



**USF Board of Trustees
Finance Committee
NOTES
November 16, 2021
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 9:37am. Chair Griffin asked Kiara Guzzo to call roll. Ms. Guzzo called roll with the following committee members present: Michael Griffin, Mike Carrere, Shilen Patel, John Ramil, Melissa Seixas, Will Weatherford 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

a.

budget for FY 2021-22 and a projected operating budget for FY 2022-23. Expecting a decrease in operating cash in FY 2021-22 due to a significant decline in parking permits/decals sold. Used operating cash to support debt service payment in 2021 resulting in a debt service coverage ratio of 0.45x coverage. Cash flow is estimated to turn positive in 2022 due to the federal funds contribution of \$1.8M to cover the lost revenues due to the pandemic resulting in a debt service coverage ratio of 1.92x coverage. Projected cash flows in FY 2023 are still under pressure due to the slow recovery of permit sales at approximately 78% of 2019's pre-pandemic level, resulting in a debt service coverage ratio of 1.34x coverage.

Chair Griffin clarified that the increase in revenue is not associated with an increase in fees. Mr. Stubbs confirmed this.

A motion was made to approve the 2022-23 Operating Budget for USF Parking Facilities Revenue Bonds, Series 2016A. The motion was seconded and approved by all committee members present.

c. Revised St. Petersburg CITF List

David Everingham, Regional Vice Chancellor, presented a revision to the CITF project list for the St. Petersburg Campus. St. Petersburg's CITF list currently has two projects. First is a Co-Curricular & Wellness Facilities project dating back to 2017. This project is fully funded at \$2.1M. This project was originally intended to modify spaces in Heller Hall which surround the existing swimming pool and restroom, locker room, office space and check-in areas utilized by Campus Recreation. While the purpose of the project is to improve the student experience, the project is currently on hold due to budget constraints.

A motion was made to approve the revised St. Petersburg CITF list as presented. The motion was seconded and approved by all committee members present.

d. Energy Savings Contract and Award to Siemens

Mr. Stubbs presented the agenda item. This item is requesting approval of an award of the energy performance contract agreement to Siemens Industry, Inc. The Siemens contract will replace the Tampa Campus central plant heating system that is in a current state of failure. We are currently renting boilers at a cost of \$200K per year. The central plant heating system supports 2.4M square feet of campus research buildings, medical buildings, academic buildings, residence halls, and the Marshall Student Center. The Siemens scope of work to renew the Tampa Campus heating system consists of the installation of five boilers, two heat exchangers, base lighting, the northwest plant optimization and demand flow technology, construction commissioning, and design and engineering costs to meet 95.5% of the campus base heating load, with a current estimated cost of \$9.4M and a not to exceed cost of \$9.9M. The contract will guarantee energy savings to the university of approximately \$15.6M over 20 years, which is guaranteed to exceed the costs of the heating system and the cost of the financing. The contract will also provide a guaranteed maximum price (GMP) and 100% public construction bond. USF conducted a competitive RFP process for lease purchase financing for the central plant upgrades and received seven proposals. The University's financing payments are subject to annual appropriations. The University expects to complete negotiations with Siemens in the next one to two months and select and negotiate the financing for the energy savings project in the next month. The energy savings project with Siemens is expected to produce a reduction in university energy costs of \$15.6M, which is required to exceed the acquisition, construction, installation and financing costs of the project.

Chair Griffin was pleased to see the number of responses to this procurement.

Trustee Carrere asked if the fuel source for the new system would be natural gas. Mr. Stubbs responded that it would be combination of gas and electric, but mainly natural gas. Trustee Carrere asked how Siemens can guarantee the savings with the price of natural gas increasing. Trustee Ramil explained that the savings is based on what old equipment would have cost versus new, more efficient equipment in its place. He urged that since we will be

impact negotiations. This is a little different than our normal process.

Mr. Trivunovich explained that a new HR/Payroll System has become a critical need for the University.

