



**Board of Trustees Finance Committee**

Tuesday, November 10, 2020

1:30 – 3:00pm

Microsoft Teams Virtual Meeting

*Trustees:* Michael Griffin, Chair; John Ramil, Vice Chair; Michael Carrere, Les Muma, Charlie Tokarz,  
Jordan Zimmerman, Ex Officio

*Foundation Board Liaison:* Chip Newton

**A G E N D A**

- I. Call to Order and Comments Chair Michael Griffin
- II. Public Comments Subject to USF Procedure Chair Griffin
- III. New Business – Action Items
  - a. [Approval of August 25, 2020 Meeting Notes](#) Chair Griffin
  - b. [2021-22 USF Parking System Budget](#) University Treasurer Fell Stubbs
  - c. [Expenditure Authorization Requests](#) Vice President/CFO Nick Trivunovich
  - d. [2020-21 Fixed Capital Outlay Budget Update](#) Vice President/CFO Nick Trivunovich
- IV. New Business – Information Items
  - a. [Draft 2020 USF Financial Statements](#) University Controller Jennifer Condon
  - b. [Strategic Realignment Update](#) David Lechner/Nick Trivunovich
  - c. [Annual DSO Investment Reports](#) University Treasurer Fell Stubbs/DSO CFOs
    - 1. [USF Foundation](#) Brian Keenan/Rob Fischman/Ken Souza
    - 2. [University Medical Services Assoc., Inc.](#) Rich Sobieray/Alisha Ozmeral
    - 3. [USF Research Foundation, Inc.](#) Nick Trivunovich/Patricia Gamble
- V. Adjournment Chair Griffin



**USF Board of Trustees  
Finance Committee  
NOTES  
August 25, 2020  
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 2:02pm. Chair Griffin asked Dr. Cindy Visot to call roll. Dr. Visot called roll with the following committee members present: Michael Griffin, Mike Carrere, Les Muma, John Ramil, Charlie Tokarz, and Jordan Zimmerman. A quorum was established. Chair Griffin welcomed Chip Newton, the new USF Foundation liaison to the Finance Committee. Chair Griffin announced that the expenditure approval for the Microsoft Campus Agreement 3 Year Renewal has been removed from agenda item IIIc.

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

No requests for public comments were received.

**III. New Business – Action Items**

**a. Approval of May 14, 2020 Meeting Notes**

Upon request and receiving no changes to the draft meeting notes, Chair Griffin requested a motion for approval, it was seconded and the May 14<sup>th</sup> meeting notes were unanimously approved as submitted by all Committee members present.

**b. Fixed Capital Outlay Budget**

Nick Trivunovich, Vice President for Business & Finance and CFO, presented the 2020-2021 Fixed Capital Outlay Budget. This budget includes all campuses and all funding sources. Approval of this budget does not mean approval to move forward on any project – the normal approval process will still occur. This budget gives us the authority to consider these projects in the current year, but we will still request the appropriate authorizations for all projects over \$1M under consideration. Two lists were presented – new projects and projects in process. New projects fall into four categories: 1) deferred maintenance less than \$1M; 2) reserves for emergency projects; 3) projects on last year's budget; and 4) projects over \$1M (that would need to come back to this board for approval to move forward). There are four large projects: 1) Southeast Chiller Plant - Chiller and Cooling Tower #4 - \$4.75M; 2) USF Central Plant/Energy Performance-Based Contract - \$12M; 3) TVB 2nd floor renovation - \$2.48M (will be presented in the next agenda item); and 4) Athletics renovation to Offices/Lobby/Lockers/Team Rooms - \$3M).

Trustee Ramil asked if all these projects have been vetted and are in line with our strategic planning and are of a high priority. Mr. Trivunovich responded yes, these projects have been reviewed by senior management. Additional review may be necessary prior to bringing major projects back to the Board. Trustee Ramil also asked if all projects funded with carry forward are in compliance with carry forward rules and regulations. Mr. Trivunovich responded yes.

Chair Griffin would like to know how the projects will be prioritized and what projects can wait. He would like this to be discussed at the September BOT meeting.

A motion was made to: approve the 2020-21 Fixed Capital Outlay Budget; authorize the President, in consultation with the BOT Chair, to make necessary non-material adjustments to the 2020-2021 fixed capital outlay budget, with the requirement that material changes be approved by the BOT (this authorization does not modify the Board's expenditure policies); and authorize the President, Board Chair and CFO to execute a certification required by the State University System Board of Governors relating to the Fixed Capital Outlay Budget. The motion was seconded and approved by all Committee members present.

**c. Expenditure Authorization Requests**

Mr. Trivunovich presented two expenditure authorization requests for approval by the Finance Committee.

- **Pharmaceutical Supplies/Cardinal Health - \$2,200,000**  
Pharmaceutical Supplies for USF Health Pharmacy Plus (Blanket Purchase Order) with Cardinal Health. The amount is based on last year's volume and projected activity for FY 2020-2021. There is a small margin on sales that goes to support the College of Pharmacy's mission. Chair Zimmerman asked if all the pharmaceuticals are sold before their shelf life expires. Dean Kevin Sneed responded yes, they turnover in the appropriate time. He further explained that expensive medications are not kept on hand, but are ordered as needed. There are very few medications that expire; most all medications are ordered on demand. USF Health Pharmacy keeps only a few vaccines and insulin on hand. Trustee Ramil asked if we have any partnerships to get better pricing. Dean Sneed explained that we are currently working with Tampa General Hospital, and are also in an existing consortium.

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

- **2nd Floor TVB Renovation for Muma College of Business - \$2,480,000**  
Renovate the 2nd Floor of the TVB building for the MUMA College of Business Center for Talent Development to Support Academic programs for the College of Business. Received a donation to fund this. Trustee Muma explained that the impact of this program will extend beyond the Muma College of Business and give an avenue for students to use their degrees after graduation.

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

Chair Griffin stated that as we consider our expenditures, we need to be smart with our budget and preserve cash balances and maintain liquidity.

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

### **a. Annual Finance Policy Reports**

The Annual Finance Policy Report is required by the three BOT Finance Policies (Investment, Debt Management, Derivatives). The Policies were adopted in 2006, and apply to the University and the Direct Support Organizations (DSOs). Fell Stubbs, University Treasurer, presented highlights of the results of the management of USF's Investment, Debt, and Derivatives Portfolios.

#### **1. Investment**

The USF investment portfolio consists of 10 USF and DSO portfolios (9 operating portfolios and 1 endowment portfolio). Combined USF/DSO portfolios total \$1.4B, down \$140M over 2019. All portfolios are in compliance with BOT Investment Policy. All asset allocations are within Policy limits. When the pandemic occurred, the University moved swiftly to protect the portfolio. Actions included: preserve assets and limit downside risk; exited volatile domestic and foreign equities; increased U.S. government and high-grade corporate bonds; investments held in well-diversified, low cost index funds; and cash held in U.S. Treasury collateralized accounts. Days cash on hand (key liquidity measure) is 184 days. This compares favorably with our AA peers at 154 days. Mr. Stubbs reviewed the portfolio's 10 year performance. Investment returns have been stable and positive in every year, despite market downturns (2012, 2015, 2016, and 2020). Near-term initiatives include: focusing on priorities (preserving capital and providing University liquidity); preparing for increased demands on the portfolio over next 12-24 months; and monitoring cash and portfolio.

Chair Griffin asked Mr. Newton to say a few words about the current state of the USF Foundation (Mr. Newton is also a director on the Board of Directors of the Foundation). Mr. Newton stated that the calendar year return for the Foundation and the endowment is currently -1.5%. The return for FY2020 is 5.3%. The Foundation is being proactive in managing money wisely and prudently.

#### **2. Debt Management**

BOT Debt Management Policy objective is to strengthen the balance sheet. To achieve this objective requires active management. This is accomplished with prudent governance (USF/USF Financing Corporation); maintaining "AA" Moody's and Standard & Poor's credit ratings; effective use of USF debt capacity (only essential projects considered for debt); and managing long-term cost of capital and financial/credit risks. We manage our financing programs within an effective governance structure. Recent examples of responsive management include: conducted review of all bonds for refunding opportunities in June; identified three opportunities and successfully negotiated reductions in fixed rates. One bond transaction closed in FY 2020 for \$27M (USF Research Lab and Office Project). Our debt structure is managed to reduce risk and cost and to capitalize on market opportunities. Three current construction projects: USF St. Petersburg Housing Project – on schedule, on budget; USF St. Petersburg Dining Center Buildout Project – due to change in dining services operator in June, delivery is scheduled for January 2021, over budget by \$1.2M; and USF Research Park Project – on schedule, on budget. Filed voluntary disclosures with rating agencies due to pandemic's effect on Housing, Parking and Marshall Student Center bonds. Trustee Ramil asked if we have heard anything from

the rating agencies since the disclosures. Mr. Stubbs responded that the ratings agencies are pleased that we have made the disclosures and are taking proactive steps. We will need to develop a management plan for how we will make our numbers and take it to the ratings agencies. Trustee Ramil stated that this is good, that ratings agencies like us being aggressive and they do not like surprises.

### **3. Derivatives**

The BOT Derivatives Policy governs all derivatives. We have had no new swaps since 2007 and we are winding down the swap portfolio. We have one swap currently outstanding for \$55M. Looking to exit remaining swap; will terminate swap and convert bonds to fixed rate when termination value is positive.

Trustee Carrere asked if we will be OK on our 3 bond programs (Housing, Parking, Marshall Student Center). Mr. Stubbs explained that we are still waiting to see what the final effects will be and will have a better picture after drop/add next week. We do have a mitigation plan to manage expenses downward and use reserves. We should get through this period of contraction with the use of operating reserves only; will not need to tap into debt service reserves. Mr. Stubbs further stated that the credit ratings agencies do not expect to downgrade any highly rated institutions.

Trustee Tokarz asked if there are any foreseeable problems with our bond covenants due to the decline in revenues. Mr. Stubbs responded that as long as we make our payments on time, we should be fine.

Trustee Ramil explained that it is important for us to meet our targets along the way that we have established – we need to have credibility.

Trustee Carrere asked if the Foundation will be able to continue to provide support to the University in the form of investment returns. Mr. Newton responded yes, the dividend level to the University should be safe for this year (4% dividend on a \$500M endowment that gets returned to the University). A five-year average is used to set this dividend rate. Policies and programs are in place to smooth the volatility and lessen the impact to the University.

Trustee Carrere asked since our budget is being cut by 8.5%, will this prevent us from degrading our cash on hand. Mr. Trivunovich responded that the cuts will be done over 2 years and will reduce cash as we transition over the next 2 years. David Lechner, Sr. Vice President for Business & Financial Strategy, explained that the 8.5% cut is only on state appropriated funds, not on all sources.

President Currall asked how much lower can the days cash on hand go, is there a floor for this measure. Mr. Trivunovich responded that we look at Moody's medians to rate ourselves on this.

Chair Zimmerman asked the status of the budget reduction plans that are due to the President and the Chair by September 2. Mr. Lechner responded that we are working on this and will meet the deadline.

**b. Debt Refinancing Opportunities**

Chair Griffin introduced this agenda item, acknowledging Chair Zimmerman for leading the charge on this and empowering Mr. Stubbs to get this done. Chairs Zimmerman and Griffin had asked for an analysis of debt that could be refinanced.

Mr. Stubbs gave an overview of USF's recent debt refinancing opportunities. University management assessed all 19 outstanding bond issues for refunding opportunities to take advantage of current low, long-term market interest rates. Management, together with the University's financial advisor, PFM Financial Advisors, identified three direct-placement bonds not constrained by call protection, make-whole provisions or other restrictions on refunding. Management successfully negotiated a reduction in interest rates from 3.50% to 2.25% with the bank holding the three bonds totaling \$30M. This will generate interest savings estimated at \$2.1M over the bonds' remaining 10 years.

Chair Zimmerman stated that this is very exciting news. He congratulated Mr. Stubbs and his team on their good work, as this is also very timely.

**V. Adjournment**

Chair Griffin asked if Chair Zimmerman had any final comments. Chair Zimmerman stated that this is the most productive committee/board he has served on and congratulated everyone on a great job.

Having no further business, Chair Griffin adjourned the Finance Committee meeting at 3:02pm.

**Agenda Item: IIIb**

**USF Board of Trustees**  
December 8, 2020

**Issue:** University Auxiliary Facilities with Outstanding Revenue Bonds

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**Proposed action:** Approve Operating Budget for USF Parking Facilities Revenue Bonds, Series 2016A

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**Executive Summary:**

Board of Governors Regulation 9.008 "University Auxiliary Facilities with Outstanding Revenue Bonds," amended June 22, 2017, requires universities with outstanding auxiliary revenue bonds, issued by the Florida Division of Bond Finance, to annually submit a detailed operating budget to the Board of Governors at least ninety (90) days before the beginning of the fiscal year. The USF Parking Facilities Revenue Bonds, Series 2016A, are the only USF bonds subject to this requirement.

BOG Regulation 9.008 also states that the operating budget for University Auxiliary Facilities must be approved by the Board of Trustees before submitting to the Board of Governors. The Operating Budget for the USF Parking Facilities Revenue Bonds is due to the Board of Governors in February 2021 for the fiscal period 2021-2022.

**Financial Impact:**

The FY 2021-2022 Operating Budget for the USF Parking Facilities Revenue Bonds reflects lower revenue in FY 2020-2021, primarily due to reduced permit sales partially offset by reduced expenses, followed by positive operations in FY 2021-2022. The unrestricted funds of \$14M provide support for AA credit ratings. Two voluntary disclosures were recently provided to bondholders and rating agencies describing current operating conditions.

