



UNIVERSITY SYSTEM OF GEORGIA

Capital Liability Management Plan

FY 2023 - 2027

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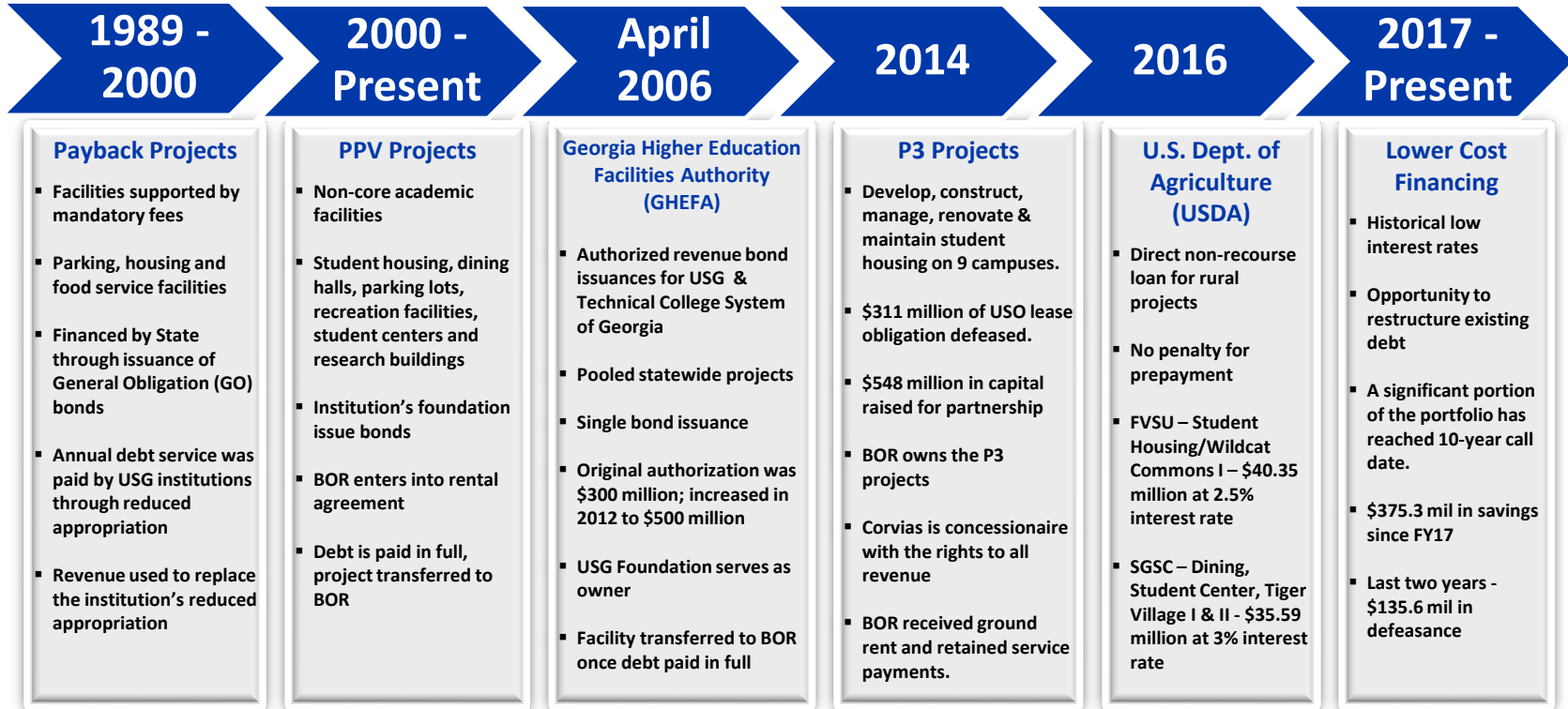
April 18, 2023

Presentation Summary

- I. History of USG Alternative Financing Programs
- II. Overview of USG Public Private Venture (PPV) Lease Obligations & Liability Ratio
- III. Summary of Refinancing Activity and Financial Performance for USG Portfolio
- IV. Capital Liability Management Plan FY 2023-2027
- V. Update on Multi-Year Leases and Action Item



