

USF FINANCING CORPORATION

MINUTES OF SPECIAL MEETING

BOARD OF DIRECTORS

MAY 9, 2023

A special meeting of the Board of Directors of the USF Financing Corporation was held on May 9, 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 authorizing the issuance of debt to finance the construction of a stadium project on the Tampa campus, appointing the independent auditor, approving the Corporation's annual financial plan, an INTO USF update, 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 May 4, 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:

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

The following persons were also present:

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

Call to Order
and Roll Call

Public Comments
Subject to Procedure
for Appearances 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.

Approval of Minutes

The minutes of the November 1, 2022 annual meeting and February 7, 2023 special meeting were distributed on May 4, 2023. Chair Simmons called for any corrections to the minutes. Hearing none, she asked for a motion to approve the minutes of the annual meeting held on November 1, 2022 and special meeting held on February 7, 2023. The motion was duly made and seconded, and the minutes of the meetings were unanimously approved.

Resolution: Authorize the
Issuance of Debt to
Finance the Construction
of a Stadium Project on
the Tampa Campus

Chair Simmons asked Mr. Stubbs to introduce the resolution. Before the resolution was discussed, Chair Simmons recused herself from voting on this resolution as there could be an appearance of a conflict of interest since the company that she manages built a majority of the existing USF Athletics district. There are no current contracts in place, no compensation, and no conflict but there may be potential future involvement. Mr. Stubbs presented Resolution No. FC 05-09-23A for the issuance of debt by the Corporation in the amount of \$200 million, for the purpose of financing the construction of a stadium project to be located on the Tampa campus. Mr. Stubbs stated that the USF Board of Trustees is expected to approve the project on June 13, 2023, and the Florida Board of Governors is expected to consider the project for approval at its August 29-30, 2023 meeting.

Mr. Stubbs stated that the proposed project will consist of an approximate 35,000-person capacity stadium to be located on the University's Tampa campus.

The project will be comprised of multiple premium areas and experiences to support the University's football and women's lacrosse programs. Project financing will be provided through the issuance of debt by the USF Financing Corporation in an amount not to exceed \$200 million, together with an equity contribution of approximately \$140 million in cash from the University. Proceeds of the debt, along with the University contribution, are anticipated to be sufficient to complete the construction of the project without the use of additional funds. The proposed debt is in compliance with the Board of Governors Debt Management Guidelines. Legislative approval of the project has been obtained, and the project will be reflected on the approved amended 2020 Master Plan for the University.

On June 23, 2022, the University initiated a competitive procurement process for design and construction services for the stadium project via an Invitation to Negotiate. Of the three qualified, experienced firm responses that were that received, Barton Malow and Populous were selected as builder and architect. Design work began in October 2022 and construction of the project is expected to begin in October 2023 and be completed July 2026.

Mr. Stubbs stated that on October 5, 2022, the University issued an Invitation to Negotiate for the financing of a portion of the project costs. The University received three responses; Truist Bank was awarded the opportunity to further negotiate. The debt will consist of a privately placed bank loan, and will bear interest at a fixed, taxable rate and mature not more than 20 years after issuance. The project has an estimated useful life that exceeds 40 years. The debt will be secured by a first lien on stadium operating revenues and non-stadium revenues that will be on parity with the lien previously granted to Truist Bank, the holders of the outstanding USF

Financing Corporation Promissory Notes, Series 2018A and 2018B. Projected debt service coverage is expected to equal 1.30x, exceeding the Board of Governors minimum debt service coverage requirement of 1.20x.

Mr. Stubbs reviewed the documents comprised in Appendix A of the Resolution that were distributed to the Board on May 4 for their review prior to this meeting. A market and financial feasibility study was performed by Conventions, Sports & Leisure International (“CSL”) in 2018 and revised in December 2021, which recommended the costs to construct a top tier stadium constructed in Tampa with a seating capacity of 35,000 seats would range in cost from approximately \$227.2 million to approximately \$302.9 million. In order to provide the best fan experience and a diversified and enhanced general and premium seating program to maximize revenue generating opportunities, consideration was given to designing a stadium that reflects more recently constructed venues as well as the estimated cost to construct in the Tampa market in 2025.

The Board discussed the proposed project and debt issuance. Mr. Mayts noted that in his review of the resolution materials prior to this meeting, he contacted Mr. Stubbs to inquire if there would be an owner’s contingency for this project. Mr. Mayts stated that they also discussed that the design and construction firms are to design and build to the University budget. He thanked Mr. Stubbs for taking the time to walk through these details with him and complimented the good governance.

