



**USF Board of Trustees
Finance Committee
NOTES
May 20, 2025
Microsoft Teams Virtual Meeting**

I. Call to Order and Comments

The meeting of the Finance Committee was called to order by Chair Michael Griffin at 9:03 am. Chair Griffin asked Kiara Gayle to call roll. Ms. Gayle called roll with the following committee members present: Michael Griffin, Sandra Callahan, Mike Carrere, Frederick Piccolo and Will Weatherford. A quorum was established. Shilen Patel and Rogan Donnelly joined the meeting after the roll call.

II. Public Comments Subject to USF Procedure

No requests for public comments were received.

III. New Business – Action Items

a. Approval of February 24, 2025, Meeting Notes

Upon request and receiving no changes to the draft meeting notes, Chair Griffin requested a motion for approval. The motion for approval was made by Trustee Piccolo and seconded by Trustee Carrere and the February 24, 2025, meeting notes were unanimously approved as submitted by all committee members present.

b. Approval of DSO FY 2025-26 Financial Plans

Dawn Rodriguez, University Treasurer, presented the DSO FY2025-2026 Financial Plans for approval by the Finance Committee. The University's Direct Support Organizations have prepared their Annual Financial Plans for FY26 for review and approval by the Board of Trustees, pursuant to Florida Statutes and DSO Bylaws.

Each DSO plan includes the DSO's mission, which supports the university's strategic plan, key initiatives for FY26, the proposed income and cash flow statements for FY26, and forecasted performance through FY30. The respective DSO boards have approved these plans.

1. USF Alumni Association, Inc.

- The Alumni Association continues to strengthen relationships with alumni through a variety of activities.
- In FY25, Alumni held 36 Stampede of Service projects that contributed nearly 1,000 volunteer hours.
- For FY26, they will continue to engage current students, alumni and friends of USF with a goal of increasing events and participation.

- Profitability remains strong, with net profit expected to equal \$1.2M in FY26.
- Its cash position also remains very strong, growing to \$1.7M in cash and investments and 191 days cash on hand.
- Over the next several years, Alumni Association expects continued growth in profitability with continued partnerships from USF and the Foundation.

2. USF Financing Corporation and USF Property Corporation

- The USF Financing Corporation, together with USF Property Corporation, is USF's financing arm, providing low cost, low risk, long-term financing for the University and DSO major capital projects.
- In FY25 and FY26, the Corporation expects to close refunding initiatives expected to generate \$5M in debt service savings for the University over the next 10 years.
- Profitability remains strong, with net profit expected to equal \$1.4M in FY26.
- Total cash and investments of \$199M will decline from FY25. You may recall that this balance includes the Stadium loan proceeds, which are held in Escrow and are expected to be drawn on over the coming year as the project proceeds.
- Liquidity remains very strong, with days cash on hand at over 390 days (does not include restricted funds like the Stadium funds).
- Over the next 5 years, we do expect operating profit to decline:
 - Not a reflection of poor performance but simply reflects the passthrough structure and the amortization over time of debt and related lease payments.

3. USF Foundation, Inc.

- USF Foundation connects USF with donors who want to provide philanthropic support to promote student success, academic initiatives, research and other strategic priorities of the University.
- The Foundation set another fundraising record, raising over \$168M in FY24, and expects to meet its \$150M goal in FY25, especially after receiving a record-setting \$40M gift for the Bellini College of AI, Cybersecurity and Computing.
- The Foundation is forecasting another strong year in terms of financial performance with \$38M operating profit. Operating profit is expected to be lower than prior years, however, this is expected as FY24 benefited from the record-breaking philanthropy previously mentioned, and also above-average investment returns.
- With total cash and investments forecasted at \$100M and 342 days cash on hand, liquidity continues to be very strong.
- Increasing profitability and strong stable liquidity are expected over the next 5 years.

4. USF Health Professions Conferencing Corp.

- HPCC supports USF's academic and research goals through its CAMLS facility and CPD Programs.
- USF's programs have significantly expanded their presence in the CAMLS facility, having grown from 55-60% in FY18 to nearly 80% in FY24.
- For FY26 and beyond, HPCC will continue to deliver important services for USF programs as it works to diversify its client base, explore opportunities for philanthropy and subleases, and expand its research capabilities, all of which are anticipated to provide a sustainable mix of revenue streams.
- HPCC's FY26 forecasted operating profit is \$911k. Though slightly below FY25, it is a significant improvement over FY24.

- HPCC has improved its cash position over the last several years, increasing days cash on hand from 13 days in FY23 to 27 days projected for FY26. Since days cash on hand is below our targeted 90 days, continued monitoring is warranted. Conservatively, HPCC is forecasting profitability and liquidity to remain flat in the coming years. However, its goal is to diversify clients and explore additional opportunities which is expected to improve performance beyond this baseline.

