

**USF PROPERTY CORPORATION**  
**MINUTES OF ANNUAL MEETING**  
**BOARD OF DIRECTORS**  
**NOVEMBER 7, 2006**

A meeting of the Board of Directors of the USF Property Corporation was held on November 7, 2006 at twelve noon at the University of South Florida, 4202 East Fowler Avenue, ADM-296, in Tampa, Florida for the purpose of discussing corporate operations and for the transaction of any other business that may properly come before the meeting.

Call to Order

The meeting was held pursuant to Notice duly provided on October 30, 2006. Copies of the Call of Meeting and Notice were attached to these minutes by the Secretary.

In the absence of a Chairperson, Cliff Walters nominated Carl Carlucci as Acting Chair. The motion was made and seconded. Dr. Carlucci nominated Cliff Walters as Acting Secretary. The motion was made and seconded. Both motions were approved and accepted for this meeting only. The meeting was called to order at 12:05 p.m. by Acting Chair Carlucci.

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

Dr. Carl Carlucci  
Mr. Michael Griffin (via telephone)  
Mr. Cliff Walters  
Ms. Jill Joyce  
Ms. Brigid Merenda

The following persons were also present at the meeting:

Mr. Fell Stubbs, Executive Director  
Mr. Eric Walden, University Treasurer  
Mr. Nick Trivunovich, University Controller  
Ms. Trudie Frecker, Associate VP, University Services  
Ms. Sheila Holbrook, Corporate Secretary  
Ms. Yvonne Brooks, Administrative Assistant  
Ms. Dawn McManus, Accountant  
Mr. Henry Lavandera, Associate General Counsel

Approval of  
Minutes of June  
21, 2006 Meeting

The minutes of the meeting held on June 21, 2006 had been distributed on November 3, 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 Draft  
Audited Financial  
Statements

The first order of business was the approval of the Corporation's 2006 audited financial statements. Fell Stubbs was called upon to provide an overview of the financial statements presented to the Board. Mr. Stubbs stated that Ernst and Young had conducted a thorough audit of the financial statements and accounting controls. For the year ended 2006, the financial statements are consolidated with the Financing Corporation; for 2005, the statements were combined. The balance sheet shows that the two companies have grown considerably over the past year and will exceed \$300 million in assets once the Marshall Center and the Health Center project construction is completed. The \$30 million in construction in progress represents the value of the two St. Petersburg campus projects. The Corporation has no operative funds; it acts as a conduit for the bonded projects for the University. Ernst & Young provided a comprehensive audit that fairly represents our activities.

Mr. Trivunovich stated that the Corporation's financial statements were previously blended with the University's statements. This year they will be

disclosed in a separate column for component units. He also stated that both Mr. Stubbs and Dawn McManus did a tremendous job.

Mr. Walters questioned whether or not a management letter was issued by Ernst & Young with the financial statements. Mr. Stubbs explained that they would have if we were behaving badly. Mr. Walden stated that this is not a standard practice.

Mr. Walters asked whether Ernst & Young audited the University. Mr. Trivunovich explained that the University audit is conducted by State auditors and that the Property and Finance Corporations are subject to both State and Ernst & Young audits. Mr. Walters asked if the University Board of Trustees has an audit component and whether the committee reports to the Board. Acting Chair Carlucci responded that the Board of Trustees is responsible for the actions of all of the University units, including the DSOs, and require audited financial reports on all DSOs. Eric Walden, University Treasurer, provides these reports to the Trustees. Mr. Walden stated that the Trustees also approve the budgets of each of the DSOs.

The Board was provided with a copy of the Audited Corporation Financial Statements as of June 30, 2006, prepared by Ernst & Young LLP and dated September 1, 2006. The following resolution was put before the Board to approve the Audited Financial Statements.

**WHEREAS**, the financial records of the Corporation have been audited by the independent accounting firm, Ernst & Young, and

**WHEREAS**, Ernst & Young have provided draft audited financial statements for review by the Board, and

**WHEREAS**, it is the consensus of the Board that the overview by the Corporation's Executive Director of the draft audited financial statements was well done and a further presentation with respect to the financial statements is not required.

**NOW THEREFORE, BE IT RESOLVED** that the draft Audited Financial Statements of the Corporation are approved as presented.

The question was asked, the motion made and seconded and the resolution was approved unanimously.

Adoption of  
Revised Financial  
Policies

The next item of business was the adoption of the following revised financial policies: USF Debt Management Policy, USF Derivatives Policy, and the USF Investment Policy. Mr. Stubbs reminded the Board that all three Policies were previously approved by the Finance Counsel and by the Property Corporation at its June 21, 2006 meeting. Subsequent consideration by the University's Board of Trustees, the Florida Board of Governors and other DSOs suggested a number of changes to the documents. The University is recommending that all DSOs adopt the revised Policies.

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

**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**, the Property Corporation approved at its June 21, 2006, meeting the adoption of the following documents entitled “USF Debt Management Policy,” “USF Derivatives Policy,” and “USF Investment Policy” as policies of the Property Corporation.

**WHEREAS**, the USF Board of Trustees approved revisions to the above entitled documents and recommended the Property Corporation adopt the revised documents to assist in providing guidance in certain financial transactions.

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

Status of Financing  
Transactions and  
Construction Projects

The next order of business was the review of the status of potential future financing transactions and construction projects. Trudie Frecker reported on Magnolia II, a 1,060-bed housing project that is slated for opening in the summer of 2009. This is the first of two potential projects. Each will be within the \$65 to \$70 million dollar range.

Debt Management and  
Debt Capacity  
Assessment, October  
2006

Mr. Stubbs reported that the University is required to make an annual performance report to the Board of Trustees. The University is rated AA-/A1 by the rating agencies. The rating agencies provide a comprehensive assessment of the University and peer group performance comparisons. USF tracks six of their

key performance measures. We have declined slightly in 5 out of 6 of these measures and we are watching we are tracking the issues very closely.

Dr. Carlucci added that we need to increase total revenue to support key ratios and we are paying attention to other Florida universities and their financial trends.

Profile of  
Construction  
Projects

Dr. Carlucci directed the Board's attention to the profile of construction projects. St. Petersburg's housing and parking projects have been completed; students have occupied the dorms and you can't beat the view. Construction of the new Marshall Center is underway. You can see a large hole now and we are studying the design and hurricane issues. The steel structure is going up at the Tampa General site for the South Clinic and they will be pouring concrete next week on the North Clinic.

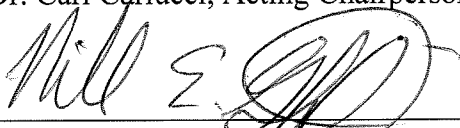
Other Business

Dr. Carlucci stated that Jerry Hasara has submitted his resignation from the Board and asked for a motion to accept the resignation. The question was asked, the motion made and seconded, and the resignation was accepted.

Adjournment

There being no further business to come before the Board, the meeting was adjourned on motion duly made and carried at 1:00 P.M.

  
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Dr. Carl Carlucci, Acting Chairperson

  
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~~Cliff Walters, Acting Secretary~~  
Michael Griffin