

USF FINANCING CORPORATION
MINUTES OF ANNUAL MEETING
BOARD OF DIRECTORS

November 3, 2020

The annual meeting of the Board of Directors of the USF Financing Corporation was held on November 3, 2020 as a Microsoft Teams virtual meeting at the University of South Florida, 4202 E. Fowler Avenue, CGS 402, Tampa, Florida, pursuant to the Corporation's Bylaws, for the purpose of 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 October 27, 2020.

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

The meeting was called to order by Chair Smith at 3:06 p.m.

The following directors, who constitute a quorum of the Board of Directors, were present, unless noted:

Mr. Richard D. Smith
Mr. David E. Lechner
Mr. Steve A. Williamson
Mr. Jose E. Valiente
Ms. Linda O. Simmons

The following individuals were also present at the meeting:

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
Ms. Rachel Gomez, Accountant
Mr. Brian Ten Eyck, Vice President for Executive Affairs
and Chief of Staff

Call to Order and
Roll Call

Ms. Lori A. Nissen, KPMG
Ms. Heather N. Sydnor, KPMG

Public Comments
Subject to Procedure
for Appearance 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.

Elect / Re-Elect
Directors and Officers

Mr. Stubbs first introduced Linda Simmons. Ms. Simmons was appointed to the Board of Directors of the USF Financing Corporation, and simultaneously to the USF Property Corporation, by the USF Board of Trustees on September 8, 2020. Director Lechner stated that the Corporation has a vacancy in the office of the Chair of the Board of Directors. Pursuant to the Corporation's Bylaws, a vacancy in any office other than the Executive Director may be filled by the Board of Directors. Director Lechner asked for a motion to elect Director Simmons to serve a 2-year term as Chair of the Board of Directors of the Corporation. The motion was duly made and seconded, and Director Simmons was unanimously elected to the office of Chair of the Corporation's Board of Directors with immediate effect.

Director Lechner stated that Director Smith's 2-year term as Secretary/Treasurer on the Corporation's Board of Directors expires at the conclusion of this meeting. Pursuant to the Corporation's Bylaws, a vacancy in any office other than the Executive Director may be filled by the Board of Directors. A director is eligible to serve for two consecutive terms. Director Lechner asked for a motion to reelect Director Smith to an additional 2-year term as Secretary/Treasurer of Corporation's Board of Directors, with immediate effect. The motion was duly made and seconded, and Director Smith was unanimously reelected to serve an additional 2-year term as Secretary/Treasurer on the Corporation's Board of Directors.

Director Lechner stated that Ms. Hilary Black's 2-year term as Assistant Secretary and Ms. Dawn Rodriguez's 2-year term as Assistant Secretary expires at the conclusion of this meeting. Pursuant to the Corporation's Bylaws, a vacancy in any office other than the Executive Director may be filled by the Board of Directors. Director Lechner asked for a motion to reelect Ms. Black and Ms. Rodriguez as Assistant Secretaries of the Corporation with immediate effect. The motion was duly made and seconded, and Hilary Black and Dawn Rodriguez were reelected to serve additional 2-year terms as Assistant Secretaries of the Corporation.

Approval of Minutes

The minutes of the August 26, 2020 special meeting were distributed on October 27, 2020. Chair Simmons called for any corrections to the minutes. Hearing none, she asked for a motion to approve the minutes of the special meeting held on August 26, 2020. The motion was duly made and seconded, and the minutes of the meeting were unanimously approved.

Resolution: Ratification of Act and Transactions of Officers and Directors

Chair Simmons 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 2019, the Corporation held two special board meetings.

The Executive Director made operating decisions throughout the year and stated that the Corporation closed three bond transactions during the past year: the \$27 million, 20-year Series 2019 taxable loan on December 16, 2019 to fund the USF Research Park Lab and Office Building, the refunding of the \$14 million Series 2018 CAMLS Note on August 31, 2020, and the refunding of the \$16.5 million Series 2018A&B Notes on August 31, 2020. Chair Simmons 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:

RESOLVED, Resolution FC 11-03-20A, 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 this meeting.

