

USF FINANCING CORPORATION

MINUTES OF MEETING

BOARD OF DIRECTORS

JUNE 21, 2006

A meeting of the Board of Directors of the USF Financing Corporation was held on June 21, 2006 at 2:20 p.m. at the University of South Florida, 4202 East Fowler Avenue, ADM-296, in the City of Tampa, State of Florida, for the purpose of discussing corporate operations and for the transaction of any other business that may properly come before the meeting, including approval of transactions and authorizing the execution and delivery of debt financing documents.

Call to Order

The meeting was held pursuant to notice duly provided on June 2, 2006. Copies of the call of meeting and notice were attached to these minutes by the Secretary. The meeting was called to order at 2:20 p.m. by Chair Michael Griffin.

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

Dr. Carl Carlucci
Mr. Michael Griffin
Mr. Cliff Walters

The following persons were also present at the meeting:

Mr. Fell Stubbs, Executive Director
Mr. Eric Walden, University Treasurer
Mr. Steven Prevaux, General Counsel
Mr. Nick Trivunovich, University Controller
Ms. Trudie Frecker, Associate VP, University Services
Ms. Kathleen Nestor, Associate General Counsel
Ms. Sheila Holbrook, Corporate Secretary
Ms. Yvonne Brooks, Administrative Assistant

Ms. Dawn McManus, Accountant
Ms. Jill Joyce
Ms. Brigid Merenda

Approval of
Minutes of
November 28,
2005

The minutes of the meeting held on November 28, 2005 had been distributed on June 15, 2006. The question was asked, the motion made and seconded, and the minutes of the meeting were approved by the Directors in attendance.

Approval of
Minutes of March 1,
2006

The minutes of the special meeting held on March 1, 2006 had been distributed on June 15, 2006. The question was asked, the motion made and seconded, and the minutes of the meeting were approved by the Directors in attendance.

Election of New
Board Members

The first order of business was the election of two new Board members to fill the vacancies on the Board. The Chair asked what method should be used for making nominations. Dr. Carlucci made a motion to accept nominations from the Chair. The question was asked, the motion was made and seconded, and the motion to accept nominations for new Board members from the Chair was approved.

The Chair asked how the Board would elect the new members. Dr. Carlucci made a motion to elect members by voice vote. The question was asked, the motion was made and seconded, and the motion to elect new Board members by voice vote was approved.

The Chair nominated Ms. Jill Joyce to the Board. Ms. Joyce is a Certified Public Accountant, Certified Financial Planner, an alumnus of USF, holds numerous NASD (National Association of Securities Dealers) licenses and is currently Vice President of Bellew Investments. The question was asked, the

motion was made and seconded, and Ms. Joyce was approved as a member of the Board.

The Chair then nominated Ms. Brigid Merenda to the Board. Ms. Merenda is also an alumnus of USF. She received her J.D. from Tulane Law School, and is a member of the American Bar Association and the Young Lawyers Division of the Hillsborough County Bar Association. The question was asked, the motion was made and seconded, and Ms. Merenda was approved as a member of the Board.

Adoption of Three
New Financial Policies

The next item of business was the consideration of a resolution to adopt documents entitled: the USF Debt Management Policy, the USF Derivatives Policy, and the USF Investment Policy.

Mr. Stubbs stated that the objective of the University is that all USF entities will adopt common financial policies and manage financial affairs in concert with each other. The Debt Management Policy reads (in part):

The purpose of this document is to establish a policy for the University of South Florida to be used to evaluate the appropriate mix of funding sources, the capital funding structure and the appropriate use of leverage (the "Policy").

Ms. Stubbs stated that the objective of the Derivatives Policy is the hedging or reduction of interest rate risk. The Derivatives Policy reads (in part):

The purpose of this document is to establish a policy for the University for the management of corporate risk associated with derivative instruments and hedging activities by limiting exposures and positions that can be taken in derivative instruments, controlling balance sheet risks by managing the asset-liability structure of the University, identifying responsible parties and defining the scope of their authority, defining exposure that should be avoided, measuring them and defining appropriate actions to control this risk (the "Policy").

Mr. Stubbs informed the Board that he is submitting a Derivative Exposure Report as of March 31, 2006 at this meeting.

The Investment Policy reads (in part):

The purpose of this document (the “Policy”) is to establish a framework for active, professional investment management that applies to all types of investment funds of the University and DSOs and CUs.

Mr. Stubbs stated that if the policy is adopted, he will fulfill his obligation to the Board by providing the required Investment Policy documents that follow adoption within 60 days.

