



**USF Board of Trustees  
Finance Committee Notes  
February 24, 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 2:25 pm. Chair Griffin asked Kiara Gayle to call roll. Ms. Gayle called roll with the following committee members present: Michael Griffin, Sandra Callahan, Mike Carrere, Shilen Patel, Fredrick Piccolo, and Will Weatherford. A quorum was established. Rogan Donnelly joined the meeting after roll call.

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

No requests for public comments were received.

**III. New Business – Action Items**

**a. Approval of November 19, 2024 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 Weatherford and seconded by Trustee Patel. The November 19, 2024 meeting notes were unanimously approved as submitted by all committee members present.

**b. Expenditure Authorizations**

Jennifer Condon, Vice President for Business & Finance and CFO, presented three expenditure authorization requests for approval by the Finance Committee.

**1. ISA 7<sup>th</sup> Floor Expansion of Biomedical Engineering Labs**

The first item seeks authority to convert most of the 7<sup>th</sup> floor of the interdisciplinary science building into a state-of-the-art, multidisciplinary research facility to enhance the research capabilities in Biomedical Engineering and provide space for recently recruited research teams. The project will occupy 12,300 square feet of space that will become available when the student welcome center and Florida College Access Network relocate to the Allen building. The project is estimated to cost \$6.93 million. It will include six large laboratories, one small laboratory, a student engagement area, a maker space, a 3D printing room, offices and an upgraded conference room. The construction is planned to commence in late March, and occupancy is expected late in the fall. The project is funded by philanthropy and E&G carryforward, both of which are allowable sources.

The expenditure was approved through a unanimous vote.

## 2. MCOM Laboratory Expansion/3<sup>rd</sup> Floor RSB/3814 Spectrum

The next expenditure is also for research space. The USF Research Foundation seeks \$7.25 million of authority to build out approximately 7,600 square feet of laboratory and office space to support the recruitment of virology and infectious disease research teams in the Morsani College of Medicine. This build-out expands on the recently completed Virology and Infectious Disease Research facility. The conceptual design for the project envisions 90 open lab benches, 13 standardized procedure tissue culture rooms and support space consisting of offices and workstations. The project will be funded by a combination of Research Foundation funds and College of Medicine research initiative funds, both of which are allowable sources.

Trustee Carrere asked whether the expansion was to support the new virologist and his team. Dr. Charles Lockwood clarified that it was to facilitate new recruits for virology and infectious disease research.

The expenditure was approved through a unanimous vote.

## 3. Tennis Complex Relocation

The final expenditure seeks \$6.52 million of authority to relocate the NCAA tennis courts to the USF Athletic District. The upgraded facility will include 12 championship-quality tennis courts, scoreboards, sports lighting and spectator seating. The new facility will increase the profile of USF's tennis programs, helping them attract elite tournaments, enhance athlete development and bolster recruiting efforts. Ultimately, this facility and the resulting benefits will support the broader strategy to elevate the university's reputation as a national destination for high-level collegiate competition. The project will be primarily funded by a combination of philanthropy and auxiliary funds. The expenditure authorization also lists State funds to cover east campus infrastructure improvements that may be incorporated into this project for economic reasons.

Trustee Simmons asked whether the relocation was to accommodate the space needed for the stadium. Jennifer Condon advised the move is not a stadium enabling project. The current location of the tennis courts is not within the Athletic District, the move will create a more consolidated footprint for athletic activities. Michael Kelly further commented that the new location is economical due to its proximity to sport support areas like locker rooms.

The expenditure was approved through a unanimous vote.

### c. Approve Sublease

The final action item is the approval of 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 greater than \$5 million and/or terms exceeding 10 years.

The 10-year lease has a cumulative cost estimated at a maximum of \$9.7 million and anticipates further contraction of the Research & Innovation administrative footprint, which will yield annual savings of nearly \$500,000.

Since 2022, R&I has been reducing its administrative space in the research park. This reduction has enabled occupancy by other entities, such as the USF Innovative Education organization, USF Connect incubator companies and others. The sublease terms are \$28 of base rent plus an estimated \$5 per square foot of pro-rata operating expenses and a provision for \$296,000 of tenant improvements, which will be amortized over the life of the sublease.

The lease was approved through a unanimous vote.

