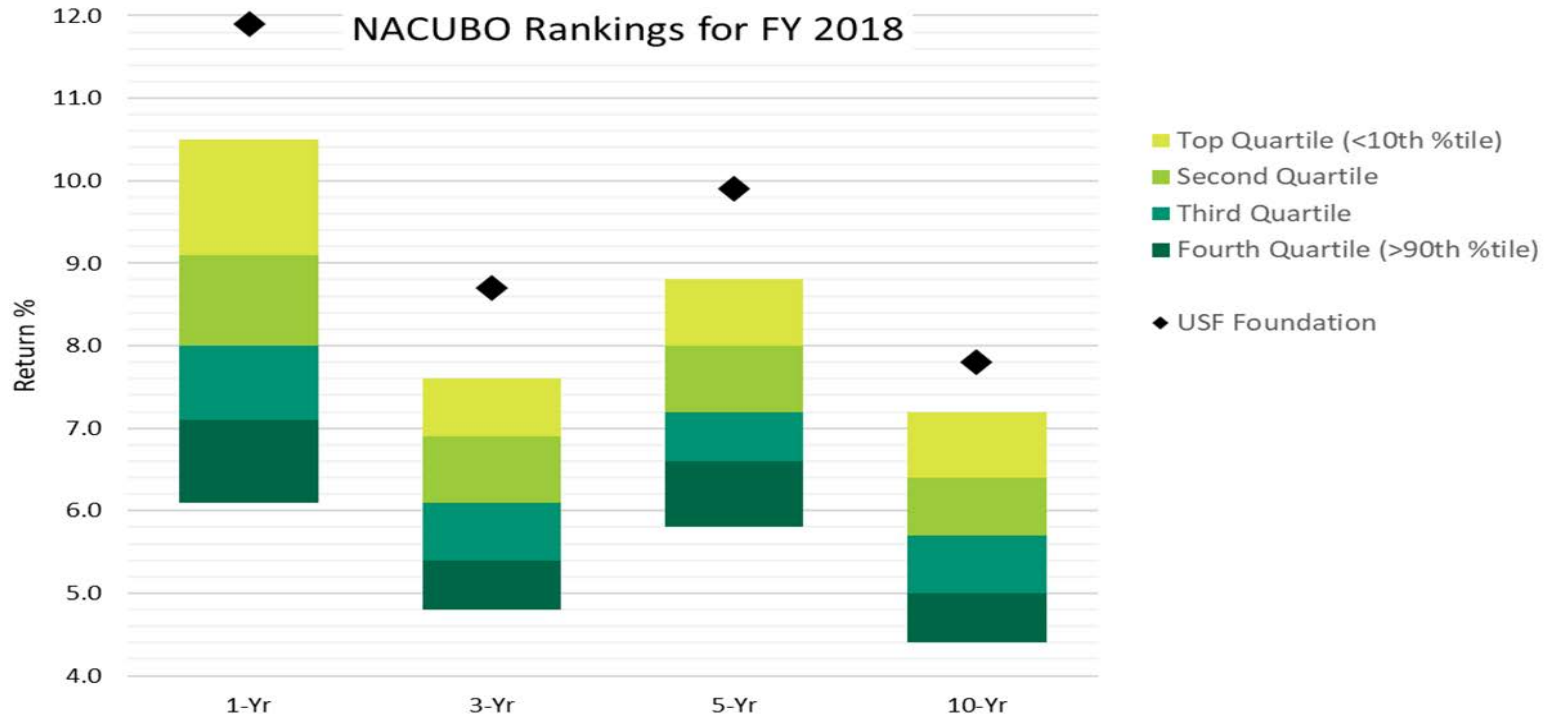
Non-Marketable	Alloc %	Return
<b>Private Real Assets</b> (Real Estate, Natural Rs)	<b>7%</b>	<b>IRR: 10.0%</b> <b>5-Yr Return: 8.5%</b>
<i>NCREIF Property Index</i> <i>Consumer Price Index</i>	<i>7.5%</i>	<i>5-Yr Return: 8.9%</i> <i>5-Yr Return: 1.5%</i>
<b>Alternatives</b> (Private Eq, Venture Cp)	<b>7%</b>	<b>IRR: 13.0%</b> <b>5-Yr Return: 14.9%</b>
<i>Wilshire 5000</i>	<i>10%</i>	<i>IRR: 9.6%</i> <i>5-Yr Return: 10.3%</i>

