

**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

# of Institutions	PPV Housing Occupancy
18	95% +
5	90% - 95%
2	75% - 79%
3	< 70%

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

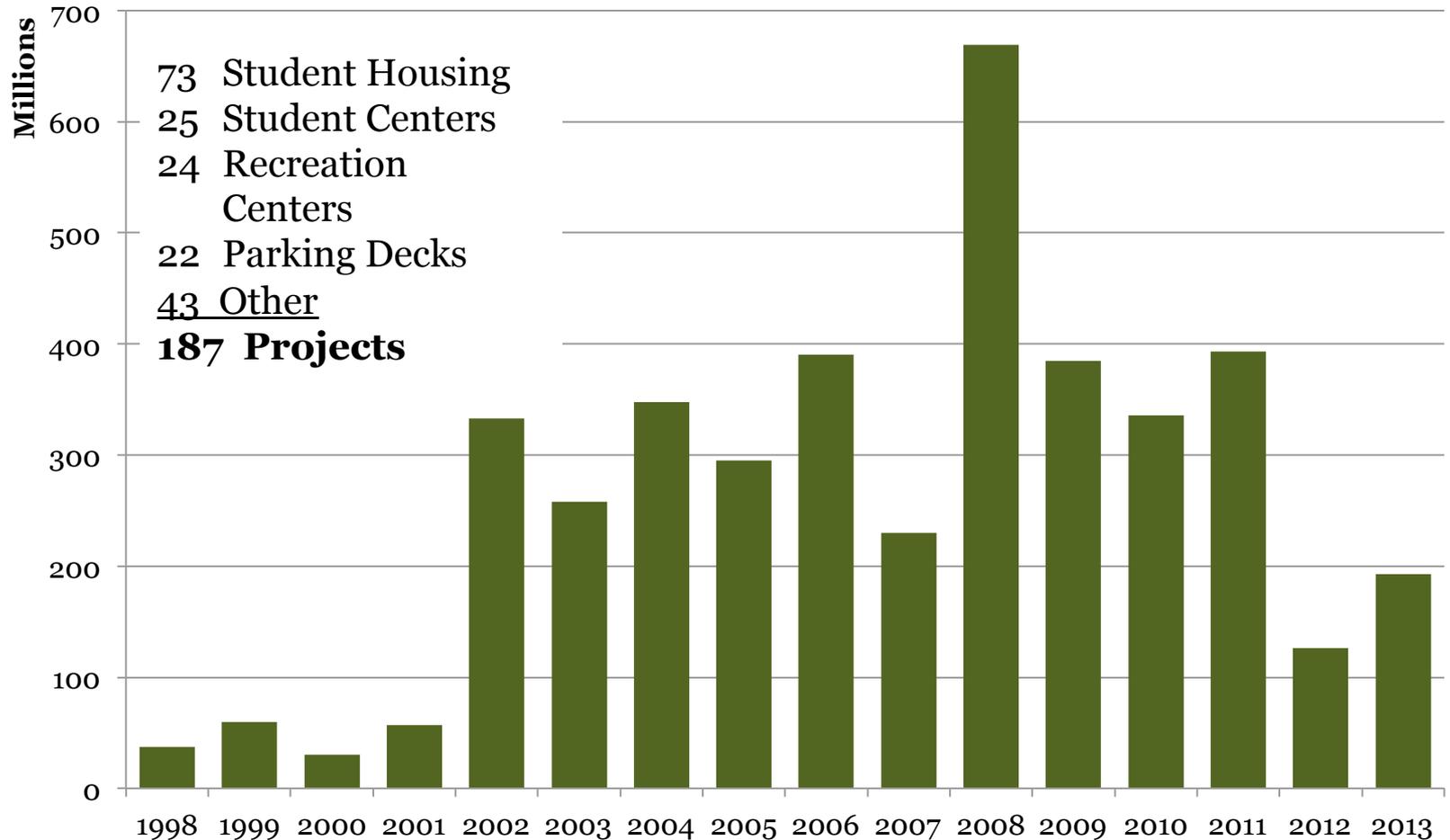
Objective: Enhance reporting capabilities