5. USF Intercollegiate Athletic Association, Inc.

- The Athletic Association is our newest DSO and provides financial and operational support for USF Athletics, enhancing the overall student-athlete experience.
- In its first year of operations, management will develop a 50/50 raffle program to enhance fan engagement, and generate incremental, flexible revenue.
- FY26 net profit of \$29k is solely related to the raffle program.
- The cash and investments of \$29k will provide ample liquidity at 96 days cash on hand.
- Over the next 5 years the Athletic Association expects to continue growing the raffle program to increase net profit and excess cash flows.
- While this report includes only the raffle program, changes to future years of the Athletic Association financial plan is expected as athletics programs continue to evolve and management determines which programs will appropriately run through this DSO.

6. USF Institute of Applied Engineering

- The Institute of Applied Engineering provides best-value engineering products and services to enhance the performance, effectiveness and safety of its DoD and other national security customers and provides research opportunities to USF's faculty and staff.
- IAE was awarded a 5-year extension to its \$85M USSOCOM task order contract and is in year 3 of its \$10M task order supporting USCENTCOM and the U.S. Air Force 6th Air Refueling Wing.
- Existing and new task orders, together with other contracts, are projected to generate \$14.5M in FY'26.
- IAE is forecasting positive results for FY26 with \$524k net profit.
- Liquidity remains strong with \$3.7M total cash and investments expected in FY26 which provides 90 days cash on hand.
- Over the next several years, revenues are expected to more than double, with growth in both profitability and liquidity.

7. USF Management Corporation (formerly Sun Dome, Inc.)

- USF Management Corporation manages USF facilities and property, including the Yuengling Center, and provides a broad array of events for students, staff, faculty, alumni and the community.
- In FY25, the Yuengling Center (YC) hosted a record number of events including shows, concerts, premium events, and graduations.
- FY26 is expected to continue attracting top-tier shows. Management will focus on continued updates to the arena to maximize customer experience and support future business growth.
- Profitability remains steady with net profit forecasted at \$589k for FY26.

- The increase in cash and investments reflects the university's new partnership with the Compass Group, which is held in a reserve account.
- Strong liquidity with Days cash on hand of 349 days, includes only the portion available to YC operations, approximately \$2.5M. It does not include the additional funds related to the Compass Agreement that equals approximately \$2.5M. Very strong liquidity and profitability are expected to continue to grow at a moderate pace over the next 5 years.

8. USF Research Foundation, Inc.

- The Research Foundation continues to support USF's goal of \$1B in research awards by housing some of the 500 faculty to be recruited, while also leasing to external entities to stimulate the regional economy, provide corporate research opportunities for students/graduates, and facilitate external collaboration with our world-class faculty.
- The continued loss projected by the Research Foundation reflects the slow lease up of the new building; however, they continue to make good progress.
 - Two significant leases totaling approximately 28,000sf commenced in FY25.
 - The remaining tenant improvements and build-outs are projected to be substantially complete in FY26.
 - All other Research Park buildings remain fully occupied and leased.
- Research Foundation's strong cash and investment balances of over \$30M provide ample liquidity of 116 days cash on hand.
- Profitability and liquidity are expected to grow at a moderate pace over the next several years.

9. University Medical Services Assoc., Inc., USF Medical Services Support Corp. & USF Health Services Support Organization, Inc.

- UMSA supports the research and educational mission of the university and USF Health through clinical education opportunities provided for students and faculty.
- USF-TGH Affiliation Agreement signed November 2024, receiving incremental contract revenue beginning in FY25. Negotiations between USF Health and TGH to ensure funding is provided according to the agreement will continue as USF leadership strives towards a balanced budget for UMSA, which is expected in FY26.
- UMSA entered the year in a very strong financial position, with \$78M of unrestricted net assets. At this point, there are no concerns from a business sustainability perspective.
- UMSA's total cash and investments are forecasted at \$39M, a \$1.1M increase from the current year.
- Their liquidity measure is 31 days cash on hand, falling short of the desired 90 days.
 - UMSA's operating risk has shifted mainly to TGH, so this lower liquidity level may be adequate; however, we will continue to flag this and UMSA should closely monitor its cash flows and liquidity until the model has completed several cycles.

Chair Griffin expressed agreement that the cash on hand should be monitored and conveyed his full confidence in the team and the current direction. He emphasized the importance of continued improvement and noted that progress is being made, particularly highlighting the valuable partnership with TGH.

Trustee Weatherford commended Ms. Rodriguez on the format of the information presented, particularly highlighting the clarity and usefulness of the metrics and KPIs for all the DSOs. He also noted that, based on the data, the overall health of the DSOs in aggregate appears to be as strong as it has been during his tenure on the Board.

