

**USF FINANCING CORPORATION**

**MINUTES OF ANNUAL MEETING**

**BOARD OF DIRECTORS**

**NOVEMBER 8, 2019**

The annual meeting of the Board of Directors of the USF Financing Corporation was held on November 8, 2019 at the University of South Florida, 4202 E. Fowler Avenue, CGS 402, Tampa, Florida, pursuant to the Corporation's Bylaws, for the purpose of authorizing the issuance of debt to finance the construction of the USF Research Park mixed use lab and office project; discussing corporate operations; and for the transaction of any other business that may properly come before the Board.

The meeting was held pursuant to Notice duly provided on October 11, 2019.

A copy of the meeting Notice is attached to these minutes.

The meeting was called to order by Chair Callahan at 11:30 a.m.

The following directors, who constitute a quorum of the Board of Directors, were present or participated in the meeting via conference telephone:

Ms. Sandra W. Callahan  
Mr. Richard D. Smith  
Mr. Steven A. Williamson  
Ms. Lori V. Vaughan  
Mr. David E. Lechner

The following persons were also present or participated in the meeting via conference telephone:

Mr. Fell L. Stubbs, Executive Director

Mr. Nick J. Trivunovich, University Chief Financial Officer  
Ms. Hilary Black, Senior Associate General Counsel  
Ms. Dawn M. Rodriguez, Assistant Treasurer  
Mr. Todd Webster, KPMG  
Ms. Tristen Pena, KPMG

Public Comments Subject  
to Procedure for  
Appearances before the  
Board of Directors

Chair Callahan asked Mr. Stubbs if, under the Procedure for Appearances before the Board of Directors, any party had requested to appear before the Board. Mr. Stubbs stated that no notices requesting appearance before the Board were received in advance of the meeting.

Approve Meeting Minutes

The minutes of the November 15, 2018 annual meeting were distributed on November 1, 2019. Chair Callahan called for any corrections to the minutes. Mr. Stubbs noted that minor changes were made to correct a reference on page 6. Hearing no other corrections, Chair Callahan asked for a motion to approve the minutes of the annual meeting held on November 15, 2018. The motion was duly made and seconded, and the minutes of the meeting were unanimously approved.

The minutes of the March 25, 2019 special meeting were distributed on November 1, 2019. Chair Callahan called for any corrections to the minutes. Hearing none, she asked for a motion to approve the minutes of the special meeting held on March 25, 2019. The motion was duly made and seconded, and the minutes of the meeting were unanimously approved.

The minutes of the April 30, 2019 special meeting were distributed on November 1, 2019. Chair Callahan called for any corrections to the minutes. Hearing none, she asked for a motion to approve the minutes of the special meeting held on

April 30, 2019. The motion was duly made and seconded, and the minutes of the meeting were unanimously approved.

Ratify Director  
Continuing in Office

Chair Callahan stated that Director Vaughan's 4-year term on the Corporation's Board of Directors expires at the conclusion of this meeting. Pursuant to the Corporation's Bylaws, a Director is eligible to serve for two consecutive terms. Chair Callahan asked for a motion to ratify Director Vaughan to continue to serve her second 4-year term on the Corporation's Board of Directors, with immediate effect. The motion was duly made and seconded, and Director Vaughan was unanimously ratified to continue to serve her second 4-year term on the Corporation's Board of Directors.

Mr. Stubbs announced that Chair Callahan has been appointed to the USF Board of Trustees beginning in January 2020. To avoid any conflict of interest, Chair Callahan will have to resign as Chair and Director of the USF Financing Corporation. The Corporation Board of Directors and Mr. Stubbs thanked Chair Callahan for her service over the past five and a half years. Chair Callahan also thanked the Board and Mr. Stubbs for the opportunity to serve on such a well-organized and impactful organization.

Director Lechner nominated Director Smith as Chair of the Corporation's Board of Directors commencing at the conclusion of this meeting. Chair Callahan asked for a motion; the motion was duly made and seconded; and Director Smith was elected Chair of the Corporation's Board of Directors commencing at the conclusion of this meeting.

Resolution: Approve the  
Issuance of \$27 Million of  
Debt to Finance the  
Construction of the USF  
Research Foundation Mixed  
Use Lab and Office Project;  
Authorize Execution and  
Delivery of Documents; and  
Provide an Effective Date

Chair Callahan asked Mr. Stubbs to introduce the resolution. Mr. Stubbs stated that this resolution authorizes the issuance of \$27,000,000 of debt by the Corporation for the purpose of financing the construction of the USF Research Park mixed use lab and office project; authorizes the execution and delivery of documents; grants additional authority; and provides an effective date. Mr. Stubbs noted that this initiative was previously approved by the Corporation at its April 30 meeting, followed by the Board of Trustees at its June 6 meeting, and recently by the Board of Governors at its October 30 meeting. Mr. Lechner and Mr. Trivunovich noted that the Board of Governors approval process went very smoothly with no additional questions and the Board was very complimentary of the transaction's structure.