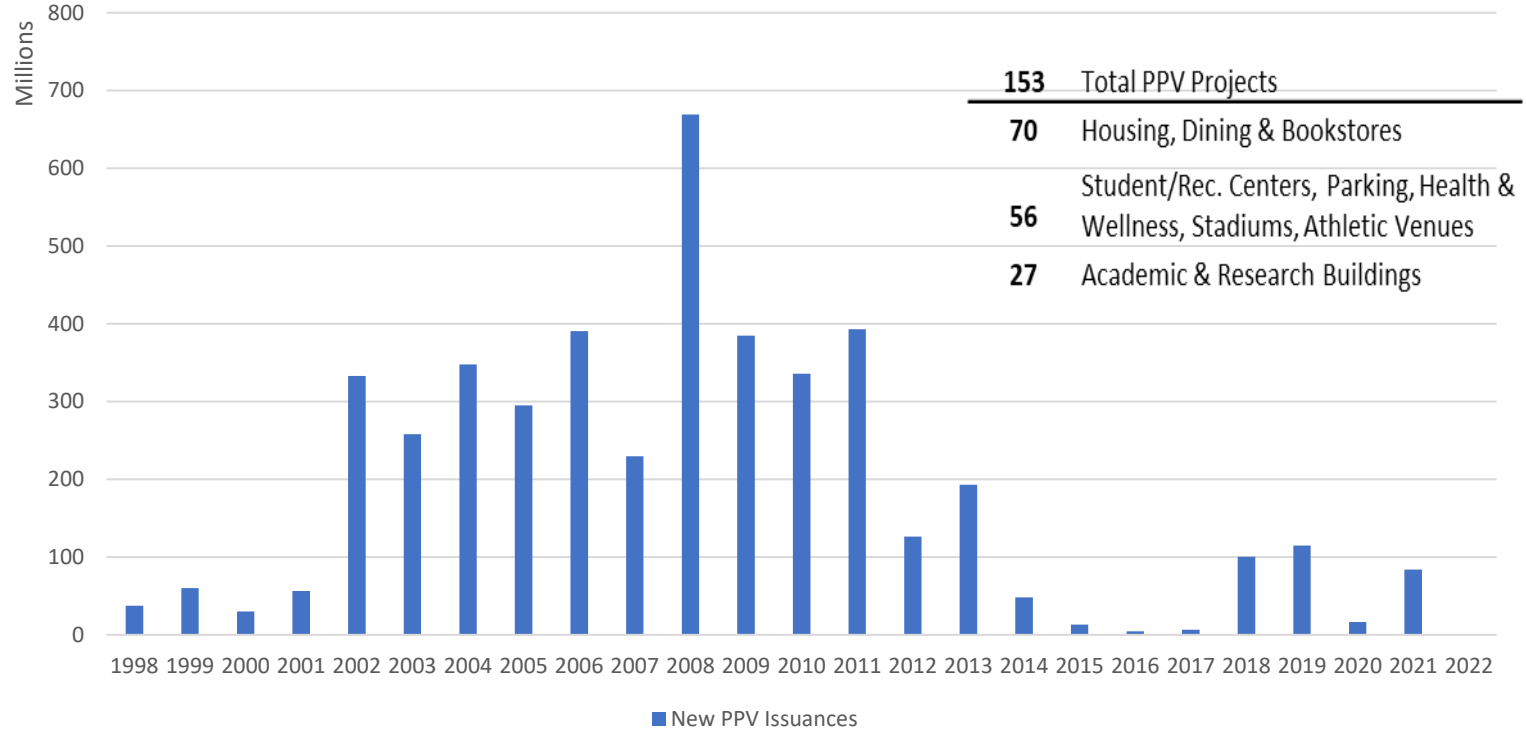
History of USG Alternative Financing Programs



