



The meeting of the Finance Committee was called to order by Chair Michael Griffin at 10:00am. Chair Griffin asked Kiara Guzzo to call roll. Ms. Guzzo called roll with the following committee members present: Michael Griffin, Mike Carrere, Rogan Donelly, Shilen Patel, Melissa Seixas, and Will Weatherford. A quorum was established.

No requests for public comments were received.

Upon request and receiving no changes to the draft meeting notes, Chair Griffin requested a motion for approval, it was seconded and the February 14th meeting notes were unanimously approved as submitted by all committee members present

Fell Stubbs, University Treasurer, presented the agenda item. This is a request to authorize the issuance of debt by the U[(h)-6 (of)-3.9 ()11 302 Tc e tt wa1p2 (bt)-4t(by a)9.2 (l)-onir

The \$200M debt will be issued by the DSO in the form of a bank loan and will bear interest at a fixed taxable rate acceptable to the DSO. For the purpose of projections, debt service coverage is based on the taxable fixed interest rate of 5.50%. The debt will be structured with a 20-year final maturity with the first three years interest-only, followed by 17-year fully amortizing level debt service. The debt will be secured by a first lien on stadium operating revenues and non-stadium athletics revenues. The lien on non-stadium athletics revenues will be on parity with the lien previously granted to the bank issuer of the Series 2018A and Series 2018B Promissory Notes that financed the Athletics District in 2010.

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. This Project financing complies with the Debt Management Guidelines adopted by the BOG on April 27, 2006, as subsequently amended, the USF Board of Trustees Debt Management Policy, and applicable law.

Authorization is being requested to issue debt in an amount equal to \$200M. The Project will make a direct contribution to the mission of the University because it will provide needed student facilities and enhance students' University experience. The Project is projected to produce a debt service coverage ratio of 1.30x in 2026-27, the first full year of operations and debt service, an internal rate of return estimated at 4.33%, and make a positive annual financial contribution to the University.

A resolution that authorizes the issuance of the debt by the USF Financing Corp. and requests approval by the BOG (prospectively at a meeting to be held on August 30) is included in the meeting materials. The resolution has eight required appendices detailing

research development that is slated for that

Carole Post presented the 2023-24 Preliminary Fixed Capital Outlay Budget for approval. Pursuant to 1011.012, Florida Statutes, the BOT must adopt a fixed capital outlay budget for the fiscal year that designates proposed expenditures for the year from all fund sources. The Preliminary FCO budget is a total of \$153,484,461 (\$21,677,444 state appropriated, \$107,899,811 section 197 appropriation including critical defere

needs on campus. A new addition to our priorities is project #8 – East Campus Infrastructure & Safety Improvements (\$26M). This was developed with four separate parts. All are critical infrastructure matters largely related to the eastern side of campus largely around the Athletic district but not exclusively for Athletic purposes. This is where the push of our campus is taking us on many different fronts. While the total is \$26M, these are four unique items that can be approved discreetly (they are not dependent on each other). They are lower cost, realistic investments that can be built out in the next two to three years.

- x The CITF allocation this year is \$6.3M. This is developed in concert with our students and student government representatives. In this case, there are a couple of exceptions to that amount, but it is largely allocated to the commitment to the stadium (as noted in earlier presentation).
- x No back of bill projects filed this year.
- x One item to note on the President's transmittal letter is a change to our 2023 Educational Plant Survey. E06 aoeo ntum ye t eiss.(t)6.y B

Card system to

Pharmacy Plus to patients as they leave clinic appointments. This is the same amount as requested for FY23.

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

- o MHC ADA Restroom Renovation - \$2,516,500

The MHC building was originally an in-patient care facility, and has been repurposed for the College of Behavioral and Community Sciences. This project will bring restrooms in MHC up to current building code and ADA compliance.

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

- o Contracted Custodial Services -\$4,338,726

This is for outside custodial services for FY23-24 estimated at \$4.3M. This is for two purposes (two existing agreements): 1) to primarily provide general cleaning services for our USF Health buildings downtown; and 2) to hire contracted custodial labor to mitigate challenges in recruiting and retaining staff in the FM Building Services department on the Tampa campus. The scale of support has increased significantly as recruiting from today's labor market continues to prove challenging, and a significant amount of new space has come online on the Tampa campus. This ensures continuity of operations by mitigating latent position vacancies. Adding contracted custodial services to in-house programs ensures a safe and clean environment is provided for students, faculty, and staff.

