



USF Board of Trustees  
Finance Committee  
NOTES  
May 25, 2021  
Microsoft Teams Virtual Meeting

on campus jobs for students who are looking for employment which can lead to higher student engagement and retention. This project will widely benefit the student body now and in the following years. This has been an ongoing project that student government has tried to implement for a while and being the administration that breaks through and moves forward with this would be an achievement.

Chair Griffin thanked Ms. Jimenez and committed to working closely with St. Petersburg Student Government on this project.

### III. New Business -Action Items

#### a. Approval of February 23, 2021 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 February 23<sup>rd</sup> meeting notes were unanimously approved as submitted by all committee members present

#### b. 2021-22 Continuation Operating Budget

Masha Galchenko, University Budgets and Analytics Director, presented the 2022 Continuation Operating Budget. The USF Board of Trustees (the BOT) is required to adopt an annual budget for the operation of the University. The BOT approve the budget prior to June 22, 2021 for the State Comptroller to process cash releases for state funds. The universities are still required to submit a detailed operating budget to the BOG by August 2021.

A motion was made to approve the ~~2021~~ 2022 Preliminary Fixed Capital Outlay Budget and

Executive Committee. The motion was seconded and approved by all Committee members present.

e. Expenditure Authorization Requests

Mr. Trivunovich presented three expenditure authorization requests for approval by the Finance Committee. The University's expenditure policy requires all expenditures over \$2M to come to this committee for approval. In addition, any change over 10% from a previously approved expenditure authorization needs to be brought back to this committee as well.

New Expenditure Authorization Requests

- o Microsoft Azure -\$2,000,000

Microsoft Azure is our cloud-based computing infrastructure. We continue to move our infrastructure to the cloud, which provides us with much more flexibility in our operations. In addition, this contract is structured so that we do not necessarily have to specify upfront which services we are requiring, but it allows us to use credits as necessary throughout the term of the contract, with unused credits being able to be carried over to the next year.

Trustee Weatherford asked what percent of our infrastructure is in the cloud. Sidney Fernandes, Chief Information Officer, explained that over this last year during the pandemic, we moved all of our major IT systems into the

profit. Dean Sneed explained that they do make a slight margin and typically they take those margins and put them right back into the operation.

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

- FM and Health Contracted Labor for General and Enhanced Cleaning  
\$3,218,925

This is for outside custodial services, consisting of three distinct components. The first is to provide gap coverage to our campus custodial services as needed when staffing is not sufficient to meet basic needs. The second is to provide additional cleaning as needed to mitigate any concerns related to the Covid virus. And the third is to be the primary custodial service provider for USF H ( t)-1.7 (o)-(o) 2.3.Tc 0.002 Tw 5.372 0 Td vi.7 (or)77 (or)77c 07c ( a)4.4



fundraising. We would like our baseline to be \$100M and that is the goal for FY2022. And the third primary goal is to evolve into the future and do better for the University.

3. USF Research Foundation, Inc.

Keith Anderson presented for USF Research Foundation, Inc. The three primary goals of the Research Foundation for FY2022 are: 1) to successfully bring the new research building online at the end of calendar year 2021 (the new building is on budget and on schedule) 2) to continue to support the university's research infrastructure specifically supporting intellectual property created by our faculty through the USF Technology Transfer Office and 3) to help facilitate and expand corporate relationships with industry partners interested in working with the University, both as tenants in the new building and also as we continue to support our business incubator programs.

