

Capital Liability Management Plan

FY 2017 - 2021

Susan H. Ridley

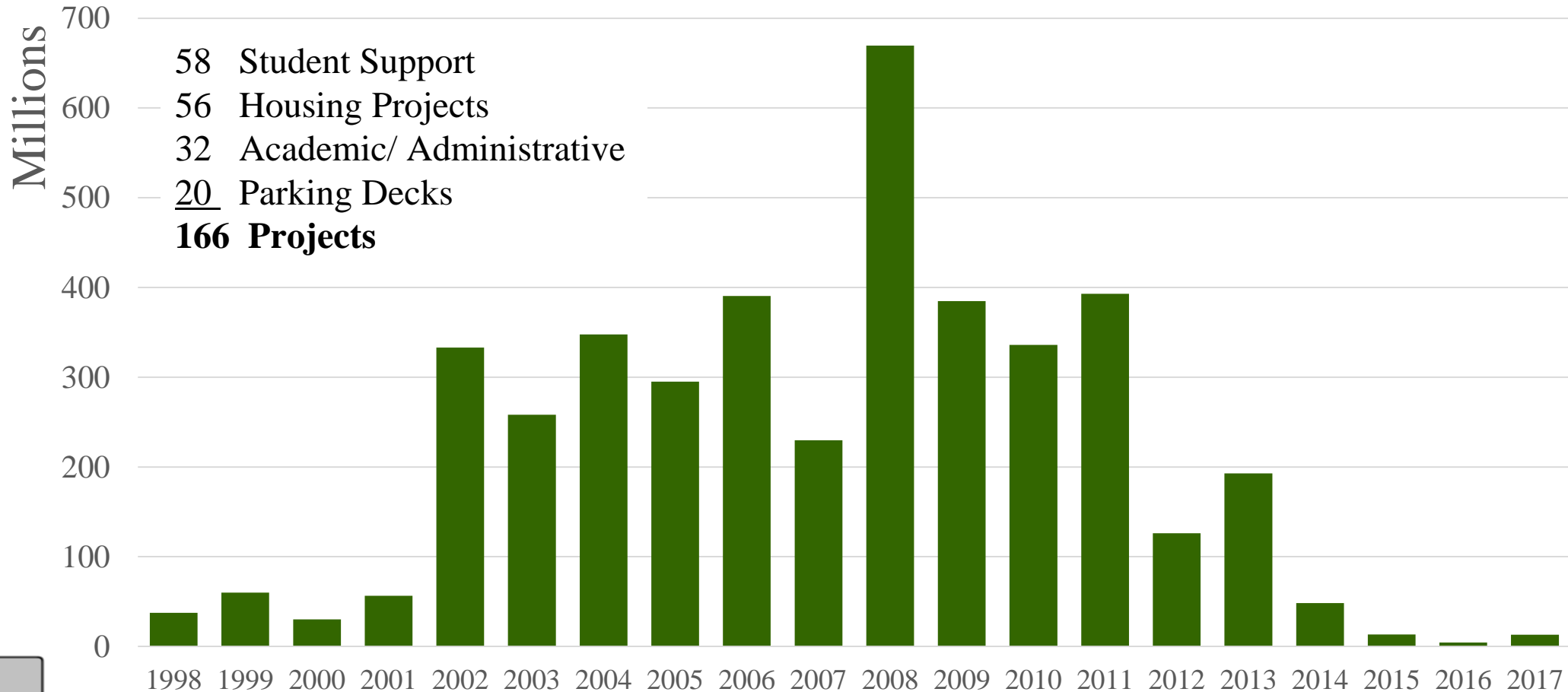
Associate Vice Chancellor For Fiscal Affairs, Finance Director



Lease Revenue Bond Issuance

\$3.2 Billion Outstanding

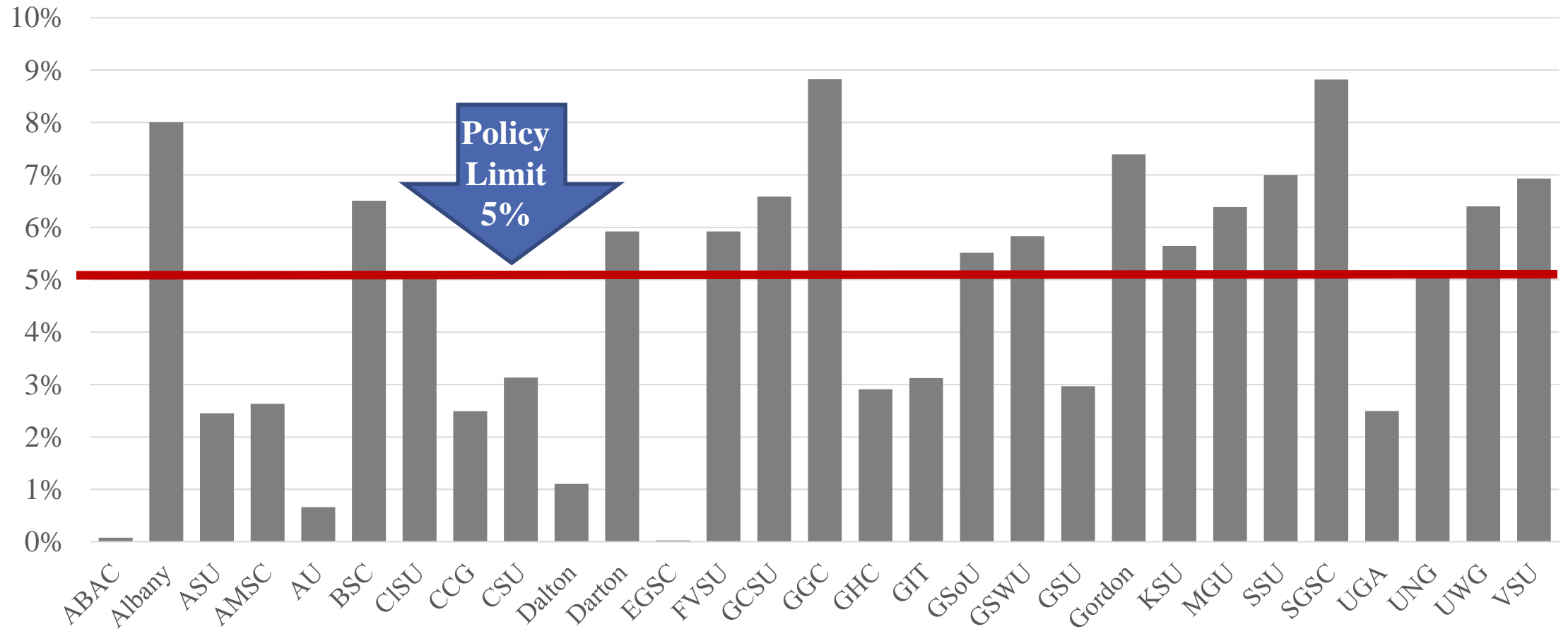
FY17 Capital Lease Payments = \$266 Million



