



Mr. Walsh explained the motion to be approved. He added that the BOG is taking a significant interest in the SUS' potential deficit in maintenance dollars and there is a chance that they may want us to account for, which the Board has already done, what our maintenance needs are. So if there is a need to make a material adjustment like that, Mr. Walsh would like to get a sense that the board remains in agreement that we have those needs and if we're asked to include those, maintenance of existing facilities which are critical to our goals, into some requests before it is finalized that we have the board's consent to do so.

A motion was made to: 1) approve the 2025-2026 Legislative Budget Request (LBR) for \$75,000,000 per BOG request; and 2) authorize the President (or their designee), in consultation with the Board Chair, to make necessary adjustments to the Legislative Budget Request, including the material addition of maintenance needs, if asked to do so. The motion was seconded and approved by all Committee members present.

(Ultimately, the BOG did not make the request to include maintenance dollars in the institutional LBR, so the document was submitted to BOG as approved by the Committee.)

c. 2024-25 University E&G Carryforward Spending Plan

Masha Galchenko, Associate Vice President and Controller, presented the 2024-25 University E&G Carryforward Spending Plan. Per Florida statute, annual spending plans are approved by USF BOT. Ms. Galchenko will present the Carryforward Spending Plan and Carole Post will present the Fixed Capital Outlay Plan in the next agenda item. These plans are then certified by the CFO, President and Chair of the BOT. Once certified, they are submitted to the BOG for approval during their fall meeting.

As of July 1, 2024, universities are authorized to retain an annual reserve beyond the required 7% BOG reserve. University CFOs have begun developing best practice guidelines for recommending additional reserves. USF currently holds the 7% required reserve only. While FY24 has not officially closed, our current estimates for year-end cash and investments across all funding sources is just over \$1B. \$358M or 36% of this cash and investments balance is in carryforward. The carryforward plan is divided into two major sections: restricted and committed. Both restricted and committed balances are then subdivided into pre-defined categories (Compliance, Audit and Security; Academic and Student Affairs; Facilities, Infrastructure and IT; and UBOT-approved Operating Requirements).

The FY24 carryforward cash and investments balance of \$358M is \$3.7M lower than the prior year's balance. Once we adjust for accounts receivables and payables and subtract summer tuition collections, we are left with almost \$323M, which is almost \$6M lower than the prior year. This decrease reflects the tremendous efforts USF has made to deploy carryforward funds in a strategic manner. This year's plan shows increases in both rolled encumbrances and the 7% BOG required reserve, which is a derivative of our increased annual state appropriation. The remaining balance of almost \$224M is split 40%/60% between restricted or contractually obligated balances and committed balances. Digging deeper into the restricted section, the majority of these funds are tied to infrastructure projects, which the Board has either approved already or is expected to approve during the expenditure.

supported by signed offer letters. For the commitments portion, almost half of those funds are for facilities and infrastructure projects across all campuses.

A motion was made to: 1) approve the 2024-25 University E&G Carryforward Spending Plan; 2) Board Chair approves (along with the USF President and the USF CFO) the FY 2025 Budget Certification Form; and 3) authorize the President, in consultation with the Board of Trustees Chair, to make necessary non-material adjustments to the Carryforward Plan, with the requirement that material changes be approved by the University Board of Trustees. This authorization does not modify the Board's expenditure policies. The motion was seconded and approved by all Committee members present.

d. Fixed Capital Outlay Budget

Vice President Carole Post presented the 2024-2025 Fixed Capital Outlay Budget. This is an ~~item~~ item to seek approval of our annual Fixed Capital Outlay Budget, .003 Tc -0. (a)4.41.002 Tw 12.29gy

approximately a billion additional dollars in projected state revenue collections to the current fiscal year and about a billion dollars more to the subsequent fiscal year's expected collections. Mr. Walsh further explained the legislative process around this matter in more detail and suggested that state economists' funding projections remained fairly conservative this far away from the next fiscal year, but state revenue collections were definitely trending positive at this point. Chair Weatherford concurred that the state appears to be very healthy financially at this time and that USF would be wise to continue to request state support for the institution's highest priority needs.

Trustee Piccolo noted that he had recently spoken with the FDOT Secretary of Transportation regarding their budgeting outlook generally relative to capital investments. He also commented on USF's tuition rates and the challenge of meeting growing capital needs when tuition rates are not rising.

A motion was made to: 1) approve the FY25 Fixed Capital Outlay Budget; 2) authorize the President, in consultation with the Board of Trustees Chair, to make necessary non-material adjustments to the FY25 Fixed Capital Outlay Budget, with the requirement that material changes be approved by the University Board of Trustees (this authorization does not modify the Board's expenditure policies); and 3) 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.

e. Reallocation of CITF Funds

Ms. Post presented the Reallocation of CITF Funds. This is an action item seeking approval to reallocate CITF funds on behalf of student groups in Tampa, Sarasota-Manatee, and St. Petersburg.

Each year, student representative groups convene to identify projects that they want to allocate Capital Improvement Trust Funds toward, typically capital initiatives that have a very direct and tangible benefit to student life.

As previously noted, often the projects are on a larger scale and can span multiple years and as student needs evolve, the students can change their priorities. We have several of those requests today which require approval to redirect the funds.