# Benchmarking



UNIVERSITY OF SOUTH FLORIDA  
**FOUNDATION**

- Endowment Is a Leader Among Peers, Based On NACUBO-TIAA Study of Endowments**



- Preliminary Results for FY 2019 Survey Indicate Continued Industry-Leading Success**

NACUBO FY '19 Preliminary	1 Yr	3 Yr	5 Yr	10 Yr
<b>USF Foundation</b>	<b>6.0%</b>	<b>11.4%</b>	<b>7.3%</b>	<b>10.7%</b>
NACUBO Universe Median	5.1	8.7	5.1	8.4
\$500 Mil – \$1 Billion Peers Average	5.4	9.0	5.3	8.5

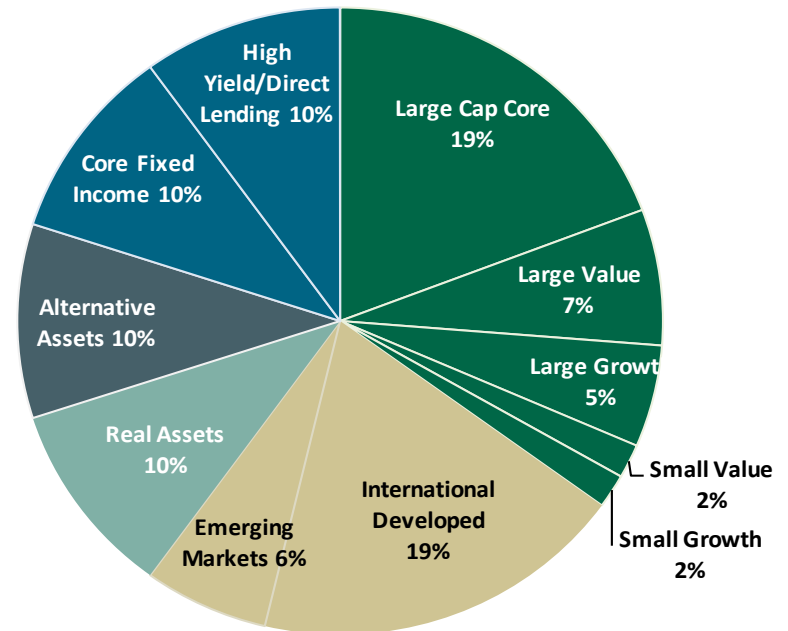
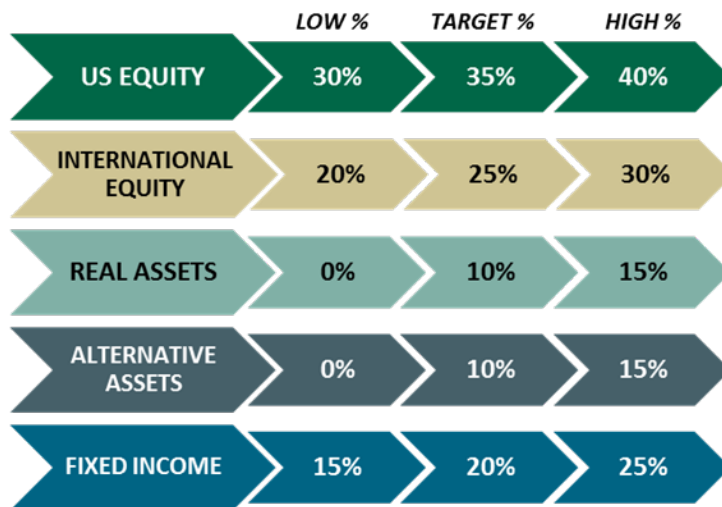
# FY 2019 Return Attribution and Asset Allocation