Mr. Stubbs reviewed the Resolution in detail. He noted that the Resolution authorizes the issuance of a taxable promissory note in an amount not to exceed \$27 million, which will finance a portion of the costs of the development of a mixed use laboratory and office building containing approximately 120,000 square feet of space to be located in the USF Research Park. The University of South Florida Research Foundation will contribute \$15,000,000 in cash equity to finance the remaining costs of the project. The project is expected to commence in October 2019 and is expected to be complete in January 2021.

Mr. Stubbs stated that the debt will be structured with a 20-year final maturity with level debt service. A Request for Proposal (RFP) for direct purchase non-bank qualified taxable revenue bonds was issued on April 11, 2019 to various financial institutions. From the four proposals received, Branch Banking and Trust

Company provided the most favorable terms and was selected to provide financing. The interest rate was initially estimated at 6.00%; however, indicative interest rates provided by the bank are currently approximately 3.50%.

Mr. Stubbs also stated that the Research Foundation will ground sublease the project site to the Corporation, which will finance and construct the building and master lease the building to the Research Foundation. The Research Foundation will manage and operate the project and will agree to make lease payments to the Corporation equal to 1.30 times the required debt service payments. Payments made by the Research Foundation will be secured by a lien on the rental revenues from three existing, unencumbered office buildings and the project.

Chair Callahan asked if there were any other questions from the Board. Hearing none, Chair Callahan requested a motion to authorize the issuance of debt to finance the construction of the USF Research Park mixed use lab and office project; the execution and delivery of documents; granting additional authority; and providing an effective date. The motion was duly made and seconded, and the following was unanimously approved:

**RESOLVED**, Resolution FC 11-08-19A, which each director has read, is hereby adopted and the secretary is hereby ordered to attach a copy of the aforesaid resolution to the minutes of the meeting.

Chair Callahan asked Mr. Stubbs to introduce the resolution. Mr. Stubbs stated that this resolution appoints a member to the Board of Directors of INTO USF, Inc.; and provides an effective date. The Corporation is 50% owner of INTO USF, Inc., which is the University's principal recruiter of international students. Pursuant

to the Stockholder's Agreement, the Corporation has a right to appoint 3 of the 6 members of the INTO USF, Inc. Board of Directors. The Corporation nominates Director Lechner to fill a vacancy on the INTO USF, Inc. Board.

Chair Callahan called for further comments or questions. Hearing none, she requested a motion to appoint Director Lechner to the INTO USF, Inc. Board of Directors. The motion was made and seconded, and the following was unanimously approved:

**RESOLVED**, Resolution FC 11-08-19B, which each director has read, is hereby adopted and the secretary is hereby ordered to attach a copy of the aforesaid resolution to the minutes of this meeting.

Chair Callahan asked Mr. Stubbs to introduce the resolution. Mr. Stubbs stated that this resolution to ratify the acts and transactions of the officers and directors of the Corporation is our standard procedure following action taken by officers and directors since the previous annual meeting. Mr. Stubbs stated that, since the annual meeting in November 2018, the Corporation held two special board meetings and the Executive Director made operating decisions throughout the year and entered into the following transactions within the parameters authorized by the Board: issued the Series 2018 Housing Certificates, advance refunded the taxable Series 2010B (Build America Bonds) Housing Certificates, and issued the Series 2019 taxable mortgage loan.

Chair Callahan called for further comments or questions. Hearing none, she requested a motion to ratify the acts and transactions of officers and directors of the

Corporation. The motion was made and seconded, and the following was unanimously approved:

**RESOLVED**, Resolution FC 11-08-19C, which each director has read, is hereby adopted and the secretary is hereby ordered to attach a copy of the aforesaid resolution to the minutes of this meeting.

Chair Callahan asked Mr. Stubbs to introduce the resolution to approve the audited financial statements reported by the independent accounting firm, KPMG, LLP. Mr. Stubbs first reminded the Board that the entire Board acts as the Audit Committee of the Corporation. He then introduced the KPMG representatives in attendance: Mr. Todd Webster and Ms. Tristin Pena. Ms. Lori Nissen, the partner in charge on the audit, was not able to attend this meeting. Mr. Stubbs stated that the Board was provided with a copy of the audited financial statements on November 1, 2019. Mr. Stubbs noted that the financial statements are the responsibility of the Corporation's management and that the Corporation's management has been active in managing existing programs. He informed the Board that the statements were prepared as of June 30, 2019. Mr. Stubbs stated that KPMG also provided a report assessing internal controls over financial reporting and compliance and other matters.

