

Board of Regents

University System of Georgia

Public Private Ventures (PPV) Portfolio

PPV CASH FLOW ANALYSIS AND SUBMITTAL TRAINING SESSION

Presented by: DeEnna Walters & Cynthia Brooks
Office of Strategy and Fiscal Affairs – Finance
September 7, 2023



PPV Cash Flow Analysis and Submittal

TRAINING SESSION – HOUSEKEEPING

- Keep your computer/phone on mute unless you need to speak.
- Use Teams chat if any problems occur during the presentation.
- This session will be recorded, posted and available afterwards.



PPV Cash Flow Analysis and Submittal

TRAINING SESSION AGENDA

- I. Session Overview
 - a. What's New in PPV Cash Flow
 - b. The Value of PPV Project Cash Flow Reporting
- II. FY 2022 System Portfolio Overview and Trends
- III. FY 2023 Reporting / FY 2024 Focus
- IV. PPV Data Submission and BPM Review
 - a. Self-Liquidating Ratio
 - b. Project Revenues and Expenses / nVision Report
 - c. Using Project Reserves
 - d. Reporting Underperforming Projects
 - e. Certifying Cash Flow Data / Reporting for consolidated institutions
 - f. Due Dates
- V. Reporting Reminders



I. Session Overview -

a. What's New in PPV Cash Flow Analysis & Submittal

1. 5 Year Cash Flow Projections for each PPV Project: FY23-FY27
(Past Fiscal Year, Current Fiscal Year and 3-year projections)
2. Other – USO Finance will schedule meetings with each institution during September and October to get better understanding of your institution's housing and dining programs and needs.



I. Session Overview -

b. The Value of PPV Project Cash Flow Report

1. Management Tool for Institution & USO
 - a. Managing financial health
 - b. Determining need for adjustments/corrective actions
 - c. Reviewing trend analysis – Establish financial benchmarks for maintaining facilities

2. Measurement Tool
 - a. Higher Education Systems
 - b. Reporting to Rating Agencies

3. Support for Institution's Budget Hearing

PPV Cash Flow Summary

Support for Institution's Budget Hearing

FY 2025 Budget Hearing Data Sheet PPV Project(s) Summary

Institution Name: Peachtree University

Capital Liability Ratio: FY22 - 3.02% FY23 - 3.00%

Credit Rating: A+ S&P

Name/Type of PPV Project	Coverage Ratio				Occupancy (FY23 Housing only)	Reserve Balances at of 6/30/23				Original Bond Amount	Principal Outstanding	Lease Payments			PPV Rating Risk Profile	Funding Source(s)
	FY 2020	FY 2021	FY 2022	FY 2023		Repair & Replacement Reserve Balance	Cumulative Project Cash Flow Amt. Held By Institution	Amt. Cash Held By USO (Capital Liability Reserve)	Total Reserves			FY 2023	FY 2024	FY 2025		
Student Center	1.00	1.00	0.95	0.85	N/A	\$ 283,588	\$ 362,996	\$ 69,628	\$ 716,212	\$ 11,745,000	\$ 9,920,000	\$ 808,003	\$ 809,541	\$ 810,003	Extreme Concern - Remediation Action Required	Student Fee
Total						\$ 283,588	\$ 362,996	\$ 69,628	\$ 716,212	\$ 11,745,000	\$ 9,920,000	\$ 808,003	\$ 809,541	\$ 810,003		

- Based on 2023 fall enrollment and historical capture rate and expense trends, are the projects expected to be self-liquidating in FY24? **Yes**
- Is a fee increase needed for FY25 and if so, what is anticipated magnitude? **No fee increase recommended.**
- Anticipated loan from the capital liability reserve fund in FY24? **No loan is anticipated.**

Comments:

Facilities Condition Assessment (FCAR): Facility reported in **GOOD** condition. Next FCAR due 3/31/26.



