

USF Financing Corporation and  
USF Property Corporation

**ANNUAL REPORT TO THE BOARD**

## **LONG-TERM FINANCING OBJECTIVES**

- Provide low-cost, low-risk, long-term financing for the University's major capital projects
- Maintain strong credit ratings: University, Housing and Parking systems, and Marshall Center
- Negotiate sound credit structures supporting each bond series
- Seek low-cost capital by accessing public and private markets
- Capitalize on opportunities to convert bonds from variable to fixed rates, reduce credit risks,

## **HIGHLIGHTS OF THE PAST YEAR**

### **Closed Transactions**

**December 16, 2019    \$27 million Series 2019 Research Park Loan – Private placement**

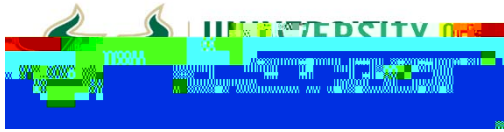
- To finance the construction of a 120,000 square-foot mixed-use laboratory and office building to be located in the USF Research Park
- 20-year, taxable, fixed interest rate of 3.22%
- The building is master leased to the USF Research Foundation until the Loan is paid in full, or until 2052, unless sooner terminated

**August 31, 2020    \$14 million Series 2018 CAMLS Refunding – Private placement**

- Refunded outstanding loan to take advantage of low market interest rates
- \$776 thousand in net present value savings over the term of the note
- 10-year, tax-exempt, fixed interest rate of 2.25%
- No new covenants; No change to final maturity date of 2031

**August 31, 2020    \$16 million Series 2018A&B Athletics Refunding – Private placement**

- Refunded outstanding loan to take advantage of low market interest rates

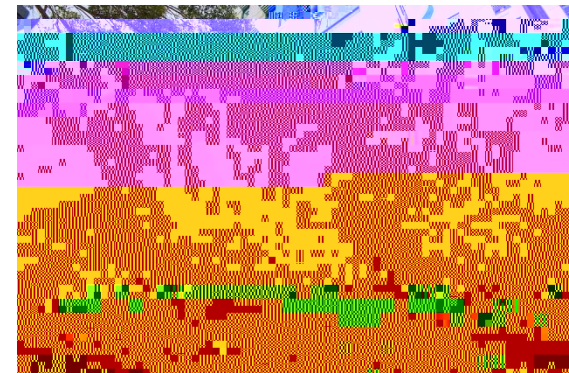


## HIGHLIGHTS OF THE PAST YEAR (CONTINUED)

### Construction Projects

#### **\$32 million, 375-bed USF St. Petersburg Housing Project**

- Florida Board of Governors final approval on November 8, 2018
- Bonds issued January 16, 2019
- \$27.8 million spent through FY 2020; \$4.6 million estimated cost to complete
- Project completed July 2020; On time and on budget

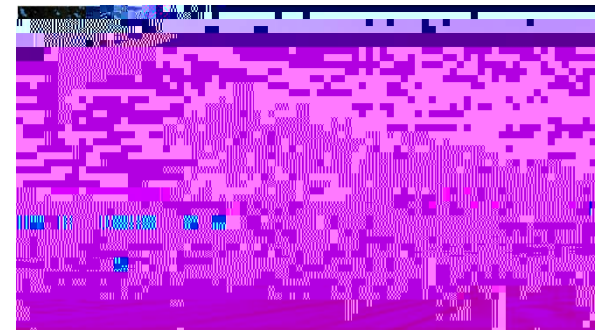


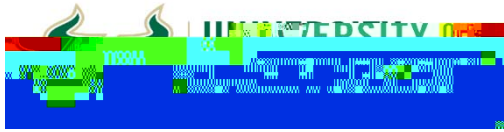
#### **\$4 million, USF St. Petersburg Dining Center Buildout Project**

- Change in dining services operator from Sodexo to Aramark in June
- Delivery January 2021; Over budget by \$1.2 million

#### **\$42 million, 120,000 square-foot USF Research Park Laboratory & Office Building Project**

- Florida Board of Governors final approval on October 30, 2019
- \$27 million Note issued December 16, 2019; Balance to be funded by Research Foundation contribution
- \$3.1 million spent through FY 2020; \$38.9 million estimated cost to complete
- Project under construction; On time and on budget; Expected completion date of January 2021





## **HIGHLIGHTS OF THE PAST YEAR (CONTINUED)**

### **Bond System Management**

#### Ratings

- Moody's affirmed its rating for the University at "Aa2," affirmed its rating for the USF Housing System at "A1," and affirmed its rating for the USF Marshall Center at "Aa3," all with a Stable outlook, in February 2020.
- S&P upgraded its rating for the University to "AA" from "AA-," affirmed its rating for the USF Housing System at "A+," and upgraded its rating for the USF Marshall Center to "AA" from "AA-," all with a Stable outlook, in January 2020.