PPV Lease Obligations

June 30, 2022 \$2.62 Billion Outstanding

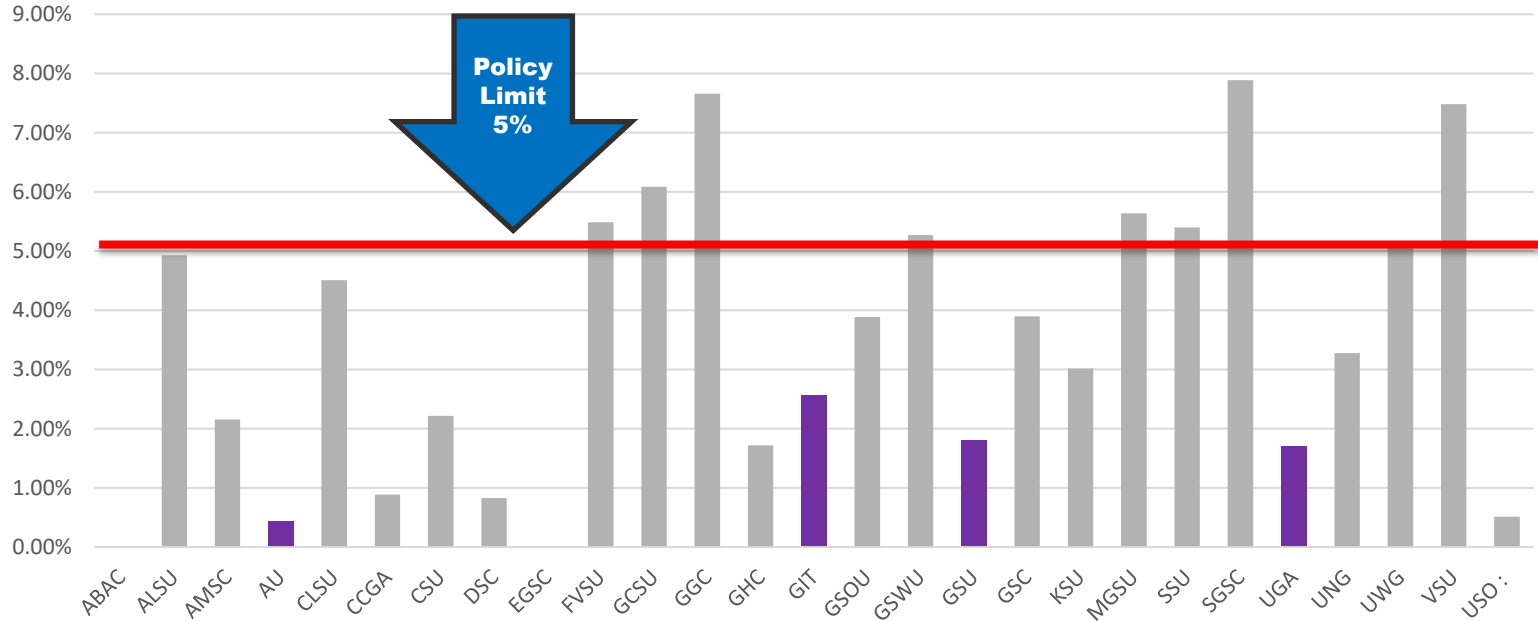
Annual Lease Payments = \$283.74 Million



Institutions Liability Ratios

June 30, 2022

USG: 2.95%



Public Private Venture Lease Portfolio

FY 2022 Cash Flow Performance

All lease payments paid in full and on time

- 130 projects met or exceeded 1.0X coverage
- 23 projects did not exceed 1.0X coverage
- Three Primary Causes
 - Enrollment or occupancy trends
 - Fee exemptions (Dual Enrollment & 100% On-line)
 - Operating expenses of facility
- Funding gaps typically covered from Project and Auxiliaries Reserves (including Federal Funds)

Capital Liability (Portfolio) Reserve Fund

- \$20.2 Million on deposit
- No Projected draw

FY 2022
PPV-Projects Not Achieving
1.0X Coverage

12 Fee Supported Projects

5 are Student Center
4 are Recreation/Athletic
Facilities
2 are Parking Facilities
1 Dining Hall

