

# USF Financing Corporation and USF Property Corporation

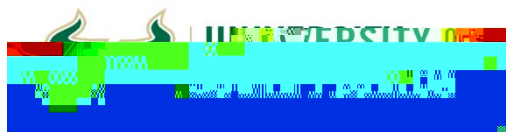
## **ANNUAL REPORT TO THE BOARD**

Annual Meeting – November 2, 2021

Presented by: Fell L. Stubbs, Executive Director

## **LONG-TERM FINANCING OBJECTIVES**

- x Provide low-cost, low-risk, long-term financing for the University's major capital projects
- x Maintain strong credit ratings: University, Housing and Parking systems, and Marshall Center
- x Negotiate sound credit structures supporting each bond series
- x Seek low-cost capital by accessing public and private markets
- x



## HIGHLIGHTS OF THE PAST YEAR

### Closed Transactions

x August 31, 2020

#### **\$14 million Series 2018 CAMLS Refunding – Private placement**

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

x August 31, 2020

#### **\$16 million Series 2018A&B Athletics Refunding – Private placement**

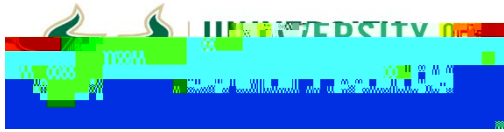
- o Refunded outstanding loan to take advantage of low market interest rates
- o \$862 thousand in net present value savings over the term of the notes
- o 10-year, tax-exempt, fixed interest rate of 2.25%
- o No new covenants; No change to final maturity date of 2031

x October 1, 2021

#### **\$46 million Series 2013A&B Health Conversion to Taxable – Private placement**

- o A Determination of Taxability Event occurred as a result of the University's Affiliation Agreement with Tampa General Hospital
- o Interest rates on the 2013A&B Certificates automatically converted to taxable rates
- o Series 2013A Certificates – taxable fixed interest rate of 3.20% initially adjusting to 3.43% on July 1, 2022; up from the tax-exempt rate of 2.71%
- o Series 2013B Certificates – taxable fixed interest rate of 4.29%; up from the tax-exempt rate of 3.39%
- o No new covenants; No change to final maturity dates of 2036 and 2037

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



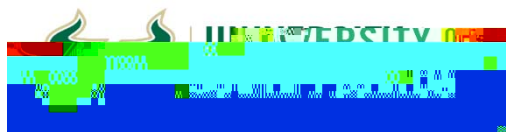
## **HIGHLIGHTS OF THE PAST YEAR (CONTINUED)**

### **Bond System Management**

- x Ratings
  - o May 2021 - 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
  - o May 2021 - S&P affirmed its rating for the University at "AA," affirmed its rating for the USF Housing System at "A+," and affirmed its rating for the USF Marshall Center at "AA," all with a Stable outlook
- x Managed debt service cash flows of \$49 million
- x Managed bond covenant and tax compliance for Housing, Health and Athletic Bond Systems
- x Independent Auditors – Unmodified Opinion, with No Findings
- x Managed \$342 million of long-term bonds for USF Financing Corporation – 15 Series
- x Managed \$53 million interest rate swap – hedging the Series 2012B Housing variable-rate COPs with Royal Bank of Canada as counterparty

### **Filed Disclosures to Bondholders in September 2021**

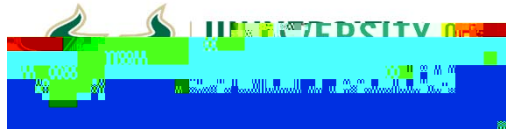
- x Filed voluntary disclosure with rating agencies and public bondholders to provide an update reflecting students' return to campus in fall 2021
- x Disclosed strong 94.8% housing system occupancy for fall 2021 (excludes beds reserved for isolation spaces)



## OUTSTANDING DEBT AND SWAPS AS OF JUNE 30, 2021

DEBT ISSUE	DATE ISSUED	DEBT STRUCTURE	CURRENT RATINGS *		INTEREST RATES (%)	TAXABLE / TAX-EXEMPT	MATURITY DATE	TOTAL DEBT OUTSTANDING (\$ in Millions) <small>(including unamortized premiums/discounts)</small>
			Moody's	S&P				
Refunding Certificates of Participation, Series 2012A - Housing System	5/6/2015	Public Fixed Rate Bonds	A1	A+	3.65	Tax Exempt	2035	\$80.9
Refunding Certificates of Participation, Series 2012B - Housing System	10/1/2012	Direct Placement Variable Rate Bonds / Fixed w/ Swap	NR	NR	4.67	Tax Exempt	2037	\$53.4
Refunding Certificates of Participation, Series 2015A - Housing System	5/6/2015	Public Fixed Rate Bonds	A1	A+	2.00	Tax Exempt	2023	\$9.1
Certificates of Participation, Series 2018 - Housing System	1/16/2019	Public Fixed Rate Bonds	A1	A+	3.99	Tax Exempt	2048	\$31.7
Refunding Certificates of Participation, Series 2019 - Housing System	1/16/2019	Public Fixed Rate Bonds	A1	A+	3.68	Tax Exempt	2040	\$16.1
<b>USF Financing Corporation - Housing</b>					<b>3.92%</b>			<b>\$191.2</b>
Refunding Certificates of Participation, Series 2013A - Health System	9/3/2013	Direct Placement Fixed Rate Bonds	NR	NR	2.71	Tax Exempt	2036	\$31.6
Refunding Certificates of Participation, Series 2013B - Health System	9/3/2013	Direct Placement Fixed Rate Bonds	NR	NR	3.39	Tax Exempt	2037	\$16.5
Bank Loan, Series 2018 - CAMLS	8/31/2020	Direct Placement Fixed Rate Bonds	NR	NR	2.25	Tax Exempt	2031	\$12.9
<b>USF Financing Corporation - Health</b>					<b>3.06%</b>			<b>\$61.0</b>

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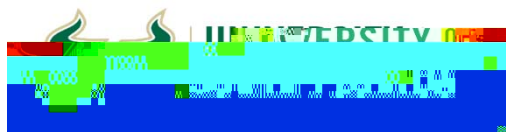


**OUTSTANDING DEBT AND SWAPS AS OF JUNE 30, 2021 (CONTINUED)**

			Moody's	S&P
Certificates of Participation, Series 2003A - Athletics Facility	3/15/2011	Direct Placement Fixed Rate Bonds		







## **GOVERNANCE STRUCTURE**

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

#### **Board of Directors**

<b><u>Name</u></b>	<b><u>Term</u></b>	<b><u>4-Year Term Ending</u></b>
Erin S. Aebel	First	2025
Linda O. Simmons	First	2024
Richard D. Smith	Second	2022
Jose E. Valiente	First	2024
Steven A. Williamson	Second	2021
Rhea F. Law, USF Interim President		N/A
Nick J. Trivunovich, USF Chief Financial Officer		N/A

#### **Corporate Officers**

<b><u>Name</u></b>	<b><u>Position</u></b>	<b><u>2-Year Term Ending</u></b>
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**

- x At least 5, but no more than 7, members; appointed as follows:
  - o One Director appointed by the Chair of the USF Board of Trustees
  - o One Director shall be the USF President or designee
  - o One Director shall be the USF CFO or designee
  - o