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**Strategic Goal(s) Item Supports:**

**Goal 4: Sound Financial Management**

**BOT Committee Review Date:**

**Finance Committee - November 10, 2020**

**Supporting Documentation Online (please circle):**

**Yes**

**No**

USF Parking Revenue Bonds, Series 2016A – Income and Expenditure Statement (Operating Budget)

**Prepared by:**

**Fell L. Stubbs, University Treasurer, (813) 974-3298**

INCOME AND EXPENDITURE STATEMENT				
UNIVERSITY : University of South Florida				
BOND TITLE : Parking Revenue Bonds: Series 2016A				
AUXILIARY FACILITY (IES) : Parking Garages 1,2,3, & 4				
	2019-20 Actual	2020-21 Estimated	2021-22 Projected	
1.	REVENUE CARRIED FORWARD			
	A. Operating Cash Carried Forward:			
	Liquid	17,703,848	17,368,951	14,104,705
	Investments	0	0	0
	Subtotal:	17,703,848	17,368,951	14,104,705
	B. Replacement Reserve Forward:			
	Debt Service Reserve	26,778	21,569	16,769
	Maintenance & Equipment Reserve	3,190,853	3,342,781	3,342,781
	General Reserve	8,349,702	8,585,756	8,605,756
	Subtotal:	11,567,333	11,950,106	11,965,306
	TOTAL CARRIED FORWARD (A +B):	29,271,181	29,319,058	26,070,011
2.	CURRENT YEAR REVENUE / INFLOWS			
	* Revenue-Permits/Citations/Other	9,654,596	5,719,300	8,900,000
	*Revenue- Transportation Access Fee	2,751,894	3,193,825	3,100,000
	Interest Income	177,038	173,690	141,047
	Other Income / Inflows	0	0	0
	TOTAL CURRENT YEAR REVENUE:	12,583,528	9,086,815	12,141,047
3.	SUMMARY OF AVAILABLE REVENUES (1 +2):	41,854,709	38,405,873	38,211,058
4.	CURRENT YEAR EXPENDITURES / OUTFLOWS			
	Salaries and Matching	4,050,573	3,466,906	3,650,000
	Other Personal Services	314,949	300,000	315,000
	Operating Expense	4,503,091	4,311,735	4,000,000
	Repairs and Maintenance	0	0	0
	Debt Service	2,940,330	2,937,910	2,929,280
	Repair and Replacement Expense	0	0	0
	Operating Capital Outlay	82,258	425,000	150,000
	Other Outflows & Transfers Out	875,296	909,511	874,833
	TOTAL EXPENDITURES:	12,766,497	12,351,062	11,919,113
5.	TRANSFERS TO REPLACEMENT RESERVES			
	Debt Service Reserve	0	0	0
	Maintenance & Equipment Reserve	151,928	0	150,000
	General Reserve	0	0	0
	Subtotal:	151,928	0	140,000
6.	TRANSFERS FROM REPLACEMENT RESERVES			
	Debt Service Reserve	5,209	4,800	4,600
	Maintenance & Equipment Reserve		0	0
	General Reserve	274,941	100,000	100,000
	Subtotal:	280,149	104,800	104,600
7.	ENDING REPLACEMENT RESERVES (1B +5 -6)			
	Debt Service Reserve	21,569	16,769	12,169
	Maintenance & Equipment Reserve	3,342,781	3,342,781	3,492,781
	General Reserve	8,074,761	8,485,756	8,505,756
	Interest Earned on Reserve Balances	515,694	120,000	200,000
	Subtotal:	11,954,805	11,965,306	12,210,706
8.	ENDING OPERATING CASH (1A +2 -4 -5)	17,368,951	14,104,705	14,186,639
9.	SUMMARY OF ENDING REVENUES (7 +8)	29,323,757	26,070,011	26,397,345
* REQUIRED INFORMATION *				
Date budget approved by University Board of Trustees :				
Prepared By : Raymond Mensah		Telephone : 974-0672		
* Revenue as outlined in the Bond Covenants to support the debt servicing of the bonds.				



**UNIVERSITY AXILIARY FACILITIES**  
**NARRATIVE SUPPLEMENT TO INCOME AND EXPENDITURE STATEMENT**  
**TO BE PROVIDED TO BOARD OF GOVERNORS MEMBERS**

1. Do the pledged revenues reported contain any overhead assessments ? If yes, please explain.  
No. The pledge revenues reported do not contain overhead assessments
  
2. Do pledged revenues or expenditures change year over year 10% or more ? If yes, please explain.  
Yes, total revenue changed by more than 10%.  
Decline in revenue due to the shift to remote learning and employees working remotely as a result of COVID19.
  
3. Please explain amounts categorized as "other".  
Expenditures "Other Outflows & Transfers Out" - University overhead assessment expense
  
4. Add lines as needed for additional university comments. This information will be shared with  
Board of Governors members.

**Agenda Item: IIIc**

**USF Board of Trustees**  
Finance Committee  
November 10, 2020

**Issue:** Expenditure Authorization Requests

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**Proposed action:**

- 1) Approval of the following expenditures:
    - a) Southeast Chiller Plant (SEC) CH-4 Addition
    - b) FM and Health Contracted Labor for General and Enhanced Cleaning
    - c) Schindler Elevator Maintenance Contract Renewal
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**Executive Summary:** The USF Policy for Delegations of General Authority and Signatory Authority requires the approval of the Finance Committee Chair for the procurement of goods and services above \$1 million and the approval of the Finance Committee for the procurement of goods and services above \$2 million. Approval is being requested for the items listed above.

**Financial Impact:** Authorization is being requested for \$8,708,847 in transactions.

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<b>Strategic Goal(s) Item Supports:</b>	<b>Goal 4: Sound Financial Management</b>
<b>BOT Committee Review Date:</b>	<b>November 10, 2020</b>
<b>Supporting Documentation Online (<i>please circle</i>):</b>	<b>Yes</b> <span style="float: right;">No</span>
<b>Prepared by:</b>	<b>Nick Trivunovich, Vice President/CFO</b> <b>(813) 974-3297</b>

## USF Approval of Expenditures Exceeding One Million Dollars

**Project/Initiative Name:** Southeast Chiller Plant (SEC) CH-4 Addition

**Total Project/Initiative Cost:** \$4,268,550

**Description:**

Add a 2,300 ton centrifugal chiller, cooling tower, system pump and condenser pump with required power support in the Southeast Chiller Plant (SEC). This addition will provide capacity to support the upcoming Wellness Center, Football Training Complex and Honors College projects while creating badly needed redundancy. Failure to increase the cooling capacity of SEC would reduce the ability to support these and other buildings serviced by the plant. Most importantly, should one of the existing chillers fail or need to be taken off-line, this provides the N+1 capacity to continue to serve buildings in the southeast quadrant of the campus.

The chiller will be funded through the use of carryforward funds. This source is allowable for this type of infrastructure project.

**Estimated Project Costs:**

FFE (Major equipment - chiller, cooling towers and pumps)	\$ 1,680,000
Construction, design and installation	<u>2,588,550</u>
Total	<u>\$ 4,268,550</u>

Major equipment and construction will be procured using competitive bidding processes.

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**Objective:** (strategic priority or needs the project/initiative addresses; include strategic goal this project/initiative supports)

- Supports Strategic Plan, Goal 2: high impact research and innovation to change lives, improve health and foster sustainable development and positive societal change; the Southeast Chiller Plant is a critical component that provides building environmental controls that are essential to research and development.
- Supports Strategic Plan, Goal 4: sound financial management to...support USF's continued academic advancement. This project will enhance the physical infrastructure of campus through fiscally responsible investments.

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**Funding Source(s):**

Carryforward funds

**Are the funds supporting the project budgeted or non-budgeted?**

Budgeted

**Prior Approval Process:**

None

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**List Related Projects/Initiatives: (if any)**

Wellness Center Complex  
Judy Genshaft Honors College  
Football Training Complex

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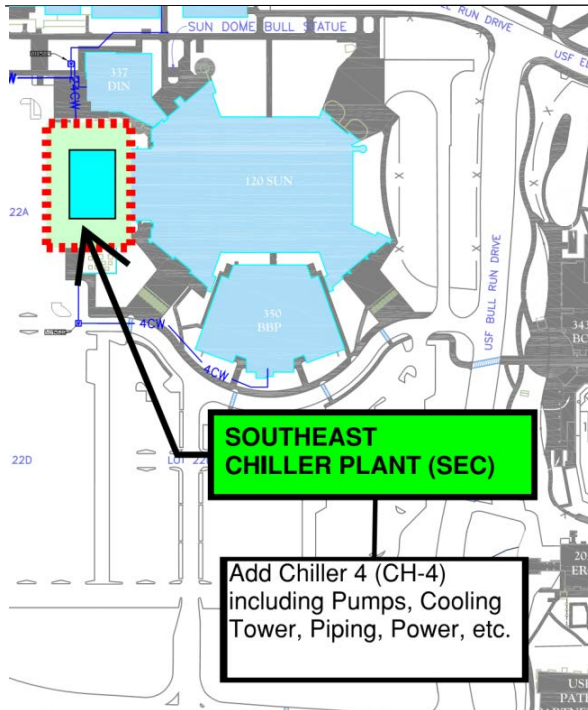
**USF or Campus specific: USF Tampa**

**Prepared by: Christopher Martin/ Steve Lafferty**

**Date Requested: 10/23/2020**

**USF Policy 0-100 requires approval of this expenditure by the USF Board of Trustees Finance Committee Chair. Approval must be granted in writing and may be granted by electronic communication.**

# USF SEC Chiller 4 Addition



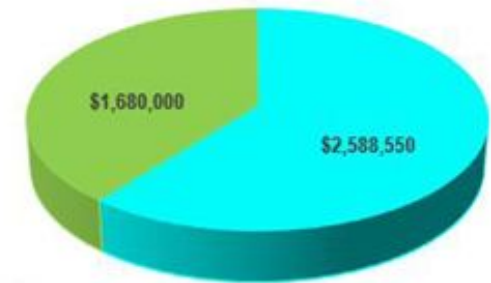
## Scope: USF Tampa -

Add a 2300 Ton Centrifugal Chiller, matching Cooling Tower, System Pump and Condenser Pump with required support power for the additional 2,300 ton capacity expansion. This capacity will provide capacity to support the Wellness Center, Football Training Complex and Honors College without losing redundancy. Failure to increase the SEC capacity would reduce the ability to support these and other new buildings in this area of campus. The plant currently has a 400 Ton capacity shortfall and therefore does not include a full N+1 redundancy during peak months.

Upon completion of the project, the plants will achieve N+1 redundancy as recommended by USF System standards. Educational Plant Survey Recommendation

**Status:** Planning/Unfunded

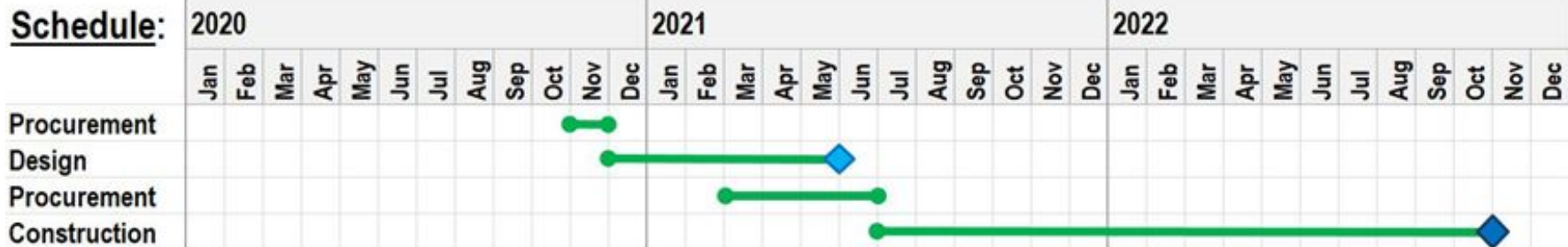
**Budget:** \$4,268,550



DESIGN,  
CONSTRUCTION &  
CONTINGENCY

FF&E

**Funding Source:** Carry Forward



## Project Delivery

Engineering  
Contractor

◆ 100% CD  
◆ Substantial Completion: 10/31/2022

## USF Approval of Expenditures Exceeding One Million Dollars

**Project/Initiative Name:** FM and Health Contracted Labor for General and Enhanced Cleaning

**Total Project/Initiative Cost:** \$3,834,791

**Description:** (description and rationale for the project/initiative)

Hire contracted custodial labor to mitigate challenges in recruiting and retaining staff in the FM Building Services department and Health departments to include Downtown for general cleaning as well as meet the requirement for additional disinfecting of high touch point surfaces related to COVID-19.

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**Objective:** (strategic priority or needs the project/initiative addresses; include strategic goal this project/initiative supports)

This initiative aligns with providing a first-class physical infrastructure and a safe campus environment, as well as Goal 4 to:

- Align budget and fiscal resources with academic priorities that support the recruitment and retention of intellectual talent at USF
- Refine business practices to ensure a strong and sustainable economic foundation for the university
- Promote and sustain a positive working environment, high service quality, and strong staff support through competitive salary structures and professional development opportunities

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**Funding Source(s):**

<b><u>\$2,444,198</u></b>	<b>USF Health</b>
\$1,745,856	UMSA
\$523,757	USF Health State E&G
\$174,586	DSO - HPCC
<b><u>\$1,390,593</u></b>	<b>Tampa Facilities Mgmt. E&amp;G and Carry Forward</b>

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**Are the funds supporting the project budgeted or non-budgeted?**

**Budgeted**

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**Prior Approval Process:**

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**List Related Projects/Initiatives:** (if any)

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**USF or Campus specific: Tampa, Tampa Health and Downtown**  
**Prepared by: Gabriel Montalvo**  
**Date Requested: 10/6/2020**

**USF Policy 0-100 requires approval of this expenditure by the USF Board of Trustees Finance Committee Chair. Approval must be granted in writing and may be granted by electronic communication.**

## USF Approval of Expenditures Exceeding One Million Dollars

**Project/Initiative Name:** One-Year Extension of Schindler Elevator Service

**Total Project/Initiative Cost:** \$605,506 (see below for further explanation)

Original agreement was for a five year term beginning 11/01/15 which was prior to our current expenditure authorization process so it never came to the Finance Committee. Expenses for the five year term through 10/20/20 amounted to \$2,679,357. A one year extension to the original contract of \$605,506 is being requested. Even though the original contract was never brought to the Finance Committee, this expenditure authorization is being presented in order to provide full disclosure to the Committee. Total contract amount including the one year extension is as follows:

Original agreement (5-Year Term) 11/01/15 – 10/31/20	\$ 2,679,357
Renewal (1-year) 11/01/20 – 10/31/21	<u>\$ 605,506</u>
<b>Total</b>	<b>\$ 3,284,864</b>

**Description:** (description and rationale for the project/initiative)

Public solicitation in 2015 with ability to renew. Original objective was to enhance elevator maintenance and reduce downtime. Monthly Service/maintenance of the 100+ elevators on the Tampa Campus to include Facilities, Parking and Transportation, Residential, AUX services and Marshall Student Center.

