



UNIVERSITY OF
SOUTH FLORIDA

USF Financing Corporation and USF Property Corporation

ANNUAL REPORT TO THE BOARD

Annual Meeting – November 3, 2020

Presented by: Fell L. Stubbs, Executive Director

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, reduce swaps, and refund at call dates to lock-in low interest rates

Cumulative Public / Private Transactions

	PUBLIC BONDS	PRIVATE PLACEMENTS	TOTAL TRANSACTIONS
Number of Closed Transactions	19	22	41
\$ of Closed Transactions	\$1.1 Billion	\$0.6 Billion	\$1.8 Billion
Outstanding Debt (as of 6/30/20)	\$172 Million	\$185 Million	\$357 Million

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
 - \$862 thousand in net present value savings over the term of the notes
 - 10-year, tax-exempt, fixed interest rate of 2.25%
 - No new covenants; No change to final maturity date of 2031

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

OUTSTANDING DEBT AND SWAPS AS OF JUNE 30, 2020

DEBT ISSUE	DATE ISSUED	DEBT STRUCTURE	CURRENT RATINGS *		INTEREST RATES (%)	TAXABLE / TAX-EXEMPT	MATURITY DATE	TOTAL DEBT OUTSTANDING (including unamortized premiums/discounts)
			Moody's	S&P				
Certificates of Participation, Series 2010A - Housing System	12/23/2010	Public Fixed Rate Bonds	A1	A+	4.42	Tax Exempt	2020	\$410,000
Refunding Certificates of Participation, Series 2012A - Housing System <small>(Remarketed bonds issued 10/1/12; Refunded Series 2005B issued 5/25/05)</small>	5/6/2015	Public Fixed Rate Bonds	A1	A+	3.65	Tax Exempt	2035	\$82,010,491
Refunding Certificates of Participation, Series 2012B - Housing System <small>(Amended 7/1/18; Extended 9/29/17; Refunded Series 2007 issued 9/25/07)</small>	10/1/2012	Direct Placement Variable Rate Bonds / Synthetically Fixed	NR	NR	4.67	Tax Exempt	2037	\$55,625,000
Refunding Certificates of Participation, Series 2015A - Housing System <small>(Refunded Series 2005A issued 5/25/05)</small>	5/6/2015	Public Fixed Rate Bonds	A1	A+	2.00	Tax Exempt	2023	\$12,599,897
Certificates of Participation, Series 2018 - Housing System	1/16/2019	Public Fixed Rate Bonds	A1	A+	3.99	Tax Exempt	2048	\$31,873,497
Refunding Certificates of Participation, Series 2019 - Housing System <small>(Refunded Series 2010B BABs issued 12/23/10)</small>	1/16/2019	Public Fixed Rate Bonds	A1	A+	3.68	Tax Exempt	2040	\$15,541,459
USF Financing Corporation - Housing					3.89%			\$198,060,344
Refunding Certificates of Participation, Series 2013A - Health System <small>(Amended 7/1/18; Converted from variable to fixed 7/1/16; Refunded Series 2006A issued 3/16/06)</small>	9/3/2013	Direct Placement Fixed Rate Bonds	NR	NR	2.71	Tax Exempt	2036	\$33,240,000
Refunding Certificates of Participation, Series 2013B - Health System <small>(Converted from variable to fixed 7/1/18; Refunded Series 2007 issued 11/19/07)</small>	9/3/2013	Direct Placement Fixed Rate Bonds	NR	NR	3.39	Tax Exempt	2037	\$17,240,000
Bank Loan, Series 2018 - CAMLS <small>(Refunded BABs Series 2010 issued 12/15/10)</small>	3/9/2018	Direct Placement Fixed Rate Bonds	NR	NR	3.51	Tax Exempt	2031	\$13,857,941
USF Financing Corporation - Health					3.06%			\$64,337,941

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OUTSTANDING DEBT AND SWAPS AS OF JUNE 30, 2020 (CONTINUED)

DEBT ISSUE	DATE ISSUED	DEBT STRUCTURE	CURRENT RATINGS *		INTEREST RATES (%)	TAXABLE / TAX-EXEMPT	MATURITY DATE	TOTAL DEBT OUTSTANDING (including unamortized premiums/discounts)
			Moody's	S&P				
Certificates of Participation, Series 2003A - Athletics Facility (Amended 7/1/18; Reissued USF Foundation Series 2003A issued 3/6/03)	3/15/2011	Direct Placement Fixed Rate Bonds	NR	NR	3.82	Tax Exempt	2022	\$2,985,000
Bank Loan, Series 2018A - Athletics (Refunded BABs Series 2010A issued 1/15/10)	3/9/2018	Direct Placement Fixed Rate Bonds	NR	NR	3.46	Tax Exempt	2030	\$6,843,759
Bank Loan, Series 2018B - Athletics (Refunded BABs Series 2010B issued 12/15/10)	3/9/2018	Direct Placement Fixed Rate Bonds	NR	NR	3.51	Tax Exempt	2031	\$9,354,110
Bank Loan, Series 2013 - Arena Taxable Revenue Bonds	9/27/2013	Direct Placement Fixed Rate Bonds	NR	NR	4.78	Taxable	2033	\$15,870,000
USF Financing Corporation - Athletics					4.10%			\$35,052,869
Refunding Revenue Bonds, Series 2015 - Marshall Student Center (Refunded Series 2005C issued 1/19/06)	5/6/2015	Fixed Rate Bonds	Aa3	AA	3.43	Tax Exempt	2036	\$29,521,432
USF Financing Corporation - Marshall Center					3.43%			\$29,521,432
Mortgage Loan Agreement Series 2019 Taxable Promissory Note (UDI Building Purchase - USF Research Park)	5/1/2019	Mortgage Loan	NR	NR	4.33	Taxable	2031	\$3,377,528
Bank Loan, Series 2019 Taxable Promissory Note (Research Lab & Office Building)	12/16/2019	Direct Placement Fixed Rate Loan	NR	NR	3.22	Taxable	2039	\$27,000,000
USF Financing Corporation - Research					3.34%			\$30,377,528
TOTAL USF FINANCING CORPORATION					3.68%			\$357,350,114

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

GOVERNANCE STRUCTURE

Board of Directors Composition and Term Limits

- At least 5, but no more than 7, members; appointed as follows:
 - One Director appointed by the Chair of the USF Board of Trustees
 - One Director shall be the USF President or designee
 - One Director shall be the USF CFO or designee
 - Up to four additional directors, once appointed and approved by the USF Board of Trustees, may be elected at the annual meeting of the Board of Directors by the then current members of the Board of Directors
 - The USF Board of Trustees shall approve all appointments to the Board of Directors

- Terms of Office:
 - Four years in length
 - Maximum of two consecutive terms
 - Directors who have served two terms consecutively may be re-elected to the Board of Directors after the expiration of one-year following the end of his or her last previous term, and upon approval by the USF Board of Trustees and will have the status of a new member
 - USF President or Designee and USF CFO have no term limit

- Officers for each Corporation are the Chair, Executive Director, Secretary and Treasurer; appointed as follows:
 - Executive Director is appointed by the USF President
 - All other Officers are elected at the Annual Meeting

- Terms of Office for Corporation Officers:
 - Two years in length
 - Executive Director has no term limit