Institution Capital Liability Ratios

June 30, 2016

USG: 3.32%



Lease Revenue Bond Portfolio

Cash Flow Performance (FY 2016)

All lease payments paid in full and on time

- 17% of portfolio (29 out of 166 projects) did not meet a 1.0 coverage ratio
 - 17 Student Fee-Supported Projects
 - 10 Housing Projects
 - 1 Bookstore, 1 Dining Hall
- Funding gaps typically covered from other auxiliaries
- Causes
 - Fee exemptions
 - Enrollment or occupancy trends
 - Expenses

Capital Liability Management Reserve

- \$20.7 Million on deposit
- A loan up to \$750,000 will be made to SGSC

Fall 2017
PPV-Related
Fee Increases

VSU projects
Health Facility
Student Center
Athletic Fieldhouse

Policy Implementation

Refinancings

- \$62.9 million in cash flow savings
- 13 transactions for 8 institutions
- 4 additional pending (GGC, GSU (GPC), GSoU)

Housing Occupancy

- 63,760 available beds
- 94.5% system-wide occupancy

# of Institutions	Fall 2016 Housing Occupancy
13	95 - 100%
4	90 - 94%
6	80 - 89%
2	65 - 79%
1	< 40%

USDA Direct Loan Update

Fort Valley State University

- July 2016: Loan Obligation of \$40.4M, **2.75%**
- October 2016: Short-term 2 yr. Notes: \$40.4 M, **1.2%**
- October 2018: Loan Closing
- Savings = \$11.2 Million

- Acquisition by USG REF LLC IV of Wildcat Commons I
- Retired 2007 tax-exempt bonds

South Georgia State College : Application submitted

GSWU, Gordon + MGU (Cochran and Eastman) : Application in development

Multi-Year Leases and Energy Performance Contracts

	Multi-Year Leases	Energy Performance Contracts
FY 2015	\$15 million MYL authorized; \$6.5 million for GIT (Technology Enterprise Park)	\$10.2 million EPC authorized; \$7.8 million for GIT \$2.4 million for UGA
FY 2016	\$150 million MYL authorized; \$114 million for GIT (commencing in FY 2019)	\$0
FY 2017	\$30 million requested; \$0 utilized	\$0
FY 2018	\$20 million requested	\$0

FY 2017 -2021 USG Capital Liability Management Plan

(000's)

	Fiscal Year <u>2017</u>	Fiscal Year <u>2018</u>	Fiscal Year <u>2019</u>	Fiscal Year <u>2020</u>	Fiscal Year <u>2021</u>
Total Principal Outstanding - Beginning of Year	\$3,222,792	\$3,137,995	\$3,260,305	\$3,457,491	\$3,456,939
Projected New Issuance:					
PPV and/or GHEFA	13,070	200,000	175,500	100,000	100,000
Multi-Year Lease Contracts	0	20,000	128,970	15,000	15,000
Multi-Year Energy Performance Contracts	0	0	10,000	10,000	10,000
Scheduled Retirements	(97,867)	(97,690)	(117,284)	(125,552)	(135,867)
Total Principal Outstanding - End of Year	\$3,137,995	\$3,260,305	\$3,457,491	\$3,456,939	\$3,446,072
Total Annual Rental Agreements	265,957	270,187	287,826	302,993	313,038
Total Capital Liability Obligations (incl. multi-yr)	268,387	272,626	301,742	318,486	330,117
USG Budgeted and Projected Operating Revenues	\$7,898,579	\$8,154,598	\$8,402,255	\$8,658,957	\$8,925,080
Capital Liability Ratios (System Policy Limit of 5%)					
Capital Liability Payment Ratio (With Multi-Year Leases)	3.4%	3.3%	3.6%	3.7%	3.7%
Capital Liability Payment Ratio (Without Multi-Year Leases)	3.4%	3.3%	3.4%	3.5%	3.5%

Action Item

Request to the Georgia State Financing and Investment Commission for multi-year leasing contract authority for FY 2018 in the amount of \$20 million.



Questions?

