



**UNIVERSITY SYSTEM OF GEORGIA**

# **Capital Liability Management Plan**

## **FY 2022 - 2026**

**Cynthia Robinson Alexander**

*Associate Vice Chancellor of Finance*

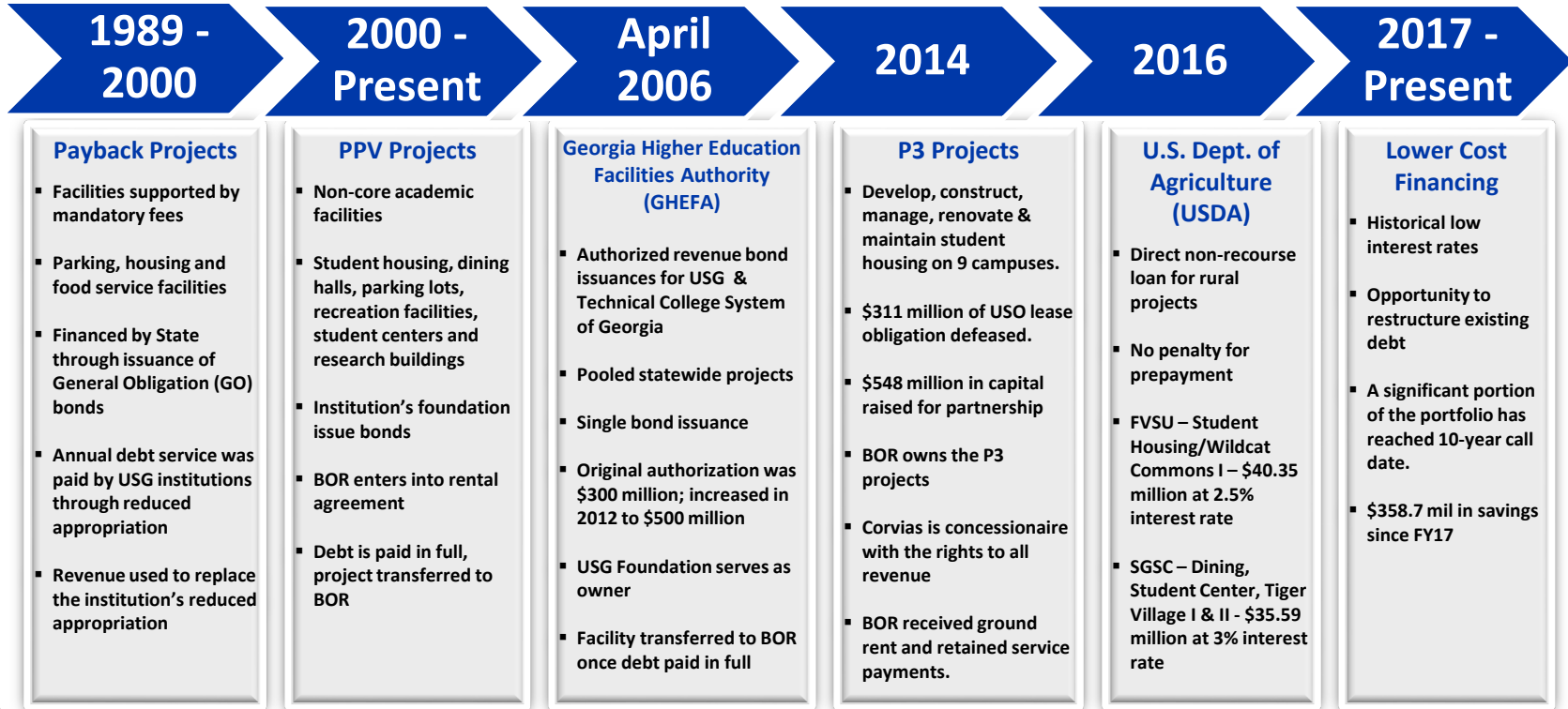
*Strategy & Fiscal Affairs Division – Finance Department*

