

USF PROPERTY CORPORATION

MINUTES OF ANNUAL MEETING

BOARD OF DIRECTORS

NOVEMBER 15, 2018

The annual meeting of the Board of Directors of the USF Property Corporation was held on November 15, 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 authorizing the issuance of debt to finance costs related to student housing improvements at the USF St. Petersburg campus, authorizing the refunding of the outstanding Series 2010B Build America Bonds with the Series 2019 Certificates of Participation, 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 November 9, 2018. A copy of the meeting Notice is attached to these minutes.

The meeting was called to order by Chair Smith at 1:18 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
Mr. Steven A. Williamson
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
Mr. John W. Long, University Chief Operating Officer
Ms. Hilary Black, Senior Associate General Counsel
Ms. Dawn M. Rodriguez, Assistant Treasurer
Ms. Lori Nissen, KPMG

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 May 29, 2018 special meeting were distributed on November 9, 2018. Chair Smith called for any corrections to the minutes. Hearing none, he asked for a motion to approve the minutes of the special meeting held on May 29, 2018. The motion was duly made and seconded, and the minutes of the meeting were unanimously approved.

Reelect Officers

Director Lechner stated that Director Smith's 2-year term as Chair of the Board of Directors and Director Callahan's 2-year term as Secretary/Treasurer of the Board of Directors expire at the conclusion of this meeting. Pursuant to the Corporation's Bylaws, a vacancy in any office, other than Executive Director, may be filled by the Board of Directors.

Director Lechner asked for a motion to reelect Director Smith to serve a 2-year term as Chair of the Board of Directors of the Corporation, with immediate effect. The motion was duly made and seconded, and Director Smith was

unanimously elected to a 2-year term as Chair of the Board of Directors of the Corporation.

Director Lechner asked for a motion to reelect Director Callahan to serve a 2-year term as Secretary/Treasurer of the Board of Directors of the Corporation, with immediate effect. The motion was duly made and seconded, and Director Callahan was unanimously elected to a 2-year term as Secretary/Treasurer of the Board of Directors of the Corporation.

Chair Smith called on Director Lechner to introduce the following action item. Director Lechner stated that the Corporation has two vacant Assistant Secretary officer positions. Pursuant to the Corporation's Bylaws, a vacancy in any office, other than Executive Director, may be filled by the Board of Directors. Director Lechner nominated Hilary Black and Dawn Rodriguez to be Assistant Secretaries of the USF Financing Corporation.

Hearing no other nominations, Director Lechner requested a motion to elect Hilary Black and Dawn Rodriguez as Assistant Secretaries of the Corporation each for two-year terms with immediate effect. The motion was duly made and seconded, and the officers were unanimously elected.

Chair Smith asked Mr. Stubbs to introduce the resolution. Mr. Stubbs stated that this resolution authorizes the issuance of \$33,000,000 of debt by the Corporation for the purpose of financing the cost of student housing improvements at the USF St. Petersburg campus; authorizes the execution and delivery of documents; grants additional authority; and provides an effective date. Mr. Stubbs noted that this initiative was previously approved at the USF

Resolution: Authorize the Issuance of \$33 Million of Debt to Finance the Costs of Student Housing Improvements Located on the St. Petersburg Campus; Authorize the Execution and Delivery of Documents; Grant Additional Authority; and Provide an Effective Date

Financing Corporation's July 9 meeting, followed by the Board of Trustees meeting on July 24, and recently by the Board of Governors meeting on November 8. President Genshaft issued a communication on November 9 stating that the approval by the Board of Governors was unanimous and that the proposal was singled out by the BOG as a "model" for the rest of the State University System. Mr. Stubbs added that ratings have been requested from Moody's and Standard & Poor's and that we expect to receive ratings on or before November 19.

Mr. Stubbs stated that a Request for Proposals (RFP) for underwriting services was sent to twelve underwriters. From the eight proposals received, JP Morgan was selected as the senior manager and Barclays was selected as co-manager. Both underwriters agreed to our provision requiring underwriters to buy any unsold bonds into their own portfolio. This provision benefitted us in 2015 when approximately 25% of the bonds were unsold and the underwriters bought them into their inventory.

Mr. Stubbs reviewed the Resolution in detail. He noted that the Resolution authorizes an amount not to exceed \$33 million; the actual amount should be slightly lower. He also noted that the interest rate was estimated at 5.00%; however, as of last week, the market indicated that interest rates should be 4.34%. Final maturity will be in 30 years, with an optional ten-year prepayment date of January 1, 2029.

