

USF FINANCING CORPORATION

MINUTES OF SPECIAL MEETING

BOARD OF DIRECTORS

APRIL 30, 2019

A special meeting of the Board of Directors of the USF Financing Corporation was held on April 30, 2019 at the University of South Florida, 4202 E. Fowler Avenue, CGS 202, Tampa, Florida, pursuant to the Corporation's Bylaws, for the purpose of authorizing the issuance of debt to finance the costs of the USF Research Park Mixed Use Laboratory and Office Project, approving revisions to Corporation Bylaws, appointing the independent auditor, approving the Corporation's annual financial plan, 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 April 9, 2019.

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 in the meeting via conference telephone:

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

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

Call to Order
and Roll Call

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

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.

Resolution: Authorize the
Issuance of Debt to Finance
the Costs of the USF
Research Park Mixed Use
Lab and Office Project

Chair Callahan asked Mr. Stubbs to introduce the resolution. Mr. Stubbs stated that this resolution authorizes the issuance of debt by the Corporation in an amount not to exceed \$27 million for the purpose of financing a portion of the costs of the USF Research Park Mixed Use Laboratory and Office Project, and authorizes the execution and delivery of a ground sublease and master lease of the Project to the Research Foundation. Mr. Stubbs noted that this initiative was discussed most recently at the March 25 special meeting of the Board.

Mr. Stubbs stated that the proposed project will consist of a three story, 120,000 square foot research laboratory and office facility with retail and dining amenities. Construction is expected to begin in January 2020 and is expected to be completed in January 2021. The USF Research Foundation will contribute \$15 million in cash equity to the costs of the Project. 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. The Corporation will secure its payment obligations to the bank making the loan with lease payments received from the Research Foundation.

Payments made by the Research Foundation will be secured by a lien on the rental revenues from three existing, unencumbered, office buildings in the USF Research Project.

Chair Callahan asked if the pledge of the rental revenues is only available for the first five years, while the new project is leasing up to full occupancy. Mr. Stubbs responded that the pledge will remain for the life of the debt (20 years) as it will be secured via the master lease to the Research Foundation.

Mr. Stubbs stated that the debt will be sold through a private placement with a bank and will bear interest at a taxable fixed interest rate with a maturity of not more than 20 years. Mr. Stubbs stated that the issuance of debt on a taxable basis is in the best interests of the University and the Corporation due to the high level of for-profit tenants to be located at the Project. This will provide maximum flexibility with tenants.

Mr. Stubbs stated that the Corporation recently initiated a competitive procurement process for direct purchase of taxable revenue bonds. Four proposals from banks were received. He added that for the purpose of projections, debt service coverage was based on a taxable fixed interest rate of 6.0%, while current bank proposed rates are much lower at 4.3% - 4.6%.

Director Lechner complimented the Corporation, the Research Foundation and USF's Finance team on developing a strong credit with little risk. He added that the Florida Board of Governors is now assessing projects partially based on

need for a particular type of space. USF currently only has about 36% of the lab space it needs based on the BOG assessment. The BOG should look favorably on

Chair Callahan asked Mr. Stubbs to introduce the resolution. Mr. Stubbs stated that this resolution approves certain revisions made to the Corporation Bylaws. Mr. Stubbs stated that the revisions were necessary to comply with the

be particularly helpful this year as the Corporation transitions from FASB to GASB reporting.

Chair Callahan asked if there were any questions from the Board. Hearing none, Chair Callahan 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 FC 04-30-19C, 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 the meeting.

Chair Callahan asked Mr. Stubbs to introduce the next resolution. Mr.

RESOLVED, Resolution FC 04-30-19D, 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 if there were any other items for the Board's consideration.

Mr. Stubbs stated that the USF Sarasota-Manatee Housing Project was