



# *Board of Regents*

## *Public Private Ventures*



**September 20, 2006**

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# Proposed USG Capital Program Annual Funding Model

|   | <u>2006<br/>Actual</u> | <u>Target</u>               |
|---|------------------------|-----------------------------|
| State GO Bonds (sinking fund)               | \$ 275 M               | \$ 250 M                    |
| PPV (local development authority finances)* | \$ 380 M               | \$ 230 M (w/o sp.projects.) |
| GHEFA Revenue Bonds (state finances)        |                        | \$ 50 M                     |
| Other (cash)                                | <u>\$ 70 M</u>         | <u>\$ 120 M</u>             |
| <b>Total Funding</b>                        | <b>\$ 725 M</b>        | <b>\$650 M</b>              |

\*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



Savannah State



Gordon College

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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

## Medical College of Georgia Cancer Center



## Georgia Tech Molecular Material Science & Engineering



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# Update

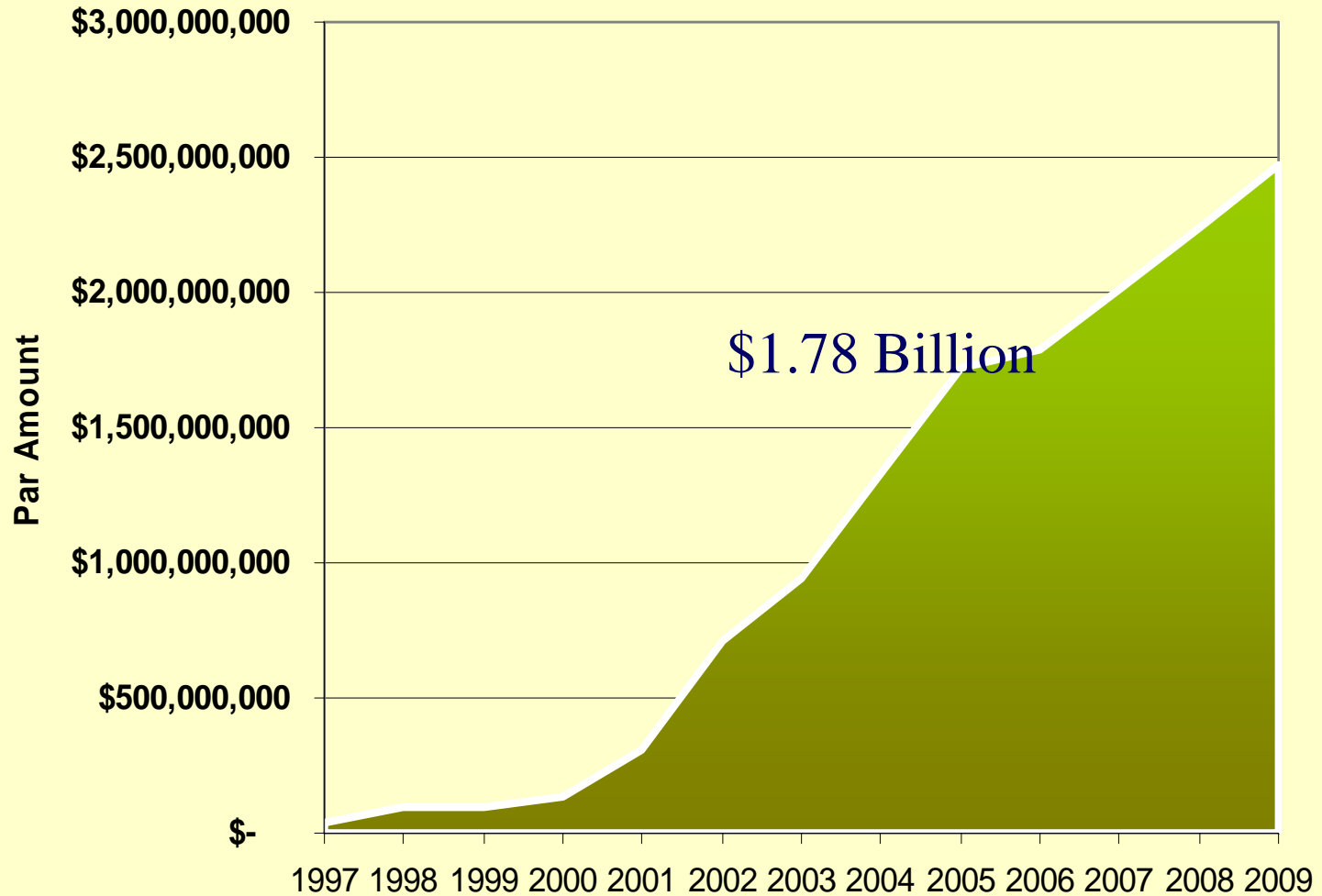
- 71 privatized projects
  
- A variety of facility types including:
  - ◆ Housing 20,038 beds
  - ◆ Parking 11,209 spaces
  - ◆ Student Support 747,030 sq. ft.
  - ◆ Research 1,137,710 sq. ft.
  - ◆ Instructional 1,008,275 sq. ft.
  - ◆ Office 290,610 sq. ft.
  
