

TSU finalizes deal, now owns apartments and parking garages

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Texas Southern University's recently closed loan transaction through the Department of Education will provide significant financial benefit to the university. According to Lewis Edwards, TSU Treasurer, the transaction funded the purchase of specific on-campus assets, including two student housing facilities consisting of University Courtyard (308 beds), Tierwester Oaks (424 beds) and East/West parking garages. The facilities were originally financed as privatized transactions that were owned by non-profit limited liability corporations.

"Funding for the purchase was provided through a Department of Education (DOE) program specifically for historically black colleges and universities ("HBCU's") that consists of a funding pool of \$800 million dollars," stated Edwards. Proceeds are used 50/50 to fund capital projects for private and state universities. The total loan amount approved by the DOE to fund the assets purchased by TSU is \$68.3 million at a fixed interest rate of 2.56% for 23 years.

"This is a tremendous financial benefit to the university and the benefits are significant primarily because it provides permanent long term financing that replaced short-term variable rate financing from lenders that no longer provided this type of financing. The "Net Present Value Savings" to the university is \$19.1 million dollars," stated Edwards. {jcomments on}