



# Capital Liability Management Plan

**FY 2016 - 2020**

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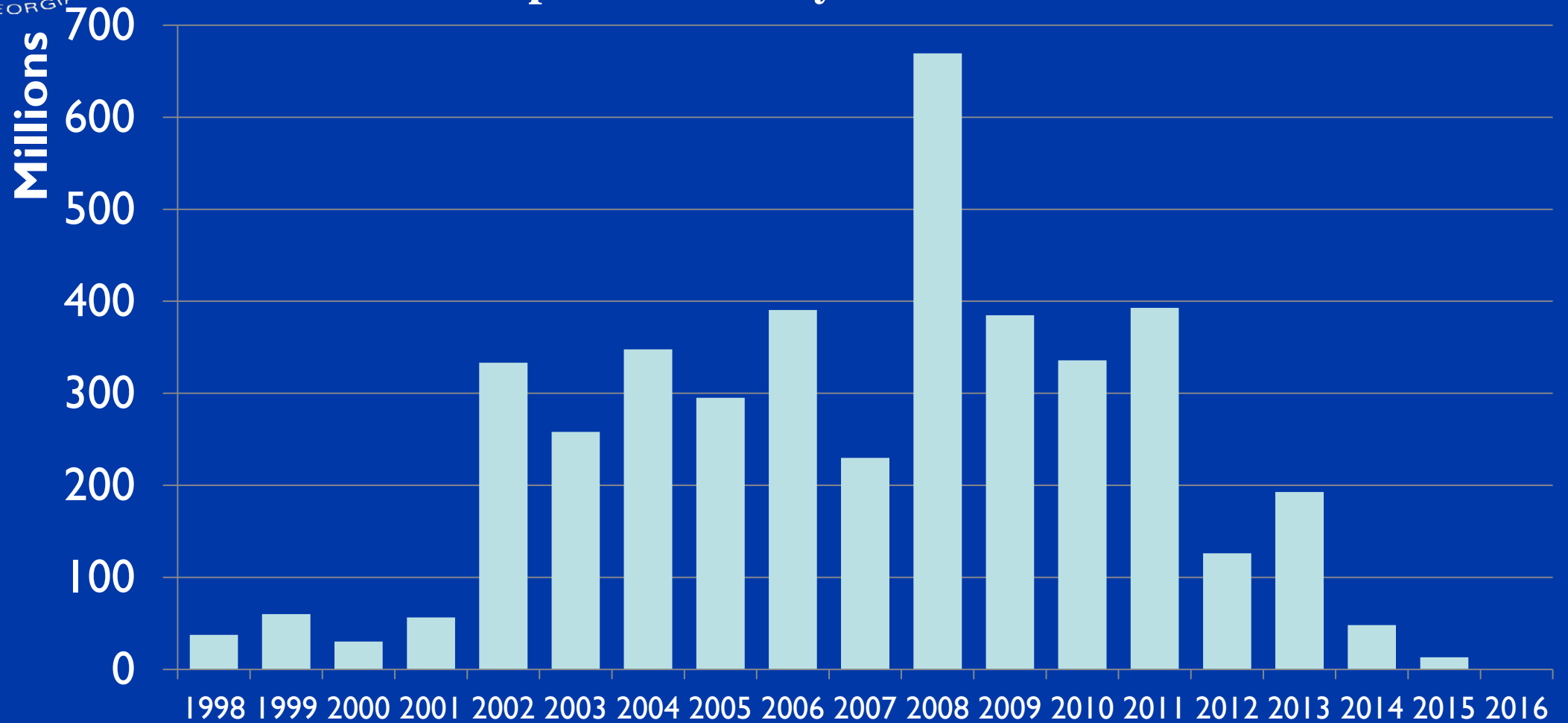
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# Lease Revenue Bond Issuance