During the discussion with Trustee Weatherford, he questioned what criteria and thresholds would trigger a shift from a yellow to a red status. Specifically, what would identify the point at which a DSO's declining financial performance signals a significant enough concern to warrant heightened attention.

Ms. Rodriguez advised yellow will indicate marginal declines and red indicates weak or a significant declines. Once a metric falls below target, such as if days cash on hand falls below 90 days, management will identify the issue and contact the DSO to better understand the nature of the decline and request a plan from the DSO to improve performance, if needed. If the decline is not a reflection of poor performance, but rather a change in operations, the KPI will return to green. For example, we know that UMSA will remain below our targeted 90 days cash on hand because of the new model and it wouldn't make sense to keep excess cash on hand as we have shifted that operating risk.

The Trustees agreed and recommended that management consider the unique characteristics of each DSO when evaluating performance metrics, rather than applying a one-size-fits-all standard.

Ms. Rodriguez noted that UMSA will be monitored closely over the next couple of cycles to ensure operations are running as expected and in alignment with the terms of the contract. Once there is confidence that everything has stabilized and is performing as anticipated, the DSO will be moved to a green status. Ms. Rodriguez also agreed that management will consider each DSO's unique circumstances when applying these metrics.

Trustee Carrere asked what constitutes a profit for the Financing Corp? Is it when we lower our cost of financing for that DSO?

Ms. Rodriguez explained the majority of the Financing Corporation's activities function as a pass-through, with any debt service savings—such as those achieved through debt refunding—being fully passed on to the university. The corporation's profit primarily comes from interest earnings, which are also ultimately returned to the university. Excess funds, including those from renewal and replacement reserves, housing funds, or interest earnings, are held as additional reserves and reflected in the corporation's bottom line. However, over time, the corporation expects its profitability to trend toward zero, as these reserves will be used to support future debt service payments. At the end of the debt's life, the university is anticipated to benefit from a "year off" from payments, with remaining debt service savings or reserves being used to fully cover the final debt obligations.

Chair Griffin expressed full agreement with Ms. Rodriguez's remarks, emphasizing support for the suggested approach, particularly in regard to considering some level of customization for specific performance metrics. Chair Griffin also took a moment to acknowledge and thank all of the DSO boards for their hard work and the significant amount of time and effort they dedicate to ensuring strong outcomes. Appreciation was extended for the progress made, including items that had been approved during the governance meeting. Chair Griffin then

concluded by asking if there were any further questions and called for a motion to approve the presented plans.

The DSO FY2025-2026 Financial Plans were unanimously approved after a motion by Trustee Weatherford and seconded by Trustee Piccolo.

c. Approval of Capital Improvement Items

Jennifer Condon, Vice President for Business & Finance and CFO, advised there are three actions for approval, all capital improvement related - the FY26-27 through FY30-31 Capital Improvement Plan, the FY25-26 Capital Improvement Trust Fund (CITF) Projects and approval to reallocate previously allocated CITF funds from one project to another.

- The Capital Improvement Plan includes several components. The first is the current prioritized list of Public Education Capital Outlay (PECO) priorities. This list is consistent with the previous submission, with the USF Health Translational Research Institute identified as our top priority. The Bellini College of Artificial Intelligence, Cybersecurity and Computing building was added as the second priority and the Veterans and Public Safety Complex moved to third position. The Environmental & Oceanographic Sciences Research and Teaching facility was removed from the list with the hope that USF will receive the final allocation of funding for this project during this legislative session. These changes resulted in moving all other priorities down one position.
- Regarding the remaining components of the Capital Improvement Plan, USF has no Back of Bill projects or requests for authorization to use debt or P3 funding. USF is requesting authority to partially or fully demolish three facilities on the USF Tampa campus and two on the USF St. Pete Campus, if funding becomes available to do so. The Tampa facilities are all vacant. Both MHF and ENA have exceeded their useful life and the CRU may require partial demolition if funding is received for repurposing it. Both facilities on the USF St. Petersburg campus were damaged during the last hurricane season.

Trustee Patel asked whether USF St. Petersburg had any insurance or anything to supplement what might be allocated to the buildings that were damaged from the hurricanes last year.

Ms. Condon advised USF is participating in the FEMA program and submitted all expenses that could be approved for reimbursement from FEMA. One of the buildings is a full demolition. The other one is a partial demolition. USF hopes to partially demolish it, and if funding is received, would build out the space for veterans. USF is also pursuing some county funds for facilities that were damaged during the hurricane.

Trustee Patel asked whether USF had any type of property insurance or any proceeds from a claim from property insurance beyond the programs already mentioned. Ms. Condon advised the University does not expect to receive insurance proceeds for these demolitions.

Chair Griffin asked if there were any other questions or whether there is a Motion to Approve. Ms. Condon advised Trustee Griffin that a two-part motion is needed.