Chair Simmons asked if there were any other questions from the Board. Hearing none, Chair Simmons requested a motion to authorize issuance of debt to finance the construction of a stadium project on the Tampa campus and stated that

she would not be voting. The motion was duly made and seconded, and the following was unanimously approved by the remaining Board members:

RESOLVED, Resolution FC 05-09-23A, 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.

Resolution: Appoint
Independent Auditor

Chair Simmons asked Mr. Stubbs to introduce the resolution. Mr. Stubbs presented Resolution No. FC 05-09-23B for the annual engagement of an independent auditor. The Corporation Bylaws, as well as Section 1004.28 of the Florida Statutes, require that the Corporation engage an independent CPA firm to audit its accounts and records. Mr. Stubbs, as Executive Director of the Corporation, recommends the engagement of KPMG LLP to conduct the audit for fiscal year 2022. KPMG has audited the Corporation for 9 years starting in FY 2014 with a fee of \$60,000. KPMG provided an engagement letter on May 3 with a negotiated fee of \$74,970 for FY 2023. The FY 2022 fee increased five percent from \$71,400 in FY 2022. Mr. Stubbs stated that the five percent increase from FY 2022 is reasonable for auditing the Corporation's unique financial statements. Mr. Stubbs further stated that it is important for the Corporation to utilize a "Big Four" accounting firm such as KPMG for its audit, considering the significance of the Corporation's financing and public reporting obligations, KPMG has provided thorough audits in the years past, and the Corporation earns an attractive audit bill by submitting financial statements that the auditors regularly complement.

Chair Simmons asked if there were any questions from the Board. Hearing none, she 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 05-09-23B, 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.

Resolution: Approve
Corporation FY 2024
Financial Plan

Chair Simmons asked Mr. Stubbs to introduce the next resolution. Mr. Stubbs presented Resolution No. FC-05-09-23C and stated that the Board was provided with a copy of the FY 2024 Financial Plan on May 4, 2023. The Financial Plan will be presented to the USF Board of Trustees Finance Committee on May 23, 2023. Mr. Stubbs stated that the Corporation's statutory mission is to support the University as its financing arm and is expected to provide low cost, low risk, long-term financing for the University's major capital projects. He reviewed the Corporation's Key Initiatives that will materially impact the Corporation in FY 2024:

- (1) Anticipated \$200 million debt issuance to finance a portion of a stadium project to be located Tampa campus, as described earlier in the meeting.
- (2) Ensure that the USF Sarasota-Manatee Housing and Student Center Project is delivered on time and on budget by working with the University and the design-builder.
- (3) Protect USF's "AA" credit ratings. The Corporation will make annual presentations to Moody's and Standard & Poor's and in connection with the issuance of new debt described above.
- (4) Direct oversight of DSOs and Auxiliaries to ensure maintenance of pledged revenues, debt services coverage ratios and reserves.

(5) Compliance with debt covenants including IRS rules on tax exempt bonds and required reporting on EMMA.

(6) Litigation is ongoing against INTO South Florida and INTO USF, Inc.

He also reviewed the Corporation's actions to mitigate operating risks in the current challenging business environment:

(1) Closely monitoring current market conditions, the banking crisis, and rising yield curve to manage exposure to operational risks and financial performance of debt programs, interest rate swap, and University auxiliaries or DSOs.

(2) Closed a transaction to modify the variable rate index on the Series 2012B Certificates of Participation from LIBOR to SOFR as a substitute rate, well in advance of the discontinuance of LIBOR as a benchmark index rate on June 30, 2023.

Mr. Stubbs noted that the major long-term goal of the Corporation beyond FY 2024 is to continue to work with the University and campus leaders to assist with structuring new debt programs or restructure existing programs to meet their needs.

Chair Simmons asked if there were any questions from the Board. Hearing no other questions, Chair Simmons requested a motion to approve the Corporation's Fiscal Year 2024 Financial Plan as presented. The motion was duly made and seconded, and the following was unanimously approved:

RESOLVED, Resolution FC 05-09-23C, 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 Ms. Black to provide an update on INTO USF. Ms. Black stated the Board may recall that on July 15, 2022, the Financing Corporation

filed a lawsuit against INTO South Florida and INTO USF, Inc. to compel the wind-up and dissolution of INTO USF, Inc. Litigation is ongoing. The teach-out plan for current students is expected to conclude with the Summer term of 2023. Liquidation of INTO USF, Inc. is expected once litigation concludes. Chair Simmons thanked Ms. Black for her update.

Other Business

Chair Simmons asked if there were any other items for the Board's consideration. Hearing no further items, Chair Simmons thanked the Board for their support and participation at 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 1:27 p.m.

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Linda Simmons

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Linda O. Simmons, Chair

DocuSigned by:

Erin S. Aebel

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Erin S. Aebel, Secretary/Treasurer