

THE MARSHALL CENTER

The Marshall Center serves as the student union for the University's Tampa Campus. The Marshall Center was originally built in 1960 as a 107,000 square foot structure to serve the needs of the University's small but growing population. In 2008, the University completed construction of the new Marshall Center which replaced the original Marshall Center and is an approximately 229,000 square foot state-of-the-art facility that provides the University community with food service operations, retail venues, conference and meeting spaces, and student organization space.

The Marshall Center Revenues are the primary source of revenues pledged by the Financing Corporation under the Indenture. "Marshall Center Revenues" means the Marshall Center Use Fees, the Allocable Portion of the A&S Fees and the Retail and Rental Revenues. See "Historical Summary of Revenues and Expenditures" below for more information.

UNIVERSITY OF SOUTH FLORIDA Marshall Student Center

Combined Statements of Activities and Changes in Net Assets Historical Summary of Fiscal Balances (Unaudited Special Purpose Financial Reports)

Fiscal Year Ended June 30, 2017

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Assets ⁽¹⁾					
Cash & Investments	\$ 4,007,215	\$ 4,453,070	\$ 5,381,494	\$ 6,951,256	\$ 7,482,270
Designated Reserves ⁽²⁾	2,613,400	2,621,245	2,399,895	2,401,592	2,402,712
Accounts Receivable	159,241	179,665	189,823	170,848	92,849
Total Assets	<u>\$ 6,779,856</u>	<u>\$ 7,253,980</u>	<u>\$ 7,971,212</u>	<u>\$ 9,523,696</u>	<u>\$ 9,977,831</u>
Liabilities					
Current Liabilities	\$ 2,672	\$ 27,482	\$ 5,068	\$ 14,502	\$ 8,504
Total Liabilities	<u>\$ 2,672</u>	<u>\$ 27,482</u>	<u>\$ 5,068</u>	<u>\$ 14,502</u>	<u>\$ 8,504</u>
Net Change in Fund Balance	\$ 1,070,410	\$ 449,314	\$ 739,646	\$ 1,543,050	\$ 460,133
Fund Balance Beginning of Year	5,706,774	6,777,184	7,226,498	7,966,144	9,509,194
Fund Balance End of Year	<u>\$ 6,777,184</u>	<u>\$ 7,226,498</u>	<u>\$ 7,966,144</u>	<u>\$ 9,509,194</u>	<u>\$ 9,969,327</u>
 Total Liabilities and Fund Equity	 <u>\$ 6,779,856</u>	 <u>\$ 7,253,980</u>	 <u>\$ 7,971,212</u>	 <u>\$ 9,523,696</u>	 <u>\$ 9,977,831</u>

NOTES

- (1) Capital assets and related outstanding debt are maintained at the University System level or by the USF Financing Corporation, not at the Housing System level. As a result, these activities are not included in this financial report.
- (2) Designated reserves historically were funds segregated in amounts equal to maximum annual debt service. Debt service reserves were not required pursuant to previous debt arrangements related to Marshall Center; however, this has been a management best practice. In May 2015, Series 2015 Bonds were issued to refund the Series 2005C Certificates; pursuant to the Indenture, the Series 2015 Debt Service Reserve Account was funded in the amount of the Debt Service Requirement.

Source: USF FinanceMart and USF Marshall Student Center Staff

UNIVERSITY OF SOUTH FLORIDA
Marshall Student Center

Historical Summary of Revenues and Expenditures ⁽¹⁾
(Unaudited Special Purpose Financial Reports)

