University of South Florida

Financing and Property Corporations to Support USF System
USF Financing Corporation and Property Corporation

Purpose

- Modeled on 2 other new DSOs.
- Implement a comprehensive and integrated debt management system to provide an economical, efficient, and unified plan that considers the university mission, goals, and strategic plan.
- Develop stable and predictable methods of financing and planning for the acquisition, construction, reconstruction, repair and rehabilitation of the university’s physical infrastructure.
- Provides flexible financing for local capital projects by blending non appropriated University revenues.
# Financing Structure

**Property Corporation (Lessor)**
- Shall enter into a Ground Lease Agreement with USF, whereby USF will lease to the Corporation the land on which the projects will be located.
- Shall serve as nominal lessor for current and future capital financings.
- Shall have title to the Projects.
- Shall assign all rights, title and interest in the Lease Agreement to the Trustee; the Trustee directly collects from the Financing Corporation the Basic Rent Payments, which are the source of and security for payment of the Certificates of Participation (COPs).
- Supports the activities and educational purpose of USF and the corporations by assisting in acquiring and constructing facilities on the University campuses.

**Financing Corporation (Lessee)**
- Shall receive, hold, invest and administer property and make expenditures to or for the benefit of USF.
- Shall make basic rent payments pursuant to a Master Lease Purchase Agreement with the USF Property Corporation.
- Shall enter into a Student Housing Management Agreement with the University.
- Shall finance current and future capital projects and/or other improvements approved by the BOT.
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- Shall collect rents from the residents of the projects.
- Shall collect all Housing System Revenues on behalf of the Financing Corporation and transfer them to the Trustee.
- Shall prepare an annual operating, management, maintenance and capital improvement budget, which shall be subject to the approval of the Financing Corporation and the University Board of Trustees.
Benefits

Centralized Debt Management
Financing Corporation

Minimize
- Credit Risk
- Exposure
- Market Risk
- Arbitrage
- Cost of Issuance
- Cost of Liquidity
- Operational Risk

Increase
- Ability to meet debt covenants
- Portfolio Return
- Credit Rating
- Opportunity to leverage resources

Benefits
- Broadens Debt Oversight
- Aligns financings with Debt Management Policy
- Coordinates Internal & External Processes
- Measures capital requirements
- Assures regulatory compliance
- Helps to Leverage University Resources
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Financing and Property Corporations

Board of Trustees

Property Corporation

Finance Corporation

Ground Lease

Ground Lessor

Ground Lessee

USF

Master Lease Purchase Agreement

Rent

Assignment of Leases

Principal & Interest Payment

Investor

Trustee

Master Trust Agreement

Lessee

Financing Corporation

Treasurer's Department 10/18/2004
Proposed Board Action

**Today:**
- Approve establishment of the Financing Corporation to be a University Direct Support Organization
- Approve the Articles of Incorporation and Bylaws for the Financing Corporation, and authorize the President or designee to file the Articles of Incorporation with the Secretary of the State
- Approve establishment of the Property Corporation which is related to the Direct Support Organization
- Approve the Articles of Incorporation and Bylaws for the Property Corporation
- Approve filing for 501(c)(3) status for both corporations (Property and Financing)

**In the Future:**
- Authorize the Financing Corporation to issue revenue bonds and/or other forms of indebtedness and also enter into other financing arrangements as required by the University
- Approve the Property Corporation to act as nominal lessor in lease purchase transactions involving the University DSOs