



USC Upstate Capital Development Foundation

Overview/History

Background:

The USC Upstate Foundation (formerly Carolina Piedmont Foundation) began purchasing houses on behalf of the University in the late 1990's. All were on Valley Falls Road or Shell Road (which is now University Way). The University wanted to own/control all of the property on the University side of Valley Falls from 585 to the rear boundary of the campus (University Services Building). They were mortgaged by the foundation and rented to tenants or leased to the University. These were all relatively small (\$75,000-\$125,000) mortgages and did not threaten the assets of the Foundation.

When privately financing the construction of Palmetto House became an option in 2002, the Foundation was not large enough to handle \$12,000,000. An LLC, attached to the tax exempt foundation was the vehicle used so that tax exempt JEDA Bonds could be the construction fund for the project. The LLC had a single member relationship to the Foundation, with no financial exposure to the foundation. This worked fine with room rents paying the debt service.

As the University wanted to continue purchasing buildings (facilities management, Ingram, University Services, etc.) the foundation would continue mortgages and lease back to the University. These mortgages were larger than the houses, up to \$500,000 or so for the Services building.

In 2007, the University through the Commission, worked with the County to agree to purchase more land. We were close to the end of the 4th county bond over 40 years that had paid for the rest of the Campus land. The County let \$3.2 million in a General Obligation bond to purchase all of the foundation owned properties, the duplexes and two other parcels. This bond added approximately 53 acres to the campus and protected the Valley Falls border, giving the University much needed storage and facilities space.

The Upstate Foundation had, also, received two parcels of land as gifts. With the history of mortgages and now with gifted property, the idea of a properties foundation made sense for auditing and accounting purposes because the properties needed to be handled differently than cash assets.

The USC Upstate Capital Foundation was established in 2011 with only a couple of properties in it and, now, no property assets in the Upstate Foundation. The Winthrop Property Foundation was a model that was studied and copied for the most part.

Organization and Purpose:

On July 14, 2011, the University of South Carolina Upstate Capital Development Foundation, Inc. (The Foundation) was incorporated under the laws of the State of South Carolina and established as a not-for-profit entity to accept real property donated to the University, serve as purchasing agent for property on behalf of USC Upstate that is integral to the growth of the campus, and to manage property under leasing agreements to the University. The Board of Directors for the Foundation consists of eight members of the community and is self-perpetuating and independent.