

**USF PROPERTY CORPORATION**

**MINUTES OF SPECIAL MEETING**

**BOARD OF DIRECTORS**

**MAY 5, 2022**

A special meeting of the Board of Directors of the USF Property Corporation was held on May 5, 2022 at the University of South Florida, 4202 E. Fowler Avenue, CGS 402, Tampa, Florida, pursuant to the Corporation's Bylaws, for the purpose of electing directors, appointing the independent auditor, approving the Corporation's annual financial plan, an internal audit 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 April 29, 2022. A copy of the meeting Notice is attached to these minutes.

The meeting was called to order by Chair Smith at 2:00 p.m.

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

Mr. Richard D. Smith  
Mr. Jose E. Valiente  
Ms. Erin Smith Aebel  
Mr. Nick J. Trivunovich  
Ms. Linda O. Simmons

The following persons were also present:

Mr. Richard J. Sobieray, Senior Vice President and CFO  
Mr. Fell L. Stubbs, Executive Director  
Ms. Hilary Black, Senior Associate General Counsel  
Ms. Dawn M. Rodriguez, Assistant Treasurer  
Ms. Mary K. Benton, Accountant

Call to Order  
and Roll Call

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.

Elect Director- USF  
Financing Corporation  
and USF Property  
Corporation

Chair Smith asked Mr. Stubbs to introduce the prospective new Board Member. Mr. Stubbs first stated that Mr. Richard Sobieray's appointment to the Board of Directors of the USF Financing Corporation and the USF Property Corporation will be proposed for approval to the USF Board of Trustees Governance Committee on May 24, 2022 and to the full BOT on June 15, 2022. Mr. Sobieray is well known to the Board as the University's Senior Vice President and Chief Financial Officer. Mr. Sobieray will fill vacancies on both Boards after the June 30th retirement of Mr. Nick Trivunovich, Vice President and Chief Financial Officer. Pursuant to the Bylaws, Mr. Sobieray will continue to serve so long as he is in the Chief Financial Officer position.

Chair Smith asked for a motion to elect Mr. Richard Sobieray to serve as a member of the Board of Directors of the Corporation while he is in the Chief Financial Officer position effective upon approval by the Board of Trustees on June 15, 2022. The motion was duly made and seconded, and Mr. Richard Sobieray was unanimously elected to serve on the Board of Directors of the Corporation while in the Chief Financial Officer position, effective June 15, 2022.

Resolution: Appoint  
Independent Auditor

Chair Smith asked Mr. Stubbs to introduce the resolution. Mr. Stubbs presented Resolution No. PC 05-05-22A 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 8 years starting in FY 2014 with a fee of \$60,000. KPMG provided an engagement letter on May 4 with a negotiated fee of \$71,400 for FY 2022. The FY 2022 fee increased five percent from \$68,000 in FY 2021. Mr. Stubbs stated that the five percent increase from FY 2021 is reasonable for auditing the Corporation's unique financial statements. Also, the FY 2022 engagement includes added analysis of changes in lease accounting standards required by GASB 87. Mr. Stubbs further stated that he believes KPMG is the most qualified firm in Tampa for the Corporation, considering the University's public and private bond issuance and credit ratings.

Mr. Valiente asked if we have a partner rotation requirement. Mr. Stubbs stated that the 5-year rotation requirement is limited to the Audit Manager and does not affect Lori Nissen as partner-in-charge.

Chair Smith asked if there were any questions from the Board. Hearing none, he 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 PC 05-05-22A, 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 asked Ms. Rodriguez to present the resolution. Ms. Rodriguez presented Resolution No. PC 05-05-22B and stated that the Board was provided with a copy of the FY 2023 Financial Plan on April 29, 2022. The Financial Plan will be presented to the

USF Board of Trustees Finance Committee on May 24, 2022. Ms. Rodriguez 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. She reviewed the Corporation's Key Initiatives that will materially impact the Corporation in FY 2023:

(1) Anticipated \$27 million USF Housing and Student Center project to be located on the Sarasota-Manatee Campus, as described earlier in the meeting.

(2) The \$42 million USF Research Park Laboratory and Office Building received a Certificate of Occupancy in February 2022.

(3) Protect USF's "AA" credit ratings. The Corporation will make presentations to Moody's and Standard & Poor's in connection with the issuance of new public 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) Operating losses for INTO USF over the past two years total \$2.7 million, erasing shareholder's equity and adversely affecting liquidity. Negotiations are underway and may result in a nonoperating expense or transfer expense. The Financial Plan does not reflect a loss for FY 2023 due to uncertainty.

She also reviewed the Corporation's opportunities that might affect the FY 2023 Financial Plan:

(1) USF's borrowing rates have been affected by changes in market conditions and the rising yield curve.

(2) The Corporation is closely monitoring risks to the housing system project described above, specifically supply chain disruptions and cost inflation. The University will fund a \$2 million owner's contingency to mitigate some of these risks.

(3) Implementation of GASB 87, Leases, is not yet reflected in the Financial Plan, but is expected to have a net zero impact to the Corporation's Net Assets and Net Operating Profit.

Ms. Rodriguez noted that the major long-term goal of the Corporation beyond FY 2023 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 Smith asked if there were any questions from the Board. Mr. Valiente asked how the Corporation funds operations. Ms. Rodriguez stated that annual management fees collected from USF DSOs and Auxiliaries fund operations.

Chair Smith asked for more details about the FY 2023 Financial Plan not reflecting a loss for INTO USF due to uncertainty. Ms. Rodriguez stated that the Corporation would be recording losses later in the year, if appropriate, once INTO USF negotiations are concluded. These figures will be reflected in the Corporation's mid-year forecast that will be provided to the Board in January or February.

Hearing no other questions, Chair Smith requested a motion to approve the Corporation's Fiscal Year 2023 Financial Plan as presented. The motion was duly made and seconded, and the following was unanimously approved:

**RESOLVED**, Resolution PC 05-05-22B, 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.

Internal Audit  
Update

Chair Smith asked Mr. Stubbs to provide the internal audit update. Mr. Stubbs stated that the Florida Board of Governors engaged Crowe LLP to perform an audit of all State University System DSOs (USF has 14). The audit is progressing and is now considered in fieldwork. Crowe is currently reviewing the Internal Control Questionnaires (ICQs) provided by the DSOs. USF Financing Corporation and USF Property Corporation submitted its 11 ICQs to Crowe in December. Crowe will report any findings in the coming months. A comprehensive report including all SUS DSOs will be reported to the Florida Board of Governors.

Mr. Valiente asked how the University is paying for the Crowe internal audit. Mr. Trivunovich stated that the cost will be divided between the University DSOs based on the amount of time the audit firm spent with each DSO.

Other Business

Chair Smith asked if there were any other items for the Board's consideration. Hearing no further items, Chair Smith 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 2:05 p.m.

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*Richard D Smith*  
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Richard D. Smith, Chair

DocuSigned by:  
*Linda Simmons*  
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Linda O. Simmons, Secretary/Treasurer