# 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 2022-2026
- V. Update on Multi-Year Leases and Action Item

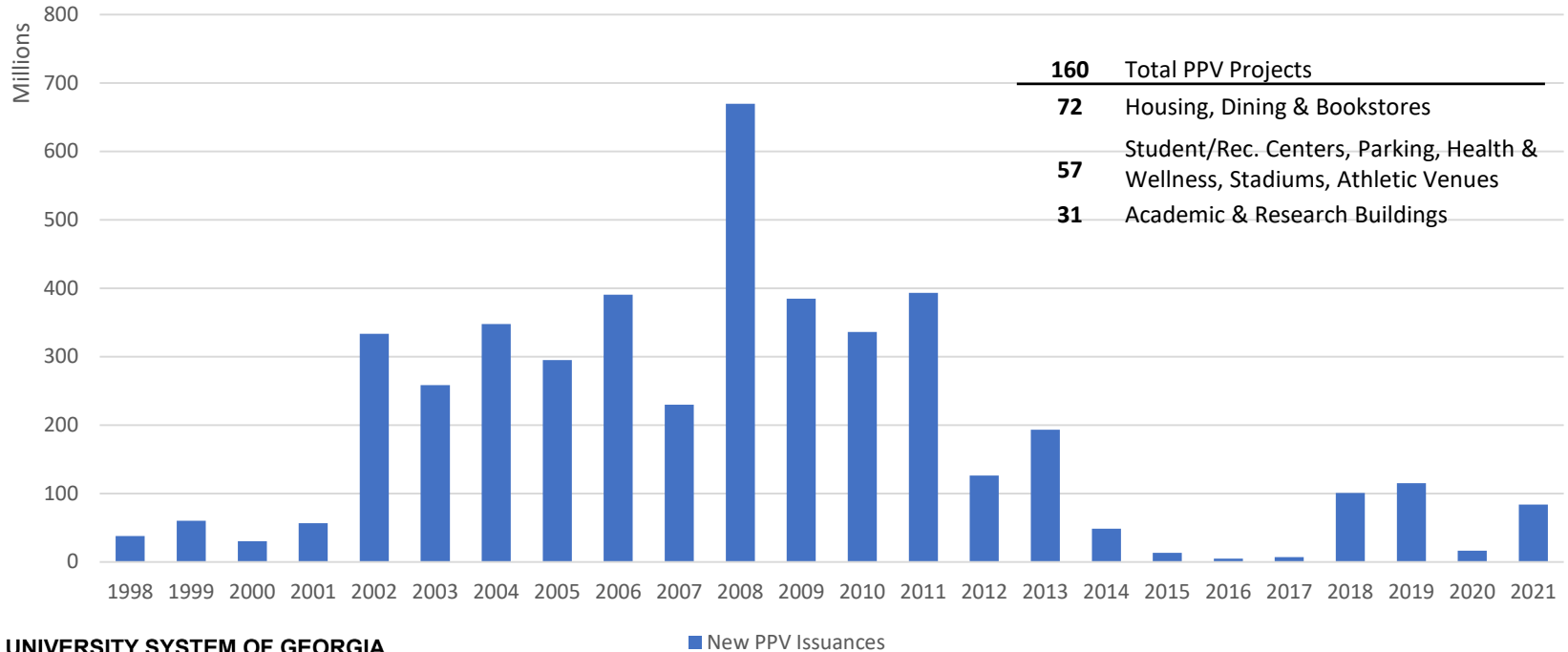


# History of USG Alternative Financing Programs



# PPV Lease Obligations

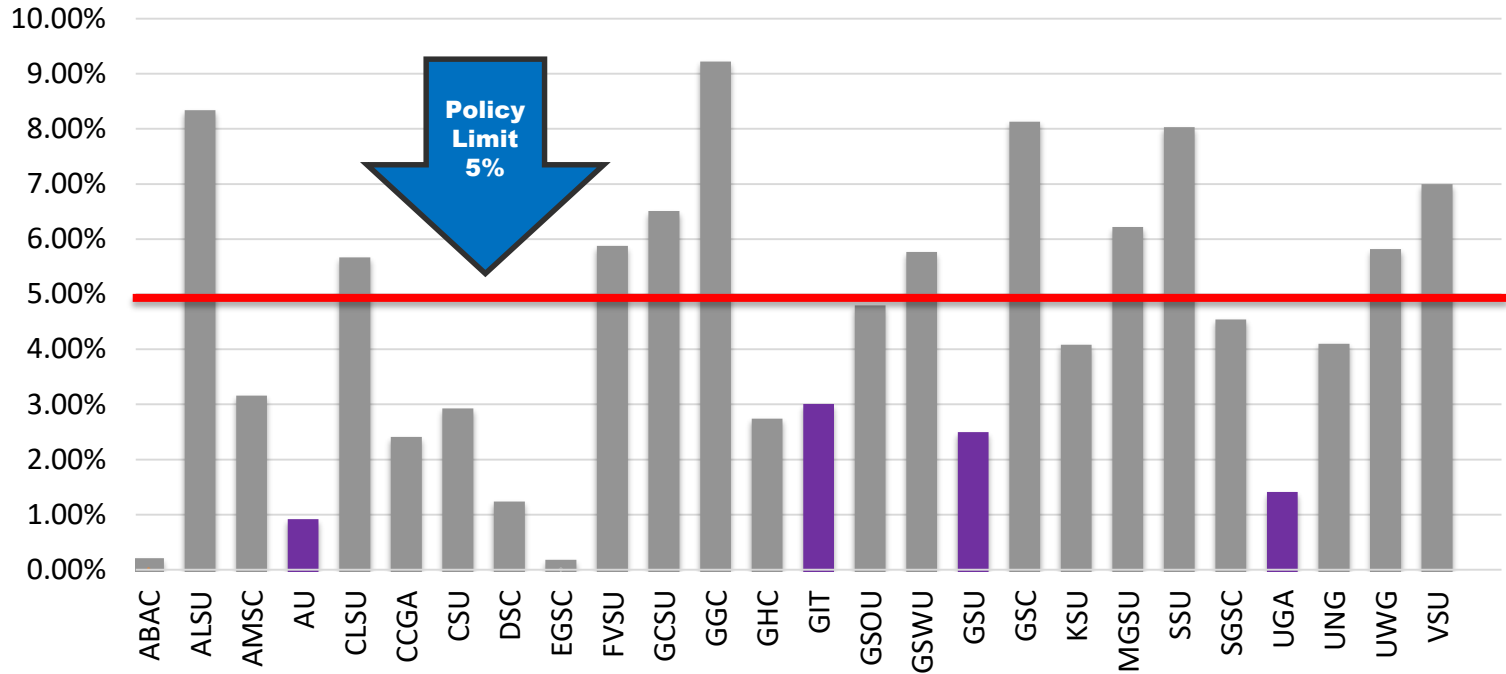
FYE 2021 \$2.86 Billion Outstanding  
PPV Lease Payments = \$282.41 Million



# Institutions Liability Ratios

June 30, 2021

USG: 2.98%



UNIVERSITY SYSTEM OF GEORGIA

# Public Private Venture Lease Portfolio

## FY 2021 Cash Flow Performance

### All lease payments paid in full and on time

- 134 projects met or exceeded 1.0X coverage
- 26 projects did not exceed 1.0X coverage
- Three Primary Causes
  - Covid19 related impact
  - Enrollment or occupancy trends
  - Fee exemptions
  - Operating expenses of facility
- Funding gaps typically covered from Project and Auxiliaries Reserves (including Federal Funds)

### Portfolio Reserve Fund

- \$20.2 Million on deposit
- Projected FY 2023 draw

**FY 2021  
PPV-Projects Not  
Achieving  
1.0X Coverage**

### 16 Fee Supported Projects

5 are Student Center  
9 are Recreation/Athletic  
Facilities  
2 are Parking

Facilities

### 10 Housing Projects

7 Projects are .90 or greater  
6 Projects have been  
refinanced

4 Projects supported by



# Public Private Venture Refinancing Transactions

**\$358.7 million cash flow savings since FY 2017**

- FY 2017 cash flow savings **\$112.6 million**
- FY 2018 cash flow savings **\$123.9 million**
- FY 2019 cash flow savings **\$32.7 million**
- FY 2020 cash flow savings **\$50.9 million**
- FY 2021 cash flow savings **\$38.6 million**
- FY 2022 projected bond refinancing & defeasance transactions
  - ✓ Refinancing – 6 projects representing cash flow savings of approximately **\$28 million**
  - ✓ Defeasance – 6 projects/**\$95.8 million** in outstanding principal



