

USF FINANCING CORPORATION

MINUTES OF SPECIAL MEETING

BOARD OF DIRECTORS

MARCH 7, 2018

The special meeting of the Board of Directors of the USF Financing Corporation was held on March 7, 2018 at the University of South Florida, 4202 E. Fowler Avenue, CGS 402, Tampa, Florida, pursuant to the Corporation's Bylaws, for the purpose of reviewing and approving documents related to the refunding of the Series 2010A&B Athletics and Series 2010 CAMLS Notes, 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 February 12, 2018. A copy of the meeting Notice is attached to these minutes.

The meeting was called to order by Chair Callahan at 12:00 p.m., who participated via conference telephone.

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
Ms. Lori V. Vaughan
Mr. Steven A. Williamson
Mr. John W. Long

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

Mr. Fell L. Stubbs, Executive Director

Call to Order
and Roll Call

Mr. Nick J. Trivunovich, University Chief Financial Officer
Mr. David Lechner, University Sr. Vice President for Business & Finance
Ms. Hilary Black, Senior Associate General Counsel
Ms. Dawn M. Rodriguez, Assistant Treasurer
Ms. Diana F. Ribeiro, Accounting Manager

Nominate and Elect
Acting Chair

Chair Callahan nominated Director Smith to serve as Acting Chair of the Board of Directors of the USF Financing Corporation for this meeting only, as she was unable to attend in person. She asked if there were any other nominations. Hearing none, she asked for a motion to elect Director Smith to serve as Acting Chair of the Board of Directors of the USF Financing Corporation, for this meeting only. The motion was duly made and seconded, and unanimously approved.

Nominate and Elect Acting
Secretary/Treasurer

Chair Callahan nominated Director Long to serve as Acting Secretary/Treasurer of the Board of Directors of the USF Financing Corporation for this meeting only. She asked if there were any other nominations. Hearing none, she asked for a motion to elect Director Long to serve as Acting Secretary/Treasurer of the Board of Directors of the USF Financing Corporation, for this meeting only. The motion was duly made and seconded, and unanimously approved.

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

Acting Chair Smith 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 annual meeting held on November 7, 2017 were distributed on March 2, 2018. Acting Chair Smith called for any corrections to the

minutes. Hearing none, he asked for a motion to approve the minutes of the annual meeting held on November 7, 2017. The motion was duly made and seconded, and the minutes of the meeting were unanimously approved.

Acting Chair Smith asked Mr. Stubbs to introduce the resolution. Mr. Stubbs stated that this resolution authorizes a loan to refinance the Series 2010A&B Athletics Taxable Promissory Notes, which have a total outstanding par amount of \$18,171,865. The resolution authorizes the execution and delivery of the loan agreement with Branch Banking and Trust Company (BB&T), first amendment to the ground lease agreement with the University, and first amendment to the facilities lease and management agreement with the University. Mr. Stubbs noted that all referenced documents were distributed to the Board on March 2, 2018.

Mr. Stubbs stated that the Series 2010A&B Athletics Notes were initially issued in December 2010 as Build America Bonds. As such, the interest expense related to the Notes was offset by direct federal subsidies received from the U.S. Treasury, equal to 35% of the interest paid. However, pursuant to the requirements of the amended Balanced Budget and Emergency Deficit Control Act of 1985, direct federal subsidies have been subject to sequestration beginning March 2013, reducing the amount of the subsidy. Thus, net interest expense related to the Series 2010A&B Athletics Notes has increased.

Mr. Stubbs stated that the Corporation has engaged in negotiations with BB&T, the bank holding the Series 2010A&B Athletics Notes, to refinance the Series 2010A&B Athletics Notes on a tax-exempt basis, reduce the interest rate

and, importantly, eliminate material adverse effect and material adverse change provisions in the loan agreement. The refunding will yield approximately \$1 million in net present value debt service savings, and the material adverse effect/change provisions have been eliminated. The underlying lease agreements are being amended to reference the new debt series.

Mr. Stubbs noted that the Corporation's financial advisor, PFM, has issued a memorandum stating that, due to the complexity of the transaction, the Corporation's desire to obtain the most favorable terms available, and current turmoil in the financial markets, it is desirable and in the Corporation's best interests to issue and sell the Series 2018 Notes through a negotiated sale to BB&T.

