



J. BEN WATKINS III
DIRECTOR

STATE OF FLORIDA

DIVISION OF BOND FINANCE
OF THE STATE BOARD OF ADMINISTRATION

1801 HERMITAGE BOULEVARD, SUITE 200
TALLAHASSEE, FLORIDA 32308

TELEPHONE: (850) 488-4782
TELECOPIER: (850) 413-1315

RICK SCOTT
GOVERNOR
AS CHAIRMAN

PAM BONDI
ATTORNEY GENERAL
AS SECRETARY

JIMMY PATRONIS
CHIEF FINANCIAL OFFICER
AS TREASURER

ADAM H. PUTNAM
COMMISSIONER OF AGRICULTURE

MEMORANDUM

To: Board of Governors

From: J. Ben Watkins III

Date: October 26, 2018

A handwritten signature in blue ink, appearing to be "J. Ben Watkins III", written over the "From:" line.

Re: University of South Florida Financing Corporation, St. Petersburg Campus – Dormitory and Dining Facility Construction

As required by Section 1010.62 (3)(b)4, Florida Statutes, the Division of Bond Finance (“DBF”) has reviewed and analyzed the information provided to support the proposed financing by the University of South Florida Financing Corporation (the “USFFC”) to construct a new dormitory and dining facility on the St. Petersburg Campus (the “Project”). DBF has also reviewed the Board of Governors (“BOG”) staff analysis of the proposed financing and Project. Since the Project’s initial proposal as a public-private partnership, the University has critically analyzed and made many positive changes to the proposed transaction. Set forth below are the issues that we identified for consideration by the BOG in connection with its evaluation of the USFFC’s proposed financing. Following numerous requests, the University provided a copy of the current agreement with the meal plan provider, Sodexo. However, the University is still in negotiations with Sodexo; therefore we recommend the BOG obtain and review any new agreement with Sodexo to have a detailed understanding of the business arrangement and assess the university’s ability to control the costs of meal plans to students.

Demand for Dining Facility

The demand for the dining facility has not been demonstrated through a quantitative analysis. Based on the B&D study provided to support housing demand, the demand for the dining facility appears to be largely driven by the mandatory purchase of a meal plan by all students who reside on campus, which will double with the construction of a new dorm. No information was provided to show that student demand has exceeded existing dining space. Even with a meal plan requirement, there may not be sufficient demand to require a new dining facility.

Mandatory Meal Plans

The meal plans associated with the new dormitory will be mandatory for student residents, as they are for the existing housing system. Sodexo anticipates 1,065 mandatory plans for the fall and spring, 200 commuter plans for the fall and spring, and 225 summer plans to support the dining expansion. Requiring a meal plan to live on campus and then using the meal plan requirement to justify the demand for the construction of a new dining facility raises issues about the costs to students residing in on-campus housing.

Additionally, the University and Sodexo have agreed to raise meal plan prices for the entire campus. The new meal plan package will be based on an “all you care to eat” dining program rather than the current “declining balance” dining program, but no comparison of current meal plan costs to expected costs under the new food service program has been provided.

Notwithstanding numerous requests, the University did not provide the current agreement with Sodexo to DBF in a timely fashion. Therefore, we were not able to analyze and evaluate the food service contract with Sodexo to ascertain why a mandatory meal plan is required for students living on campus or the methodology for controlling cost to students. Additionally, we were not able to evaluate the compensation to the university to determine whether it is comparable to other universities in Florida who use Sodexo as a service provider.

cc: Marshall M. Criser, Chancellor, Board of Governors
Chris Kinsley, Assistant Vice Chancellor, Board of Governors