UNIVERSITY OF SOUTH FLORIDA  
**FOUNDATION**

## • Long-Term Returns Remain Above Policy Benchmark

- Modest underperformance for FY 2019 endowment returns, mostly from active management in domestic and international equity detracting more than 100 bps from overall return; partially offset by strong results from alternatives and private real assets
- Active management has added to long-term returns, especially in international equity which has exceeded benchmark by 110 bps over the last ten years
- Alternatives (private equity and venture capital partnerships) have been the endowment’s best-performing asset class across all time periods
- Investment manager fees approximately 74 bps, comparable to previous years



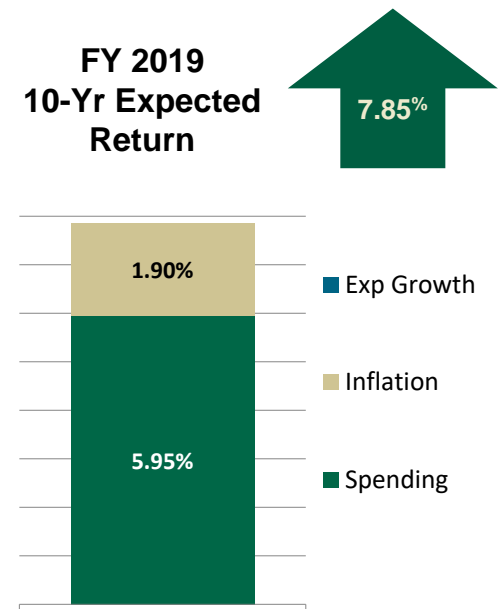
# Meeting Long-Term Investment Goals



UNIVERSITY OF SOUTH FLORIDA  
**FOUNDATION**

- **Asset Allocation Is Set For Long-Term Growth Through Multiple Market Cycles**
  - Projected returns depressed from prior years due to reductions in return assumptions
  - Alpha from active management is a key component of forecasted returns
  - Despite pullback in return assumptions, models indicate that endowment will have the capacity to preserve intergenerational equity while maintaining current spending rate (4% dividend, 1.95% administrative fee)
- **Recent Investment Committee Initiatives Address Market Volatility**

	Target Allocation	FY 2019 10-Yr Expected Return	Expected Alpha from Active Management	Total 10-Yr Expected Return
<b>Growth Assets</b>				
US Equity	35%	6.25%	0.75%	7.00%
Non-US Equity	25%	6.75%	1.25%	8.00%
Private Markets	10%	9.00%	0.50%	9.50%
<b>Risk Minimizing Assets</b>				
Core Fixed Income	10%	3.40%	0.75%	4.15%
<b>Credit Assets</b>				
High Yield	3%	4.80%	0.75%	5.55%
Opportunistic Credit	3%	5.10%	0.90%	6.00%
Private Credit	4%	8.60%	1.50%	10.10%
<b>Inflation Hedging Assets</b>				
Public Real Assets	2.5%	4.55%	0.75%	5.30%
Private Real Assets	7.5%	7.55%	1.50%	9.05%
Inflation	--	1.90%		1.90%



# Operating Pool Investment Program



UNIVERSITY OF SOUTH FLORIDA  
**FOUNDATION**

- Investment Objective – Long-Term Preservation of Capital**

- Foundation management conducts an actuarial review of the operating funds' cash flow activity in order to forecast the pool's liquidity needs; this becomes the basis of the investment strategy
- Asset allocation is set based on risk/return forecasts for each asset class

