

USF FINANCING CORPORATION
MINUTES OF ANNUAL MEETING
BOARD OF DIRECTORS

November 7, 2023

The annual meeting of the Board of Directors of the USF Financing Corporation was held on November 7, 2023 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 31, 2023. A copy of the meeting Notice is attached to these minutes.

The meeting was called to order by Chair Simmons at 12:00 p.m.

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

Ms. Erin S. Aebel
Mr. Andrew J. Mayts
Ms. Linda O. Simmons
Mr. Jose E. Valiente

The following individuals were also present at the meeting:

Mr. Fell L. Stubbs, Executive Director
Ms. Hilary Black, Senior Associate General Counsel
Ms. Virginia L. Kalil, Chief Internal Auditor
Ms. Dawn M. Rodriguez, Assistant Treasurer
Ms. Mary K. Benton, Assistant Director
Mr. Alec Lichter, Accountant
Ms. Lori A. Nissen, KPMG
Mr. Todd Webster, KPMG
Ms. Tristin Peña, KPMG

Call to Order and
Roll Call

Public Comments
Subject to Procedure for
Appearance before the
Board of Directors

Chair Simmons 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 Director and
Officer - USF Financing
Corporation and USF
Property Corporation

Chair Simmons asked Mr. Stubbs to introduce the prospective new Board Member. Mr. Stubbs stated that Ms. Jennifer Condon, acting Chief Financial Officer, is not present but shall be appointed as director of the Corporation pursuant to the bylaws. He stated that Ms. Condon will be proposed for appointment as Director of the Boards of Directors of the USF Financing Corporation and the USF Property Corporation to the USF Board of Trustees Governance Committee at its November 16, 2023 meeting, and full BOT approval on December 5, 2023.

Mr. Stubbs asked for a motion to elect Ms. Condon to serve as a member of the Board of Directors of the Corporation effective upon approval by the BOT on December 5, 2023. The motion was duly made and seconded, and Ms. Condon was unanimously elected to serve on the Board of Directors of the Corporation.

Chair Simmons asked Mr. Stubbs to introduce the prospective new Officer. Mr. Stubbs stated that pursuant to the bylaws, the officers of the Corporation shall be a Chairperson, an Executive Director, a Secretary, a Treasurer and such other officers as many be determined by the Board of Directors. Ms. Dawn Rodriguez, Assistant Treasurer, is being proposed to serve a 2-year term as Deputy Director of the Corporation. Ms. Rodriguez has supported the Executive Director for the past 18 years with bond covenant compliance, bank relationship management, participation in calls with rating agencies, financed-project documentation, and other responsibilities. The

Deputy Director of the Corporation shall assume responsibility for the duties of the Executive Director if the Executive Director is absent.

Mr. Stubbs asked for a motion to elect Ms. Rodriguez to serve a 2-year term as Deputy Director of the Corporation effective immediately. The motion was duly made, seconded and approved unanimously.

Approval of Minutes

The minutes of the May 9, 2023 special meeting were distributed on October 31, 2023. Chair Simmons called for any corrections to the minutes. Hearing none, she asked for a motion to approve the minutes as distributed. The motion was duly made, seconded and approved unanimously.

Resolution: Approve the Loan in an Amount Not to Exceed \$200,000,000 for the Purpose of Financing a Portion of the Construction of a Stadium Project to be Located on the Tampa Campus of the University; Authorize the Execution and Delivery of Documents; and provide an Effective Date

Chair Simmons asked Mr. Stubbs to introduce the resolution. Before the resolution was discussed, Chair Simmons stated for the record that she will recuse herself from voting on this resolution as there could be an appearance of a conflict of interest since her company built a majority of the existing USF Athletics district facilities. While there are currently contracts in place, no compensation, and no conflict of interest, potential future involvement could give rise to a conflict. Chair Simmons asked Mr. Stubbs to introduce the resolution. Mr. Stubbs stated that this resolution approves the loan in an amount not to exceed \$200,000,000 for the purpose of financing a portion of the costs of the construction of an approximately 35,000-person capacity stadium to support the University's football and women's lacrosse programs; authorizes the execution and delivery of a loan agreement and related promissory note; authorizes the execution and delivery of a stadium operating and reporting agreement, and escrow agreement; grants additional authority; and provides an effective date. Mr. Stubbs noted that this initiative was previously approved by the

Corporation at its May 9 meeting, followed by the BOT at its June 13 meeting, and recently by the Florida Board of Governors at its September 8 meeting.

Mr. Stubbs reviewed the resolution in detail. He noted that the resolution authorizes the issuance of a taxable promissory note in an amount not to exceed \$200 million. The University is anticipated to contribute approximately \$140 million in cash equity to the costs of the project.