Angie Sklenka, Vice President and Chief Human Resources Officer, explained that this new technology implementation links directly back to the President's goals and a focus on internal relations and culture. In support of this, HR has modernized its motto, "People are at the heart of everything we do." This applies to students, faculty and staff. In this focus, HR has realized that some of its processes are not as efficient and effective as we want them to be. With these cumbersome processes, we've learned a lot of our money and our time is being wasted in a very manual and heavy-lifting effort where we could be doing things differently and preserving our funding to focus on our students and our faculty. This is the first ever cultural HR strategy that the institution has had. HR looks at the strategic priorities of an organization and links the cultural priorities to those. In doing so, we don't just keep up with status quo but look to the future in a predictive way. We can look at trends in our people landscape that give us indicators on how we need to focus for the future. Some of the things we look at are turnover, talent availability and the changing demographics of our students and workforce. When we look to the future, we can close gaps to grow in the way we attract, develop, retain and engage people. These are renewal engines for HR. When we focus on these areas proactively and predictively, we can then use our workforce as our competitive advantage. This results in best brand, best place to work at USF, which ultimately helps our student experience be premium and helps us to achieve our goals externally. In order to achieve that framework, we have to have an architecture that is supportive and transformational. The following four pillars can help us achieve this future success: recruitment, onboarding and training, talent planning and performance management. This is a hire to retire strategy. If we hire externally every time we have an

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Ms. Sklenka further explained that HR is committed to

- Elsevier ScienceDirect Ejournal Renewal Agreement

This request is for the renewal of the Elsevier ScienceDirect ejournal package and book series. This renewal extends USF's participation under the Elsevier ScienceDirect Master Agreement, negotiated at the state level by the University of Florida for and on behalf of the universities of the State University System of Florida, through 12/31/2024. This request is for \$3.49M over 3 years. This contract has already been negotiated with no increase for FY2022 and 3% increases for the next two years.

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

- Springer Nature Ejournal Renewal Agreement

This request is for the upcoming renewal of Springer, Nature, and Palgrave ejournal content. This anticipated 3-year agreement is currently being negotiated at the state level by the University of Florida for and on behalf of the universities of the State University System of Florida for the 2022-2024 period. The total for the three years is estimated not to exceed \$3M for both the Tampa and Health Sciences libraries. The estimate is based on history as well as estimated cost increases.

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

- Greek Village HVAC

This request is for the Greek Village HVAC replacement and upgrade. Estimated cost is \$2.65M and is based on a comprehensive assessment by a third party engineering firm of all areas associated with the HVAC system (attic, duct work, AHU, etc.) in Greek houses 1-14. The Greek Village was built in 2003, so the air handling units are at the end of their useful life. In performing our due diligence, we've also found additional construction deficiencies that contribute to excess humidity and less than optimal environmental controls in the buildings. Expected deliverables for this project are a properly balanced system that controls humidity and maintains a comfortable environment for the residents. We are planning for this project to be executed in Summer 2022. Therefore with the long lead times on materials and equipment, we are asking for approval at this meeting in order to meet our schedule.

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

IV. New Business – Information Items

a. Draft 2021 Financial Statements

Jennifer Condon, University Controller, provided highlights of the draft FY 2021 financial statements. Ms. Condon reviewed significant items on the income statement and the balance sheet. GASB Accounting for Pension & Other Post Employment Benefits (OPEB) are actuarially estimated liabilities of promises to retirees which are out of USF control and significantly impacted by annual investment returns, covered payroll proportions, and various other actuarial assumptions. Even though the State of Florida pays the contributions,

b. Budget Planning Project

Mr. Sobieray gave an update on the proposed process for addressing resource challenges and a new budget process. He spent the first five weeks in his new role as Interim Sr. Vice President and COO meeting constituents and getting feedback. He stressed the fact that we have been listening and addressing their concerns with the budget process over the past few years. The impressions are not surprising and are consistent: all want a transparent and predictable budget model; all campuses want to ensure they're respected, and needs are addressed; the Deans want back some local control of their respective Colleges; all believe that the Colleges and some support areas are severely under- resourced; all want to ensure we don't lose sight of quality, cross-college investments, and performance-based expectations; all agree that any changes in budget process and resource allocation should be tied to the developing strategic plan; and all agree that a strong linkage needs to exist between authority andl

between the CEO and the front line because these tend to get out of whack from time to time.

Chair Weatherford stressed that getting this right is critical for the future of this university. It is important for us to have a more inclusive, more easily forecastable and data driven budget model to be able to thrive in the future.

Trustee Seixas commented that bridging and transition are an important part of this process as well as the challenges that will be present as this is a significant change that is needed. The internal change management plan around this will be critically important.

Chair Griffin stated that the Finance Committee stands ready to support and assist in any way needed.

c. Federal F