Director Lechner commended the USF and USF St. Petersburg teams for all of the hard work over the past few years in working on this project, which was initially proposed to be structured as a public-private partnership.

Mr. Stubbs stated that a design/build agreement is being developed. Utilizing a competitive selection process by way of a RFP, the University selected The Beck Group. The Beck Group has considerable experience with university housing (specifically, with University of Tampa) and Beck's proposal included a GMP on day 1 of the contract. Additionally, the team is negotiating with Sodexo, USF St. Petersburg's dining services operator, to operate and contribute funding to the build out of the new dining center.

Chair Smith asked if there were any other questions from the Board. Hearing none, Chair Smith requested a motion to authorize the issuance of debt to finance the costs of student housing improvements located on the USF St. Petersburg campus. The motion was duly made and seconded, and the following was unanimously approved:

RESOLVED, Resolution PC 11-15-18A, 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 resolution. Mr. Stubbs stated that this resolution authorizes the issuance of the Series 2019 Certificates of Participation to prepay and refund the outstanding \$15,140,000 Series 2010B Build America Bonds. The resolution further provides for a delegation of authority to authorize the Executive Director to take all actions and steps

necessary, consistent with the Resolution and bond agreements, to complete the transaction. Mr. Stubbs added that this transaction will reduce compliance risk as well as interest rate risk. There is a cost associated with the transaction since this is an advance refunding (the Series 2010B par call is in 2020); however, we conservatively expect to generate net present value savings of 6.5%. The selected underwriter, Wells Fargo (sole manager), has estimated net present value savings closer to 9%. Each of these estimates exceed the Board of Governors Debt Management Guidelines minimum savings criteria of at least 5%.

Chair Smith asked if there were any other questions from the Board. Hearing none, Chair Smith requested a motion to authorize the refunding of the Series 2010B Build America bonds. The motion was duly made and seconded, and the following was unanimously approved:

RESOLVED, Resolution PC 11-15-18B, 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 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 2017, the Corporation held one special board meeting and the Executive Director made operating decisions throughout the year and entered into the following transactions within the parameters authorized by the Board: converted the Series 2013B Health Certificates and

amended the Series 2012B Housing Certificates and the 2013A Health Certificates.

Chair Smith called for further comments or questions. Hearing none, he 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 PC 11-15-18C, 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 this meeting.

Chair Smith 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 representative in attendance: Ms. Lori Nissen, partner in charge. Mr. Stubbs stated that the Board was provided with a copy of the audited financial statements on November 9, 2018. 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, 2018 and include the year ended June 30, 2017. 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 consolidated statements of financial position, activities and changes in unrestricted net assets, and cash flows.

Director Lechner noted that due to new State legislation, the Corporation will transition from FASB reporting to GASB reporting beginning fiscal year 2019.

Chair Smith asked KPMG for their report. Ms. Nissen presented KPMG's report to the Corporation's Board of Directors. She 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, 2018. Ms. Nissen 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. Nissen added that the documentation and cooperation received from management and staff during the audit were excellent.

Ms. Nissen 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 2018. She added that KPMG assessed the Corporation's non-GAAP accounting policies and determined the impact to be immaterial to the financial statements.

Ms. Nissen noted that, in accordance with applicable standards, KPMG is independent with regard to the Corporation. She added that there were no fees for

management advisory or other services during fiscal year 2018 which might affect auditor independence.

Ms. Nissen informed the Board of newly effective accounting standards, pursuant to GASB, that might impact the Corporation. Ms. Nissen 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 Smith 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 PC 11-15-18D, 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.

Chair Smith 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, 2018, the 13-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 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 35 transactions, totaling \$1.66 billion. Current outstanding long-term debt equals \$323 million.

Mr. Long noted that we have not issued any new Housing debt since 2010. We limited debt issuances to provide new debt capacity, which is now benefitting the USF St. Petersburg project.

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

Other Business

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

Mr. Stubbs disclosed that the University is considering two new projects that may come before the Board during the next fiscal year: issuing debt for a 120,000 square foot research building in the USF Research Park and a new student housing facility on the USF Sarasota/Manatee Campus.

Hearing no additional items for the Board's consideration, Chair Smith 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 1:28 p.m.

Richard D. Smith, Chair

Sandra W. Callahan, Secretary / Treasurer