- Total to date. . . .well over **\$1.78 Billion**

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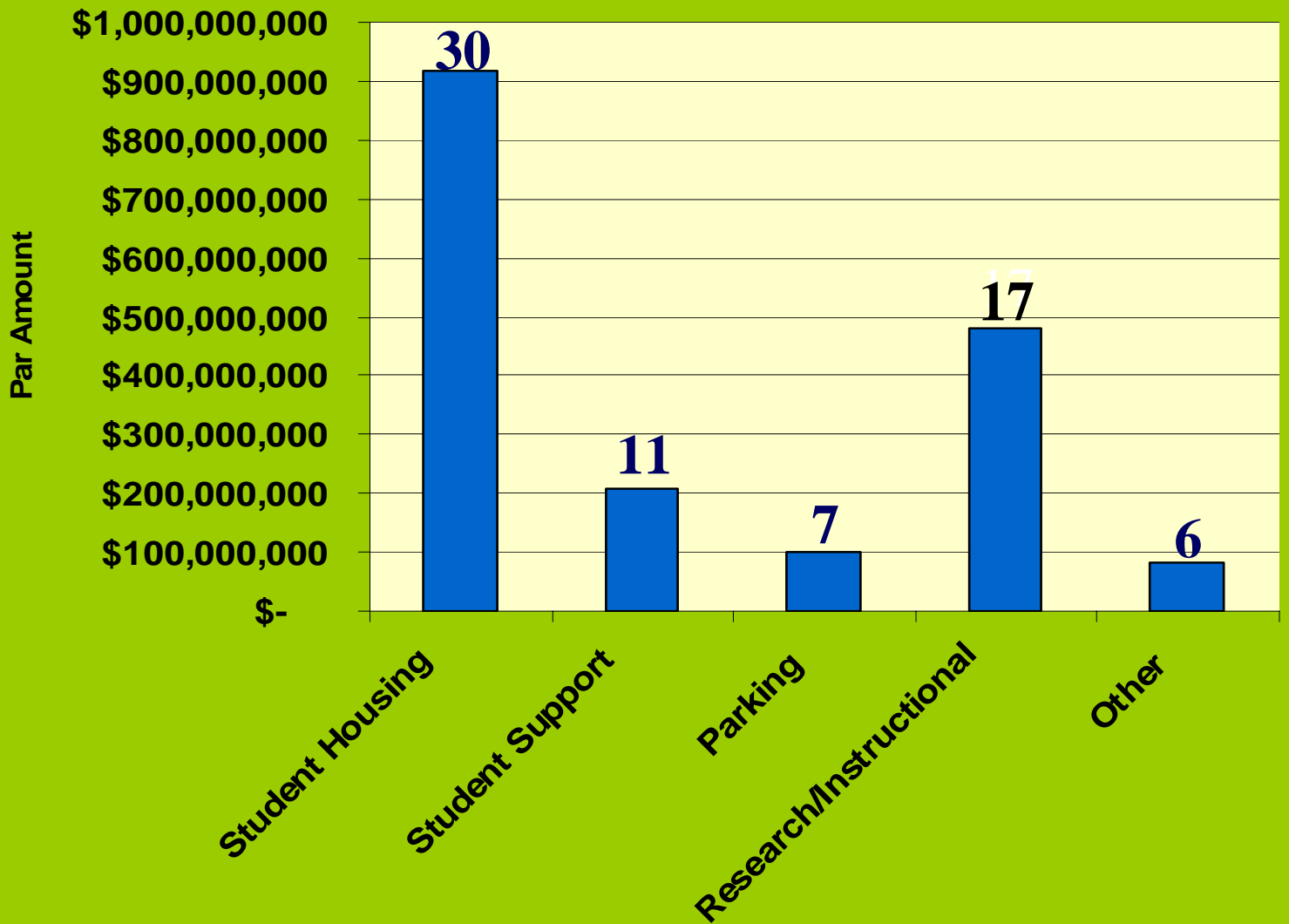
## Public Private Ventures History and Future



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## Public Private Ventures Facilities Type



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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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