Mr. Stubbs stated that this refunding transaction has been previously disclosed to the Board of Governors and Division of Bond Finance. He stated that he will also notify Standard & Poor's and Moody's. This transaction was also disclosed in the Corporation's mid-year forecast, which was provided to the Board of Trustees in January 2018.

Acting Chair Smith asked if there were any questions from the Board. Hearing none, Acting Chair Smith requested a motion to authorize amendments to agreements to refund the Series 2010&B Athletics Taxable Promissory Notes. The motion was duly made and seconded, and the following was unanimously approved:

RESOLVED, Resolution FC 03-07-18A, 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.

Resolution: Authorize
Amendments to
Agreements to Refund
Taxable Promissory Note,
Series 2010 CAMLS

Acting Chair Smith asked Mr. Stubbs to introduce the resolution. Mr. Stubbs stated that this resolution authorizes a loan to refinance the Series 2010 CAMLS Taxable Promissory Note, which has an outstanding par amount of \$15,535,830. The resolution authorizes the execution and delivery of the loan agreement with BB&T, second amendment to the ground lease agreement with USF, and second amendment to the facility lease agreement with USF Health Professions Conferencing Corporation. Mr. Stubbs noted that all referenced documents were distributed to the Board on March 2, 2018.

Mr. Stubbs stated that, similar to the Series 2010A&B Athletics Notes, the Series 2010 CAMLS Note was also issued in December 2010 as Build America Bonds. As previously discussed, due to sequestration since 2013, net interest expense related to the Series 2010 CAMLS Note has increased as the direct federal subsidies have decreased.

Mr. Stubbs stated that the Corporation has engaged in negotiations with BB&T, the bank holding the Series 2010 CAMLS Note, to refinance the Series 2010 CAMLS Notes on a tax-exempt basis, reduce the interest rate, and eliminate material adverse effect and material adverse change provisions in the loan agreement. The refunding will yield approximately \$0.5 million in net present value debt service savings, and material adverse effect/change provisions have

been eliminated. The underlying lease agreements are being amended to reference the new debt series.

Mr. Stubbs noted that the Corporation's financial advisor, PFM, has issued a memorandum stating that, due to the complexity of the transaction, the Corporation's desire to obtain the most favorable terms available, and current turmoil in the financial markets, it is desirable and in the Corporation's best interests to issue and sell the Series 2018 Note through a negotiated sale to BB&T.

Mr. Stubbs stated that this refunding transaction has been previously disclosed to the Board of Governors and Division of Bond Finance. He stated that he will also notify Standard & Poor's and Moody's. This transaction was also disclosed in the Corporation's mid-year forecast, which was provided to the Board of Trustees in January 2018.

Acting Chair Smith asked if there were any questions from the Board. Hearing none, Acting Chair Smith requested a motion to authorize amendments to agreements to refund the Series 2010 CAMLS Taxable Promissory Note. The motion was duly made and seconded, and the following was unanimously approved:

RESOLVED, Resolution FC 03-07-18B, 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.

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

Mr. Stubbs stated that, as previously disclosed to the Board, the Corporation will soon issue a request for proposals to banks to refund the variable rate \$18 million Series 2013B Health bonds, with the objectives of locking in attractive long-term fixed rates and reducing risk. The effective date of the transaction will be July 1, 2018, along with the expiration of the swap and the current direct placement facility. Additionally, the Corporation has contacted SunTrust Bank, regarding the Series 2003A Athletics Certificates and Series 2013 Arena Note, to eliminate bank-favorable material adverse effect/change provisions and other bank-favorable covenants. A Special Board Meeting will be requested in May or June to consider and authorize the transactions.


Mr. Stubbs also disclosed that Standard & Poor's revised its outlook from stable to positive, and affirmed its "AA-" ratings on USF and the USF Financing Corporation's Marshall Center bonds, and revised its outlook from stable to positive, and affirmed its "A+" rating on the USF Financing Corporation's housing bonds. Mr. Stubbs noted that this revision from stable to positive, along with strong ratings, enables the Corporation to obtain better terms and provisions on its transactions.

The Board commended Mr. Stubbs on steadily decreasing the University's variable debt over the years, capitalizing on low fixed interest rates, and consistently negotiating more favorable covenants for the University and the Corporation.

Hearing no additional items for the Board's consideration, Acting Chair Smith thanked the Board's directors for attending this special meeting.

Adjournment

There being no further business to come before the Board, the meeting was adjourned on motion duly made and carried at 12:39 p.m.



Sandra W. Callahan, Chair



Richard D. Smith, Secretary / Treasurer