Trustee Weatherford made the a motion to approve the USF FY2026-27 through FY2030-31 Five-Year Capital Improvement Plan Summary, Project Detail and Transmittal Letter and

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. The motion was seconded by Trustee Piccolo. Chair Griffin noted the item was approved.

Ms. Condon advised the next request for approval involves the allocation of available Capital Improvement Trust Funds totaling \$7.3M. These seven projects were recommended by a student committee and encompass all campuses, including USF Health. Three of the projects - the USF Health Student Resource Center Renovation, the USFSP University Student Center Remodel, and the On-Campus Stadium - represent current installments in multi-year projects. The CITF funding listed for the stadium was previously approved and incorporated into our financial plan.

A motion was made to approve the 2025-2026 CITF Project List. The motion was seconded and approved by all committee members present.

The final approval requested is to reallocate \$68k of previously allocated CITF funds from the USF Sarasota-Manatee Co-Curricular/Wellness Center project to the SM Student Center enhancement project. This request originated from the SM students and is endorsed by the student government.

Chair Griffin asked for a motion to approve the transfer of prior CITF funds to another project. Trustee Piccolo made the motion, it was seconded by Trustee Callahan and approved by all committee members present.

d. Approval of Sublease and Real Property Policy Exception

Ms. Condon presented the next action item which is the approval of an amendment to a sublease between the university and the Research Foundation.

According to the university's real property policy, the Board of Trustees reserves the right to review and approve leases with cumulative costs exceeding \$5M and/or terms longer than 10 years. This is an amendment to the 20-year lease for expanded MCOM Infectious Disease research space in the new building in USF Research Park.

In November 2023, the USF Finance Committee authorized the expenditure of \$16.7M to build out space and a 20-year sublease for USF occupancy. In February of this year, an additional \$7.2M was authorized for the buildout of additional space.

This request is to amend the lease to include the expanded space for the remaining 18.5 years of the lease term. The additional cost is just under \$10M and will be funded by research initiative funds.

Trustee Simmons applauded a great strategic investment in building out more lab space for the institution and for outstanding research initiative. He thanked the leadership for supporting expanding research enterprise.

Chair Griffin asked for a Motion for Approval. Trustee Carrere made the Motion to authorize USF to enter into an amendment to the approved 20-year sublease for expanded MCOM

Infectious Disease research space in USF Research Park RSB/3814 Spectrum. Trustee Weatherford seconded. Chair Griffin noted the unanimous approval.

e. Expenditure Authorization

Ms. Condon presented the final action item - an expenditure authorization.

In December 2024, USF began a 15-year agreement with Southeast Services Corporation for Education to outsource custodial, grounds, plant maintenance and small project management services. This \$50M expenditure authorization request covers the first three operational services for FY26 across all campuses and includes academic and auxiliary facilities. Small capital projects will continue to be approved on an individual basis, using the established expenditure authority delegation as applicable.

The expense was budgeted, will be funded by a combination of allowable sources, and is consistent with the \$30M expenditure authorization request approved at the November 2024 meeting, which covered a portion of FY25.

Ms. Condon reminded the group that while an expenditure authorization for these services is still relatively new to the finance committee, the item mainly represents a reallocation of individual expenses, such as compensation for outsourced services.

Chair Griffin asked for Motion for Approval. Trustee Weatherford made the Motion and Trustee Donelly seconded. The expenditure was unanimously approved as submitted by all committee members present.

IV. New Business – Information Items

- a. Ms. Rodriguez presented the refunding opportunity: Series 2012B Housing Bonds. The Financing Corporation continuously monitors its outstanding debt portfolio for refunding opportunities that could result in debt service savings or risk reduction.

Please note that this is an informational item – these types of refunding transactions for debt service savings or risk reduction where final maturities are not extended, and the original financing was previously authorized, do not require BOT or BOG approval; however, notice is being provided to ensure transparency. This transaction will be approved by the USF Financing Corporation Board of Directors.

As reported at the February meeting, the Financing Corporation is currently pursuing opportunities to refund our Series 2012A Housing Certificates and Series 2015 Marshall Center Bonds, due to their July 1, 2025 call dates. In coordination with the financing team, management has determined that, combined with the 2012A refunding, it is now economically feasible to refund the Series 2012B Housing Certificates and terminate the related interest rate swap. Removing our only remaining swap reduces various risks.

As part of this transaction, we are also exploring the opportunity to restructure these Certificates from a master lease program into revenue bonds, which is expected to yield more favorable pricing. While this transaction alone will be breakeven, since the swap termination fee is based on market rates, the combined transactions, based on our most recent run of the

numbers, are expected to generate \$5M in debt service savings for the University over the next 10 years.

Chair Griffin thanked Ms. Rodriguez for always finding ways to save money and monitoring the market.

V. **Adjournment**

Having no further business, the Finance Committee meeting was adjourned at 9:39 am.

DRAFT