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

Fell Stubbs, University Treasurer, introduced the DSO FY2024 Annual Financial Plans. The DSOs are governed by independent boards of directors who have previously approved these FY2024 Financial Plans. The DSO Financial Plans are presented to the BOT for review and approval, pursuant to Florida Statutes and DSO bylaws. There will be a more in-depth overview for items 1-3.

transfer were allocated to the Research Foundation which put this business line in a deficit. For FY23 and going forward, the Research Foundation will be responsible for 100% of these costs which is why the Research Foundation is projecting a loss going forward. The Research Foundation is confident they can turn this around and are currently taking a detailed look at all expenses to identify opportunities for savings. Also looking to partner with the University to help support some of these patent costs as a number of patents return a benefit to the University. Tech transfer office is also working on increasing revenues. The Research Foundation has had a successful business model for many years. This 5-year forecast identifies the short-term challenges ahead and once these challenges are addressed, the Research Foundation will again be a profitable DSO.

Chair Griffin noted the Research Foundation is making progress, but want to get the new building fully occupied and generating rent revenue. Equally important are the accelerator opportunities that can come from that investment.

A motion was made to approve the FY2024 Financial Plan for USF Research Foundation, Inc. The motion was seconded and approved by all Committee members present.

Mr. Stubbs presented the financial plans for the remaining DSOs. The remaining DSOs are sound.

- x Key initiatives:
 - o Made a significant investment in Prospect Research Management to facilitate and grow the crucial impact of philanthropy for USF. This will enhance support and training.
 - o Added Principal Gifts Team to work on transformative gifts.
 - o Adding a Regional Fundraising Team to aid college and unit development teams.
 - o Expanded the Annual Giving Team to include a Digital Engagement Center of well-trained students to provide outreach to University supporters.
- x Actions to mitigate risks:
 - o Investments of

x

- o Implement robust student philanthropy initiative impacting 3,000-5,000 alumni and students over the next three years.
- x Actions to mitigate risks:
 - o Identify new sponsorships and affinity partners.
- x Long-term strategies to drive upside financial performance for next 5 years:
 - o Higher focus on USF license plates.
- x Income Statement:
 - o Net operating profit is forecast at \$420K in FY24, up from \$417K in FY23.
- x Liquidity
 - o Very respectable days cash on hand at 164 days.

A motion was made to approve the FY2024 Financial Plan for USF Alumni Association, Inc. The motion was seconded and approved by all Committee members present.

- x Key initiatives:
 - o Complete approval and issuance of \$200M in debt to support the stadium project.
 - o Ensure the Sarasota-Manatee housing and student center stays on budget and on time.
 - o Protect the USF's "AA" credit ratings with presentations to Moody's and Standard & Poor's.
- x Actions to mitigate risks:

approval. This year in June at the full board meeting, we will actually present our FY24 operating budget for approval at that time. We will use the August meetings to bring any updates on new resource distributions, to get approvals for carry forward and fixed capital outlay plans, and so on.

Ms. Galchenko then gave an update on the budget model. She was joined by Kevin and Taylor from Huron to address any questions. The presentation included an update on the overall progress being made to date on the new budget model, a discuss

(provides unit leaders with time to adapt to model changes without immediate financial impact; this pool will only exist during the hold harmless period).

We will continue to socialize the new model, aggregate model feedback, and leverage feedback to make necessary adjustments. In parallel, we will build necessary model infrastructure components (budget development timeline; budget policy revisions, if needed; toolkits and training resources for unit leaders and budget support personnel). And finally, recommend new model adoption to President Law before FY25.

President Law made the following comments about today's meeting. We are investing in Athletics in a way to make a significant move forward. The important point is that unlike other universities that already have stadiums in our state, and even outside our state, we focused on becoming Preeminent first. And having achieved that, we are now continuing to grow and set goals for ourself for higher recognition and achievements moving forward. We know that a university is a combination of all things that make it strong. And so in this case, the focus is now on our "front door." What provides a lot of notoriety is Athletics and the action that was passed today puts us on the right path. President Law thanked the Finance Committee for their efforts and consideration today. We are now moving forward as a full university with a full realm of activities and on our way to achieving those goals of top 25 and beyond. She also thanked the Finance Committee for looking at all the DSOs today. The DSOs are making progress. And lastly, the tremendous work being done on the RCM model is something that will provide to us long-term a sustainable, a predictable, a transparent budget process that everybody can get behind because they see they are part of it and they see how they can move forward.

Having no further business, Chair Griffin adjourned the Finance Committee meeting at noon.