Mr. Stubbs provided an overview of the audited financial statements. He noted that, as a result of the Florida Excellence in Higher Education Act of 2018, applicable to all universities within the State University System (SUS) of Florida, the Financing Corporation was required to transition from following FASB reporting to GASB reporting effective July 1, 2018. Mr. Stubbs noted the most significant changes resulting from the transition to GASB reporting, including how certain items

are reported on the financial statements, the addition of the Management's Discussion and Analysis section, and that the USF Property Corporation is now included as a blended component unit rather than being presented as a consolidated entity.

Chair Callahan asked KPMG for their report. Mr. Webster presented KPMG's report to the Corporation's Board of Directors. He noted that the audit was performed in accordance with auditing standards generally accepted in the United States and Government Auditing Standards, and included a review of internal controls over financial reporting and compliance to the extent necessary to render an opinion on the financial statements. KPMG issued an unmodified opinion on the Corporation's financial statements for the year ended June 30, 2019. Mr. Webster and Ms. Pena stated that KPMG received full cooperation from the Corporation's staff and full access to the books and records, and there were no disagreements with the Corporation's management. Ms. Pena added that the documentation and cooperation received from management and staff during the audit were excellent.

Mr. Webster stated that there were no significant deficiencies or material weaknesses to report. Management's estimates related to the valuation of interest rate swap instruments were deemed reasonable in relation to the financial statements as a whole, and that the application of significant accounting policies and financial presentation were deemed materially correct for fiscal year 2019. Mr. Webster noted that, in accordance with applicable standards, KPMG is independent with regard to the Corporation. He added that there were no fees for management advisory or other services during fiscal year 2019 which might affect auditor independence.

Mr. Webster informed the Board of newly effective accounting standards, pursuant to GASB, that might impact the Corporation. Mr. Webster completed KPMG's report and required communications to the Board, and asked if there were any questions.

The Board thanked the Corporation's management and staff for their presentation and for a successful audit.

The Board thanked KPMG for their attendance, presentation, and thoroughness during the audit.

Chair Callahan requested a motion to approve the audited financial statements as presented. The motion was made and seconded, and the following was unanimously approved:

**RESOLVED**, Resolution FC 11-08-19D, which each director has read, is hereby adopted and the secretary is hereby ordered to attach a copy of the aforesaid resolution to the minutes of the meeting.

Chair Callahan asked Mr. Stubbs to provide a brief overview of the annual reports and status of Corporation projects. Mr. Stubbs reviewed the annual report to the Board, which includes the Corporation's long-term financing objectives, highlights of the past year, near-term initiatives, outstanding debt and swaps as of June 30, 2019, the 14-year corporate track record, and the corporate governance structure.

Mr. Stubbs stated that the Corporation provides low-cost, low-risk, long-term financing for the University's major capital projects by negotiating sound credit structures and capitalizing on opportunities to convert variable to fixed rates, reduce

Executive Director's  
Annual Report to the Board  
including Project Status  
Update, Investment Policy  
Statement and Guidelines,  
Annual DSO Certification  
and Board Conflict of  
Interest Statements

credit risks, reduce swaps, and refund at call dates to lock in low interest rates. The Corporation also maintains strong credit ratings for the USF Housing, Marshall Center, and Parking systems. To date, the Corporation has closed 36 transactions, totaling \$1.7 billion. Current outstanding long-term debt equals \$346 million.

Mr. Stubbs reviewed the Investment Policy Statement and Guidelines, noting that 100% of the investments held by the Trustee are short-term, and are swept daily into an Invesco Short Term Money Market Fund. No changes were proposed to the guidelines.

Mr. Stubbs also reviewed the Annual DSO Certification, stating that this certification process is a good business practice and is essential for good governance. USF Financing and Property Corporations are in full compliance with all laws, regulations, standards and requirements. This report is provided annually to the USF Board of Trustees, as well.

Mr. Stubbs asked the Board to review and sign the Conflict of Interest Policy Statement, which is required on an annual basis to comply with requirements of the IRS Form 990. He pointed out that, as Executive Director, he is also required to sign a statement and has done so.

Chair Callahan thanked Mr. Stubbs for his reports and asked if there were any other reports or information items to come before the Board. Hearing none, she moved to the next order of business.

Chair Callahan asked if there were any other items for the Board's consideration.

Other Business

Mr. Stubbs disclosed a likely special meeting to be called in April for the annual appointment of the Corporation's auditor and approval of the Corporation's financial plan for next fiscal year. Mr. Stubbs added that he does not expect any new transactions to come before the Board for consideration at the special meeting.

Hearing no additional items for the Board's consideration, Chair Callahan thanked the Board of Directors for attending the Annual meeting.

Adjournment

There being no further business to come before the Board, the meeting was adjourned on motion duly made and carried at 1:25 p.m.

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Richard D. Smith, Chair

DocuSigned by:

A handwritten signature in black ink, enclosed in a blue rounded rectangular border. The signature reads "Richard D Smith".

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Richard D. Smith, Secretary / Treasurer