### Proposed USG Capital Program Annual Funding Model

<table>
<thead>
<tr>
<th>Source</th>
<th>2006 Actual</th>
<th>2006 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>State GO Bonds (sinking fund)</td>
<td>$275 M</td>
<td>$250 M</td>
</tr>
<tr>
<td>PPV (local development authority finances)*</td>
<td>$380 M</td>
<td>$230 M (w/o sp.projects.)</td>
</tr>
<tr>
<td>GHEFA Revenue Bonds (state finances)</td>
<td></td>
<td>$50 M</td>
</tr>
<tr>
<td>Other (cash)</td>
<td>$70 M</td>
<td>$120 M</td>
</tr>
<tr>
<td><strong>Total Funding</strong></td>
<td><strong>$725 M</strong></td>
<td><strong>$650 M</strong></td>
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</tbody>
</table>

*PPV is also a funding method for Special Projects not in $650 B/Ten Year space projections.
Public Private Ventures Program

The USG enters into agreements with private interest to provide facilities for its use.

- The USG executes ground leases to construct facilities on university property.

- The USG also enters into rental agreements for the use of completed facilities, both on and off campus.

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Public Private Ventures Program

- The program is used primarily for projects that are self-supporting (housing rents, user fees, research funds, and redirection of rental payments).

- **Private Interest**
  - Developers
  - University Foundations
  - Non-profit organizations
  - Limited Liability Corporations (LLC)

- **Project Financing**
  - Bonds (tax-exempt & taxable)
  - Credit Enhancement (bond insurance & letter of credit)

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Student Housing

- Dorms, Semi-Suites, Suites, & Apartments
- Board of Regents requires a Comprehensive Housing Plan and Market Study
- Housing Rents cover debt service, operating cost, & repair and replacement reserves

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Student Support Facilities

- Student Centers, Student Unions, Student Learning Support, Recreation Centers, Parking Decks
- Board of Regents requires students to vote for assessing student support fees
- Student Support Fees are used to pay debt service, operating cost, building reserves

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Research

- Research funding used to cover debt service, operating cost, building reserves

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Update

- 71 privatized projects

- A variety of facility types including:
  - Housing 20,038 beds
  - Parking 11,209 spaces
  - Student Support 747,030 sq. ft.
  - Research 1,137,710 sq. ft.
  - Instructional 1,008,275 sq. ft.
  - Office 290,610 sq. ft.

- Total to date...well over $1.78 Billion

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Recent Financing Accomplishments

- Enhance relationships with rating agencies
  - Obtained AAA Bond Rating for 14 projects
  - Secured Underlying A3 rating or better for all projects
  - Worked directly with rating agencies on site visits, due diligence, financial, and annual reviews

- Encourage the participation of more Bond Insurers
  - Secured $450 million commitment with CIFG (5 projects funded to date)
  - Secured commitment with AMBAC Bond Insurer (1 project funded to date)
  - Increased competition with 4 active Bond Insurers bidding on projects (reduction in bond insurance cost as much as 50%)

- Expand participation of major Bond Buyers
  - Major Bond Buyers have actively participated in buying bonds for USG projects
  - Bond Issues have been over subscribed

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Explore System Wide Savings Opportunities

- State Sponsored Financing Vehicle to bundle projects
  - Georgia Higher Education Facilities Authority
- Financing Trust Structure
  - Explore potential with GHEFA
- Pool Insurance
  - Exploring establishing pool insurance program for USG projects
  - Reevaluating our insurance requirements and coverage's
- Financing and Issuance Cost
  - Worked with Affiliated Foundations to lower financing and issuance cost (10% to 30%)
- Common Bond Reserve Fund
  - Obtained Bond Insurers approval to use Surety Bonds instead of Debt Service Reserve Fund
  - Implement Common Bond Reserve Fund for GPC Student Support Facilities
- Pool Capitalized Interest Fund
  - Implement with GPC Student Support Facilities

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Questions?

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