

USF FINANCING CORPORATION
MINUTES OF ANNUAL MEETING
BOARD OF DIRECTORS
NOVEMBER 15, 2018

The annual meeting of the Board of Directors of the USF Financing Corporation was held on November 15, 2018, at the University of South Florida, 4202 E. Fowler Avenue, CGS 402, Tampa, Fla., 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 Callahan at 12:00 p.m.

The following directors, who constitute a quorum of the Board of Directors, were present or participated

The following persons were also present and 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

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

The minutes of the May 29, 2018 special meeting were distributed on November 9, 2018. 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 May 29, 2018. The motion was duly made and seconded, and the minutes of the meeting were unanimously approved.

The minutes of the July 9, 2018 special meeting were distributed on November 9, 2018. 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 July 9, 2018. The motion was duly made and seconded, and the minutes of the meeting were unanimously approved.

Corporation's Bylaws, a vacancy in an office, other than Executive Director, may be filled by the Board of Directors.

Director Lechner asked for a motion to elect Director Callahan 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 Callahan 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 Smith to serve a 2-year term as Secretary/Treasurer of 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 Secretary/Treasurer of the Board of Directors of the Corporation.

Chair Callahan 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 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

Resolution: Authorize the Issuance of \$33 Million of Debt to Finance the Costs of Student Housing

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 a 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 detail. He noted that the Resolution authorizes an amount not to exceed \$23 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

USF St. Petersburg's dining services ~~oper~~ to operate and contribute funding to the build out of the ~~new~~ dining center.

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

RESOLVED, Resolution FC 11-15-18A, which each director has read, is hereby adopted and the secretary ~~is~~ 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 ~~authorizes~~ the issuance of ~~Series 2019~~ Series 2019 Certificates of Participation to prepay and ~~refund~~ the outstanding \$15,140,000 Series 2010B Build America Bonds. The resolution ~~then~~ 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~~ 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 ~~will~~ exceed the Board of Governors Debt Management Guidelines minimum ~~savings~~ criteria of ~~at least~~ 5%.

Resolution: Authorize the Refunding of Outstanding \$15,140,000 Series 2010B Build America Bonds with Series 2019 Certificates of Participation

Chair Callahan asked if there were any other questions from the Board. Hearing none, Chair Callahan 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 FC 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 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 2017, the Corporation has had three special board meetings and the Executive Director has made operating decisions throughout the year and entered into the following transactions within the parameters authorized by the Board: refundable Series 2010A and Series 2010B Athletics Notes, refundable Series 2010 CAMLS Note, converted the Series 2013B Health Certificates, and amended Series 2012B Housing Certificates, the 2003A Athletics Note, 2013 Arena Note, and 2013A Health Certificates.

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:

Resolution: Ratification
of Acts and Transactions
of Officers and
Directors

RESOLVED, Resolution FC 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 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 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 st

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 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 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 11-15-18D, 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 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, 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, refund at call dates to lock in low interest rates. The Corporation also maintains strong credit ratings for the USF,

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

Mr. Stubbs disclosed that the University is considering two new projects