



USF Financing Corporation and
USF Property Corporation

ANNUAL REPORT TO THE BOARD

Annual Meeting – November 7, 2017

Presented by: Fell L. Stubbs, Executive Director

LONG-TERM FINANCING OBJECTIVES

- Provide low-cost, low-risk, long-
- Maintain strong credit ratings: USF, Housing, Marshall Center, and Parking systems
- Negotiate sound credit structures supporting each bond series
- Seek low-cost capital by accessing public and private markets
- Capitalize on opportunities to convert 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 | 17 | | |
| | | | |
| | | | |

HIGHLIGHTS OF THE PAST YEAR

Closed Transactions

September 29, 2017 \$59.8 million Series 2012B Housing COPs Extension of direct placement facility

Objectives:

Obtain term pricing for 5, 7, and 10 years

Eliminate Material Adverse Change and Material Adverse Effect as an Event of Default

Eliminate additional indebtedness restriction

Eliminate Most Favored Nations clauses in favor of bank

Eliminate cross-default provisions

Add term-out provisions

Amend reporting requirements

Wells Fargo Bank agreed to all requests

Term extended for 10 years: October 1, 2027 (includes provision for a further extension)

Reduction of interest rate spread from 80 to 75 basis points (very competitive pricing)

Construction Projects

\$6 million Eye Institute Relocation Project

USF Board of Trustees authorized project for the Corporation on September 1, 2016

Agreement with Design-Builder executed on June 22, 2017

Construction commenced July 2017

HIGHLIGHTS OF THE PAST YEAR (CONTINUED)

Bond System Management

Ratings

-
affirmed their ratings for the

AA-

Managed debt service cash flows of \$55 million.

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

Independent Auditors Unqualified Opinions, with No Findings.

Managed \$324 million of long-term bonds for USF Financing Corporation 13 Series.

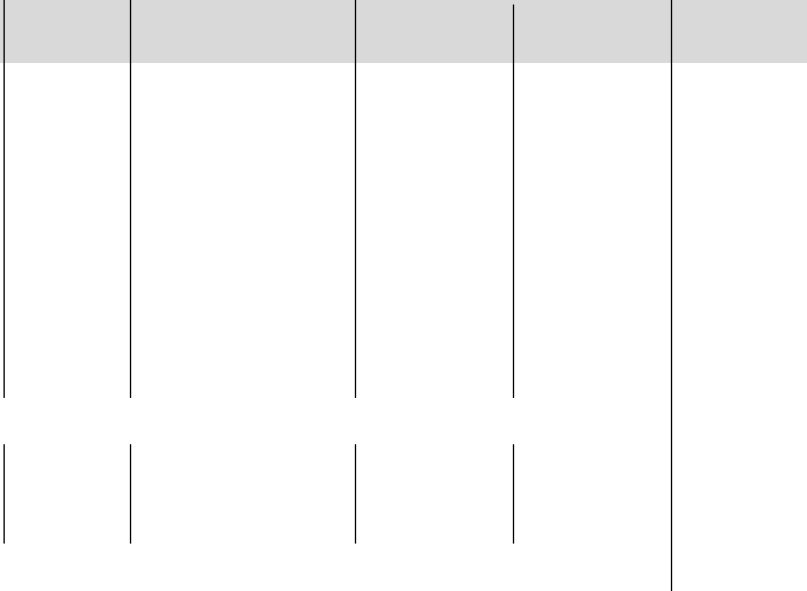
Managed \$78 million of interest rate swaps hedging 2 Series of variable-rate COPs with Royal Bank of Canada as counterparty.

NEAR-TERM INITIATIVES

P3

OUTSTANDING DEBT AND SWAPS AS OF SEPTEMBER 30, 2017

| DEBT ISSUE | DATE ISSUED | DEBT STRUCTURE | CURRENT RATINGS | | INTEREST RATES (%) | TAXABLE / TAX-EXEMPT | MATURITY DATE | TOTAL DEBT OUTSTANDING (including unamortized premiums) |
|--|-------------|------------------|-----------------|-----|---------------------------|----------------------|---------------|---|
| | | | Moody's | S&P | | | | |
| Certificates of Participation, Series 2010A - Housing System | 12/23/2010 | Fixed Rate Bonds | A1 | A+ | 4.42 | Tax Exempt | 2020 | \$1,175,027 |
| Certificates of Participation, Series 2010B - Housing System | 12/23/2010 | Fixed Rate Bonds | A1 | A+ | 8.50 (gross) / 5.53 (net) | Tax EMCdx7(7s) | | |
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GOVERNANCE STRUCTURE

USF

GOVERNANCE STRUCTURE

Board of Directors Composition and Term Limits