

**USF PROPERTY CORPORATION**

**MINUTES OF MEETING**

**BOARD OF DIRECTORS**

**JUNE 21, 2006**

A meeting of the Board of Directors of the USF Property Corporation was held on June 21, 2006 at 1:00 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 1:10 p.m. by Acting Chair Cliff Walters.

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

Dr. Carl Carlucci  
Ms. Judy Genshaft  
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.

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 Acting Chair asked what method should be used for making nominations. Mr. Griffin 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 Acting 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 Acting 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.

The Acting Chair suggested that the new Board members contact Mr. Stubbs to make sure they understand the mechanisms by which the Board operates. They were also directed to the website to access past meeting minutes and to view the Bylaws and other information.

Dr. Carlucci informed the Board that University President and Corporation Director Genshaft would be joining the meeting shortly. He welcomed the new Board members and assured them that the Board appreciates their time. He stated that the Board will be looking to bring in more independent directors and USF graduates.

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. The Acting Chair asked Mr. Stubbs to give an overview of these policies.

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").

Dr. Carlucci noted that page 4 of the policy cites measures that are very important. These are the measures that are used by the credit rating agencies. In achieving these goals, the University will enjoy financial performance that is comparable to other universities, not only in the State but all U.S. universities evaluated by Moody's. Although the University has a bond rating of "A-1" we would like to move up to "AA."

Ms. Stubbs stated that the objective of the Derivatives Policy is to hedge the University's exposure to 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 called the Board's attention to page 4 in the Policy regarding the requirement for DSO (direct support organizations) Board approval of all derivative instruments and the reporting requirements to the Board at the top of page 6. He informed the Board that he is submitting a Derivative Exposure Report as of March 31, 2006 at the Financing Corporation meeting. He explained that DSOs are formed under State Statute to support the mission of the University.

Mr. Trivunovich listed the University DSOs as: the USF Foundation, the Research Foundation, the Alumni Association, the Charter School, the Medical Services Support Corporation, the Finance Corporation, and the University Medical Service Association (Faculty Practice Plan) which is formed under a separate State Statute. Mr. Stubbs added that the Property Corporation is a Florida not-for-profit organized to support the activities and educational purposes of the University and the Financing Corporation.

Dr. Carlucci said the Charter School is a component unit (CU) of the county and the University imposes a set of standards on them. Mr. Trivunovich explained that "component unit" is a term used in governmental accounting standards. Dr. Carlucci informed the Board that the University has a balance

sheet of approximately \$1.6 billion, and approximately one-third of that is DSOs/CUs.

Mr. Prevaux stated the Board of Trustees is responsible for monitoring the DSOs and CUs. In the State University System, USF was the first Florida university to achieve separate financial control. USF was a government university that is now a major research university and we have to make sure we operate as such.

In summarizing the Investment Policy, Mr. Stubbs said this Policy will support the mission of the University and provide for appropriate management of Corporation investments. In addition, all permissible types of Corporation investments for funds held at the Trustee are described in the bond documents.

The 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 this policy will be common to all USF entities and is a good governance tool. He said that if the policy is adopted, he will fulfill his Policy compliance and reporting obligation to the Board by submitting a transition plan 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 Property Corporation, adopting the following documents entitled: the USF Debt Management Policy, the USF Derivatives Policy, and the USF Investment Policy.

**WHEREAS**, the Property Corporation’s Bylaws list one of Property 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 Property 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 Property Corporation adopts the following documents entitled “USF Debt Management Policy,” “USF Derivatives Policy,” and “USF Investment Policy” as policies of the Property 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.

Ratification of Acts  
and Transactions

**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.

Appointment of Ernst  
and Young as Auditors

The Acting Chair introduced the resolution to appoint Ernst & Young as auditors for the Property Corporation. Mr. Stubbs stated that it was deemed appropriate to reengage Ernst & Young since the Corporation engaged them last year. The Corporation's financial statements consist of fairly large transactions and therefore it would be in the Corporation's best interest to engage a significant audit firm that is also recognized in the financial community. Mr. Stubbs informed the Board that the audit would be starting soon and is expected to be completed in approximately 90 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 Property Corporation, appointing Ernst & Young LLP as its independent certified public accountant to conduct a financial audit of USF Property Corporation's accounts and records.

**WHEREAS**, the Property Corporation's Bylaw's require Property Corporation to engage an independent certified public accountant to conduct a financial audit of Property 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 Property 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 Property Corporation, a contract to appoint Ernst & Young LLP to conduct a financial audit of Property Corporation's accounts and records as required by Property Corporation's Bylaws and in accordance with applicable Federal and State laws.

Review of Recent  
Financings and  
Construction Projects

Mr. Stubbs asked the Board members to review the summaries of three past transactions and the related views of the projects in their meeting material. The summaries describe the transaction structures, costs, benefits and external financing terms.

At this point, President and Director Judy Genshaft joined the meeting. The Acting Chair welcomed her to the meeting and Dr. Carlucci introduced her to the new Board members. Kathleen Nestor suggested the Board describe the items previously approved for the benefit of President Genshaft. Mr. Stubbs recapped the previous actions of the Board. Dr. Carlucci asked for a formal vote on all of the previous actions and President Genshaft gave her approval.

Mr. Stubbs directed the Board's attention to the 2005A&B COPS and the picture of the 364-bed St. Petersburg housing and related parking facility. Dr. Carlucci stated that the facility includes retail and that parking spaces will be rented to others in the community, including weekend events. Barnes & Noble is

a key occupant of the leased space and negotiations are underway with other retailers.

Mr. Stubbs next described the Marshall Center 2005C COPS transaction. He informed the Board that Michael Griffin was Student Body President for two years and played a key supporting role for this project. He stated that we have pre-qualified 7 underwriters and 3 commercial banks for the recent and future financial transactions. No renderings are currently available for the Marshall Center project.

Next described were the 2006A COPS for the USF College of Medicine. The transaction was completed on March 16, 2006. There are two health facilities within one single financing project. Dr. Carlucci remarked that as you drive over the bridge to the TGH campus, the first building you see will be USF. The total amount of the project will exceed 100 million dollars.

The Third Quarter 2005/2006 combined statement of financial position for both the USF Financing Corporation and the USF Property Corporation was reviewed next. Mr. Stubbs stated that the Corporation had no financial activity to report as of March 31, 2005, completed its first transaction prior to June 30, 2005 and completed two additional transactions during the next nine months.

Mr. Stubbs next reviewed the combined Pro Forma Income Statement for fiscal year 2006-2007. The first full year of financial statements will be available within the next 5 months.

Mr. Stubbs requested a motion to approve the Pro Forma Income Statements (Budget). The question was asked, the motion was made and seconded, and the financial statements were approved.

Adjournment

There being no further business to come before the Board, the meeting was adjourned on motion duly made and carried at 2:18 P.M.

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USF Property Corporation