**\$3.3 Billion Outstanding**

**FY16 Capital Lease Payments = \$272 Million**

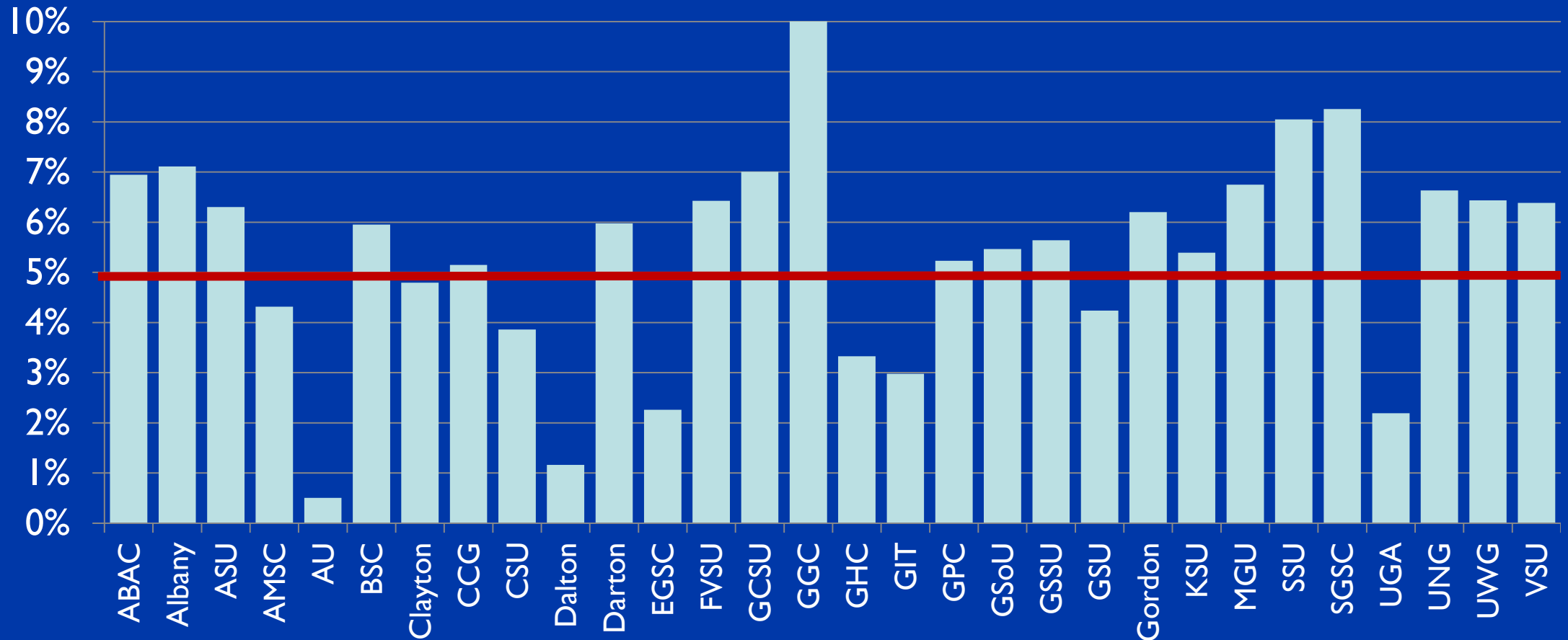


*"Creating A More Educated<sub>2</sub> Georgia"*

# Institution Capital Liability Ratios

June 30, 2015\*

USG: 3.6%



\*Does not reflect P<sup>3</sup> defeasance



# FY 2015 PPV Portfolio Performance

**32 out of 166 projects did not meet a 1.0x debt coverage ratio  
Project expenses exceeded project revenues**

- 18 Student Fee-Supported Projects
- 13 Housing Projects
- 1 Bookstore

**All lease payments made in full and on time**

## **Key Challenges**

- Lagging enrollment compared to pro-forma assumptions
- Increases in enrolled students who do not pay fees
- Higher expenses

## **Fall 2016 PPV-Related Fee Increases**

- CSU
- AMSC
- GHC
- GPC (GSU)



# Policy Implementation

## Capital Liability Management Reserve

- \$20.7 Million on deposit
- All institutions required to contribute 8% of annual lease payments
- No loans made to date
- Loans to SGSC, BSC and FVSU anticipated in FY 2017

# of Institutions	FY 16 Housing Occupancy
14	96 - 100%
6	90 - 95%
2	85 - 89%
3	70 - 84%
1	< 50%

## Housing Occupancy

- 60,218 available beds; 94.2% systemwide occupancy
- 26 institutions have on-campus housing
- 19 institutions have freshmen residency requirements

## Policy Implementation: FY 2016 Refinancing Update



6 bond series/projects refunded; 2 additional pending

\$9.44 million in total Net PV Savings with 100% of savings captured by the institutions

Refundings resulted in reduced annual lease payments and/or increases to the repair and replacement reserves.

### USDA Financing

- First USG application (FVSU) submitted in September 2015
- Draft letter of conditions received on March 10
- Formal approval expected soon at 2.875%
- Estimated savings in debt service approximately \$14 million

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# Multi-Year Contracts

## Office Leases and Energy Performance Contracts

### FY 2015

- \$15 million requested and approved for multi-year leases; \$6.5 million utilized for GIT (Technology Enterprise Park)
- \$10.2 million requested and approved for energy performance contracts; \$7.8 million utilized for GIT and \$2.4 million for UGA

### FY 2016

- \$150 million requested for multi-year leases; \$120 anticipated to be used by GIT commencing in FY 2018; no other leases signed for FY 2016
- \$0 for energy performance contracts

### FY 2017

- \$30 million requested for multi-year leases
- \$0 for energy performance contracts



# FY 2016 - 2020 Capital Liability Management Plan

(in thousands)

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
<b>Total Principal Outstanding</b>	<b>\$3,318,392</b>	<b>\$3,217,093</b>	<b>\$3,259,205</b>	<b>\$3,426,806</b>	<b>\$3,440,686</b>
Projected New Issuance:					
PPV and/or GHEFA	0	100,000	100,000	100,000	100,000
Multi-Year Lease Contracts	0	30,000	150,000	15,000	15,000
Multi-Year Energy Performance Contracts	0	0	15,000	15,000	15,000
Scheduled Retirements	(101,299)	(87,889)	(97,399)	(116,120)	(124,157)
<b>Total Principal Outstanding - End of Year</b>	<b>\$3,217,093</b>	<b>\$3,259,205</b>	<b>\$3,426,806</b>	<b>\$3,440,686</b>	<b>\$3,446,529</b>
Total Annual Rental Agreements	\$260,199	\$262,836	\$273,464	\$283,994	\$294,792
Total Capital Liability Obligations	261,791	264,428	278,887	310,350	324,475
USG Operating Revenues (Estimated)	\$7,574,361	\$7,754,433	\$7,857,216	\$7,985,477	\$8,116,150
<b>Capital Liability Ratios (System Policy Limit of 5%)</b>					
Capital Liability Payment Ratio (With MYL)	3.5%	3.4%	3.5%	3.9%	4.0%
<b>Capital Liability Payment Ratio (Without Multi-Year Leases)</b>	<b>3.4%</b>	<b>3.4%</b>	<b>3.5%</b>	<b>3.6%</b>	<b>3.6%</b>





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## **FY 2016 - 2020**