

USF FINANCING CORPORATION

MINUTES OF SPECIAL MEETING

BOARD OF DIRECTORS

MAY 29, 2018

A special meeting of the Board of Directors of the USF Financing Corporation was held on May 29, 2018 at the University of South Florida, 4202 E. Fowler Avenue, CGS 402, Tampa, Florida, pursuant to the Corporation's Bylaws, for the purpose of reviewing and approving amendments to several debt transactions, appointing an independent auditor, and approving a budget, 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 14, 2018.

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

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

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

Ms. Sandra W. Callahan
Mr. Richard D. Smith
Ms. Lori V. Vaughan
Mr. Steven A. Williamson
Mr. John W. Long

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
Mr. David E. Lechner, University Senior VP for Business & Finance

Call to Order
and Roll Call

Ms. Hilary Black, Senior Associate General Counsel
Ms. Dawn M. Rodriguez, Assistant Treasurer
Ms. Diana F. Ribeiro, Accounting Manager

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

Chair Callahan 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.

Approve Meeting Minutes

The minutes of the special meeting held on March 7, 2018 were distributed on May 24, 2018. Chair Callahan called for any corrections to the minutes. Hearing none, she asked for a motion to approve the minutes of the special meeting held on March 7, 2018. The motion was duly made and seconded, and the minutes of the meeting were unanimously approved.

Reelect Directors

Director Long stated that Director Callahan's first 4-year term on the Board of Directors of the Corporation expires at this meeting. Pursuant to the Corporation's Bylaws, she may be reelected for one more consecutive term. He asked for a motion to reelect Director Callahan to serve a 4-year term as a member of the Board of Directors of the Corporation, with immediate effect. The motion was duly made and seconded, and Ms. Callahan was unanimously elected to a 4-year term on the Board of Directors of the Corporation.

Director Long stated that Director Smith's first 4-year term on the Board of Directors of the Corporation expires at this meeting. Pursuant to the Corporation's Bylaws, he may be reelected for one more consecutive term. He asked for a motion to reelect Director Smith to serve a 4-year term as a member of

the Board of Directors of the Corporation, with immediate effect. The motion was duly made and seconded, and Mr. Smith was unanimously elected to a 4-year term on the Board of Directors of the Corporation.

Ms. Black stated that the recent state legislative session resulted in several changes to the Florida statute for direct-support organizations. The university board of trustees will now approve all appointments to any direct-support organization. Board of Governor and USF regulations will be revised to reflect the updated requirements.

Resolution: Authorize
Conversion of Series 2013B
Health Certificates

Chair Callahan asked Mr. Stubbs to introduce the resolution. Mr. Stubbs stated that this resolution authorizes the conversion of the Series 2013B Health Certificates, totaling \$17,925,000 in outstanding par amount, from a variable interest rate to a long-term fixed rate, effective July 1, 2018. The Certificates have been held by JPMorgan Chase Bank since September 3, 2013 and carry interest at a variable rate. There is also an associated interest rate swap, with an outstanding notional amount equal to the bond par amount, which is scheduled to expire on July 1, 2018.

Mr. Stubbs stated that a Request for Proposals was issued in April 2018 to refund and convert the Certificates, and four responses were received. STI Institutional & Government, Inc., a SunTrust company, offered the most favorable terms. Mr. Stubbs reviewed the commitment letter from STI, dated May 10, 2018. The proposed interest rate is fixed at 3.39% through the final maturity of the Certificates. The all-in interest cost under the current variable rate structure is 4.25% and recently increased due to the change in corporate tax rate. Mr. Stubbs

added that the new agreement does not contain subjective acceleration clauses and other related bank-favorable covenants. Additionally, the Corporation's financial advisor, PFM, provided a recommendation to select STI as the loan provider for the converted Series 2013B Certificates based on the fixed interest rate to maturity and favorable terms of the proposal.

Chair Callahan asked if there were any questions from the Board. Hearing none, Chair Callahan requested a motion to authorize the conversion of the Series 2013B Health Certificates. The motion was duly made and seconded, and the following was unanimously approved:

RESOLVED, Resolution FC 05-29-18A, 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
Second Amendment to
Supplemental Trust

Chair Callahan asked Mr. Stubbs to introduce the next resolution. Mr. Stubbs stated that this resolution authorizes the second amendment to Supplemental Trust Agreement and second amendment to Continuing Covenants Agreement related to the Series 2012B Housing Certificates, currently held by Wells Fargo Bank. Mr. Stubbs stated that the change in federal corporate tax rate from 35% to 21% effective January 1, 2018 resulted in an increase in the interest rate on the Series 2012B Certificates. The all-in interest cost increased from 4.30% to approximately 4.72%. The Corporation initiated negotiations with Wells Fargo to modify the interest rate, and also negotiated with the interest rate swap counterparty, Royal Bank of Canada, to increase its LIBOR floating rate for payments to the Corporation from 67% to 80%. The all-in interest rate was

reduced to 4.67% after negotiations. Mr. Stubbs reviewed the revisions to the amendments.