<b>Tier I</b> Liquidity Vehicle 25%	<b>Tier II</b> Capital Preservation 60%	<b>Tier III</b> Capital Enhancement 15%
<ul style="list-style-type: none"> <li>• Money Market Funds</li> <li>• Bond Ladder</li> </ul>	<ul style="list-style-type: none"> <li>• Short-Term Investment Grade Bond Index</li> <li>• Active Investment Grade Bonds</li> <li>• Short-Term High Yield</li> <li>• Internal Loans</li> </ul>	<ul style="list-style-type: none"> <li>• Long-Term Investment In Endowment Pool</li> </ul>

- FY 2019 Investment Performance – Assets \$116 Million**

As of 6/30/2019	1-YR	3-YR	5-YR	10-YR	Inception	Portfolio Yield
<b>Operating Pool</b>	5.4%	3.7%	3.1%	4.0%	4.8%	6/30/2019 2.70%
<b>Policy Benchmark</b>	6.4%	3.3%	3.0%	3.9%	4.8%	6/30/2018 3.09%



# **Investment Report**

## **USF Health Care**

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

**November 20, 2019**

# Investment Committee

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

Members	Title	Tenure
Harvey M. Greenberg, M.D., MBA (Chair)	Associate Professor Director of Radiation Therapy	10 years
Neil A. Fenske, M.D.	Chairman, Dermatology & Cutaneous Surgery Professor, Department of Oncologic Sciences Professor & Chair, College of Medicine Dermatology Professor, College of Medicine Pathology & Cell Biology	10 years
Fell Stubbs	University Treasurer	10 years
Richard J. Sobieray	Senior Associate Vice President and Chief Financial Officer, USF Health Senior Associate Dean, Morsani College of Medicine	4 years

# Investment Management

- **Portfolio Objectives**
  - Liquidity; 38 days cash on hand at June 30, 2019
  - Mirrors university investment allocations
  - Primarily consists of long term funds; however allocations to short term funds are permissible
  - A total portfolio return which outperforms appropriate market and asset benchmark portfolio returns over a rolling 1,3, and 5 year time horizon, net of all investment expenses
  - Positive rolling 5 year total return, net of inflation as defined by the Consumer Price Index (CPI), and net of all fund investment and operating expenses
  - Target allocations are reviewed once per year & voted on by the committee.
  
- **Utilize the University's investment consultant, Cambridge Associates**



# Asset Allocation

## As of June 30, 2019

\$, IN MILLIONS

ASSET CLASS	ACTUAL \$	ACTUAL %	Target %	LIMITS	
				Minimum	Maximum
Cash & Cash Equivalents (< 180 days)	\$8.8	34%	70%	0%	100%
<b>SHORT TERM INVESTMENTS</b>					
Fixed Income - Domestic (180 days +)	\$16.8	66%	30%	0%	90%
<b>CASH &amp; SHORT TERM INVESTMENTS</b>	<b>\$25.6</b>	<b>100%</b>	<b>100%</b>		
<b>LONG TERM INVESTMENTS</b>					
Fixed Income - Domestic	\$1.5	19%	20%	15%	20%
Fixed Income - Foreign					
Equity - Domestic	\$4.5	56%	50%	25%	50%
Equity - Foreign	\$2.0	25%	25%	15%	35%
Inflation Hedging	\$0.0	0%	0%	0%	20%
Alternative Investments	\$0.0	0%	5%	0%	20%
<b>TOTAL LONG TERM INVESTMENTS</b>	<b>\$8.0</b>	<b>100%</b>	<b>100%</b>		