4. Sun Dome, Inc.

Michael Kelly presented for Sun Dome, Inc. (SDI) The primary goal for SDI is to increase the number of students and faculty members who are actively involved in SDI programs.

research, we have been approved to establish a small research department  
(simulation-based research grants, human performance grants in health care, etc.)  
The second part around innovation is partnership with technology companies



## 8. USF Financing Corporation & USF Property Corporation

Fell Stubbs presented the three strategic goals for USF Financing Corp. & USF Property Corp. These corporations are the University's financing arm, providing long term financing for the University's major capital projects. The first goal is to protect the University's AA credit ratings on University and Financing Corporation bonds. The second goal is ongoing compliance with debt covenants, including IRS rules on tax exempt bonds and required reporting on the SEC's reporting system. The third goal is completing contracts with three of the University's strategic partners, two of which are Fortune 500 companies. FY2022 payments from these partners will be at guaranteed minimum amounts, despite reductions in revenues impacted by the pandemic. These contract revenues are importantly pledged to various debt service payments.

A motion was made to approve all the FY2022 Financial Plans. The motion was seconded and approved by all Committee members present.

## IV. New Business Information Items

### a. Deferred Maintenance

David Lechner provided a brief look at the status of deferred maintenance and USF. Deferred maintenance is a pressing issue across all of higher education presentations particularly timely as the Legislature (subject to the Governor's approval) has designated \$350M of the state's federal stimulus funds specifically for deferred maintenance to be allocated among state agencies and public higher education institutions in FY2022. In addition, the institutional portion of funds from federal coronavirus Higher Education Emergency Relief Funds (CRRSAA and ARPA) can be used for projects meeting the federal guidelines for those initiatives. Information in this presentation comes from a 2019 Sightlines report. Sightlines is an organization specializing in benchmarking of facilities data. The Sightlines study includes only buildings which are funded by E&O and/or PECO Funding from the State, and does not include auxiliaries, and infrastructure. The study looks mostly at the Tampa Campus and includes Main Hall at St. Petersburg, and this totals about 5.9M square feet. Auxiliaries (which are not included as they are largely self-sustaining) are another 4.9M square feet. There are a number of ways to "score" a building. Sightlines takes the square footage, the complexity of the building and the age, then combines all of this and gives a benchmark for each building. The higher education industry is all on the same curve. Our buildings are on the same cycle and are wearing out at the same time. This is an industry-wide challenge. According to the Sightlines report 62% of our buildings are greater than 25 years old and 33% of our buildings are 25 years old or less (construction age). This report was done before MCOM came online, so there is a lot of square footage that is going to bump up the lower age category. The report also addresses renovation age. Renovations bring down the construction age of buildings. In our case, with renovations, only 40% of our buildings are 25 years old or greater. We do a good job with the resources we have been given. Our total deferred maintenance is \$520M. \$222M is the backlog - things that need to be replaced now. \$136M of our inventory will age out in the next 10 years (from the study). \$162M is the rest of our inventory, which is aging out as we go forward. Of the \$222M backlog, the most critical is HVAC, then electrical and plumbing. These are high-risk areas. If these break, we would have to suspend operations in the buildings. Per Sightlines, we should be replacing envelope at about \$19.5M per year and space and programmatic space at \$13.8M. Total investment on deferred maintenance should be about \$33M per year, to protect and keep up to date the State's

investment in E&G assets. Mr. Lech reported the following benchmarks: USF has \$1.6B of buildings (all funds); building depreciation last year was approximately \$40M USF has \$219M of furniture and equipment and FF&E depreciation last year was \$15M. We are wearing out at \$55M per year. (Sightlines gave us a \$33M target in their report) summary, our challenges are not unique in the industry or Florida. We must seek additional resources to maintain the State's investment in buildings and equipment and our Facilities team has managed well given constraints.

## V. Adjournment

Chair Griffin thanked all who prepared for this meeting. He requested to spend more time/discussion on the budget at June's full board meeting. He suggested a general budget discussion (where we are and where we are going) for consideration at that time. Chair Zimmerman agreed that this is a good idea. President McAfee explained that we will know the state budget and strategic deliberations to move forward with the budget. Chair Zimmerman stated that we need to be at a zero basis going forward and have to fund our recurring commitments with recurring funding.

Having no further business, Chair Griffin adjourned the Finance Committee meeting at 1:15.