



USF Board of Trustees
Finance Committee
NOTES
November 15, 2022
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 9:05am. Chair Griffin asked Kiara Guzzo to call roll. Ms. Guzzo called roll with the following committee members present: Michael Griffin, Mike Carrere, Rogan O'Dy, Shilen Patel, Melissa Seixas and Chip Newton. A quorum was established.

II. Public Comments Subject to USF Procedure

No requests for public comments were received.

III. New Business - Action Items

services has evolved and seek to adjust the FY-2023 operating budget as needed. This would be a positive adjustment to cash flows and expenditures relative to the revenues. The estimated unrestricted operating cash flows of \$13.7M in FY2022-23 and \$11.1M in FY 2023-24 provide support for the AA credit ratings. The Parking System also has \$12M in restricted reserves for debt service and for maintenance and equipment (general reserve); they also hold some interest earned on reserve balances.

The budget format is from the Division of Bond Finance and contains three columns: actual for FY 2021-22; estimated pro forma for FY 2022-23; and projected budget for FY 2023-24. Revenue from Permits only increases modestly from FY 2021-22 (\$22M) to FY 2023-24 (\$9M). This revenue line item is critical for the Parking System and it is still below the

submitted to the BOG for all I&Cs for Fiscal Year 2022 by close of business December 1, 2022, approval has been delegated to the Finance Committee to meet the BOG deadline. All future submissions will be brought to the entire BOT approval at a regularly scheduled meeting. This financial reporting is not new; what is new is bringing to the BOT for approval. Dr. Chisolm provided an overview of the

place, we should move slowly towards a major shift. We will continue to look at this, but this is the level Chairman Griffin was most comfortable with.

A motion was made to recommend an increase in expenditure approval authorization limits for approval by full Board of Trustees as follows:

- Authorize CFO to approve transactions up to \$1.5M
- Authorize BOTFC Chair to approve transactions up to \$3M
- Require BOTFC approval of transactions greater than \$3M

The motion was seconded and approved by all Committee members present.

2. Requests

Ms. Condon presented nine expenditure authorization requests for approval by the Finance Committee. USF's expenditure policy requires Finance Committee approval for all expenditures in excess of \$2M. Ms. Condon noted that a few would fall off the list with the new thresholds.

- o Morgan Stanley - Advisor Services for P3 Opportunities

USF is requesting the authority to contract with Morgan Stanley for advisory services for P3 opportunities. We will review multiple opportunities for monetizing certain auxiliary revenue streams. The purpose is to generate much needed capital to reinvest in our students, faculty and infrastructure. The contract is a performance-based contract, which means that the expenditure amount will be a percentage based transaction fee dependent upon the value of opportunities that are identified and executed. As opportunities are identified, they will come back to the Finance Committee for approval. This is not an approval to proceed unilaterally, but rather to engage Morgan Stanley on advisory services.

Trustee Seixas asked whether P3 work has Morgan Stanley done. Mr. Sobieray explained that they were the advisor for Ohio State (raised \$1.6B in various concession agreements for the university) and they are one of the biggest players in this area (parking and housing) they are leaders in this market. Mr. Sobieray will send the Trustees information he has on Morgan Stanley and their roles in this.] TJ 4.645 0 T1 Tw

this ITN to develop a list of diverse vendors and develop a structure for installation and equipment for the life of the agreements. This will allow IT to better estimate project costs over the life of the agreements. This ITN does not require funding for a specific project at this point. Funding sources will be identified for each individual project as they arise.

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

- o Tampa Sports Authority License Agreement

This request is for a 5-year renewal for use of Raymond James Stadium for up to 7 collegiate football games per season with an opportunity to host a Conference Championship. It includes the game fee, ticket surcharge as well as the support costs incurred by Tampa Sports Authority for the USF Football games. The estimated cost is \$17.05M for five years (dependent on the number of games per year and the attendance at those games). 15 of the renewal are estimated based on 7 games with attendance of 30,000 fans per game. The agreement does allow for early termination with 24 months notice.

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

- o Chilled Water Infrastructure Upgrade, SM

This request is for chilled water infrastructure upgrades at the Sarasota-Manatee campus in the amount of \$2.2M. Sarasota-Manatee campus is expanding to include a new residence hall and student center and a nursing-STEM academic facility. These new facilities will get their chilled water from the existing central energy plant which currently lacks the capacity to produce the volume of chilled water required by the campus expansion. This project will provide a new chiller, pumps, valves, storage, and associated piping to support campus expansion. This project was included on the Fixed Capital Outlay plan. This project will be funded from carryforward funds and is an allowable expense.

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

- o Office Supplies Prime Supplier

This request is for a new contract in the amount of \$7M over 6.75 years (\$700K annually) with Office Depot for office supplies (universitywide). This is a declining commodity spend due to changing business processes and remote work. Participation agreement to be unanimous with the parent FIU agreement on August 12, 2027. There are two onodi

Market basket analysis of offer was approximately a 40% savings from list plus highly discounted core list of items plus 10% rate.

A motion was made to approve the expenditure request as presented. The motion was approved.

USF must record the liability and cannot record the offsettingivable. This is an issue for every public higher educationinstitution. OPEB and GASB continue to impact n operating results and net posit. Our UnadjustedNet Operating Results for F2022is (\$18M). We haveoperatedn a deficit positiorfor the past three years and F2022 is the smallestdeficit position

pandemic payments to UMMSA for faculty practice plan lost revenue and expenses for graduate medical education. Even though we had some increases in expenses, this is good because we are emerging from the pandemic.

Mr. Sobieray echoed that the financial statements look good. He explained that the challenge we have as a university with a balance sheet and income statement that looks relatively strong is that over 70% of our cash has some form of restriction and the things we need money for need more unrestricted funds. We need access to more than the 30% unrestricted funds available to us. We are working different ways to try to improve that picture. That is the challenge from a university perspective we need more unrestricted funds available to us so we can use it for the purposes that we need it for at this particular point in time as a university.

c. Resource Allocation Model

Mr. Sobieray gave an overview of the planned resource allocation model for USF. The current incremental budget process has run its course. Decisions are centrally driven, and changes are at the margins of historical base budgets. The central incremental budget decisions over time have caused an redistribution of resources relative to growth needs, a sense of inappropriate entitlements to challenge the legitimacy of the centralized budget model, the lack of incentive to adequately engage the full range of resources that might be available; and distrust between 7 (l)-1.7.7 (.3 (r)2.7(ad)-3.8 (eq)-3.71h7 (l)-1(p)-3.7ec0.0.8 (

committee (includes the President, Regional Campus Chancellors, Health Executive VP, Provost, CFO) that sits over top this entire operation and looks at the strategic investment fund, making sure the resources are distributed appropriately