Upon a motion duly made, seconded and carried, the Board of Directors adopted the following:

RESOLVED, Resolution of the Board of Directors of the USF Financing Corporation, adopting the following documents entitled: the USF Debt Management Policy, the USF Derivatives Policy, and the USF Investment Policy.

WHEREAS, the Financing Corporation’s Bylaws list one of Financing Corporation’s organizational purposes as providing support to the activities and educational purposes of the University of South Florida Board of Trustees, a public body corporate (“USF”); and

WHEREAS, USF System Finance Council recommended the Financing Corporation adopt the documents entitled, “USF Debt Management Policy,” “USF Derivatives Policy,” and “USF Investment Policy” to assist in providing guidance to those involved in certain financial transactions.

NOW THEREFORE BE IT RESOLVED, that the Financing Corporation adopts the following documents entitled “USF Debt Management Policy,” “USF Derivatives Policy,” and “USF Investment Policy” as policies of the Financing Corporation.

Upon a motion duly made, seconded and carried, the Board of Directors adopted the following resolution to ratify actions of the Officers and Directors not reflected in the previous meetings' minutes:

WHEREAS, since the date of the last meeting of the Board of Directors, acts and transactions have been entered into on behalf of the Corporation by the Officers and Directors of the Corporation.

WHEREAS, since all of the actions and transactions may not have been reflected in the Corporate Minute Book of the Corporation, it is desirable that the Board confirm and ratify the actions of the Officers and Directors by appropriate ratification or resolution.

NOW, THEREFORE, BE IT RESOLVED, that all of the activities, obligations and transactions as they have been taken or made by the Officers or Directors of the Corporation since the date of the Corporation's inception be and they are hereby ratified and affirmed as authorized actions of the Corporation.

The Chair introduced the resolution to appoint Ernst & Young as auditors for the Financing Corporation.

Upon a motion duly made, seconded and carried, the Board of Directors adopted the following:

RESOLVED, Resolution of the Board of Directors of the USF Financing Corporation, appointing Ernst & Young LLP as its independent certified public accountant to conduct a financial audit of USF Financing Corporation's accounts and records.

WHEREAS, the Financing Corporation's Bylaw's require Financing Corporation to engage an independent certified public accountant to conduct a financial audit of Financing Corporation's accounts and records in accordance with Section 1004.28, Florida Statutes and the rules adopted by the Auditor General of the State of Florida; and

WHEREAS, the Executive Director has recommended the engagement of Ernst & Young LLP to conduct a financial audit of Financing Corporation's accounts and records.

NOW THEREFORE BE IT RESOLVED, the Chairperson or Executive Director or their designee, shall be authorized to execute, in the name of the Financing Corporation, a contract to appoint Ernst & Young LLP to conduct a financial audit of Financing Corporation's accounts and records as required by Financing Corporation's Bylaws and in accordance with applicable Federal and State laws.

Review Status of Recent
Financings

The Executive Director briefly summarized the three principal financial transactions of the Corporation of the past 12 months: Recap of Series 2005 A&B COPS Transactions, Recap of Series 2005C COPS Transactions, and Recap of Series 2006 A COPS Transactions.

Review Interim
Financial Statements

The Corporation's Third Quarter Financial Statements and the Pro Forma Income Statement for fiscal year 2006-2007 were also reviewed. The Executive Director requested that the Pro Forma Income Statement (Budget) be approved. The question was asked, the motion was made and seconded, and the motion to approve the Pro Forma Income Statement was approved.

Mr. Stubbs next addressed for the Board the Series 2005 A&B Housing/Parking Budget for the year 2006/2007. Budgeted revenue for Housing/Parking is \$22 million; operating expense is \$12 million. A positive cash flow of \$1.5 million is forecast. Semiannually, the Trustee is requested to return surplus funds to the University; approximately \$1.6 million was returned yesterday. The question was asked, the motion was made and seconded, and the motion to approve the Housing/Parking Budget was approved.

Next the Profile of the two interest rate swaps of the Finance Corporation was reviewed: first, the 2005B transaction where \$80 million in variable rate bonds were swapped with Royal Bank of Canada; second, the 2006A transaction with Morgan Stanley where the entire \$47 million amount was swapped. The Corporation is hedging the University's exposure to rising rates which can be done synthetically through swaps.

The Derivative Exposure Report for the Corporation is prepared at least annually and summarizes the two derivatives outstanding as of March 21, 2206.

The Report describes the two transactions: each swap and the underlying Series of COPS.

Adjournment

There being no further business to come before the Board, the meeting was adjourned on motion duly made and carried at 2:40 P.M.

USF Financing Corporation