#### IV. **New Business – Information Items**

##### a. **USF Student Housing Update**

Associate Vice President Ana Hernandez presented an update on USF Student Housing. The Board of Trustees previously approved a 5-year strategic housing rate plan with annual increases of 4.5%. The approval plan has been critical for our ability to achieve our strategic goals and align with the university's priorities. I see our housing residential education program as the ultimate college experience as our students and families seem to agree represented by our strong demand, especially on our Tampa and St. Petersburg campuses. We consistently meet or exceed our debt service coverage targets, which positioned us with the ability to support the expansion of the residential experience to our Sarasota-Manatee campus. We continue to advance our strategic goals through facility reinvestment and continuous assessment. The predictable funding model resulting from the multi-year rate plan was instrumental in that success. Next year, we plan to return to the board with a new multi-year strategic housing rate plan proposal to continue our path forward.

##### b. **DSO Mid-Year Forecasts**

Dawn Rodriguez, University Treasurer, reports that the Direct Support Organizations of the University (DSOs) have prepared their Mid-Year Forecasts for FY2025. This dashboard summarizes the key performance measures that are included in each of the DSO major forecasts.

1. **University Medical Services Assoc., Inc., USF Medical Services Support Corp. & USF Health Services Support Organization, Inc.** - UMSA's financial plan and mid-year forecast reflect all the hard work and effort that's gone into USF's expanded partnership with TGH. With the new affiliation agreement in place, coupled with USF Health's new clinical faculty compensation plan implemented last year, they are attracting new providers and continuing to improve patient experience, which is resulting in increased output. The FY 2025 revenues are expected to increase by over 11% compared to FY 2024. As previously reported, a key element of this agreement with TGH is the transfer of operating risk. You'll see this reflected in the break-even operations in FY 2025 and going forward. UMSA's total cash and investments are on target with their plan. UMSA will need to closely monitor their cash flows over the next several years to ensure the funds flow model is operating as intended and the adequacy of their thin liquidity margin (29 days cash on hand versus general target of 90 days).
2. **USF Health Professions Conferencing Corp.** - USF Health Professions Conferencing Corporation forecasted operating profit of \$766,000 is a slight improvement compared to their plan and a significant improvement over FY 2024. HPCC has implemented several strategies to increase their business volume. They are continuing to support our USF students by providing critical training space and services at cost with no markup. While

HPCC's cash position is expected to improve over FY 2024, the cash and investment balances of less than \$1 million and their thin liquidity at 22 days cash on hand does warrant continued monitoring. HPCC has stated that it is pursuing multiple initiatives that are expected to positively impact cash flows beyond FY 2025.

3. **USF Research Foundation, Inc.** – USF Research Foundation has been reporting an operating loss over the past several years due to the slow lease up of the new research building. Research Foundation does expect an improvement in operations in FY 2025 given the continued momentum in the lease-up of the new building. All the Soft landing labs on the 1st floor are fully leased up with a waiting list, a letter of intent for space on the 2nd floor has been signed and the resulting sublease negotiations are underway, the two leases on the third floor commenced in November 2024, and the remaining space is showing high interest from several university units and external companies. Once again, full occupancy is anticipated in FY 2026.
4. **USF Institute of Applied Engineering (IAE)** – The Institute is forecasting significant improvements in operations. The expected \$1.1 million operating profit results from the Institute's impressive lineup of work. Their SOCOM task order has been extended. They continue in year two of their \$10 million task order with CENTCOM and they've submitted over \$60 million of proposed work with Defense Health Organizations and USF Health since January 2024. The new task orders are expected to generate \$13 million in FY 2025. IAE also opened its new 8,000 square foot rapid experimentation lab, establishing IAE as a premier applied research provider. Over the next 5 years, profitability and liquidity are expected to continue their upward trajectory.
5. **USF Management Corporation (formerly Sun Dome, Inc.)** - USF Management Corporation's profitability and liquidity measures are on pace with their financial plan and show some improvement over prior year. One item to note is the \$48 million increase in cash which reflects the university's new partnership with Compass Group. This is being accounted for as deferred revenue, which does not impact their income statement or profitability measures.
6. **USF Foundation, Inc.** – The USF Foundation has set new fundraising records, raising over \$168 million from more than 54,000 donors in FY 2024. Both represent all-time highs and the total number of donors increased by 44% over the prior year. USF Foundation continues to perform well operationally and is expected to maintain its strong, stable liquidity measures over the next five years.
7. **USF Alumni Association, Inc.** - USF Alumni Association expects a significant improvement in operations. This reflects their strategic initiatives and continued investment. They have already added 213 new life members in the current fiscal year and are launching a comprehensive membership marketing plan in the second half of FY 2025.
8. **USF Financing Corporation & USF Property Corporation** - While USF Financing Corporation's projected operating profit is lower than the financial plan and compared to the prior year, there is no concern about the overall financial condition of the Corporation. Due to its structure as a pass through, revenues are based on contractual obligations associated with debt service expenses, operating profit will naturally decline over time as outstanding debt amortizes down. The Corporation continues to work closely with the university, monitoring its major financed capital projects to ensure projects remain on time and on budget, and working closely with DSOs and Auxiliaries to ensure strong financial performance and payment of debt service. Total cash and investments are on

track with the financial plan and recall that this includes \$200 million in escrow funds related to the stadium project.