# Performance Report

\$. IN MILLIONS

As of June 30, 2019

<u>ASSET CLASS</u>	Inception Date	Market Value (\$)	Quarter To Date (%)	Cumulative Trailing 1 Year (%)	Annualized Trailing 3 Year (%)	Annualized Trailing 5 Year (%)	Annualized Since Inception (%)
<b>SHORT TERM INVESTMENTS</b>							
Fixed Income - Domestic (180 days +)	Mar-09	\$16.8	1.9%	5.8%	2.1%	2.1%	2.7%
<b>LONG TERM INVESTMENTS</b>							
Fixed Income - Domestic	Mar-09	\$1.5	1.9%	5.8%	2.1%	2.1%	2.7%
Fixed Income - Foreign							
Equity - Domestic	Jun-14	\$4.5	4.3%	10.3%	14.0%	10.6%	10.6%
Equity - Foreign	Jun-14	\$2.0	1.4%	2.7%	8.7%	2.1%	5.4%
Inflation Hedging	Jun-13	\$0.0	0.0%	0.0%	0.0%	0.0%	0.0%
Alternative Investments							
<b>WEIGHTED PORTFOLIO RETURN</b>		<b>\$24.8</b>	<b>2.3%</b>	<b>6.4%</b>	<b>4.8%</b>	<b>2.1%</b>	<b>4.3%</b>
<b>PORTFOLIO BENCHMARK</b>			<b>2.4%</b>	<b>6.3%</b>	<b>4.9%</b>	<b>3.7%</b>	<b>4.0%</b>
<b>VALUE ADD</b>			<b>-0.1%</b>	<b>0.1%</b>	<b>-0.1%</b>	<b>-1.6%</b>	<b>0.3%</b>



UNIVERSITY OF SOUTH FLORIDA

# USF Research Foundation, Inc. Investment Portfolio Overview

JUNE 30, 2019  
FOR  
UNIVERSITY OF SOUTH FLORIDA BOARD OF TRUSTEES  
FINANCE COMMITTEE

**Administrative Finance Committee**

**Mr. Nick Trivunovich, Chair** Vice President, Business & Finance and Chief Financial Officer, USF System

**Dr. Paul R. Sanberg** Senior VP for Research, Innovation & Knowledge Enterprise President, USF Research Foundation

**Ms. Linda O'Rourke, CPA/ABV** O'Rourke & Associates, LLC

**Mr. Harry D. Venezia, Jr.** Managing Director, HealthCare Capital Advisors

# USF Research Foundation, Inc. Investment Portfolio

As of June 30, 2019

### 3 Investment Accounts

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

USF Foundation LT Operating Investment Fund	\$ 14,513,527
USF Foundation Endowment Fund	12,000,000
<b>Total Long Term Investments</b>	<b>\$ 26,513,527</b>

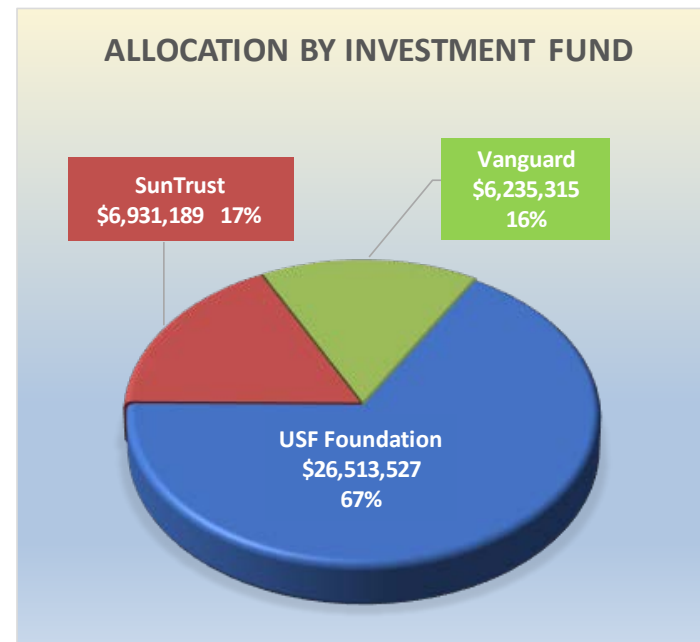
#### - Intermediate Term Investments (5 - 7 Years)