**Objective:** (strategic priority or needs the project/initiative addresses; include strategic goal this project/initiative supports)

Elevator maintenance contract needed for ADA requirements for lifts and transportation between floors, elevator safety, general building transportation needs and code requirements.

**Funding Source(s):**

Primary funding is Facilities E&G, supplemented by Parking and transportation AUX fund as well as Marshall student center. All these funding sources are appropriate for this type of expenditure.

**Are the funds supporting the project budgeted or non-budgeted?**

Budgeted

**Prior Approval Process:**

2015 public solicitation

**List Related Projects/Initiatives:** (if any)

NA



**USF or Campus specific: Tampa Campus**

**Prepared by: Glen Aleo Assistant Director/Rachel Leonard Manager**

**Date Requested: Submitted on 10/29/2020, requesting approval November 2020**

**USF Policy 0-100 requires approval of this expenditure by the USF Board of Trustees Finance Committee Chair. Approval must be granted in writing and may be granted by electronic communication.**

**Agenda Item: IIIId**

**USF Board of Trustees**  
December 8, 2020

**Issue:** 2020/2021 Fixed Capital Outlay Budget Update

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**Proposed action:**

- 1) Approve changes to the 2020/2021 Fixed Capital Outlay Budget
  - 2) Approve related changes to the 2020/2021 E&G Carryforward Budget
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**Executive Summary:**

The USF Board of Trustees approved the 2020/2021 Fixed Capital Outlay Budget at the September 8, 2020 Board of Trustees meeting. Since that date, there have been additional recommended changes to the plan. These recommended changes are as follows:

- 1) A change in the cost of the Southeast Chiller Plant – Chiller and Cooling Tower #4 from \$4.75 million to \$4.27 million with the entire amount of the project being initially funded through E&G Carryforward. The related change would also be made to the 2020/2021 E&G Carryforward Budget.
- 2) The addition of a \$1.25 million project for the St. Petersburg campus related to renovations for the Nelson Poynter Memorial Library. This will be entirely funded through donated funds.
- 3) The addition of an \$800,000 project for the St. Petersburg campus related to a Harbor Hall renovation to support the Graphic Arts program. This project will also be entirely funded through donated funds.

**Financial Impact:** The project changes result in a total of \$1.57 million being added to the Fixed Capital Outlay Budget.

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**Strategic Goal(s) Item Supports:** Goals 1, 2, 3 and 4

**BOT Committee Review Date:** Finance Committee - November 10, 2020

**Supporting Documentation Online (please circle):** Yes No

**Prepared by:** Nick Trivunovich, Vice President for Business & Finance and CFO

Campus		Project Title/Name	Total Cost	Funding Source	Prior Approved Amount	Amount
Change	Tampa	Southeast Chiller Plant - Chiller and Cooling Tower #4	4,268,550	Carryforward	2,416,550	4,268,550
				CITF	351,050	-
				Auxiliaires	1,982,400	-
					4,750,000	4,268,550
New	St. Petersburg	Nelson Poynter Memorial Library Renovation	1,250,000	Foundation	-	1,250,000
New	St. Petersburg	Harbor Hall Renovation	800,000	Foundation	-	800,000

# Board of Trustees Finance Committee - New Business - Action Items

UNIVERSITY OF SOUTH FLORIDA  
**FIXED CAPITAL OUTLAY BUDGET for Fiscal Year 2020-21**  
 As of July 1, 2020  
 (reference: Section 1013.61, F.S. and Board Reg. 14.003)

CFSP Item #	Category	Project Title/Name	Description	Total Project(s) Cost	Funding Source(s)		Funds Expended to Date	Funds to be Expended this Year	Remaining Balance	Project Timeline		Comments
					Source	Amount				Start Date	Completion Date	
Education & General (E&G) Operating Projects												
		Consolidated line item of all FCO/capitalized projects funded from E&G operating funds, pursuant to Board regulations 14.003(2)(a) and 9.001. No individual project exceeds \$1M. This is a single line item in both Operating and FCO budgets.		\$1,910,170	E&G Operating Funds	1,910,170	469,188	1,440,982	-	Not Applicable		These are current year funds to be spent in the current year.
Minor Carryforward (CF) Projects												
		Consolidated line item of all FCO projects with a cost of less than \$2M funded from E&G CF funds, pursuant to Board regulation 14.003(2)(b). Includes replacement of facilities less than 10,000 gross sf. This is a single line item in both Operating and FCO budgets. For a detailed listing of projects, refer to the E&G Carryforward Spending Plan (CFSP).		\$34,608,295	E&G CF Funds	34,608,295	10,264,498	21,723,111	2,620,687	Refer to detail in Carryforward Spending Plan		
Major Carryforward (CF) Projects												
		Any FCO project funded in whole or in part from CF funds, where total individual FCO project cost exceeds \$2M, pursuant to Board regulation 14.003(2)(c).										
			CMMB Lab Buildout	\$2,000,000	E&G CF Funds	\$2,000,000	\$0	\$1,000,000	\$1,000,000	11/15/2020	6/30/2022	This amount is on CF Plan FCO Tab
			SMC CHTL Expand/Renovate	\$2,175,393	E&G CF Funds	\$2,175,393	\$0	\$0	\$2,175,393	1/1/2021	6/30/2023	This amount is on CF Plan FCO Tab
			Southeast Chiller Plant - Chiller and Cooling Tower #4	\$4,268,550	E&G CF Funds	\$4,268,550	\$0	\$3,333,450	\$935,100	11/15/2020	6/30/2023	This amount is on CF Plan FCO Tab
					CITF	\$0	\$0	\$0	\$0			
					Auxiliaries	\$0	\$0	\$0	\$0			
					Total:	\$4,268,550	\$0	\$3,333,450	\$935,100			
State Appropriated Projects												
		Pursuant to Board Regulation 14.003(12)(d). All FCO projects using funds originally appropriated as FCO funds by the State of Florida, notwithstanding criteria in Board regulation 14.001. Never to be included in the operating budget. Examples, PECO and CITF.										
					E&G CF Funds	\$9,575,662	\$8,846,308	\$729,354	\$0	8/29/2012	10/30/2020	This amount is on CF Plan FCO Tab - Tampa/Health
					MAJOR PECO	\$110,293,118	\$106,940,001	\$3,353,116	\$0			
					Auxiliaries	\$36,849,094	\$24,305,443	\$637,406	\$11,906,245			
					Foundation	\$22,300,000	\$22,300,000	\$0	\$0			
					DSO	\$7,000,000	\$7,000,000	\$0	\$0			
					C&G	<u>290,813</u>	<u>290,813</u>	<u>0</u>	<u>0</u>			
					Total:	\$186,308,687	\$115,786,309	\$4,082,471	\$66,439,907			
					E&G CF Funds	2,000,000	0	2,000,000	0	9/21/2017	12/31/2020	This amount is on CF Plan FCO Tab - St. Petersburg campus
					MAJOR PECO	<u>3,100,000</u>	<u>800,073</u>	<u>2,299,927</u>	<u>0</u>			
					Total:	\$5,100,000	\$800,073	\$4,299,927	\$0			
					CITF	\$27,104,347	\$222,951	\$4,000,000	\$22,881,395	4/29/2019	12/31/2022	
					PECO	\$6,424,501	\$4,214,450	\$2,210,051	\$0	multiple	multiple	
					CITF	<u>\$5,301,218</u>	<u>\$592,737</u>	<u>\$4,708,482</u>	<u>\$0</u>	multiple	multiple	
					Total:	\$38,830,066	\$5,030,138	\$10,918,533	\$22,881,395			
Non-Appropriated Projects												
		Pursuant to Board Regulation 14.003(12)(e). All FCO projects that have not directly or indirectly used funds appropriated by the State. Examples include private donations, athletic revenues, federal grants, housing/parking revenue bonds, etc. For the purposes herein, please assume a threshold of \$5M or more for listing projects individually, otherwise consolidate all individual projects under \$5M into one line item.										
			Aggregate Summary of Projects <\$5m	\$701,210	C&G	\$701,210	\$270,661	\$430,549	\$0	multiple	multiple	
			Aggregate Summary of Projects <\$5m	\$17,018,858	Foundation/Philanthropy	\$17,018,858	\$3,941,431	\$13,077,427	\$0	multiple	multiple	
			Aggregate Summary of Projects <\$5m	\$18,055,387	Auxiliaries	\$18,055,387	\$2,324,280	\$10,475,137	\$5,255,969	multiple	multiple	
					E&G CF Funds	\$462,369	\$343,247	\$119,122	\$0			This amount is on CF Plan FCO Tab - Tampa
					MINOR PECO	\$1,098,799	\$932,550	\$166,249	\$0	10/27/2017	6/30/2021	
					Auxiliaries	<u>\$4,657,487</u>	<u>\$4,258,733</u>	<u>\$398,754</u>	<u>\$0</u>			
					Total:	\$6,218,655	\$5,534,529	\$684,126	\$0			
TOTALS:				\$317,195,271		\$317,195,271	\$144,421,108	\$71,465,711	\$101,308,452			

**Notes:**

Pursuant to Regulation 14.003(3), Fixed Capital Outlay projects do not apply to those projects acquired, constructed, and owned by a Direct Support Organization or under a Public Private Partnership.  
 The Fixed Capital Outlay Budget may be amended, subject to the requirements described in Regulation 14.003(4).

Revised 11/3/20

**Agenda Item: IVa**

**USF Board of Trustees**  
Finance Committee  
November 10, 2020

**Issue:** Draft University 2020 Annual Financial Reports

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**Proposed action:** Informational

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**Executive Summary:**

Jennifer Condon, Controller will provide highlights of the Fiscal Year 2020 Financial Statements. Presentation will include a discussion of 2020 versus 2019 variances in excess of \$10 million and 10% as well as variances in excess of \$20 million.

Financial Statements provided as supporting documentation include:

- A. 3 Year Comparable Statement of Net Position (University only)
- B. 3 Year Comparable Statement of Revenues, Expenses and Changes in Net Position (University only)

**Financial Impact:**

N/A

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**Strategic Goal(s) Item Supports: Sound Financial Management**

**BOT Committee Review Date: November 10, 2020**

**Supporting Documentation Online (*please circle*):**

**Prepared by:** Jennifer Condon (813)974-7696

**Yes**

**No**



# Fiscal Year 2019-2020 Financial Statement Highlights

*Board of Trustees Finance Committee Meeting  
November 10, 2020*



## Fiscal Year 2019-2020 Financial Statement Highlights

### 2020 FINANCIAL STATEMENT THEMES

1. **COVID-19**
2. **Morsani COM and HHI Completion**
3. **GASB Accounting for Pension & Other Post Employment Benefits**
  - **Actuarially Estimated Liabilities of promises to retirees which are...**
  - **OUT of USF Control and significantly impacted by:**
    - ❖ **Annual Investment Returns**
    - ❖ **Covered Payroll Proportions**
    - ❖ **Various Other Actuarial Assumptions**
  - **Even though the... State of Florida pays the Contributions**
  - **USF Must Record the Liability and Can't Record the Offsetting Receivable!**
  - **Issue for EVERY Public Higher Education Institution**



## Fiscal Year 2019-2020 Financial Statement Highlights

### NET OPERATING RESULTS

Net Operating Results (in millions)	2018	2019	2020 *
Unadjusted Net Operating Results	(\$2.9)	(\$31.9)	(\$129.7)
OPEB and Related Deferrals	22.9	15.7	26.7
Pension and Related Deferrals	23.2	26.7	55.5
Adjusted Net Operating Results	\$43.2	\$10.5	(\$47.5)

\$58 million year over year variance

Primarily caused by:

- \$37 million reduction - net investment income
- \$26 million increase – “non post-employment” compensation/benefits
- \$23 million reduction in auxiliary sales/services

Offset by a:

- \$26 million reduction in service & supplies expense

\* Fiscal year 2020 figures are unaudited.

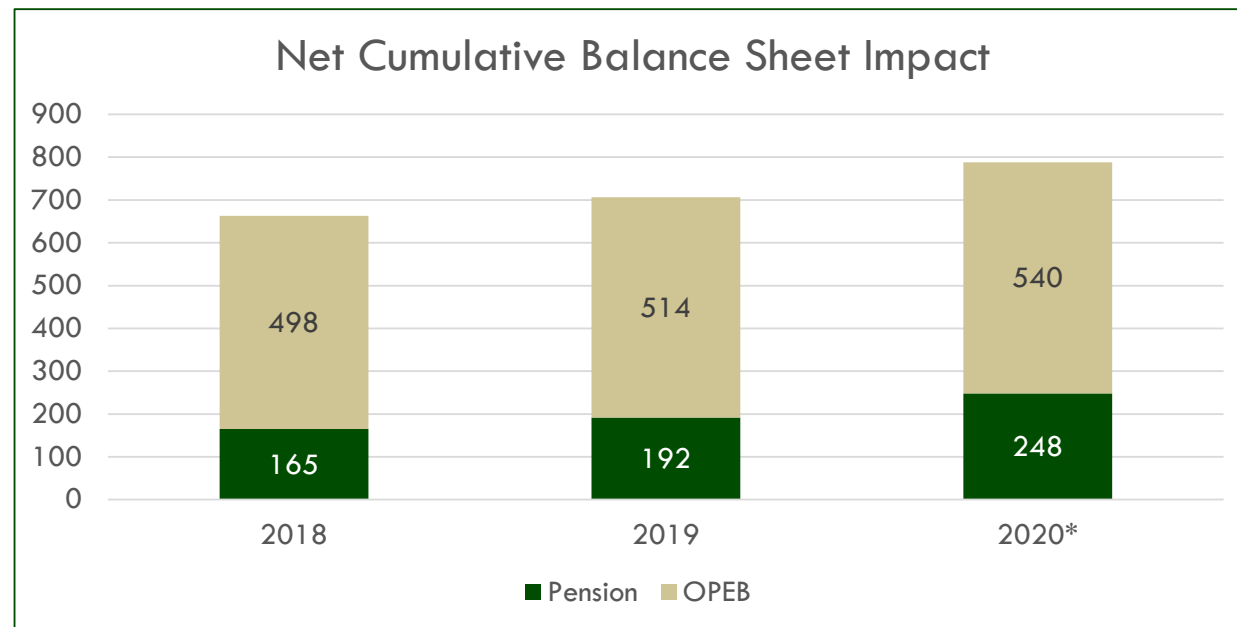




## Fiscal Year 2019-2020 Financial Statement Highlights

### UNRESTRICTED NET POSITION

Unrestricted Net Position (in millions)	2018	2019	2020*
Unadjusted Unrestricted Net Position	(\$165.8)	(\$211.7)	(\$348.0)
OPEB and Related Deferrals	498.0	513.7	540.4
Pension and Related Deferrals	165.3	192.0	247.5
Adjusted Unrestricted Net Position	\$497.5	\$494.0	\$439.8



\* Fiscal year 2020 figures are unaudited.



