

USF Financing Corporation and USF Property Corporation

ANNUAL REPORT TO THE BOARD

Annual Meeting – November 4, 2014

Presented by: Fell L. Stubbs, Executive Director

HIGHLIGHTS OF THE PAST YEAR

Closed Transactions

- September 3, 2013 \$62.5 million, Series 2013A and 2013B Refunding COPs – Refunded Series 2006A and Series 2007 Health bonds, bank private placement with staggered 3- and 5-year maturities, synthetically fixed interest rates = 4.23% and 4.25%, respectively.
- September 27, 2013 \$20.0 million, Series 2013 Taxable Promissory Note – Arena Renovation Project, bank private placement, not rated, 20-year fixed interest rate = 4.78%.

Construction Projects

- July 2013 \$1.4 million Morsani Center Dermatology and Pathology Labs Build-Out, funded by USF Health.
- In Progress \$0.6 million Morsani Center Pharmacy Renovation, funded by USF Health, expected completion by November 2014.

Bond System Management

- Ratings – during FY 2014, Moody’s and S&P affirmed their ratings for the University at “Aa2 Stable” and “AA- Stable,” respectively, Moody’s affirmed its “A1” rating for the USF Housing System and S&P raised its rating for the USF Housing System to “A+ Stable.”
- Managed debt service cash flows and bond covenant compliance for Housing, Health and Athletic Bond Systems.
- Independent Auditors – both Corporations received unqualified opinions, with no findings.
- Managed \$372 million of long-term bonds for USF Financing Corporation – 13 Series.
- Managed \$206 million of interest rate swaps – hedging 4 Series of variable-rate COPs with 2 counterparties.

9-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.
- \$1.3 billion in Financing Transactions Closed
- \$520 million of Projects Developed
- 1.9 million sq ft of Projects Developed
- \$399 million in total Corporate Assets
- \$363 million of Corporate Debt outstanding as of September 30, 2014
- 4.27% Long-Term Cost of Capital (includes Arena taxable note)
 - T-E Bond Buyer revenue bond index 30-year – 4.49% (October 24, 2014)

USF Financing Systems

- Housing – A1-rated \$235 million system supported by student fees.
 - Includes Tampa student housing, Marshall Student Center, St. Petersburg student housing and parking garage, and St. Petersburg multi-purpose student housing and student center
- Health – unrated \$79 million system supported by USF medical facilities revenue.
 - Includes two state-of-the-art medical clinics, a medical office building and the new Center for Advanced Medical Learning & Simulation (CAMLS)
- Athletics / Arena – unrated \$49 million system supported by Athletics facilities revenue and Arena revenue.
 - Includes basketball, baseball and softball facilities, soccer and football practice fields, and renovated Arena

GOVERNANCE STRUCTURE

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

Board of Directors

<u>Name</u>	<u>Term</u>	<u>Term Ending</u>
Jill Joyce	Second	2014
Brigid A. Merenda	Second	2014
Steven A. Williamson	First	2017
Sandra W. Callahan	First	2018
Richard D. Smith	First	2018
Judy Genshaft, USF President		NA
John W. Long, USF Chief Operating Officer		NA

Corporate Officers

<u>Name</u>	<u>Position</u>	<u>Term Ending</u>
Brigid A. Merenda	Chair (USFFC)	2014
	Sec/Treas (USFPC)	2014
John W. Long	Interim Chair (USFPC)	NA
	Interim Sec/Treas (USFFC)	NA
Fell L. Stubbs	Executive Director	NA

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 USF Board of Trustees
 - One Director shall be the USF President or designee
 - One Director shall be USF CFO or designee
 - Two Directors, one from the Boards of Directors of each of two of the University's Regional Campuses shall be appointed by the then members of the Boards of Directors
 - Up to two additional directors may be elected at the annual meeting of the Board of Directors by the then current members of the Board of Directors
- Terms of Office:
 - Four years in length
 - Maximum of two consecutive terms
 - Directors may be re-appointed or re-elected to the Board of Directors after the expiration of one-year following the end of his or her last previous term 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