# System-Wide Efficiency Initiatives

## Dining Enabling Contract

- Enabling Contract for Dining Services
- Aladdin Food Management Services
- Vendor is at risk for any operating shortfalls, not the institution
- 17 participating Campuses (meal plans, catering, and retail operations)

## Pooled Insurance Program

- Group insurance for PPV, USDA, and other non-state financed projects
- Marsh USA, Inc.
- \$2.2 million total Insurable Value, 12.07 million square feet
- 20 Campuses have properties insured through the Program

## Operation & Maintenance Contract

- Enabling Contract for Student Housing Facility Management Services
- CGL Facility Management, LLC.
- Facilities operation and maintenance services for approximately 10,000 beds
- Five participating institutions include Albany, Clayton, Fort Valley, Savannah, & Valdosta





# University System of Georgia

FY 2022 - 2026

## Capital Liability Management Plan

(in thousands)

	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026
<b>Total Principal Outstanding - Beginning of Year</b>	<b>\$2,951,080</b>	<b>\$2,745,638</b>	<b>\$2,706,401</b>	<b>\$2,656,654</b>	<b>\$2,594,230</b>
Projected New Issuance					
PPV and/or GHEFA	0	75,000	75,000	75,000	75,000
Multi-Year Lease Contracts	0	10,000	10,000	10,000	10,000
Multi-Year Energy Performance Contracts	0	10,000	10,000	10,000	10,000
Scheduled Retirements	(205,442)	(134,236)	(144,748)	(157,424)	(168,167)
<b>Total Principal Outstanding - End of Year</b>	<b>\$2,745,638</b>	<b>\$2,706,401</b>	<b>\$2,656,654</b>	<b>\$2,594,230</b>	<b>\$2,521,062</b>
<b>Total PPV Liability Payments (includes USDA, MYL &amp; EPC)</b>	<b>\$291,353</b>	<b>\$291,987</b>	<b>\$297,433</b>	<b>\$306,303</b>	<b>\$314,977</b>
<b>USG Budgeted and Projected Operating Revenues</b>	<b>\$9,771,964</b>	<b>\$9,522,547</b>	<b>\$9,756,281</b>	<b>\$10,007,493</b>	<b>\$10,255,681</b>
<b>PPV Liability Payment Ratio (System Policy Limit of 5%)</b>	<b>2.98%</b>	<b>3.07%</b>	<b>3.05%</b>	<b>3.06%</b>	<b>3.07%</b>



# USG/BOR Multi-Year Leases

Year	Multi-Year Transactions
FY 2015 - 2019	\$280 million authorized, \$125.2 million utilized primarily at GIT
FY 2020 - 2022	\$50 million authorized; \$0 utilized
<b>FY 2023</b>	<b>\$10 million request</b>



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 2023.



# QUESTIONS?

## **Capital Liability Management Plan FY 2022 - 2026**



# Public Private Venture New Construction Activity

## Completed



Georgia Institute of Technology – Campus Center

- Phase I Completed – May 2020

## Under Construction



- Phase II Completion – May 2022

## Under Construction



Kennesaw State University – Student Housing

- Started Construction – Dec. 2020
- Completion Date – July 2022



- Construction Status – March 2022

## Under Construction



University of Georgia – Student Housing

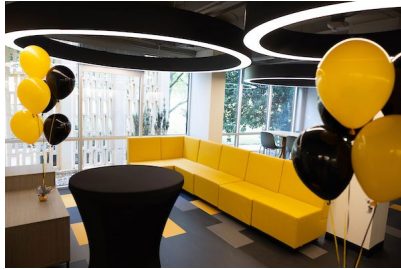
- Started Construction – December 2020
- Completion Date – June 2022



- Construction Status – March 2022

# Public Private Venture Renovation Activity

## Completed



Kennesaw State University – Howell Hall  
• Opened – Fall 2021



Georgia Southern University – Kennedy Hall  
• Opened – Fall 2021

## Under Renovation



Clayton State University – Laker Village  
• Started Renovation – May 2021  
• Completion Date – July 2022



Georgia College & State University –  
Student Housing  
• Started Renovation – June 2021  
• Completion Date – July 2022

## Under Renovation



Georgia Southern University – Freedom Landing  
• Started Renovation – August 2020  
• Completion Date – July 2022



Savannah State University – University Village  
• Started Renovation – November 2021  
• Completion Date – October 2022