Financial Trends

Support for Institution's Budget Hearing

Financial Ratios (See attached Instructions)						
	6/30/2020	6/30/2021	6/30/2022			
Primary Reserve Ratio						
Viability Ratio						
Return on Net Assets Ratio						
Current Ratio						
Cash Ratio						
Capital Liability Burden Ratio (Including Operating Leases)						
Capital Liability Burden Ratio (Excluding Operating Leases)						
Total Debt Liabilities per FTE	#DIV/0!	#DIV/0!	#DIV/0!			
Total Debt Minimum Payments per FTE	#DIV/0!	#DIV/0!	#DIV/0!			

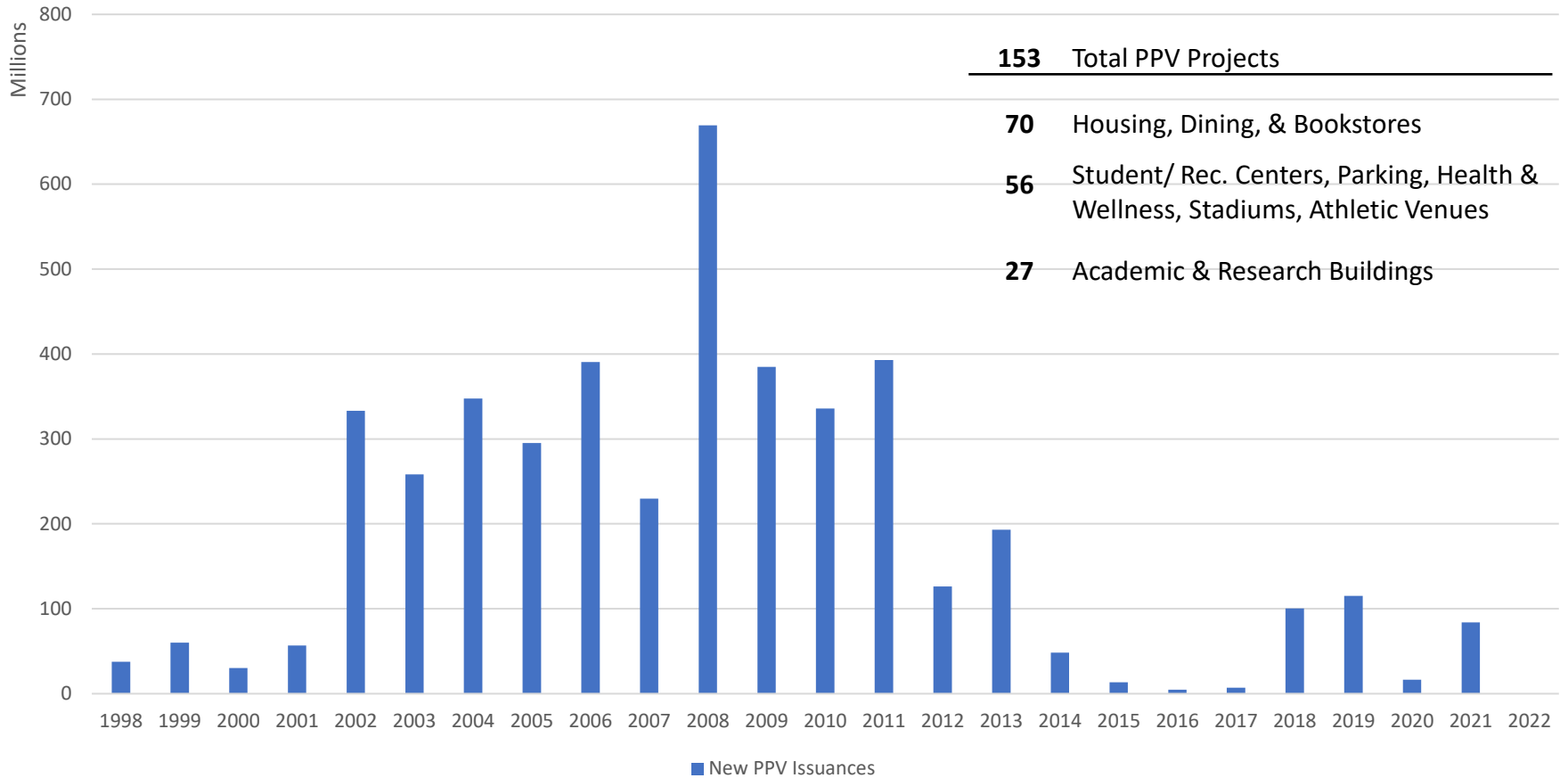
Financial Trends - Auxiliary Operations						
	6/30/2020	6/30/2021	6/30/2022		Percent Change from 6/30/20 to 6/30/22	Percent Change from 6/30/21 to 6/30/22
Auxiliary Unrestricted Reserve Balance:						
Unrestricted Other					#DIV/0!	#DIV/0!
Reserved for Encumbrances					#DIV/0!	#DIV/0!
PPV Reserve						#DIV/0!
Reserves for Deferred Gift Revenue						#DIV/0!
R&R Reserve					#DIV/0!	#DIV/0!
Total Auxiliary Unrestricted Reserve Balance	\$0	\$0	\$0		#DIV/0!	#DIV/0!
Total Auxiliaries Cash and Equivalents					#DIV/0!	#DIV/0!