Resolution: Approval
of Audited Financial
Statements

Chair Simmons stated that the Board was provided with a copy of the audited financial statements on October 27, 2020 and 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 representatives in attendance: Ms. Lori Nissen, the partner in charge on the audit and Ms. Heather Sydnor, audit senior manager for the audit. 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 stated that he wanted to recognize Dawn Rodriguez for successfully managing the audit. He informed the Board that the statements were prepared as of June 30, 2020. 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 audited financial statements and noted that the USF Property Corporation is included as a blended component unit rather than being presented as a consolidated entity. Mr. Stubbs also called attention to the subsequent events disclosures, including the refundings that were closed in August 2020, as well as management's response to the challenges caused by the COVID-19

pandemic. Director Lechner added that as part of the budget process, the University assessed its outstanding debt for refunding opportunities. The 3 refunding opportunities identified were issued by the Corporation and resulted in interest rate savings of more than \$1.8 million.

Chair Simmons asked KPMG for their report. Ms. Nissen presented KPMG's report to the Corporation's Board of Directors. Ms. Nissen stated that, although this audit took place in a unique environment due to COVID-19, with the audit being completed entirely remote, it was a huge success that the audit went so well and was completed on time.

Ms. Nissen 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, 2020. 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 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 2020. She added that there were no fees for management advisory or other services during fiscal year 2020 which might affect auditor independence.

Ms. Nissen discussed the upcoming accounting pronouncements that will impact the Corporation's financial statements in future fiscal years. Ms. Nissen noted that, in accordance with applicable standards, KPMG is independent with regard to the Corporation. She 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 Simmons 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 11-03-20B, 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.

INTO USF Update

Chair Simmons asked Director Lechner to provide his report on INTO USF. Director Lechner discussed the investment in INTO, which is a service that has helped recruit international students over the years. The USF Financing Corporation invested \$250,000 in INTO USF in 2010, becoming a 50% shareholder of the entity. As of June 30, 2020, the equity investment carried on the financial statements was \$93,836. While INTO USF's financial statements were issued with an unmodified opinion, it included a subsequent event disclosure referencing the negative impacts caused by COVID-19 and its ability to provide long-term liquidity. Their auditors evaluated and determined that INTO USF is a going concern. Director Lechner stated that the Corporation Board,

at its April 28, 2020 meeting, approved the \$2.2 million contribution to the USF Foundation from INTO USF's distribution to its shareholders in 2016 (\$6 million to USF Financing Corporation).

Chair Simmons asked for questions from the Board regarding the information presented on INTO USF. Hearing none, she thanked Director Lechner for the report on INTO USF.

Chair Simmons 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, 2020, the 15-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, capitalizing on opportunities to convert variable-rate debt to fixed rates, reduce credit risks, reduce swaps, and refund bonds 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 41 transactions totaling \$1.8 billion and has developed over 2 million square feet of projects. Current outstanding long-term debt equals \$357 million with a current cost of capital of 3.68%.

In the past year, the Corporation closed the \$27 million Series 2019 Research Park private placement loan and refunded the \$14 million Series 2018 CAMLS Note and the \$16 million Series 2018A&B Athletics Notes. Construction projects underway include the \$36 million USF St. Petersburg Housing & Dining Project and the \$42

Executive Director's
Annual Report to the
Board including Project
Status Update,
Investment Policy
Statement and
Guidelines, Annual
DSO Certification and
Board Conflict of
Interest Statements

million USF Research Park Laboratory & Office Building Project. A change in dining services provider at the St. Petersburg campus resulted in a delayed delivery of the dining center and the project is over budget by \$1.2 million. The Housing Project and Research Park Project are both on time and on budget.

Mr. Stubbs reviewed the Investment Policy Statement and Guidelines, noting that 100% of the investments held by the Trustee are short-term, and are swept daily into an Invesco Short Term Treasury Money Market Fund. No changes were proposed to the guidelines.

Mr. Stubbs also reviewed the Annual DSO Compliance 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 stated that he signs the Compliance Certification along with the Chairs of the USF Financing and Property Corporations and will sign the Corporation Certifications before the Chairs.

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

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

Other Business

Mr. Stubbs disclosed a likely special meeting to be called in late April or early May for the annual appointment of the Corporation's auditor and approval of the Corporation's financial plan for the next fiscal year. Mr. Stubbs added that he does not expect any new transactions to come before the Board for consideration at the special meeting.

Adjournment

There being no further business to come before the Board, the meeting was adjourned on motion duly made and carried at 4:27 p.m.

DocuSigned by:

Linda Simmons

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Linda O. Simmons, Chair

DocuSigned by:

Richard D Smith

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Richard D. Smith, Secretary/Treasurer