## Fiscal Year 2019-2020 Financial Statement Highlights

### SCOPE OF REPRESENTED VARIANCES

- **Changes from fiscal year 2019 to 2020 in excess of 10% and \$10 million, plus**
- **Changes from fiscal year 2019 to 2020 in excess of \$20 million regardless of percentage**



## Fiscal Year 2019-2020 Financial Statement Highlights

### BALANCE SHEET (IN MILLIONS)

Account	2018	2019	* 2020	\$	%	KPI
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CARES Award, Summer “B” payment due date, & COVID-19 impact on UMSA

Receivable, Net	\$71	\$67	\$88	\$21	31%	●
Due From Component Units	\$12	\$17	\$48	\$31	192%	●

Remaining variances significantly attributable to Morsani COM & HHI

Depreciable Capital Assets, Net	\$859	\$1091	\$1246	\$155	14%	●
Nondepreciable Capital Assets	\$99	\$191	\$40	(\$151)	(79%)	●
Construction Contracts Payable	\$7	\$14	\$0	(\$14)	(98%)	●
Net Position: Invested in Capital Assets, Net of Related Debt	\$743	\$809	\$923	\$114	2%	●
Net Position Restricted for Expendable Capital Projects	\$101	\$92	\$24	(\$68)	(57%)	●

\* Fiscal year 2020 figures are unaudited.



## Fiscal Year 2019-2020 Financial Statement Highlights

### INCOME STATEMENT (IN MILLIONS)

Offsetting revenue/expenditure impacts from COVID-19

Account	2018	2019	* 2020	\$	%	KPI
Auxiliary activities; dining, housing, parking, Study Abroad, bookstore, Arts						
Sales/Services	\$146	\$149	\$126	(\$23)	(16%)	●
Services & Supplies Expense	\$323	\$312	\$286	(\$26)	(8%)	●
Student support; CARES financial aid						
Federal & State Financial Aid	\$135	\$147	\$164	\$17	11%	●
Scholarships, Fellowships & Waivers	\$90	\$97	\$109	\$12	12%	●

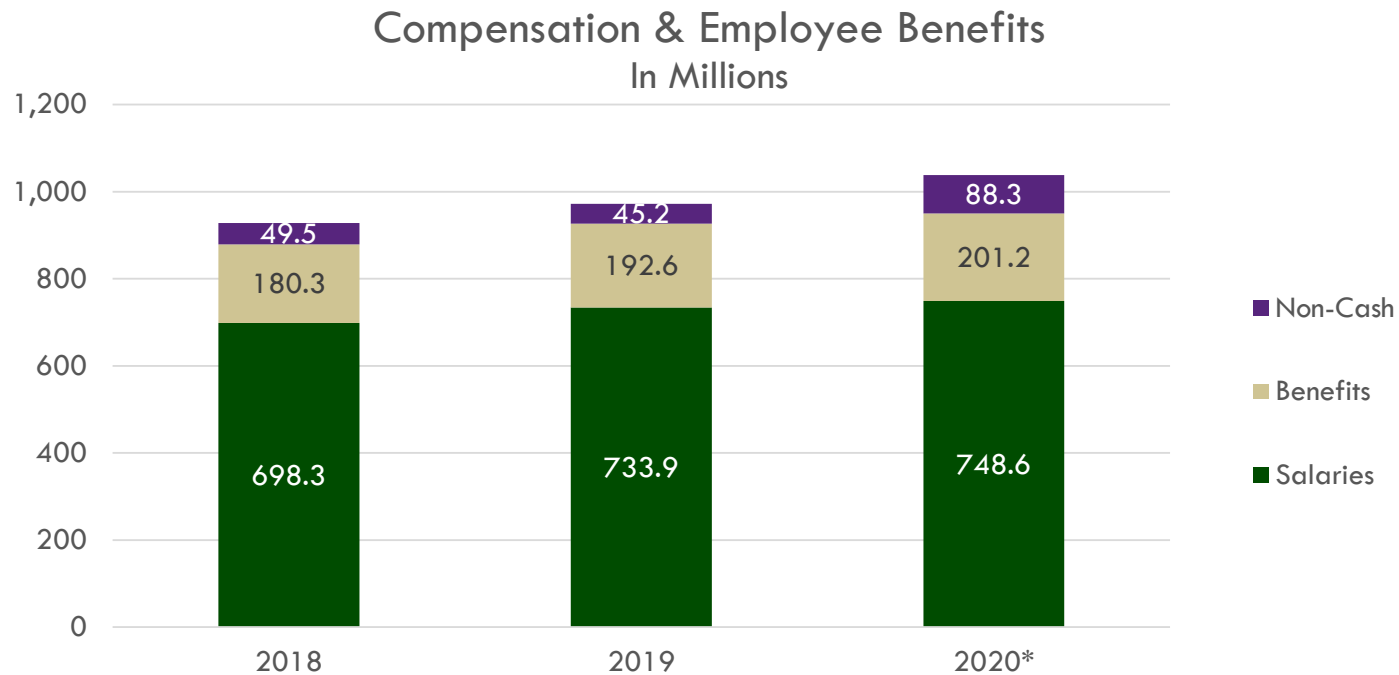
\* Fiscal year 2020 figures are unaudited.



## Fiscal Year 2019-2020 Financial Statement Highlights

### INCOME STATEMENT (IN MILLIONS)

Account	2018	2019	* 2020	\$	%	KPI	PY KPI	Notes
Compensation & Employee Benefits	\$928	\$972	\$1,038	\$66	7%	●	●	Non-cash accruals, Increases, Health Care



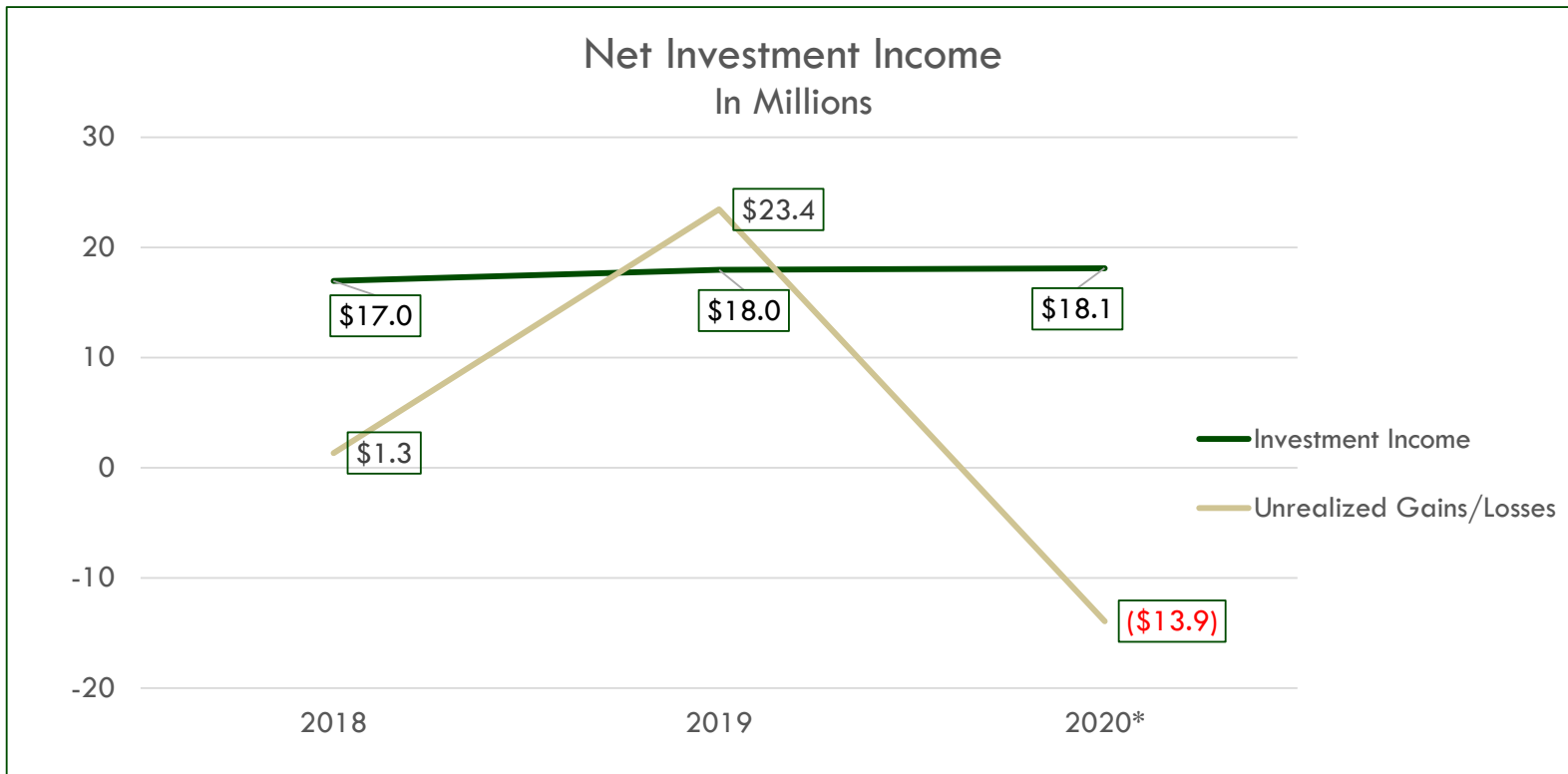
\* Fiscal year 2020 figures are unaudited.



## Fiscal Year 2019-2020 Financial Statement Highlights

### INCOME STATEMENT (IN MILLIONS)

Account	2018	2019	* 2020	\$	%	KPI	Notes
Net Investment Income	\$18	\$41	\$4	(\$37)	(90%)	●	Unrealized Gains & Losses

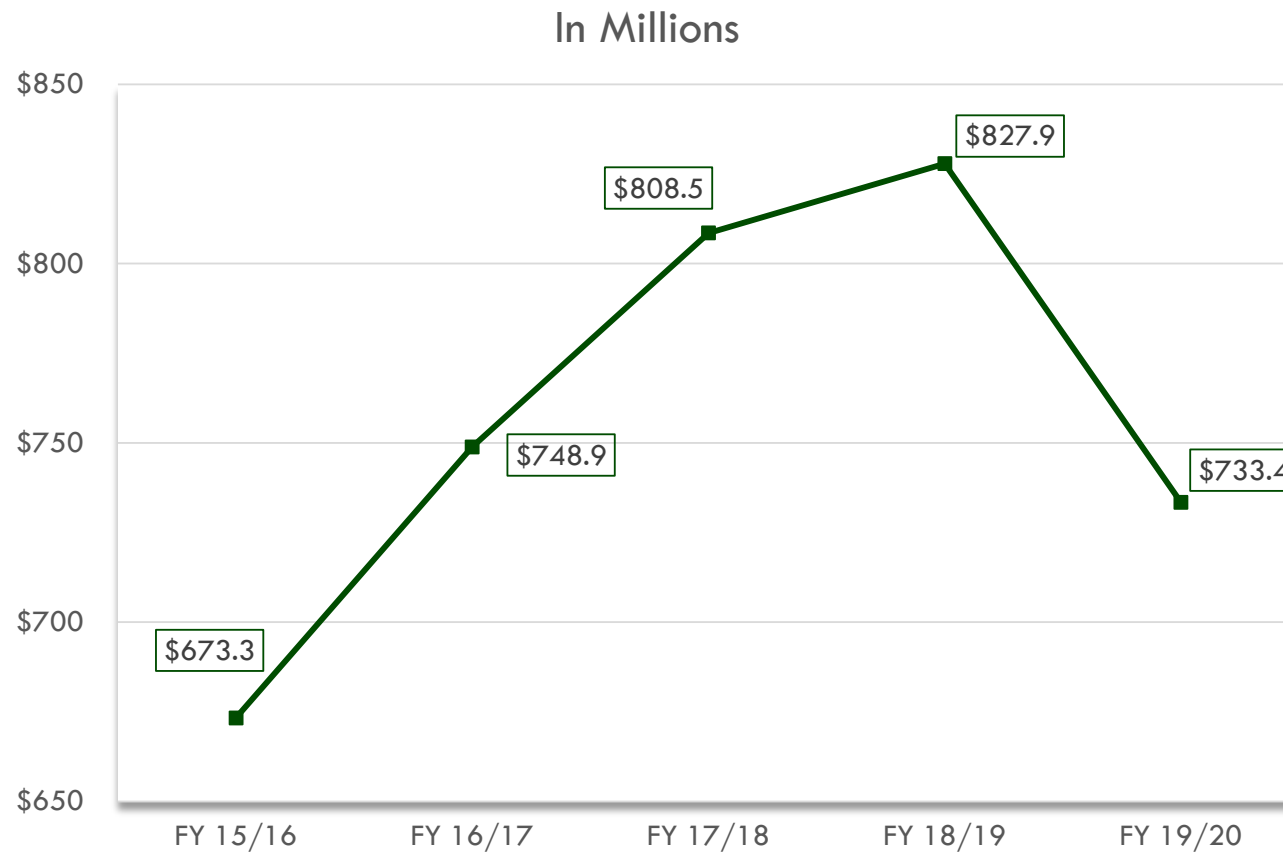


\* Fiscal year 2020 figures are unaudited.