Financial Trends - PPV Obligations						
	6/30/2020	6/30/2021	6/30/2022		Percent Change from 6/30/20 to 6/30/22	Percent Change from 6/30/21 to 6/30/22
Total PPV Principal Outstanding						
Total Annual PPV Lease Obligations					#DIV/0!	#DIV/0!
Total Number of PPV Projects					#DIV/0!	#DIV/0!
Total Number of non - performing PPV Projects					#DIV/0!	#DIV/0!
	Fall 2019	Fall 2020	Fall 2021	Fall 2022		
Fall Number of Housing beds (State, PPV, P3, other)						
Fall Total Number of PPV beds						
Fall Total Number of P3 beds						
Fall Student Housing Occupancy Rates						



PPV Lease Obligations

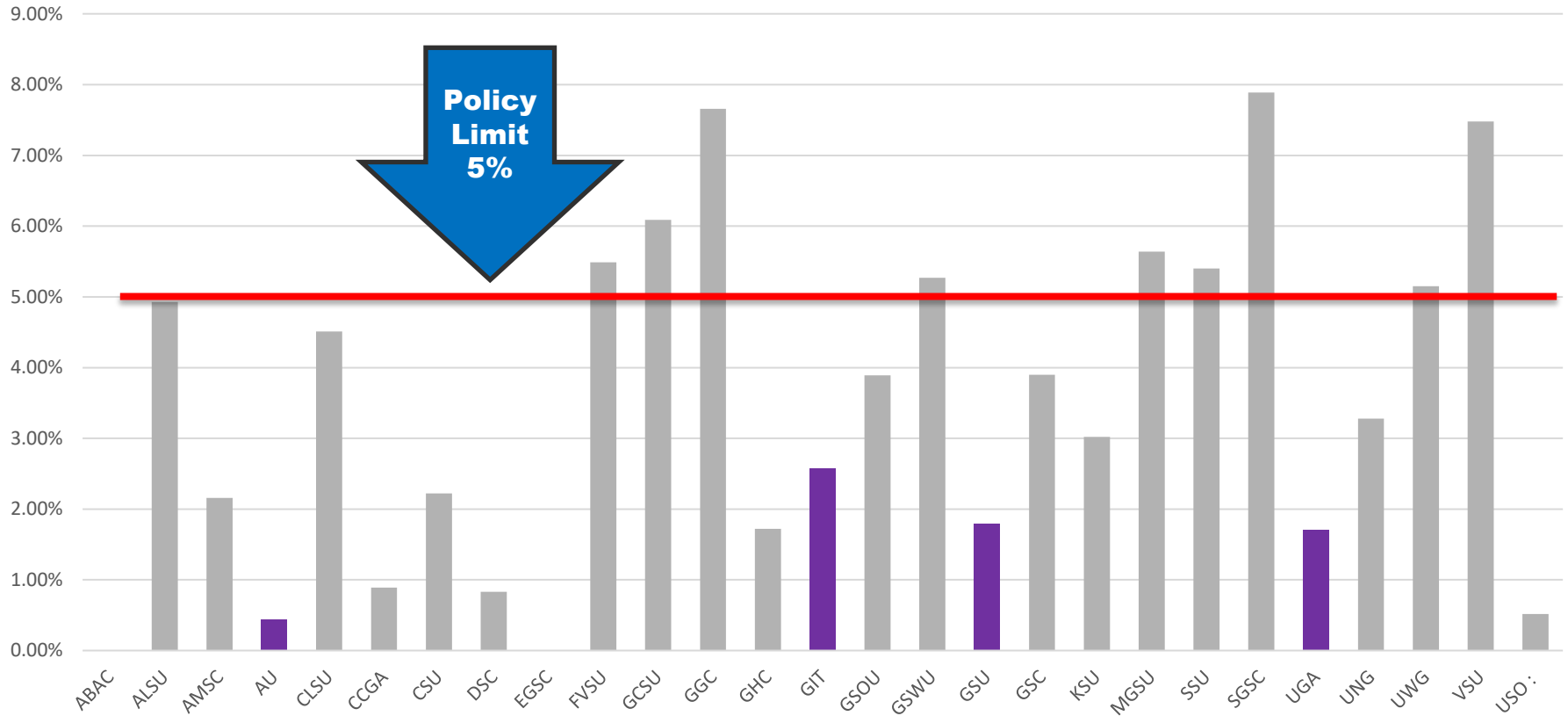
June 30, 2022, \$2.62 Billion Outstanding
Annual Lease Payments = \$283.74 Million