11 Housing Projects

3 Projects are .94 or greater
8 Projects supported by Project
reserves or auxiliary funds



Refinancing/Defeasance Activity

Board Policy 9.7.3.1 Lease Rental Agreement

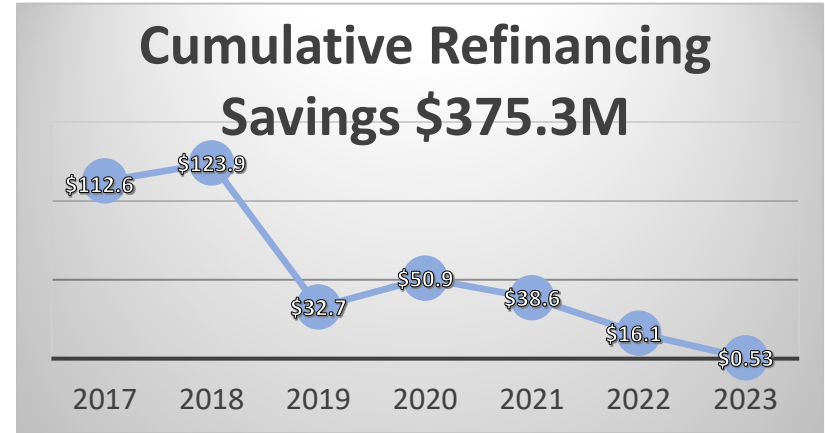
- USG institution must receive at least 50% of savings

Board Policy Manuel 25.3 Capital Liability Structure

- 4% present value savings should be considered the floor for refinancing

Refinancing Activity

- Monitor bond market for opportunities for savings
- Meet with financial advisors and underwriters to obtain their assessment of the market
- Evaluate the use of savings to provide funds for renovation or enhancement to a project
- Evaluate whether the term should be extended to maintain affordability for students and campus
- Monitor synthetically fixed interest rate swap termination costs and interest rates for opportunities to convert variable rate to fixed rate
- **13 Projects eligible for Refinancing - depending upon interest rates potential projected savings of \$203 million.**



Defeasance – \$135.6 million early payoff of bonds outstanding

- ❑ FY 2022 Defeasance – 7 projects/\$107.5 million in outstanding bonds (\$28.7 million in net savings).
- ❑ FY 2023 Defeasance – 4 projects/\$21.5 million

Recently Completed Public Private Projects

Georgia Institute of Technology



Campus Center
Phase I Completed – May 2020



Phase II Completion – May 2022

Kennesaw State University



Student Housing – The Summit
(508 beds)

Opened– July 2022

FY2023 Occupancy – 99.6%

University of Georgia



Student Housing – Black Diallo
Miller (525 beds)

Opened – June 2022

FY2023 Occupancy – 100.1%

University System of Georgia

FY 2023- 2027

Capital Liability Management Plan

(in thousands)

	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Total Principal Outstanding - Beginning of Year	\$2,621,356	\$2,472,029	\$2,526,253	\$2,650,749	\$2,640,733
Projected New Issuance					
PPV and/or GHEFA	0	161,255	245,150	125,000	75,000
Multi-Year Lease Contracts	0	10,000	10,000	10,000	10,000
Multi-Year Energy Performance Contracts	0	15,000	15,000	15,000	15,000
Scheduled Retirements	(149,327)	(132,031)	(145,653)	(160,017)	(169,322)
Total Principal Outstanding - End of Year	\$2,472,029	\$2,526,253	\$2,650,749	\$2,640,733	\$2,571,411
Total Capital Liability Payments (includes MYL & EPC)	\$294,888	\$288,379	\$305,668	\$328,933	\$338,985
USG Budgeted and Projected Operating Revenues	\$9,381,292	\$9,556,254	\$9,798,733	\$10,035,792	\$10,291,702
Capital Liability Payment Ratio (System Policy Limit of 5%)	3.14%	3.02%	3.12%	3.28%	3.29%



USG/BOR Multi-Year Leases

Year	Multi-Year Transactions
FY 2015 - 2023	\$340 million authorized, \$125.2 million utilized primarily at GIT
FY 2024	\$10 million request



Georgia Public Library Service Facility



CODA Computing Center

Action Item

Recommended: That the Board approve by resolution a request to the Georgia State Financing and Investment Commission (GSFIC) for contract value authority of \$10 million for multi-year office leases for FY 2024.



QUESTIONS?

Capital Liability Management Plan **FY 2023 - 2027**