## Fiscal Year 2019-2020 Financial Statement Highlights

### ACCUMULATED TOTAL CASH & INVESTMENTS



Cash/investments balances are a key indicator for bond rating agencies.

\* Fiscal year 2020 figures are unaudited.

UNIVERSITY OF SOUTH FLORIDA  
A COMPONENT UNIT OF THE STATE OF FLORIDA  
STATEMENT OF NET POSITION  
in thousands  
2020 UNAUDITED

	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2020 Increase (Decrease)	Percent
<b>ASSETS</b>					
CURRENT ASSETS:					
Cash and Cash Equivalents	\$68,640	\$50,651	\$66,622	\$15,970	32%
Investments	669,949	703,311	589,564	(113,747)	-16%
Receivable, Net	70,725	67,282	87,950	20,667	31%
Loans and Notes Receivable, Net	2,151	2,057	2,393	336	16%
Due From State	85,719	29,347	32,143	2,796	10%
Due From Component Units	11,908	16,572	48,412	31,840	192%
Inventories	269	269	267	(2)	-1%
Other Assets	1,261	903	739	(164)	-18%
<b>Total Current Assets</b>	<b>870,392</b>	<b>870,392</b>	<b>828,089</b>	<b>(42,303)</b>	<b>-5%</b>
NON-CURRENT ASSETS:					
Restricted Cash and Cash Equivalents	1,718	978	1,086	108	11%
Restricted Investments	68,227	72,919	76,150	3,231	4%
Loans and Notes Receivable, Net	2,954	2,461	1,627	(834)	-34%
Other Non Current Assets	0	8,013	8,022	9	0%
Depreciable Capital Assets, Net	858,853	1,091,113	1,245,628	154,515	14%
Nondepreciable Capital Assets	98,554	190,620	39,799	(150,821)	-79%
<b>Total Noncurrent Assets</b>	<b>1,366,104</b>	<b>1,366,104</b>	<b>1,372,312</b>	<b>6,208</b>	<b>0%</b>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows of Pension Resources	156,442	165,246	151,851	(13,395)	-8%
Deferred Outflows of Other Post Employment Benefits	11,492	9,867	109,581	99,714	1011%
<b>Total Deferred Outflows of Resources</b>	<b>175,113</b>	<b>175,113</b>	<b>261,432</b>	<b>86,319</b>	<b>49%</b>
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$2,411,609</b>	<b>\$2,411,609</b>	<b>\$2,461,833</b>	<b>\$50,224</b>	<b>2%</b>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts Payable	\$35,605	\$22,546	\$22,595	49	0%
Construction Contracts Payable	7,474	13,939	215	(13,724)	-98%
Accrued Salaries and Wages	35,280	38,408	36,625	(1,783)	-5%
Deposits Payable	4,621	4,532	7,280	2,748	61%
Due to Component Units	69,045	4,027	4,285	258	6%
Unearned Revenues	29,665	31,425	29,280	(2,145)	-7%
CIP Debt Payable	2,538	2,598	2,653	55	2%
Revenue Received in Advance	0	0	733	733	N/A
Installment Purchase Notes Payable	139	114	100	(14)	-13%
Capital Leases	130	10,060	10,641	581	6%
Accrued Self-Insurance Claims	1,598	1,400	1,361	(39)	-3%
Compensated Absences Liability	6,694	6,630	7,792	1,162	18%
Post Employment Health Care Benefits Payable	6,279	6,279	7,194	915	15%
Pension Liability	2,209	2,058	1,626	(432)	-21%
Other Current Liabilities	21	22	23	1	6%
<b>Total Current Liabilities</b>	<b>144,037</b>	<b>144,037</b>	<b>132,404</b>	<b>(11,633)</b>	<b>-8%</b>
Noncurrent Liabilities					
Capital Improvement Debt Payable	14,934	12,336	9,682	(2,653)	-22%
Installment Purchase Notes Payable	189	75	241	166	220%
Capital Leases	315	214,308	203,592	(10,716)	-5%
Accrued Self-Insurance Claims	26,088	27,957	29,211	1,254	4%
Compensated Absences Liability	78,826	81,807	86,741	4,933	6%
Federal Advance Payable	7,502	7,533	6,663	(870)	-12%
Revenue Received in Advance		20,000	19,267	(733)	-4%
Post Employment Health Care Benefits Payable	440,115	429,500	549,078	119,578	28%
Pension Liability	305,611	326,585	374,323	47,738	15%
<b>Total Noncurrent Liabilities</b>	<b>1,120,102</b>	<b>1,120,102</b>	<b>1,278,799</b>	<b>158,697</b>	<b>14%</b>
DEFERRED INFLOWS OF RESOURCES					
Deferred Service Concession Arrangement Receipts	54,512	116,511	113,943	(2,567)	-2%
Deferred Inflows of Pension Resources	13,967	28,581	23,362	(5,219)	-18%
Deferred Inflows of Other Post Employment Benefits	63,109	87,752	93,719	5,967	7%
<b>Total Deferred Inflows of Resources</b>	<b>232,844</b>	<b>232,844</b>	<b>231,024</b>	<b>(1,819)</b>	<b>-1%</b>
<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS OF RESOURCES</b>	<b>\$1,496,983</b>	<b>\$1,496,983</b>	<b>\$1,642,227</b>	<b>\$145,245</b>	<b>10%</b>
<b>NET POSITION:</b>					
Invested in Capital Assets, Net of Related Debt	808,912	922,846	941,721	18,875	2%
Restricted for Expendable:					
Debt Service	1,754	1,751	1,802	50	3%
Loans	5,051	5,118	5,218	99	2%
Capital Projects	91,374	23,539	36,869	13,330	57%
Other	161,147	173,089	182,021	8,932	5%
Unrestricted	(165,840)	(211,717)	(348,025)	(136,308)	64%
<b>Total Net Position</b>	<b>914,626</b>	<b>914,626</b>	<b>819,605</b>	<b>(95,021)</b>	<b>-10%</b>
<b>Total Liabilities and Net Position</b>	<b>\$2,411,609</b>	<b>\$2,411,609</b>	<b>\$2,461,833</b>	<b>\$50,224</b>	<b>2%</b>



**University of South Florida**  
**A Component Unit of the State of Florida**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**in thousands**  
**2020 UNAUDITED**

	<b>Fiscal Year 2018</b>	<b>Fiscal Year 2019</b>	<b>Fiscal Year 2020</b>	<b>Fiscal Year 2020 Increase (Decrease)</b>	<b>Percent</b>
Operating Revenues					
Student Tuition & Fees	412,903	410,945	411,174	\$229	0%
Less: Tuition Scholarship Allowances	(131,614)	(142,051)	(149,923)	(7,872)	6%
Net Student Tuition & Fees	281,289	268,893	261,251	(7,643)	-3%
Federal Grants & Contracts	207,919	210,239	188,767	(21,472)	-10%
State & Local Grants & Contracts	28,009	30,116	36,397	6,281	21%
Nongovernmental Grants & Contract	195,673	179,009	197,275	18,266	10%
Sales & Services of Auxiliary Enterprises	146,152	149,506	126,243	(23,263)	-16%
Interest on Loans Receivable	202	214	198	(16)	-8%
Other Operating Revenue	12,720	11,234	11,693	459	4%
<b>TOTAL OPERATING REVENUES</b>	<b>871,964</b>	<b>849,212</b>	<b>821,824</b>	<b>(27,389)</b>	<b>-3%</b>
Operating Expenses					
Compensation & Employee Benefits	928,091	971,769	1,038,140	66,371	7%
Services & Supplies	323,126	311,802	285,595	(26,207)	-8%
Utilities and Communications	24,512	24,790	24,898	108	0%
Scholarships, Fellowships and Waivers	90,214	97,141	108,782	11,641	12%
Depreciation Expense	52,588	71,169	75,357	4,188	6%
Self Insurance Claims & Expenses	3,020	4,137	2,849	(1,287)	-31%
<b>TOTAL OPERATING EXPENSES</b>	<b>1,421,552</b>	<b>1,480,807</b>	<b>1,535,620</b>	<b>54,814</b>	<b>4%</b>
<b>Total Operating Income (Loss)</b>	<b>(549,588)</b>	<b>(631,595)</b>	<b>(713,797)</b>	<b>(82,202)</b>	<b>13%</b>
NonOperating Revenues (Expenses)					
State Appropriations	420,566	426,591	428,947	2,356	1%
Federal and State Student Financial Aid	134,685	147,474	164,433	16,959	11%
Noncapital Grants and Donations	21,954	25,561	32,287	6,726	26%
Investment Income	16,951	17,951	18,108	157	1%
Unrealized Gains & Losses	1,337	23,437	(13,933)	(37,370)	-159%
Net Investment Income	18,289	41,388	4,174	(37,213)	-90%
Other Non-Operating Revenues	2,294	2,621	5,518	2,897	111%
Gain/Loss on Disposal of Capital Assets	(840)	(392)	(482)	(91)	23%
Interest on Asset-Related Debt	(736)	(13,445)	(10,969)	2,476	-18%
Other Non-Operating Expenses	(49,502)	(30,121)	(39,812)	(9,691)	32%
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>546,709</b>	<b>599,677</b>	<b>584,095</b>	<b>(15,580)</b>	<b>-3%</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>(2,878)</b>	<b>(31,918)</b>	<b>(129,701)</b>	<b>(97,782)</b>	<b>306%</b>
Contributions and Transfers					
Capital Appropriations	27,971	19,880	19,130	(750)	-4%
Capital Grants, Contracts, Donations and Fees	10,937	16,460	15,551	(909)	-6%
<b>Change in Net Position</b>	<b>36,030</b>	<b>4,422</b>	<b>(95,020)</b>	<b>(99,441)</b>	<b>-2249%</b>
<b>Total Net Position - Beginning</b>	<b>1,196,206</b>	<b>902,398</b>	<b>914,626</b>	<b>12,228</b>	<b>1%</b>
<b>Adjustments to Beginning Net Position</b>	<b>(329,838)</b>	<b>7,806</b>	<b>0</b>	<b>(7,806)</b>	
<b>Total Net Position - Ending</b>	<b>902,398</b>	<b>914,626</b>	<b>819,606</b>	<b>(95,019)</b>	<b>-10%</b>

**Agenda Item: IVb**

**USF Board of Trustees**  
Finance Committee  
November 10, 2020

**Issue:** Strategic Realignment Update

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**Proposed action:** Informational

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**Executive Summary:**

This presentation is designed to give the Trustees an Update on the university's Strategic Realignment process and activities to-date.

**Financial Impact:** N/A

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**Strategic Goal(s) Item Supports:** Goal 4: Sound Financial Management

**BOT Committee Review Date:** November 10, 2020

**Supporting Documentation Online (*please circle*):**

Yes

No

**Prepared by:** Nick Trivunovich and David Lechner

# Strategic Realignment Update

*USF Board of Trustees*

November 10, 2020



## Strategic Alignment Update Objectives

- The Goal
- Revisit Beginnings
- Engagement
- Status Update
- Realignment Activities
- COVID Expenditures
- Next Steps

# The Goal

## Balanced Budget by June 30, 2022

### Planning Targets:

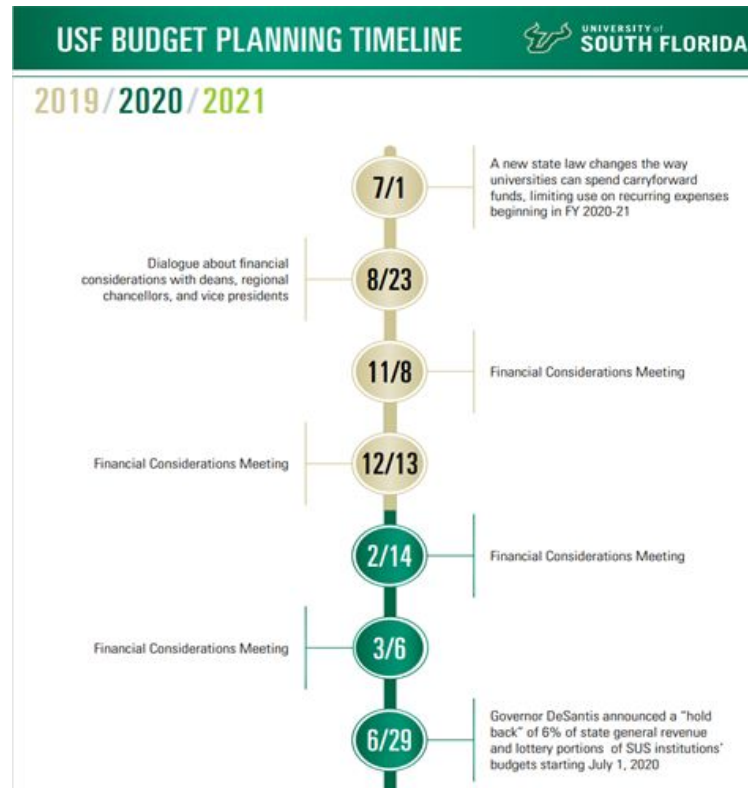
8.5% Reduction in state support	\$36.8 million (FY 2021)
---------------------------------	--------------------------

Costs without recurring sources of funding	<u>56.9</u> million (FY 2022)
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Total planning target	<u>\$93.7</u> million
-----------------------	-----------------------

# Timeline

**Engagement on  
Budget Challenges  
Began In  
August 2019**



<https://www.usf.edu/president/documents/strategic-realignment/budget-planning-timeline.pdf>

# Engagement



**—Presidential Forum—**

HOSTED BY USF PRESIDENT STEVE CURRALL  
AND MODERATED BY TIM BOAZ, PRESIDENT OF THE FACULTY SENATE

A VIRTUAL CONVERSATION AND Q&A FOR FACULTY AND STAFF  
ABOUT USF'S STRATEGIC REALIGNMENT

Friday, October 30, 2020 • 2:30 - 4 PM • [usf.edu/livestream](https://usf.edu/livestream)

## Building USF's future through financial renewal

OCTOBER 1, 2020

Dear USF community,

## Financial stewardship in times of challenge

SEPTEMBER 3, 2020

Dear colleagues:



**USF FACULTY SENATE MEETING**  
**October 28, 2020**  
**3:00 – 5:00 p.m.**  
**MS Teams**

8. Discussion with USF Chief Executive Officer and President Steven C. Currall



Campus Advisory Boards

# Status Updates

Website:

<https://www.usf.edu/president/strategic-realignment/>

## Strategic Realignment

President's Office / Strategic Realignment / Building the Future

WHY: THE BACKGROUND  
HOW: THE PROCESS  
WHAT: THE ACTIONS  
STRATEGY AND CONSIDERATIONS  
PLANNING TARGETS  
TIMELINE  
FREQUENTLY ASKED QUESTIONS  
EMPLOYEE RESOURCES  
FORUM

### BUILDING THE FUTURE



"Rising to meet a challenge is not new to USF... Through a spirit of partnership, we will redouble our efforts to invest in new and impactful ways to be of service to our region and state as a university where excellence and opportunity converge."