Institutions Liability Ratios

June 30, 2022

USG: 2.95%



Public Private Venture Refinancing Transactions

- **\$375.3 million PPV 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 cash flow savings **\$16.1 million**
 - ❑ FY 2023 cash flow savings **\$0.5 million**

- **Defeasance – FY23: 8 projects/\$50.4 million in outstanding principal**

- **Reimbursement of Contribution to Capital Liability Reserve Fund - FY23 Refunds \$611,824**

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 Student Centers
4 Recreation/Athletic Facilities
2 Parking Facilities
1 Dining Hall

11 Housing Projects

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



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.
- \$2.4 million total Insurable Value, 13.12 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 (still must achieve 1x self-liquidating ratio).



III. FY 2023 Reporting / FY 2024 Focus

1. Non-Performing Assets

2. Reporting Federal Funds – Report HEERF as ‘Other Income’ above the line in the ‘Actuals’ column and include comments.

3. Special Rent Assessments – report any received revenue as ‘Other Income’ in the ‘Actuals’ and include comments. Report expense in Lease Payment section on the R&R Reserve line item. Proforma numbers should remain unaltered.

4. Continued Emphasis on Housing

a. Proposed Fiscal Year 2025 Rental Rates

b. Occupancy/Revenue

c. Operating Expenses

d. Capital Repairs

i. Facility Condition Assessment Reports (FCAR)

ii. Prioritize Capital Repairs



IV. PPV Data Submission and BPM Review

- A. Cash Flow Log-in & Institution Sample
- B. Self-Liquidating Ratio
- C. Project Revenues & Expenses/ nVison Report
- D. Using Project Reserves
- E. Reporting Underperforming Projects
- F. Certifying Cash Flow Data
- G. Due Dates



Cash Flow Login Page

<https://www.usg.edu/ppv/>



Public Private Real Estate Ventures
Creating A More Educated Georgia

Login

Institution
Auguste University

Password [\(forgot password?\)](#)

Login »

Important

If you have not been issued a password or require technical support, please contact Tracie Arnold-Dixon at 404-962-3232 or tracie.dixon@usg.edu

1. Choose your institution from the drop-down list and enter your password.
2. Forgot your password? Click “**(forgot password)**” and create a new password. If you need additional assistance, please contact Cynthia Brooks (404-962-3163) or DeEnna Walters (404-962-3171).
3. Select the project that you would like to work with and proceed with data entry.
4. Please remember that it is necessary for both the Preparer and the CBO to certify the information.