SunTrust Investments	
Foundations & Endowments Specialty Practice	6,931,189

#### - Short Term Investments

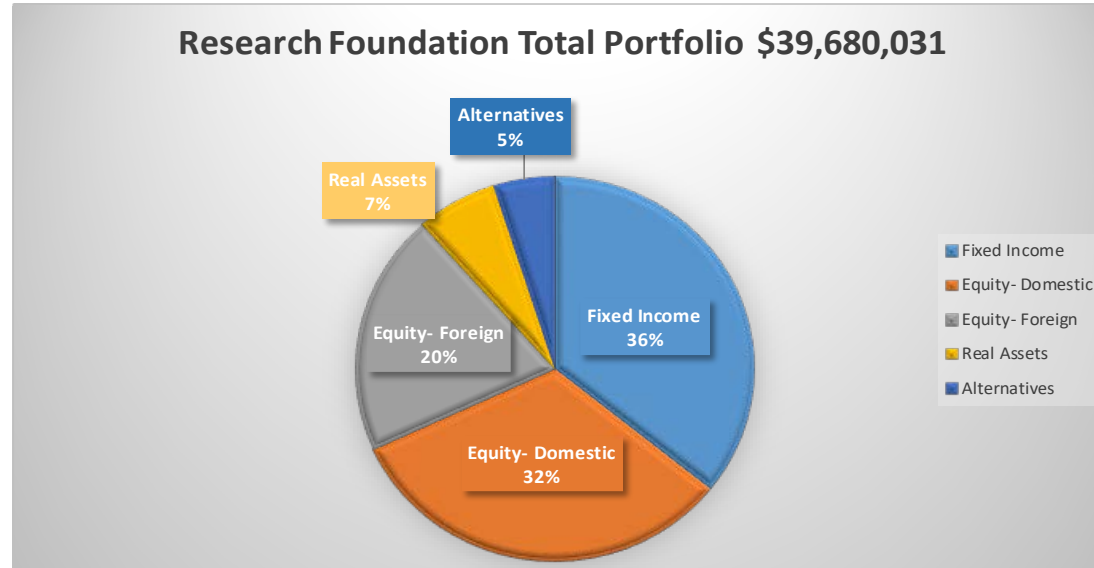
Vanguard	6,235,315
<b>Total Short Term Investments</b>	<b>\$ 6,235,315</b>

**\$ 39,680,031**



## USF Research Foundation, Inc. Portfolio Asset Class Allocation as of June 30, 2019

Asset Class	Long Term	Intermediate	Short Term	Total	Total % of Portfolio
	Foundation	SunTrust	Vanguard		
Fixed Income	22%	32%	100%	\$ 14,183,010	36%
Equity- Domestic	35%	50%		12,851,892	32%
Equity- Foreign	26%	18%		8,084,802	20%
Real Assets	10%			2,598,326	7%
Alternatives	7%			1,962,001	5%
<b>Grand Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>\$ 39,680,031</b>	<b>100%</b>