Mr. Stubbs also reviewed the documents comprised in Appendix A, B, and C of the resolution that were distributed to the Board on October 31 for their review prior to this meeting. Mr. Stubbs stated that the debt will be structured with a 20-year final maturity with level debt service. An Invitation to Negotiate (ITN) for the financing of the project was issued on October 5, 2022 and the University received three bids from various financial institutions. Truist Bank provided the most favorable terms and was selected to provide financing. The note will bear interest at a fixed rate of 6.48% and is secured by a lien on pledged revenues on parity with the lien granted to Truist Bank under the terms of the existing Athletics 2018A and 2018B promissory notes.

Chair Simmons asked if an interest rate sensitivity test was completed in the presence of this rising-rate environment that we are currently experiencing. Mr. Stubbs stated that management prepared a revised proforma with an assumed 7% interest rate, up from the initial 5.5% interest rate used in the original proforma to assess financial feasibility. With the higher interest rate assumption, project cash flows will cover the debt service requirement and operations.

As a condition to making the loan to the Corporation, Truist Bank required the Corporation and BOT (the University) to enter into an Operating and Reporting Agreement pursuant to which the University will operate and manage the Project and

agree to make payments to the Corporation sufficient in amount to allow the Corporation to pay its obligations on the note to the Bank.

Mr. Valiente asked about the impact on the University's debt capacity. Mr. Stubbs stated that we assess debt capacity for all new projects, but due to the significant size of this project, which is the Corporation's largest single debt issuance since its incorporation in 2005, this assessment was particularly important. With the University's strong financial performance over the past 5 years, debt capacity has been growing. Based on the assessment, we determined that USF has the debt capacity to accommodate this additional \$200 million of new stadium debt while still preserving its "AA" credit rating. We also disclosed this transaction to the credit ratings during our recent ratings reviews. Both Moody's and Standard & Poor's affirmed USF's "AA" credit rating, and all ratings on outstanding debt.

Chair Simmons asked if there were any other questions from the Board. Hearing none, Chair Simmons requested a motion to authorize the approval of the loan in an amount not to exceed \$200,000,000 for the purpose of financing the construction of a stadium project to be located on the Tampa campus of the University of South Florida; the execution and delivery of loan documents; granting additional authority; and providing an effective date. The motion was duly made and seconded, and the following was unanimously approved:

RESOLVED, Resolution FC 11-07-23A, 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 Simmons stated that the Board was provided with a copy of the audited financial statements on October 31, 2023 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, Mr. Todd Webster, the successor partner in charge of next year's audit engagement, and Ms. Tristen Peña, senior audit manager. 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 Ms. Dawn Rodriguez and Ms. Mary Benton's outstanding work in maintaining the financial records for the Corporation and preparing the financial statements. He informed the Board that the statements were prepared as of June 30, 2023, presented comparatively with 2022. Mr. Stubbs stated that KPMG also provided a report assessing internal controls over financial reporting, 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 Financing Corporation Board of Directors authorizing the issuance of debt in an amount equal to \$200,000,000 for the purpose of financing a portion of the construction of a stadium project to be located on the Tampa campus of the University.

Chair Simmons asked KPMG for their report. Ms. Nissen stated that after this audit engagement, she has reached the partner rotation term limits and has also reached KPMG's mandatory retirement age. She stated that Mr. Todd Webster will take over

the partner responsibilities for the coming year's audit engagement. He is familiar with the Corporation and is capable of taking over for her as partner in charge. The Board expressed their gratitude for Ms. Nissen's audit expertise over the past 10 years, and congratulated her on her retirement.

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, 2023. 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 the audit went very well and complemented Ms. Rodriguez and her team on their work on the financial statements.

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 2023. She added that there were no fees for management advisory or other services during fiscal year 2023 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.

Mr. Valiente asked for an executive meeting with KPMG. Once the Corporation's management and staff returned, the Board thanked them for their presentation and for a successful audit. The Board also 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 11-07-23B, 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 Simmons asked Mr. Stubbs to describe a resolution to approve changes to the USF BOT Debt Management Policy, Derivatives Policy and Real Property Policy. Mr. Stubbs stated that the amended Debt Management Policy was approved by the BOT on June 13, 2023. Redline versions of these policies were distributed to the Board on October 31 for their review prior to this meeting. Key changes to the Debt Management Policy included an updated list of the financial ratios used in debt capacity assessment, and other updates for alignment with Florida Board of Governors guidelines. The changes to the Derivatives Policy and Real Property Policy were primarily technical in nature, such as updating definitions, providing clarification and other minor updates to align with statutes or regulations.