## USF BUDGET PLANNING TIMELINE



2019/2020/2021

## FREQUENTLY ASKED QUESTIONS

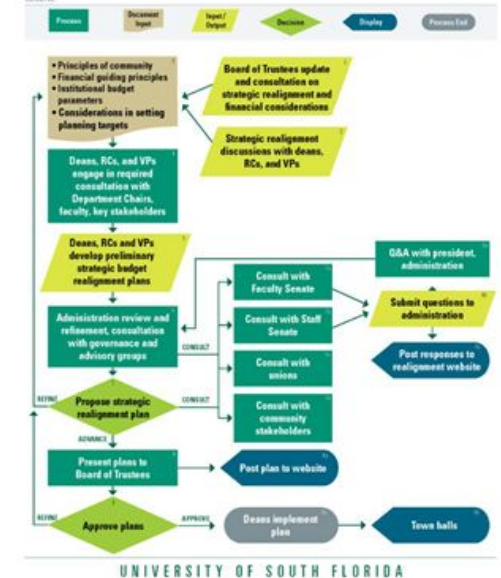
PLANNING TARGETS BY AREA (EXCLUDING USF HEALTH AND BRANCH CAMPUS OPERATIONS)

	2020-2021	2021-2022	2 Year Total
(in thousands)			
<b>Planning Targets By Area:</b>			
<b>Academic Colleges</b>			
Arts & Sciences	5,970	4,970	10,940
Behavioral & Community Science	951	1,301	2,252
Business	1,746	1,302	3,048
Education	2,841	4,000	6,841
Engineering	976	976	1,951
Honors	125	125	251
Marine Science	313	313	625
Global Sustainability	168	368	535
The Arts	286	807	1,094
<b>Academic Colleges Total:</b>	<b>13,376</b>	<b>14,162</b>	<b>27,538</b>
<b>Academic Support Units</b>			
Cybersecurity	-	-	-
Decision Support	92	87	179
FIO	-	-	-
Graduate Studies	105	100	205
Innovative Education	62	59	121
Library	1,384	650	2,034
Student Success	2,063	2,471	4,534
World	228	381	609
Provost Office/Academic Affairs Central	1,033	1,476	2,509
<b>Academic Support Units Total:</b>	<b>4,966</b>	<b>5,224</b>	<b>10,190</b>
<b>University Support Units</b>			
Administrative Services	1,999	1,149	3,149
Audit	53	70	123
Business & Finance	759	179	938
Compliance & Ethics	24	28	52
Communication & Marketing	557	485	1,042
Executive Services	327	607	934
Human Resources	223	312	535
Police	368	531	899
Research	735	640	1,375
Information Technology	1,462	1,664	3,126
<b>University Support Units Total:</b>	<b>6,507</b>	<b>5,666</b>	<b>12,173</b>
<b>Other</b>			
Central Funding	-	5,704	5,704
<b>Total Planning Targets</b>	<b>\$24,849</b>	<b>\$30,756</b>	<b>\$55,605</b>

## Strategic Realignment Process Flow

OCTOBER 2020

LEGEND



## VOLUNTARY RETIREMENT / RESIGNATION INCENTIVE PROGRAM

This Voluntary Retirement/Resignation Incentive Program ("Program") is an opportunity for the University to offer certain financial and other incentives to eligible faculty in exchange for their voluntary retirement or resignation, while allowing the University to strategically reinvest its resources to address a challenging budgetary environment. Enrollment is strictly voluntary and, budget permitting, is available to employees who qualify based on eligibility requirements. A waiver of liability would apply for those who participate in the Program.

Click the links below to submit your request or view additional information on the Program.





## Actions to Date

- Travel Freeze/Restrictions
  - \$621K less spent by all USF in E&G funds in Q1
- Hiring Pause
  - 42 less people hired in the months of September and October compared to those months last fiscal year
  - \$1.2M less spent by all USF in E&G funds in Q1 on all personnel expenses
- Executive Pay Cuts
  - \$606K of savings from October 1, 2020, through June 30, 2021
- Announcement of Retirement Incentive Program
  - TBD
- Other Cost Savings in E&G funds in Quarter 1
  - Utilities, Waste & Fuel: \$691K less spent by all USF
  - Other Expenses (i.e. Printing Costs, etc.): \$672K less spent by all USF

**\$3.8 Million  
Of Cash  
Generated**



# Support Unit Cuts to Date

Area	Year 1 Planning Target	Permanent E&G actions made to the base budget by 11/4/2020	% of Yr 1 Target	Effect on Faculty FTE	Effect on Staff FTE	Effect on OPS FTE
Office of Decision Support	\$ 91,564	\$ 62,298	68.0%	-	-	-
Innovative Education	\$ 61,725	\$ 61,725	100.0%	-	0.05	-
Library	\$ 1,383,500	\$ 439,953	31.8%	-	-	-
Provost Office	\$ 1,032,976	\$ 1,032,976	100.0%	-	-	-
Student Success	\$ 2,062,863	\$ 335,955	16.3%	-	3.35	-
USF World	\$ 228,326	\$ 157,836	69.1%	1.00	-	-
Graduate Studies	\$ 104,805	\$ 104,805	100.0%	-	-	1.00
<b>Academic Support Units</b>	<b>\$ 4,965,759</b>	<b>\$ 2,195,548</b>	<b>44.2%</b>	<b>1.00</b>	<b>3.40</b>	<b>1.00</b>
Area	Year 1 Planning Target	Permanent E&G actions made to the base budget by 11/4/2020	% of Yr 1 Target	Effect on Faculty FTE	Effect on Staff FTE	Effect on OPS FTE
University Audit	\$ 53,241	\$ -	0.0%	-	-	-
Compliance & Ethics	\$ 23,706	\$ -	0.0%	-	-	-
Business & Finance	\$ 759,109	\$ 759,109	100.0%	-	11.00	-
University Police	\$ 368,019	\$ 368,019	100.0%	-	3.00	-
Administrative Services	\$ 1,999,317	\$ 1,999,317	100.0%	-	16.00	14.00
Human Resources	\$ 222,791	\$ 222,791	100.0%	-	2.00	-
Information Technologies	\$ 1,461,993	\$ 936,924	64.1%	-	8.00	-
Office of Research	\$ 734,899	\$ 325,282	44.3%	-	2.00	-
University Communication & Marketin	\$ 556,804	\$ 556,804	100.0%	-	-	-
<b>University Support Units</b>	<b>\$ 6,179,879</b>	<b>\$ 5,168,246</b>	<b>83.6%</b>	<b>-</b>	<b>42.00</b>	<b>14.00</b>
<b>Total Support Units</b>	<b>\$ 11,145,638</b>	<b>\$ 7,363,794</b>	<b>66.1%</b>	<b>1.00</b>	<b>45.40</b>	<b>15.00</b>

## Progress Against Recurring Costs

Total Costs without Recurring Sources of Funding		\$56.9
Actions Aligning Sources with Costs:		
Tampa reallocation of strategic funds	\$10.6	
Health reductions in budgets	7.4	
St. Petersburg – earmarks against new funding	2.4	
Sarasota-Manatee – earmarks against new funding	2.6	
Tampa recurring costs not supported	<u>3.1</u>	<u>26.1</u>
Net Costs Remaining		<u>\$30.8</u>

**46% of Costs Needing Recurring Funding Sources Have Been Resolved.**

## Other Efforts and Considerations

- **Efforts with Foundation**
- **Liquidity v. Carryforwards**
- **Auxiliary Efforts**

## COVID Related Costs

- Original Estimated Budget (to 12/31) \$31 million
- Current Spend \$17 million

## Next Steps

- **Deans and Colleges complete their plans to meet planning targets**
- **January Board of Trustees meeting to present results**



# Questions



**Agenda Item: IVc**

**USF Board of Trustees**  
Finance Committee  
November 10, 2020

**Issue:** DSO Investment Reporting to the USF Board of Trustees

---

**Proposed action:** Informational

---

**Executive Summary:**

The USF Board of Trustees adopted the USF Investment Policy in 2006.

- The USF Investment Policy applies to the University and Direct Support Organizations (DSOs).

DSOs are governed by independent Boards of Directors. DSO investments are governed by DSO Investment Committees.

Periodic DSO Investment Reports, for significant DSOs, will be provided to the USF Board of Trustees.

DSO Investment Reports as of June 30, 2020 being presented today are:

1. USF Foundation
2. University Medical Services Association, Inc. (UMSA)
3. USF Research Foundation, Inc.

**Financial Impact:**

The Direct Support Organizations of the University of South Florida (DSO) are organized and operated exclusively to assist the University to achieve excellence by providing supplemental resources from private gifts and bequests and valuable education support services. These organizations are authorized by Florida Statute 1004.28 to receive, hold and administer property and make expenditures for the University.

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<b>Strategic Goal(s) Item Supports:</b>	<b>Goal 4: Sound Financial Management</b>
<b>BOT Committee Review Date:</b>	<b>November 10, 2020</b>
<b>Supporting Documentation Online (please circle):</b>	<b>Yes</b> <b>No</b>
	DSO Investment Reports
<b>Prepared by:</b>	<b>Fell L. Stubbs, University Treasurer, (813) 974-3298</b>

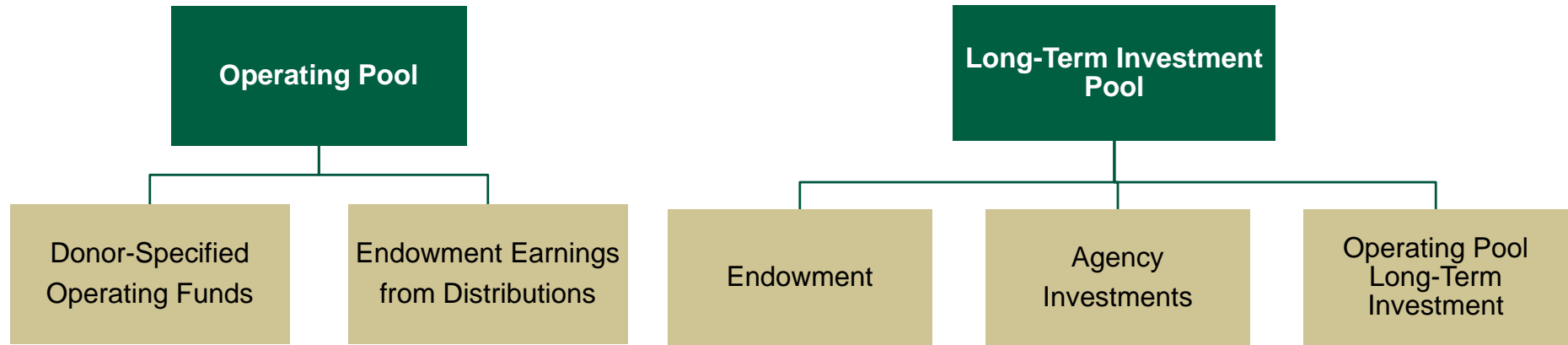


# **Annual Portfolio Review for University of South Florida Board of Trustees Finance Committee**

November 10, 2020



# Foundation Asset Pools



- **Endowment Assets Reside In Long-Term Investment Pool**
- **Investment Governance Provided By USF Foundation Board of Directors**
  - Investment committee is responsible for financial oversight and administration of operating and endowment investment pools
  - Committee consists of nine voting members; Chairman – Brian Keenan
  - Supported by Foundation investment staff and investment advisor Wilshire Associates (since 2000)
  - Assets are managed based on investment policy guidelines approved by the Foundation Board
  - Foundation investment policies are in compliance with University investment policy and with applicable laws

# Endowment Portfolio Performance



# USF Foundation

UNIVERSITY of SOUTH FLORIDA

As of 6/30/2020	QTR	1-YR	3-YR	5-YR	10-YR	Inception
<b>Endowment Fund</b>	15.2%	5.3%	7.7%	7.5%	9.8%	9.4%
<b>Policy Benchmark</b>	15.1%	2.8%	6.2%	6.6%	9.1%	8.8%
<b>+/- Benchmark</b>	0.1%	2.5%	1.5%	0.9%	0.7%	0.6%
<b>Ranking* (Percentile)</b>	18%	10%	3%	3%	3%	--

\* Source: Wilshire Associates (index of over 1,000 endowments and foundations)