**c. Refinancing Opportunities: Series 2012A Housing and Series 2015 Marshall Center Bonds**

Dawn Rodriguez, University Treasurer, reports that the Financing Corporation continuously monitors its outstanding debt portfolio to identify refunding opportunities that could result in debt service savings or other reductions in risk. We currently have two opportunities with the Series 2012A Housing Certificates and the Series 2015 Marshall Center Revenue Bonds, which both have July 1, 2025 call dates. As tax-exempt, they are eligible for refunding within 90 days of that time frame. We have been working closely with our financial advisor and our investment banking partners to monitor the market. We have determined that these refunding transactions are likely to result in debt service savings. We issued the RFP for investment banking services on February 5th and received 6 proposals. I will be reviewing the proposals and working with our financing team to structure the transactions. I would like to note that this is an informational item. These types of refunding transactions, where the original debt was approved by the BOT and the BOG and there are no material changes, do not require additional BOT or BOG approval. This notice is provided to ensure transparency. These transactions will be approved by the USF Financing Corporation Board of Directors. Note that based on a January 2025 assessment, debt service savings were estimated at \$500,000 across the two series. While final savings are dependent on market conditions at issuance, we expect at least 5% savings, our standard goal.

**d. Major Finance Projects Update**

Jennifer Condon, Vice President & CFO provided highlights of current major finance projects.

**Compass Group Partnership – Overview** - In October 2024, USF announced its 15-year partnership with Compass Group to provide on-campus dining services, athletics concessions/dining services and facility management services. The partnership will yield significant savings and create efficiencies and advancements supporting the university's strategic priorities.

**Compass Group Partnership – Update** - The agreement for facilities management services began on December 1<sup>st</sup>, 2024. 463 facilities management positions transitioned to Southeast Services Corporation. 94% of USF employees who received offers accepted them. Dining and concessions agreements are anticipated to begin in July 2025. To ensure a smooth transition this summer, we are focused primarily on dining services. To that end, no meal plan pricing or structure changes will be made until at least Summer 2027.

**Fletcher Parcel P3 – Overview** - The next major project is the Fletcher parcel public-private partnership. This project will create a transformational, mixed-use district, including—but not limited to—retail, dining, hospitality, academic, research, housing, green and recreational space. The slide includes a map of the site and five key stakeholder-identified objectives for your reference. The site is adjacent to the USF Tampa campus, and the USF Forest Preserve remains undeveloped.

**Fletcher Parcel P3 – Update** - The estimated project timeline is shown in the table on the right. Moving to the current period, stage two proposals were received last week, and we issued our intent to award ahead of schedule. The project was awarded to a team consisting of:

- Capstone Development
- Partners Capstone Communities
- Aureate Development
- Ellison Development

With the help of industry-leading consultants, USF has entered this project's negotiation phase. In the coming months, through a strategic, transparent, and inclusive process, we will finalize our project, obtain approval from the USF Board of Trustees, secure endorsement from the Florida Division of Bond Finance and receive approval from the Florida Board of Governors. We aim to begin construction next spring.

Trustee Weatherford requested clarification of the cadence. Ms. Condon advised it is a parallel process. The project is expected to be officially submitted for approval with our Board of Trustees in October and the Board of Governors in November. Ninety days prior, USF will submit the required P3 binders to both the Division of Bond Finance and the Board of Governors. There will be an August 1st deadline. The idea is that we have a couple of months to dialogue with the Division of Finance and the Board of Governors, so that the Board of Trustees is not approving something that wouldn't eventually see success with the Board of Governors.

**On-Campus Stadium** - The next significant finance project is the On-Campus Stadium. This transformational project has created an exceptional level of enthusiasm, and rightly so. An update is expected at an upcoming full board meeting.

**Energy Savings Project** - The final update concerns the three Energy Savings Projects that this committee approved, totaling \$28.7 million. Two of the three projects will cross the finish line this month, while the final project is scheduled for completion in April. I want to highlight that these projects include about \$5 million in guaranteed savings after accounting for financing and program costs. While the guaranteed savings are outlined in the table, we expect actual savings to exceed the minimum guarantees.

## V. Adjournment

Having no further business, the Finance Committee meeting was adjourned by Chair Griffin at 3:07 pm.