## USF Research Foundation, Inc. Investment Performance

As of June 30, 2019

\$, In Millions

ASSET CLASS	Inception Date	Market Value (\$)	Quarter To Date (%)	Cumulative Trailing 1 Year (%)	Annualized Trailing 3 Year (%)	Annualized Trailing 5 Year (%)	Annualized Since Inception (%)
<b>SHORT TERM INVESTMENTS</b>							
Treasury Money Market	10/18/18	\$2.0	0.6%	2.2%	NA <sup>1</sup>	NA <sup>1</sup>	NA <sup>1</sup>
Fixed Income - Domestic (180 days +)		\$4.2	2.0%	6.2%	2.5%	2.4%	3.1%
<b>VANGUARD Portfolio Return</b>							
<b>INTERMEDIATE TERM INVESTMENTS (SunTrust Investment Services)</b>							
Fixed Income - Domestic	11/01/13	\$2.2	2.8%	7.5%	2.4%	2.7%	3.1%
Equity - Domestic	11/01/13	\$3.5	4.6%	10.1%	12.9%	8.2%	9.5%
Equity - Foreign	11/01/13	\$1.2	2.2%	-0.7%	11.2%	2.1%	2.8%
<b>SUNTRUST Portfolio Return (net of fees)</b>			<b>3.4%</b>	<b>6.7%</b>	<b>8.8%</b>	<b>5.4%</b>	<b>6.2%</b>
<b>LONG TERM INVESTMENTS (USF Foundation Endowment Pool)</b>							
Fixed Income - Domestic	06/30/95	\$5.8	3.2%	8.0%	5.0%	4.0%	
Equity - Domestic	09/30/95	\$9.4	3.7%	7.9%	14.8%	10.0%	
Equity - Foreign	06/30/95	\$6.8	2.6%	-1.7%	11.3%	4.1%	
Real Assets	03/31/97	\$2.6	1.2%	6.2%	8.2%	6.0%	
Alternative Investments	12/31/98	\$2.0	NA <sup>2</sup>	NA <sup>2</sup>	NA <sup>2</sup>	NA <sup>2</sup>	NA <sup>2</sup>
<b>USF FOUNDATION Portfolio Return</b>			<b>3.3%</b>	<b>6.1%</b>	<b>11.4%</b>	<b>7.3%</b>	<b>9.5%</b>
<b>TOTAL PORTFOLIO / WEIGHTED RETURN</b>		<b>\$39.7</b>	<b>3.0%</b>	<b>6.0%</b>	<b>9.4%</b>	<b>6.1%</b>	
<b>PORTFOLIO BENCHMARK</b>			<b>3.1%</b>	<b>6.7%</b>	<b>8.8%</b>	<b>5.8%</b>	
<b>VALUE ADD</b>			<b>-0.1%</b>	<b>-0.7%</b>	<b>0.6%</b>	<b>0.3%</b>	
<sup>1</sup> Investments have not been in existence for periods exceeding 1 year.							
<sup>2</sup> Endowment Private Equity and Venture Capital Investments do not lend themselves well to interim return calculations.							
<b>PORTFOLIO BENCHMARKS</b>							
Vanguard Benchmark - Barclays US 1-5Yr Corporate Index			2.09%	6.30%	2.65%	2.52%	3.23%
iMoneyNet Money: MFR 100% Treasury Funds Avg			0.46%	1.72%	0.87%	0.52%	2.06%
SunTrust Blended Benchmark			3.67%	8.22%	9.77%	6.79%	7.57%
USF Foundation - Policy Index			3.33%	6.70%	10.22%	6.50%	9.00%

## USF Research Foundation, Inc.

### Liquidity – As of June 30, 2019

<b>CASH</b>	\$ 6,005,671
<b>INVESTMENTS</b>	39,680,031
	\$ 45,685,702
 <b>Less Restricted Cash</b>	
Less Cash Balances Debt Service Fund	(1,120,834)
Less Cash Balances Fiduciary Funds	(2,250,848)
Less Custodial Funds:	
Research Funds held on behalf of faculty and University	(4,873,348)
Other University initiatives	(1,502,353)
Grant Funds	(411,250)
 <b>Less Restricted Investments / Long Term Investments</b>	
USF Foundation Endowment Pool	(26,513,527)
Funds Committed for New Building Construction	(5,000,000)
	<b>\$ 4,013,543</b>
 <b>Days Cash on Hand at June 30, 2019</b>	
	<b>181</b>
 <b>FY20 Total Expenses</b>	
FY20 Total Expenses	\$ 10,876,773
Less Depreciation, Non Cash	(2,767,260)
Annual Operating Expenses	<b>\$ 8,109,513</b>