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Board of Regents of the University System of Georgia
270 Washington Street, S.W.
Atlanta, GA 30334



UNIVERSITY SYSTEM OF GEORGIA

Cash Flow Institution Sample

<https://www.usg.edu/ppv/>

	Proforma		Actual		Proforma/Actual	
	Total	Per Unit	Total	Per Unit	Total	Percent
REVENUES						
Student Fee	\$1,073,993.00	\$29.02	\$395,759.00	\$10.69	(\$678,234.00)	-63.2%
Rental Income	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-
Other (Specify)	\$0.00	\$0.00	\$480,023.00	\$12.97	\$480,023.00	-
Breakout - Other (Specify)						
Lost Revenue - HEERF	\$0.00	\$0.00	\$480,023.00	\$12.97	(\$480,023.00)	-
Subtotal - Rental Income & Fee	\$1,073,993.00	\$29.02	\$875,782.00	\$23.66	(\$198,211.00)	-18.5%
State Fund (Fund 10000)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-
Tuition Revenue (Fund 10500)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-
Miscellaneous Income (Fund 10600)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-
Continuing Education (Fund 14000)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-
Research/Indirect Cost Recovery (Fund 15000)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-
Other Income (Specify)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-
Subtotal - Other Income	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-
Bookstore Auxiliary Income	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-
Dining Auxiliary Income	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-
Concession Auxiliary Income	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-
Other Auxiliary Income (Specify)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-
Subtotal - Auxiliary Transfers In	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-
Comments						
Subtotal - TOTAL REVENUES	\$1,073,993.00	\$29.02	\$875,782.00	\$23.66	(\$198,211.00)	-18.5%



Cash Flow Institution Sample

<https://www.usg.edu/ppv/>

OPERATING & MAINTENANCE EXPENSES

Personnel /Payroll	\$0.00	\$0.00	\$197,991.32	\$589.26	\$197,991.32	-
Repairs and Maintenance	\$0.00	\$0.00	\$167,333.89	\$498.02	\$167,333.89	-
Electricity	\$0.00	\$0.00	\$75,305.53	\$224.12	\$75,305.53	-
Natural Gas/Propane Gas	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-
Water/Sewer	\$0.00	\$0.00	\$23,208.60	\$69.07	\$23,208.60	-
Insurance and Bonding	\$0.00	\$0.00	\$27,129.30	\$80.74	\$27,129.30	-
Contracts	\$0.00	\$0.00	\$42,794.12	\$127.36	\$42,794.12	-
Other Utility Service	\$0.00	\$0.00	\$34,289.52	\$102.05	\$34,289.52	-
Other Operating Expense (Specify)	\$647,805.00	\$1,927.99	\$82,816.05	\$246.48	(\$564,988.95)	-87.2%

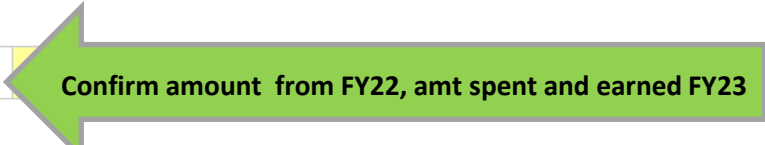
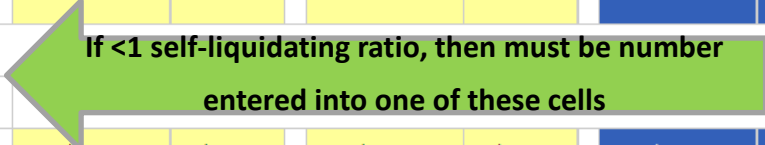
Breakout - Other Operating Expense (Specify)

