

USF PROPERTY CORPORATION

MINUTES OF SPECIAL MEETING

BOARD OF DIRECTORS

MAY 29, 2018

A special meeting of the Board of Directors of the USF Property Corporation was held on May 29, 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 amendments to several debt transactions, appointing an independent auditor, and approving a budget, 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 May 14, 2018.

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

The meeting was called to order by Chair Smith at 1:21 p.m.

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

Mr. Richard D. Smith  
Ms. Sandra W. Callahan  
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  
Mr. Nick J. Trivunovich, University Chief Financial Officer  
Mr. David E. Lechner, University Senior VP for Business & Finance

Call to Order  
and Roll Call

Ms. Hilary Black, Senior Associate General Counsel  
Ms. Dawn M. Rodriguez, Assistant Treasurer  
Ms. Diana F. Ribeiro, Accounting Manager

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

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 May 24, 2018. 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.

Reelect Directors

Director Long stated that Director Callahan's first 4-year term on the Board of Directors of the Corporation expires at this meeting. Pursuant to the Corporation's Bylaws, she may be reelected for one more consecutive term. He asked for a motion to reelect Director Callahan to serve a 4-year term as a member of the Board of Directors of the Corporation, with immediate effect. The motion was duly made and seconded, and Ms. Callahan was unanimously elected to a 4-year term on the Board of Directors of the Corporation.

Director Long stated that Director Smith's first 4-year term on the Board of Directors of the Corporation expires at this meeting. Pursuant to the Corporation's Bylaws, he may be reelected for one more consecutive term. He asked for a motion to reelect Director Smith to serve a 4-year term as a member of

the Board of Directors of the Corporation, with immediate effect. The motion was duly made and seconded, and Mr. Smith was unanimously elected to a 4-year term on the Board of Directors of the Corporation.

Ms. Black stated that the recent state legislative session resulted in several changes to the Florida statute for direct-support organizations. The university board of trustees will now approve all appointments to any direct-support organization. Board of Governor and USF regulations will be revised to reflect the updated requirements.

Resolution: Authorize  
Conversion of Series 2013B  
Health Certificates

Chair Smith asked Mr. Stubbs to introduce the resolution. Mr. Stubbs stated that this resolution authorizes the conversion of the Series 2013B Health Certificates, totaling \$17,925,000 in outstanding par amount, from a variable interest rate to a long-term fixed rate, effective July 1, 2018. The Certificates have been held by JPMorgan Chase Bank since September 3, 2013 and carry interest at a variable rate. There is also an associated interest rate swap, with an outstanding notional amount equal to the bond par amount, which is scheduled to expire on July 1, 2018.

Mr. Stubbs stated that a Request for Proposals was issued in April 2018 to refund and convert the Certificates, and four responses were received. STI Institutional & Government, Inc., a SunTrust company, offered the most favorable terms. Mr. Stubbs reviewed the commitment letter from STI, dated May 10, 2018. The proposed interest rate is fixed at 3.39% through the final maturity of the Certificates. The all-in interest cost under the current variable rate structure is 4.25% and recently increased due to the change in corporate tax rate. Mr. Stubbs

added that the new agreement does not contain subjective acceleration clauses and other related bank-favorable covenants. Additionally, the Corporation's financial advisor, PFM, provided a recommendation to select STI as the loan provider for the converted Series 2013B Certificates based on the fixed interest rate to maturity and favorable terms of the proposal.

Chair Smith asked if there were any questions from the Board. Hearing none, Chair Smith requested a motion to authorize the conversion of the Series 2013B Health Certificates. The motion was duly made and seconded, and the following was unanimously approved:

**RESOLVED**, Resolution PC 05-29-18A, 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.

Chair Smith asked Mr. Stubbs to introduce the next resolution. Mr. Stubbs stated that this resolution authorizes the second amendment to Supplemental Trust Agreement and second amendment to Continuing Covenants Agreement related to the Series 2012B Housing Certificates, currently held by Wells Fargo Bank. Mr. Stubbs stated that the change in federal corporate tax rate from 35% to 21% effective January 1, 2018 resulted in an increase in the interest rate on the Series 2012B Certificates. The all-in interest cost increased from 4.30% to approximately 4.72%. The Corporation initiated negotiations with Wells Fargo to modify the interest rate, and also negotiated with the interest rate swap counterparty, Royal Bank of Canada, to increase its LIBOR floating rate for payments to the Corporation from 67% to 80%. The all-in interest rate was

Resolution: Authorize  
Second Amendment to  
Supplemental Trust  
Agreement and Second  
Amendment to Continuing  
Covenants Agreement  
Related to Series 2012B  
Housing Certificates

reduced to 4.67% after negotiations. Mr. Stubbs reviewed the revisions to the amendments.