Fiscal Year Ended June 30, 2017

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Operating Income					
Marshall Center Use Fees ⁽²⁾	\$ 3,596,113	\$ 3,692,671	\$ 3,765,098	\$ 3,822,812	\$ 3,852,817
Allocable Portion of the A&S Fees ⁽³⁾	2,775,374	2,761,034	2,915,128	2,793,308	2,785,854
Retail and Rental Revenues ⁽⁴⁾	<u>1,626,282</u>	<u>1,353,358</u>	<u>1,440,632</u>	<u>1,549,045</u>	<u>1,537,745</u>
Total Operating Income	\$ 7,997,769	\$ 7,807,063	\$ 8,120,858	\$ 8,165,165	\$ 8,176,416
Operating Expenses					
Salaries and Benefits	\$ 2,026,063	\$ 2,187,784	\$ 2,251,487	\$ 2,369,339	\$ 2,501,614
Direct Operating Expenses ⁽⁵⁾	753,666	884,057	881,976	903,099	1,177,711
Telephone and Utilities	991,423	949,128	964,117	905,400	908,271
Administrative Overhead	<u>210,719</u>	<u>241,074</u>	<u>241,041</u>	<u>243,976</u>	<u>269,884</u>
Total Operating Expenses	\$ 3,981,871	\$ 4,262,043	\$ 4,338,621	\$ 4,421,814	\$ 4,857,480
Net Operating Income	\$ 4,015,898	\$ 3,545,020	\$ 3,782,237	\$ 3,743,351	\$ 3,318,936
Interest on Investments	<u>14,940</u>	<u>20,445</u>	<u>30,034</u>	<u>26,707</u>	<u>43,381</u>
Net Operating Income Plus Interest	\$ 4,030,838	\$ 3,565,465	\$ 3,812,271	\$ 3,770,058	\$ 3,362,317
Other Expenses					
Net Transfers To USFFC for Debt Service ⁽⁶⁾	\$ 2,745,444	\$ 2,660,690	\$ 2,662,929	\$ 1,798,298	\$ 2,401,595
Net Transfers To (From) Other USF Funds ⁽⁷⁾	191,497	445,049	401,939	416,154	435,796
Capital Outlay & Major Improvements	<u>23,487</u>	<u>10,412</u>	<u>7,757</u>	<u>12,556</u>	<u>64,793</u>
Total Other Expenses	\$ 2,960,428	\$ 3,116,151	\$ 3,072,625	\$ 2,227,008	\$ 2,902,184
Net Change in Fund Balance	\$ 1,070,410	\$ 449,314	\$ 739,646	\$ 1,543,050	\$ 460,133
Fund Balance Beginning of Year	<u>5,706,774</u>	<u>6,777,184</u>	<u>7,226,498</u>	<u>7,966,144</u>	<u>9,509,194</u>
Fund Balance End of Year	\$ 6,777,184	\$ 7,226,498	\$ 7,966,144	\$ 9,509,194	\$ 9,969,327
Marshall Center Lease Payments ⁽⁶⁾	\$ 3,127,837	\$ 3,130,357	\$ 3,151,622	\$ -	\$ -

NOTES

- (1) Capital assets and related outstanding debt are maintained at the University System level or by the USF Financing Corporation, not at the Housing System level. As a result, these activities are not included in this financial report.
- (2) The Marshall Center Use Fee is assessed at \$1.50 per credit hour and a flat fee of \$20 per semester. The Marshall Center Use Fee income has increased over the past five years coinciding with increases in student headcount and student credit hours.
- (3) The Activity & Service (A&S) Fee is assessed at \$12.08 per credit hour and a portion is allocated for Marshall Center operations based on expected operating costs.
- (4) The decrease in retail and rental revenues in fiscal year 2014 was due to a timing issue reflected in fiscal year 2013. Approximately \$180,000 was recognized in fiscal year 2013 that typically would have been recognized in the prior year.
- (5) The increase in direct operating expenses in fiscal year 2017 was due to an increased number of maintenance and minor renovation projects, and the replacement of furniture, computers and other equipment that was past its useful life.
- (6) The Marshall Center Lease Payments were equal to 120% of the Series 2005C debt service. In May 2015, the Series 2005C Certificates were refunded for savings with the issuance of the Series 2015 Bonds. The Lease Payment for the new Series 2015 Bonds equals 100% of debt service. Excess funds from the former 20% debt service cushion requirement were utilized to pay debt service in fiscal year 2016; therefore, the net transfer to USFFC was reduced.
- (7) Net transfers to (from) other USF funds primarily represents the annual reconciliation of the allocable portion of the A&S fees, with funds in excess of those needed for operations being transferred back to the University and when funds needed for operations exceed the initial allocation, additional funds are provided.

Source: USF FinanceMart and USF Marshall Student Center Staff

The following table shows Marshall Center Revenues and the calculation of debt service coverage for the five most recent fiscal years:

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Marshall Center Use Fees	\$ 3,596,113	\$ 3,692,671	\$ 3,765,098	\$ 3,822,812	\$ 3,852,817
Allocable Portion of the A&S Fees	2,775,374	2,761,034	2,915,128	2,793,308	2,785,854
Retail and Rental Revenues	<u>1,626,282</u>	<u>1,353,358</u>	<u>1,440,632</u>	<u>1,549,045</u>	<u>1,537,745</u>
Total Marshall Center Revenues	\$ 7,997,769	\$ 7,807,063	\$ 8,120,858	\$ 8,165,165	\$ 8,176,416
Net Operating Income	\$ 4,030,838	\$ 3,565,465	\$ 3,812,271	\$ 3,770,058	\$ 3,362,317
Annual Debt Service ⁽¹⁾	\$ 2,606,531	\$ 2,608,631	\$ 2,626,352	\$ 2,393,195	\$ 2,400,395
Coverage Ratio	3.07	2.99	3.09	3.41	3.41
Net Coverage Ratio	1.55	1.37	1.45	1.58	1.40

NOTES

⁽¹⁾ Annual Debt Service represents the actual Principal and Interest paid to the bondholders. In May 2015, the Series 2005C Certificates were refunded for savings with the issuance of the Series 2015 Bonds, resulting in lower Annual Debt Service in fiscal years 2016 and 2017.

Source: USF FinanceMart and USF Marshall Student Center Staff