Approve the Revised USF
BOT Debt Management
Policy, Derivatives Policy,
and Real Property Policy

Hearing no questions, Chair Simmons requested a motion to approve the revised University of South Florida Board of Trustees Debt Management Policy, Derivatives Policy and Real Property Policy as presented. The motion was duly made and seconded, and was unanimously approved.

RESOLVED, Resolution FC 11-07-23C, 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 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 2022 the Corporation held two special board meetings.

The Executive Director made operating decisions throughout the year and entered into the following transactions within the parameters authorized by the Board:

- 1) Concluded negotiations with CORE Construction for a guaranteed maximum price for the construction of the housing and student center facilities on the Sarasota-Manatee campus,
- 2) Closed a transaction to modify the variable rate index on the Series 2012B Certificates of Participation from 80% of LIBOR to 80% of SOFR as a substitute rate,
- 3) Submitted documentation to the BOT and Florida Board of Governors for their approval of the issuance of debt in an amount equal to \$200,000,000 for the purpose of financing a portion of the construction of a stadium project to be located on the Tampa campus,
- 4) Currently negotiating the Loan Agreement and other terms with Truist Bank to issue the debt to finance the construction of a stadium project to be located on the Tampa campus,
- 5) Acts and

Resolution: Ratification
of Act and Transactions
of Officers and Directors

transactions related to the USF Financing Corporation's equity interest in INTO USF, Inc. that will be disclosed at the Annual Meeting.

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 11-07-23D, 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.

Internal Auditor's Report

Chair Simmons introduced Ms. Virginia Kalil, USF's Chief Internal Auditor, to provide the Internal Auditor's Report. Ms. Kalil let the Board know that the DSOs are currently undergoing an audit of IT governance. The focus of the audit is to identify and assess the DSOs' organizational structures, policies, and processes that are in place to ensure IT resources are effectively governed. Ms. Kalil also stated that her office provided a report on the status of recommendations issued and outstanding during the six-month periods ending December 31, 2022 and June 30, 2023. She is happy to report that the Corporation had no outstanding recommendations that required management's attention. Lastly, she reported to the Board that her office is currently working with the University to incorporate an audit presence in the construction agreement process for the upcoming stadium project.

Mr. Mayts suggested that the University may also want to consider establishing an internal dispute resolution process. Given his knowledge of the process, he offered support if needed.

Ms. Kalil thanked Mr. Mayts and the Board and stated she would be in touch as needed.

INTO USF Update

Chair Simmons asked Ms. Black to present her report on INTO USF. Ms. Black informed the Board of recent updates involving INTO USF. The lawsuit against INTO South Florida and INTO USF, Inc. to compel the wind-up and dissolution of INTO USF, Inc. is ongoing.

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

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

Chair Simmons asked Ms. Rodriguez to provide a brief overview of the annual reports and status of Corporation projects. Ms. Rodriguez 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, 2023, the 18-year corporate track record, and the corporate governance structure.

Ms. Rodriguez 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 \$1.84 billion in transactions and has developed over 2 million square feet of projects. Current outstanding long-term debt equals \$337 million with a current cost of capital of 3.84%.

In the past year, the Corporation closed the Series 2022 Housing COPS public debt issuance of \$30.0 million to fund the housing and student center on the Sarasota-

Manatee campus, as well as a transaction to modify the variable rate index on the Series 2012B Housing COPS from 80% of LIBOR to 80% of SOFR.

Ms. Rodriguez 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 a Dreyfus U.S. Treasury Money Market Fund. No changes were proposed to the guidelines.

Ms. Rodriguez also reviewed the Annual DSO Compliance Certification, stating that this certification process is required of all DSOs and is essential for good governance. This report is provided annually to the BOT. USF Financing and Property Corporations are in compliance with all laws, regulations, standards and requirements. Mr. Stubbs signs the Compliance Certification along with the Chairs of the USF Financing and Property Corporation.

Ms. Rodriguez 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. Executive Director, Mr. Stubbs, is also required to sign a statement and has done so. Chair Simmons thanked Ms. Rodriguez for her reports.

Mr. Valiente complimented Ms. Rodriguez on her presentation and stated his support for her new officer role with the Board. The Board agreed and commended Ms. Rodriguez for her contributions to the Corporation over the years.

Chair Simmons 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. Mr. Stubbs did not have any items or other business to report at this time.

Other Business

Chair Simmons asked if there were any comments or questions from the Board.

Hearing none, she asked for a motion to adjourn.

Adjournment

There being no further business to come before the Board, the meeting was adjourned on motion duly made and carried at 2:10 p.m.

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Linda Simmons

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Linda O. Simmons, Chair

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Erin S. Aebel

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Erin S. Aebel, Secretary/Treasurer