Chair Smith asked if there were any questions from the Board. Hearing none, Chair Smith requested a motion to authorize the Second Amendment to the Supplemental Trust Agreement and Second Amendment to the Continuing Covenants Agreement related to the Series 2012B Housing Certificates. The motion was duly made and seconded, and the following was unanimously approved:

**RESOLVED**, Resolution PC 05-29-18B, 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.

Chair Smith asked Mr. Stubbs to introduce the next resolution. Mr. Stubbs stated that this resolution authorizes the amended and restated Continuing Covenants Agreement related to the Series 2013A Health Certificates, which are held by JPMorgan Chase Bank. As a result of the change in federal corporate tax rate, the interest rate on the Series 2013A Health Certificates increased from 2.31% to 2.81%. The Corporation entered into negotiations and the bank agreed to reduce the interest rate to 2.71%. Additionally, the Corporation requested the elimination of material adverse effect provisions from the agreement, and the bank agreed.

Mr. Stubbs reviewed the amended language in the agreement. Director Long suggested that, for similar transactions in the future, the Board be provided

Resolution: Authorize Amended and Restated Continuing Covenants Agreements Related to Series 2013A Health Certificates

with a redline version of the amended document, for ease of review, and Mr. Stubbs agreed.

Chair Smith asked if there were any questions from the Board. Hearing none, Chair Smith requested a motion to authorize the Amended and Restated Continuing Covenants Agreement related to the Series 2013A Health Certificates. The motion was duly made and seconded, and the following was unanimously approved:

**RESOLVED**, Resolution PC 05-29-18C, 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: Appoint  
Independent Auditor

Chair Smith asked Mr. Stubbs to introduce the next resolution. Mr. Stubbs stated that the Corporation seeks to appoint KPMG LLP as independent auditor of the Corporation's accounts and records for fiscal year 2018. Mr. Stubbs stated that management has performed its due diligence and benchmarking of criteria and fees for external audit services. Mr. Stubbs stated that KPMG continues to meet the Corporation's requirements for an external auditor, including being a "Big-4" firm with national recognition. Additionally, Mr. Stubbs stated that KPMG's proposed audit fee for fiscal year 2018 is \$67,500, which is equal to the amount charged by the Corporation's previous auditor, E&Y, in 2013, its final year of auditing the Corporation. Thus, KPMG has provided competitive audit fees.

The Board discussed the recommendation, and also discussed best practices for audit partner rotation. Mr. Stubbs stated that the Corporation follows

National Association of College and University Business Officers (NACUBO) best practices.

Chair Smith asked if there were any questions from the Board. Hearing none, Chair Smith requested a motion to appoint KPMG LLP as auditor of the Corporation. The motion was duly made and seconded, and the following was unanimously approved:

**RESOLVED**, Resolution PC 05-29-18D, 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: Approve  
Corporation FY 2019  
Financial Plan

Chair Smith asked Mr. Stubbs to introduce the next resolution. Mr. Stubbs stated that the Board was provided with a copy of the FY 2019 Financial Plan on May 11, 2018. The Financial Plan was presented to the USF Board of Trustees (BOT) Finance Committee on May 22, 2018.

Mr. Stubbs reviewed the FY 2019 Financial Plan, stating that the Corporation is the University's financing arm and is expected to provide low cost, low risk, long-term financing for the University's major capital projects. Key initiatives that will influence performance in FY 2019 include debt service savings resulting from the conversion of the \$18 million Series 2013B Health Certificates in July 2018. The comprehensive program to amend all seven bank direct purchase of bond agreements in FY 2018 was also disclosed in the Financial Plan. The Corporation will continue working with the University to assist with structuring new debt programs or restructuring existing programs to meet the University's needs.

Director Long suggested that, for future years, the Financial Plan should be approved by the Board prior to being presented to the BOT Finance Committee. Ms. Black noted that true BOT approval does not occur until the full BOT meeting, which is scheduled for early June. Additionally, the Corporation distributes the Financial Plan to its Board and expects any comments or concerns arising from the Board's review to be communicated to management prior to presentation to the BOT Finance Committee. To enhance this practice, the Board agreed to approve next year's Financial Plan via a phone call prior to its presentation to the BOT Finance Committee.

Chair Smith asked if there were any questions from the Board. Hearing none, Chair Smith requested a motion to approve the Corporation's Fiscal Year 2019 Financial Plan as presented. The motion was duly made and seconded, and the following was unanimously approved:

**RESOLVED**, Resolution PC 05-29-18E, 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.

Other Business

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

Hearing no additional items for the Board's consideration, 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 1:33 p.m.



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Richard D. Smith, Chair



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Sandra W. Callahan, Secretary / Treasurer