Managed debt service cash flows of \$62 million.

Managed bond covenant and tax compliance for Housing, Health and Athletic Bond Systems.

Independent Auditors – Unmodified Opinion, with No Findings.

Managed \$357 million of long-term bonds for USF Financing Corporation – 16 Series.

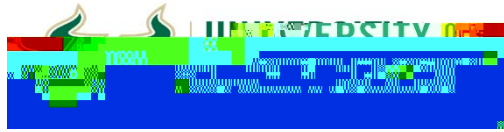
Managed \$56 million of interest rate swaps – hedging the Series 2012B Housing variable-rate COPs with Royal Bank of Canada as counterparty.

### **Filed Disclosures to Moody's / S&P / Bondholders in May/June and September 2020**

Filed two sets of voluntary disclosures with rating agencies and on EMMA (SEC database)

Filed for Housing and Marshall Center public bonds

Disclosed student refunds, CARES Act funding, fall 2020 enrollment, state support, affected revenues, DSCR, reserves



## **NEAR-TERM INITIATIVES**

### **USF Research Park Laboratory and Office Project – \$27 M Design-Build Contract**

- Manage project costs within design-build contract and the \$27M GMP with Skanska
- Manage project support from Research Foundation for enhancements and tenant improvements
- Ensure that project stays on budget and on time

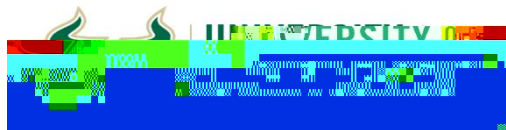
### **Credit Ratings / Rating Agencies**

- Support efforts to provide timely information and disclosures to rating agencies to protect ratings









## **15-YEAR CORPORATE TRACK RECORD**

### **USF Financing/Property Corporation – University’s Special Purpose Financing Arm**

The Corporations play a large and strategic role for the University by providing an economical, efficient and unified plan of financing that considers the University’s mission, goals and strategic plan.

The USF Board of Trustees approved formation of the two Corporations in December 2004; operations commenced in March 2005.

\$1.76 billion in Financing Transactions Closed

\$551 million of Projects Developed

2.0 million sq ft of Projects Developed

\$397 million in total Corporate Assets

\$357 million of Corporate Debt outstanding as of June 30, 2020

3.68% Long-Term Cost of Capital (tax-exempt and taxable debt)

### **USF Financing Systems**

Housing – “A1/A+”-rated \$198 million system supported by student fees.

- Includes Tampa housing and St. Petersburg housing, parking, and multi-purpose student center

Marshall Student Center – “Aa3/AA”-rated \$30 million revenue bond Series supported by student fees.

Health – unrated \$64 million system supported by USF medical facilities revenue.

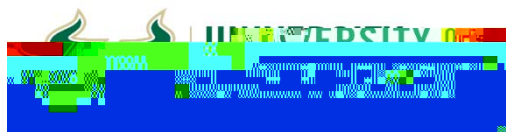
- 2 state-of-the-art medical clinics, a medical office building and CAMLS

Athletics / Arena – unrated \$35 million system supported by Athletics facilities revenue and Arena revenue.

- Includes basketball, baseball and softball facilities, soccer and football practice fields, and renovated Arena

Research – unrated \$30 million loans supported by research revenues.

- Includes new laboratory and office building, under construction, and UDI building



## GOVERNANCE STRUCTURE

### USF Financing/Property Corporation (USFFC/USFPC) Directors and Officers

#### Board of Directors

| <u>Name</u>   | <u>Term</u> | <u>4-Year Term Ending</u> |
|---|-------------|---------------------------|
| Linda O. Simmons  | First       | 2024                      |
| Richard D. Smith  | Second      | 2022                      |
| Jose E. Valiente  | First       | 2024                      |
| Steven A. Williamson  | Second      | 2021                      |
| Steven C. Currall, USF System President                       |             | N/A                       |
| David E. Lechner, USF System Senior VP for Business & Finance |             | N/A                       |

#### Corporate Officers

| <u>Name</u>      | <u>Position</u>                | <u>2-Year Term Ending</u> |
|------------------|--------------------------------|---------------------------|
| Linda O. Simmons | Chair (USFFC)                  | 2022                      |
|                  | Sec/Treas (USFPC)              | 2022                      |
| Richard D. Smith | Chair (USFPC)                  | 2022                      |
|                  | Sec/Treas (USFFC)              | 2022                      |
| Hilary Black     | Assistant Secretary (USFFC/PC) | 2022                      |
| Dawn Rodriguez   | Assistant Secretary (USFFC/PC) | 2022                      |
| Fell L. Stubbs   | Executive Director             | N/A                       |