## USF Research Foundation, Inc. Investment Portfolio Objectives

- Short Term Investments (Vanguard)
  - Investment of excess operating funds and custodial cash while maintaining liquidity
  - Funding 3-6 months operating cash reserves
- Intermediate Investments (SunTrust)
  - Asset allocation to reflect less risk tolerance than long term investments
  - Investment growth
  - Immediate accessibility to reserve funds for maintenance and operations of Research Park, if needed. No restriction on frequency of withdrawals.
  - Potential funding source for Research Park development
- Long Term Investments (USF Foundation Endowment Pool)
  - Consistent with long term investment objectives of Foundation
  - Investment agreement provides for auto-reinvestment of all dividends and administrative fee differential
  - Withdrawals limited to one per calendar year; minimum of 60 days notification



## USF Research Foundation, Inc. Investment Governance

- Administrative Finance Committee is responsible for financial oversight of investment portfolio
- USF Research Foundation defers to the USF Foundation for management of long term investments. The Foundation has retained Wilshire Associates as its investment advisor since 2000
- USF Research Foundation investment policies are in compliance with University investment policy
- Committee is comprised of 4 members to include 2 internal and 2 external with investment management experience

**Agenda Item: IVc**

**USF Board of Trustees**  
Finance Committee  
November 20, 2019

**Issue:** Update on Judy Genshaft Honors College

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**Proposed action:** Informational

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**Executive Summary:**

**History.** In February of 2018, the Board of Trustees Finance Committee approved an Expenditure Authorization in an amount of \$2 million dollars for the initial phases of design costs for a 58,000 net square foot building to house the Honors College program at USF's Tampa campus.

Subsequently, in March of 2018, an Architect / Engineer (A/E) contract was signed with Fleishman and Garcia and Planners for the Honors College facility. The contract set forth A/E fees of approximately \$1.92 million through the design/development phase and \$1.57 million additional for phases from Construction Documents through Construction Administration, totaling approximately \$3.5 million. (The \$1.92 million corresponds to the \$2 million dollar approval passed in February, 2018. Specific additional authorization must be given by USF to the A/E before commencement of the Construction Document and Construction Administration phase).

On May 22, 2019, the Board of Trustees passed a Resolution "in honor, recognition and appreciation of the philanthropic support and lifetime contributions of Judy Genshaft and Steven Greenbaum to the University", including a \$20 million dollar gift toward the construction of the Honors College, electing to name the Honors College the "Judy Genshaft Honors College."

On June 6, 2019, the Board of Trustees approved the Five Year Capital Improvement Plan (CIP) that included the Judy Genshaft Honors College project (the Project) at an estimated total project cost of approximately \$60 million.

**Update.** The Project was subsequently submitted to the Board of Governors (BOG) and was among the Preliminary Selection Group projects approved by the BOG on October 30, 2019.

The Project did not receive any points under the BOG's new funding priority system because a project must be included as a part of the BOG's educational plant survey to gain priority points. Priority points are a determinant of which projects will most likely to obtain state funding. Timing of the project did not allow BOG staff to schedule their survey prior to CIP submission. The survey process is expected to take place early in 2020.

The Project is now ready to move to the construction documents phase. Under current policy, the approval of the CIP empowers USF management to give written notice to proceed to the A/E to begin the construction documents phase. Negotiations are underway on the design fees for this phase.

An estimate of the project budget will be furnished to USF by the A/E at the completion of the construction documents. That budget will be shared with the Board at the next regularly scheduled meeting following receipt of that budget.

There are sufficient donated funds available for the purpose of funding the A/E services to date and the A/E fees for the remaining design costs, including the construction drawings through construction administration phases.

Construction will begin once substantially all of the funds needed for construction are identified.

USF is grateful to the philanthropic support of Judy Genshaft and Steve Greenbaum and will steward these resources and manage the process so as to obtain the maximum impact from their generosity.

**Financial Impact:**

None.

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**Strategic Goal(s) Item Supports:** Goal 1: Student Success  
**BOT Committee Review Date:** November 20, 2019  
**Supporting Documentation Online (please circle):** Yes  
**USF System or Institution specific:** USF Tampa  
**Prepared by:** David Lechner

No