Chair Callahan asked if there were any questions from the Board. Hearing none, Chair Callahan requested a motion to authorize the Second Amendment to the Supplemental Trust Agreement and Second Amendment to the Continuing Covenants Agreement related to the Series 2012B Housing Certificates. The motion was duly made and seconded, and the following was unanimously approved:

RESOLVED, Resolution FC 05-29-18B, 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 Callahan asked Mr. Stubbs to introduce the next resolution. Mr. Stubbs stated that this resolution authorizes the first amendment to the Credit Agreement related to the Series 2003A Certificates and the first amendment to the Loan Agreement related to the Series 2013 Arena Note, both held by SunTrust Bank. Mr. Stubbs stated that the objective of the amendments is to mitigate material adverse effect provisions, which result in subjective acceleration risk. He noted that the Corporation has been systematically removing subjective acceleration clauses and other bank-favorable covenants from all of its direct bond purchase agreements since September 2017. The Corporation entered into negotiations with SunTrust Bank and the bank agreed to establish a threshold of \$5 million for material events – previously, there was no threshold. Mr. Stubbs reviewed the amended language in the agreements.

Resolution: Authorize First Amendment to Credit Agreement Related to Series 2003A Athletics Certificates and First Amendment to Loan Agreement Series 2013 Arena Note

Chair Callahan asked if there were any questions from the Board. Hearing none, Chair Callahan requested a motion to authorize the First Amendment to the Credit Agreement related to the Series 2003A Athletics Certificates and First Amendment to the Loan Agreement related to the Series 2013 Arena Note. The motion was duly made and seconded, and the following was unanimously approved:

RESOLVED, Resolution FC 05-29-18C, 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 Amended and Restated Continuing Covenants Agreements Related to Series 2013A Health Certificates

Chair Callahan asked Mr. Stubbs to introduce the next resolution. Mr. Stubbs stated that this resolution authorizes the amended and restated Continuing Covenants Agreement related to the Series 2013A Health Certificates, which are held by JPMorgan Chase Bank. As a result of the change in federal corporate tax rate, the interest rate on the Series 2013A Health Certificates increased from 2.31% to 2.81%. The Corporation entered into negotiations and the bank agreed to reduce the interest rate to 2.71%. Additionally, the Corporation requested the elimination of material adverse effect provisions from the agreement, and the bank agreed.

Mr. Stubbs reviewed the amended language in the agreement. Director Long suggested that, for similar transactions in the future, the Board be provided with a redline version of the amended document, for ease of review, and Mr. Stubbs agreed.

Chair Callahan asked if there were any questions from the Board. Hearing none, Chair Callahan requested a motion to authorize the Amended and Restated Continuing Covenants Agreement related to the Series 2013A Health Certificates. The motion was duly made and seconded, and the following was unanimously approved:

RESOLVED, Resolution FC 05-29-18D, which each director has read, is

Chair Callahan asked if there were any questions from the Board. Hearing none, Chair Callahan 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 05-29-18E, 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 Callahan asked Mr. Stubbs to introduce the next resolution. Mr. Stubbs stated that the Board was provided with a copy of the FY 2019 Financial Plan on May 11, 2018. The Financial Plan was presented to the USF Board of Trustees (BOT) Finance Committee on May 22, 2018.

Mr. Stubbs reviewed the FY 2019 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. Key initiatives that will influence performance in FY 2019 include debt service savings resulting from the conversion of the \$18 million Series 2013B Health Certificates in July 2018. The comprehensive program to amend all seven bank direct purchase of bond agreements in FY 2018 was also disclosed in the Financial Plan. The Corporation will continue working with the University to assist with structuring new debt programs or restructuring existing programs to meet the University's needs.

Director Long suggested that, for future years, the Financial Plan should be approved by the Board prior to being presented to the BOT Finance

Committee. Ms. Black noted that true BOT approval does not occur until the full BOT meeting, which is scheduled for ear

Due to the accelerated nature of this project, Mr. Stubbs stated that the Board will likely hold a special meeting in July to consider approval of the debt issuance for the project. The Board thanked management for the disclosure.

Hearing no additional items for the Board's consideration, Chair Callahan thanked the Board's directors for attending this special meeting.

There being no further business to come before the Board, the meeting was adjourned on motion duly made and carried at 1:21 p.m.

Sandra W. Callahan, Chair

Richard D. Smith, Secretary / Treasurer

Adjournment