- 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



FY 2014-2018 Plan

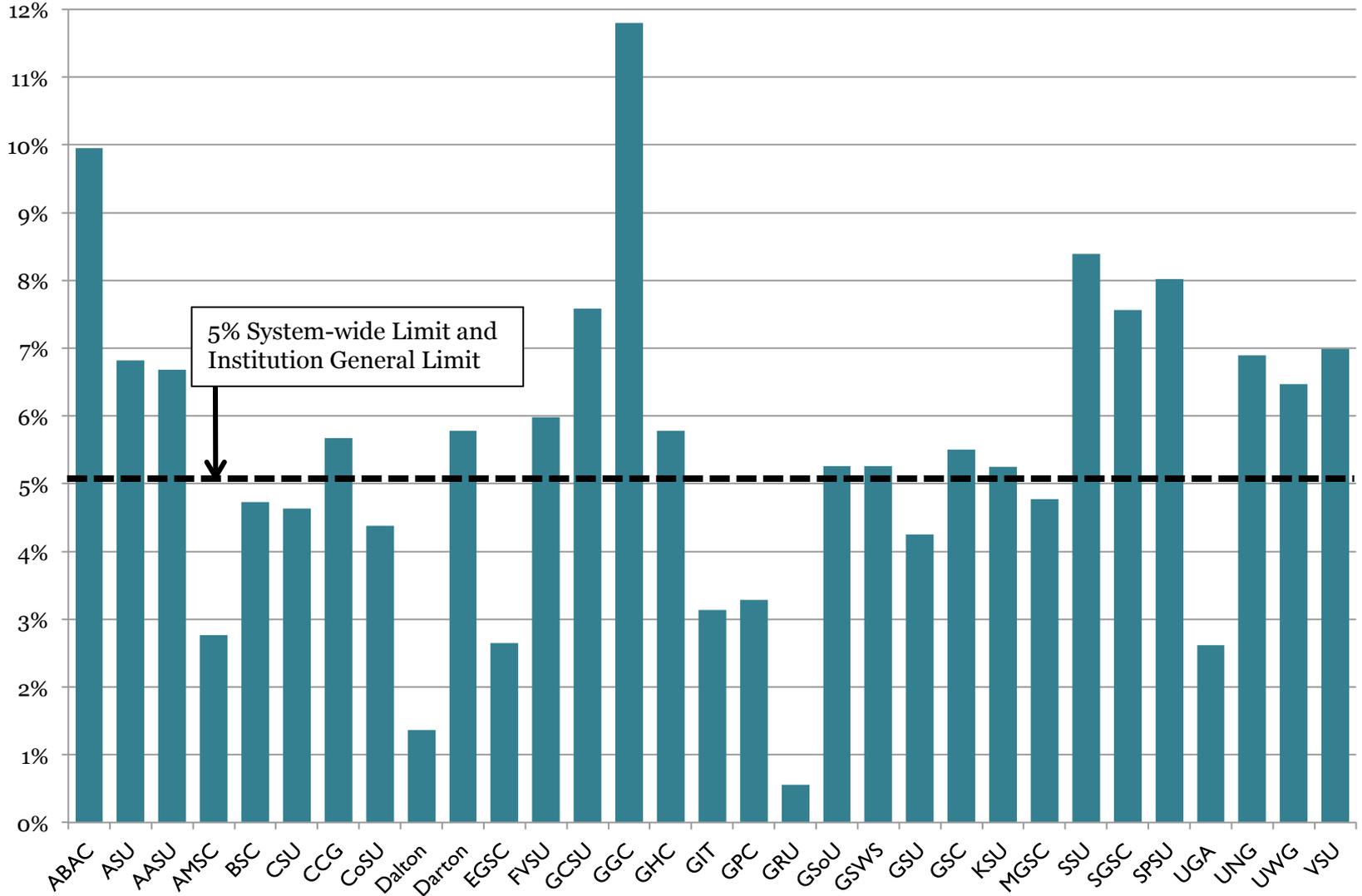
(in thousands)

	Fiscal Year <u>2014</u>	Fiscal Year <u>2015</u>	Fiscal Year <u>2016</u>	Fiscal Year <u>2017</u>	Fiscal Year <u>2018</u>
Principal Outstanding - Beginning of Year	3,647,836	3,638,641	3,684,758	3,712,448	3,718,335
Potential New Issuance:					
PPV and/or GHEFA	12,830	100,000	100,000	100,000	150,000
Archives	35,475				
Multi-Year Lease Contracts	20,000	25,000	20,000	15,000	15,000
Multi-Year Energy Performance Contracts		10,000	10,000	10,000	10,000
Scheduled Retirements	(150,785)	(171,648)	(195,311)	(205,947)	(223,585)
Principal Outstanding - End of Year	3,638,641	3,684,758	3,712,448	3,718,335	3,764,059
Annual Capital Liability Payments	265,420	266,129	283,573	292,676	307,348
University System Operating Revenues	6,810,132	6,932,633	7,112,447	7,321,092	7,552,224
Capital Liability Ratios					
Capital Liability Payment Ratio (With Multi-Year Leases)	3.90%	3.84%	3.99%	4.00%	4.07%
Capital Liability Payment Ratio (Without Multi-Year Leases)	3.90%	3.80%	3.89%	3.86%	3.88%

Capital Liability Ratios

June 30, 2013

USG: 3.7%



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.

