

USF FINANCING CORPORATION

MINUTES OF SPECIAL MEETING

BOARD OF DIRECTORS

APRIL 28, 2020

A special meeting of the Board of Directors of the USF Financing Corporation was held by Microsoft Teams virtual meeting on April 28, 2020 at the University of South Florida, 4202 E. Fowler Avenue, CGS 402, Tampa, Florida, pursuant to the Corporation's Bylaws, for the purpose of appointing the independent auditor, approving the Corporation's annual financial plan, authorizing the distribution of funds to the USF Foundation, Inc. to support University initiatives, 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 15, 2020. A copy of the meeting Notice is attached to these minutes.

Call to Order
and Roll Call

The meeting was called to order by Chair Smith at 3:00 p.m.

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

Mr. Richard D. Smith
Mr. Steven A. Williamson
Mr. Jose E. Valiente
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
Ms. Hilary Black, Senior Associate General Counsel
Ms. Dawn M. Rodriguez, Assistant Treasurer

Chair Smith welcomed a new member to the Corporation Board of Directors, Mr. Jose Valiente, and asked Mr. Stubbs to introduce him to the Board. Mr. Stubbs stated that Mr. Valiente was appointed by Board of Trustees Chair Jordan Zimmerman. Mr. Valiente is a CPA and knows the University well as he currently serves on both the Foundation and Alumni Association Boards of Directors. Mr. Valiente is a distinguished alumnus of the University. Chair Smith added that he has known Mr. Valiente for many years and knows that he will make a significant impact on this Board. The Board welcomed Mr. Valiente. Mr. Valiente stated that he is looking forward to participating and appreciates the opportunity to serve on this Board.

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.

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 2020. 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. Mr. Stubbs stated that KPMG has been our auditor since 2014, with two 3-year engagements. This year's engagement will be for one year only. Mr. Valiente asked why we are not entering into another 3-year engagement. Mr. Stubbs responded that he requested a concession in cost due to overall cost pressures the University is experiencing in light of the pandemic. KPMG proposed a 3-year engagement but the pricing in the last two years was not attractive. Mr. Stubbs stated that we ultimately agreed to a 1-year agreement at a cost of \$68,000, which is less than the prior year's cost of \$70,000. We will discuss a longer term engagement next year once pandemic-related costs are better quantified.

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 FC 04-28-20A, 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 the Board was provided with a copy of the FY 2021 Financial Plan on April 23, 2020. The Financial Plan will be presented to the USF Board of Trustees (BOT) Finance Committee on May 14, 2020.

Mr. Stubbs reviewed the FY 2021 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. To date the Corporation

has closed \$1.7 billion in transactions, developed 2 million square feet of space for the University, and has realized \$27 million in net present value savings by refinancing debt at lower interest rates. Mr. Stubbs noted that the Corporation is a very stable, highly rated enterprise and its bonds are rated in A1 to Aa3 categories; the University is an AA-rated enterprise. He reviewed key initiatives that will influence performance in FY 2021, capital projects, and the drivers of major variances from prior year plans or actual results. Given the Corporation's transition from FASB to GASB reporting in fiscal year 2019, all historical figures have been updated to reflect GASB reporting.

Mr. Stubbs also noted that the University is in the process of filing voluntary disclosures for its publicly issued bonds (Housing, Parking and Marshall Center) to provide updates to the rating agencies and bondholders related to the impact of the COVID pandemic on the University.

Chair Smith asked if there were any questions from the Board. Mr. Valiente asked what impact the conversion to GASB reporting had on our balance sheet. Mr. Stubbs stated that the impact to the balance sheet was limited and primarily a change in presentation. Mr. Valiente also asked how our investments were impacted by the recent decline in the market. Mr. Stubbs stated that the Corporation's investments are not exposed to equity markets. Our funds are swept daily into a money market that is collateralized solely with U.S. Treasuries. Hearing no other questions, Chair Smith requested a motion to approve the Corporation's Fiscal Year 2021 Financial Plan as presented. The motion was duly made and seconded, and the following was unanimously approved:

RESOLVED, Resolution FC 04-28-20B, 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
Distribution of Funds to the
USF Foundation, Inc. In
Support of USF Initiatives

Chair Smith asked Mr. Stubbs to introduce the next resolution. Mr. Stubbs stated that the Corporation is a 50% owner of INTO USF, Inc., which is the University's principal recruiter of international students. The Corporation received \$6 million in distributions from INTO USF, Inc. on September 28, 2016. Since that time, the Corporation has held these funds in a short-term CD, along with \$500,000 in cash. The University requested that we distribute \$2.2 million to support University initiatives. The Corporation intends to distribute these funds to the USF Foundation, on behalf of the University, as the USF Foundation was the entity that initially provided funds for our investment in INTO USF, Inc.

Chair Smith asked if there were any questions from the Board. Mr. Valiente asked for clarification on the initial investment and the distribution from INTO USF, Inc. Mr. Stubbs and Mr. Trivunovich clarified that academic affairs contributed \$500,000 of their endowment funds to support the investment in INTO USF, Inc.; the Foundation was a conduit to send the funds to the Corporation. The distribution from INTO USF, Inc. was not a loan but rather represented a distribution of 50% of its accumulated cash profit over its 6 years of operations. The other 50% investor, INTO U.S. received a distribution in the same amount. Mr. Valiente also asked if there was any conflict with him voting on this Resolution given his position on the Foundation Board as well. Ms. Black stated that Mr. Valiente's Foundation Board membership did not give rise to a conflict.

Hearing no other questions, Chair Smith requested a motion to authorize the distribution of funds to the USF Foundation, Inc. in support of USF initiatives. The motion was duly made and seconded, and the following was unanimously approved:

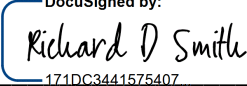
RESOLVED, Resolution FC 04-28-20C, which each director has read, is hereby adopted and the secretary is hereby ordered to attach a copy of the aforesaid resolution to the minutes of the meeting.

Other Business

Chair Smith asked if there were any other items for the Board's consideration. Hearing none, 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 3:45 p.m.

DocuSigned by:

171DC3441575407
Richard D. Smith, Chair

DocuSigned by:

171DC3441575407
Richard D. Smith, Secretary / Treasurer