Other operating	\$647,805.00	\$1,927.99	\$2,558.58	\$7.61	\$645,246.42	99.6%
Supplies & Materials	\$0.00	\$0.00	\$22,017.24	\$65.53	(\$22,017.24)	-
Rents	\$0.00	\$0.00	\$90.00	\$0.27	(\$90.00)	-
Telecommunications	\$0.00	\$0.00	\$27,159.06	\$80.83	(\$27,159.06)	-
Allocated Travel & Oper	\$0.00	\$0.00	\$30,991.17	\$92.24	(\$30,991.17)	-
Comments						
TOTAL OPERATING & MAINTENANCE EXPENSES	\$647,805.00	\$1,927.99	\$650,868.33	\$1,937.11	\$3,063.33	0.5%



Cash Flow Institution Sample

<https://www.usg.edu/ppv/>

LEASE PAYMENT						
Base Rental Payment	\$911,425.00	\$2,712.57	\$911,425.00	\$2,712.57	\$0.00	0.0%
Repair & Replacement Reserve	\$71,642.00	\$213.22	\$71,642.00	\$213.22	\$0.00	0.0%
Comments						
TOTAL LEASE PAYMENT	\$983,067.00	\$2,925.79	\$983,067.00	\$2,925.79	\$0.00	0.0%
NET CASH FLOW AFTER LEASE PAYMENT	\$307,644.00	\$915.61	\$443,954.94	\$1,321.29	\$136,310.94	44.3%
SELF-LIQUIDATING RATIO	1.31	0.00	1.45	0.00	0.14	10.6%
NET CASH/PROJECT BALANCE AS OF END OF FISCAL YEAR						43.7%
NON-MANDATORY TRANSFER(S) (Amount necessary to cover project shortfall)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-
Comments						
CASH/PROJECT RESERVE FUND (Amount used to support project deficit/shortfall)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-

UNIVERSITY SYSTEM OF GEORGIA



Cash Flow Institution Sample

<https://www.usg.edu/ppv/>

CAPITAL EXPENDITURE						
Interior	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-
Systems (M,E,P & S)	00	\$0.00	\$0.00	\$0.00	\$0.00	-
Envelope (roof/windows/walls)						-
Site Improvements	00	\$0.00	\$0.00	\$0.00	\$0.00	-
Comments						
TOTAL CAPITAL EXPENDITURE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-
CUMULATIVE REPAIR & REPLACEMENT RESERVE FUND BALANCE						
	Confirm with Foundation					-32.4%
Comments	Locks were purchased in 2019 for UP					
CUMULATIVE PROJECT CASH RESERVES						
Amount held by Institution	0.00	\$0.00	\$2,081,500.32	\$6,194.94	\$2,081,500.32	-
Amount held by System Office (Capital Liability Reserve Fund)	Confirm with USO Finance					-



Review of PPV Project Cash Flow Data

BPM Section 25.6.13

MEASUREMENT/STANDARD

1. A project with a self-liquidating ratio below 1.0x. (Project did not break even, negative after paying expenses including lease payment.)
2. Not keeping reasonable pace with the financials (Lagging revenues and extraordinary expenses)
3. Large and/or growing capital needs
4. A project with self-liquidating ratio projected to be below 1.0x within the next 5 years. (Past Fiscal Year, Current Fiscal Year and 3-year projections.)

PPV Project Cash Flow - Self Liquidating Ratio

BPM Section 25.6.12

Calculate Self-Liquidating Ratio for each project and it is the ratio of Net Operating Income to Lease Payment

Calculation:

- ✓ Revenue = \$4,600,000
- ✓ Expenses = \$1,200,000
- ✓ Lease Payment = \$2,400,000
- ✓ Net Operating Income (NOI) = \$4,600,000 minus \$1,200,000 or \$3,400,000
- ✓ Coverage Ratio = NOI/Lease Payment or \$3,400,000/\$2,400,000 or 1.42

PPV Project Revenue and Expenses

BPM Section 25.6.1-2

1. **Project Identification Numbers** required and are provided by USO Finance Department (Contact Cynthia Brooks at Cynthia.Brooks@usg.edu)
2. **Traceable Revenue** to the Institution's audited financial statements and business plan, the financial system of record and the nVision report for the appropriate period.
3. Expenses defined as **Expenditures Incurred** (for receipt of goods or services) by June 30, which would include Actual ledger expenditures plus encumbrances. The intent is to report a full 12-month period.



