Board of Regents
University System of Georgia

Public Private Ventures
Capital Liability Management Plan
FY 2014 - FY 2018
January 2014 Update
Capital Liability Management Plan

November 2012: Policy adoption

- Maximum Debt Capacity
- Capital Liability Reserve
- Refinancing
- Housing Policy

December 2012: First BOR Capital Liability Plan presented to GSFIC

January 2014: Updates and New Initiatives

- Implementation of 2012 Policies
- Multi-Year Leasing
- Energy Performance Contracting
- Project Management and Reporting Enhancements
- 5 year projections
- Housing Privatization Initiative
Policy Implementation

Capital Liability Management Reserve
- $21.8 Million on deposit, 8% of Annual Rent Requirements
- 28 campuses paid in full; 3 campuses on payment plan

Refinancing
- 11 PPV projects refinanced
- $61.2 million in savings; $3.3 million annually
- $46.7 million in savings to university rental payments

Housing Policies and Occupancy
- 19 institutions have freshmen residency requirements representing 22,533 students
- 92% occupancy rate for PPV portfolio

<table>
<thead>
<tr>
<th># of Institutions</th>
<th>PPV Housing Occupancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>18</td>
<td>95% +</td>
</tr>
<tr>
<td>5</td>
<td>90% - 95%</td>
</tr>
<tr>
<td>2</td>
<td>75% - 79%</td>
</tr>
<tr>
<td>3</td>
<td>&lt; 70%</td>
</tr>
</tbody>
</table>
Multi-Year Contracts
Office Leases and Energy Performance Contracts

- **November 2012**: Constitutional referendums passed allowing state agencies and BOR to enter into multi-year office leases and energy performance contracts

- **May 2013**: BOR requested and GSFIC approved $20 million for multi-year leases for FY 2014; Facilities anticipates up to $95 million in 10-yr leases through 2018

- **Spring 2014**: Facilities will request up to $10 million for energy performance contracts for FY 2015 and anticipates $40 million through 2018
**Project Management and Reporting Enhancements**

**Goal:** Enable pro-active intervention strategies for under-performing projects

**Objective:** Improve timeliness, accuracy and consistency of PPV reporting

- FY 2014: Phase I PeopleSoft-based PPV reporting
- 7 institutions participating: GCSU, GGC, GPC, GSoU, GSU, SSU, UNG
- FY 2015: Phase II roll-out anticipated to include all campuses except GaTech and UGA

**Objective:** Enhance reporting capabilities

- FY 2014-2015: Construct comprehensive database to track and record project-based data by campus.
- Debt service schedules
- Pro forma to actual enrollment, fees, rents, and occupancy levels
Limited Capacity for Additional PPVs

$3.6 Billion Outstanding

FY14 PPV Lease Payments = $265 Million

73 Student Housing
25 Student Centers
24 Recreation Centers
22 Parking Decks
43 Other
187 Projects
## FY 2014-2018 Plan
(in thousands)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Fiscal Year</th>
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</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>2015</td>
<td>2016</td>
<td>2017</td>
<td>2018</td>
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</table>

### Principal Outstanding - Beginning of Year

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
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</thead>
<tbody>
<tr>
<td>Principal Outstanding - Beginning of Year</td>
<td>3,647,836</td>
<td>3,638,641</td>
<td>3,684,758</td>
<td>3,712,448</td>
<td>3,718,335</td>
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<tr>
<td>Potential New Issuance:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PPV and/or GHEFA</td>
<td>12,830</td>
<td>100,000</td>
<td>100,000</td>
<td>100,000</td>
<td>150,000</td>
</tr>
<tr>
<td>Archives</td>
<td>35,475</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Multi-Year Lease Contracts</td>
<td>20,000</td>
<td>25,000</td>
<td>20,000</td>
<td>15,000</td>
<td>15,000</td>
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<tr>
<td>Multi-Year Energy Performance Contracts</td>
<td></td>
<td>10,000</td>
<td>10,000</td>
<td>10,000</td>
<td>10,000</td>
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<tr>
<td>Scheduled Retirements</td>
<td>(150,785)</td>
<td>(171,648)</td>
<td>(195,311)</td>
<td>(205,947)</td>
<td>(223,585)</td>
</tr>
</tbody>
</table>

### Principal Outstanding - End of Year

<table>
<thead>
<tr>
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<td>3,718,335</td>
<td>3,764,059</td>
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</tbody>
</table>

### Annual Capital Liability Payments

<table>
<thead>
<tr>
<th></th>
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<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
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</thead>
<tbody>
<tr>
<td>Annual Capital Liability Payments</td>
<td>265,420</td>
<td>266,129</td>
<td>283,573</td>
<td>292,676</td>
<td>307,348</td>
</tr>
<tr>
<td>University System Operating Revenues</td>
<td>6,810,132</td>
<td>6,932,633</td>
<td>7,112,447</td>
<td>7,321,092</td>
<td>7,552,224</td>
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</tbody>
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### Capital Liability Ratios

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
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<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Liability Payment Ratio (With Multi-Year Leases)</td>
<td>3.90%</td>
<td>3.84%</td>
<td>3.99%</td>
<td>4.00%</td>
<td>4.07%</td>
</tr>
<tr>
<td>Capital Liability Payment Ratio (Without Multi-Year Leases)</td>
<td>3.90%</td>
<td>3.80%</td>
<td>3.89%</td>
<td>3.86%</td>
<td>3.88%</td>
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</table>
Capital Liability Ratios
June 30, 2013
USG: 3.7%

5% System-wide Limit and Institution General Limit
P³ Housing Initiative

Guiding Principle
Ensure on-campus housing is affordable, safe, and meets high quality standards

Objectives

• Provide additional housing for USG students without incurring additional BOR capital lease obligations;

• Reduce the amount of BOR capital lease obligations associated with the portfolio of existing housing assets;

• Leverage private sector efficiencies in the design, construction, operations and maintenance of student housing; and

• Develop a long-term relationship between the USG, its member institutions and a private housing provider (Concessionaire) to attract students to live on-campus and to enhance the college experience for these students.