Returns are net of fees

## Total Pool Assets

\$552 Million

Asset Class	Alloc %	1-Yr	3-Yr	5-Yr	10-Yr
<b>Domestic Equity</b>	<b>37%</b>	<b>6.7%</b>	<b>10.4%</b>	<b>9.8%</b>	<b>13.7%</b>
<i>Wilshire 5000 Index</i>	<i>35%</i>	<i>6.8</i>	<i>10.1</i>	<i>10.3</i>	<i>13.7</i>
<b>International Equity</b>	<b>27%</b>	<b>5.9</b>	<b>5.4</b>	<b>5.7</b>	<b>7.5</b>
<i>MSCI ACWI ex US</i>	<i>25%</i>	<i>-4.8</i>	<i>1.1</i>	<i>2.3</i>	<i>5.0</i>
<b>Fixed Income</b>	<b>19%</b>	<b>3.5</b>	<b>4.3</b>	<b>4.5</b>	<b>5.3</b>
<i>Barclays Agg/ML HY</i>	<i>20%</i>	<i>3.9</i>	<i>4.2</i>	<i>4.5</i>	<i>5.1</i>
<b>Public Real Assets</b>	<b>3%</b>	<b>-4.1</b>	<b>0.8</b>	<b>0.9</b>	<b>3.2</b>
<i>Custom Benchmark</i>	<i>2.5%</i>	<i>-4.3</i>	<i>0.8</i>	<i>0.2</i>	<i>2.2</i>

## NACUBO Endowment Assets

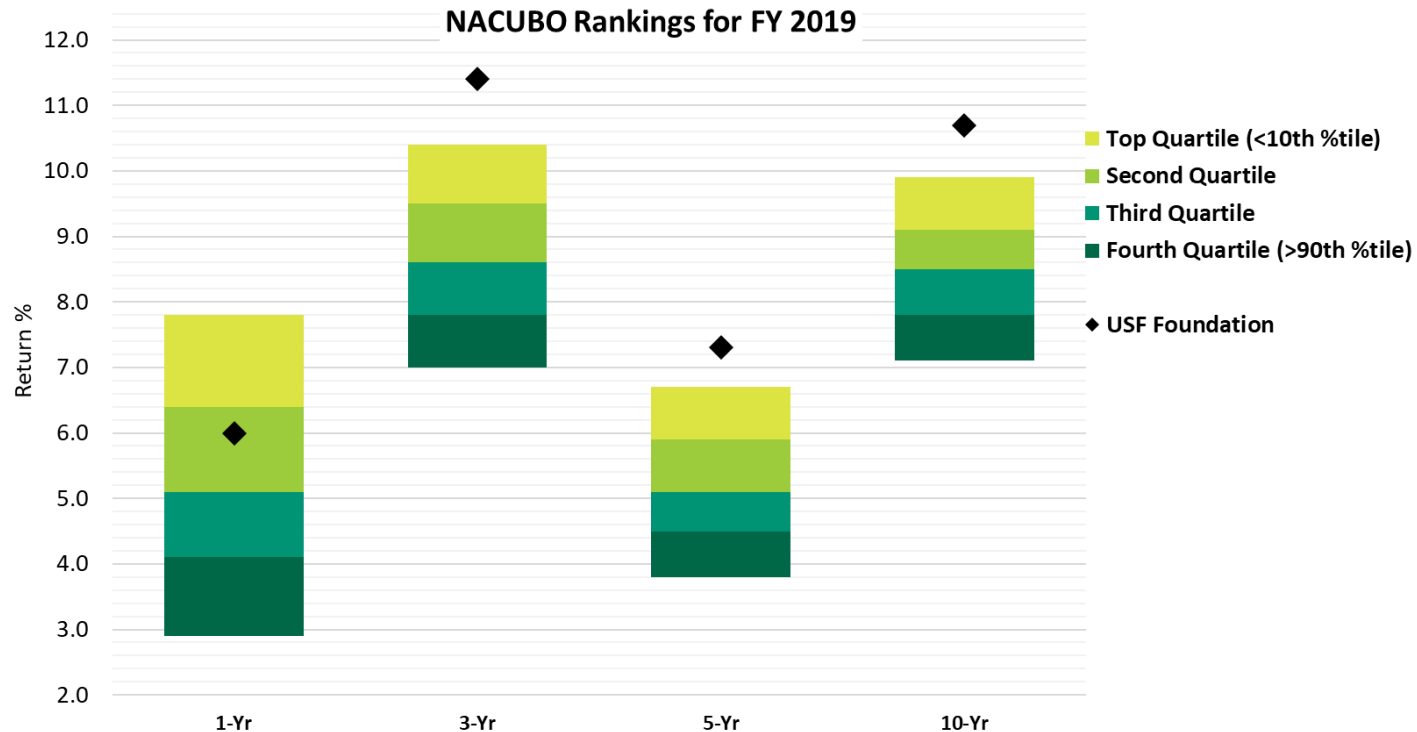
\$532 Million

Non-Marketable	Alloc %	Return
<b>Private Real Assets</b> (Real Estate, Natural Rs)	<b>8%</b>	<b>IRR: 8.8%</b> <b>5-Yr Return: 8.1%</b>
<i>Consumer Price Index + 5%</i>	<i>7.5%</i>	<i>5-Yr Return: 6.6%</i>
<b>Alternatives</b> (Private Eq, Venture Cp)	<b>6%</b>	<b>IRR: 11.9%</b> <b>5-Yr Return: 12.0%</b>
<i>MSCI AC World</i>	<i>10%</i>	<i>IRR: 5.6%</i> <i>5-Yr Return: 3.4%</i>

# Benchmarking



- Endowment Is A Leader Among Peers, Based On NACUBO-TIAA Study Of Endowments**



- Preliminary Results for FY 2020 Survey Indicate Continued Industry-Leading Success**

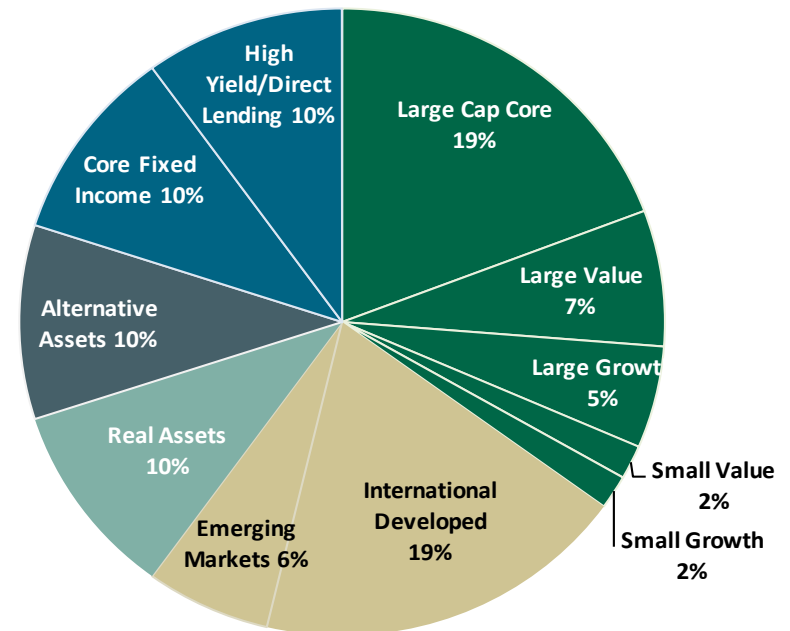
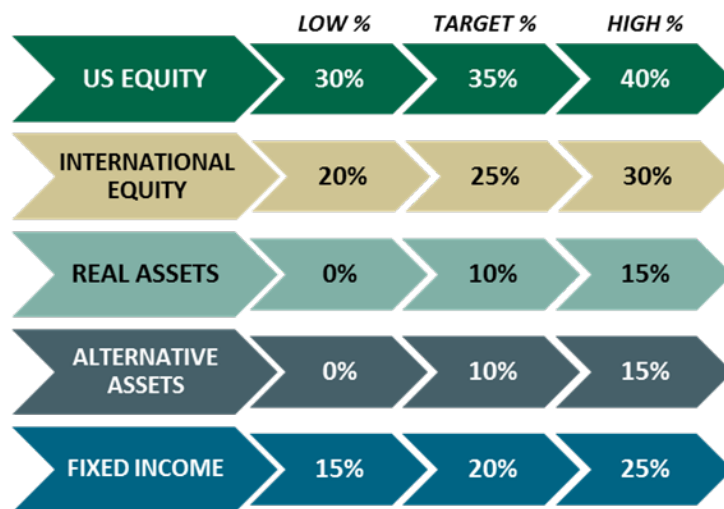
NACUBO FY '20 Preliminary	1 Yr	3 Yr	5 Yr	10 Yr
<b>USF Foundation</b>	<b>5.3%</b>	<b>7.7%</b>	<b>7.5%</b>	<b>9.8%</b>
NACUBO Universe Median	1.8	5.2	5.1	7.5
\$500 Mil – \$1 Billion Peers Average	1.6	5.3	5.2	7.4

# FY 2020 Return Attribution and Asset Allocation



## • Long-Term Returns Remain Above Policy Benchmark

- FY 2020 was a volatile time period as markets reeled from the March 2020 economic shut-down and then came back with an astonishing recovery; the portfolio's excess returns for FY 2020 were primarily attributed to returns from international equity exceeding benchmark by more than 10 percentage points for the year
- Active management has added to long-term returns, especially in international equity which has exceeded benchmark by 250 bps over the last ten years
- Alternatives (private equity and venture capital partnerships) have been the endowment's best-performing asset class across all time periods
- Investment manager fees were approximately 67 bps, comparable to previous years



# Meeting Long-Term Investment Goals



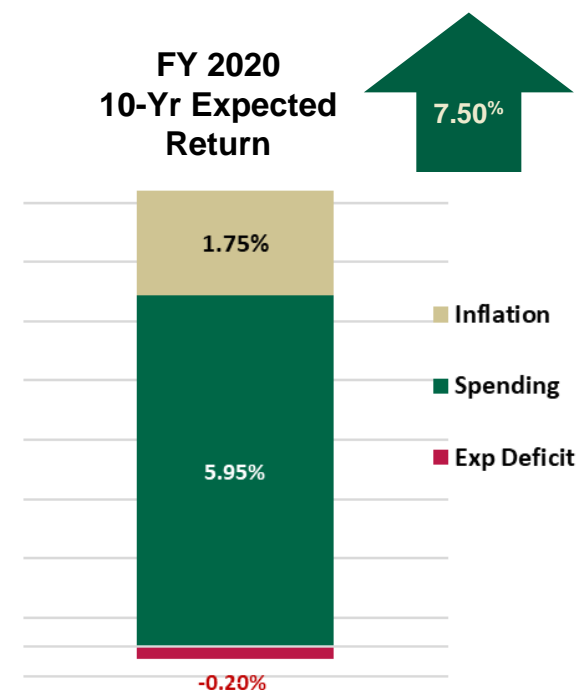
## Recent Investment Committee Initiatives

- Invested with defensive equity manager in US equity
- Commitments to TALF Program and opportunistic credit fund

## Endowment Long-Term Growth Expectations

- Projected returns depressed from prior years (down 35 bps from 7.85% to 7.50%) due to reductions in return assumptions, thus causing a modest deficit in endowment real growth projections
- FY 2021 overall portfolio return forecasts are expected to further decline from 7.50%

	Target Allocation	FY 2020 10-Yr Expected Return	Expected Alpha from Active Management	Total 10-Yr Expected Return
<b>Growth Assets</b>				
US Equity	35%	5.75%	0.75%	6.50%
Non-US Equity	25%	6.50%	1.50%	8.00%
Private Markets	10%	7.95%	1.00%	8.95%
<b>Risk Minimizing Assets</b>				
Core Fixed Income	10%	2.85%	0.65%	3.50%
<b>Credit Assets</b>				
High Yield	3%	4.30%	0.80%	5.10%
Opportunistic Credit	3%	4.50%	0.95%	5.45%
Private Credit	4%	7.60%	1.50%	9.10%
<b>Inflation Hedging Assets</b>				
Public Real Assets	2.5%	4.15%	0.00%	4.15%
Private Real Assets	7.5%	7.45%	1.50%	8.95%
Inflation	--	1.75%		1.75%



# Operating Pool Investment Program



## • Investment Objective – Long-Term Preservation of Capital

- Foundation management conducts an actuarial review of the operating funds' cash flow activity in order to forecast the pool's liquidity needs; this becomes the basis of the investment strategy
- Asset allocation is set based on risk/return forecasts for each asset class

<b>Tier I</b> <b>Liquidity Vehicle</b> <b>25%</b>	<b>Tier II</b> <b>Capital Preservation</b> <b>60%</b>	<b>Tier III</b> <b>Capital Enhancement</b> <b>15%</b>
<ul style="list-style-type: none"> <li>• Money Market Funds</li> <li>• Bond Ladder</li> <li>• Days Cash On Hand = 268 Days (includes certain assets in Tiers I &amp; II)</li> </ul>	<ul style="list-style-type: none"> <li>• Short-Term Investment Grade Bond Index</li> <li>• Active Investment Grade Bonds</li> <li>• Short-Term High Yield</li> <li>• Internal Loans</li> </ul>	<ul style="list-style-type: none"> <li>• Long-Term Investment In Endowment Pool</li> </ul>

## • FY 2020 Investment Performance – Assets \$126 Million

As of 6/30/2020	1-YR	3-YR	5-YR	10-YR	Inception	Portfolio Yield
<b>Operating Pool</b>	5.2%	4.3%	3.8%	3.9%	4.8%	6/30/2020 1.58%
<b>Policy Benchmark</b>	6.2%	4.7%	3.9%	3.9%	4.8%	6/30/2019 2.70%

# Investment Report USF Health Care

*University Medical Service Association, Inc. and  
Medical Services Support Corporation*

**November 10, 2020**

Alisha Ozmeral | September 2020





# Investment Committee Structure

- Subcommittee of the USF Health Care Executive Management Committee (EMC) responsible for oversight and authority of the investment fund
- Committee membership overlays with the University Investment Committee

Members	Title	Tenure
Harvey M. Greenberg, M.D., MBA (Chair)	Associate Professor Director of Radiation Therapy	10 years
Fell Stubbs	University Treasurer	10 years
Richard J. Sobieray	Senior Associate Vice President and Chief Financial Officer, USF Health Senior Associate Dean, Morsani College of Medicine	4 years
New Member TBD		

# Investment Management

- **Portfolio Objectives**
  - Liquidity; 74 days cash on hand at June 30, 2020
  - Mirrors university investment allocations
  - Primarily consists of long term funds; however allocations to short term funds are permissible
  - A total portfolio return which outperforms appropriate market and asset benchmark portfolio returns over a rolling 1,3, and 5 year time horizon, net of all investment expenses
  - Positive rolling 5 year total return, net of inflation as defined by the Consumer Price Index (CPI), and net of all fund investment and operating expenses
  - Target allocations are reviewed once per year & voted on by the committee.
- **Utilize the University's investment consultant, Cambridge Associates**