Ms. Post presented a roll-up of the totals for each campus and the fiscal years that those funds were originally allocated. There is a process to effectuate these changes which starts with the student groups initiating the change and moving through a number of procedural steps.

Ms. Post reviewed the detail of each project for each campus.

For Tampa, the students are seeking to redirect funds that had previously been identified to build a fountain on campus to the stadium project. This is largely driven by the fact that a

This action includes expenditures of both USF and DSOs. The requested increases would be effective on January 1, 2025.

Chair Griffin stated that this is something that we've been discussing and evolving on over the past few years and he fully supports this. We had mentioned about 18 months ago that we would bring this back to the Board. Chair Griffin welcomes the change.

A motion was made to adjust USF expenditure approval authorization levels to align with SUS benchmark peers (UF, FSU, 4Td(th)-1.7 (id-3.8 (an).ts543 Tc -0.002)l)2.3 (.ts543 Tc -0.0

being opposed by the FAA. And since the PECO funds expire by 2026, if the FAA does oppose it, he is concerned we could lose that funding.

Eddie Beauchamp, SM Vice Chancellor, explained that they have started the preliminary design on the location being proposed. It is in the runway protection zone. They met with the airport operations team to get to an understanding of whether this will be approved or will not be approved. And through those discussions, initially it was discussed that it could possibly be approved, but as its designers moved forward and it started communications with FAA, they have been opposing it.

Additional discussion ensued.

Given the significant regulatory uncertainty, Chair Griffin tabled this item pending additional information.

- Service Agreement for Operation of ROV Taurus

This request is for a \$10M not-to-exceed professional services agreement between the Florida Institute of Oceanography (FIO) and Pelagic Research Services to operate our new Remotely Operated Vehicle (ROV) Taurus. Pelagic is the engineering verification dive partner and warranty provider for the Taurus, making them best-qualified to provide operational support. The \$10M agreement is for a period of 10 years and is based on the estimated number of operational days and a rate sheet provided by Pelagic. The service

2) Debt Management

- USF currently has \$565M outstanding in debt.
- All 21 debt issues are in compliance with the BOT Debt Management Policy, as well as state and federal laws, and bond covenants.
- Long-term weighted average interest rate is 4.72%; still very attractive even with the recent addition of \$200M of taxable debt.
- We structure our debt conservatively and capitalize on market opportunities.
- We seek to protect the University's strong AA credit ratings with Moody's and S&P.
- Preserve debt capacity and structure debt to reduce risk.
- Since 2005, we've closed \$2.2B in transactions and we have restructured bonds to realize \$30M of NPV savings.
- Our P3s are operating as expected.
- Moody's and Standard & Poor's both affirmed our AA credit ratings last year. These credit ratings are very important as they affect our ability to access capital markets on favorable terms, both in terms of cost and covenants.
- Only one financing transaction was closed in FY24 – \$340M USF Stadium Project financed with \$200M fixed rate, taxable loan and \$140M equity.
- Anticipated financing projects
 - 2,100-Bed Argos Redevelopment Project – currently assessing costs, financial feasibility, impact on credit ratings, impact on university debt capacity and also considering financing structure and timeline for the project.
 - Remarketing of the \$43M Series 2012B Certificates (discussed earlier).
- Focus on funding key capital projects and maintaining appropriate leverage and other key measures.
- Against our AA rated peers, we compare very favorably from a liquidity and leverage perspective and we are about on par in terms of operations.
- Profiles for the University's three bond systems:
 - USF Housing System – Solid "A1" rated system, driven by consistent strong demand with occupancy of 99% in FY24; high debt service coverage ratios with a small reduction in FY25 due to the addition of the USF Sarasota-Manatee Housing Student Center debt coming online this fall.
 - USF Parking System – Strong "Aa3" rated system; continued pressure on revenues but otherwise strong performance; healthy reserves despite significant investments in facilities; Series 2016A bonds mature on July 1, 2026.
 - USF Marshall Student Center – Strong "Aa3" rated system; steady, consistent revenue growth; consistently strong debt service coverage ratios.

3) Derivatives

- Have been winding down our derivatives portfolio for the last 16 years from a high of \$278M in 2008 to \$46M in 2024. This is related to the one swap currently outstanding - Variable Rate Bonds Series 2012B. We are watching this and will eventually be able to convert this to fixed rate and terminate this swap associated.

d. DSO Updates

The FY25 DSO Annual Financial Plans were presented in May and included a projection for FY24. Three DSOs were either projecting operating losses or had thin liquidity margins, and this board is monitoring them more closely. Ms. Rodriguez presented the updates provided by the three DOSs – UMSA, HPCC, and Research Foundation.

1) UMSA Update

Originally forecasted a \$6.7M net operating loss; that loss has increased to a \$10M projected loss. UMSA has confirmed that is a non-cash accounting adjustment that was made and that was actually identified through an enhanced reconciliation process. No changes are anticipated to the FY25 approved financial plan. As previously reported, the healthcare delivery environment has changed drastically. Similar to most medical schools across the country, both public and private, UMSA is working with its primary hospital partner, TGH, to revise their funds flow model. The final agreement is under way and is expected to conclude by September 30, 2024.