PPV Project Revenue and Expenses

BPM Section 25.6.1-2

4. **Allocated Operating Expenses** permitted if accounting methodology and/or technology barriers prevent institution from being able to track directly.

5. Use of **Allocation Method** for operating expenses:

- Assumptions for allocation must be reasonable
- Allocation method approved by System Office
- Once established and utilized, cannot be changed without prior approval
- Method of allocation is stated in annual Cash Flow submittal

6. Resident Life **Cost of Delivering Support Programs** are permitted

- Reasonable and consistent year to year

PPV Project Reserves

BPM Section 25.6.6

- Adequate Project Reserves must be maintained at all times.
- The Capital Liability Reserve fund is only a portion of the reserves required.
- Each institution must maintain ample project reserves to cover liability payments in times of revenue shortfalls.
- **It is recommended that PPV projects maintain a minimum of 1 year worth of lease payments in reserve.**
- If institution has multiple projects crossing several auxiliaries, institution should consult with Central Office in determining sufficient reserve amounts.



Underperforming PPV Projects

BPM Section 25.6.1-2

Addressing Underperforming PPV Projects

- Prior to submittal of cash flow, **CBO to NOTIFY** USO – Associate Vice Chancellor of Finance
- ADOPT and IMPLEMENT **PROJECT ACTION PLAN** to address shortfall in coordination with System Office
- As request, **SUBMIT UPDATES** demonstrate compliance with PROJECT ACTION PLAN.



PPV Portfolio Focus - SUCCESS

FY2023 Reporting Period

- FY 2023 Cash Flow System opens Friday, September 8th, Reports **DUE SEPTEMBER 29th or OCTOBER 6th.**
- **COMMUNICATE** with USO Finance Team your PPV performance; especially if any project not achieving a 1.0X coverage.
- Review of PPV cash flow, operations, capital expenditures, 5yr business plans, audited financial statements, 5-year projections, PeopleSoft and Nvision reports for **CONNECTIVITY**
- Review of Net Cash/Project reserve for **SUFFICIENCY** (Expenditure of 10% or greater of reserve discuss with Associate Vice Chancellor - Finance) and R&R
- Campus and System Office jointly devise **PLAN OF ACTION** for all Non-Performing Assets and ongoing monitoring of plan
- Work with System Office, update **5 YEAR CASH FLOW PROJECTIONS** on or before December 1, 2023 for all PPV projects and email to lrbportfolio@usg.edu.



PPV Cash Flow Reporting

- Log-in Information – <https://www.usg.edu/ppv/>
 - ❑ Contact USO Finance (Cynthia Brooks at Cynthia.Brooks@usg.edu to remove Projects that have been Paid/Deceased or for One-on-One assistance available upon request.

Name of Institution	FY 2023 Due Date
Albany State University	October 6, 2023
Atlanta Metropolitan State College	September 29, 2023
Augusta University	September 29, 2023
Board of Regents, University System Office	September 29, 2023
Clayton State University	September 29, 2023
College of Coastal Georgia	September 29, 2023
Columbus State University	October 6, 2023
Dalton State College	September 29, 2023
Fort Valley State University	September 29, 2023
Georgia College & State University	September 29, 2023
Georgia Gwinnett College	October 6, 2023
Georgia Highlands College	September 29, 2023
Georgia Institute of Technology	October 6, 2023

Name of Institution	FY 2023 Due Date
Georgia Southern University	October 6, 2023
Georgia Southwestern State University	September 29, 2023
Georgia State University	October 6, 2023
Gordon State College	September 29, 2023
Kennesaw State University	October 6, 2023
Middle Georgia State University	October 6, 2023
Savannah State University	October 6, 2023
South Georgia State College	September 29, 2023
University of Georgia	October 6, 2023
University of North Georgia	October 6, 2023
University of West Georgia	October 6, 2023
Valdosta State University	October 6, 2023