USFHealth






# Asset Allocation

## As of June 30, 2020

<u>ASSET CLASS</u>	ACTUAL \$	ACTUAL %	Target %	LIMITS	
				<u>Minimum</u>	<u>Maximum</u>
Cash & Cash Equivalents (< 180 days)	\$35.0	64%	70%	0%	100%
<b>SHORT TERM INVESTMENTS</b>					
Fixed Income - Domestic (180 days +)	\$19.7	36%	30%	0%	90%
<b>CASH &amp; SHORT TERM INVESTMENTS</b>	<b>\$54.7</b>	<b>100%</b>	<b>100%</b>		
<b>LONG TERM INVESTMENTS</b>					
Fixed Income - Domestic	\$1.3	16%	15%	15%	20%
Fixed Income - Foreign					
Equity - Domestic	\$4.9	60%	50%	25%	50%
Equity - Foreign	\$1.9	24%	25%	15%	35%
Inflation Hedging	\$0.0	0%	0%	0%	20%
Alternative Investments	\$0.0	0%	10%	0%	20%
<b>TOTAL LONG TERM INVESTMENTS</b>	<b>\$8.0</b>	<b>100%</b>	<b>100%</b>		

USFHealth

## Portfolio Performance

As of 6/30/2020	QTR	1-YR	3-YR	5-YR	Inception
Weighted Portfolio Return	7.0%	5.8%	4.9%	4.4%	3.9%
Portfolio Benchmark	7.6%	5.2%	4.8%	4.3%	3.6%
+/- Benchmark	 -0.5%	 0.7%	 0.2%	 0.1%	 0.3%

USFHealth

# Portfolio Performance

\$, IN MILLIONS

ASSET CLASS	Inception Date	Market Value (\$)	Quarter To Date (%)	Cumulative Trailing 1 Year (%)	Annualized Trailing 3 Year (%)	Annualized Trailing 5 Year (%)	Annualized Since Inception (%)
<b>SHORT TERM INVESTMENTS</b>							
Fixed Income - Domestic (180 days +)	Mar-09	\$19.7	2.8%	6.3%	4.0%	3.1%	3.0%
<b>LONG TERM INVESTMENTS</b>							
Fixed Income - Domestic	Mar-09	\$1.3	2.8%	6.3%	4.0%	3.1%	3.0%
Fixed Income - Foreign							
Equity - Domestic	Jun-14	\$4.9	20.5%	7.5%	10.7%	10.7%	7.5%
Equity - Foreign	Jun-14	\$1.9	19.0%	-3.4%	1.2%	2.0%	4.5%
Inflation Hedging		\$0.0	0.0%	0.0%	0.0%	0.0%	0.0%
Alternative Investments							
<b>WEIGHTED PORTFOLIO RETURN</b>		<b>\$27.7</b>	<b>7.0%</b>	<b>5.8%</b>	<b>4.9%</b>	<b>4.4%</b>	<b>3.9%</b>
<b>PORTFOLIO BENCHMARK</b>			<b>7.6%</b>	<b>5.2%</b>	<b>4.8%</b>	<b>4.3%</b>	<b>3.6%</b>
<b>VALUE ADD</b>			<b>-0.5%</b>	<b>0.7%</b>	<b>0.2%</b>	<b>0.1%</b>	<b>0.3%</b>



UNIVERSITY OF SOUTH FLORIDA

## USF Research Foundation, Inc. Investment Portfolio Overview

NOVEMBER 10, 2020  
FOR  
UNIVERSITY OF SOUTH FLORIDA BOARD OF TRUSTEES  
FINANCE COMMITTEE

**Administrative Finance Committee**

**Mr. Nick Trivunovich, Chair** Vice President for Business and Finance and Chief Financial Officer, USF System

**Dr. Paul R. Sanberg** Senior VP for Research, Innovation & Knowledge Enterprise; President, USF Research Foundation

**Ms. Linda O'Rourke, CPA/ABV** O'Rourke & Associates, LLC

**Mr. Harry D. Venezia, Jr.** Managing Director, HealthCare Capital Advisors

# USF Research Foundation, Inc.

## Investment Portfolio

As of June 30, 2020

### 3 Investment Accounts

#### - Long Term Investments (+ 10 Years)

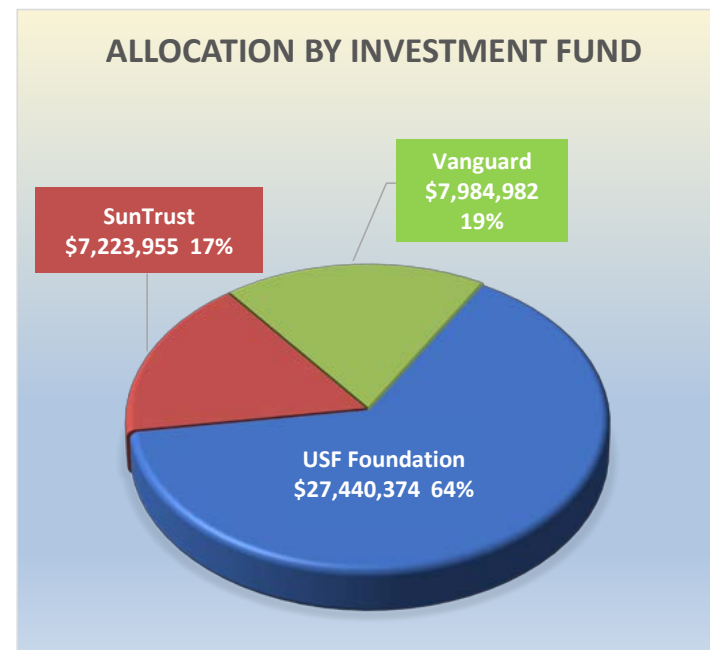
USF Foundation LT Operating Investment Fund	\$ 15,337,720
USF Foundation Endowment Fund	12,102,654
<b>Total Long Term Investments</b>	<b>\$ 27,440,374</b>

#### - Intermediate Term Investments

SunTrust Investments	
Foundations & Endowments Specialty Practice	7,223,955

#### - Short Term Investments

Vanguard	7,984,982
	<b>\$ 42,649,311</b>

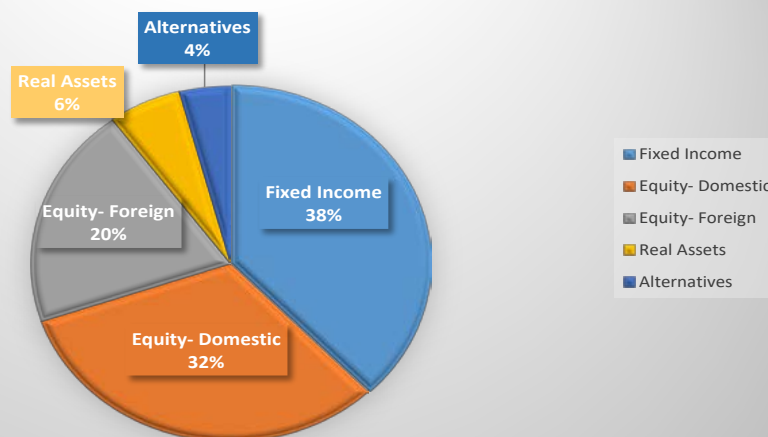


## USF Research Foundation, Inc.

### Portfolio Asset Class Allocation as of June 30, 2020

Asset Class	Long Term Foundation	Intermediate SunTrust	Short Term Vanguard	Total	Total % of Portfolio
Fixed Income	20%	36%	100%	\$ 16,124,524	38%
Equity- Domestic	37%	47%		13,622,741	32%
Equity- Foreign	27%	17%		8,621,348	20%
Real Assets	9%			2,551,955	6%
Alternatives	6%			1,728,744	4%
<b>Grand Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>\$ 42,649,311</b>	<b>100%</b>

#### Research Foundation Total Portfolio \$42,649,311





# USF Research Foundation, Inc. Investment Performance

As of June 30, 2020

\$, In Millions

ASSET CLASS	Inception Date	Market Value (\$)	Quarter To Date (%)	Cumulative Trailing 1 Year (%)	Annualized Trailing 3 Year (%)	Annualized Trailing 5 Year (%)	Annualized Since Inception (%)
<b>SHORT TERM INVESTMENTS</b>							
Treasury Money Market	10/18/18	\$3.6	0.1%	1.4%	NA <sup>1</sup>	NA <sup>1</sup>	NA <sup>1</sup>
Fixed Income - Domestic (180 days +)	10/21/13	\$4.4	5.6%	5.2%	3.8%	3.2%	3.3%
<b>VANGUARD Portfolio Return</b>							
<b>INTERMEDIATE TERM INVESTMENTS (SunTrust Investment Services)</b>							
Fixed Income - Domestic	11/01/13	\$2.6	3.3%	7.4%	4.8%	3.8%	3.7%
Equity - Domestic	11/01/13	\$3.4	21.7%	6.6%	10.2%	8.8%	9.0%
Equity - Foreign	11/01/13	\$1.2	22.8%	4.6%	4.5%	4.1%	2.2%
<b>SUNTRUST Portfolio Return (net of fees)</b>			<b>14.1%</b>	<b>4.2%</b>	<b>6.4%</b>	<b>5.9%</b>	<b>5.9%</b>
<b>LONG TERM INVESTMENTS (USF Foundation Endowment Pool)</b>							
Fixed Income - Domestic	06/30/95	\$5.5	4.9%	3.5%	4.3%	4.5%	6.1%
Equity - Domestic	09/30/95	\$10.2	24.4%	6.8%	10.4%	9.8%	10.5%
Equity - Foreign	06/30/95	\$7.4	24.0%	5.9%	5.4%	5.7%	6.7%
Real Assets	03/31/97	\$2.6	2.8%	1.4%	5.3%	5.5%	
Alternative Investments	12/31/98	\$1.7	NA <sup>2</sup>	NA <sup>2</sup>	NA <sup>2</sup>	NA <sup>2</sup>	NA <sup>2</sup>
<b>USF FOUNDATION Portfolio Return</b>			<b>15.2%</b>	<b>5.3%</b>	<b>7.7%</b>	<b>7.5%</b>	<b>9.4%</b>
<b>TOTAL PORTFOLIO / WEIGHTED RETURN</b>		<b>\$42.6</b>	<b>12.7%</b>	<b>4.8%</b>	<b>6.4%</b>	<b>6.2%</b>	
<b>PORTFOLIO BENCHMARK</b>			<b>12.7%</b>	<b>3.5%</b>	<b>5.7%</b>	<b>5.9%</b>	
<b>VALUE ADD</b>			<b>0.0%</b>	<b>1.2%</b>	<b>0.7%</b>	<b>0.3%</b>	
<b>PORTFOLIO BENCHMARKS</b>							
Vanguard Benchmark - Barclays US 1-5Yr Corporate Index			5.59%	5.48%	3.94%	3.35%	3.44%
iMoneyNet Money: MFR 100% Treasury Funds Avg			0.03%	0.97%	1.15%	0.71%	2.02%
SunTrust Blended Benchmark			14.36%	6.43%	7.69%	7.45%	7.39%
USF Foundation - Policy Index			15.06%	2.81%	6.21%	6.63%	8.77%

<sup>1</sup> Investments have not been in existence for periods equal to or exceeding 3 years.

<sup>2</sup> Endowment Private Equity and Venture Capital Investments do not lend themselves well to interim return calculations.

## USF RESEARCH FOUNDATION, INC

### Liquidity

<b>CASH and INVESTMENTS at June 30, 2020</b>	<b>\$ 46,105,608</b>
<b>Less Restricted Cash</b>	
Debt Service Fund	(645,833)
Fiduciary Funds	(2,810,463)
Custodial Funds	(6,355,792)
<b>Less Financing Commitment New Building, not funded from Operating Income</b>	
FY 21 Construction Period Interest to USFFC	(854,383)
FY 22 Construction Period Interest to USFFC	(824,839)
FY 21 Principal Payment (due 01.01.21)	(899,748)
FY 22 Principal Payment (due 01.01.22)	(936,408)
Equity Requirement ***	(15,000,000)
<b>Less Long-term Investment - USF Foundation Endowment Fund</b>	<u>(12,102,654)</u>
<b>Available for Operations</b>	<b>\$ 5,675,487</b>
<b>Days Cash on Hand at June 30, 2020</b>	<b><u>261</u></b>
 FY21 Total Expenses	 \$ 10,827,347
Less Depreciation & Amortization	(2,893,138)
Annual Operating Expenses	<u><u>\$ 7,934,209</u></u>

\*\*\* Equity Requirement per Credit Agreement with bank & USFFC: USFRF shall inject no less than \$15,000,000 towards the cost of new building, on or prior to certificate of occupancy.

## USF Research Foundation, Inc. Investment Portfolio Objectives

- Short Term Investments (Vanguard)
  - Investment of excess operating funds and custodial cash while maintaining liquidity
  - Funding 3-6 months operating cash reserves
- Intermediate Investments (SunTrust)
  - Asset allocation to reflect less risk tolerance than long term investments
  - Investment growth
  - Immediate accessibility to reserve funds for maintenance and operations of Research Park, if needed. No restriction on frequency of withdrawals.
  - Funding source for new Research Park mixed use laboratory & office building
- Long Term Investments (USF Foundation Endowment Investment Pool)
  - Consistent with long term investment objectives of Foundation
  - Investment agreement provides for auto-reinvestment of dividends and administrative fee differential on operating investment fund
  - Withdrawals limited to one per calendar year; minimum of 60 days notification

## USF Research Foundation, Inc. Investment Governance

- Administrative Finance Committee is responsible for financial oversight of investment portfolio
- USF Research Foundation defers to the USF Foundation for management of long term investments. The Foundation has retained Wilshire Associates as its investment advisor since 2000
- USF Research Foundation investment policies are in compliance with University investment policy
- Committee is comprised of 4 members to include 2 internal and 2 external with investment management experience